EXHIBIT 1
Outlook for District Interest Income for 2010

In order to address the current investment challenges, a good place to start is with a definition of authorized investments for the District.

District Investment Policy

The Investments which the District may purchase are limited by law (30 ILCS 235 Illinois Public Funds Investment Act) and the District's Investment Policy to the following investments:

- Government Agency Callables:
  - Federal Home Loan Bank Callable (FHLB)
  - Fannie Mae Callable (FNMA)
  - Federal Home Loan Mortgage Corporation Callable (FHLMC)
  - Federal Farm Credit Bank Callable

- Discount Notes:
  - Federal Home Loan Bank (FHLB)
  - Fannie Mae (FNMA)
  - Federal Home Loan Mortgage Corporation (FHLMC)
  - Federal Farm Credit Bank
  - Maturities no longer than 365 days from the date of purchase.

- Commercial Paper:
  - No more than 33% of portfolio may be invested in Commercial Paper.
  - Ratings at time of purchase in the highest classification (A1/P1/F1/D1) as established by at least two of the four major rating services (Standard & Poor's, Moody's, Fitch, or Duff and Phelps).
  - Maturities no later than 180 days from the date of purchase.

- Certificates of Deposit from Approved Bank List

- IPTIP Illinois State Investment Pool Money Market Funds(Overnight Money Market Funds) and other overnight bank deposit funds

- U.S. Treasury Bills and Bonds

No investments may exceed a three-year maturity.

We are SLY investors – our investing priorities in order of importance are:
Safety,
Liquidity, and
Yield

2010 Interest Rate Forecast

Expect short term rates (0-3 years) to remain anchored by an artificially low Federal Funds rate possibly into 2011 as long as unemployment rates exceed eight percent. Fed Chairman Bernanke continues his forecast that rates will remain exceptionally low for an extended period of time.

Therefore, short term rates will remain close to 0. The Fed Funds rate is the interest rate at which depository institutions lend balances at the Fed to other depository institutions. It is also the rate from which investment rates may be negotiated. The Fed Funds rate was 4.25% at December 2007, 0 to 0.25% at December 2008 and has remained unchanged since that date. The financial markets plummeted to their lowest point of the financial crisis in March 2009. One year later, interest rates have further declined. See Interest Rate Comparison Chart below. We expect rates to remain this low into 2011.

Interest Rate Comparison

Investment	Rate at 3/31/09 (%)	Rate at 3/31/10 (%)	Percent Decrease
Policy Benchmark:			
90-day Treasury Bill	0.195	0.145	(26%)
Federal Funds Rate	0.190	0.110	(42%)
CD's			
90-day	0.920	0	(100%)
100-day	1.520	0.200	(87%)
1-year	1.850	0.400	(78%)
Commercial Paper			
Overnight	1.200	0.300	(75%)
14-day	1.450	0.380	(74%)
Government Agency Callable			
1-year	1.000	0.850	(15%)
2-year	2.000	1.350	(33%)
Overnight Funds	0.353	0.005	(99%)

Low Rates Equate to Low Return on Fixed Income Investments

This low borrowing rate is favorable for the banks which are maintaining surplus liquidity at a very low interest rate. As a result, there is very little current interest or need from the banks to secure CD investments with government agencies. Banks are obtaining liquidity at a much cheaper rate than paying investing governments an interest rate plus their cost of the collateral.

The near 0% fed funds rate also determines corporate and agency borrowing rates. The commercial paper market was a source of excess return for the District prior to the market collapse in 2008. The investment market availability is about 1/3 of what it used to be, and pays interest rates of 0.12% to 0.18% annualized for financial institution paper up to 90 days, and 0.30% to 0.50% annualized rates for asset backed commercial paper. Commercial paper is not insured or collateralized, and many issuers failed in 2008. Several government agencies lost millions of dollars on their investments in Lehman Brothers and Bear Stearns. The District's current strategy is to limit commercial paper investments to under a one month maturity, and to invest only if rates come close to the fully collateralized overnight savings rate of 0.45% (currently). Commercial paper investments currently do not earn enough to cover the risk of loss.

The District utilizes the Illinois Funds, a AAA rated money market fund maintained by the Treasurer of the State of Illinois. The fund pays market rates for fixed income investments. Rates for the fund decreased from 0.45% to 0.12% between January and December 2009. Rate at the end of the month of March 2010 was 0.005%. The District maintains a minimal balance at the Fund, approximately 2% of the portfolio, to meet the daily vendor and payroll disbursement funding requirements.

Description of the Investment Portfolio

In order to meet the operating needs and debt service payment requirements of the District, levy receipts are invested for periods of overnight to 6 months. Based upon the near zero short term interest rates offered by the market, it has been very difficult to generate decent returns for these receipts. However, mid last year, we met with our main operating bank, and negotiated an overnight savings account which is fully collateralized at 110%. The overnight rate paid was 0.50% until January 2010, and it has been recently decreased to 0.45%. This rate far exceeds market rates as compared to CD's and government agency discount notes that were paying less than 0.45% for a one year investment commitment. Approximately 21% of the District portfolio is invested in this fund to meet payroll and voucher needs over the next several months. This fully collateralized overnight investment option which pays the equivalent of a one year investment yield has been a great option to safely hold the money during these difficult times.

The longer-term money held in the operating funds (representing the minimum fund balance the District wishes to preserve) has been invested in the State of Illinois taxable municipal bonds that pay interest rates of 3.321% for the 3 year bonds and 4.071% for the 4 year bonds. The purchase of municipal bonds and the purchase of any investment with a maturity beyond three years are currently not permissible according to the District's Investment Policy. Special request to purchase the State of Illinois bonds was approved by the Board of Commissioners at the meeting of January 7, 2010. Treasury will be asking the Board to approve a policy change to add investment in municipal bonds as a permitted investment class during the next review of the Investment Policy. The corporate fund interest income budget for 2010 is $1,372,000. $814,000 of this income will be earned on the State of Illinois bond investment. No other category of investment would currently yield anything close to this income. Interest is paid semi-annually on these bonds with the first interest payment date 7/1/2010.

The remaining longer term monies held in the CIB Fund are being invested both short and long-term. The Fed's massive mortgage buying program ended March 31, 2010. Rates were forecasted to increase during April; however, no significant increases have occurred to date. The 1 year treasury increased from 0.41% to 0.44%, 2 year treasury from 1.02% to 1.03%, and the 3 year treasury remains at 1.60% for the period March 31, 2010 to April 21, 2010. The CIB portfolio has been and continues to be invested in government agency callables 1.5 to 3 years in duration. These investments yield 0.70% to 1.85%. New investments will be made over time to take advantage of rising interest rates. The only exception is the investment of the CIB project fund which was established with bond sale proceeds from the August 2009 bond sale. Investments mature each month to cover projected disbursements. Investment maturity dates and amounts are determined by the Engineering forecast for the expenditure of the bond sale proceeds.

Timing of income receipt

Interest income is reported to the Board of Commissioners on a cash basis. Income earned for overnight investments is received on a monthly basis. Income earned for CD's, commercial paper, discount notes and treasury bills is received at maturity. Income on the longer term government agency callable investments is received every six months. As a result, interest income reported fluctuates month to month based upon the staggered investment maturity dates in the portfolio. The investment portfolio is marked to market and interest income accruals are recorded at each fiscal year end as a requirement for the District's audited financial statements.

Diversification

Investments are maintained in all categories permitted by the District Investment Policy. Safety of principal is the most important requirement for investing the District funds. Certain investment types yield more than others, however, it is important to diversify between all of the investment types to protect the District in the event of another financial market collapse. Diversification limits the exposure to loss for the entire portfolio.

Conclusion

2010 will remain a difficult year for investment returns. Income has declined precipitously and is not expected to improve for the foreseeable future. The interest rates for fixed income investments are determined by the markets, are at historical lows, and have remained low much longer than predicted. Treasury will continue to review any acceptable investment alternative to generate additional yield as was accomplished with the creation of the high yield savings account and the purchase of the State of Illinois municipal bonds.