

**METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO**

**INVESTMENT INTEREST INCOME  
MONTH AND YEAR-TO-DATE  
2012 VS. 2011**

**MONTH OF  
DECEMBER**

<b>FUND TITLE</b>	<b>2012</b>	<b>2011</b>	<b>INCREASE (DECREASE)</b>
<b>Corporate Fund</b>	\$ 151,364.08	\$ 91,175.74	\$ 60,188.34
<b>Construction Fund</b>	5,189.22	18,865.04	( 13,675.82 )
<b>B &amp; I Sinking Funds</b>	129,905.08	39,884.45	90,020.63
<b>Capital Improvement Bond Fund</b>	265,863.26	236,450.60	29,412.66
<b>Stormwater Fund</b>	44,158.82	32,674.48	11,484.34
<b>Working Cash Funds</b>	32,414.21	3,319.19	29,095.02
<b>Reserve Claim Fund</b>	52,925.39	104,351.24	( 51,425.85 )
<b>Total Investment Interest</b>	\$ 681,820.06	\$ 526,720.74	\$ 155,099.32

**YEAR TO DATE  
DECEMBER 31**

<b>FUND TITLE</b>	<b>2012</b>	<b>2011</b>	<b>INCREASE (DECREASE)</b>
<b>Corporate Fund</b>	\$ 2,952,253.61	\$ 2,382,733.49	\$ 569,520.12
<b>Construction Fund</b>	380,290.18	386,092.57	( 5,802.39 )
<b>B &amp; I Sinking Funds</b>	765,227.97	574,491.80	190,736.17
<b>Capital Improvement Bond Fund</b>	4,976,417.22	5,354,632.91	( 378,215.69 )
<b>Stormwater Fund</b>	605,928.43	674,601.39	( 68,672.96 )
<b>Working Cash Funds</b>	140,541.06	96,218.22	44,322.84
<b>Reserve Claim Fund</b>	823,821.48	829,495.73	( 5,674.25 )
<b>Total Investment Interest</b>	\$ 10,644,479.95	\$ 10,298,266.11	\$ 346,213.84

## 2012 Investment Returns

Investment returns on the District's fixed income investments increased by \$792,974, or 5% from 2011, despite the continuing decline in interest rates earned on investments. The results are as follows:

	2012	2011	2010	2012 - 2011 Change (percentage)
Cash Investment Income	\$10,644,480	\$ 10,298,266	\$ 8,633,405	3%
Increase/(Decrease) in Market Value of Investments	4,598,451	4,151,691	(90,283)	11%
Total Income	\$ 15,242,931	\$ 14,449,957	\$ 8,543,122	5%

The unrealized gain on the portfolio at 12/31/2012 represents a gain due to holding investments that were issued at a higher interest rate than the market currently pays. The District's Investment Policy requires a "buy and hold" approach. It would not be wise to sell these securities, as we would not be able to replace them with similar interest income flows. The future interest earned exceeds the gain that would result from selling the investments.

The District benefited from the change to the Investment Policy in July of 2010, which increased the maximum investment maturity to 5 years and allows the District to purchase municipal bonds. The municipal bond and note securities are currently the most advantageous category of investment income. The District is proactive in researching municipal bond deals as they come to market and in contacting issuers and underwriters to bid in the primary market before bonds are sold to the public in the secondary market. The ability to access municipal bonds in the primary market provides higher yield opportunities to improve investment return.

2009 through 2012 have been difficult years for investment returns. Interest rates have stayed at historic low levels and are not expected to improve for the foreseeable future. The interest rates for fixed income investments are determined by the markets, and have remained low much longer than expected. Treasury will continue to review any acceptable investment alternatives to generate additional yield as was accomplished with the creation of the high yield savings account and the purchase of municipal bonds.