

M E M O

TO: Board of Directors

FROM: Finance Manager

SUBJECT: INVESTMENT REPORT PERIOD ENDING JULY 31, 2008

DATE: August 29, 2008

RECOMMENDATION:

It is recommended that the Board of Directors review and file this report.

BACKGROUND:

At the December 15, 2004 Board of Directors Meeting your Board adopted Resolution No. 17 (05-06) which established an Investment Policy for the San Lorenzo Valley Water District. The Investment Policy and California Government Code, Section 53646, states that the Board of Directors shall receive investment reports at least quarterly.

Attached are account statements for the period ending July 31, 2008 from the District's Local Agency Investment Fund (LAIF) Account (See Attachment 1) and Morgan Stanley Investment Account (See Attachment 2).

It is recommended that the Board of Directors review and file this report.

Karen Alvarez
Finance Manager

KA
Attachment

Attachment 1



**Local Agency Investment
Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001**

<http://www.treasurer.ca.gov/pmia-laif/index.asp>

August 25, 2008

SAN LORENZO VALLEY WATE
DISTRICT MANAGER
13060 HIGHWAY 9

[PMIA Average Monthly Yields](#)

Account Number:

Transactions

[Tran Type Definitions](#)

July 2008 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
7/3/2008	7/3/2008	RW	1177147	KAREN ALVAREZ	-295,000.00
7/15/2008	7/14/2008	QRD	1178712	SYSTEM	18,638.67
7/31/2008	7/31/2008	RW	1182811	KAREN ALVAREZ	-125,000.00

Account Summary

Total Deposit:	<input type="text" value="18,638.67"/>	Beginning Balance:	<input type="text" value="2,228,926.99"/>
Total Withdrawal:	<input type="text" value="-420,000.00"/>	Ending Balance:	<input type="text" value="1,827,565.66"/>

Bill Lockyer, State Treasurer

Inside the State Treasurer's Office



Pooled Money Investment Account Summary of Investment Data

	Average Daily Portfolio	Effective Yield	Average Life (Month End in Days)
December 2007	\$59,946,588	4.801	204
December 2006	\$54,439,522	5.129	183
Change	\$5,507,066	-0.328	+21
January 2008	\$63,086,247	4.620	197
January 2007	\$57,956,340	5.156	183
Change	\$5,129,907	-0.536	+14
February 2008	\$65,652,081	4.161	215
February 2007	\$59,468,500	5.181	184
Change	\$6,183,581	-1.020	+31
March 2008	\$63,771,427	3.777	205
March 2007	\$57,580,012	5.214	170
Change	\$6,191,415	-1.437	+35
April 2008	\$65,233,836	3.400	201
April 2007	\$58,660,031	5.222	166
Change	\$6,573,805	-1.822	+35
May 2008	\$72,978,722	3.072	200
May 2007	\$63,222,005	5.248	170
Change	\$9,756,717	-2.176	+30
June 2008	\$72,545,195	2.894	212
June 2007	\$62,380,261	5.250	176
Change	\$10,164,934	-2.356	+36
July 2008	\$66,340,351	2.787	222
July 2007	\$60,681,221	5.255	186
Change	\$5,659,130	-2.468	+36

POOLED MONEY INVESTMENT ACCOUNT

SUMMARY OF INVESTMENT DATA A COMPARISON OF JUNE 2008 WITH JUNE 2007 (DOLLARS IN THOUSANDS)

	JUNE 2008	JUNE 2007	CHANGE
Average Daily Portfolio	\$ 72,545,195	\$ 62,380,261	\$ +10,164,934
Accrued Earnings	\$ 172,068	\$ 269,193	\$ -97,125
Effective Yield	2.894	5.250	-2.356
Average Life-Month End (In Days)	212	176	+36
Total Security Transactions			
Amount	\$ 35,493,109	\$ 35,623,083	\$ -129,974
Number	742	755	-13
Total Time Deposit Transactions			
Amount	\$ 3,831,500	\$ 2,746,500	\$ +1,085,000
Number	193	143	+50
Average Workday Investment Activity	\$ 1,872,600	\$ 1,827,123	\$ +45,477
Prescribed Demand Account Balances			
For Services	\$ 701,994	\$ 293,701	\$ +408,293
For Uncollected Funds	\$ 205,397	\$ 208,569	\$ -3,172

**BILL LOCKYER
TREASURER
STATE OF CALIFORNIA**

**INVESTMENT DIVISION SELECTED INVESTMENT DATA
ANALYSIS OF THE POOLED MONEY INVESTMENT ACCOUNT PORTFOLIO
(000 OMITTED)**

		JUNE 30, 2008		<u>DIFFERENCE IN PERCENT OF PORTFOLIO FROM PRIOR MONTH</u>
<u>TYPE OF SECURITY</u>	<u>AMOUNT</u>	<u>PERCENT OF PORTFOLIO</u>		
Government				
Bills	\$ 2,312,443	3.31	+1.74	
Bonds	0	0.00	0	
Notes	1,856,992	2.65	-2.44	
Strips	0	0.00	0	
Total Government	\$ 4,169,435	5.96	-0.70	
Federal Agency Debentures	\$ 10,791,527	15.43	+0.08	
Certificates of Deposit	14,045,097	20.08	+3.55	
Bank Notes	880,000	1.26	+0.01	
Bankers' Acceptances	0	0.00	0	
Repurchases	0	0.00	0	
Federal Agency Discount Notes	9,341,697	13.35	-7.97	
Time Deposits	9,393,500	13.43	+0.22	
GNMAs	164	0.00	0	
Commercial Paper	9,298,148	13.29	+2.61	
FHLMC/Remics	1,118,132	1.60	+0.04	
Corporate Bonds	255,915	0.36	-0.03	
AB 55 Loans	10,661,771	15.24	+2.19	
GF Loans	0	0.00	0	
Reversed Repurchases	0	0.00	0	
Total (All Types)	\$ 69,955,386	100.00		

INVESTMENT ACTIVITY

	JUNE 2008		MAY 2008	
	<u>NUMBER</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>
Pooled Money	742	\$ 35,493,109	686	\$ 33,027,971
Other	30	179,463	29	1,414,775
Time Deposits	193	3,831,500	148	3,494,000
Totals	965	\$ 39,504,072	863	\$ 37,936,746
PMIA Monthly Average Effective Yield	2.894		3.072	
Year to Date Yield Last Day of Month	4.325		4.473	

Bill Lockyer, State Treasurer

Inside the State Treasurer's Office Local Agency Investment Fund (LAIF)



PMIA Performance Report

Date	Daily Yield	Quarter to Date Yield	Average Maturity (in days)
8/6/2008	2.80	2.79	223
8/7/2008	2.80	2.79	223
8/8/2008	2.80	2.79	221
8/9/2008	2.80	2.79	221
8/10/2008	2.80	2.79	221
8/11/2008	2.79	2.79	218
8/12/2008	2.79	2.79	218
8/13/2008	2.79	2.79	217
8/14/2008	2.79	2.79	217
8/15/2008	2.79	2.79	217
8/16/2008	2.79	2.79	217
8/17/2008	2.79	2.79	217
8/18/2008	2.79	2.79	215
8/19/2008	2.79	2.79	215

LAIF Performance Report

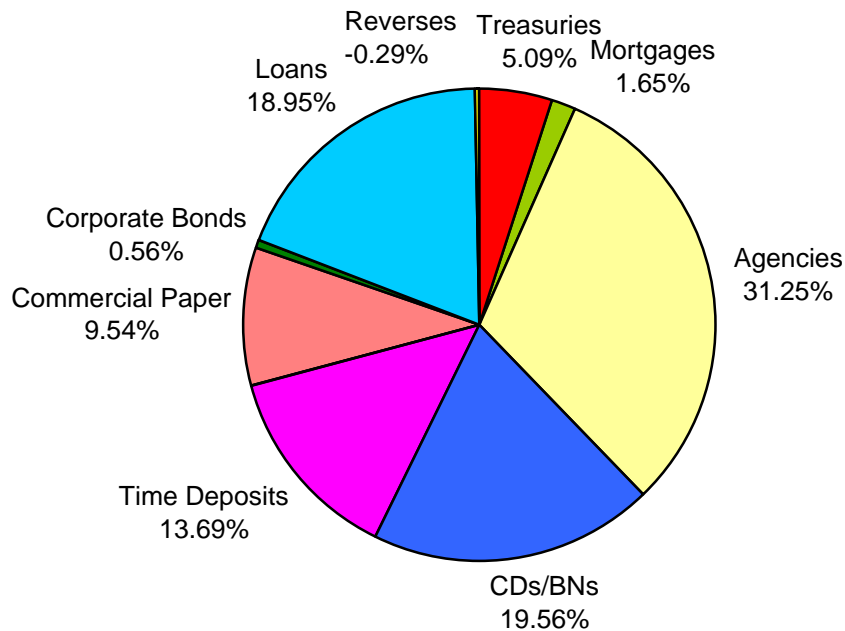
Quarter ending 6/30/2008

Apportionment Rate: 3.11%
Earnings Ratio: 0.00008483669448820
Fair Value Factor: 0.999950219

PMIA Average Monthly Effective Yields

July 2008 2.787%
June 2008 2.894%
May 2008 3.072%

Pooled Money Investment Account Portfolio Composition \$67.1 Billion 07/31/08



STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING JULY 31, 2008

Your Financial Advisor
BARGETTO HANSON GROUP
MORGAN STANLEY
6004 LA MADRONA DR
SANTA CRUZ, CA 95060
(831) 440-5200

Account Number
136 022962 062

(950069119604)
SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT
ATTENTION: JAMES A MUELLER
13060 HIGHWAY 9
BOULDER CREEK CA 95006-9119

Access your account at:
www.morganstanley.com/online

ASSET DETAILS

Your Investments				Current Price	Value	Est Yrly Income	Current Yield
95000	DISCOVER BANK CD	3500	08DE03	99.928	94,931.60	3,325.00	3.50%
95000	WEBSTER BANK CD	3300	09MH03	99.714	94,728.30	3,135.00	3.30%
95000	1ST SIGNATURE CD	3300	09MH03	99.714	94,728.30	3,135.00	3.30%
95000	LEHMAN BROS CD	3500	09MH03	99.827	94,835.65	3,325.00	3.50%
95000	CIT BANK CD	4900	09MH06	100.621	95,589.95	4,655.00	4.86%
95000	AMERICAN WEST CD	5400	09JN29	101.137	96,080.15	5,130.00	5.33%
85000	NEVADA SEC BK CD	4600	09AU24	100.386	85,328.10	3,910.00	4.58%
95000	PROVIDIAN NATL CD	4000	09SP15	101.378	96,309.10	3,800.00	3.94%
95000	TOWER BANK CD	4150	10FB23	99.671	94,687.45	3,942.50	4.16%
95000	FIRST BUSINESS CD	5000	10MY07	100.945	95,897.75	4,750.00	4.95%
95000	COWLITZ BANK CD	4300	10JN30	99.682	94,697.90	4,085.00	4.31%
95000	WASHINGTON MUT CD	4400	10SP21	99.710	94,724.50	4,180.00	4.41%
80000	NATL REP BANK CD	4900	11JA13	100.599	80,479.20	3,920.00	4.87%
95000	EVERBANK FLA CD	5000	11MY09	100.680	95,646.00	4,750.00	4.96%
85000	NOVA SVGS BK CD	4500	11JN08	99.322	84,423.70	3,825.00	4.53%
95000	LASALLE BANK CD	5150	11AU09	100.955	95,907.25	4,892.50	5.10%
95000	FIRESIDE BANK	5300	11AU09	101.371	96,302.45	5,035.00	5.22%
85000	GUNNISON BANK CD	5050	11OC31	100.555	85,471.75	4,292.50	5.02%
95000	BAYTREE NATL BK &	4500	11DE27	98.760	93,822.00	4,275.00	4.55%
95000	BMW BANK NA CD	4000	12MH19	96.868	92,024.60	3,800.00	4.12%
95000	FIRSTBANK FINL CD	4000	12MH19	96.842	91,999.90	3,800.00	4.13%
95000	NATLOANL CITY CD	4000	12AP02	96.805	91,964.75	3,800.00	4.13%
95000	CAPITAL ONE BK	4000	12AP02	96.805	91,964.75	3,800.00	4.13%
95000	MONROE B&T CD	3900	12AP11	96.404	91,583.80	3,705.00	4.04%
95000	FRANKLIN TEMP BK	4000	12AP18	96.707	91,871.65	3,800.00	4.13%
95000	BANK NORTHN CD	4200	12MY07	97.321	92,454.95	3,990.00	4.31%
95000	OCEANIC BK CD	5000	12MY09	100.031	95,029.45	4,750.00	4.99%
95000	GOLF SVGS BANK CD	5000	12MY09	100.031	95,029.45	4,750.00	4.99%
95000	FRIEDNSHIP ST CD	5000	12MY09	100.031	95,029.45	4,750.00	4.99%
95000	ACACIA FED SVG CD	4200	12MY16	97.284	92,419.80	3,990.00	4.31%

**STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING JULY 31, 2008**

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Your Investments				<i>Current Price</i>	<i>Value</i>	<i>Est Yrly Income</i>	<i>Current Yield</i>
95000	BRANCH B&T CO CD	4250	12MY29	97.402	92,531.90	4,037.50	4.36%
95000	WESTBRIDGE BK CD	4450	12JN25	97.976	93,077.20	4,227.50	4.54%
95000	WAMU FSB	4250	13MH28	96.195	91,385.25	4,037.50	4.41%
95000	ADVANTA BANK CD	4250	13AP02	96.172	91,363.40	4,037.50	4.41%
95000	WACHOVIA BK CD	4250	13AP09	96.143	91,335.85	4,037.50	4.42%
95000	PLANTERSFIRST CD	4000	13AP11	95.067	90,313.65	3,800.00	4.20%
95000	INVESTORS CD	4050	13AP11	95.275	90,511.25	3,847.50	4.25%
95000	GOLDMAN SACHS CD	4450	13AP30	96.883	92,038.85	4,227.50	4.59%
95000	CAPMARK BANK CD	4500	13MY28	96.986	92,136.70	4,275.00	4.63%
95000	PROV BK MARYLAND	4650	13JN20	97.538	92,661.10	4,417.50	4.76%
850000	US TSY NOTE	4750	08NV15	100.836	857,106.00	40,375.00	4.71%
350000	US TSY NOTE	3000	09FB15	100.547	351,914.50	10,500.00	2.98%
500000	US TSY NOTE	4875	09MY15	102.086	510,430.00	24,375.00	4.77%
750000	US TSY NOTE	4750	10FB15	103.648	777,360.00	35,625.00	4.58%
500000	US TSY NOTE	4875	11MY31	105.586	527,930.00	24,375.00	4.61%
250000	FHLE	4875	*13JA16	100.719	251,797.50	12,187.50	4.84%
250000	FHLE	4010	*13JN25	98.781	246,952.50	10,025.00	4.05%
1100000	FHLMC MIN	4000	*14AU15	97.408	1,071,488.00	44,000.00	4.10%
1300000	FNMA	4000	*15SP04	97.844	1,271,972.00	52,000.00	4.08%
Total Value of Priced Investments					\$9,570,269.30	\$417,705.00	4.36%

Custodial Holdings		<i>Symbol</i>	<i>Current Price</i>	<i>Date</i>	<i>Value</i>	<i>Custodian</i>	<i>Dividend Cap Gains Option</i>	<i>Fund Plan Number</i>
Bank Deposits #								
					\$98,500.00			
					\$1,509,385.70			
					\$1,607,885.70			
Total Bank Deposits					\$1,607,885.70			
Total Custodial Holdings					\$1,607,885.70			

Bank deposits are at Morgan Stanley Bank and Morgan Stanley Trust bank (Members FDIC), affiliates of Morgan Stanley & Co. Incorporated. Bank deposits are eligible for FDIC insurance up to applicable limits. Not SIPC insured.

**STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING JULY 31, 2008**

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Asset Summary	<u>Value</u>	<u>Est Yrly Income</u>
Cash	702.74	
Total Account Valuation	\$11,178,857.74	\$417,705.00

If you hold Auction Rate Securities, please see the Message Center for important information regarding the pricing of these securities.

DAILY ACTIVITY DETAILS

<u>Date</u>	<u>Activity</u>	<u>Quantity</u>	<u>Description</u>	<u>Price</u>	<u>Amount</u>	<u>Balance</u>
			CLOSING BALANCE AS OF 6/30			2,951.25
7/01	Auto Investment		BANK DEPOSIT PROGRAM		-2,951.25	.00
7/09	Taxable Interest		OCEANIC BK CD 5000 12MY09		+390.41	+390.41
	Taxable Interest		GOLF SVGS BANK CD 5000 12MY09		+390.41	+780.82
	Taxable Interest		FRIEDNDSHIP ST CD 5000 12MY09		+390.41	+1,171.23
7/10	Delivered	95000	M&I BANK FSB FID 50000*10JL10		+95,000.00	+96,171.23
			REDEMPTION OF CALLED BOND			+96,171.23
	Taxable Interest		M&I BANK FSB FID 50000*10JL10		+2,368.49	+98,539.72
	Auto Investment		BANK DEPOSIT PROGRAM		-1,171.23	+97,368.49
7/11	Taxable Interest		MONROE B&T CD 3900 12AP11		+304.52	+97,673.01
	Taxable Interest		PLANTERSFIRST CD 4000 13AP11		+312.33	+97,985.34
	Taxable Interest		INVESTORS CD 4050 13AP11		+316.23	+98,301.57
	Auto Investment		BANK DEPOSIT PROGRAM		-97,368.49	+933.08
7/13	Taxable Interest		NATL REP BANK CD 4900 11JA13		+1,954.63	+2,887.71
7/14	Auto Investment		BANK DEPOSIT PROGRAM		-933.08	+1,954.63
7/15	Charge		BUSINESS ACCOUNT FEE		-95.00	+1,859.63
	Auto Investment		BANK DEPOSIT PROGRAM		-1,954.63	-95.00
7/16	Taxable Interest		FHLB 4875 *13JA16		+6,093.75	+5,998.75
7/17	Auto Investment		BANK DEPOSIT PROGRAM		-5,998.75	.00
7/18	Taxable Interest		FRANKLIN TEMP BK 4000 12AP18		+312.33	+312.33
7/19	Taxable Interest		FIRSTBANK FINL CD 4000 12MH19		+312.33	+624.66
7/21	Auto Investment		BANK DEPOSIT PROGRAM		-312.33	+312.33
7/23	Taxable Interest		TOWER BANK CD 4150 10FB23		+324.04	+636.37
	Taxable Interest		WESTBRIDGE BK CD 4450 12JN25		+347.47	+983.84
7/25	Taxable Interest		BAYTREE NATL BK & 4500 11DE27		+351.37	+1,335.21
7/28	Delivered	95000	GEAUGA SVGS BK CD 4700 *11JA28		+95,000.00	+96,335.21
			REDEMPTION OF CALLED BOND			+96,335.21
	Taxable Interest		GEAUGA SVGS BK CD 4700 *11JA28		+366.99	+96,702.20
			INTEREST PAYMENT			+96,702.20
	Auto Investment		BANK DEPOSIT PROGRAM		-1,335.21	+95,366.99

**STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING JULY 31, 2008**

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

DAILY ACTIVITY DETAILS

<i>Date</i>	<i>Activity</i>	<i>Quantity</i>	<i>Description</i>	<i>Price</i>	<i>Amount</i>	<i>Balance</i>
7/29	Auto Investment		BANK DEPOSIT PROGRAM		-95,000.00	+366.99
7/30	Taxable Interest		COWLITZ BANK CD 4300 10JN30		+335.75	+702.74
			INTEREST PAYMENT			+702.74
	Auto Investment		BANK DEPOSIT PROGRAM		-176.01	+526.73
	Auto Investment		BANK DEPOSIT PROGRAM		-2,461.91	-1,935.18
	Taxable Interest		MORGAN STANLEY BANK		+176.01	-1,759.17
			(Period 06/28-07/30)			-1,759.17
	Taxable Interest		MORGAN STANLEY TRUST BANK		+2,461.91	+702.74
			(Period 06/28-07/30)			+702.74
			CLOSING BALANCE AS OF 7/31			+702.74

Additional information concerning these transactions is available upon request.

Yields on Bank Deposits and Money Market Funds

BANK DEPOSITS

A Bank Deposits APY of 2.00% was in effect for your deposits at the statement ending date.

Income Summary	<i>This Month</i>	<i>Year-to-Date</i>		<i>This Month</i>	<i>Year-to-Date</i>
Dividends/Bank Deposit Interest	2,637.92	5,871.67	Interest	14,871.46	211,582.95
Accrued Bond Interest	.00	47,901.88	Margin Interest	.00	.00

Tax Information	<i>This Month</i>	<i>Year-to-Date</i>
U.S. Treasury Coupon Interest	.00	78,781.25

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING JULY 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Messages

Important Notice Regarding Pricing of Auction Rate Securities

The following message has been added to all client account statements but applies only to holders of Auction Rate Securities. Depending on your current holdings, this message may/may not be applicable to you.

Due to recent market conditions, certain Auction Rate Securities are experiencing no or limited liquidity. Therefore, the price(s) for any Auction Rate Securities shown on this statement may not reflect the price(s) you would receive upon a sale at auction or in a secondary market transaction. There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security. The prices of any Auction Rate Securities on your statement are derived from various sources, and may differ from prices provided to Morgan Stanley by outside pricing services and/or from Morgan Stanley's own internal bookkeeping valuations. Please contact your Financial Advisor or log on to ClientServ for more information about current conditions in the Auction Rate Securities market. To enroll in ClientServ, go to www.morganstanleyclientserv.com/welcome.

Questions regarding your account may be directed to either your Financial Advisor or the Branch Manager for the branch office where you maintain your account. If you require further assistance, your inquiries may also be directed to Client Service at (800) 869-3326 or you may contact the Legal and Compliance Division at (914) 225-5870 or Morgan Stanley & Co. Incorporated, Legal and Compliance Division, 2000 Westchester Avenue, Purchase, New York 10577 with any account-related concerns.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING JULY 31, 2008

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Your Financial Advisor
BARGETTO HANSON GROUP
MORGAN STANLEY
6004 LA MADRONA DR
SANTA CRUZ, CA 95060
(831) 440-5200

Account Number
136 022962 062

(950069119604)
SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT
ATTENTION: JAMES A MUELLER
13060 HIGHWAY 9
BOULDER CREEK CA 95006-9119

Access your account at:
www.morganstanley.com/online

GAIN AND LOSS SUMMARY

The Estimated Gain and Loss information is provided for informational purposes only and may not be relied upon in making any tax, accounting or regulatory filing or report. We recommend that you contact your tax advisor to determine the appropriate information to be used in the preparation of your tax return. This Estimated Gain and Loss Summary is not a substitute 1099 form (or any other appropriate tax form) and should not be filed with your taxes. The Total Cost, Unit Cost and Proceeds of eligible equity and options transactions with Choice SelectSM pricing do not include commissions paid on your purchases or sales and therefore may not equal the acquisition price or principal amount of the sale. The figures should be independently verified. Estimated Gain and Loss information does not take into account a taxpayer's particular circumstances such as the existence of hedging transactions, constructive sales or marked-to-market pricing adjustments on certain options held at year-end. Please note that although Morgan Stanley makes every effort to adjust the cost basis for such securities' capital changes, it does not adjust the cost basis for all events, including amortization of non-municipal bond premiums; exercise of unlisted stock options; securities deemed to have been sold and simultaneously repurchased; receipt of cash in lieu of fractional shares; or the net effect of wash sales and/or short sales against the box.

For securities not purchased through Morgan Stanley, for example, securities purchased elsewhere and later transferred to it, any data included in the Estimated Gain and Loss information has been provided either by you or another financial institution. Whether provided by you, another financial institution or Morgan Stanley, it is your responsibility to ensure the accuracy of all of the Estimated Gain and Loss information. Please contact your Financial Advisor with any questions or to correct any information.

For Managed Futures and alternative investments, there are likely to be restrictions on redemptions, please see applicable offering document.

With respect to estimated gains and losses for listed equity options, Morgan Stanley has taken into account option premiums paid or received and, in respect to multiple purchases and/or sales, calculated cost using an average unit price for all like positions. Morgan Stanley has made calculations using what appear to be off-setting positions; no assurance can be given that these positions are intended to off-set each other or that they are not intended to off-set other securities positions, in which case the analysis may be different. Morgan Stanley has obtained pricing information from independent sources it believes to be reliable. No assurance can be given that the values given are accurate. Values are subject to change and are as of a given point in time only. Past performance does not guarantee future returns.

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING JULY 31, 2008

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SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information			
Government Securities**										
Treasury Securities										
US TSY NOTE	4 3/4	11-15-08	850,000	07-05-02	102.00687 100.13728	872,844.50 851,166.91	857,106.00	5,939.09	Long Term	
US TSY NOTE	3.000	2-15-09	350,000	02-27-04	100.70600 100.08166	352,476.00 350,285.83	351,914.50	1,628.67	Long Term	
US TSY NOTE	4 7/8	5-15-09	500,000	07-24-06	100.24505 100.07194	501,225.25 500,359.73	510,430.00	10,070.27	Long Term	
US TSY NOTE	4 3/4	2-15-10	750,000	02-13-07	100.30120 100.15959	752,259.00 751,196.98	777,360.00	26,163.02	Long Term	
US TSY NOTE	4 7/8	5-31-11	500,000	07-24-06	100.18805 100.11493	500,940.25 500,574.65	527,930.00	27,355.35	Long Term	
Total Treasury Securities								2,979,745.00 2,953,584.10	3,024,740.50	71,156.40
Federal Agencies										
FHLB	4 7/8	1-16-13	250,000	06-13-08	100.00210 100.00204	250,005.25 250,005.12	251,797.50	1,792.38	Short Term	
FHLB	4.010	6-25-13	250,000	03-26-08	100.00210 100.00197	250,005.25 250,004.94	246,952.50	(3,052.44)	Short Term	
FHLMC MIN	4.000	8-15-141	1,100,000	01-31-08	100.00000 100.00000	1,100,000.00 1,100,000.00	1,071,488.00	(28,512.00)	Short Term	
FNMA	4.000	9-04-151	1,300,000	02-27-08	100.00000 100.00000	1,300,000.00 1,300,000.00	1,271,972.00	(28,028.00)	Short Term	

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***The "Market Value" and "Unrealized Gain/(Loss)" figures shown for Fixed Income securities are representative values, which may not reflect the value that could actually be obtained in the market. See "Pricing of Securities" at the end of this statement.*

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING JULY 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information	
Total Federal Agencies				2,900,010.50 2,900,010.06	2,842,210.00	(57,800.06)		
Total Government Securities				5,879,755.50 5,853,594.16	5,866,950.50	13,356.34		
Certificates of Deposit**								
DISCOVER BANK CD	3 1/2	12-03-08	95,000	11-26-03	100.00000 100.00000	95,000.00 95,000.00	94,931.60 (68.40)	Long Term
CIT BANK CD	4.900	3-06-09	95,000	02-22-06	100.00000 100.00000	95,000.00 95,000.00	95,589.95 589.95	Long Term
WEBSTER BANK CD	3.300	3-03-09	95,000	02-25-04	100.00000 100.00000	95,000.00 95,000.00	94,728.30 (271.70)	Long Term
1ST SIGNATURE CD	3.300	3-03-09	95,000	02-25-04	100.00000 100.00000	95,000.00 95,000.00	94,728.30 (271.70)	Long Term
LEHMAN BROS CD	3 1/2	3-03-09	95,000	02-25-04	100.00000 100.00000	95,000.00 95,000.00	94,835.65 (164.35)	Long Term
AMERICAN WEST CD	5.400	6-29-09	95,000	06-19-06	100.00000 100.00000	95,000.00 95,000.00	96,080.15 1,080.15	Long Term
NEVADA SEC BK CD	4.600	8-24-09	85,000	08-16-05	100.00000 100.00000	85,000.00 85,000.00	85,328.10 328.10	Long Term
PROVIDIAN NATL CD	4.000	9-15-09	95,000	09-08-04	100.00000 100.00000	95,000.00 95,000.00	96,309.10 1,309.10	Long Term
TOWER BANK CD	4.150	2-23-10	95,000	02-15-05	100.00000 100.00000	95,000.00 95,000.00	94,687.45 (312.55)	Long Term

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**STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING JULY 31, 2008**

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information		
FIRST BUSINESS CD	5.000	5-07-10	95,000	05-01-07	100.00553 100.00553	95,005.25 95,005.25	95,897.75	892.50	Long Term
COMLITZ BANK CD	4.300	6-30-10	95,000	06-27-08	100.00000 100.00000	95,000.00 95,000.00	94,697.90	(302.10)	Short Term
WASHINGTON MUT CD	4.400	9-21-10	95,000	09-08-05	100.00000 100.00000	95,000.00 95,000.00	94,724.50	(275.50)	Long Term
NATL REP BANK CD	4.900	1-13-11	80,000	01-05-06	100.00000 100.00000	80,000.00 80,000.00	80,479.20	479.20	Long Term
EVERBANK FLA CD	5.000	5-09-11	95,000	05-01-07	100.00553 100.00553	95,005.25 95,005.25	95,646.00	640.75	Long Term
NOVA SVGS BK CD	4 1/2	6-08-11	85,000	05-27-05	100.00000 100.00000	85,000.00 85,000.00	84,423.70	(576.30)	Long Term
LASALLE BANK CD	5.150	8-09-11	95,000	07-31-06	100.00000 100.00000	95,000.00 95,000.00	95,907.25	907.25	Long Term
FIRESIDE BANK	5.300	8-09-11	95,000	08-01-06	100.00000 100.00000	95,000.00 95,000.00	96,302.45	1,302.45	Long Term
GUNNISON BANK CD	5.050	10-31-11	85,000	10-25-06	100.00000 100.00000	85,000.00 85,000.00	85,471.75	471.75	Long Term
BAYTREE NATL BK &	4 1/2	12-27-11	95,000	06-20-08	100.00000 100.00000	95,000.00 95,000.00	93,822.00	(1,178.00)	Short Term
BMW BANK NA CD	4.000	3-19-12	95,000	03-13-08	100.00000 100.00000	95,000.00 95,000.00	92,024.60	(2,975.40)	Short Term
FIRSTBANK FINL CD	4.000	3-19-12	95,000	03-11-08	100.00000 100.00000	95,000.00 95,000.00	91,999.90	(3,000.10)	Short Term
NATIOANL CITY CD	4.000	4-02-12	95,000	03-19-08	100.00000 100.00000	95,000.00 95,000.00	91,964.75	(3,035.25)	Short Term

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**STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING JULY 31, 2008**

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information	
CAPITAL ONE BK	4.000	4-02-12	95,000	03-26-08	100.00000 100.00000	95,000.00 95,000.00	91,964.75 (3,035.25)	Short Term
MONROE B&T CD	3.900	4-11-12	95,000	04-04-08	100.00000 100.00000	95,000.00 95,000.00	91,583.80 (3,416.20)	Short Term
FRANKLIN TEMP BK	4.000	4-18-12	95,000	04-09-08	100.00000 100.00000	95,000.00 95,000.00	91,871.65 (3,128.35)	Short Term
OCEANIC BK CD	5.000	5-09-12	95,000	05-01-07	100.00553 100.00553	95,005.25 95,005.25	95,029.45 24.20	Long Term
GOLF SVGS BANK CD	5.000	5-09-12	95,000	05-01-07	100.00000 100.00000	95,000.00 95,000.00	95,029.45 29.45	Long Term
FRIEDNSHIP ST CD	5.000	5-09-12	95,000	05-01-07	100.00553 100.00553	95,005.25 95,005.25	95,029.45 24.20	Long Term
BANK NORTHN CD	4.200	5-07-12	95,000	04-25-08	100.00000 100.00000	95,000.00 95,000.00	92,454.95 (2,545.05)	Short Term
ACACIA FED SVG CD	4.200	5-16-12	95,000	05-06-08	100.00000 100.00000	95,000.00 95,000.00	92,419.80 (2,580.20)	Short Term
BRANCH B&T CO CD	4 1/4	5-29-12	95,000	05-19-08	100.00000 100.00000	95,000.00 95,000.00	92,531.90 (2,468.10)	Short Term
WESTBRIDGE BK CD	4.450	6-25-12	95,000	06-13-08	100.00000 100.00000	95,000.00 95,000.00	93,077.20 (1,922.80)	Short Term
WAMU FSB	4 1/4	3-28-13	95,000	03-19-08	100.00000 100.00000	95,000.00 95,000.00	91,385.25 (3,614.75)	Short Term
ADVANTA BANK CD	4 1/4	4-02-13	95,000	03-24-08	100.00000 100.00000	95,000.00 95,000.00	91,363.40 (3,636.60)	Short Term
PLANTERSFIRST CD	4.000	4-11-13	95,000	04-04-08	100.00000 100.00000	95,000.00 95,000.00	90,313.65 (4,686.35)	Short Term

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STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING JULY 31, 2008

PAGE 11 OF 13

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information
INVESTORS CD	4.050	4-11-13	95,000	04-07-08 100.00000 95,000.00 100.00000	95,000.00 95,000.00	90,511.25	(4,488.75) Short Term
WACHOVIA BK CD	4 1/4	4-09-13	95,000	04-04-08 100.00000 95,000.00 100.00000	95,000.00 95,000.00	91,335.85	(3,664.15) Short Term
GOLDMAN SACHS CD	4.450	4-30-13	95,000	04-25-08 100.00000 95,000.00 100.00000	95,000.00 95,000.00	92,038.85	(2,961.15) Short Term
CAPMARK BANK CD	4 1/2	5-28-13	95,000	05-20-08 100.00000 95,000.00 100.00000	95,000.00 95,000.00	92,136.70	(2,863.30) Short Term
PROV BK MARYLAND	4.650	6-20-13	95,000	06-13-08 100.00000 95,000.00 100.00000	95,000.00 95,000.00	92,661.10	(2,338.90) Short Term
Total Certificates of Deposit					3,755,021.00 3,755,021.00	3,703,318.80	(51,702.20)
Totals for positions with cost data available					\$9,608,615.16	\$9,570,269.30	(\$38,345.86)
Total Market Value for all positions						\$9,570,269.30	

The "Total Cost" and "Unit Cost" for Fixed Income Unit Trusts, Mortgage-Backed Securities, and Zero Coupon Bonds has been adjusted to reflect any partial return of principal or capital that may have been paid to you, or accreted interest earned, since your purchase date. In the event that the accumulated total return of principal or capital is greater than the provided original cost, the adjusted cost will be "0.00".

Realized Gain/(Loss)	Quantity	Date Acquired	Date Sold	Total Cost Original / Adjusted*	Proceeds	Realized Gain/(Loss)	Additional Information
Short Term							
ANB FINL NATL CD	5 1/2	10-17-14	95,000	10-18-07 06-02-08	95,000.00	(5.19)	Short Term
PHLB	5 1/4	12-30-11	500,000	04-30-07 03-31-08	500,000.25 500,000.00		
WELLS FARGO BK CD	5.300	4-24-13	95,000	10-18-07 04-24-08	95,005.25	(5.25)	Short Term

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**STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING JULY 31, 2008**

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Realized Gain/(Loss)	Quantity	Date Acquired	Date Sold	Total Cost Original / Adjusted*	Proceeds	Realized Gain/(Loss)	Additional Information
Sub Total Short Term				\$690,010.44	\$690,000.00	(\$10.44)	
Long Term							
BANKWEST INC CD	5 1/2	2-17-09	07-26-06	95,000.00	95,000.00		
BANKWEST PIERR CD	5 1/2	8-30-11	08-30-06	94,985.47	95,000.00	14.53	Long Term
CAROLINA FIRST CD	4 1/2	5-26-10	11-17-04	95,000.00	95,000.00		
CITIZENS NB CD	5 3/4	7-28-11	07-26-06	95,005.25	95,000.00	(5.25)	Long Term
COLE TAYLOR CALLD	4 1/2	11-24-09	05-10-04	95,000.00	95,000.00		
COUNTRYWIDE BK CD	6.000	8-23-13	07-31-06	95,000.00	95,000.00		
FHLMC MIN	3.000	3-24-08	04-04-03	1,293,505.00	1,299,994.75	6,489.75	Long Term
FIRST BANK CA CD	4 1/4	4-28-08	04-15-05	90,000.00	90,000.00		
FNMA	5.000	12-17-09	12-08-03	523,425.00	525,000.00	1,575.00	Long Term
FNMA	4 1/2	8-26-10	08-16-04	150,000.00	150,000.00		
FNMA	4 1/2	3-16-12	09-08-04	170,000.00	170,000.00		
FNMA	5 3/4	2-15-08	07-05-02	987,615.94			Long Term
				925,379.94	925,512.75	132.81	
FNMA	3 1/2	9-04-09	02-25-04	500,000.00	500,000.00		
FNMA	3.270	6-16-09	03-12-04	449,442.50	450,000.00	557.50	Long Term
FNMA	5.080	6-18-10	04-05-07	499,750.00	500,000.00	250.00	Long Term
FRONTIER BANK FID	4 1/2	9-14-10	11-01-05	88,796.72	90,000.00	1,203.28	Long Term
GEAUGA SVGS BK CD	4.700	1-28-11	08-05-05	95,005.25	95,000.00	(5.25)	Long Term
IRWIN UNION BK CD	5.050	3-24-08	03-16-06	85,000.00	85,000.00		
M&I BANK FSB FID	5.000	7-10-10	01-06-05	95,005.00	95,000.00	(5.00)	Long Term
NEW SOUTH FSB CD	4 1/2	5-12-10	10-27-04	95,000.00	95,000.00		
US TSY NOTE	2 5/8	3-15-09	03-26-04	850,005.00	852,089.15	2,084.15	Long Term
Sub Total Long Term				\$6,480,305.13	\$6,492,596.65	\$12,291.52	
Totals for closing transactions with cost data available				\$7,170,315.57	\$7,182,596.65	\$12,281.08	
Total Proceeds					\$7,182,596.65		

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STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING JULY 31, 2008

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Summary

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Unrealized gain.....	\$1,792.38	\$79,235.45	\$81,027.83
Unrealized (loss).....	(\$117,433.19)	(\$1,940.50)	(\$119,373.69)
Realized gain YTD.....	\$0.00	\$12,307.02	\$12,307.02
Realized (loss) YTD.....	(\$10.44)	(\$15.50)	(\$25.94)

Morgan Stanley

Account Valuation	<p>This figure represents the approximate value of your account on a settlement date basis and is computed by adding (1) the market value of all priced positions and (2) market values provided by pricing services and correspondent custodians for other positions, and by adding any credit or subtracting any debit to your closing cash, or money market fund and/or bank deposit balance. Please note, this valuation may be adjusted for the net change in priced asset values for securities held or for the net change in money market balances during the statement period. Your closing cash, money market fund and/or bank deposit balance represents the cash, money market funds and/or bank deposits and reflects the net month end available balance.</p> <p>The Bank Deposit Annual Percentage Yield ("APY") represents the applicable rate in effect for your deposits at the statement ending date. This APY may be different than the APY that was in effect during the statement period. For current Bank Deposit or Money Market Fund yields, go to http://www.morganstanleyindividual.com/AccountOptions/ActiveAssets/InvestmentFeatures/</p>	Margin Interest Charges	<p>Morgan Stanley calculates interest charges on margin loans as follows: (1) Multiply the applicable margin interest rate by the daily close of business net settled debit balance. (2) Divide by 360 (days). Margin interest accrues daily throughout the month and is added to your debit balance at month-end. The month-end interest charge is the sum of the daily accrued interest calculations for the month. Morgan Stanley adds the accrued interest to your debit balance and starts a new calculation each time the applicable interest rate changes and at the close of every statement month. For current margin loan interest rates, please go to http://www.morganstanleyindividual.com/customerservice/disclosures/#4</p>
Availability of Free Credit Balances and Financial Statements	<p>Under the customer protection rules of the SEC [17 CFR §240.15c3-2 & -3], Morgan Stanley & Co. Incorporated may use free credit balances in your account which are payable to you on demand, in the ordinary course of its business. We send summary Morgan Stanley & Co. Incorporated financial statements to you semiannually; copies are also available on request, by mail.</p>	Margin Privileges (not available for certain accounts such as IRAs or retirement accounts)	<p>If you have margin privileges, you may borrow money from Morgan Stanley in exchange for pledging assets in your account as collateral for any outstanding margin loan. The amount you may borrow is based on the value of the eligible securities in your margin account, which are identified by an asterisk(*) on your statement.</p>
Certain Assets Not Held At Morgan Stanley & Co. Incorporated	<p>You may purchase certain assets through Morgan Stanley & Co. Incorporated that may be held at a financial institution other than Morgan Stanley & Co. Incorporated. Assets not held at Morgan Stanley & Co. Incorporated may not be covered by SIPC protection. We may include information about these assets on your Morgan Stanley & Co. Incorporated statement, solely as a service to you and are not responsible for information (including valuation) derived from you or another external source. Generally, any financial institution that holds securities is responsible for providing taxable year-end reporting (1099s) and separate periodic statements, which may vary from our information due to different tax reporting periods. In the case of Morgan Stanley, Van Kampen and external networked mutual funds, Morgan Stanley & Co. Incorporated performs all year-end tax reporting (1099s). Under certain circumstances, such as IRA accounts, Morgan Stanley & Co. Incorporated performs all tax reporting.</p>	Pricing of Securities	<p>The prices of securities displayed on your statement are derived from various sources and in some cases may be higher or lower than the price that you would actually receive in the market. Although we attempt to use reliable sources of information, we can offer no assurance as to its accuracy.</p> <p>For securities listed on an exchange or trading continually in an active marketplace, the price reflects the market quotations at the close of your statement period. The prices of securities not actively traded may not be available. These are indicated by N/A (not available).</p> <p>For bonds trading less frequently, we rely on outside pricing services or a computerized pricing model, which cannot always give us actual market values. Similarly, some annuity values provided by outside sponsors are estimates.</p> <p>The amounts on this statement for limited partnerships are typically obtained from a third party or from the general partners unless Morgan Stanley has obtained other information such as an independent appraisal. Since many partnership valuations are provided only annually, they do not always represent current values.</p> <p>Furthermore, limited partnerships and non-traded REITs are illiquid and have no public markets, so the amounts showing on this statement may not equal the amounts you would receive if you sold your investment.</p> <p>The value of mutual fund shares is determined by multiplying the net asset value (NAV) by the number of shares or units held, as reported to Morgan Stanley by the correspondent custodian. If we cannot obtain a price or estimate, N/A appears. Speak to your Financial Advisor to obtain current information concerning the prices on your statements.</p>
Client's Investment Objectives and Financial Situation	<p>It is essential to advise your Financial Advisor immediately if there is a material change in your investment objectives or financial situation.</p>	Security Measures	<p>Your Morgan Stanley statement features several embedded security elements to safeguard its authenticity. One is a unique security mark—a blue rectangle with the letters MS printed in heat-sensitive blue ink on the front side of every page. When exposed to warmth, the blue rectangle will disappear, and then reappear.</p>
Dividend/Interest (Month/YTD)	<p>These figures represent dividends and/or interest on securities received by Morgan Stanley and credited to your account during the calendar year. As required by law, Morgan Stanley reports to the Internal Revenue Service dividend distributions and taxable bond interest credited to your account. The totals reported are indicated as the year-to-date (YTD) figures on the last statement for the calendar year. In the case of Real Estate Investment Trusts (REITs), Master Limited Partnerships, Regulated Investment Companies and Unit Investment Trusts, some sponsors may reclassify the distribution to a different tax type for year-end reporting (1099).</p>	SIPC Protection	<p>Securities and cash held in Morgan Stanley & Co. Incorporated accounts are protected up to their full net equity value by a combination of coverage provided by the Securities Investor Protection Corporation (SIPC), a non-profit organization created by an Act of Congress, and additional protection purchased from a private insurer by Morgan Stanley (the Excess Coverage). Excess Coverage provides additional protection up to the full net equity value of each account including unlimited coverage for uninvested cash. SIPC protects up to \$500,000 of each client's securities, of which up to \$100,000 may be uninvested cash. SIPC and Excess Coverage apply only to securities and cash in the exclusive possession and control of Morgan Stanley & Co. Incorporated and do not protect against losses due to market fluctuations. Detailed information is available upon request.</p>
Errors and Inquiries	<p>If you do not understand an entry on your statement or suspect an error was made, it is essential that you immediately contact the manager of the office servicing your account. Oral communications regarding any inaccuracy or discrepancy in this statement should be re-confirmed in writing to further protect your rights, including rights under the Securities Investor Protection Act (SIPA). We will consider your statement to be correct unless we receive a written inquiry from you about the suspected error within 10 calendar days from the day on which you received your statement. It is your responsibility to review your statement promptly and to seek immediate clarification about entries that you do not understand.</p>	Taxes	<p>Under Federal Income Tax law, Morgan Stanley is required to report the gross proceeds of sales transactions (including entering into short sales) to you on Form 1099-B by January 31 of the year following the calendar year of the transaction. The information reported on your Form 1099-B for the calendar year should be exclusively relied upon for the purpose of filing your tax return for the year. Under U.S. Internal Revenue Service regulations, if you have not provided us with certification of either U.S. or foreign status on an appropriate Form W-9 or W-8, your account may be subject to either 28% backup withholding or 30% nonresident alien withholding, as applicable, on payments made to your account.</p>
Estimated Annual Income and Yields	<p>Estimated annual income and yields are calculated by annualizing the most recent distribution and do not reflect historic experience or projected future results. Since the rates are subject to change at any time, they should not be solely relied upon for making investment or trading decisions. You should consult with your Financial Advisor to obtain accurate, current information so you can make an informed decision.</p>	Transaction Dates and Conditions	<p>All transaction dates on this statement are the transactions' settlement dates. In the case of unsettled trades, we list the trade date instead of the settlement date with a notation that the trade is unsettled. Upon written request, Morgan Stanley will furnish the date and time of a transaction and the name of the other party to a transaction.</p> <p>Morgan Stanley accepts benefits that constitute payment for order flow. Details regarding these benefits and the source and amount of any other remuneration received or to be received by us in connection with any transaction will be furnished upon written request.</p>

Investments and services are offered through Morgan Stanley & Co. Incorporated, member SIPC.

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