

M E M O

TO: Board of Directors

FROM: Finance Manager

SUBJECT: INVESTMENT REPORT PERIOD ENDING MARCH 31, 2009

DATE: April 30, 2009

RECOMMENDATION:

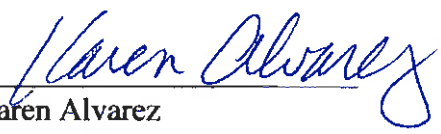
It is recommended that the Board of Directors review and file this report.

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 March 31, 2009 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



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

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

April 17, 2009

SAN LORENZO VALLEY WATE	▲
DISTRICT MANAGER	▼
13060 HIGHWAY 9	▼
◀	▶

PMIA Average Monthly Yields

Account Number: 90-44-001

Transactions
Tran Type Definitions

March 2009 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	631,491.21
Total Withdrawal:	0.00	Ending Balance:	631,491.21

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)
August 2008	\$65,595,666	2.779	224
August 2007	\$59,657,942	5.253	214
Change	\$5,937,724	-2.474	+10
September 2008	\$65,286,969	2.774	214
September 2007	\$58,058,289	5.231	207
Change	\$7,228,680	-2.457	+7
October 2008	\$61,664,368	2.709	241
October 2007	\$58,832,193	5.137	197
Change	\$2,832,175	-2.428	+44
November 2008	\$60,842,357	2.568	228
November 2007	\$61,562,908	4.962	208
Change	-\$720,551	-2.394	+20
December 2008	\$59,947,044	2.353	223
December 2007	\$59,946,588	4.801	204
Change	\$456	-2.448	+19
January 2009	\$60,699,063	2.046	215
January 2008	\$63,086,247	4.620	197
Change	-\$2,387,184	-2.574	+18
February 2009	\$59,295,343	1.869	205
February 2008	\$65,652,081	4.161	215
Change	-\$6,356,738	-2.292	-10
March 2009	\$57,504,615	1.822	197
March 2008	\$63,771,427	3.777	205
Change	-\$6,266,812	-1.955	-8

**State of California
Pooled Money Investment Account
Market Valuation
3/31/2009**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch. Amortized Cost		
United States Treasury:				
Bills	\$ 7,897,019,502.10	\$ 7,959,223,855.36	\$ 7,986,696,000.00	NA
Notes	\$ 3,752,600,545.54	\$ 3,752,557,276.30	\$ 3,755,620,000.00	\$ 39,686,153.00
Federal Agency:				
SBA	\$ 557,638,901.06	\$ 557,627,148.83	\$ 542,785,017.08	\$ 568,103.04
MBS-REMICs	\$ 1,043,042,206.55	\$ 1,043,042,206.55	\$ 1,069,110,446.51	\$ 4,956,050.22
Debentures	\$ 3,016,009,515.37	\$ 3,015,359,515.37	\$ 3,057,371,840.00	\$ 41,798,886.24
Debentures FR	\$ 5,298,435,580.60	\$ 5,298,435,580.60	\$ 5,306,024,370.00	\$ 6,455,480.38
Discount Notes	\$ 3,489,866,519.49	\$ 3,536,196,366.69	\$ 3,555,815,400.00	NA
FHLMC PC	\$ 602.87	\$ 602.87	\$ 613.08	\$ 10.73
GNMA	\$ 133,692.26	\$ 133,692.26	\$ 150,733.25	\$ 1,322.16
CDs and YCDs FR	\$ -	\$ -	\$ -	\$ -
Bank Notes	\$ 250,000,000.00	\$ 250,000,000.00	\$ 250,000,000.00	\$ 16,666.67
CDs and YCDs	\$ 1,850,002,527.72	\$ 1,850,002,527.72	\$ 1,849,981,446.00	\$ 109,361.13
Commercial Paper	\$ 299,983,750.02	\$ 299,998,750.00	\$ 300,000,000.00	NA
Corporate:				
Bonds FR	\$ 220,326,060.58	\$ 220,326,060.58	\$ 217,038,047.62	\$ 313,556.97
Bonds	\$ 58,030,060.39	\$ 58,030,060.39	\$ 57,876,325.60	\$ 637,013.82
Repurchase Agreements	\$ -	\$ -	\$ -	NA
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 6,974,500,000.00	\$ 6,974,500,000.00	\$ 6,974,500,000.00	NA
AB 55 & GF Loans	\$ 23,962,770,665.76	\$ 23,962,770,665.76	\$ 23,962,770,665.76	NA
TOTAL	\$ 58,670,360,130.31	\$ 58,778,204,309.28	\$ 58,885,740,904.90	\$ 94,542,604.36

Fair Value Including Accrued Interest \$ 58,980,283,509.26

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

The value of each participating dollar equals the fair value divided by the amortized cost (1.001829532). As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$20,036,590.64 or \$20,000,000.00 x 1.001829532.

POOLED MONEY INVESTMENT ACCOUNT

SUMMARY OF INVESTMENT DATA A COMPARISON OF FEBRUARY 2009 WITH FEBRUARY 2008 (DOLLARS IN THOUSANDS)

	FEBRUARY 2009	FEBRUARY 2008	CHANGE
Average Daily Portfolio	\$ 59,295,343	\$ 65,652,081	\$ -6,356,738
Accrued Earnings	\$ 85,002	\$ 216,475	\$ -131,473
Effective Yield	1.869	4.161	-2.292
Average Life-Month End (In Days)	205	215	-10
Total Security Transactions			
Amount	\$ 13,619,365	\$ 29,183,439	\$ -15,564,074
Number	276	608	-332
Total Time Deposit Transactions			
Amount	\$ 4,071,000	\$ 4,588,000	\$ -517,000
Number	143	233	-90
Average Workday Investment Activity	\$ 982,798	\$ 1,777,444	\$ -794,646
Prescribed Demand Account Balances			
For Services	\$ 1,008,991	\$ 357,606	\$ +651,385
For Uncollected Funds	\$ 141,953	\$ 197,696	\$ -55,743

**BILL LOCKYER
TREASURER
STATE OF CALIFORNIA**

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

February 28, 2009

<u>TYPE OF SECURITY</u>	<u>AMOUNT</u>	<u>PERCENT OF PORTFOLIO</u>	<u>DIFFERENCE IN PERCENT OF PORTFOLIO FROM PRIOR MONTH</u>
Government			
Bills	\$ 8,696,892	14.57	+2.04
Bonds	0	0.00	0
Notes	3,752,600	6.29	+0.19
Strips	0	0.00	0
Total Government	\$ 12,449,492	20.86	+2.23
Federal Agency Debentures	\$ 9,161,674	15.35	-0.29
Certificates of Deposit	1,085,002	1.82	-1.96
Bank Notes	0	0.00	0
Bankers' Acceptances	0	0.00	0
Repurchases	0	0.00	0
Federal Agency Discount Notes	4,629,671	7.76	+0.29
Time Deposits	7,153,500	11.99	-1.08
GNMAs	136	0.00	0
Commercial Paper	2,274,558	3.81	+0.07
FHLMC/Remics	1,057,687	1.77	+0.04
Corporate Bonds	278,356	0.47	-0.06
AB 55 Loans	11,891,324	19.93	+0.64
GF Loans	9,693,100	16.24	+0.12
Reversed Repurchases	0	0.00	0
Total (All Types)	\$ 59,674,500	100.00	

INVESTMENT ACTIVITY

	<u>FEBRUARY 2009</u>		<u>JANUARY 2009</u>	
	<u>NUMBER</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>
Pooled Money	276	\$ 13,619,365	261	\$ 12,918,037
Other	6	195,223	1	123
Time Deposits	143	4,071,000	242	6,364,200
Totals	425	\$ 17,885,588	504	\$ 19,282,360
PMIA Monthly Average Effective Yield	1.869		2.046	
Year to Date Yield Last Day of Month	2.503		2.580	

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



SAVE THE DATE: LAIF ANNUAL CONFERENCE, OCTOBER 21-22, 2009

PMIA Performance Report

<u>Date</u>	<u>Daily Yield</u>	<u>Quarter to Date Yield</u>	<u>Average Maturity (in days)</u>
4/2/2009	1.65	1.76	189
4/3/2009	1.65	1.72	190
4/4/2009	1.65	1.70	190
4/5/2009	1.65	1.69	190
4/6/2009	1.65	1.69	187
4/7/2009	1.65	1.68	186
4/8/2009	1.65	1.68	187
4/9/2009	1.65	1.67	189
4/10/2009	1.65	1.67	187
4/11/2009	1.65	1.67	187
4/12/2009	1.65	1.67	187
4/13/2009	1.65	1.67	185
4/14/2009	1.65	1.67	185
4/15/2009	1.62	1.66	183

LAIF Performance Report

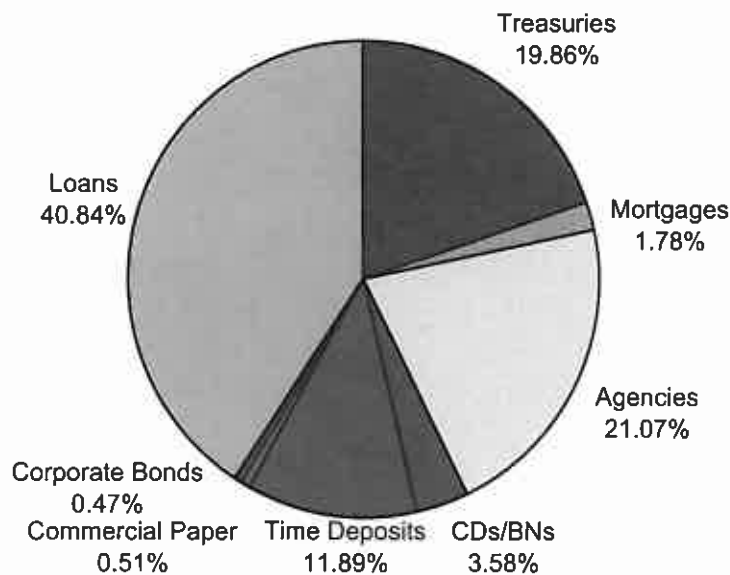
Quarter ending 3/31/2009

Apportionment Rate: 1.91%
 Earnings Ratio: .00005227211614311
 Fair Value Factor: 1.001829532

PMIA Average Monthly Effective Yields

Mar 2009 1.822%
 Feb 2009 1.869%
 Jan 2009 2.046%

Pooled Money Investment Account
Portfolio Composition
\$58.7 Billion
03/31/09



**STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING MARCH 31, 2009**

PAGE 1 OF 15

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
85000	AMERICAN WEST CD	101.036	85,880.60	4,590.00	5.34%
85000	NEVADA SEC BK CD	101.346	86,144.10	3,910.00	4.53%
95000	JPMC (WAMU NV) CD	101.922	96,825.90	3,800.00	3.92%
95000	TOWER BANK CD	102.260	97,147.00	3,942.50	4.05%
95000	FIRST BUSINESS CD	103.404	98,233.80	4,750.00	4.83%
95000	COWLITZ BANK CD	102.814	97,673.30	4,085.00	4.18%
95000	NEW SOUTH FED CD	102.535	97,408.25	3,800.00	3.90%
95000	JPMC (WAMU NV) CD	103.115	97,959.25	4,180.00	4.26%
80000	NATL REP BANK CD	104.135	83,308.00	3,920.00	4.70%
95000	EVERBANK FLA CD	104.558	99,330.10	4,750.00	4.78%
95000	MACATAWA BANK CD	103.370	98,201.50	4,180.00	4.25%
85000	NOVA SVGS BK CD	103.584	88,046.40	3,825.00	4.34%
95000	LASALLE BANK CD	105.132	99,875.40	4,892.50	4.89%
95000	FIRESIDE BANK	105.471	100,197.45	5,035.00	5.02%
95000	MERIDIAN BANK CD	99.376	94,407.20	2,517.50	2.66%
95000	LEGENDS BANK CD	103.709	98,523.55	4,275.00	4.33%
85000	GUNNISON BANK CD	105.067	89,306.95	4,292.50	4.80%
95000	BAYTREE NATL BK &	103.740	98,553.00	4,275.00	4.33%
95000	BMW BANK NA CD	102.286	97,171.70	3,800.00	3.91%
95000	NATIOANL CITY CD	102.264	97,150.80	3,800.00	3.91%
95000	CAPITAL ONE BK	102.264	97,150.80	3,800.00	3.91%
95000	MONROE B&T CD	101.986	96,886.70	3,705.00	3.82%
95000	FRANKLIN TEMP BK	102.270	97,156.50	3,800.00	3.91%
95000	BANK NORTHN CD	102.833	97,691.35	3,990.00	4.08%
95000	OCEANIC BK CD	105.205	99,944.75	4,750.00	4.75%
95000	GOLF SVGS BANK CD	105.205	99,944.75	4,750.00	4.75%
95000	FRIEDNSHIP ST CD	105.205	99,944.75	4,750.00	4.75%
95000	ACACIA FED SVG CD	102.832	97,690.40	3,990.00	4.08%
95000	BRANCH B&T CO CD	102.979	97,830.05	4,037.50	4.12%
95000	WESTBRIDGE BK CD	103.605	98,424.75	4,227.50	4.29%

**STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING MARCH 31, 2009**

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Symbol	Current Price	Date	Value	Custodian	Dividend Cap Gains Option	Fund Plan Number
Bank Deposits #						
MORGAN STANLEY TRUST			\$149,594.64			
Total Bank Deposits						
			\$149,594.64			
Total Custodial Holdings						
			\$149,594.64			

Bank deposits are at Morgan Stanley Bank, N.A. and Morgan Stanley Trust (Members FDIC), affiliates of Morgan Stanley & Co. Incorporated. Global Currency deposits are at Morgan Stanley Bank, N.A. Bank Deposits and Global Currency deposits are eligible for FDIC insurance up to applicable limits. Not SIPC insured. Global Currency Time Deposits are subject to a penalty if withdrawn prior to maturity.

Asset Summary	Value	Est Yrly Income
Cash	2,295.62	
Total Account Valuation	\$9,825,776.31	\$411,457.50

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

DAILY ACTIVITY DETAILS

Date	Activity	Quantity	Description	Price	Amount	Balance
3/02	Taxable Interest		CLOSING BALANCE AS OF 2/28			618.15
	Auto Investment		WORLD JUMBO CD 5000 13NV26		+383.56	+1,001.71
3/03	Delivered	95000	WEBSTER BANK CD 3300 09MH03		-618.15	+383.56
	Taxable Interest		REDEMPTION OF MATURED BOND		+95,000.00	+95,383.56
	Delivered	95000	WEBSTER BANK CD 3300 09MH03		+1,554.62	+96,938.18
	Taxable Interest		1ST SIGNATURE CD 3300 09MH03		+95,000.00	+191,938.18
	Delivered	95000	REDEMPTION OF MATURED BOND		+1,554.62	+191,938.18
	Taxable Interest		LEHMAN BROS CD 3500 09MH03		+95,000.00	+288,492.80
	Delivered	95000	REDEMPTION OF MATURED BOND		+288,492.80	+288,492.80
	Taxable Interest		LEHMAN BROS CD 3500 09MH03		+1,648.84	+290,141.64

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING MARCH 31, 2009

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

DAILY ACTIVITY DETAILS

Date	Activity	Quantity	Description	Price	Amount	Balance
3/04	Taxable Interest		FNMA 4000 *15SP04		+26,000.00	+316,141.64
	Sold	10000	AMERICAN WEST CD 5400 09JUN29	101.086	+10,200.99	+326,342.63
			AMOUNT INCLUDES ACCRUED		+ .00	
			INTEREST OF \$97.64		+ .00	
3/05	Auto Investment	95000	BANK DEPOSIT PROGRAM		-195,141.64	+131,200.99
	Bought		MERIDIAN BANK CD 2650 11SP06	100.00	-95,000.00	+36,200.99
	Auto Investment		BANK DEPOSIT PROGRAM		-131,200.99	-95,000.00
3/06	Withdrawal		WIRED FUNDS SENT		-300,891.48	-395,891.48
			BENE: FIRST AMERICAN TITLE CO			-395,891.48
			ACCT: 3016440000			-395,891.48
	Charge		WIRED FUNDS FEE		-30.00	-395,921.48
	Delivered	95000	CIT BANK CD 4900 09MH06		+95,000.00	-300,921.48
			REDEMPTION OF MATURED BOND			-300,921.48
3/09	Taxable Interest		CIT BANK CD 4900 09MH06		+2,308.37	-298,613.11
	Taxable Interest		OCEANIC BK CD 5000 12MY09		+364.38	-298,248.73
	Taxable Interest		GOLF SVGS BANK CD 5000 12MY09		+364.38	-297,884.35
	Taxable Interest		FRIENDSHIP ST CD 5000 12MY09		+364.38	-297,519.97
	Auto Redemption		BANK DEPOSIT PROGRAM		+298,613.11	+1,093.14
3/10	Auto Redemption		BANK DEPOSIT PROGRAM		+93,906.86	+95,000.00
3/11	Taxable Interest		MONROE B&T CD 3900 12AP11		+284.22	+95,284.22
	Taxable Interest		PLANTERSFIRST CD 4000 13AP11		+291.51	+95,575.73
	Taxable Interest		INVESTORS CD 4050 13AP11		+295.15	+95,870.88
	Bought	95000	BANK WHITMAN CD 3250 13MH11	100.00	-95,000.00	+870.88
3/12	Taxable Interest		NEW SOUTH FED CD 4000 10SP13		+1,884.38	+2,755.26
	Taxable Interest		WACHOVIA BK CD 5050 13SP12		+2,379.03	+5,134.29
	Auto Investment		BANK DEPOSIT PROGRAM		-5,134.29	.00
3/15	Taxable Interest		JPMC (WAMU NV) CD 4000 09SP15		+1,884.38	+1,884.38
3/16	Taxable Interest		BROADWAY BANK CD 3500 14JAL16		+255.07	+2,139.45
3/17	Taxable Interest		DISCOVER BANK CD 5050 14SP17		+2,379.03	+4,518.48
	Taxable Interest		CAP ONE NA 4950 13SP17		+2,331.92	+6,850.40
	Auto Investment		BANK DEPOSIT PROGRAM		-2,139.45	+4,710.95
3/18	Taxable Interest		FRANKLIN TEMP BK 4000 12AP18		+291.51	+5,002.46
	Taxable Interest		LEGENDS BANK CD 4500 11SP19		+327.95	+5,330.41
	Taxable Interest		GE MONEY BK 4700 12SP18		+2,214.15	+7,544.56
	Auto Investment		BANK DEPOSIT PROGRAM		-4,710.95	+2,833.61
3/19	Taxable Interest		BMW BANK NA CD 4000 12MH19		+1,884.38	+4,717.99
	Taxable Interest		FIRSTBANK FINL CD 1750 12MH19		+150.96	+4,868.95
	Taxable Interest		FIRSTBANK FINL CD 1750 12MH19		-150.96	+4,717.99
			REVERSE INTEREST PAYMENT			+4,717.99
			DTC RATE CHANGE			+4,717.99
	Taxable Interest		FLAGSTAR BANK CD 4750 12SP19		+346.16	+5,064.15

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING MARCH 31, 2009

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

DAILY ACTIVITY DETAILS

Date	Activity	Quantity	Description	Price	Amount	Balance
3/19	Auto Investment		BANK DEPOSIT PROGRAM		-2,833.61	+2,230.54
3/20	Taxable Interest		MACYAWA BANK CD 4400 11MY20		+320.66	+2,551.20
	Auto Investment		BANK DEPOSIT PROGRAM		-2,381.50	+169.70
3/21	Taxable Interest		JPMC (WAMU NV) CD 4400 10SP21		+2,072.82	+2,242.52
	Taxable Interest		HILLCREST BANK CD 3500 14JA21		+255.07	+2,497.59
3/23	Taxable Interest		TOWER BANK CD 4150 10FB23		+302.44	+2,800.03
	Taxable Interest		WESTBRIDGE BK CD 4450 12JUN25		+324.30	+3,124.33
3/24	Auto Investment		BANK DEPOSIT PROGRAM		-320.66	+2,803.67
	Taxable Interest		FIRSTBANK FINL CD 1750 12MH19		+18.22	+2,821.89
	Delivered	95000	ACCURED INTEREST			+2,821.89
			FIRSTBANK FINL CD 1750 12MH19		+95,000.00	+97,821.89
			EARLY REDEMPTION			+97,821.89
3/25	Auto Investment		BANK DEPOSIT PROGRAM		-2,954.63	+94,867.26
	Taxable Interest		BAYTREE NATL BK & 4500 11DE27		+327.95	+95,195.21
3/30	Auto Investment		BANK DEPOSIT PROGRAM		-95,018.22	+176.99
	Auto Investment		BANK DEPOSIT PROGRAM		-176.99	.00
	Auto Investment		BANK DEPOSIT PROGRAM		-15.88	-15.88
	Auto Investment		BANK DEPOSIT PROGRAM		-51.21	-67.09
	Taxable Interest		MORGAN STANLEY BANK N.A. (Period 02/27-03/30)		+15.88	-51.21
	Taxable Interest		MORGAN STANLEY TRUST (Period 02/27-03/30)		+51.21	-51.21
3/31	Taxable Interest		JPMC (WAMU UT) CD 4250 13MH28		+2,013.22	+2,013.22
	Taxable Interest		REPUBLIC BANK CD 3500 15JA29		+282.40	+2,295.62
			CLOSING BALANCE AS OF 3/31			+2,295.62

Additional information concerning these transactions is available upon request.

Yields on Bank Deposits and Money Market Funds

BANK DEPOSITS

A Bank Deposits APY of 0.25% was in effect for your Bank Deposits at the statement ending date.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING MARCH 31, 2009

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Income Summary

	This Month	Year-to-Date	This Month	Year-to-Date
Dividend/Bank/Currency Dep Int	67.09	210.67	Interest	57,509.07
Accrued Bond Interest	97.64	5,037.86	Margin Interest	.00
				125,937.59
				.00

Tax Information

	This Month	Year-to-Date
U.S. Treasury Coupon Interest	.00	17,812.50

Messages

*****Important Notice*****
*****Please Read*****

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.

Please note 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 with any questions. To learn more about Auction Rate Securities, including information about the partial redemption allocations process, log on to ClientServ for more details. 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 with any account-related concerns.

Morgan Stanley classifies the assets on your statement based on certain general characteristics, such as: income generation, underlying capital structure, or exposure to certain market sectors. Asset classification decisions are often influenced by marketplace conventions and are designed to be informative and provide clients with a particular, non-exclusive, view of their portfolio. As many assets contain characteristics of more than one asset class, the asset classification reflected on this statement may differ from others you may receive. These classifications are not intended to serve as a suitability analysis. Please contact your Financial Advisor for more information.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING MARCH 31, 2009

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SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Messages

TLGP Debt: Temporary Liquidity Guarantee Program Debt

Bonds issued under the FDIC's Temporary Liquidity Guarantee Program (TLGP) are backed by the full faith and credit of the United States through the earlier of the maturity date of the debt or June 30, 2012. For more information visit www.fdic.gov/tlgp. Guarantees do not eliminate market risk.

Does the current economic environment have you concerned about your retirement? If you are eligible, a contribution to a Morgan Stanley IRA today can help you maximize the growth potential of your retirement savings. Contact your Financial Advisor today to open an account.

Tax laws are complex and subject to change. This information is based on current federal tax laws in effect at the time this was written. Morgan Stanley and its Financial Advisors do not provide tax or legal advice. This material was not intended nor written to be used for the purpose of avoiding tax penalties that may be imposed on the taxpayer. Individuals are urged to consult their personal tax or legal advisors to understand the tax and related consequences of any actions or investments described herein.

We are pleased to announce new eDelivery options for trade confirmations and prospectuses. Receiving transaction-related documents through ClientServ is a simple way to reduce the amount of paperwork you receive at home. We encourage you to support our "green" efforts and consider enrolling in eDelivery of statements, confirms and prospectuses today. To learn more about eDelivery, log in to ClientServ, go to "Records" and select, "eDelivery." If you are not already enrolled in ClientServ, please visit: www.morganstanley.com/online/enroll.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING MARCH 31, 2009

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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.

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STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING MARCH 31, 2009

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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 7/8	5-15-09	500,000	07-24-06	100.24505 100.01119	501,225.25 500,055.96	502,795.00	2,739.04 Long Term
US TSY NOTE	4 3/4	2-15-10	750,000	02-13-07	100.30120 100.09213	752,259.00 750,691.00	776,985.00	26,294.00 Long Term
US TSY NOTE	4 7/8	5-31-11	500,000	07-24-06	100.18805 100.08926	500,940.25 500,446.33	543,595.00	43,148.67 Long Term
Total Treasury Securities					1,754,424.50 1,751,193.29	1,823,375.00	72,181.71	
Federal Agencies								
FHLMC MTN	4.000	8-15-14	1,100,000	01-31-08	100.00000 100.00000	1,100,000.00 1,100,000.00	1,100,330.00	330.00 Long Term
FNMA	4.000	9-04-15	1,300,000	02-27-08	100.00000 100.00000	1,300,000.00 1,300,000.00	1,300,819.00	819.00 Long Term
FFCB	4.000	1-23-17	125,000	02-05-09	100.00420 100.00412	125,005.25 125,005.16	123,555.00	(1,450.16) Short Term
Total Federal Agencies					2,525,005.25 2,525,005.16	2,524,704.00	(301.16)	
Total Government Securities					4,279,429.75 4,276,198.45	4,348,079.00	71,880.55	

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*Adjusted Cost, Unit and Total, does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.

**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 MARCH 31, 2009

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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
Unrealized Gain/(Loss)	Unrealized Gain/(Loss)							
Certificates of Deposit**								
AMERICAN WEST CD	5.400	6-29-09	85,000	06-19-06	100.00000 100.00000	85,000.00 85,000.00	880.60	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	1,144.10	Long Term
JPMC (WAMU NV) CD	4.000	9-15-09	95,000	09-08-04	100.00000 100.00000	95,000.00 95,000.00	1,825.90	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	2,147.00	Long Term
FIRST BUSINESS CD	5.000	5-07-10	95,000	05-01-07	100.00553 100.00553	95,005.25 95,005.25	3,228.55	Long Term
COWLITZ BANK CD	4.300	6-30-10	95,000	06-27-08	100.00000 100.00000	95,000.00 95,000.00	2,673.30	Short Term
JPMC (WAMU NV) CD	4.400	9-21-10	95,000	09-08-05	100.00000 100.00000	95,000.00 95,000.00	2,959.25	Long Term
NEW SOUTH FED CD	4.000	9-13-10	95,000	09-08-08	100.00000 100.00000	95,000.00 95,000.00	2,408.25	Short 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	3,308.00	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	4,324.85	Long Term
MACATAWA BANK CD	4.400	5-20-11	95,000	11-10-08	100.00000 100.00000	95,000.00 95,000.00	3,201.50	Short Term

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STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING MARCH 31, 2009

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost		Market Value	Unrealized Gain/(Loss)	Additional Information
			Original / Adjusted*	Total Cost Original / Adjusted*			
NOVA SYGS BK CD	4 1/2	6-08-11	85,000	100.00000 85,000.00	88,046.40	3,046.40	Long Term
LASALLE BANK CD	5.150	8-09-11	95,000	100.00000 95,000.00	99,875.40	4,875.40	Long Term
FIRESIDE BANK	5.300	8-09-11	95,000	100.00000 95,000.00	100,197.45	5,197.45	Long Term
MERIDIAN BANK CD	2.650	9-06-11	95,000	100.00000 95,000.00	94,407.20	(592.80)	Short Term
LEGENDS BANK CD	4 1/2	9-19-11	95,000	100.00000 95,000.00	98,523.55	3,523.55	Short Term
GUNNISON BANK CD	5.050	10-31-11	85,000	100.00000 85,000.00	89,306.95	4,306.95	Long Term
BAYTREE NATL BK &	4 1/2	12-27-11	95,000	100.00000 95,000.00	98,553.00	3,553.00	Short Term
BMW BANK NA CD	4.000	3-19-12	95,000	100.00000 95,000.00	97,171.70	2,171.70	Long Term
NATIOANL CITY CD	4.000	4-02-12	95,000	100.00000 95,000.00	97,150.80	2,150.80	Long Term
CAPITAL ONE BK	4.000	4-02-12	95,000	100.00000 95,000.00	97,150.80	2,150.80	Long Term
MONROE B&T CD	3.900	4-11-12	95,000	100.00000 95,000.00	96,886.70	1,886.70	Short Term
FRANKLIN TEMP BK	4.000	4-18-12	95,000	100.00000 95,000.00	97,156.50	2,156.50	Short Term
OCEANIC BK CD	5.000	5-09-12	95,000	100.00553 95,005.25	99,944.75	4,939.50	Long Term

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STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING MARCH 31, 2009

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
GOLF SVGS BANK CD	5.000	5-09-12	95,000	05-01-07	100.00000 95,000.00	99,944.75	4,944.75	Long Term
FRIEDNSHIP ST CD	5.000	5-09-12	95,000	05-01-07	100.00553 95,005.25	99,944.75	4,939.50	Long Term
BANK NORTHN CD	4.200	5-07-12	95,000	04-25-08	100.00000 95,000.00	97,691.35	2,691.35	Short Term
ACACIA FED SVG CD	4.200	5-16-12	95,000	05-06-08	100.00000 95,000.00	97,690.40	2,690.40	Short Term
BRANCH B&T CO CD	4 1/4	5-29-12	95,000	05-19-08	100.00000 95,000.00	97,830.05	2,830.05	Short Term
WESTERIDGE BK CD	4.450	6-25-12	95,000	06-13-08	100.00000 95,000.00	98,424.75	3,424.75	Short Term
FLAGSTAR BANK CD	4 3/4	9-19-12	95,000	09-08-08	100.00000 95,000.00	99,365.25	4,365.25	Short Term
GE MONEY BX	4.700	9-18-12	95,000	09-10-08	100.00000 95,000.00	99,180.95	4,180.95	Short Term
NEW FRONTIER CD	4 3/4	11-07-12	95,000	10-31-08	100.00000 95,000.00	99,399.45	4,399.45	Short Term
JPMC (WAMU UT) CD	4 1/4	3-28-13	95,000	03-19-08	100.00000 95,000.00	97,811.05	2,811.05	Long Term
BANK WHITMAN CD	3 1/4	3-11-13	95,000	02-24-09	100.00000 95,000.00	94,342.60	(657.40)	Short Term
ADVANTA BANK CD	4 1/4	4-02-13	95,000	03-24-08	100.00000 95,000.00	97,809.15	2,809.15	Long Term
PLANTERSFIRST CD	4.000	4-11-13	95,000	04-04-08	100.00000 95,000.00	96,926.60	1,926.60	Short Term

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STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING MARCH 31, 2009

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	97,104.25	2,104.25	Short Term
WACHOVIA BK CD	4 1/4	4-09-13	95,000	04-04-08	100.00000 95,000.00	97,801.55	2,801.55	Short Term
GOLDMAN SACHS CD	4.450	4-30-13	95,000	04-25-08	100.00000 95,000.00	98,492.20	3,492.20	Short Term
CAPMARK BANK CD	4 1/2	5-28-13	95,000	05-20-08	100.00000 95,000.00	98,648.95	3,648.95	Short Term
PROV BK MARYLAND	4.650	6-20-13	95,000	06-13-08	100.00000 95,000.00	99,180.00	4,180.00	Short Term
WACHOVIA BK CD	5.050	9-12-13	95,000	09-10-08	100.00000 95,000.00	100,661.05	5,661.05	Short Term
CAP ONE NA	4.950	9-17-13	95,000	09-08-08	100.00000 95,000.00	100,273.45	5,273.45	Short Term
MS BANK CD	5.050	11-05-13	95,000	10-31-08	100.00000 95,000.00	100,656.30	5,656.30	Short Term
WORLD JUMBO CD	5.000	11-26-13	100,000	11-18-08	100.00000 100,000.00	104,000.00	4,000.00	Short Term
HILLCREST BANK CD	3 1/2	1-21-14	95,000	01-02-09	100.00000 95,000.00	94,194.40	(805.60)	Short Term
BROADWAY BANK CD	3 1/2	1-16-14	95,000	01-12-09	100.00000 95,000.00	94,213.40	(786.60)	Short Term
SALLIE MAE BK CD	3 1/2	1-23-14	95,000	01-14-09	100.00000 95,000.00	94,187.75	(812.25)	Short Term
AMEX CENTURION BK	3 1/2	2-11-14	95,000	02-03-09	100.00000 95,000.00	94,115.55	(884.45)	Short Term

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STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING MARCH 31, 2009

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
AMCORE BANK CD	3 1/2	2-12-14	95,000	100.00000 100.00000	95,000.00 95,000.00	94,111.75	(888.25)	Short Term
AMEX BANK FSB CD	3 1/2	2-04-14	95,000	100.00000 100.00000	95,000.00 95,000.00	94,142.15	(857.85)	Short Term
DISCOVER BANK CD	5.050	9-17-14	95,000	100.00000 100.00000	95,000.00 95,000.00	100,770.30	5,770.30	Short Term
REPUBLIC BANK CD	3 1/2	1-29-15	95,000	100.00000 100.00000	95,000.00 95,000.00	93,269.10	(1,730.90)	Short Term
GE CAPITAL FINL	5.300	11-06-15	95,000	100.00000 100.00000	95,000.00 95,000.00	101,140.80	6,140.80	Short Term
Total Certificates of Deposit					5,175,021.00 5,175,021.00	5,325,807.05	150,786.05	
Totals for positions with cost data available					\$9,451,219.45	\$9,673,886.05	\$222,666.60	
Total Market Value for all positions						\$9,673,886.05		

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								
FHLB	4 3/4	2-19-15	15889.830	11-06-08	01-08-09	Please provide 15,890.66	15,889.83	(.83)
FHLB	4 7/8	1-16-13	250,000	06-13-08	01-16-09	250,005.25	250,000.00	

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STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING MARCH 31, 2009

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 062

	Quantity	Date Acquired	Date Sold	Total Cost Original / Adjusted*	Proceeds	Realized Gain/(Loss)	Additional Information
Realized Gain/(Loss)							
FHLLB 4 3/4	39618.640	11-06-08	01-21-09	please provide 39,620.72	39,618.64	(2.08)	Short Term
FHLLB 4 3/4	5296.610	11-06-08	01-30-09	please provide 5,296.89	5,296.61	(.28)	Short Term
FHLLB 4 3/4	100,000	11-06-08	02-17-09	31,781.33	31,779.66	(1.67)	Short Term
Sub Total Short Term				\$342,589.60	\$281,779.66	(\$4.86)	
Long Term							
AMERICAN WEST CD	5.400	06-19-06	03-04-09	9,975.00	10,103.35	103.35	Long Term
CIT BANK CD	4.900	02-22-06	03-06-09	95,000.00	95,000.00		
FIRSTBANK FINL CD	1 3/4	03-11-08	03-24-09	95,000.00	95,000.00		
LEHMAN BROS CD	3 1/2	02-25-04	03-03-09	95,000.00	95,000.00		
US TSY NOTE	3.000	02-27-04	02-03-09	151,059.00	149,994.75	(12.66)	Long Term
US TSY NOTE	3.000	02-27-04	02-04-09	201,412.00	200,008.26	(1,403.74)	Long Term
WEBSTER BANK CD	3.300	02-25-04	03-03-09	95,000.00	95,000.00		
1ST SIGNATURE CD	3.300	02-25-04	03-03-09	95,000.00	95,000.00		
Sub Total Long Term				\$835,015.67	\$835,218.65	\$202.98	
Totals for closing transactions with cost data available				\$1,177,605.27	\$1,116,998.31	\$198.12	
Total Proceeds					\$1,177,803.39		
Summary							
			Short Term	Long Term	Total		
Unrealized gain.....			\$94,640.45	\$137,492.41	\$232,132.86		
Unrealized (loss).....			(\$9,466.26)	\$0.00	(\$9,466.26)		
Realized gain YTD.....			\$0.00	\$215.64	\$215.64		
Realized (loss) YTD.....			(\$4.86)	(\$12.66)	(\$17.52)		

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Morgan Stanley

Account Valuation

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, money market funds and/or deposit balance. Please note, this valuation may be adjusted for the net change in priced asset values for securities held for the net change in money market balances during the settlement period. Your closing cash, money market fund and/or deposit balance represents the cash, money market funds and/or deposits and reflects the net month end balance. Global Currency Deposits are reflected in U.S. dollars as of the statement end date. The Annual Percentage Yield ("APY") for deposits 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>

Availability of Free Credit Balances and Financial Statements
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.

Certain Assets Not Held At Morgan Stanley & Co. Incorporated
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.

Client's Investment Objectives and Financial Situation
It is essential to advise your Financial Advisor immediately if there is a material change in your investment objectives or financial situation.

Dividend/Interest (Month/YTD)
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).

Errors and Inquiries
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.

Estimated Annual Income and Yields
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.

Listed Options
Information with respect to commissions and other charges related to the execution of options transactions has been included in confirmations of such transactions previously furnished to you and such information will be made available to you promptly at your request.

Margin Interest Charge

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>

Margin Privileges
(not available for certain accounts such as IRAs or retirement accounts)
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.

Pricing of Securities
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.
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).

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.
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.
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.

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.

Security Measures
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.

SIPC Protection
Securities and cash held in Morgan Stanley & Co. Incorporated accounts are protected 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). 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.

Taxes
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.

Transaction Dates and Conditions
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.
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.