

## MEMO

TO: Board of Directors  
FROM: Finance Manager  
SUBJECT: INVESTMENT REPORT PERIOD ENDING APRIL 30, 2009  
DATE: May 29, 2009

### **RECOMMENDATION:**

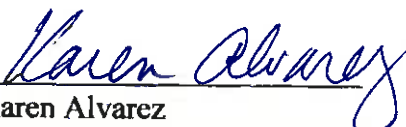
It is recommended that the Board of Directors review and file this report.

### **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 April 30, 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

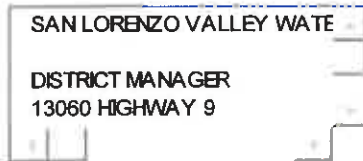
/KA  
Attachment

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

<http://www.treasurer.ca.gov/pmia-laif/index.asp>  
 May 21, 2009

PMIA Average Monthly Yields

Account Number: 90-44-001



**Transactions**

[Tran Type Definitions](#)

April 2009 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
4/15/2009	4/14/2009	QRD	1219573	SYSTEM	3,129.89
4/24/2009	4/23/2009	RW	1221618	KAREN ALVAREZ	-55,000.00

**Account Summary**

Total Deposit:	3,129.89	Beginning Balance:	631,491.21
Total Withdrawal:	-55,000.00	Ending Balance:	579,621.10

# 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)
<b>September 2008</b>	\$65,286,969	2.774	214
<b>September 2007</b>	\$58,058,289	5.231	207
<b>Change</b>	\$7,228,680	-2.457	+7
<b>October 2008</b>	\$61,664,368	2.709	241
<b>October 2007</b>	\$58,832,193	5.137	197
<b>Change</b>	\$2,832,175	-2.428	+44
<b>November 2008</b>	\$60,842,357	2.568	228
<b>November 2007</b>	\$61,562,908	4.962	208
<b>Change</b>	-\$720,551	-2.394	+20
<b>December 2008</b>	\$59,947,044	2.353	223
<b>December 2007</b>	\$59,946,588	4.801	204
<b>Change</b>	\$456	-2.448	+19
<b>January 2009</b>	\$60,699,063	2.046	215
<b>January 2008</b>	\$63,086,247	4.620	197
<b>Change</b>	-\$2,387,184	-2.574	+18
<b>February 2009</b>	\$59,295,343	1.869	205
<b>February 2008</b>	\$65,652,081	4.161	215
<b>Change</b>	-\$6,356,738	-2.292	-10
<b>March 2009</b>	\$57,504,615	1.822	197
<b>March 2008</b>	\$63,771,427	3.777	205
<b>Change</b>	-\$6,266,812	-1.955	-8
<b>April 2009</b>	\$59,011,679	1.607	172
<b>April 2008</b>	\$65,233,836	3.400	201
<b>Change</b>	\$6,222,157	-1.793	-29



**POOLED MONEY INVESTMENT ACCOUNT**

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

	<b>MARCH 2009</b>	<b>MARCH 2008</b>	<b>CHANGE</b>
<b>Average Daily Portfolio</b>	\$ 57,504,615	\$ 63,771,427	\$ -6,266,812
<b>Accrued Earnings</b>	\$ 88,974	\$ 204,027	\$ -115,053
<b>Effective Yield</b>	1.822	3.777	-1.955
<b>Average Life-Month End (In Days)</b>	197	205	-8
<b>Total Security Transactions</b>			
<b>Amount</b>	\$ 12,592,778	\$ 24,927,348	\$ -12,334,570
<b>Number</b>	255	520	-265
<b>Total Time Deposit Transactions</b>			
<b>Amount</b>	\$ 2,919,000	\$ 4,728,000	\$ -1,809,000
<b>Number</b>	123	224	-101
<b>Average Workday Investment Activity</b>	\$ 738,656	\$ 1,482,767	\$ -744,111
<b>Prescribed Demand Account Balances</b>			
<b>For Services</b>	\$ 969,674	\$ 601,296	\$ +368,378
<b>For Uncollected Funds</b>	\$ 97,621	\$ 175,369	\$ -77,748

**BILL LOCKYER  
TREASURER  
STATE OF CALIFORNIA**

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

<u>TYPE OF SECURITY</u>	March 31, 2009		
	<u>AMOUNT</u>	<u>PERCENT OF PORTFOLIO</u>	<u>DIFFERENCE IN PERCENT OF PORTFOLIO FROM PRIOR MONTH</u>
<b>Government</b>			
Bills	\$ 7,897,019	13.46	-1.11
Bonds	0	0.00	0
Notes	3,752,600	6.40	+0.11
Strips	0	0.00	0
Total Government	<u>\$ 11,649,619</u>	<u>19.86</u>	<u>-1.00</u>
<b>Federal Agency Debentures</b>	\$ 8,872,084	15.12	-0.23
<b>Certificates of Deposit</b>	1,850,002	3.15	+1.33
<b>Bank Notes</b>	250,000	0.43	+0.43
<b>Bankers' Acceptances</b>	0	0.00	0
<b>Repurchases</b>	0	0.00	0
<b>Federal Agency Discount Notes</b>	3,489,867	5.95	-1.81
<b>Time Deposits</b>	6,974,500	11.89	-0.10
<b>GNMAs</b>	134	0.00	0
<b>Commercial Paper</b>	299,984	0.51	-3.30
<b>FHLMC/Remics</b>	1,043,043	1.78	+0.01
<b>Corporate Bonds</b>	278,356	0.47	0
<b>AB 55 Loans</b>	11,769,071	20.06	+0.13
<b>GF Loans</b>	12,193,700	20.78	+4.54
<b>Reversed Repurchases</b>	0	0.00	0
Total (All Types)	<u>\$ 58,670,360</u>	<u>100.00</u>	

**INVESTMENT ACTIVITY**

	MARCH 2009		FEBRUARY 2009	
	<u>NUMBER</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>
Pooled Money	255	\$ 12,592,778	276	\$ 13,619,365
Other	17	327,614	6	195,223
Time Deposits	123	2,919,000	143	4,071,000
Totals	<u>395</u>	<u>\$ 15,839,392</u>	<u>425</u>	<u>\$ 17,885,588</u>
PMIA Monthly Average Effective Yield	1.822		1.869	
Year to Date Yield Last Day of Month	2.431		2.503	

**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**

Date	Daily Yield	Quarter to Date Yield	Average Maturity (in days)
4/30/2009	1.49	1.61	172
5/1/2009	1.54	1.60	178
5/2/2009	1.54	1.60	178
5/3/2009	1.54	1.60	178
5/4/2009	1.53	1.60	178
5/5/2009	1.54	1.60	181
5/6/2009	1.54	1.60	184
5/7/2009	1.54	1.60	186
5/8/2009	1.54	1.60	187
5/9/2009	1.54	1.60	187
5/10/2009	1.54	1.60	187
5/11/2009	1.54	1.59	183
5/12/2009	1.54	1.59	184
5/13/2009	1.55	1.59	185

**LAIF Performance Report**

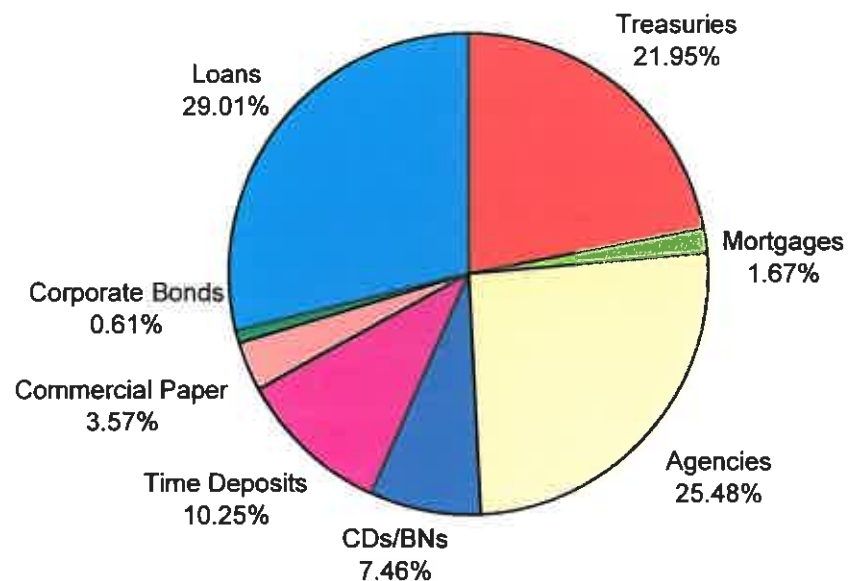
Quarter ending 3/31/2009

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

**PMIA Average Monthly Effective Yields**

Apr 2009 1.607%  
 Mar 2009 1.822%  
 Feb 2009 1.869%

**Pooled Money Investment Account  
 Portfolio Composition  
 \$61.6 Billion  
 04/30/09**



**STATEMENT OF YOUR ACCOUNT  
FOR MONTH ENDING APRIL 30, 2009**

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](http://www.morganstanley.com/online)

**ASSET DETAILS**

Your Investments		Current Price	Value	Est Yrly Income	Current Yield
85000	AMERICAN WEST CD	100.670	85,569.50	4,590.00	5.36%
85000	NEVADA SEC BK CD	101.101	85,935.85	3,910.00	4.54%
95000	JPMC (WAMU NV) CD	101.608	96,527.60	3,800.00	3.93%
95000	TOWER BANK CD	102.229	97,117.55	3,942.50	4.05%
95000	FIRST BUSINESS CD	103.371	98,202.45	4,750.00	4.83%
95000	COWLITZ BANK CD	102.869	97,725.55	4,085.00	4.18%
95000	NEW SOUTH FED CD	102.646	97,513.70	3,800.00	3.89%
95000	JPMC (WAMU NV) CD	103.195	98,035.25	4,180.00	4.26%
80000	NATL REP BANK CD	104.161	83,328.80	3,920.00	4.70%
95000	EVERBANK FLA CD	104.458	99,235.10	4,750.00	4.78%
95000	MACATAWA BANK CD	103.320	98,154.00	4,180.00	4.25%
85000	NOVA SVGS BK CD	103.530	88,000.50	3,825.00	4.34%
95000	LASALLE BANK CD	105.038	99,786.10	4,892.50	4.90%
95000	FIRESIDE BANK	105.365	100,096.75	5,035.00	5.03%
95000	MERIDIAN BANK CD	99.490	94,515.50	2,517.50	2.66%
95000	LEGENDS BANK CD	103.679	98,495.05	4,275.00	4.34%
85000	GUNNISON BANK CD	104.995	89,245.75	4,292.50	4.80%
95000	BAYTREE NATL BK &	103.734	98,547.30	4,275.00	4.33%
95000	BMW BANK NA CD	102.333	97,216.35	3,800.00	3.90%
95000	NATIOANL CITY CD	102.310	97,194.50	3,800.00	3.90%
95000	CAPITAL ONE BK	102.310	97,194.50	3,800.00	3.90%
95000	MONROE B&T CD	102.031	96,929.45	3,705.00	3.82%
95000	FRANKLIN TEMP BK	102.297	97,182.15	3,800.00	3.91%
95000	BANK NORTHN CD	102.830	97,688.50	3,990.00	4.08%
95000	OCEANIC BK CD	105.140	99,883.00	4,750.00	4.75%
95000	GOLF SVGS BANK CD	105.140	99,883.00	4,750.00	4.75%
95000	FRIENDSHIP ST CD	105.140	99,883.00	4,750.00	4.75%
95000	ACACIA FED SVG CD	102.830	97,688.50	3,990.00	4.08%
95000	BRANCH B&T CO CD	102.974	97,825.50	4,037.50	4.12%
95000	WESTBRIDGE BK CD	103.588	98,408.60	4,227.50	4.29%

## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING APRIL 30, 2009

SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 062

Your Investments		Current Price	Value	Est Yrly Income	Current Yield	
95000	GE MONEY BK	104.373	99,154.35	4,465.00	4.50%	
95000	FLAGSTAR BANK CD	104.567	99,338.65	4,512.50	4.54%	
95000	BANK WHITMAN CD	99.380	94,411.00	3,087.50	3.27%	
95000	JPMC (WAMU UT) CD	102.956	97,808.20	4,037.50	4.12%	
95000	ADVANTA BANK CD	99.144	97,808.20	4,037.50	4.12%	
95000	GMAC BANK CD	99.314	94,186.80	3,040.00	3.22%	
95000	CIT BANK CD	99.314	94,348.30	3,087.50	3.27%	
95000	WACHOVIA BK CD	102.956	97,808.20	4,037.50	4.12%	
95000	PLANTERSFIRST CD	102.059	96,956.05	3,800.00	3.91%	
95000	INVESTORS CD	102.243	97,130.85	3,847.50	3.96%	
95000	SAEHAN BANK CD	98.721	93,784.95	2,945.00	3.14%	
95000	GOLDMAN SACHS CD	103.694	98,509.30	4,227.50	4.29%	
95000	CAPMARK BANK CD	103.862	98,668.90	4,275.00	4.33%	
95000	PROV BK MARYLAND	104.412	99,191.40	4,417.50	4.45%	
95000	WACHOVIA BK CD	105.950	100,652.50	4,797.50	4.76%	
95000	CAP ONE NA	105.550	100,272.50	4,702.50	4.68%	
95000	MS BANK CD	105.952	100,654.40	4,797.50	4.76%	
95000	BROADWAY BANK CD	99.292	94,327.40	3,325.00	3.52%	
95000	HILLCREST BANK CD	99.272	94,308.40	3,325.00	3.52%	
95000	SALLIE MAE BK CD	99.265	94,301.75	3,325.00	3.52%	
95000	AMEX BANK FSB CD	99.218	94,257.10	3,325.00	3.52%	
95000	AMEX CENTURION BK	99.190	94,230.50	3,325.00	3.52%	
95000	AMCORE BANK CD	99.186	94,226.70	3,325.00	3.52%	
95000	TOYOTA FINL SVGS	98.707	93,771.65	3,277.50	3.49%	
95000	DISCOVER BANK CD	106.032	100,730.40	4,797.50	4.76%	
95000	REPUBLIC BANK CD	98.253	93,340.35	3,325.00	3.56%	
95000	GE CAPITAL FINL	106.431	101,109.45	5,035.00	4.97%	
50000	US TSY NOTE	100.180	500,900.00	24,375.00	4.86%	
75000	US TSY NOTE	103.391	775,432.50	35,625.00	4.59%	
50000	US TSY NOTE	108.086	540,430.00	24,375.00	4.51%	
25000	TENN VALLEY AUTH	88.152	220,380.00			
100000	WORLD JUMBO CD	104	104,000.00	5,000.00	4.80%	
30000	FHLMC MTN	99.184	297,552.00	8,550.00	2.87%	
1100000	FHLMC MTN	100.034	1,100,374.00	44,000.00	3.99%	
125000	FFCB	98.063	122,578.75	5,000.00	4.07%	
650000	FHLMC MTN	98.934	643,071.00	13,000.00	2.02%	
<b>Total Value of Priced Investments</b>				<b>\$9,803,015.65</b>	<b>\$388,845.00</b>	<b>3.96%</b>

## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING APRIL 30, 2009

SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 062

Custodial Holdings	Symbol	Current Price	Date	Value	Custodian	Dividend Cap Gains Option	Fund Plan Number
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**Bank Deposits #**

MORGAN STANLEY TRUST

\$13,281.94

**Total Bank Deposits**

\$13,281.94

**Total Custodial Holdings**

\$13,281.94

# 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**

Cash

4,509.86

**Total Account Valuation**

\$9,820,807.45

*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
3/19	Taxable Interest		CLOSING BALANCE AS OF 3/31			2,295.62
			FIRSTBANK FINL CD 1750 12MH19		+150.96	+2,446.58
			INTEREST PAYMENT			+2,446.58
4/01	Taxable Interest		NATIOANL CITY CD 4000 12AP02		+1,894.79	+4,341.37
	Taxable Interest		NATIOANL CITY CD 4000 12AP02		+1,884.38	+6,225.75
			INTEREST PAYMENT			+6,225.75
	Taxable Interest		NATIOANL CITY CD 4000 12AP02		-1,894.79	+4,330.96
			ADJUST INTEREST PAYMENT			+4,330.96
			DTC RATE CHANGE			+4,330.96
	Auto Investment		BANK DEPOSIT PROGRAM		-2,295.62	+2,035.34
4/02	Taxable Interest		ADVANTA BANK CD 4250 13AP02		+2,013.22	+4,048.56
	Taxable Interest		CAPITAL ONE BK 4000 12AP02		+1,894.79	+5,943.35

## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING APRIL 30, 2009

SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 062

### DAILY ACTIVITY DETAILS

Date	Activity	Quantity	Description	Price	Amount	Balance
4/02	Taxable Interest		WORLD JUMBO CD 5000 13NV26		+424.66	+6,368.01
	Auto Redemption		BANK DEPOSIT PROGRAM		+93,105.21	+99,473.22
4/03	Bought	95000	GMAC BANK CD 3200 13AP03	100.00	-95,000.00	+4,473.22
	Auto Investment		BANK DEPOSIT PROGRAM		-4,332.67	+140.55
4/05	Taxable Interest		MERIDIAN BANK CD 2650 11SP06		+213.81	+354.36
4/07	Auto Redemption		BANK DEPOSIT PROGRAM		+63,117.72	+63,472.08
	Taxable Interest		MORGAN STANLEY TRUST		+4.19	+63,476.27
4/08	Bought	95000	CIT BANK CD 3250 13AP08	100.00	-95,000.00	-31,523.73
4/09	Taxable Interest		OCEANIC BK CD 5000 12MY09		+403.42	-31,120.31
	Taxable Interest		GOLF SVGS BANK CD 5000 12MY09		+403.42	-30,716.89
	Taxable Interest		FRIENDSHIP ST CD 5000 12MY09		+403.42	-30,313.47
	Taxable Interest		WACHOVIA BK CD 4250 13AP09		+2,013.22	-28,300.25
4/11	Taxable Interest		MONROE B&T CD 3900 12AP11		+314.67	-27,985.58
	Taxable Interest		PLANTERSFIRST CD 4000 13AP11		+322.74	-27,662.84
	Taxable Interest		INVESTORS CD 4050 13AP11		+326.77	-27,336.07
4/13	Late Payment Fee		LATE PAYMENT CHARGE		-29.52	-27,365.59
	Taxable Interest		FOR 4 DAYS FROM 04/09/09		+5,633.33	-21,732.26
	Delivered	1300000	FNMA 4000 *15SP04			-21,732.26
			ACCRUED BOND INTEREST		+1,300,000.00	+1,278,267.74
			FNMA 4000 *15SP04			+1,278,267.74
			REDEMPTION OF CALLED BOND			+302,562.53
4/14	Auto Investment		BANK DEPOSIT PROGRAM		-975,705.21	+302,562.53
4/15	Late Payment Fee		REV LATE PAYMENT FEE		+29.52	+302,592.05
	Bought	300000	FOR FEE CHARGED 04/15/09			+302,592.05
	Auto Redemption		PHLMC MTN 2850 *14JA02	100.00	-302,451.50	+140.55
	Bought	95000	BANK DEPOSIT PROGRAM		+95,029.52	+95,170.07
	Taxable Interest		TOYOTA FINL SVGS 3450 14AP16	100.00	-95,000.00	+170.07
	Auto Redemption		BROADWAY BANK CD 3500 14JA16		+282.40	+452.47
4/17	Bought	250000	BANK DEPOSIT PROGRAM		+222,558.36	+223,010.83
	Taxable Interest		TENN VALLEY AUTH 0000 13NV01	89.033	-222,587.88	+822.95
	Delivered	95000	NEW FRONTIER CD 4750 12NV07		+1,916.27	+2,739.22
			ACCRUED BOND INTEREST			+2,739.22
			NEW FRONTIER CD 4750 12NV07		+95,000.00	+97,339.22
			EARLY REDEMPTION			+97,339.22
4/18	Taxable Interest		FRANKLIN TEMP BK 4000 12AP18		+322.74	+97,661.96
4/19	Taxable Interest		LEGENDS BANK CD 4500 11SP19		+363.08	+98,025.04
4/20	Taxable Interest		FLAGSTAR BANK CD 4750 12SP19		+383.25	+98,408.29
	Taxable Interest		MACATAWA BANK CD 4400 11MY20		+355.01	+98,763.30
	Auto Investment		BANK DEPOSIT PROGRAM		-2,198.67	+96,564.63
4/21	Bought	95000	SAEHAN BANK CD 3100 13AP22	100.00	-95,000.00	+1,564.63
	Taxable Interest		HILLCREST BANK CD 3500 14JA21		+282.40	+1,847.03

**STATEMENT OF YOUR ACCOUNT  
FOR MONTH ENDING APRIL 30, 2009**

SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 062

**DAILY ACTIVITY DETAILS**

Date	Activity	Quantity	Description	Price	Amount	Balance
4/21	Auto Investment		BANK DEPOSIT PROGRAM		-1,575.04	+271.99
4/23	Taxable Interest		TOWER BANK CD 4150 10FB23		+334.84	+606.83
	Taxable Interest		WESTBRIDGE BK CD 4450 12JN25		+359.05	+965.88
4/25	Taxable Interest		BAYTREE NATL BK & 4500 11DE27		+363.08	+1,328.96
4/27	Auto Investment		BANK DEPOSIT PROGRAM		-976.29	+352.67
4/28	Auto Redemption		BANK DEPOSIT PROGRAM		+649,642.17	+649,994.84
4/29	Bought	650000	FHLMC MTN 2000 *19AP29	100.00	-650,005.25	-10.41
	Auto Investment		BANK DEPOSIT PROGRAM		-23.49	-33.90
	Auto Investment		BANK DEPOSIT PROGRAM		-43.70	-77.60
	Auto Redemption		BANK DEPOSIT PROGRAM		+10.41	-67.19
	Taxable Interest		MORGAN STANLEY BANK N.A. (Period 03/31-04/29)		+23.49	-43.70
	Taxable Interest		MORGAN STANLEY TRUST (Period 03/31-04/29)		+43.70	.00
4/30	Taxable Interest		GUNNISON BANK CD 5050 11OC31		+2,128.61	+2,128.61
	Taxable Interest		GOLDMAN SACHS CD 4450 13AP30		+2,107.96	+4,236.57
	Taxable Interest		REPUBLIC BANK CD 3500 15JA29		+273.29	+4,509.86
			CLOSING BALANCE AS OF 4/30			+4,509.86

*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 APRIL 30, 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 securities issued prior to April 1, 2009, and the earlier of the maturity date of the debt or December 31, 2012 for securities issued on or after April 1, 2009. For more information visit [www.fdic.gov/tlgp](http://www.fdic.gov/tlgp). Guarantees do not eliminate market risk.

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](http://www.morganstanley.com/online/enroll).

## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING APRIL 30, 2009

PAGE 8 OF 16

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](http://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 APRIL 30, 2009

PAGE 9 OF 16

Account Number  
136 022962 062

SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Unrealized Gain/(Loss)		Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information
<b>Government Securities**</b>								
<b>Treasury Securities</b>								
US TSY NOTE	4 7/8	5-15-09	500,000	100.24505 100.00356	501,225.25 500,017.81	500,900.00	882.19	Long Term
US TSY NOTE	4 3/4	2-15-10	750,000	100.30120 100.08352	752,259.00 750,626.46	775,432.50	24,806.04	Long Term
US TSY NOTE	4 7/8	5-31-11	500,000	100.18805 100.08605	500,940.25 500,430.26	540,430.00	39,999.74	Long Term
<b>Total Treasury Securities</b>						1,754,424.50 1,751,074.53	1,816,762.50	65,687.97
<b>Federal Agencies</b>								
TENN VALLEY AUTH	.000	11-01-13	250,000	89.03515 89.12374	222,587.88 222,809.35	220,380.00	(2,429.35)	Short Term
FHLMC MTN	2.850	1-02-14	300,000	100.00175 100.00173	300,005.25 300,005.20	297,552.00	(2,453.20)	Short Term
FHLMC MTN	4.000	8-15-14	1,100,000	100.00000 100.00000	1,100,000.00 1,100,000.00	1,100,374.00	374.00	Long Term
FPCB	4.000	1-23-17	125,000	100.00420 100.00409	125,005.25 125,005.12	122,578.75	(2,426.37)	Short Term
FHLMC MTN	2.000	4-29-19	650,000	100.00081 100.00080	650,005.25 650,005.25	643,071.00	(6,934.25)	Short Term
<b>Total Federal Agencies</b>						2,397,603.63 2,397,824.92	2,383,955.75	(13,869.17)

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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 APRIL 30, 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
<b>Total Government Securities</b>								
					4,152,028.13	4,200,718.25	51,818.80	
					4,148,899.45			
<b>Certificates of Deposit**</b>								
AMERICAN WEST CD	5.400	6-29-09	85,000	100.00000	85,000.00	85,569.50	569.50	Long Term
				100.00000	85,000.00			
NEVADA SEC BK CD	4.600	8-24-09	85,000	100.00000	85,000.00	85,935.85	935.85	Long Term
				100.00000	85,000.00			
JPMC (WAMU NV) CD	4.000	9-15-09	95,000	100.00000	95,000.00	96,527.60	1,527.60	Long Term
				100.00000	95,000.00			
TOWER BANK CD	4.150	2-23-10	95,000	100.00000	95,000.00	97,117.55	2,117.55	Long Term
				100.00000	95,000.00			
FIRST BUSINESS CD	5.000	5-07-10	95,000	100.00553	95,005.25	98,202.45	3,197.20	Long Term
				100.00553	95,005.25			
COWLITZ BANK CD	4.300	6-30-10	95,000	100.00000	95,000.00	97,725.55	2,725.55	Short Term
				100.00000	95,000.00			
JPMC (WAMU NV) CD	4.400	9-21-10	95,000	100.00000	95,000.00	98,035.25	3,035.25	Long Term
				100.00000	95,000.00			
NEW SOUTH FED CD	4.000	9-13-10	95,000	100.00000	95,000.00	97,513.70	2,513.70	Short Term
				100.00000	95,000.00			
NATL REP BANK CD	4.900	1-13-11	80,000	100.00000	80,000.00	83,328.80	3,328.80	Long Term
				100.00000	80,000.00			
EVERBANK FLA CD	5.000	5-09-11	95,000	100.00553	95,005.25	99,235.10	4,229.85	Long Term
				100.00553	95,005.25			

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING APRIL 30, 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
MACATAWA BANK CD	4.400	5-20-11	95,000	11-10-08	100.00000 95,000.00	98,154.00	3,154.00	Short Term
NOVA SVGS BK CD	4 1/2	6-08-11	85,000	05-27-05	100.00000 85,000.00	88,000.50	3,000.50	Long Term
LASALLE BANK CD	5.150	8-09-11	95,000	07-31-06	100.00000 95,000.00	99,786.10	4,786.10	Long Term
FIRESIDE BANK	5.300	8-09-11	95,000	08-01-06	100.00000 95,000.00	100,096.75	5,096.75	Long Term
MERIDIAN BANK CD	2.650	9-06-11	95,000	02-23-09	100.00000 95,000.00	94,515.50	(484.50)	Short Term
LEGENDS BANK CD	4 1/2	9-19-11	95,000	09-08-08	100.00000 95,000.00	98,495.05	3,495.05	Short Term
GUNNISON BANK CD	5.050	10-31-11	85,000	10-25-06	100.00000 85,000.00	89,245.75	4,245.75	Long Term
BAYTREE NATL BK &	4 1/2	12-27-11	95,000	06-20-08	100.00000 95,000.00	98,547.30	3,547.30	Short Term
BMW BANK NA CD	4.000	3-19-12	95,000	03-13-08	100.00000 95,000.00	97,216.35	2,216.35	Long Term
NATIOANL CITY CD	4.000	4-02-12	95,000	03-19-08	100.00000 95,000.00	97,194.50	2,194.50	Long Term
CAPITAL ONE BK	4.000	4-02-12	95,000	03-26-08	100.00000 95,000.00	97,194.50	2,194.50	Long Term
MONROE B&T CD	3.900	4-11-12	95,000	04-04-08	100.00000 95,000.00	96,929.45	1,929.45	Long Term
FRANKLIN TEMP BK	4.000	4-18-12	95,000	04-09-08	100.00000 95,000.00	97,182.15	2,182.15	Long Term

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING APRIL 30, 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		Market Value	Unrealized Gain/(Loss)	Additional Information
			Original	Adjusted*			
OCEANIC BK CD	5.000	5-09-12	95,000	100.00553	99,883.00	4,877.75	Long Term
				100.00553			
GOLF SVGS BANK CD	5.000	5-09-12	95,000	100.00000	99,883.00	4,883.00	Long Term
				100.00000			
FRIEDNDSHIP ST CD	5.000	5-09-12	95,000	100.00553	99,883.00	4,877.75	Long Term
				100.00553			
BANK NORTON CD	4.200	5-07-12	95,000	100.00000	97,688.50	2,688.50	Long Term
				100.00000			
ACACIA FED SVG CD	4.200	5-16-12	95,000	100.00000	97,688.50	2,688.50	Short Term
				100.00000			
BRANCH B&T CO CD	4 1/4	5-29-12	95,000	100.00000	97,825.30	2,825.30	Short Term
				100.00000			
WESTBRIDGE BK CD	4.450	6-25-12	95,000	100.00000	98,408.60	3,408.60	Short Term
				100.00000			
FLAGSTAR BANK CD	4 3/4	9-19-12	95,000	100.00000	99,338.65	4,338.65	Short Term
				100.00000			
GE MONEY BK	4.700	9-18-12	95,000	100.00000	99,154.35	4,154.35	Short Term
				100.00000			
JPMC (WAMU UT) CD	4 1/4	3-28-13	95,000	100.00000	97,808.20	2,808.20	Long Term
				100.00000			
BANK WHITMAN CD	3 1/4	3-11-13	95,000	100.00000	94,411.00	(589.00)	Short Term
				100.00000			
ADVANTA BANK CD	4 1/4	4-02-13	95,000	100.00000	97,808.20	2,808.20	Long Term
				100.00000			
PLANTERSFIRST CD	4.000	4-11-13	95,000	100.00000	96,956.05	1,956.05	Long Term
				100.00000			

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING APRIL 30, 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 100.00000	95,000.00 95,000.00	97,130.85	2,130.85	Long Term
WACHOVIA BK CD	4 1/4	4-09-13	95,000	04-04-08 100.00000 100.00000	95,000.00 95,000.00	97,808.20	2,808.20	Long Term
GMRC BANK CD	3.200	4-03-13	95,000	03-25-09 100.00000 100.00000	95,000.00 95,000.00	94,186.80	(813.20)	Short Term
CIT BANK CD	3 1/4	4-08-13	95,000	04-03-09 100.00000 100.00000	95,000.00 95,000.00	94,348.30	(651.70)	Short Term
SAEHAN BANK CD	3.100	4-22-13	95,000	04-07-09 100.00000 100.00000	95,000.00 95,000.00	93,784.95	(1,215.05)	Short Term
GOLDMAN SACHS CD	4.450	4-30-13	95,000	04-25-08 100.00000 100.00000	95,000.00 95,000.00	98,509.30	3,509.30	Long Term
CAPMARK BANK CD	4 1/2	5-28-13	95,000	05-20-08 100.00000 100.00000	95,000.00 95,000.00	98,668.90	3,668.90	Short Term
PROV BK MARYLAND	4.650	6-20-13	95,000	06-13-08 100.00000 100.00000	95,000.00 95,000.00	99,191.40	4,191.40	Short Term
WACHOVIA BK CD	5.050	9-12-13	95,000	09-10-08 100.00000 100.00000	95,000.00 95,000.00	100,652.50	5,652.50	Short Term
CAP ONE NA	4.950	9-17-13	95,000	09-08-08 100.00000 100.00000	95,000.00 95,000.00	100,272.50	5,272.50	Short Term
MS BANK CD	5.050	11-05-13	95,000	10-31-08 100.00000 100.00000	95,000.00 95,000.00	100,654.40	5,654.40	Short Term
WORLD JUMBO CD	5.000	11-26-13	100,000	11-18-08 100.00000 100.00000	100,000.00 100,000.00	104,000.00	4,000.00	Short Term
HILLCREST BANK CD	3 1/2	1-21-14	95,000	01-02-09 100.00000 100.00000	95,000.00 95,000.00	94,308.40	(691.60)	Short Term

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING APRIL 30, 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
BROADWAY BANK CD	3 1/2	1-16-14	95,000	01-12-09	100.00000 95,000.00	94,327.40	(672.60)	Short Term
SALLIE MAE BK CD	3 1/2	1-23-14	95,000	01-14-09	100.00000 95,000.00	94,301.75	(698.25)	Short Term
AMEX CENTURION BK	3 1/2	2-11-14	95,000	02-03-09	100.00000 95,000.00	94,230.50	(769.50)	Short Term
AMCORE BANK CD	3 1/2	2-12-14	95,000	02-03-09	100.00000 95,000.00	94,226.70	(773.30)	Short Term
AMEX BANK FSB CD	3 1/2	2-04-14	95,000	01-29-09	100.00000 95,000.00	94,257.10	(742.90)	Short Term
TOYOTA FINL SVGS	3.450	4-16-14	95,000	04-07-09	100.00000 95,000.00	93,771.65	(1,228.35)	Short Term
DISCOVER BANK CD	5.050	9-17-14	95,000	09-09-08	100.00000 95,000.00	100,730.40	5,730.40	Short Term
REPUBLIC BANK CD	3 1/2	1-29-15	95,000	01-12-09	100.00000 95,000.00	93,340.35	(1,659.65)	Short Term
GE CAPITAL FINL	5.300	11-06-15	95,000	11-04-08	100.00000 95,000.00	101,109.45	6,109.45	Short Term
<b>Total Certificates of Deposit</b>					5,460,021.00			
<b>Totals for positions with cost data available</b>					5,460,021.00	5,602,297.40	142,276.40	
<b>Total Market Value for all positions</b>					\$9,608,920.45	\$9,803,015.65	\$194,095.20	

### Total Certificates of Deposit

**Totals for positions with cost data available**

**Total Market Value for all positions**

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".

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING APRIL 30, 2009

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
<b>Short Term</b>							
PHLB 4 3/4	2-19-15	15889.830	11-06-08	01-08-09	please provide		Short Term
				15,890.66	15,889.83	(.83)	
PHLB 4 7/8	1-16-13	250,000	06-13-08	01-16-09	250,005.25		
				250,000.00	250,000.00		
PHLB 4 3/4	2-19-15	39618.640	11-06-08	01-21-09	please provide		Short Term
				39,620.72	39,618.64	(2.08)	
PHLB 4 3/4	2-19-15	5296.610	11-06-08	01-30-09	please provide		Short Term
				5,296.89	5,296.61	(.28)	
PHLB 4 3/4	2-19-15	100,000	11-06-08	02-17-09	31,781.33		Short Term
NEW FRONTIER CD 4 3/4	11-07-12	95,000	10-31-08	04-17-09	95,000.00	(1.67)	Short Term
					95,000.00		
				\$437,589.60	\$376,779.66	(\$4.86)	
<b>Sub Total Short Term</b>							
<b>Long Term</b>							
AMERICAN WEST CD 5.400	6-29-09	10,000	06-19-06	03-04-09	9,975.00		Long Term
				10,000.00	10,103.35	103.35	
CIT BANK CD 4.900	3-06-09	95,000	02-22-06	03-06-09	95,000.00		
FIRSTBANK FINL CD 1 3/4	3-19-12	95,000	03-11-08	03-24-09	95,000.00		
FNMA 4.000	9-04-15	1300,000	02-27-08	04-13-09	1,300,000.00		
LEHMAN BROS CD 3 1/2	3-03-09	95,000	02-25-04	03-03-09	95,000.00		Long Term
US TSY NOTE 3.000	2-15-09	150,000	02-27-04	02-03-09	151,059.00	(12.56)	
				150,007.41	149,994.75		
US TSY NOTE 3.000	2-15-09	200,000	02-27-04	02-04-09	201,412.00		Long Term
				200,008.26	200,120.55	112.29	
WEBSTER BANK CD 3.300	3-03-09	95,000	02-25-04	03-03-09	95,000.00		
1ST SIGNATURE CD 3.300	3-03-09	95,000	02-25-04	03-03-09	95,000.00		
					95,000.00		
				\$2,135,015.67	\$2,135,218.65	\$202.98	
				\$2,572,605.27	\$2,511,998.31	\$198.12	
					\$2,572,803.39		
<b>Sub Total Long Term</b>							
<b>Totals for closing transactions with cost data available</b>							
<b>Total Proceeds</b>							

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**STATEMENT OF YOUR ACCOUNT  
FOR MONTH ENDING APRIL 30, 2009**

SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 062

<b>Summary</b>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Unrealized gain.....	\$73,130.55	\$146,197.42	\$219,327.97
Unrealized (loss).....	(\$25,232.77)	\$0.00	(\$25,232.77)
Realized gain YTD.....	\$0.00	\$215.64	\$215.64
Realized (loss) YTD.....	(\$4.86)	(\$12.66)	(\$17.52)

# 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 for (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.morganstanley.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 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 (Monthly/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 Charges

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.morganstanley.com/customer-service/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.

**Securities**  
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.

**Partnerships**  
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.

**Security Measures**  
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.

**SIPC Protection**  
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.

**Taxes**  
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.

**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 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.

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