

MEMO

TO: Board of Directors
FROM: Finance Manager
SUBJECT: INVESTMENT REPORT PERIOD ENDING APRIL 30, 2010
DATE: May 28, 2010

RECOMMENDATION:

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

BACKGROUND:

At the December 15, 2005 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, 2010 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

Attachments

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

www.treasurer.ca.gov/pmia-laif
 May 17, 2010

PMIA Average Monthly Yields

Account Number: 90-44-001

SAN LORENZO VALI

Transactions

April 2010 Statement

Tran Type Definitions

| Effective Date | Transaction Date | Tran Type | Confirm Number | Authorized Caller | Amount |
|----------------|------------------|-----------|----------------|-------------------|--------|
| 4/15/2010 | 4/14/2010 | QRD | 1266635 | SYSTEM | 64.83 |

Account Summary

| | | | |
|-------------------|-------|--------------------|-----------|
| Total Deposit: | 64.83 | Beginning Balance: | 47,218.57 |
| Total Withdrawal: | 0.00 | Ending Balance: | 47,283.40 |

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) |
|-----------------------|-------------------------|-----------------|-------------------------------------|
| September 2009 | \$61,118,055 | 0.750 | 234 |
| September 2008 | \$65,286,969 | 2.774 | 214 |
| Change | -\$4,168,914 | -2.024 | +20 |
| October 2009 | \$60,918,502 | 0.646 | 253 |
| October 2008 | \$61,664,368 | 2.709 | 241 |
| Change | -\$745,866 | -2.063 | +12 |
| November 2009 | \$63,645,120 | 0.611 | 222 |
| November 2008 | \$60,842,357 | 2.568 | 228 |
| Change | \$2,802,763 | -1.957 | -6 |
| December 2009 | \$66,354,589 | 0.569 | 222 |
| December 2008 | \$59,947,044 | 2.353 | 223 |
| Change | \$6,407,545 | -1.784 | -1 |
| January 2010 | \$65,273,287 | 0.558 | 216 |
| January 2009 | \$60,699,063 | 2.046 | 215 |
| Change | \$4,574,224 | -1.488 | +1 |
| February 2010 | \$67,029,432 | 0.577 | 200 |
| February 2009 | \$59,295,343 | 1.869 | 205 |
| Change | \$7,734,089 | -1.292 | -5 |
| March 2010 | \$66,650,259 | 0.547 | 213 |
| March 2009 | \$57,504,615 | 1.822 | 197 |
| Change | \$9,145,644 | -1.275 | +16 |
| April 2010 | \$70,946,295 | 0.588 | 190 |
| April 2009 | \$59,011,679 | 1.607 | 172 |
| Change | \$11,934,616 | -1.019 | +18 |

**State of California
Pooled Money Investment Account
Market Valuation
04/30/10**

| Description | Carrying Cost Plus | | Accrued Interest | |
|-------------------------|---------------------------|--------------------------|-----------------------------|-------------------------|
| | Accrued Interest | Purch. | | Fair Value |
| United States Treasury: | | | | |
| Bills | \$ | 25,752,705,282.70 | \$ 25,806,814,950.00 | NA |
| Notes | \$ | 7,851,743,767.10 | \$ 7,883,934,500.00 | \$ 25,988,441.50 |
| Federal Agency: | | | | |
| SBA | \$ | 565,745,649.33 | \$ 558,750,789.88 | \$ 613,674.05 |
| MBS-REMICs | \$ | 779,875,366.51 | \$ 829,810,596.81 | \$ 3,699,499.74 |
| Debentures | \$ | 1,208,382,395.51 | \$ 1,211,754,040.00 | \$ 14,118,688.74 |
| Debentures FR | \$ | 400,000,000.00 | \$ 400,032,000.00 | \$ 97,748.12 |
| Discount Notes | \$ | 6,439,727,752.50 | \$ 6,453,363,000.00 | NA |
| GNMA | \$ | 77,321.00 | \$ 86,000.80 | \$ 765.23 |
| IBRD Deb FR | \$ | 300,000,000.00 | \$ 300,723,000.00 | \$ 22,532.50 |
| CDs and YCDs FR | \$ | - | \$ - | \$ - |
| Bank Notes | \$ | 300,000,000.00 | \$ 299,994,834.00 | \$ 4,166.67 |
| CDs and YCDs | \$ | 8,625,035,457.67 | \$ 8,624,774,217.00 | \$ 3,627,243.05 |
| Commercial Paper | \$ | 8,294,933,059.92 | \$ 8,295,711,124.44 | NA |
| Corporate: | | | | |
| Bonds FR | \$ | 125,119,550.90 | \$ 124,999,250.00 | \$ 55,216.42 |
| Bonds | \$ | - | \$ - | \$ - |
| Repurchase Agreements | \$ | - | \$ - | NA |
| Reverse Repurchase | \$ | - | \$ - | \$ - |
| Time Deposits | \$ | 4,062,640,000.00 | \$ 4,062,640,000.00 | NA |
| AB 55 & GF Loans | \$ | 8,903,297,494.92 | \$ 8,903,297,494.92 | NA |
| TOTAL | \$ | 73,609,283,098.06 | \$ 73,756,685,797.85 | \$ 48,227,976.02 |

Fair Value Including Accrued Interest \$ 73,804,913,773.87

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

POOLED MONEY INVESTMENT ACCOUNT

SUMMARY OF INVESTMENT DATA A COMPARISON OF MARCH 2010 WITH MARCH 2009 (DOLLARS IN THOUSANDS)

| | MARCH 2010 | MARCH 2009 | CHANGE |
|---|---------------|---------------|----------------|
| Average Daily Portfolio | \$ 66,650,259 | \$ 57,504,615 | \$ +9,145,644 |
| Accrued Earnings | \$ 30,947 | \$ 88,974 | \$ -58,027 |
| Effective Yield | 0.547 % | 1.822 % | -1.275 % |
| Average Life-Month End (In Days) | 213 | 197 | +16 |
| Total Security Transactions | | | |
| Amount | \$ 24,322,331 | \$ 12,592,778 | \$ +11,729,553 |
| Number | 492 | 255 | +237 |
| Total Time Deposit Transactions | | | |
| Amount | \$ 2,685,000 | \$ 2,919,000 | \$ -234,000 |
| Number | 143 | 123 | +20 |
| Average Workday Investment Activity | \$ 1,227,606 | \$ 738,656 | \$ +488,950 |
| Prescribed Demand Account Balances | | | |
| For Services | \$ 1,383,890 | \$ 969,674 | \$ +414,216 |
| For Uncollected Funds | \$ 95,420 | \$ 97,621 | \$ -2,201 |
| NOW Account Average Balance | \$ 0 | \$ 0 | \$ 0 |

**BILL LOCKYER
TREASURER
STATE OF CALIFORNIA**

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

| | | March 31, 2010 | | |
|--------------------------------------|---------------|---------------------------------|--|--|
| <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 | \$ 22,117,200 | 32.00 | +2.62 | |
| Bonds | 0 | 0.00 | 0 | |
| Notes | 8,452,020 | 12.23 | +1.99 | |
| Strips | 0 | 0.00 | 0 | |
| Total Government | \$ 30,569,220 | 44.23 | +4.61 | |
| Federal Agency Debentures | | | | |
| | \$ 2,165,110 | 3.13 | -1.90 | |
| Certificates of Deposit | | | | |
| | 7,550,048 | 10.93 | +2.10 | |
| Bank Notes | | | | |
| | 0 | 0.00 | 0 | |
| Bankers' Acceptances | | | | |
| | 0 | 0.00 | 0 | |
| Repurchases | | | | |
| | 0 | 0.00 | 0 | |
| Federal Agency Discount Notes | | | | |
| | 7,414,113 | 10.73 | -1.50 | |
| Time Deposits | | | | |
| | 4,052,640 | 5.86 | -0.16 | |
| GNMAs | | | | |
| | 99 | 0.00 | 0 | |
| Commercial Paper | | | | |
| | 4,821,126 | 6.98 | -3.03 | |
| FHLMC/Remics | | | | |
| | 822,263 | 1.19 | -0.05 | |
| Corporate Bonds | | | | |
| | 125,185 | 0.18 | -0.04 | |
| AB 55 Loans | | | | |
| | 301,775 | 0.44 | -0.08 | |
| GF Loans | | | | |
| | 10,985,000 | 15.90 | +0.06 | |
| NOW Accounts | | | | |
| | 0 | 0.00 | 0 | |
| Other | | | | |
| | 300,000 | 0.43 | -0.01 | |
| Reversed Repurchases | | | | |
| | 0 | 0.00 | 0 | |
| Total (All Types) | \$ 69,106,579 | 100.00 | | |

INVESTMENT ACTIVITY

| | MARCH 2010 | | FEBRUARY 2010 | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | <u>NUMBER</u> | <u>AMOUNT</u> | <u>NUMBER</u> | <u>AMOUNT</u> |
| Pooled Money | 492 | \$ 24,322,331 | 376 | \$ 18,576,947 |
| Other | 41 | 2,117,807 | 8 | 109,322 |
| Time Deposits | 143 | 2,685,000 | 99 | 2,038,140 |
| Totals | 676 | \$ 29,125,138 | 483 | \$ 20,724,409 |
| PMIA Monthly Average Effective Yield | 0.547 | | 0.577 | |
| Year to Date Yield Last Day of Month | 0.685 | | 0.704 | |

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) |
|-----------|--------------|-----------------------|----------------------------|
| 4/29/2010 | 0.52 | 0.59 | 193 |
| 4/30/2010 | 0.52 | 0.59 | 190 |
| 5/1/2010 | 0.52 | 0.59 | 190 |
| 5/2/2010 | 0.52 | 0.58 | 190 |
| 5/3/2010 | 0.53 | 0.58 | 195 |
| 5/4/2010 | 0.52 | 0.61 | 190 |
| 5/5/2010 | 0.52 | 0.61 | 189 |
| 5/6/2010 | 0.52 | 0.60 | 191 |
| 5/7/2010 | 0.52 | 0.60 | 192 |
| 5/8/2010 | 0.52 | 0.60 | 192 |
| 5/9/2010 | 0.52 | 0.60 | 192 |
| 5/10/2010 | 0.52 | 0.60 | 190 |
| 5/11/2010 | 0.52 | 0.59 | 189 |
| 5/12/2010 | 0.52 | 0.59 | 192 |

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

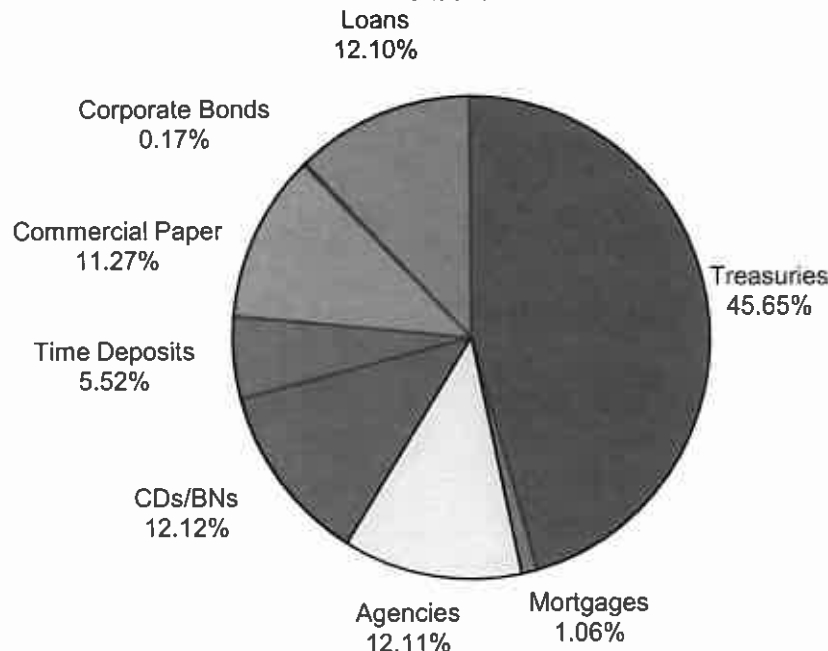
Quarter ending 03/31/2010

Apportionment Rate: 0.56%
 Earnings Ratio: .00001526772794093
 Fair Value Factor: 1.001183091
 Daily: 0.55%
 Quarter To Date: 0.56%
 Average Life: 213

PMIA Average Monthly Effective Yields

APR 2010 0.588%
 MAR 2010 0.547%
 FEB 2010 0.577%

Pooled Money Investment Account Portfolio Composition \$73.6 Billion 04/30/10



MorganStanley SmithBarney

CLIENT STATEMENT | For the Period April 1-30, 2010

#BWNJGWM

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

TOTAL VALUE LAST PERIOD \$9,473,864.68
(as of 3/31/10)
NET CONTRIBUTIONS/WITHDRAWALS (100,000.00)
PORTFOLIO INCOME 19,401.63
& APPRECIATION
TOTAL VALUE OF YOUR ACCOUNT \$9,393,266.31
(as of 4/30/10)

Your Branch

6004 LA MADRONA DR
SANTA CRUZ, CA 95060-1040
Telephone: 831-440-5200
Alt. Phone: 800-488-3436
Fax: 831-440-5201

Your Financial Advisor Team
BARGETTO HANSON GROUP
831-440-5200

Access your accounts online
www.morganstanley.com/online

Investments and services offered through Morgan Stanley Smith Barney LLC, and accounts carried by Morgan Stanley & Co. Incorporated; members SIPC.

Account Summary

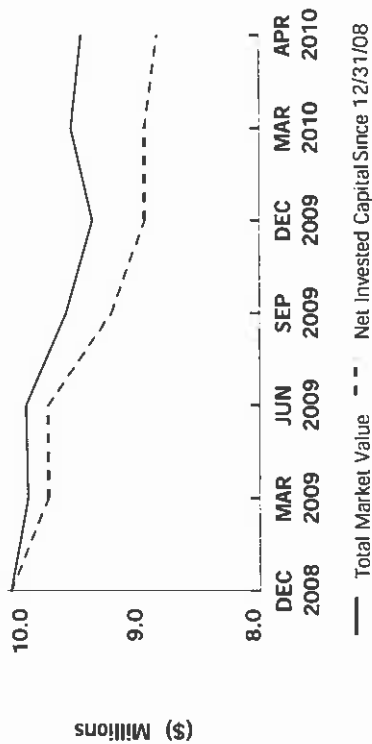
Brokerage Account
Householding Anniversary Date: 3/8/03
Investment Objectives[^]: Capital Appreciation, Income

CHANGE IN VALUE OF YOUR ACCOUNTS

| | This Year (1/1/10-4/30/10) | This Period (4/1/10-4/30/10) |
|--------------------------------------|-------------------------------|---------------------------------|
| Total Beginning Market Value | \$9,307,308.33 | \$9,473,864.68 |
| Contributions | — | — |
| Withdrawals | (100,000.00) | (100,000.00) |
| Security Transfers | — | — |
| Net Contributions/Withdrawals | \$(100,000.00) | \$(100,000.00) |
| Portfolio Income | 98,812.68 | 28,734.27 |
| Net Portfolio Appreciation | 87,145.30 | (9,332.64) |
| Total Ending Market Value | \$9,393,266.31 | \$9,393,266.31 |

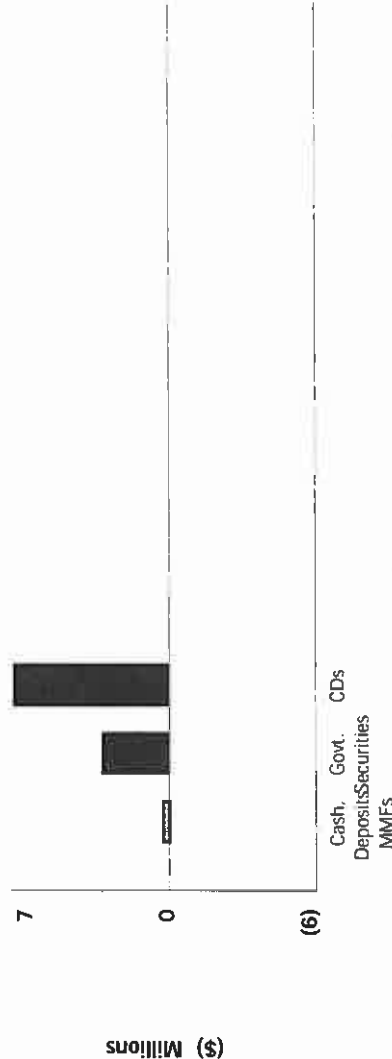
CHANGE IN VALUE OVER TIME

This graph compares the total value of your account to the net amount invested. Net investment is the total amount invested minus the total amount withdrawn.



This exhibit may not include transactions for investments in Annuities or where Morgan Stanley & Co. Incorporated is not the custodian. This may affect the reported Net Invested Capital. If we are not the custodian there may also be a delay in the reporting of your Market Value. Please speak to your Financial Advisor if you have any questions. ^ See the Disclosures section of your statement for more information about investment objectives. Please review for accuracy and inform us if your investment objectives change.

ALLOCATION OF HOLDINGS



We classify assets based on certain general characteristics such as: income generation, underlying capital structure, or exposure to certain market sectors. 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. * Bank Deposits are eligible for FDIC insurance. FDIC rules apply and deposits are not SIPC insured. Cash and securities (including Money Market Funds) are eligible for SIPC coverage. Please see disclosures at end of the statement(s).

| | Market Value | Percentage % |
|--------------------------------|-----------------------|---------------|
| Cash, Deposits, MMFs (Credit)* | \$321,974.55 | 3.4 |
| Cash, Deposits, MMFs (Debit) | (95,490.14) | -1.0 |
| Government Securities | 2,785,141.50 | 29.6 |
| Certificates of Deposit | 6,381,640.40 | 67.9 |
| TOTAL | \$9,393,266.31 | 100.0% |

MorganStanley SmithBarney

CLIENT STATEMENT | For the Period April 1-30, 2010

Account Summary

Basic Securities Account
136-022962-062

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

BALANCE SHEET

| | Last Period (as of 3/31/10) | This Period (as of 4/30/10) |
|--|--------------------------------|--------------------------------|
| NET ASSET VALUE | \$9,473,864.68 | \$9,393,266.31 |
| ASSETS | \$9,473,864.68 | \$9,488,756.45 |
| Cash, Deposits, MMFs (Credit) | 57,930.13 | 321,974.55 |
| Stocks | — | — |
| Municipal Bonds | — | — |
| Corporate Fixed Income | — | — |
| Government Securities | 2,830,074.25 | 2,785,141.50 |
| Certificates of Deposit | 6,585,860.30 | 6,381,640.40 |
| Mutual Funds | — | — |
| Unit Investment Trusts | — | — |
| Annuities & Insurance | — | — |
| Other | — | — |
| LIABILITIES (Outstanding Balance) | — | \$(95,490.14) |
| Cash, Deposits, MMFs (Debit) | — | (95,490.14) |

CASH FLOW

| | This Year (1/1/10-4/30/10) | This Period (4/1/10-4/30/10) |
|----------------------------------|-------------------------------|---------------------------------|
| OPENING CASH BALANCE | \$21,161.58 | \$57,930.13 |
| NET CREDITS/DEBITS | \$(100,000.00) | \$(100,000.00) |
| CREDITS | — | — |
| Electronic Transfers | — | — |
| Check Deposits | — | — |
| Other Credits | — | — |
| DEBITS | \$(100,000.00) | \$(100,000.00) |
| World Card | — | — |
| ATM/Cash Advances | — | — |
| Checks | — | — |
| Automated Payments | — | — |
| Electronic Transfers | (100,000.00) | (100,000.00) |
| Interest Charged | — | — |
| Tax Withholdings | — | — |
| Other Debits | — | — |
| NET CASH FROM INVESTMENTS | \$305,322.83 | \$268,554.28 |
| Income | 98,812.68 | 28,734.27 |
| Dividend Reinvestments | — | — |
| Purchases | (2,180,101.56) | (790,019.14) |
| Sales/Redemptions | 2,386,611.71 | 1,029,839.15 |
| CLOSING CASH BALANCE | \$226,484.41 | \$226,484.41 |

PERSONAL
ACCOUNTS

RETIREMENT
ACCOUNTS

EDUCATION
ACCOUNTS

TRUST
ACCOUNTS

BUSINESS
ACCOUNTS

Account Summary

INCOME SUMMARY

| | This Year (1/1/10-4/30/10) | This Period (4/1/10-4/30/10) |
|----------------------------|-------------------------------|---------------------------------|
| TOTAL INCOME | \$100,871.97 | \$28,734.27 |
| TAXABLE INCOME | 100,871.97 | 28,734.27 |
| Dividends | — | — |
| Capital Gain Distributions | — | — |
| Interest | 100,871.97 | 28,734.27 |
| Other Income | — | — |
| TAX-EXEMPT INCOME | — | — |
| Dividends | — | — |
| Interest | — | — |

Taxable and tax exempt income classifications are based on the characteristics of the underlying securities and not the taxable status of the account.

GAIN/(LOSS) SUMMARY

| | This Year (1/1/10-4/30/10) | Gain/(Loss) |
|-------------------------------------|----------------------------|---------------------|
| NET REALIZED | \$211.76 | \$211.76 |
| Gain | 420.80 | 420.80 |
| (Loss) | (209.04) | (209.04) |
| This Period (4/1/10-4/30/10) | Gain/(Loss) | Gain/(Loss) |
| NET REALIZED | \$ (195.25) | \$ (195.25) |
| Gain | — | — |
| (Loss) | (195.25) | (195.25) |
| NET UNREALIZED (4/30/10) | \$218,140.88 | \$218,140.88 |
| Gain | 245,787.05 | 245,787.05 |
| (Loss) | (27,646.17) | (27,646.17) |

Gain / loss and income information are provided for informational purposes only and should not be used for tax preparation. Gain / loss summary information may change due to basis adjustments. Please refer to the gain / loss section of the disclosures for additional information.

ADDITIONAL ACCOUNT INFORMATION

| Category | This Year (1/1/10-4/30/10) | This Period (4/1/10-4/30/10) | This Year (1/1/10-4/30/10) | This Period (4/1/10-4/30/10) |
|-----------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| Accrued Interest Paid | \$80.56 | \$13.89 | 11,375.98 | 29.15 |
| Accrued Interest Sold | | | | |

MorganStanley SmithBarney

CLIENT STATEMENT | For the Period April 1-30, 2010

Basic Securities Account
136-022962-062

Holdings

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

The "Market Value" and "Unrealized Gain/(Loss)" figures shown are representative values as of the last business day of the period shown above which may not reflect the value that could actually be obtained in the market. See "Pricing of Securities" in the Disclosures section at the end of this statement. Estimated annual income and estimated yield for certain securities can include return of principal or capital gains which could overstate such estimates. Estimated yield and estimated annual income are estimates and the actual income or yield may be lower or higher than the estimates. Estimated yield reflects only the income generated by an investment. It does not reflect changes in its price, which may fluctuate. If you hold structured products, please refer to the Special Considerations Regarding Structured Products section of the Disclosure section.

Gain/loss information is provided for informational purposes only and should not be used for tax preparation. Please refer to the gain/loss section of the disclosures for important information about gain/loss reporting.

From January through September, realized gain/loss information will be shown only for trades settling in the current month, and/or certain adjustments (to previously closed lots) made in the current month. From October through December, in order to provide information for year-end investment planning, complete year to date realized gain/loss detail will be displayed for trades settling through the last business day of the year.

CASH, DEPOSITS AND MONEY MARKET FUNDS

| Description | Value | Estimated Annual Income | 7-Day Current Yield % | Annual Percentage Yield % |
|---|------------------------|-------------------------|-----------------------|---------------------------|
| CASH | \$(95,490.14) | | | |
| MORGAN STANLEY BANK N.A. # | 245,000.00 | 368.00 | — | 0.150 |
| MORGAN STANLEY TRUST # | 76,974.55 | 115.00 | — | 0.150 |
| TOTAL BANK DEPOSITS | \$321,974.55 | \$483.00 | | |
| | Percentage of Assets % | Market Value | | Estimated Annual Income |
| TOTAL CASH, DEPOSITS AND MONEY MARKET FUNDS | 2.4% | \$226,484.41 | | \$483.00 |
| | | | | \$0.00 |

TOTAL CASH, DEPOSITS, MMFMS (CREDIT)
TOTAL CASH, DEPOSITS, MMFMS (DEBIT)

\$321,974.55
\$(95,490.14)

Bank deposits are at Morgan Stanley Bank, N.A. and Morgan Stanley Trust (Members FDIC), affiliates of Morgan Stanley & Co. Incorporated and Morgan Stanley Smith Barney. Cash holdings shown exclude cash holdings in custody at another firm for which you receive a separate statement.

Holdings

GOVERNMENT SECURITIES
FEDERAL AGENCIES

| Security Description | Face Value | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income Accrued Income | Yield % |
|--|-------------|-------------------------------------|--------------|---------------------------|--|---------|
| TENN VALLEY AUTH CUSIP 88059EGQ1 Unit Price: \$91.733; Zero Coupon; Matures 11/01/13; Issued 11/03/95 | 250,000.000 | \$222,587.88 \$228,584.03 | \$229,332.50 | \$748.47 | — | — |
| FED HOME LN MTG CORP MED TERM NOTE STEP - 12/15/13 03.50 CUSIP 3133F4KY6 Unit Price: \$97.577; Coupon Rate 3.000%; Matures 12/15/19; Int. Semi-Annually Jun/Dec 15; Yield to Maturity 3.296%; First Coupon 06/15/10; Moody AAA S&P AAA; Issued 12/10/09 | 500,000.000 | 500,000.00 500,000.00 | 487,885.00 | (12,115.00) | 15,000.00 5,833.33 | 3.07 |
| FED NATL MTG ASSN STEP - 01/28/12 04.00 CUSIP 3136FJ2X8 Unit Price: \$100.500; Coupon Rate 2.000%; Matures 01/28/20; Int. Semi-Annually Jan/Jul 28; Yield to Maturity 1.943%; First Coupon 07/28/10; Moody AAA S&P AAA; Issued 01/28/10 | 200,000.000 | 200,005.25 200,005.13 | 201,000.00 | 994.87 | 4,000.00 1,022.22 | 1.99 |
| FED NATL MTG ASSN STEP - 03/30/12 04.00 CUSIP 3136FMFW9 Unit Price: \$100.250; Coupon Rate 2.000%; Matures 03/30/20; Int. Semi-Annually Mar/Sep 30; Yield to Maturity 1.972%; First Coupon 09/30/10; Moody AAA S&P AAA; Issued 03/30/10 | 550,000.000 | 550,000.00 550,000.00 | 537,251.00 | (12,749.00) | 16,500.00 45.83 | 3.07 |
| FED NATL MTG ASSN STEP - 06/10/12 04.50 CUSIP 3136FHZF5 Unit Price: \$97.682; Coupon Rate 3.000%; Matures 04/15/20; Int. Semi-Annually Apr/Oct 15; Yield to Maturity 3.275%; First Coupon 10/15/10; Moody AAA S&P AAA; Issued 04/29/10 | 100,000.000 | 100,005.25 100,005.01 | 100,344.00 | 338.99 | 4,000.00 1,555.55 | 3.98 |
| FED NATL MTG ASSN STEP - 07/22/12 04.75 CUSIP 3136FHT54 Unit Price: \$100.344; Coupon Rate 4.000%; Matures 06/10/24; Int. Semi-Annually Jun/Dec 10; Yield to Maturity 3.968%; Moody AAA S&P AAA; Issued 06/10/09 | 125,000.000 | 125,005.25 125,005.06 | 125,860.00 | 854.94 | 5,312.50 1,446.18 | 4.22 |
| FED NATL MTG ASSN STEP - 11/06/14 05.00 CUSIP 3136FJM17 Unit Price: \$99.688; Coupon Rate 4.250%; Matures 07/22/24; Int. Semi-Annually Jan/Jul 22; Yield to Maturity 4.185%; Moody AAA S&P AAA; Issued 07/22/09 | 50,000.000 | 50,005.25 50,005.12 | 49,844.00 | (161.12) | 2,000.00 966.66 | 4.01 |
| FED NATL MTG ASSN STEP - 02/18/13 04.50 CUSIP 3136FJ2CA Unit Price: \$100.750; Coupon Rate 3.500%; Matures 02/18/25; Int. Semi-Annually Feb/Aug 18; Yield to Maturity 3.435%; First Coupon 08/18/10; Moody AAA S&P AAA; Issued 02/18/10 | 200,000.000 | 200,005.25 200,005.20 | 201,500.00 | 1,494.80 | 7,000.00 1,400.00 | 3.47 |

Morgan Stanley Smith Barney

CLIENT STATEMENT | For the Period April 1-30, 2010

Holdings

Basic Securities Account
136-022962-062

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

| Security Description | Face Value | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income | Yield % |
|------------------------------------|------------|----------------------------------|----------------|------------------------|-------------------------|---------|
| TOTAL GOVERNMENT SECURITIES | | | | | | |
| | 29.6% | \$2,797,624.63 | \$2,785,141.50 | \$(18,478.52) | \$70,812.50 | 2.54% |
| | | \$2,803,620.02 | | | \$13,686.43 | |

CERTIFICATES OF DEPOSIT

| Security Description | Face Value | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income | Yield % |
|---|------------|----------------------------------|--------------|------------------------|-------------------------|---------|
| FIRST BUSINESS BK MADISON WIS CD | | | | | | |
| CUSIP 31938QND2 | 95,000.000 | \$95,005.25 | | | \$4,750.00 | 4.99 |
| Unit Price: \$100.042; Coupon Rate 5.000%; Matures 05/07/10; Int. Semi-Annually May/Nov 07; Yield to Maturity 2.930%; Issued 05/07/07; Maturity Value = \$95,000.00 | | \$95,005.25 | \$95,039.90 | \$34.65 | \$2,283.14 | |
| THE COWLITZ BANK LONGVIEW WA CD | | | | | | |
| CUSIP 223768DV1 | 95,000.000 | 95,000.00 | | | 4,085.00 | 4.27 |
| Unit Price: \$100.584; Coupon Rate 4.300%; Matures 06/30/10; Int. Semi-Annually Jun/Dec 30; Yield to Maturity .793%; Issued 06/30/08; Maturity Value = \$95,000.00 | | 95,000.00 | 95,554.80 | 554.80 | 1,354.14 | |
| JP MORGAN (FORMER WAMU HENDERSON NEV) CD | | | | | | |
| CUSIP 939369CW2 | 95,000.000 | 95,000.00 | | | 4,180.00 | 4.35 |
| Unit Price: \$101.037; Coupon Rate 4.400%; Matures 09/21/10; Int. Semi-Annually Mar/Sep 21; Yield to Maturity 1.744%; Issued 09/21/05; Maturity Value = \$95,000.00 | | 95,000.00 | 95,985.15 | 985.15 | 454.34 | |
| THE NATIONAL REPUBLIC BANK OF CHICAGO CHICAGO IL CD | | | | | | |
| CUSIP 63736QFR7 | 80,000.000 | 80,000.00 | | | 3,920.00 | 4.76 |
| Unit Price: \$102.874; Coupon Rate 4.900%; Matures 01/13/11; Int. Semi-Annually Jan/Jul 13; Yield to Maturity .802%; Issued 01/13/06; Maturity Value = \$80,000.00 | | 80,000.00 | 82,299.20 | 2,299.20 | 1,158.67 | |
| ANCHORBANK, F.S.B. MADISON CD | | | | | | |
| CUSIP 032841ZU5 | 95,000.000 | 95,000.00 | | | 2,185.00 | 2.26 |
| Unit Price: \$101.397; Coupon Rate 2.300%; Matures 05/09/11; Int. Semi-Annually May/Nov 08; Yield to Maturity .929%; Issued 05/08/09; Maturity Value = \$95,000.00 | | 95,000.00 | 96,327.15 | 1,327.15 | 1,044.21 | |
| EVERBANK JACKSONVILLE FLA CD | | | | | | |
| CUSIP 29976DKB5 | 95,000.000 | 95,005.25 | | | 4,750.00 | 4.80 |
| Unit Price: \$104.118; Coupon Rate 5.000%; Matures 05/09/11; Int. Semi-Annually May/Nov 09; Yield to Maturity .956%; Issued 05/09/07; Maturity Value = \$95,000.00 | | 95,005.25 | 98,912.10 | 3,906.85 | 2,256.90 | |
| THE LEADERS BANK OAK BROOK IL CD | | | | | | |
| CUSIP 52170WHE7 | 95,000.000 | 95,000.00 | | | 2,137.50 | 2.22 |
| Unit Price: \$101.345; Coupon Rate 2.250%; Matures 05/09/11; Interest Paid Monthly Jul 08; Yield to Maturity .930%; Issued 05/08/09; Maturity Value = \$95,000.00 | | 95,000.00 | 96,277.75 | 1,277.75 | 130.62 | |
| CITIZENS STATE BANK HUDSON CD | | | | | | |
| CUSIP 17667PEMO | 95,000.000 | 95,000.00 | | | 2,185.00 | 2.26 |
| Unit Price: \$101.405; Coupon Rate 2.300%; Matures 05/13/11; Int. Semi-Annually May/Nov 13; Yield to Maturity .935%; Issued 05/13/09; Maturity Value = \$95,000.00 | | 95,000.00 | 96,334.75 | 1,334.75 | 1,014.03 | |

CONTINUED

PERSONAL ACCOUNTS

RETIREMENT ACCOUNTS

EDUCATION ACCOUNTS

TRUST ACCOUNTS

BUSINESS ACCOUNTS

Holdings

CERTIFICATES OF DEPOSIT (CONTINUED)

| Security Description | Face Value | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income Accrued Income | Yield % |
|---|------------|-------------------------------------|--------------|---------------------------|--|---------|
| MACATAWA BANK HOLLAND MICH CD CUSIP 55422QFT8 Unit Price: \$103.595; Coupon Rate 4.400%; Matures 05/20/11; Interest Paid Monthly Jan 20; Yield to Maturity .969%; Issued 11/20/08; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 98,415.25 | 3,415.25 | 4,180.00 116.08 | 4.24 |
| NOVA SAVINGS BANK PHILADELPHIA PA CD CUSIP 66979TAL8 Unit Price: \$103.840; Coupon Rate 4.500%; Matures 06/08/11; Int. Semi-Annually Jun/Dec 08; Yield to Maturity 1.001%; Issued 06/08/05; Maturity Value = \$85,000.00 | 85,000.000 | 85,000.00 85,000.00 | 88,264.00 | 3,264.00 | 3,825.00 1,502.67 | 4.33 |
| FIRESIDE BANK (FORMERLY FIRESI DE THRIFT) PLEASANTON CA CD CUSIP 318233JU8 Unit Price: \$105.314; Coupon Rate 5.300%; Matures 08/09/11; Int. Semi-Annually Feb/Aug 09; Yield to Maturity 1.093%; Issued 08/09/06; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 100,048.30 | 5,048.30 | 5,035.00 1,112.70 | 5.03 |
| LASALLE BANK N.A. CHICAGO CD CUSIP 51804KST4 Unit Price: \$105.126; Coupon Rate 5.150%; Matures 08/09/11; Int. Semi-Annually Feb/Aug 09; Yield to Maturity 1.092%; Issued 08/09/06; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 99,869.70 | 4,869.70 | 4,892.50 1,081.21 | 4.89 |
| MERIDIAN BANK, NATIONAL ASSOCIATION WICKENBURG CD CUSIP 589581NX1 Unit Price: \$102.039; Coupon Rate 2.650%; Matures 09/06/11; Interest Paid Monthly May 05; Yield to Maturity 1.124%; Issued 03/05/09; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 96,937.05 | 1,937.05 | 2,517.50 174.79 | 2.59 |
| LEGENDS BANK CLARKSVILLE TENN CD CUSIP 52465JDE4 Unit Price: \$104.585; Coupon Rate 4.500%; Matures 09/19/11; Interest Paid Monthly Nov 18; Yield to Maturity 1.156%; Issued 09/18/08; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 99,355.75 | 4,355.75 | 4,275.00 142.50 | 4.30 |
| GUNNISON BANK AND TRUST COMPANY GUNNISON CD CUSIP 402843AF3 Unit Price: \$105.650; Coupon Rate 5.050%; Matures 10/31/11; Int. Semi-Annually Apr/Oct 30; Yield to Maturity 1.243%; Issued 10/31/06; Maturity Value = \$85,000.00 | 85,000.000 | 85,000.00 85,000.00 | 89,802.50 | 4,802.50 | 4,292.50 — | 4.77 |
| KEYBANK NATIONAL ASSOCIATION CLEVELAND OH CD CUSIP 49306SKJ4 Unit Price: \$101.761; Coupon Rate 2.400%; Matures 11/07/11; Interest Paid Monthly Jul 06; Yield to Maturity 1.227%; Issued 05/06/09; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 96,672.95 | 1,672.95 | 2,280.00 152.00 | 2.35 |

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MorganStanley SmithBarney

CLIENT STATEMENT | For the Period April 1-30, 2010

Basic Securities Account
136-022962-062

Holdings

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

CERTIFICATES OF DEPOSIT (CONTINUED)

| Security Description | Face Value | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income Accrued Income | Yield % |
|---|------------|----------------------------------|--------------|------------------------|---|---------|
| BAYTREE NATIONAL BANK & TRUST | | | | | | |
| COMPANY LAKE FOREST CD | 95,000.00 | 95,000.00 | 99,875.40 | 4,875.40 | 4,275.00 | 4.28 |
| CUSIP 073234DF0 | | | | | 59.37 | |
| Unit Price: \$105.132; Coupon Rate 4.500%; Matures 12/27/11; Interest Paid Monthly Aug 25; Yield to Maturity 1.359%; Issued 06/25/08; Maturity Value = \$95,000.00 | | | | | | |
| GREAT SOUTHERN BANK REEDS SPRING | | | | | | |
| CD | 95,000.00 | 95,000.00 | 97,159.35 | 2,159.35 | 2,612.50 | 2.68 |
| CUSIP 39120VQV9 | | | | | 1,161.91 | |
| Unit Price: \$102.273; Coupon Rate 2.750%; Matures 01/20/12; Int. Semi-Annually May/Nov 20; Yield to Maturity 1.409%; Issued 05/20/09; Maturity Value = \$95,000.00 | | | | | | |
| ATLANTIC SOUTHERN BANK MACON GA CD | | | | | | |
| CUSIP 048874HJ3 | 95,000.00 | 95,000.00 | 96,917.10 | 1,917.10 | 2,470.00 | 2.54 |
| | | | | | 54.87 | |
| Unit Price: \$102.018; Coupon Rate 2.600%; Matures 01/23/12; Interest Paid Monthly Jul 22; Yield to Maturity 1.415%; Issued 05/22/09; Maturity Value = \$95,000.00 | | | | | | |
| BMW BANK OF NORTH AMERICA SALT LAKE | | | | | | |
| CITY UT CD | 95,000.00 | 95,000.00 | 99,278.80 | 4,278.80 | 3,800.00 | 3.82 |
| CUSIP 05568PFX0 | | | | | 433.69 | |
| Unit Price: \$104.504; Coupon Rate 4.000%; Matures 03/19/12; Int. Semi-Annually Mar/Sep 19; Yield to Maturity 1.567%; Issued 03/19/08; Maturity Value = \$95,000.00 | | | | | | |
| CAPITAL ONE BANK (USA) N.A. GLEN ALLEN | | | | | | |
| VA CD | 95,000.00 | 95,000.00 | 99,302.55 | 4,302.55 | 3,800.00 | 3.82 |
| CUSIP 14041AK73 | | | | | 290.71 | |
| Unit Price: \$104.529; Coupon Rate 4.000%; Matures 04/02/12; Int. Semi-Annually Apr/Oct 02; Yield to Maturity 1.599%; Issued 04/02/08; Maturity Value = \$95,000.00 | | | | | | |
| NATIONAL CITY BANK CLEVELAND OH CD | | | | | | |
| CUSIP 635349FEB | 95,000.00 | 95,000.00 | 99,302.55 | 4,302.55 | 3,800.00 | 3.82 |
| | | | | | 320.10 | |
| Unit Price: \$104.529; Coupon Rate 4.000%; Matures 04/02/12; Int. Semi-Annually Mar/Sep 30; Yield to Maturity 1.599%; Issued 03/31/08; Maturity Value = \$95,000.00 | | | | | | |
| MONROE BANK & TRUST MONROE MI CD | | | | | | |
| CUSIP 610321BV2 | 95,000.00 | 95,000.00 | 99,150.55 | 4,150.55 | 3,705.00 | 3.73 |
| | | | | | 195.54 | |
| Unit Price: \$104.369; Coupon Rate 3.900%; Matures 04/11/12; Interest Paid Monthly Jun 11; Yield to Maturity 1.612%; Issued 04/11/08; Maturity Value = \$95,000.00 | | | | | | |
| FRANKLIN TEMPLETON BANK & TRUS T, | | | | | | |
| FSB SALT LAKE CITY UT CD | 95,000.00 | 95,000.00 | 99,341.50 | 4,341.50 | 3,800.00 | 3.82 |
| CUSIP 354720BR7 | | | | | 126.65 | |
| Unit Price: \$104.570; Coupon Rate 4.000%; Matures 04/18/12; Interest Paid Monthly Jun 18; Yield to Maturity 1.630%; Issued 04/18/08; Maturity Value = \$95,000.00 | | | | | | |

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Morgan Stanley Smith Barney

CLIENT STATEMENT | For the Period April 1-30, 2010

Basic Securities Account
136-022962-062

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

CERTIFICATES OF DEPOSIT (CONTINUED)

| Security Description | Face Value | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income Accrued Income | Yield % |
|---|------------|-------------------------------------|--------------|---------------------------|--|---------|
| THE BANK OF NORTHERN MICHIGAN PETOSKEY CD CUSIP 06414TJS3 Unit Price: \$104.995; Coupon Rate 4.200%; Matures 05/07/12; Int. Semi-Annually May/Nov 07; Yield to Maturity 1.675%; Issued 05/07/08; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 99,745.25 | 4,745.25 | 3,990.00 1,917.84 | 4.00 |
| FRIENDSHIP ST BK IND CD CUSIP 358529AJ4 Unit Price: \$106.593; Coupon Rate 5.000%; Matures 05/09/12; Interest Paid Monthly Jul 09; Yield to Maturity 1.676%; Issued 05/09/07; Maturity Value = \$95,000.00 | 95,000.000 | 95,005.25 95,005.25 | 101,263.35 | 6,258.10 | 4,750.00 277.03 | 4.69 |
| GOLF SAVINGS BANK MOUNTLAKE TERRACE CD CUSIP 38167PJZ7 Unit Price: \$106.593; Coupon Rate 5.000%; Matures 05/09/12; Interest Paid Monthly Jul 09; Yield to Maturity 1.676%; Issued 05/09/07; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 101,263.35 | 6,263.35 | 4,750.00 277.03 | 4.69 |
| OCEANIC BK SAN FRANCISCO CALIF CD CUSIP 67523PCA7 Unit Price: \$106.593; Coupon Rate 5.000%; Matures 05/09/12; Interest Paid Monthly Jul 09; Yield to Maturity 1.676%; Issued 05/09/07; Maturity Value = \$95,000.00 | 95,000.000 | 95,005.25 95,005.25 | 101,263.35 | 6,258.10 | 4,750.00 277.03 | 4.69 |
| ACACIA FEDERAL SAVINGS BANK FALLS CHURCH VA CD CUSIP 003874RP1 Unit Price: \$105.024; Coupon Rate 4.200%; Matures 05/16/12; Int. Semi-Annually May/Nov 16; Yield to Maturity 1.690%; Issued 05/16/08; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 99,772.80 | 4,772.80 | 3,990.00 1,818.64 | 3.99 |
| BRANCH BANKING & TRUST COMPANY WINSTON-SALEM NC CD CUSIP 105133BE1 Unit Price: \$105.167; Coupon Rate 4.250%; Matures 05/29/12; Int. Semi-Annually May/Nov 28; Yield to Maturity 1.711%; Issued 05/28/08; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 99,908.65 | 4,908.65 | 4,037.50 1,706.45 | 4.04 |
| WESTBRIDGE BANK AND TRUST CHESTERFIELD MO CD CUSIP 95715QBK3 Unit Price: \$105.681; Coupon Rate 4.450%; Matures 06/25/12; Interest Paid Monthly Aug 23; Yield to Maturity 1.749%; Issued 06/23/08; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 100,396.95 | 5,396.95 | 4,227.50 82.19 | 4.21 |
| GE MONEY BANK DRAPER UT CD CUSIP 36159UDB9 Unit Price: \$106.495; Coupon Rate 4.700%; Matures 09/18/12; Int. Semi-Annually Mar/Sep 18; Yield to Maturity 1.900%; Issued 09/18/08; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 101,170.25 | 6,170.25 | 4,465.00 521.72 | 4.41 |
| FLAGSTAR BANK, FSB TROY MICH CD CUSIP 33847EB71 Unit Price: \$106.645; Coupon Rate 4.750%; Matures 09/19/12; Interest Paid Monthly Nov 19; Yield to Maturity 1.889%; Issued 09/19/08; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 101,312.75 | 6,312.75 | 4,512.50 137.87 | 4.45 |

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Morgan Stanley Smith Barney

CLIENT STATEMENT | For the Period April 1-30, 2010

Basic Securities Account
136-022962-062

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

CERTIFICATES OF DEPOSIT (CONTINUED)

| Security Description | Face Value | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income | Yield % |
|---|------------|----------------------------------|--------------|------------------------|-------------------------|---------|
| BANK OF WHITMAN COLFAX WA CD | 95,000.000 | 95,000.00 | 97,668.55 | 2,668.55 | 3,087.50 | 3.16 |
| CUSIP 065788EU1 | | 95,000.00 | | | 419.49 | |
| Unit Price: \$102.809; Coupon Rate 3.250%; Matures 03/11/13; Int. Semi-Annually Mar/Sep 11; Yield to Maturity 2.232%; Issued 03/11/09; Maturity Value = \$95,000.00 | | | | | | |
| JP MORGAN (FORMER WAMU FSB PARK CITY UT) CD | 95,000.000 | 95,000.00 | 98,905.45 | 3,905.45 | 4,037.50 | 4.08 |
| CUSIP 939371AZ3 | | 95,000.00 | | | 340.11 | |
| Unit Price: \$104.111; Coupon Rate 4.250%; Matures 03/28/13; Int. Semi-Annually Mar/Sep 30; Yield to Maturity 2.770%; Issued 03/31/08; Maturity Value = \$95,000.00 | | | | | | |
| ALLY BANK (FORMERLY GMAC BANK) MIDVALE UTAH CD | 95,000.000 | 95,000.00 | 97,463.35 | 2,463.35 | 3,040.00 | 3.11 |
| CUSIP 36185AM54 | | 95,000.00 | | | 224.26 | |
| Unit Price: \$102.593; Coupon Rate 3.200%; Matures 04/03/13; Int. Semi-Annually Apr/Oct 03; Yield to Maturity 2.279%; Issued 04/03/09; Maturity Value = \$95,000.00 | | | | | | |
| CIT BANK SALT LAKE CITY UT CD | 95,000.000 | 95,000.00 | 97,580.20 | 2,580.20 | 3,087.50 | 3.16 |
| CUSIP 17284P4P7 | | 95,000.00 | | | 185.58 | |
| Unit Price: \$102.716; Coupon Rate 3.250%; Matures 04/08/13; Int. Semi-Annually Apr/Oct 08; Yield to Maturity 2.289%; Issued 04/08/09; Maturity Value = \$95,000.00 | | | | | | |
| WACHOVIA BANK FSB HOUSTON CD | 95,000.000 | 95,000.00 | 98,610.00 | 3,610.00 | 4,037.50 | 4.09 |
| CUSIP 92979HBG0 | | 95,000.00 | | | 231.65 | |
| Unit Price: \$103.800; Coupon Rate 4.250%; Matures 04/09/13; Int. Semi-Annually Apr/Oct 09; Yield to Maturity 2.893%; Issued 04/09/08; Maturity Value = \$95,000.00 | | | | | | |
| INVESTORS CMNTY BK MANITOWOC WIS CD | 95,000.000 | 95,000.00 | 99,737.65 | 4,737.65 | 3,847.50 | 3.85 |
| CUSIP 46147JHY9 | | 95,000.00 | | | 203.06 | |
| Unit Price: \$104.987; Coupon Rate 4.050%; Matures 04/11/13; Interest Paid Monthly Jun 11; Yield to Maturity 2.291%; Issued 04/11/08; Maturity Value = \$95,000.00 | | | | | | |
| PLANTERSFIRST CORDELE GA CD | 95,000.000 | 95,000.00 | 99,602.75 | 4,602.75 | 3,800.00 | 3.81 |
| CUSIP 72748PCT5 | | 95,000.00 | | | 200.53 | |
| Unit Price: \$104.845; Coupon Rate 4.000%; Matures 04/11/13; Interest Paid Monthly Jun 11; Yield to Maturity 2.291%; Issued 04/11/08; Maturity Value = \$95,000.00 | | | | | | |
| SAEHAN BANK LOS ANGELES CD | 95,000.000 | 95,000.00 | 97,137.50 | 2,137.50 | 2,945.00 | 3.03 |
| CUSIP 785907AX4 | | 95,000.00 | | | 73.61 | |
| Unit Price: \$102.250; Coupon Rate 3.100%; Matures 04/22/13; Interest Paid Monthly Jun 21; Yield to Maturity 2.314%; Issued 04/21/09; Maturity Value = \$95,000.00 | | | | | | |
| GOLDMAN SACHS BANK USA SALT LAKE CITY UTAH CD | 95,000.000 | 95,000.00 | 100,776.95 | 5,776.95 | 4,227.50 | 4.19 |
| CUSIP 381426HR9 | | 95,000.00 | | | — | |
| Unit Price: \$106.081; Coupon Rate 4.450%; Matures 04/30/13; Int. Semi-Annually Apr/Oct 30; Yield to Maturity 2.339%; Issued 04/30/08; Maturity Value = \$95,000.00 | | | | | | |
| CAPMARK BANK MIDVALE UT CD | 95,000.000 | 95,000.00 | 100,990.70 | 5,990.70 | 4,275.00 | 4.23 |
| CUSIP 140653VA1 | | 95,000.00 | | | 1,806.83 | |
| Unit Price: \$106.306; Coupon Rate 4.500%; Matures 05/28/13; Int. Semi-Annually May/Nov 28; Yield to Maturity 2.363%; Issued 05/28/08; Maturity Value = \$95,000.00 | | | | | | |

CONTINUED

Basic Securities Account SAN LORENZO VALLEY WATER DIST
136-022962-062 INVESTMENT BROKERAGE ACCT

Holdings

CERTIFICATES OF DEPOSIT (CONTINUED)

| Security Description | Face Value | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income Accrued Income | Yield % |
|--|-------------|-------------------------------------|--------------|---------------------------|--|---------|
| PROVIDENT BANK OF MARYLAND | | | | | | |
| BALTIMORE CD | 95,000.000 | 95,000.00 | 101,466.65 | 6,466.65 | 4,417.50 | 4.35 |
| CUSIP 743849FT3 | | 95,000.00 | | | 1,589.81 | |
| <i>Unit Price: \$106.807; Coupon Rate 4.650%; Matures 06/20/13; Int. Semi-Annually Jun/Dec 20; Yield to Maturity 2.386%; Issued 06/20/08; Maturity Value = \$95,000.00</i> | | | | | | |
| WACHOVIA BK FSB HOUSTON TEX CD | | | | | | |
| CUSIP 92979HG2 | 95,000.000 | 95,000.00 | 101,458.10 | 6,458.10 | 4,797.50 | 4.72 |
| <i>Unit Price: \$106.798; Coupon Rate 5.050%; Matures 09/12/13; Int. Semi-Annually Mar/Sep 12; Yield to Maturity 2.915%; Issued 09/12/08; Maturity Value = \$95,000.00</i> | | | | | | |
| CAPITAL ONE, NATIONAL ASSOCIATION | | | | | | |
| MCLEAN VA CD | 95,000.000 | 95,000.00 | 102,591.45 | 7,591.45 | 4,702.50 | 4.58 |
| CUSIP 14042EC24 | | 95,000.00 | | | 562.25 | |
| <i>Unit Price: \$107.991; Coupon Rate 4.950%; Matures 09/17/13; Int. Semi-Annually Mar/Sep 17; Yield to Maturity 2.471%; Issued 09/17/08; Maturity Value = \$95,000.00</i> | | | | | | |
| MORGAN STANLEY BANK N.A. SALT LAKE | | | | | | |
| CITY UT CD | 95,000.000 | 95,000.00 | 103,057.90 | 8,057.90 | 4,797.50 | 4.65 |
| CUSIP 61747MR89 | | 95,000.00 | | | 2,332.48 | |
| <i>Unit Price: \$108.482; Coupon Rate 5.050%; Matures 11/05/13; Int. Semi-Annually May/Nov 05; Yield to Maturity 2.513%; Issued 11/05/08; Maturity Value = \$95,000.00</i> | | | | | | |
| WORLD FINANCIAL NETWORK NATL BANK | | | | | | |
| COLUMBUS OH CD | 100,000.000 | 100,000.00 | 105,866.00 | 5,866.00 | 5,000.00 | 4.72 |
| CUSIP 981999I72 | | 100,000.00 | | | 388.82 | |
| <i>Unit Price: \$105.866; Coupon Rate 5.000%; Matures 11/26/13; Interest Paid Monthly Jan 02; Yield to Maturity 3.247%; Issued 11/26/08; Maturity Value = \$100,000.00</i> | | | | | | |
| DISCOVER BANK GREENWOOD CD | | | | | | |
| CUSIP 254670TX0 | 90,000.000 | 90,000.00 | 90,391.50 | 391.50 | 2,385.00 | 2.63 |
| <i>Unit Price: \$100.435; Coupon Rate 2.650%; Matures 12/09/13; Int. Semi-Annually Jun/Dec 09; Yield to Maturity 2.523%; Issued 12/09/09; Maturity Value = \$90,000.00</i> | | | | | | |
| HILLCREST BANK OVERLAND PARK KS CD | | | | | | |
| CUSIP 43147YLHO | 95,000.000 | 95,000.00 | 98,207.20 | 3,207.20 | 3,325.00 | 3.38 |
| <i>Unit Price: \$103.376; Coupon Rate 3.500%; Matures 01/21/14; Interest Paid Monthly Mar 21; Yield to Maturity 2.544%; Issued 01/21/09; Maturity Value = \$95,000.00</i> | | | | | | |
| SALLIE MAE BANK MURRAY UT CD | | | | | | |
| CUSIP 795450HC2 | 95,000.000 | 95,000.00 | 98,192.00 | 3,192.00 | 3,325.00 | 3.38 |
| <i>Unit Price: \$103.360; Coupon Rate 3.500%; Matures 01/23/14; Int. Semi-Annually Jan/Jul 23; Yield to Maturity 2.549%; Issued 01/23/09; Maturity Value = \$95,000.00</i> | | | | | | |

CONTINUED

Holdings

CERTIFICATES OF DEPOSIT (CONTINUED)

| Security Description | Face Value | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income Accrued Income | Yield % |
|--|-------------|----------------------------------|--------------|------------------------|--|---------|
| AMERICAN EXPRESS BANK, FSB SALT LAKE CITY UT CD CUSIP 02580VEY7 Unit Price: \$103.365; Coupon Rate 3.500%; Matures 02/04/14; Int. Semi-Annually Feb/Aug 04; Yield to Maturity 2.555%; Issued 02/04/09; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 98,196.75 | 3,196.75 | 3,325.00 780.73 | 3.38 |
| AMERICAN EXPRESS CENTURION BANK SALT LAKE CITY UT CD CUSIP 02586TFM1 Unit Price: \$103.367; Coupon Rate 3.500%; Matures 02/11/14; Int. Semi-Annually Feb/Aug 11; Yield to Maturity 2.559%; Issued 02/11/09; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 98,198.65 | 3,198.65 | 3,325.00 716.43 | 3.38 |
| TOYOTA FINANCIAL SAVINGS BANK HENDERSON CD CUSIP 89235MCM1 Unit Price: \$103.198; Coupon Rate 3.450%; Matures 04/16/14; Int. Semi-Annually Apr/Oct 16; Yield to Maturity 2.595%; Issued 04/16/09; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 98,038.10 | 3,038.10 | 3,277.50 125.36 | 3.34 |
| THE NATIONAL BANK MOLINE IL CD CUSIP 634030AD2 Unit Price: \$102.668; Coupon Rate 3.250%; Matures 05/20/14; Interest Paid Monthly Jul 20; Yield to Maturity 2.553%; Issued 05/20/09; Maturity Value = \$95,000.00 | 50,000.000 | 50,000.00 50,000.00 | 50,816.50 | 816.50 | 1,575.00 274.10 | 3.09 |
| BARCLAYS BANK DELAWARE WILMINGTON DE CD CUSIP 06740KAY3 Unit Price: \$101.633; Coupon Rate 3.150%; Matures 08/26/14; Int. Semi-Annually Feb/Aug 26; Yield to Maturity 2.746%; Issued 08/26/09; Maturity Value = \$50,000.00 | 95,000.000 | 95,000.00 95,000.00 | 103,835.95 | 8,835.95 | 4,797.50 573.61 | 4.62 |
| BARCLAYS BANK DELAWARE WILMINGTON DE CD CUSIP 06740KBQ9 Unit Price: \$101.515; Coupon Rate 3.150%; Matures 09/23/14; Int. Semi-Annually Mar/Sep 23; Yield to Maturity 2.781%; Issued 09/23/09; Maturity Value = \$45,000.00 | 45,000.000 | 45,000.00 45,000.00 | 45,681.75 | 681.75 | 1,417.50 146.37 | 3.10 |
| CITIBANK, NATIONAL ASSOCIATION LAS VEGAS NV CD CUSIP 17312QPR4 Unit Price: \$100.569; Coupon Rate 3.000%; Matures 12/02/14; Int. Semi-Annually Jun/Dec 02; Yield to Maturity 2.866%; Issued 12/02/09; Maturity Value = \$100,000.00 | 100,000.000 | 100,000.00 100,000.00 | 100,569.00 | 569.00 | 3,000.00 1,228.02 | 2.98 |
| BMW BANK OF NORTH AMERICA SALT LAKE CITY UT CD CUSIP 05568PUS4 Unit Price: \$100.265; Coupon Rate 2.900%; Matures 01/22/15; Int. Semi-Annually Jan/Jul 22; Yield to Maturity 2.839%; Issued 01/22/10; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 95,251.75 | 251.75 | 2,755.00 745.82 | 2.89 |

CONTINUED

Basic Securities Account
136-022962-062

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Holdings

CERTIFICATES OF DEPOSIT (CONTINUED)

| Security Description | Face Value | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income Accrued Income | Yield % |
|--|------------|-------------------------------------|--------------|---------------------------|--|---------|
| REPUBLIC BANK, INC. BOUNTIFUL UT CD CUSIP 760310NG3 Unit Price: \$102.482; Coupon Rate 3.500%; Matures 01/29/15; Interest Paid Monthly Mar 28; Yield to Maturity 2.935%; Issued 01/29/09; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 97,357.90 | 2,357.90 | 3,325.00 18.46 | 3.41 |
| GE MONEY BANK DRAPER UT CD CUSIP 36159UNS1 Unit Price: \$99.076; Coupon Rate 2.700%; Matures 04/23/15; Int. Semi-Annually Apr/Oct 23; Yield to Maturity 2.901%; Issued 04/23/10; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 94,122.20 | (877.80) | 2,565.00 49.05 | 2.72 |
| FIRST NATIONAL BANK OF AMERICA EAST LANSING MI CD CUSIP 32110YDDB8 Unit Price: \$102.988; Coupon Rate 3.700%; Matures 05/07/15; Interest Paid Monthly Jul 07; Yield to Maturity 3.053%; Issued 05/07/09; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 97,838.60 | 2,838.60 | 3,515.00 224.54 | 3.59 |
| ESSA BANK & TRUST STROUDSBURG PA CD CUSIP 29667RCL5 Unit Price: \$99.124; Coupon Rate 2.750%; Matures 10/23/15; Int. Semi-Annually Apr/Oct 23; Yield to Maturity 2.924%; Issued 04/23/10; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 94,167.80 | (832.20) | 2,612.50 49.96 | 2.77 |
| GE CAPITAL FINANCIAL INC HOLLADAY UT CD CUSIP 36160VFE6 Unit Price: \$109.176; Coupon Rate 5.300%; Matures 11/06/15; Int. Semi-Annually May/Nov 06; Yield to Maturity 3.459%; Issued 11/06/08; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 103,717.20 | 8,717.20 | 5,035.00 2,434.04 | 4.85 |
| HSBC BANK USA, NA - MCLEAN VA FID CUSIP 40431A2M3 Unit Price: \$99.041; Coupon Rate 3.250%; Matures 02/16/22; Int. Semi-Annually Feb/Aug 16; Yield to Maturity 3.349%; Stepped; Issued 02/16/10; Maturity Value = \$95,000.00 | 95,000.000 | 95,000.00 95,000.00 | 94,088.95 | (911.05) | 3,087.50 622.61 | 3.28 |

| TOTAL CERTIFICATES OF DEPOSIT | Percentage of Assets % | Orig. Total Cost Adj. Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income Accrued Income | Yield % |
|-------------------------------|---------------------------|-------------------------------------|----------------|---------------------------|--|---------|
| | 67.9% | \$6,145,021.00 \$6,145,021.00 | \$6,381,640.40 | \$236,619.40 | \$243,060.00 \$42,813.22 | 3.81% |

| TOTAL ENDING MARKET VALUE | Percentage of Assets % | Total Cost | Market Value | Unrealized Gain/(Loss) | Estimated Annual Income Accrued Income | Yield % |
|---------------------------|---------------------------|----------------|----------------|---------------------------|--|---------|
| | 100.0% | \$8,948,641.02 | \$9,393,266.31 | \$218,140.88 | \$314,355.50 \$56,499.65 | 3.35% |

Basic Securities Account
136-022962-062

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Activity

CASH FLOW ACTIVITY

| Transaction Settlement Date | Date | Activity Type | Description | Comments | Quantity | Price | Inflows/(Outflows) |
|-----------------------------|------|---------------------|-------------------------------|---------------------------|------------|----------|--------------------|
| 3/31 | 3/31 | Interest Income-Adj | JPMC (WAMU UT) CD 4250 13MH28 | | | | \$(2,013.22) |
| | | | REVERSE BOND INTEREST | | | | |
| | | | DUPE PAYMENT | | | | |
| 3/31 | 3/31 | Interest Income-Adj | REPUBLIC BANK CD 3500 15JA29 | | | | (282.40) |
| | | | REVERSE INT PAYMENT | | | | |
| 4/1 | 4/1 | Interest Income | NATIOANL CITY CD 4000 12AP02 | | | | 1,884.38 |
| 4/1 | 4/5 | Bought | FNMA 2000 *20MH30 | ACCRUED INTEREST | 50,000.000 | 100.0000 | (50,019.14) |
| 4/2 | 4/2 | Interest Income | CAPITAL ONE BK 4000 12AP02 | | | | 1,894.79 |
| 4/2 | 4/2 | Interest Income | WORLD JUMBO CD 5000 13NV26 | | | | 424.66 |
| 4/3 | 4/3 | Interest Income | ALLY BANK CD 3200 13AP03 | | | | 1,515.84 |
| 4/5 | 4/5 | Interest Income | MERIDIAN BANK CD 2650 11SP06 | | | | 213.81 |
| 4/6 | 4/6 | Interest Income | KEY BANK CD 2400 11NW07 | | | | 193.64 |
| 4/6 | 4/9 | Sold | NEW SOUTH FED CD 0400 10SP13 | ACCRUED INTEREST | 95,000.000 | 99.8000 | 94,839.15 |
| 4/7 | 4/7 | Interest Income | FIRST NATL BK CD 3700 15MY07 | | | | 298.53 |
| 4/7 | 4/23 | Bought | ESSA BANK & TRUST 2750 15OC23 | | 95,000.000 | 100.0000 | (95,000.00) |
| 4/8 | 4/8 | Interest Income | CIT BANK CD 3250 13AP08 | | | | 1,539.52 |
| 4/8 | 4/8 | Interest Income | LEADERS BANK CD 2250 11MY09 | | | | 181.54 |
| 4/9 | 4/9 | Interest Income | WACHOVIA BK CD 4250 13AP09 | | | | 2,013.22 |
| 4/9 | 4/9 | Interest Income | OCEANIC BK CD 5000 12MY09 | | | | 403.42 |
| 4/9 | 4/9 | Interest Income | GOLF SVGS BANK CD 5000 12MY09 | | | | 403.42 |
| 4/9 | 4/9 | Interest Income | FRIEDNDSHIP ST CD 5000 12MY09 | | | | 403.42 |
| 4/11 | 4/11 | Interest Income | INVESTORS CD 4050 13AP11 | | | | 326.77 |
| 4/11 | 4/11 | Interest Income | PLANTERSFIRST CD 4000 13AP11 | | | | 322.74 |
| 4/11 | 4/11 | Interest Income | MONROE B&T CD 3900 12AP11 | | | | 314.67 |
| 4/13 | 4/13 | Interest Income-Adj | ADVANTA BANK CD 4250 13AP02 | | | | 1,869.41 |
| | | | ACCRUED BOND INTEREST | | | | |
| 4/13 | 4/13 | Redemption | ADVANTA BANK CD 4250 13AP02 | REDEMPTION OF CALLED BOND | 95,000.000 | | 95,000.00 |
| 4/16 | 4/16 | Interest Income | TOYOTA FINL SVGS 3450 14AP16 | | | | 1,634.26 |
| 4/16 | 4/16 | Interest Income | BROADWAY BANK CD 3500 14JA16 | | | | 282.40 |
| 4/18 | 4/18 | Interest Income | LEGENDS BANK CD 4500 11SP19 | | | | 363.08 |
| 4/18 | 4/18 | Interest Income | FRANKLIN TEMP BK 4000 12AP18 | | | | 322.74 |
| 4/19 | 4/19 | Interest Income | FLAGSTAR BANK CD 4750 12SP19 | | | | 383.25 |
| 4/19 | 4/23 | Bought | GE MONEY BANK CD 2700 15AP23 | | 95,000.000 | 100.0000 | (95,000.00) |
| 4/20 | 4/20 | Interest Income | MACATAWA BANK CD 4400 11MY20 | | | | 355.01 |
| 4/20 | 4/20 | Interest Income | NATIONAL BANK CD 3250 14MY20 | | | | 262.23 |
| 4/21 | 4/21 | Interest Income | HILLGREST BANK CD 3500 14JA21 | | | | 282.40 |
| 4/21 | 4/21 | Interest Income | SAEHAN BANK CD 3100 13AP22 | | | | 250.12 |

CONTINUED

Morgan Stanley Smith Barney

CLIENT STATEMENT | For the Period April 1-30, 2010

Basic Securities Account
136-022962-062

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Activity

CASH FLOW ACTIVITY (CONTINUED)

| Transaction Settlement Date | Date | Activity Type | Description | Comments | Quantity | Price | Inflows/(Outflows) |
|-------------------------------|------|---------------------|-------------------------------|---|-------------|----------|---------------------|
| | 4/22 | Interest Income | ATLANTIC STHN CD 2600 12JA23 | | | | 209.78 |
| | 4/23 | Interest Income | WESTBRIDGE BK CD 4450 12JN25 | | | | 359.05 |
| | 4/23 | Interest Income Adj | AMCORE BANK CD 3500 14FB12 | | | | 646.78 |
| | | | INTEREST PAYMENT | | | | |
| | 4/23 | Interest Income Adj | BROADWAY BANK CD 3500 14JA16 | | | | 91.10 |
| | | | INTEREST PAYMENT | | | | |
| | 4/23 | Bought | FHLMC MTN 3000 *2DAP15 | | 550,000.000 | 100.0000 | (550,000.00) |
| | 4/25 | Interest Income | BAYTREE NATL BK & 4500 11DE27 | | | | 363.08 |
| | 4/28 | Interest Income | MORGAN STANLEY BANK N.A. | | | | 10.97 |
| | 4/28 | Redemption | AMCORE BANK CD 3500 14FB12 | REDEMPTION OF CALLED BOND | 95,000.000 | | 95,000.00 |
| | 4/28 | Redemption | BROADWAY BANK CD 3500 14JA16 | REDEMPTION OF CALLED BOND | 95,000.000 | | 95,000.00 |
| | 4/29 | Interest Income | FHLMC MTN 2000 *19AP29 | | | | 6,500.00 |
| | 4/29 | Redemption | FHLMC MTN 2000 *19AP29 | REDEMPTION OF CALLED BOND | 650,000.000 | | 650,000.00 |
| | 4/30 | Interest Income | GUNNISON BANK CD 5050 110C31 | | | | 2,128.61 |
| | 4/30 | Interest Income | GOLDMAN SACHS CD 4450 13AP30 | | | | 2,107.96 |
| | 4/30 | Interest Income | REPUBLIC BANK CD 3500 15JA29 | | | | 273.29 |
| | 4/30 | Funds Transferred | WIRED FUNDS SENT | BENE: SAN LORENZO VLY WATER ACCT: 8672481358 | | | (100,000.00) |
| NET INFLOWS/(OUTFLOWS) | | | | | | | \$168,554.28 |

Purchase and Sale transactions above may have received an average price execution. Details regarding the actual prices are available upon request.

MMF AND BANK DEPOSITS ACTIVITY

| Date | Activity Type | Description | Bank Deposit Program/ Money Market Funds |
|------|----------------------|----------------------|---|
| 4/1 | Automatic Investment | BANK DEPOSIT PROGRAM | \$4,591.24 |
| 4/5 | Automatic Redemption | BANK DEPOSIT PROGRAM | (50,430.38) |
| 4/6 | Automatic Investment | BANK DEPOSIT PROGRAM | 4,049.10 |
| 4/9 | Automatic Investment | BANK DEPOSIT PROGRAM | 2,213.23 |
| 4/12 | Automatic Investment | BANK DEPOSIT PROGRAM | 98,062.63 |
| 4/14 | Automatic Investment | BANK DEPOSIT PROGRAM | 97,833.59 |
| 4/19 | Automatic Investment | BANK DEPOSIT PROGRAM | 1,916.66 |
| 4/20 | Automatic Investment | BANK DEPOSIT PROGRAM | 1,069.07 |
| 4/22 | Automatic Redemption | BANK DEPOSIT PROGRAM | (188,850.24) |
| 4/26 | Automatic Investment | BANK DEPOSIT PROGRAM | 568.83 |

CONTINUED

Basic Securities Account
136-022962-062

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Activity

MMF AND BANK DEPOSITS ACTIVITY (CONTINUED)

| Date | Activity Type | Description | Bank Deposit Program/ Money Market Funds |
|--------------------------------|----------------------|----------------------|---|
| 4/28 | Automatic Redemption | BANK DEPOSIT PROGRAM | (24,362.62) |
| 4/30 | Automatic Investment | BANK DEPOSIT PROGRAM | 321,974.55 |
| NET ACTIVITY FOR PERIOD | | | \$268,635.66 |

REALIZED GAIN/(LOSS) DETAIL

| Security Description | Date Acquired | Date Sold | Quantity | Sales Proceeds | Orig / Adj Total Cost | Realized Gain/(Loss) | Comments |
|--|---------------|-----------|-------------|-----------------------|-----------------------|----------------------|----------|
| ADVANTA BANK CD | 4 1/4 4-02-13 | 03/24/08 | 04/13/10 | 95,000.00 | \$95,000.00 | \$0.00 | |
| AMCORE BANK CD | 3 1/2 2-12-14 | 02/03/09 | 04/28/10 | 95,000.00 | 95,000.00 | 0.00 | |
| BROADWAY BANK CD | 3 1/2 1-16-14 | 01/12/09 | 04/28/10 | 95,000.00 | 95,000.00 | 0.00 | |
| FILMC MTN | 2.000 4-29-19 | 04/20/09 | 650,000.000 | 650,000.000 | 650,005.25 | (5.25) | |
| NEW SOUTH FED CD | .400 9-13-10 | 09/08/08 | 04/06/10 | 94,810.00 | 95,000.00 | (190.00) | |
| Net Realized Gain/(Loss) This Period | | | | \$1,029,810.00 | \$1,030,005.25 | \$(195.25) | |
| Net Realized Gain/(Loss) Year to Date | | | | \$2,375,235.73 | \$2,375,023.97 | \$211.76 | |

Gain/loss information is provided for informational purposes only and should not be used for tax preparation. Please refer to the gain/loss section of the disclosures for important information about gain/loss reporting.
From January through September, realized gain/loss information will be shown only for trades settling in the current month, and/or certain adjustments (to previously closed lots) made in the current month. From October through December, in order to provide information for year-end investment planning, complete year to date realized gain/loss detail will be displayed for trades settling through the last business day of the year.



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Messages

Questions?

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.

Important Information About 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 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, and are not an indication of any offer to purchase at such price. 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 in most cases reflect par value, but may be derived from various sources. These prices may differ from: prices provided to us or our affiliates by outside pricing services; our or our affiliates' own internal bookkeeping valuations; prices of transactions executed in any secondary market that exists or may develop; and/or the prices at which issuer repurchases or redemptions may occur. 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.

Addition of Unit Cost Column to the Holdings Section for eligible accounts

We are now providing "unit cost" information for accounts whose statements display unrealized gain/loss information at a tax lot level. For accounts where unrealized gain/loss is provided only at the aggregate security level, unit cost cannot be provided. In such cases, the column for "unit cost" will not appear. For all accounts, the month end market price/estimated value will now be presented as the first item listed beneath the security description. Note: depending upon the type of security, the share price field may display a different label (e.g. "contract price" for options, "unit price" for bonds, etc.)



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Disclosure

Account Servicing

Account(s) carried with Morgan Stanley & Co. Incorporated ("Morgan Stanley"), member SIPC. New York Stock Exchange Rule 382 requires that Morgan Stanley Smith Barney LLC ("MSSB") and Morgan Stanley allocate between them certain functions regarding the administration of your brokerage account. A more complete description is available upon request.

Account Valuation

These figures represent the approximate value of your account(s) on a settlement date basis and are 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 or 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>

Additional IRA Information

IRA contributions are subject to IRS eligibility rules and regulations. The "Max. Individual Contributions Allowed (by SSN)" reflects the annual limit on contributions that you as an individual can make to IRAs (Traditional, Roth, SEP, and SARSEP) under the Internal Revenue Code. The limit applies on a

per person basis, not per account. The Contributions information included in this statement reflects contribution information for a particular account, without reference to any other IRA.

You cannot make an individual contribution to a Traditional IRA for the year in which you attain age 70 1/2 or any later year. You should check with your tax advisor to verify how much you can contribute and whether or not the contribution will be tax deductible.

The categorization of any amounts in this statement as Individual Deductible or Individual Non-Deductible is based upon information provided by you, and is included for your convenience. Please contact your Financial Advisor if this information is incorrect. The information included in this statement is not intended to constitute tax, legal or accounting advice.

Availability of Free Credit Balances and Financial Statements

Under the customer protection rules of the SEC [17 CFR §240.15c3-2 & -3], Morgan Stanley may use free credit balances in your account which are payable to you on demand, in the ordinary course of its business. We provide summary Morgan Stanley financial statements to you semiannually; copies are also available on request, by mail.

Certain Assets Not Held At Morgan Stanley

You may purchase certain assets through MSSB and/or Morgan Stanley that may be held at a financial institution other than Morgan Stanley. Assets not held at Morgan Stanley may not be covered by SIPC protection. We may include information about these assets on this 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 performs all year-end tax reporting (1099s). Under certain circumstances, such as IRA accounts, Morgan Stanley performs all tax reporting.

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 MSSB office servicing your account and Morgan Stanley. You may contact Morgan Stanley at 212-276-6760. Oral communications with MSSB and/or Morgan Stanley 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). Except as provided in your account documentation, 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. Please see your account documentation for special rules regarding your rights and responsibilities with respect to erroneous electronic fund transfers, including a description of the transfers covered.

Gain and Loss Information

The gain and loss information is provided for informational purposes only, is not a substitute 1099 form (or any other appropriate tax form), and should not be used for tax preparation. Unrealized gain and loss values are estimates and should be independently verified. We recommend that you contact your tax advisor to determine the appropriate use of this information. Past performance does not guarantee future returns.

Gain and loss information is calculated based upon uniform standards and does not account for each individual client's particular circumstances such as

the existence of hedging transactions or constructive sales. Although we make every effort to adjust the cost basis for securities' capital changes, we do not adjust the cost basis for all events. Contact your Financial Advisor for guidance on particular questions.

For accounts with Choice Select pricing, the commissions paid on your eligible equity and option purchases and sales are applied to the Total Cost on a monthly basis.

With respect to estimated gains and losses for listed equity options, we have 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. From time to time, unrealized gain / loss and YTD realized gain / loss figures may change due to adjustments to cost basis which may also affect previously closed tax lots.

We are not responsible for any gain and loss information provided by you or another financial institution; you are responsible for ensuring the accuracy of such information. Whether provided by you, another financial institution or MSSB, it is your responsibility to ensure the accuracy of all of the Estimated Gain and Loss information.

For clients wishing to make versus purchase sales that information needs to be conveyed at the time of the sale. Unless you tell us otherwise, we use first in first out (FIFO) accounting.

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

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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/customersevice/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 accounts as collateral for any outstanding margin loan. The amount you may borrow is based on the value of the eligible securities in your margin accounts. If a security has eligible shares the number of shares pledged as collateral will be indicated below the position.

Money Market Pricing

An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall. Moreover, in some circumstances money market funds may be forced to cease operations when the value of a fund drops below \$1.00 per share. In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders. This liquidation process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

Notice Regarding Investment Advisor Research

Morgan Stanley Smith Barney's Investment Advisor Research department conducts research on various mutual funds and exchange-traded funds for clients holding those funds in certain investment advisory programs. If you have instead invested in any of these funds in another type of account, such as a brokerage account, you will not receive the same research materials and status updates on the funds as we provide to investment advisory clients (including instructions on selling fund shares).

Pricing of Securities

The prices of securities displayed on this 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 securities that trade less frequently, we rely on outside pricing services and / or computerized pricing models, which cannot always give us actual market values. 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 we have obtained other information such as an independent appraisal. Since many partnership valuations are provided only annually, they do not always represent current values.

Furthermore some securities, such as limited partnerships and non-traded REITs are illiquid and have no public markets, so the amounts shown 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

This statement features several embedded security elements to safeguard its authenticity. One is a unique security mark--a blue rectangle printed in heat-sensitive ink on the back side of every page. When exposed to warmth, the blue rectangle will disappear, and then reappear.

SIPC Protection

Securities and cash held in your MSSB account(s) 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 and do not protect against losses due to market fluctuations.

Detailed information is available upon request.

Special Considerations Regarding Structured Products

Structured products are complex products and may be subject to special risks, which may include, but are not limited to, loss of initial investment; issuer credit risk; limited or no appreciation; risks associated with the underlying reference asset(s); no periodic payments; call prior to maturity; early redemption fees or other fees may apply; price volatility resulting from issuer's and/or guarantor's credit quality; lower interest rates and/or yield compared to conventional debt with comparable maturity; unique tax implications; concentration risk of owning the related security; and limited or no secondary market; conflicts of interest, and limits on

participation in appreciation of underlying asset(s). Structured Products may not perform in a manner consistent with the statement product category where they appear and therefore may not satisfy portfolio asset allocation needs for that category. For more information about the risks specific to your structured products, you should contact your Financial Advisor.

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 February 15 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 accounts may be subject to either 28% back up withholding or 30% nonresident alien withholding, as applicable, on payments made to your accounts.

Total Income (This Year/This Period)

Total income as used in, the income summaries, represents dividends and/or interest on securities we receive on your behalf and credit to your account(s) during the calendar year. We report dividend distributions and taxable bond interest credited to your account to the Internal Revenue Service. The totals we report may differ from those indicated as "This Year" 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).

Transaction Dates and Transaction Conditions

All transactions list transaction date and settlement

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date. Transactions are included on this statement based on settlement date. In the case of unsettled trades, we list the trade based on trade date instead of the settlement date with a notation that the trade is unsettled. Unsettled trades will not be reflected in position and cash balances.

Upon written request, MSSB will furnish the date and time of a transaction and the name of the other party to a transaction.

MSSB and/or its affiliates may accept 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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