Managing Ongoing Responsibilities

Variable-Rate Financings & Interest Rate Swaps

Standard Swap Invoice

DATE: FEBRUARY 28, 2008

TO: CITY OF ROSEVILLE

ATTN: MONTY HANKS
CITY OF ROSEVILLE

FROM: MORGAN STANLEY CAPITAL SERVICES INC

RE: INTEREST RATE SWAP - OUR REF NO: AUD3U

NOTIONAL: USD 54,000,000.00
EFFECTIVE: 06/30/2005 MATURITY: 02/01/2035

PLEASE NOTE THE NEXT FLOATING RESET RATE ON THE ABOVE MENTIONED INTEREST RATE SWAP:

NEXT FLOATING RATE: 2.226520%
NEXT FLOATING PERIOD: 02/01/2008 - 03/03/2008

CURRENT PERIOD:

AS PER THE TERMS OF THE TRANSACTION,
CITY OF ROSEVILLE WILL REMIT A NET PAYMENT OF USD 69,890.80 FOR VALUE MARCH 3, 2008 TO MORGAN STANLEY CAPITAL SERVICES INC

THE BREAKDOWN OF THE PAYMENT IS SET OUT BELOW:

MORGAN STANLEY CAPITAL SERVICES INC PAYS	**USD 103,533.20**
MORGAN STANLEY CAPITAL SERVICES INC RECEIVES	**USD 173,424.00**

PLEASE PAY TO MORGAN STANLEY CAPITAL SERVICES INC AT THE FOLLOWING BANK ACCOUNT

Fixed Leg Calculation

1	$90,000,000 SWAP								
2	3.613% Fixed Rate								
3	60% - Morgan Stanley								
4	40% - Bear Stearns								
5									
6	Payment				Day Count				
7	Type	Notional	Start	End	Convention	Days	Rate	Adjustment	Interest
26	FIXED	54,000,000	1/2/2008	2/1/2008	Act360	29	3.613000%	100.00%	157,165.50
27	FIXED	36,000,000	1/2/2008	2/1/2008	Act360	29	3.613000%	100.00%	104,777.00
29	FIXED	54,000,000	2/1/2008	3/3/2008	Act360	32	3.613000%	100.00%	173,424.00
30	FIXED	36,000,000	2/1/2008	3/3/2008	Act360	32	3.613000%	100.00%	115,616.00
32	FIXED	54,000,000	3/3/2008	4/1/2008	Act360	28	3.613000%	100.00%	
33	FIXED	36,000,000	3/3/2008	4/1/2008	Act360	28	3.613000%	100.00%	
35	FIXED	54,000,000	4/1/2008	5/1/2008	Act360	30	3.613000%	100.00%	
36	FIXED	36,000,000	4/1/2008	5/1/2008	Act360	30	3.613000%	100.00%	
38	FIXED	54,000,000	5/1/2008	6/1/2008	Act360	30	3.613000%	100.00%	
39	FIXED	36,000,000	5/1/2008	6/1/2008	Act360	30	3.613000%	100.00%	
40									
41	FIXED	54,000,000	6/1/2008	7/2/2008	Act360	31	3.613000%	100.00%	
42	FIXED	36,000,000	6/1/2008	7/2/2008	Act360	31	3.613000%	100.00%	
43									
44									

Floating Leg Calculation

171									
172									
173					MORGAN STANLEY				
174	**Payment**				**Day Count**				
175	**Type**	**Notional**	**Start**	**End**	**Convention**	**Days**	**Rate**	**Adjustment**	**Interest**
176	FLOAT	54,000,000	2/1/2008	2/5/2008	Act360	4	3.281250%	70.50%	13,879.69
177		54,000,000	2/5/2008	2/12/2008	Act360	7	3.181250%	70.50%	23,549.20
178		54,000,000	2/12/2008	2/19/2008	Act360	7	3.138750%	70.50%	23,234.60
179		54,000,000	2/19/2008	2/26/2008	Act360	7	3.113750%	70.50%	23,049.53
180		54,000,000	2/26/2008	3/3/2008	Act360	6	3.123750%	70.50%	19,820.19
181		54,000,000				31			103,533.22
182									
183									
184					BEAR STEARNS				
185	**Payment**				**Day Count**				
186	**Type**	**Notional**	**Start**	**End**	**Convention**	**Days**	**Rate**	**Adjustment**	**Interest**
187	FLOAT	36,000,000	2/1/2008	2/5/2008	Act360	4	3.281250%	70.50%	9,253.13
188		36,000,000	2/5/2008	2/12/2008	Act360	7	3.181250%	70.50%	15,699.47
189		36,000,000	2/12/2008	2/19/2008	Act360	7	3.138750%	70.50%	15,489.73
190		36,000,000	2/19/2008	2/26/2008	Act360	7	3.113750%	70.50%	15,366.36
191		36,000,000	2/26/2008	3/3/2008	Act360	6	3.123750%	70.50%	13,213.46
192		36,000,000				31			69,022.14
193									
194									

Variable Payment Notification

Deutsche Bank Auction Rate Trader

Auction and Payment Summary
3/24/2008 - 3/24/2008

City of Roseville 2005 B

CUSIP: 777807CE6 CTOL: 048073 Principal: $90,000,000 Total Shares: 3,600
Lead: Morgan Stanley Inc. Moody's: Aaa S&P: AAA Fitch: AAA

Auction and Dividend Payment History

Auction Date	Benchmark	Base Rate	Winning Rate	Percent Base Rate	Days in Period	Settlement Date	Record Date	Payment Date	Interest Per Share	Total Interest	Interest Accrued
01/07/2008	LIBOR	4.441	3.250	73.18%	7	01/08/2008	01/14/2008	01/15/2008	$15.80	$56,875.00	$56,875.00
01/14/2008	LIBOR	4.081	3.140	76.94%	7	01/15/2008	01/18/2008	01/22/2008	$15.26	$54,950.00	$54,950.00
01/18/2008	LIBOR	3.934	3.100	78.80%	7	01/22/2008	01/28/2008	01/29/2008	$15.07	$54,250.00	$54,250.00
01/28/2008	LIBOR	3.281	3.000	91.44%	7	01/29/2008	02/04/2008	02/05/2008	$14.58	$52,500.00	$52,500.00
02/04/2008	LIBOR	3.181	3.750	117.89%	7	02/05/2008	02/11/2008	02/12/2008	$18.23	$65,625.00	$65,625.00
02/11/2008	LIBOR	3.139	3.800	121.06%	7	02/12/2008	02/15/2008	02/19/2008	$18.47	$66,500.00	$66,500.00
02/15/2008	LIBOR	3.119	10.470	335.68%	7	02/19/2008	02/25/2008	02/26/2008	$50.90	$183,225.00	$183,225.00
02/25/2008	LIBOR	3.124	7.440	238.16%	7	02/26/2008	03/03/2008	03/04/2008	$36.17	$130,200.00	$130,200.00
03/03/2008	LIBOR	3.086	6.970	225.86%	7	03/04/2008	03/10/2008	03/11/2008	$33.88	$121,975.00	$121,975.00
03/10/2008	LIBOR	2.935	6.240	212.61%	7	03/11/2008	03/17/2008	03/18/2008	$30.33	$109,200.00	$109,200.00
03/17/2008	LIBOR	2.559	6.120	239.16%	7	03/18/2008	03/24/2008	03/25/2008	$29.75	$107,100.00	$107,100.00
03/24/2008	LIBOR	2.606	6.110	234.46%	7	03/25/2008	03/31/2008	04/01/2008	$29.70	$106,925.00	$106,925.00
03/31/2008					7	04/01/2008	04/07/2008	04/08/2008	$0.00	$0.00	$0.00

Service Fees

Payment Date	Agent Fee	Broker Fee	Total Payment
01/15/2008		$4,375.00	$4,375.00
01/22/2008		$4,375.00	$4,375.00

Variable Payment Calculation

3	2005 Electric, Series B								
4	Variable Payment								
5									
6	**Month**	**Start**	**End**	**Days**	**Rate**	**Notional**	**Variable Pymt**	**Broker Fee**	**Total**
51	**January 2008**	12/25/2007	1/1/2008	7	3.70%	90,000,000	64,750.00	3,750.00	68,500.00
52		1/1/2008	1/7/2008	6	3.75%	90,000,000	56,250.00	4,375.00	60,625.00
53		1/7/2008	1/14/2008	7	3.25%	90,000,000	56,875.00	4,375.00	61,250.00
54		1/14/2008	1/21/2008	7	3.14%	90,000,000	54,950.00	4,375.00	59,325.00
55		1/21/2008	1/28/2008	7	3.10%	90,000,000	54,250.00	4,375.00	58,625.00
57	**Total**			**34**		**$ 90,000,000**	**$ 287,075.00**	**$ 21,250.00**	**$308,325.00**
59	**February 2008**	1/28/2008	2/4/2008	7	3.00%	90,000,000	52,500.00	4,375.00	56,875.00
60		2/4/2008	2/11/2008	7	3.75%	90,000,000	65,625.00	4,375.00	70,000.00
61		2/11/2008	2/18/2008	7	3.80%	90,000,000	66,500.00	4,375.00	70,875.00
62		2/18/2008	2/25/2008	7	10.47%	90,000,000	183,225.00	4,375.00	187,600.00
64	**Total**			**28**		**$ 90,000,000**	**$ 367,850.00**	**$ 17,500.00**	**$385,350.00**
66	**March 2008**	2/25/2008	3/3/2008	7		90,000,000	-	4,375.00	
67		3/3/2008	3/10/2008	7		90,000,000	-	4,375.00	
68		3/10/2008	3/17/2008	7		90,000,000	-	4,375.00	
69		3/17/2008	3/24/2008	7		90,000,000	-	4,375.00	
71	**Total**			**28**		**$ 90,000,000**	**$ -**	**$ 17,500.00**	**$ -**

Summary Breakdown

2005 Electric, Series B

$90,000,000 Swap: 60% Morgan Stanley - 40% Bear Stearns

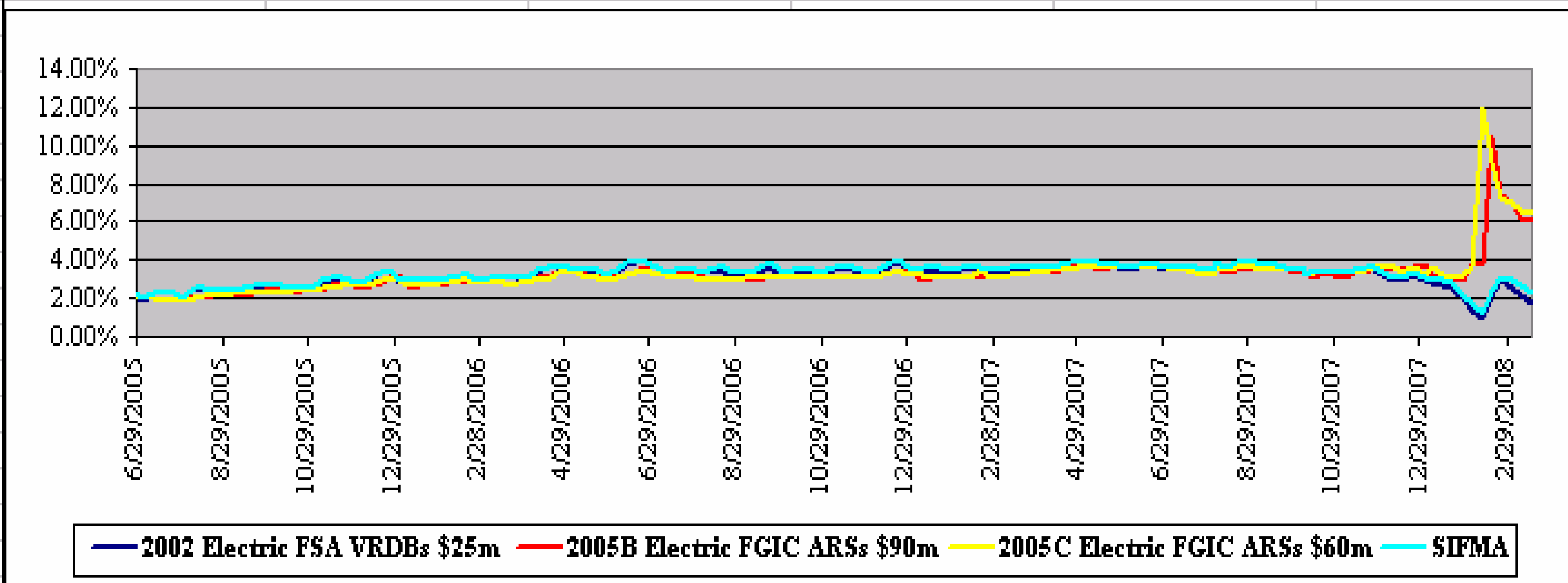
3.613% Fixed Rate

70.5% 1-month LIBOR

		MORGAN STANLEY			BEAR STEARNS				
		54,000,000.00	70.50%		36,000,000.00	70.50%			
Month	**Due**	**Fixed Amount**	**1-MONTH LIBOR**	**Net Swap Payment**	**Fixed Amount**	**1-MONTH LIBOR**	**Net Swap Payment**	**Variable Payment**	**Total Payments**
7/2/2007	8/1/2007	$ 157,165.50	$ (168,777.00)	$ (11,611.50)	$ 104,777.00	$ (112,518.00)	$ (7,741.00)	$ 333,725.00	$ 314,372.50
8/1/2007	9/4/2007	178,843.50	(196,203.26)	(17,359.77)	119,229.00	(130,802.18)	(11,573.08)	256,812.50	227,879.65
9/4/2007	10/1/2007	146,326.50	(158,930.35)	(12,603.85)	97,551.00	(105,953.57)	(8,402.57)	274,750.01	253,743.59
10/1/2007	11/1/2007	162,585.00	(164,843.80)	(2,258.80)	108,390.00	(109,895.87)	(1,505.87)	315,000.00	311,235.34
11/1/2007	12/3/2007	173,424.00	(159,872.23)	13,505.51	115,616.00	(106,581.48)	9,034.52	246,750.00	269,290.03
12/3/2007	1/2/2008	157,165.50	(160,462.48)	(3,413.31)	104,777.00	(106,974.99)	(2,353.00)	274,750.00	268,983.69
1/2/2008	2/1/2008	157,165.50	(131,572.83)	25,592.67	104,777.00	(87,715.22)	17,061.78	308,325.00	350,979.45
2/1/2008	3/3/2008	173,424.00	(103,533.22)	69,890.78	115,616.00	(69,022.14)	46,593.86	385,350.00	501,834.64
3/3/2008	4/1/2008	-	-	-	-	-	-	-	-
4/1/2008	5/1/2008	-	-	-	-	-	-	-	-
5/1/2008	6/1/2008	-	-	-	-	-	-	-	-
6/1/2008	7/2/2008	-	-	-	-	-	-	-	-
Totals		**$ 1,306,099.50**	**$(1,244,195.16)**	**$ 61,741.74**	**$ 870,733.00**	**$ (829,463.44)**	**$ 41,114.65**	**$ 2,395,462.51**	**$2,498,318.89**

Total Float	**(2,073,658.61)**
Total Variable	**2,395,462.51**
Net	**$ 321,803.90**

Start	End	Variable Rates Paid 2002 Electric FSA VRDBs $25m	2005B Electric FGIC ARSs $90m	2005C Electric FGIC ARSs $60m	SIFMA
1/7/2008	1/14/2008	2.85%	3.25%	3.65%	3.02%
1/14/2008	1/21/2008	2.75%	3.14%	3.20%	2.93%
1/21/2008	1/28/2008	2.50%	3.10%	3.10%	2.78%
1/28/2008	2/4/2008	2.00%	3.00%	3.20%	2.20%
2/4/2008	2/11/2008	1.30%	3.75%	3.60%	1.73%
2/11/2008	2/18/2008	1.00%	3.80%	12.00%	1.24%
2/18/2008	2/25/2008	2.15%	10.47%	9.16%	2.37%
2/25/2008	3/3/2008	3.00%	7.44%	7.23%	3.16%
3/3/2008	3/10/2008	2.60%	6.97%	7.00%	2.96%
3/10/2008	3/17/2008	2.20%	6.24%	6.64%	2.75%
3/17/2008	3/24/2008	1.70%	6.12%	6.47%	2.33%
Average FY08		**3.08%**	**3.98%**	**4.19%**	**3.24%**
Average 7/1/05 -		**3.17%**	**3.24%**	**3.29%**	**3.29%**
Lowest		**1.00%**	**1.85%**	**1.95%**	**1.24%**
Highest		**3.90%**	**10.47%**	**12.00%**	**3.97%**



Refunding Comparison

SOUTH PLACER WASTEWATER AUTHORITY

Comparison of Debt Service Payments With 2003 Refunding/Swap

FY07

		New Debt Service/Swap Costs					
Month	Old Debt Serivce [1]	Variable-Rate Debt Service	Fixed-Rate Swap Cost	Floating Swap Payment	Auction-Rate Remarketing	Total Monthly Cost	Cost/(Savings)
Jul-06		$ 250,872	$ 269,419	$ (253,174)	$ 18,312	$ 285,429	$ 285,429
Aug-06		292,989	269,419	(269,793)	22,890	315,505	315,505
Sep-06		230,729	269,419	(258,720)	18,312	259,740	259,740
Oct-06		237,138	269,419	(248,387)	18,312	276,482	276,482
Nov-06	$ 2,222,538	294,691	919,419	(261,466)	22,759	975,402	(1,247,135)
Dec-06		233,683	267,559	(251,219)	18,185	268,209	268,209
Jan-07		235,501	267,559	(260,181)	18,185	261,065	261,065
Feb-07		225,499	267,559	(257,973)	18,185	253,271	253,271
Mar-07		291,876	267,559	(225,499)	22,732	356,668	356,668
Apr-07		249,140	267,559	(259,922)	18,185	274,963	274,963
May-07	2,222,538	336,430	267,559	(257,069)	22,732	369,652	(1,852,885)
Jun-07 [2]		264,598	267,559	(265,638)	18,185	284,705	284,705
Total	$ 4,445,075	$ 3,143,145	$ 3,870,011	$ (3,069,040)	$ 236,975	$ 4,181,091	$ (263,984)

$ (263,984) Estimated Savings FY07

[1] Debt service is actually paid bi-annually. The monthly debt service is shown for comparison purposes only. The debt service amount is for the refunded portion of the bonds only, an additional $16.5 million in bonds remain in a fixed-rate mode.

Projected vs. Actual

SOUTH PLACER WASTEWATER AUTHORITY, Series 2003 (Auction Rate)

Cash Flow Analysis

Actual Cash Flow

Date	Prior Debt Service	Refunding Debt Service	Refunding Expenses	Variable Rate Debt Service	Floating Swap Payment	Refunding Net Cash Flow	Savings
6/30/2004	$ 4,445,075	$ 3,917,990	$ 168,135	$ 645,852	$ (473,291)	$ 4,258,686	$ 186,389
6/30/2005	4,445,075	3,863,067	244,783	1,539,750	(1,213,882)	4,433,718	11,357
6/30/2006	4,445,075	3,866,968	244,280	2,562,649	(2,442,342)	4,231,555	213,520
6/30/2007	4,445,075	3,870,011	236,975	3,143,145	(3,069,040)	4,181,091	263,984
Totals	**$ 17,780,300**	**$ 15,518,036**	**$ 894,172**	**$ 7,891,396**	**$ (7,198,555)**	**$ 17,105,049**	**$ 675,251**

Projected Savings Cash Flow

Date	Prior Debt Service	Refunding Debt Service	Refunding Expenses	Variable Rate Debt Service*	Variable Rate Swap Payment*	Refunding Net Cash Flow	Savings
6/30/2004	$ 4,445,075	$ 3,917,466	$ 189,301	$ -	$ -	$ 4,106,767	$ 338,308
6/30/2005	4,445,075	3,863,067	242,539	-	-	4,105,605	339,470
6/30/2006	4,445,075	3,866,968	242,281	-	-	4,109,249	335,826
6/30/2007	4,445,075	3,870,011	239,985			4,109,996	335,079
Totals	**$ 17,780,300**	**$ 15,517,511**	**$ 914,106**	**$ -**	**$ -**	**$ 16,431,617**	**$ 1,348,683**

* assumption these would net to zero

Resources

- **LIBOR Rates**
  - **http://www.bba.org.uk**
- **SIFMA Rates**
  - **http://archives1.sifma.org/swapdata.html**
- **Review swap confirm**
- **Payment Terms**
  - **Weekly vs. Monthly**

Managing Ongoing Responsibilities

Questions?