TO:	Board of Directors ABAG Comp Shared Risk Pool	DT:	March 27, 2009
FM:	Herbert Pike Chief Financial Officer	RE:	Financial & Investment Reports—December 31, 2008

We are happy to present the December 31 mid-year financial and investment reports.

Overview of Financial Reports—December 31, 2008

As of December 31, total assets were about $3.24 million and total fund equity was $2.81 million (page 3). Administrative expenses were roughly $37 thousand or 26.4% of budget (page 4). Administrative expenses were low at mid-year because members of the pool have not yet started to spend the $40 thousand budgeted loss prevention program (see description below). Claim payments were also very favorable for the first six months, amounting to approximately $31 thousand or 26.2% of budget (page 5).

The $103 thousand fund balance as of June 30, 2008 in the Administration Fund (page 3) is the result of surpluses accumulated over the past several years. The Board approved a plan to use $40,000 of this fund balance to pay for loss prevention training during FY 08-09 with a budget of $10,000 per member jurisdiction.

Summary of Investment Performance-December 31, 2008 ($'000)

Total book value (pages 6 & 8)	$2,660
Total market value (pages 6 & 8)	$2,689
Overall average yield (pages 6 & 8)	4.47%
Benchmark yield—12-month average yield of 2-year Treasury note	1.80%
Average maturity (page 7)	4.0 years
Average duration (page 7)	1.4 years
Target duration range	1.98 to 2.68 years **

Rating of securities in portfolio (page 8)
All federal agency securities were AAA rated
All corporate notes are AA rated

** Within 15 % of the duration of claims liability as of 6/30/08—2.33 years

Investment Activities in the Last Quarter

One $300,000 Federal Home Loan Bank note that had been in the pool's portfolio since 2007 was called in November. During the last quarter, market interest rates plummeted due to the economic downturn. In staff's opinion, LAIF appears to be an appropriate liquid investment option to wait out this period of low market yields.

Expected Investment Activities in the Next Quarter
For the reason stated above, we expect LAIF balance to increase somewhat. As securities mature, we will continue to look for the most prudent re-investments under prevailing market conditions and within the pool's investment policy.

Compliance with Investment Policy
The investment portfolio is in compliance with the pool's investment policy as of December 31, 2008.

The fact that we do not have scheduled maturities between 2 to 4 years does not reflect a concern in liquidity (page 7). As of December 31, the average portfolio duration of 1.4 is below the 1.98 lower position of the target duration range. Due to the low market yield curve as discussed above, recent maturities have been reinvested in LAIF. We do strive to stagger maturities while achieving the best overall yield for the portfolio, with some exceptions as in the current market, it is prudent to keep the portfolio liquid and wait for interest rates to increase. We will consistently maintain an adequate liquidity position by keeping our investment in LAIF at a safe level. With a $357 thousand balance in LAIF as of December 31, there should be sufficient liquidity for SHARP's foreseeable needs.

BALANCE SHEET

ABAG COMP SHARED RISK POOL
Period: DEC-08

	Total	*Administration Fund*	*Trust Fund*
ASSETS			
CASH IN BANK	473,854.66	35,286.88	438,567.78
LOCAL AGENCY INVEST. FUND	356,769.00	75,000.00	281,769.00
CASH DEPOSITED AT CLAIMS ADMINIST	20,000.00	0.00	20,000.00
INVESTMENTS IN SECURITIES	2,300,000.00	0.00	2,300,000.00
PREMIUM ON SECURITIES	4,169.43	0.00	4,169.43
NET INVESTMENTS IN SECURITIES	2,304,169.43	0.00	2,304,169.43
ACCT. REC. PREMIUMS	48,410.02	5,552.63	42,857.39
ACCR. INT. REC. LAIF	2,276.83	0.00	2,276.83
ACCR. INT. REC. SECURITIES	33,096.10	0.00	33,096.10
TOTAL ASSETS	3,238,576.04	115,839.51	3,122,736.53
LIABILITIES			
ACCOUNTS PAYABLE	34,077.44	5,249.10	28,828.34
CLAIMS RESERVE	401,000.00	0.00	401,000.00
CLAIMS RESERVE AT MONTH-END	401,000.00	0.00	401,000.00
UNEARNED PREMIUM REVENUES	(0.02)	(0.01)	(0.01)
TOTAL LIABILITIES	435,077.42	5,249.09	429,828.33
FUND EQUITY			
GENERAL EQUITY			
RETAINED EARNINGS	2,661,777.29	102,762.31	2,559,014.98
CURRENT YEAR SURPLUS/(DEFICIT)	141,721.33	7,828.11	133,893.22
TOTAL GENERAL EQUITY	2,803,498.62	110,590.42	2,692,908.20
TOTAL FUND EQUITY	2,803,498.62	110,590.42	2,692,908.20
TOTAL LIABILITIES AND FUND EQUITY	3,238,576.04	115,839.51	3,122,736.53

INCOME STATEMENT

ABAG Comp Shared Risk Pool - Administrative Fund
Period: DEC-08 Currency: USD

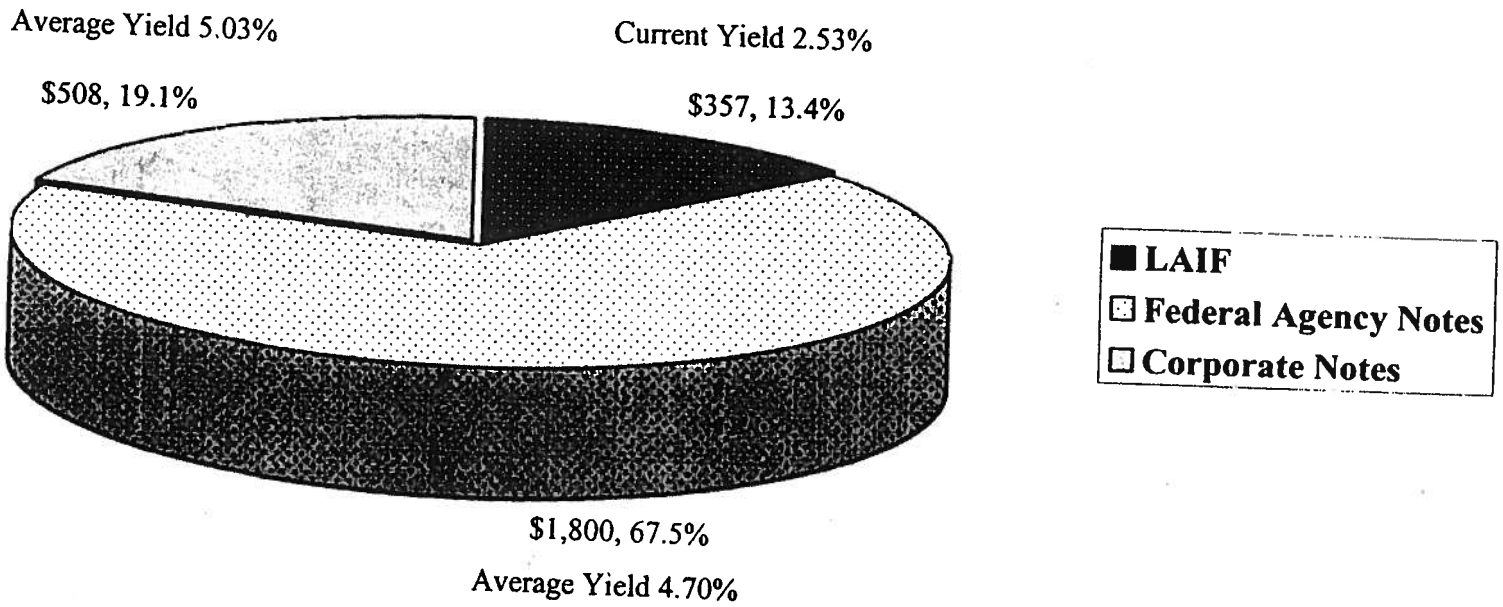
	FY Budget	*Actual Current Month*	*Actual Year-to-date*	*% of Budget*	*Budget Balance*
REVENUES					
EARNED PREMIUM	87,541.00	6,753.51	43,771.05	50.00%	43,769.95
OTHER REVENUES	1,300.00	650.00	650.00	50.00%	650.00
TOTAL REVENUES	88,841.00	7,403.51	44,421.05	50.00%	44,419.95
EXPENSES					
DIRECT LABOR					
PERSONNEL COSTS	61,366.00	5,249.10	27,752.21	45.22 %	33,613.79
TOTAL PERSONNEL COSTS	61,366.00	5,249.10	27,752.21	45.22 %	33,613.79
CONSULTANT SERVICES					
TECHNICAL CONSULTANT FEES	500.00	0.00	186.10	37.22 %	313.90
CLAIMS CONSULTANTS	18,230.00	0.00	6,499.98	35.66 %	11,730.02
ACTUARIAL CONSULTANTS	9,800.00	0.00	2,000.00	20.41 %	7,800.00
AUDIT FEES FINANCIAL	6,600.00	0.00	0.00	0.00 %	6,600.00
TOTAL CONSULTANT SERVICES	35,130.00	0.00	8,686.08	24.73 %	26,443.92
OTHER DIRECT CHARGES					
TRAVEL	125.00	0.00	0.00	0.00 %	125.00
PRINTING IN-HOUSE	100.00	0.00	0.00	0.00 %	100.00
CONFERENCES & SEMINARS	420.00	0.00	0.00	0.00 %	420.00
SUBSCRIPTIONS & MEMBERSHIPS	1,300.00	0.00	154.65	11.90 %	1,145.35
POSTAGE	100.00	0.00	0.00	0.00 %	100.00
STAFF TRAINING & DEVELOPMENT	40,000.00	0.00	0.00	0.00 %	40,000.00
MISCELLANEOUS	300.00	0.00	0.00	0.00 %	300.00
TOTAL OTHER DIRECT CHARGES	42,345.00	0.00	154.65	0.37 %	42,190.35
TOTAL EXPENSES	138,841.00	5,249.10	36,592.94	26.36 %	102,248.06
SURPLUS/(DEFICIT)	(50,000.00)	2,154.41	7,828.11	15.66 %	(57,828.11)

INCOME STATEMENT

ABAG Comp Shared Risk Pool - Trust Fund
Period: DEC-08 Currency: USD

	FY Budget	*Actual Current Month*	*Actual Year-to-date*	*% of Budget*	*Budget Balance*
REVENUES					
EARNED PREMIUM	412,053.00	34,337.75	206,026.49	50.00%	206,026.51
INVESTMENT INCOME (INCL. LAIF)	96,000.00	10,152.03	64,419.77	67.10%	31,580.23
INTEREST INCOME	1,500.00	649.22	1,747.16	116.48%	(247.16)
TOTAL REVENUES	509,553.00	45,139.00	272,193.42	53.42%	237,359.58
EXPENSES					
OPERATING EXPENSES					
CLAIMS BELOW DEDUCTIBLE	120,000.00	4,032.44	31,405.20	26.17 %	88,594.80
ADJ. TO CLAIMS RESERVE	100,000.00	0.00	0.00	0.00 %	100,000.00
OTHER DIRECT CHARGES					
EXCESS WORKERS' COMP INSUR.	106,895.00	0.00	106,895.00	100.00 %	0.00
TOTAL OTHER DIRECT CHARGE	106,895.00	0.00	106,895.00	100.00 %	0.00
TOTAL EXPENSES	326,895.00	4,032.44	138,300.20	42.31 %	188,594.80
SURPLUS/(DEFICIT)	182,658.00	41,106.56	133,893.22	73.30%	48,764.78

ABAG Comp Shared Risk Pool
Investment Portfolio Summary ($'000)
As of December 31, 2008



Total Book Value $2,660 (Market Value $2,689)

Overall Average Yield 4.47%

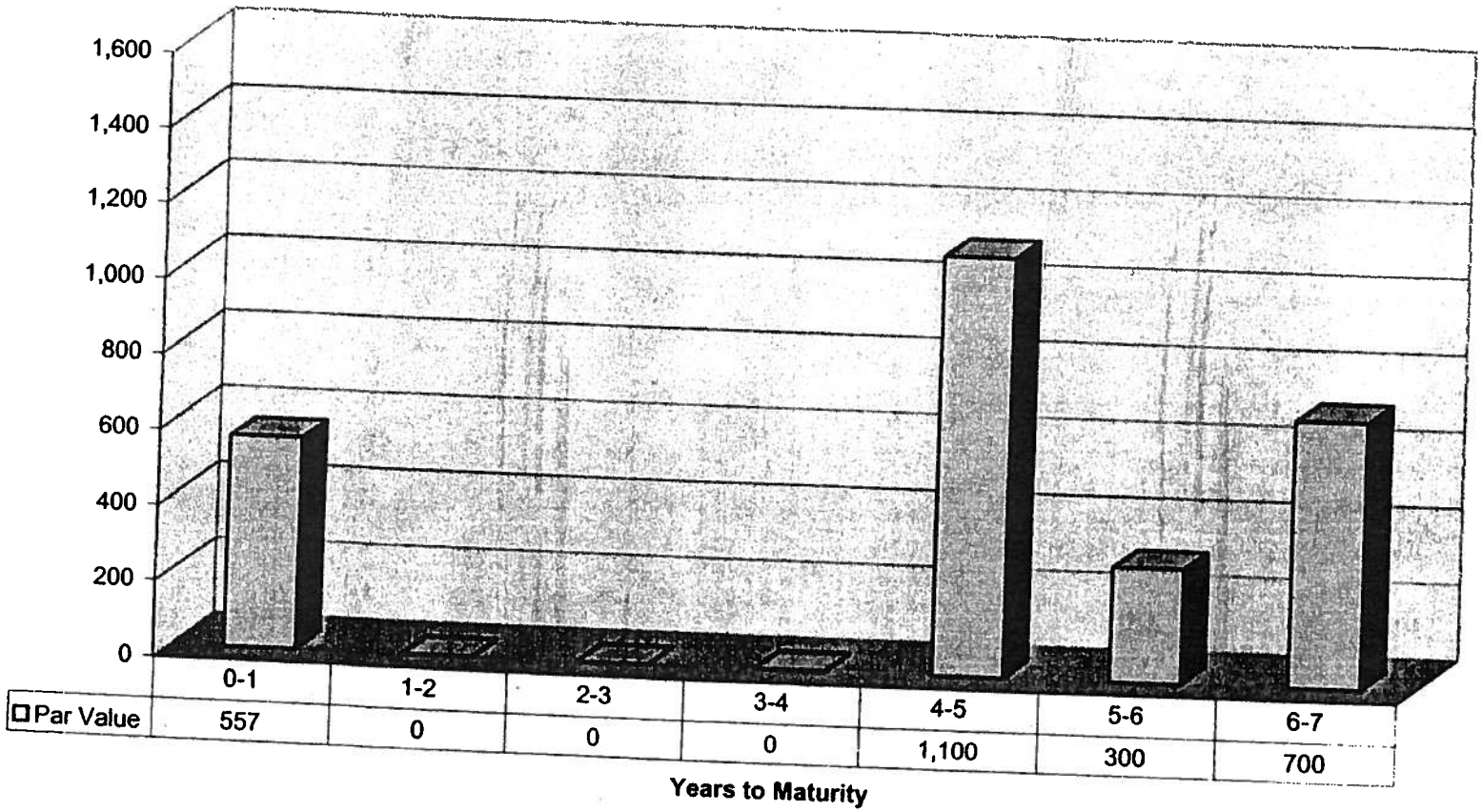
ABAG Comp Shared Risk Pool

Maturing Investments ($'000)

As of December 31, 2008

Average Maturity: 4.0 Years

Average Duration: 1.4 Years



ABAG COMP Shared Risk Pool
Portfolio Management
Portfolio Details - Investments
December 31, 2008

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
Local Agency Investment Funds												
LAIF	LAIF	LAIF			356,769.00	356,769.00	356,769.00	2.353		2.321	1	
		Subtotal and Average	**356,769.00**		**356,769.00**	**356,769.00**	**356,769.00**			**2.321**	**1**	
Federal Agency Issues - Coupon												
3133XAQP5	FAC13	FEDERAL HOME LOAN BANK		02/23/2005	200,000.00	201,297.80	200,000.00	4.050	Aaa	3.995	53	02/23/2009
3133XRRN2	FAC27	FEDERAL HOME LOAN BANK		07/22/2008	200,000.00	203,672.80	200,000.00	4.900	Aaa	4.833	1,663	07/22/2013
31331Y7B0	FAC28	FEDERAL FARM CREDIT BANK		08/26/2008	400,000.00	418,246.40	400,000.00	4.500	Aaa	4.438	1,698	08/26/2013
3133XKAGO	FAC21	FEDERAL HOME LOAN BANK		03/27/2007	300,000.00	302,759.40	300,000.00	5.375	Aaa	5.301	1,911	03/27/2014
31331X6P2	FAC23	FEDERAL FARM CREDIT BANK		10/15/2007	300,000.00	316,693.20	300,000.00	5.230	Aaa	5.158	2,113	10/15/2014
3133XP-5F-7	FAC25	FEDERAL HOME LOAN BANK		02/06/2008	200,000.00	200,630.20	200,000.00	4.550	Aaa	4.488	2,227	02/06/2015
3133XPKW3	FAC26	FEDERAL HOME LOAN BANK		02/20/2008	200,000.00	200,826.40	200,175.28	4.500	Aaa	4.422	2,241	02/20/2015
		Subtotal and Average	**1,800,176.46**		**1,800,000.00**	**1,844,126.20**	**1,800,175.28**			**4.700**	**1,735**	
Corporate Note-Coupons												
949746NW7	CNC05	Well Fargo Corp		07/01/2008	250,000.00	252,180.00	252,099.75	5.250	Aa	4.927	1,391	10/23/2012
74254PYE6	CNC04	Principal Life Inc PFG		07/01/2008	250,000.00	235,487.50	250,924.43	5.300	Aa	5.125	1,574	04/24/2013
		Subtotal and Average	**503,055.63**		**500,000.00**	**487,667.50**	**503,024.18**			**5.026**	**1,482**	
		Total and Average	**2,660,001.09**		**2,656,769.00**	**2,688,562.70**	**2,659,968.46**			**4.443**	**1,455**	

ABAG COMP Shared Risk Pool
Investments by All Types
Active Investments
December 31, 2008

CUSIP	Investment #	Fund	Issuer	Par Value	Purchase Price	Book Value	Current Rate	Maturity Date	Call Date	Call Price
Local Agency Investment Funds										
LAIF	LAIF		LAIF	356,769.00	100.0000000	356,769.00	2.353			
			Subtotal	**356,769.00**		**356,769.00**				
Federal Agency Issues - Coupon										
3133XAQP5	FAC13		FEDERAL HOME LOAN BANK	200,000.00	100.0000000	200,000.00	4.050	02/23/2009		
3133XRRN2	FAC27		FEDERAL HOME LOAN BANK	200,000.00	100.0000000	200,000.00	4.900	07/22/2013	07/22/2009	100.0000000
31331Y7B0	FAC28		FEDERAL FARM CREDIT BANK	400,000.00	100.0000000	400,000.00	4.500	08/26/2013	08/26/2010	100.0000000
3133XKAGO	FAC21		FEDERAL HOME LOAN BANK	300,000.00	100.0000000	300,000.00	5.375	03/27/2014	03/27/2009	100.0000000
31331X6P2	FAC23		FEDERAL FARM CREDIT BANK	300,000.00	100.0000000	300,000.00	5.230	10/15/2014	10/15/2010	100.0000000
3133XP-5F-7	FAC25		FEDERAL HOME LOAN BANK	200,000.00	100.0000000	200,000.00	4.550	02/06/2015	02/06/2009	100.0000000
3133XPKW3	FAC26		FEDERAL HOME LOAN BANK	200,000.00	100.1000000	200,175.28	4.500	02/20/2015	02/20/2009	100.0000000
			Subtotal	**1,800,000.00**		**1,800,175.28**				
Corporate Note-Coupons										
949746NW7	CNC05		Well Fargo Corp	250,000.00	100.9510000	252,099.75	5.250	10/23/2012		
74254PYE6	CNC04		Principal Life Inc PFG	250,000.00	100.4130000	250,924.43	5.300	04/24/2013		
			Subtotal	**500,000.00**		**503,024.18**				
			Total	**2,656,769.00**		**2,659,968.46**				