

**PUBLIC ENTITY JOINT INSURANCE FUND
MEETING MINUTES**

September 26, 2017

NIP Conference Center – 900 Route 9 North Woodbridge, NJ at 10:00am

MEETING OF THE PUBLIC ENTITY JOINT INSURANCE FUND CALLED TO ORDER AT 10:08AM.

OPEN PUBLIC MEETING ACT STATEMENT READ INTO RECORD

PLEDGE OF ALLEGIANCE

ROLL CALL OF FUND COMMISSIONERS -

Naiima Horsley-Fauntleroy – City of East Orange – Late
Chris Hartwyk – City of Orange
Ricardo Fernandez – City of Passaic
Maria Rivera – City of Perth Amboy
Kheesha Walls – City of Plainfield - Absent
David Brown – Borough of Roselle
William Broughton – Township of Teaneck
Jamie Cryan – Town of West New York

APPROVAL OF MINUTES OF July 25, 2017 Meeting

MOTION: Commr. Brown
SECOND: Commr. Broughton
ABSTAIN: Commr. Brown

ADOPTION OF RESOLUTIONS

- **Resolution 27-17 – Approving Certain Disbursements – \$549,716.82**
- **Resolution 28-17 – Approving Claims Payments - \$1,137,835.26**

MOTION: Commr. Hartwyk
SECOND: Commr. Broughton

VOTE: ROLL CALL

Naiima Horsley-Fauntleroy – City of Orange - Absent
Chris Hartwyk – City of Orange
Ricardo Fernandez – City of Passaic
Maria Rivera – City of Perth Amboy
Kheesha Walls – City of Plainfield - Absent
David Brown – Borough of Roselle
William Broughton – Township of Teaneck
Jamie Cryan – Town of West New York

EXECUTIVE DIRECTOR REPORT – J. Hall (NIP Group)

- **Actuarial Report Status** – Mr. Hall reported that the mid-year reserve study is being finalized this week.
- **Fast Track Status** - Mr. Hall advised that the revised June, July and August FastTrack reports will be released as soon as the results of the mid-year reserve study have been incorporated into the financials.
- **2018 Requests for Proposals** - Mr. Hall reported that the 2018 RFQs and RFPs will be posted immediately following the JIF meetings for the following positions: Actuary, Attorney, Auditor, Governmental Affairs Advisor, Investment Advisor, and Treasurer.
- **New Jersey League of Municipalities** – Mr. Hall announced that the Fund Administrator will be hosting a Cocktail Reception on Wednesday, 11/15 from 5-7pm at The Continental, located at The Playground (across the boardwalk from Caesars). E-mail invitations will be distributed shortly.

TREASURER’S REPORT – P. DeBlasio

- Mr. DeBlasio reported that monthly financial report and cash management account has been reviewed. He advised that the Fund has met all outstanding obligations and its financial position is secure. There were no questions.

UNDERWRITING REPORT – Robert Smith (NIP Group)

- **Renewal Follow-up** - Metrics of current submissions. Reminder that UST and Site is a separate placement and cannot be bound without proper submission.
- **Excess Renewal Update** – Currently working with BGIA to negotiate enhanced coverage with our excess partners. Information needed on towns who own drones. A poll will be sent out prior to the next meeting to determine the need.
- **Website Update** – Currently in quality assurance on new site. Upon completion, an email announcement will be sent to all.

SAFETY REPORT – Anthony Ven Graitis (NIP Group)

- **Introduction of Keith Skeba – Senior Risk Control Analyst** - Keith is joining the PEJIF risk control team. He is an accomplished safety/risk management professional with extensive experience in the insurance industry, offering a wealth of EHS safety knowledge and training excellence; credentials include a Master’s Degree in Safety & Environmental Management and a proven track record of success.
- **Police Committee Recap** - The Member Police Departments and their leadership attended the Police Roundtable held at Union Township Senior Center on August 24, 2017. Agenda included Class III Special Officers – Best Practices to comply with NJ new regulations, Narrative Report Writing – Sharing of report specifics can compromise your Agency, and Managing Your Video Data from BWC and MVR – will it be you or opposing Counsel? Guest speakers included Chief Denis Connell (ret) Clark Police Department, JIF Law Enforcement expert, and Chief Jonathan Parham – Linden Police Department.

- **Snow Plow Rodeo** - Risk Control is scheduling a Snow Plow Rodeo where public works employees will be challenged to show off their snow plow driving skills in a timed driving event and marked course. This fun challenge will not only recognize public employees' efforts but also allow an opportunity for employees to compete against peers in different challenges.
- **Cell Phone Distractions/Distracted Driving** - The use of cell phones while working can pose a dangerous threat to employee safety, especially when used in conjunction while operating any vehicles, working around heavy machinery, or working around any dangerous machinery/equipment. New Jersey legislatures have passed a law titled New Jersey Cell Phone Law 39:4-97.3 to address this problem. A bulletin will be issued to all members of the PEJIF highlighting the risks and promoting online distracted driver training.
- **Wellness** - The next PEJIF wellness challenge will begin in early November, Maintain, Don't Gain! On average, Americans will gain 5-10 pounds during the holiday season (Thanksgiving until New Year's Day). The "Maintain, Don't Gain!" holiday challenge is an 8-week program that will encourage employees to maintain their weight through education on nutrition and fitness. Employees will weigh-in at the beginning of the program and weigh-out at the end. Participants who maintain their weight will win a prize.
- **Stewardship Reports** - Stewardship reports will be completed for all members in October and shared at safety committee meetings and with administrators/risk managers.
- **Severe Weather Discussion** - with storms battering Texas, Florida, Puerto Rico and the Caribbean, risk control reminds all members to be vigilant and maintain/update/practice emergency response plans as storms in the fall have impacted the area in the recent past, including Irene, a crippling ice storm and Superstorm Sandy.

CLAIMS REPORT – C. Cyriax (NIP Group)

- **Key Performance Indicators of Claims Activity** –Conrad Cyriax provided the Commissioners with the Claims Report. Key performance indicators of Claims Department activity were fully discussed including the number of new claims received and the sum of claims closed during the preceding month. Frequency trends affecting the Fund were discussed as well as other critical measurements of Claims Department activity such as closing ratio.
- **Discussion of NJ Supreme Court case, Jones v. Morey's Pier, Inc.** - Jim Renner provided a brief overview of the Jones v. Morey's Pier case which allows for the dismissal of claims when the third-party public entity was not served with a Tort Claim Notice within 90 days of the accident date.

NEW BUSINESS

OPEN FORUM

MOTION TO ADJOURN

Chairman Fernandez made a motion to adjourn the meeting at 11:19am and Alternate Commissioner Rivera seconded the motion. Motion carried unanimously.

Prepared by M. Delgado

Madeline Delgado

Ricardo Fernandez

ALSO PRESENT:

Madeline Delgado – NIP
Robert Persico – NIP
James Renner – NIP
Kathy Martin – City of Passaic
Kathleen Guze –D & H
Gail White – Scirocco
Jonathan Hall – NIP
Patrick DeBlasio – Treasurer
Michael O’Connell – PQA
Brian Erlandsen – BGIA
Robert Smith – NIP
George Crosby – BGIA
David Springer - NIP
Conrad Cyriax – NIP
Anthony Ven Graitis – NIP
Keith Skeba – NIP
Frank Kelly – BGIA
Peter Soriero – Allied Risk Management
Nancy Fowlkes – Inservco
Steve Daveggia – NIP
Zach Edelman – Fairview Insurance
Patti Fahy – Reliance
Monette Galello – CRC

October 24, 2017



MEMO TO: INSURANCE FUND CHAIRMAN FERNANDEZ

FROM: PATRICK J. DEBLASIO, CPA, CMFO, CGFM, -FUND TREASURER

Please be advised that the following is an update of the status of the Public Entity Joint Insurance Fund:

		August <u>2017</u>	September <u>2017</u>
Beginning Cash Balance	Operating Account-Bank of America	\$ 834,183.58	\$ 990,047.63
	Claims Fiduciary Account-Bank of America	8,254.19	8,254.19
	Claims-TD Bank	8,972.22	8,807.30
	Custodial-Investments	235,611.32	204,112.75
	Total Balance	\$ 1,087,021.31	\$ 1,211,221.87
 Receipts:			
	Operating Account-Bank of America	\$ 448,514.40	\$ 149,205.84
	D&H Claims Fiduciary Account-Bank of America	276,930.97	228,729.71
	Claims-TD Bank	14,796.23	7,908.98
	Custodial-Deposits and Interest Income		
Total Receipts		\$ 740,241.60	\$ 385,844.53
 Disbursements:			
	Operating Account-Bank of America	\$ (292,650.35)	\$ (787,166.11)
	D&H Claims Fiduciary Account-Bank of America	(276,930.97)	(321,589.62)
	Claims-TD Bank	(14,961.15)	(8,076.91)
	Custodial-Investments	(31,498.57)	(199,629.76)
Total Disbursements		\$ (616,041.04)	\$ (1,316,462.40)
Ending Cash Balance	Operating Account-Bank of America	\$ 990,047.63	\$ 352,087.36
	Claims Fiduciary Account-Bank of America	8,254.19	(84,605.72)
	Claims-TD Bank	8,807.30	8,639.37
	Custodial-Investments	204,112.75	4,482.99
		-	-
Total Cash Account Balance		\$ 1,211,221.87	\$ 280,604.00
 Beginning Investment Balance			
		\$ 4,378,646.23	\$ 4,415,386.61
	Change in Accrued Income	750.33	2,216.48
	Change in Unrealized gain	1,781.73	(2,304.83)
	Income Received	2,792.45	42.12
	Realized Gain/Loss		
	Transfer to/From Custodial Account	31,415.87	199,629.76
Total Investment Account		\$ 4,415,386.61	\$ 4,614,970.14
Ending Cash and Investment Balance		\$ 5,626,608.48	\$ 4,895,574.14



BANK RECONCILIATION

ACCT.NAME TD Bank
 BANK/ACCT# Claims Acct - XXXXXX
 From To
 DATE 09/01/17 09/30/17

BOOK BALANCE AS OF	09/01/17 \$	8,807.30
ADD DEPOSITS (PER BANK LEDGER)		7,908.98
SUBTRACT: DISBURSEMENTS (PER BANK LEDGER)		8,076.91
BOOK BALANCE AS OF	09/30/17 \$	8,639.37

BALANCE PER BANK STATEMENT 09/30/17 \$9,813.19

ADD: DEPOSIT IN TRANSIT
 DATE AMOUNT
 1/31/2017

TOTAL 0.00 0.00

SUBTRACT: CHECKS OUTSTANDING

DATE CHECK# AMOUNT
 Various list 1,173.82

TOTAL 1,173.82 (1,173.82)

LIST ITEMS IN LEDGER NOT ON STATEMENT

DATE AMOUNT

TOTAL \$ - 0.00

LIST ITEMS ON STATEMENT NOT IN LEDGER

DATE AMOUNT

TOTAL - 0.00

ADJUSTED BANK BALANCE(BOOK BAL)AS OF 09/30/17 8,639.37

Difference 0.00

PREPARED BY Patrick J. DeBlasio, CPA REVIEWED BY Mary Foulks



**Public Entity Joint Insurance Fund
Statement of Operations By Fund Year
As of August 31, 2017**

	YTD 2017	Year Ended 2016	Year Ended 2015	Year Ended 2014	Fund Balance
Underwriting Income	4,517,978	6,196,152	5,732,599	3,943,511	20,390,240
Loss Contingency Fund	104,115.79	151,814	131,528	69,398	456,856
Underwriting Income	4,622,094	6,347,966	5,864,126	4,012,909	20,847,095
Claim Expenses					
Losses	671,956	1,142,347	2,983,462	1,673,199	6,470,965
Loss Adjustment Expenses	102,872	151,291	779,555	104,250	1,137,968
IBNR	1,427,201	1,227,765	150,316	392,210	3,197,492
EPL Deductible & Co-Insurance	(5,500)	-	(163,352)	(114,843)	(283,695)
Excess Recoveries	(152,491)	(342,237)	(749,981)	-	(1,244,710)
WC	-	-	(410,181)	-	(410,181)
GL	-	-	(45,252)	-	(45,252)
LEL	-	-	-	-	-
AL	-	-	-	-	-
Property	(152,491)	(342,237)	-	-	(494,728)
EPL/POL	-	-	(294,548)	-	(294,548)
Corridor Retention Endorsement	-	-	-	-	-
All Lines Aggregate Stop	-	-	-	-	-
Total Claim Expense	2,044,038	2,179,166	3,000,000	2,054,816	9,278,020
Expenses					
Excess Premiums	1,851,033	2,618,761	2,424,689	1,538,932	8,433,414
General Administrative Expenses	1,135,831	1,536,294	1,469,005	1,005,562	5,146,691
Total Expenses	2,986,864	4,155,055	3,893,693	2,544,494	13,580,105
Underwriting Profit/(Loss)	(408,808)	13,746	(1,029,567)	(586,401)	(2,011,030)
Net Realized/Unrealized Gains/(Losses)	(220)	2,442	(5,070)	(5,077)	(7,925)
Interest Income	8,214	23,270	12,357	13,583	57,424
Net Investment Income	7,994	25,712	7,286	8,507	49,499
Statutory Surplus (Deficit)	(400,814)	39,458	(1,022,281)	(577,895)	(1,961,531)
at 12/31/2016	-	75,258	(1,023,659)	(877,014)	(1,825,414)
Variance	(400,814)	(35,800)	1,378	299,119	(136,117)
at Previous Month	(372,527)	37,247	(1,022,391)	(578,097)	(1,935,768)
Variance	(28,287)	2,211	110	202	(25,763)

Note 1 : Ultimate losses based upon the 2017 mid-year reserve study.

Note 2: Fund years 2014-2017 include an aggregate stop loss protection to cap losses at \$2.7m in 2014, \$3.0m in 2015, \$2.897 in 2016, and \$3.175M in

Overall Statistics

Total Members	8	8	7	6	
Total Claims	799	1,201	1,337	917	4,254
Total Open Claims	289	180	159	70	698
Total Case Reserve Per Claim	1,086	2,287	7,034	9,499	3,595
Net Loss Ratio**	40.3%	49.6%	181.0%	116.9%	97.2%

* 2016 year data is annualized based on current trends

** Net loss ratios exclusive of IBNR.



**Public Entity Joint Insurance Fund
Statement of Operations By Fund Year
As of July 31, 2017**

	YTD 2017	Year Ended 2016	Year Ended 2015	Year Ended 2014	Fund Balance
Underwriting Income	3,953,231	6,196,152	5,732,599	3,943,511	19,825,492
Loss Contingency Fund	91,101.31	151,814	131,528	69,398	443,841
Underwriting Income	4,044,332	6,347,966	5,864,126	4,012,909	20,269,333
Claim Expenses					
Losses	647,460	1,059,043	2,918,813	1,740,871	6,366,186
Loss Adjustment Expenses	89,288	147,019	759,919	108,233	1,104,459
IBNR	1,229,873	1,315,341	214,471	320,556	3,080,241
EPL Deductible & Co-Insurance	(5,500)	-	(162,871)	(114,843)	(283,213)
Excess Recoveries	(152,491)	(342,237)	(730,333)	-	(1,225,061)
WC	-	-	(408,692)	-	(408,692)
GL	-	-	(38,300)	-	(38,300)
LEL	-	-	-	-	-
AL	-	-	-	-	-
Property	(152,491)	(342,237)	-	-	(494,728)
EPL/POL	-	-	(283,341)	-	(283,341)
Corridor Retention Endorsement	-	-	-	-	-
All Lines Aggregate Stop	-	-	-	-	-
Total Claim Expense	1,808,629	2,179,166	3,000,000	2,054,816	9,042,611
Expenses					
Excess Premiums	1,619,654	2,618,761	2,424,689	1,538,932	8,202,035
General Administrative Expenses	993,852	1,536,294	1,469,005	1,005,562	5,004,712
Total Expenses	2,613,506	4,155,055	3,893,693	2,544,494	13,206,748
Underwriting Profit/(Loss)	(377,803)	13,746	(1,029,567)	(586,401)	(1,980,025)
Net Realized/Unrealized Gains/(Losses)	(720)	1,664	(5,212)	(5,357)	(9,624)
Interest Income	5,995	21,837	12,388	13,661	53,881
Net Investment Income	5,275	23,501	7,176	8,305	44,257
Statutory Surplus (Deficit)	(372,527)	37,247	(1,022,391)	(578,097)	(1,935,768)
at 12/31/2016	-	75,258	(1,023,659)	(877,014)	(1,825,414)
Variance	(372,527)	(38,012)	1,268	298,917	(110,353)
at Previous Month	(325,843)	35,092	(1,022,680)	(578,825)	(1,892,255)
Variance	(46,684)	2,155	289	728	(43,512)

Note 1 : Ultimate losses based upon the 2017 mid-year reserve study.

Note 2: Fund years 2014-2017 include an aggregate stop loss protection to cap losses at \$2.7m in 2014, \$3.0m in 2015, \$2.897 in 2016, and \$3.175M in

Overall Statistics

Total Members	8	8	7	6	
Total Claims	703	1,201	1,338	917	4,159
Total Open Claims	278	189	164	79	710
Total Case Reserve Per Claim	1,074	1,863	6,732	10,606	3,652
Net Loss Ratio**	43.2%	45.3%	176.8%	121.9%	98.1%

* 2016 year data is annualized based on current trends

** Net loss ratios exclusive of IBNR.

**Public Entity Joint Insurance Fund
Statement of Operations By Fund Year
As of June 30, 2017**



	YTD 2017	Year Ended 2016	Year Ended 2015	Year Ended 2014	Fund Balance
Underwriting Income	3,388,484	6,196,152	5,732,599	3,943,511	19,260,745
Loss Contingency Fund	78,086.84	151,814	131,528	69,398	430,827
Underwriting Income	3,466,570	6,347,966	5,864,126	4,012,909	19,691,572
Claim Expenses					
Losses	585,186	1,045,973	2,913,884	1,677,677	6,222,720
Loss Adjustment Expenses	84,747	147,296	756,226	104,767	1,093,036
IBNR	1,043,692	1,327,133	221,524	387,215	2,979,564
EPL Deductible & Co-Insurance	(5,500)	-	(162,871)	(114,843)	(283,213)
Excess Recoveries	(152,491)	(341,237)	(728,763)	-	(1,222,491)
WC	-	-	(407,122)	-	(407,122)
GL	-	-	(38,300)	-	(38,300)
LEL	-	-	-	-	-
AL	-	-	-	-	-
Property	(152,491)	(341,237)	-	-	(493,728)
EPL/POL	-	-	(283,341)	-	(283,341)
Corridor Retention Endorsement	-	-	-	-	-
All Lines Aggregate Stop	-	-	-	-	-
Total Claim Expense	1,555,634	2,179,166	3,000,000	2,054,816	8,789,616
Expenses					
Excess Premiums	1,388,275	2,618,761	2,424,689	1,538,932	7,970,656
General Administrative Expenses	851,873	1,536,294	1,469,005	1,005,562	4,862,734
Total Expenses	2,240,148	4,155,055	3,893,693	2,544,494	12,833,390
Underwriting Profit/(Loss)	(329,211)	13,746	(1,029,567)	(586,401)	(1,931,434)
Net Realized/Unrealized Gains/(Losses)	(1,242)	667	(5,413)	(5,697)	(11,685)
Interest Income	4,611	20,679	12,300	13,273	50,863
Net Investment Income	3,368	21,346	6,887	7,576	39,178
Statutory Surplus (Deficit)	(325,843)	35,092	(1,022,680)	(578,825)	(1,892,255)
at 12/31/2016	-	75,258	(1,023,659)	(877,014)	(1,825,414)
Variance	(325,843)	(40,166)	979	298,189	(66,841)
at Previous Month	(82,682)	80,111	(1,022,719)	(875,344)	(1,900,635)
Variance	(243,160)	(45,019)	40	296,519	8,380

Note 1 : Ultimate losses based upon the 2017 mid-year reserve study.

Note 2: Fund years 2014-2017 include an aggregate stop loss protection to cap losses at \$2.7m in 2014, \$3.0m in 2015, \$2.897 in 2016, and \$3.175M

Overall Statistics

Total Members	8	8	7	6	
Total Claims	593	1,198	1,338	917	4,046
Total Open Claims	244	195	164	78	681
Total Case Reserve Per Claim	1,288	1,821	6,856	9,970	3,776
Net Loss Ratio**	44.6%	44.7%	176.5%	117.2%	98.6%

* 2016 year data is annualized based on current trends

** Net loss ratios exclusive of IBNR.



RESOLUTION NO. 29-17

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter the “FUND”)

APPROVING CERTAIN DISBURSEMENTS

WHEREAS, the Bylaws of the FUND require that the Board of Commissioners approve all disbursements by a majority vote, and

WHEREAS, the attached bill of items sets forth certain bills or demands for monies;

NOW, THEREFORE BE IT RESOLVED, by the FUND’s Board of Fund Commissioners that the attached bill of items totaling **\$3,069.26** is approved for payment.

Adopted: *this day by the Board of Fund Commissioners*

Chairman

Date

October 24th, 2017

Secretary

Date

October 24th, 2017

OCTOBER 24 2017- PEJIF Commissioners Meeting Bills List

Date: 10.01.17
 Bills List #: 42



<u>PAY TO</u>	<u>DESCRIPTION</u>	<u>Check #/WT</u>	<u>Invoice Amt.</u>
Patrick DeBlasio	Fund Treasurer October 2017	#443	\$ 500.00
Princeton Public Affairs	inv# 7176 - Governmental Affairs for October	#444	\$ 416.67
Pringle Quinn Anzano	inv#41196 October Fund Attorney	#445	\$ 527.00
Café on Nine	Catering for PEJIF meeting	#446	\$ 283.50
Prime Advisors	inv#7857 - Investment Advisor Quarterly Fees	#447	\$ 1,152.00
The NJ Times	Legal AD posting for PEJIF Sept. meeting & posting of RFP	#448	\$ 40.09
	Total in Checks \$2,919.26		
	<u>WIRE TRANSFERS/ACH</u>	ACH	
NIP Management	PEJIF Meeting Room for October 2017 \$150	ACH	\$ 150.00
	Total Payments to NIP Management \$150.00		
	<u>BGIA Payments</u>		
BGIA		ACH	
	Total BGIA \$0.00		
		Total	\$ 3,069.26

RESOLUTION NO. 30-17

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter referred to as the “FUND”)

APPROVING CLAIMS PAYMENTS

BE IT RESOLVED by the Board of Fund Commissioners of the Public Entity Joint Insurance Fund, that confirmation and authorization approval is made in issuance of the attached claims payments totaling **\$545,680.52** against the fund.

ADOPTED: *this day before the Board of Fund Commissioners:*

Chairman

Date

October 24th, 2017

Secretary

Date

October 24th, 2017



PEJIF MONTHLY PAYMENTS		
YEAR MONTH	2017 September	
<i>D&H</i>	Amount	Comments
PASSAIC		
WC	\$ 89,201.71	
LIABILITY, PROP & APD	\$ 31,555.79	
<i>D&H</i>		
PERTH AMBOY		
WC	\$ 24,181.42	
LIABILITY & PROP	\$ 29,699.57	
<i>CRC</i>		
PLAINFIELD		
WC	\$ 69,840.64	
LIABILITY & PROP	\$ 83,551.53	
<i>D&H</i>		
WNY		
WC	\$ (140,266.00)	
LIABILITY & PROP	\$ 159,676.00	
<i>NIP & D&H</i>		
Roselle		
WC	\$ 42,732.47	
Liability & Prop	\$ -	
<i>NIP & CRC</i>		
East Orange		
WC	\$ 104,749.25	
Liability & Prop	\$ 22,830.00	
<i>D&H</i>		
Teaneck		
WC	\$ 27,733.63	
Liability & Prop	\$ 194.51	
PEJIF Total for the month	\$ 545,680.52	



Quarterly Investment Report

As of 9/30/2017



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Executive Summary

TRANSACTIONS:

Action	Total	Comments	Average Tax-Equivalent Yield
Sales, Calls, and Maturities	\$1,015,000	Proceeds reflect the maturities of four Treasury positions over the third quarter.	0.68%
Purchases	\$1,123,475	As maturities in the portfolio came due, we continued to build on the 1-2 year laddered strategy for the portfolio in highly liquid assets. Overall, given the short nature of the portfolio Fed rate hikes have been helpful in improving the portfolio book yield. Reinvestments of proceeds were executed at 64 basis points higher than maturing bonds. As a result, overall portfolio book yield improved 8 basis points to 0.91%.	1.32%

PORTFOLIO STATISTICS:

Quarter Ending:	06/30/2017	09/30/2017
Tax-Equivalent Book Yield	0.83%	0.91%
Book Value	\$4,108,853	\$4,613,617
Projected Tax-Equivalent Annual Income	\$34,165	\$42,049
Unrealized Gain	-\$7,863	-\$6,163
YTD Realized Gain	\$0	\$0
Portfolio Duration	0.64	0.70
Average Credit Quality	AAA	AAA

PORTFOLIO ALLOCATION:

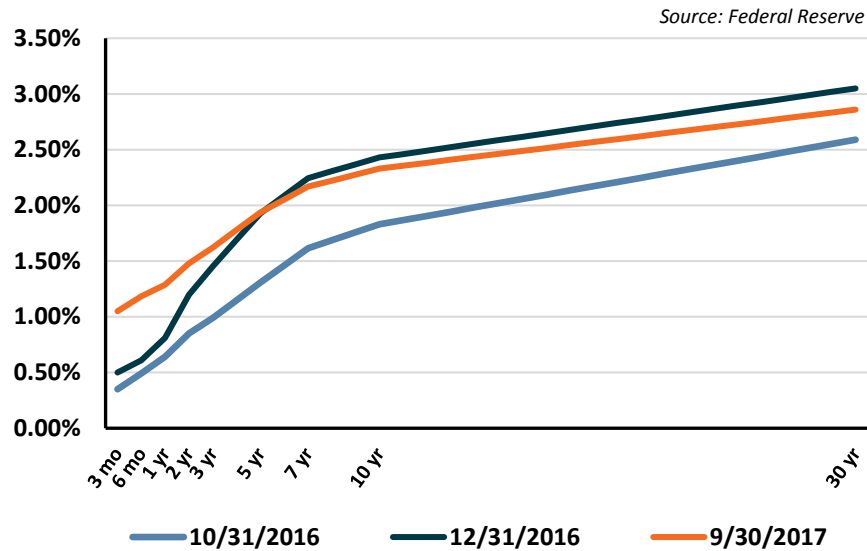
Sector	06/30/2017	09/30/2017
Treasury	100%	91%
Agency	0%	0%
Credit	0%	0%
Exempt Muni	0%	0%
Taxable Muni	0%	0%
MPT	0%	0%
CMO	0%	0%
ABS	0%	0%
CMBS	0%	0%
Short-Term	0%	9%

PERFORMANCE:

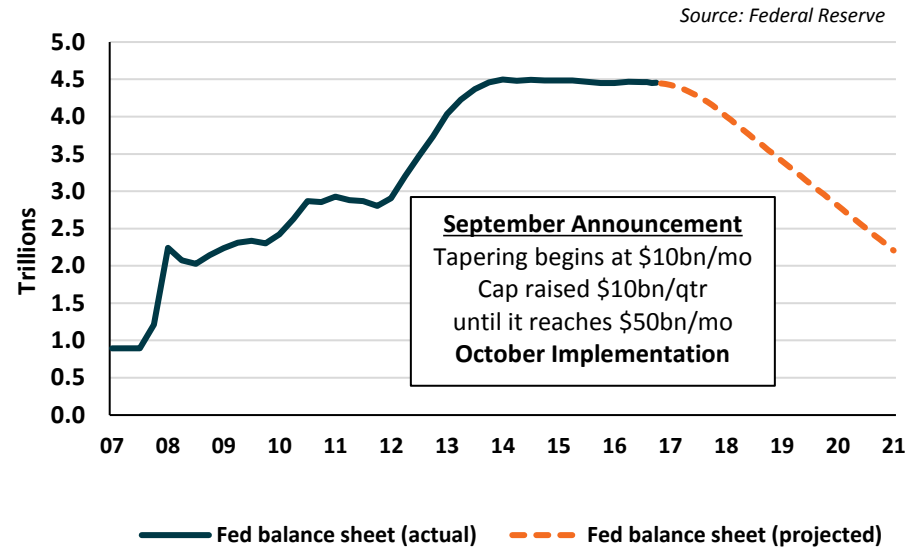
Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	\$25,531	\$22,203	\$3,328
QTD Total Return	0.26%	0.32%	-0.06%
YTD Total Return	0.57%	0.64%	-0.07%

Economic Outlook

Treasury Yield Curves



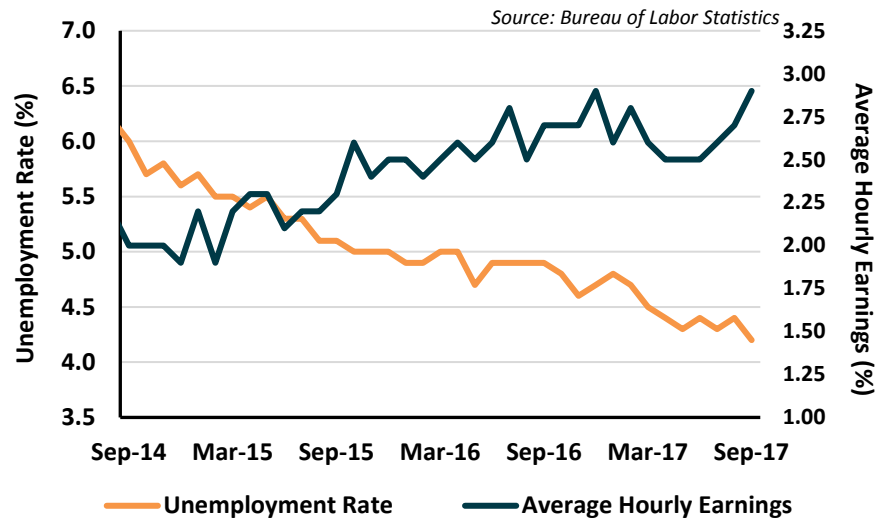
Federal Reserve's Balance Sheet



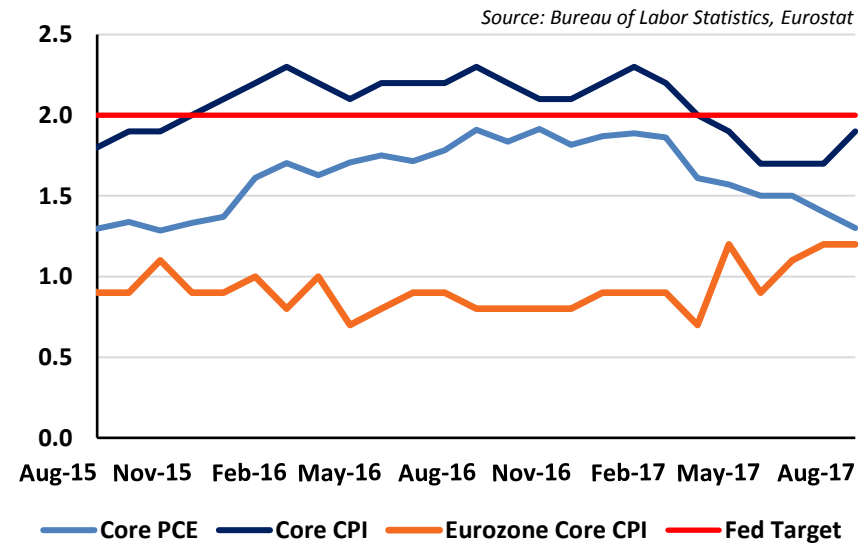
- During the first two months of the third quarter rates moved lower on reduced inflation reports, multiple hurricanes and increased geopolitical threats from North Korea
 - December 2017 rate hike probabilities fell to 20%
- In September, that rally reversed as tensions eased and hawkish Fed speeches reaffirmed the markets belief the Federal Reserve intends to raise rates one more time in 2017
 - Rates rose slightly and the probability of a rate hike bounced back to nearly 70%
- Bond yields ended the quarter higher across curve with the largest move coming in shorter (2-3yr) maturities, rising 7-10 basis points (bps)
 - Longer (10-30yr) maturity yields only rose 2-3 bps
- Fed dot plot projections show one less hike than previous quarters
 - Projections for three rate hikes in 2018 remains, but only two are projected in 2019
- In September, the Fed announced that (beginning in October) they will begin reducing reinvestments of Treasury and agency mortgage-backed securities by \$10 billion each month
 - Fed will move slow in this process, but has the flexibility to increase the amount on a quarterly basis depending on the strength of the economy
 - Looking forward, the balance sheet will take years to get back to pre-crisis levels

Economic Outlook

Employment



Inflation



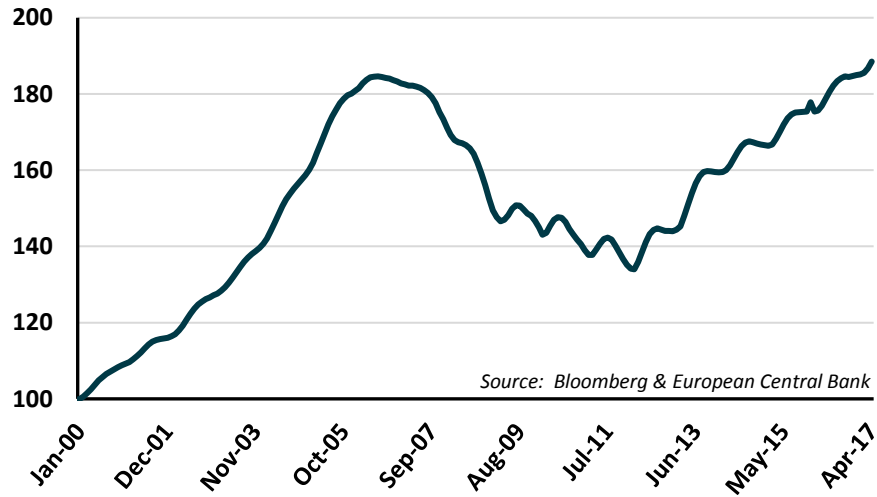
Employment and Inflation

- Overall job growth has been positive in 2017 with the unemployment rate at 4.2%
- Market reaction to the October employment numbers contrasted previous negative results
 - Immediate reaction ignored the month over month changes in payroll data, focusing rather, on the increase in average hourly earnings, from 2.5% year over year to 2.9%
 - The increase reaffirming hawkish statements by Yellen over the past month of continuing on a consistent pace of removing accommodation
- If the trend in higher wages continues the long-term impact will support a rebound in inflationary pressures in coming months and reinforce Fed commentary about soft inflation numbers being “transitory”
- Inflation reports at the end of the quarter for both the U.S. and Eurozone reflected the difficulty each central bank is having in achieving their 2% inflation targets
 - In the US, both inflation measures are showing the same downward trend
 - U.S. Core PCE ended August at 1.3%, a low not experienced since October 2015
 - Core CPI hit 1.7%, falling each of the last 7 months
 - Eurozone core inflation has also remained well below targets at 1.1%

Economic Outlook

ECB Balance Sheet and World Bond Yields

ECB Balance Sheet



World Bond Yields

	12/31/2016	9/30/2017	Difference
US	2.43%	2.33%	0.10%
UK	1.24%	1.35%	(0.12%)
Germany	0.21%	0.46%	(0.25%)
France	0.68%	0.74%	(0.06%)
Italy	1.81%	2.10%	(0.29%)
Spain	1.38%	1.59%	(0.21%)
Japan	0.04%	0.05%	(0.01%)

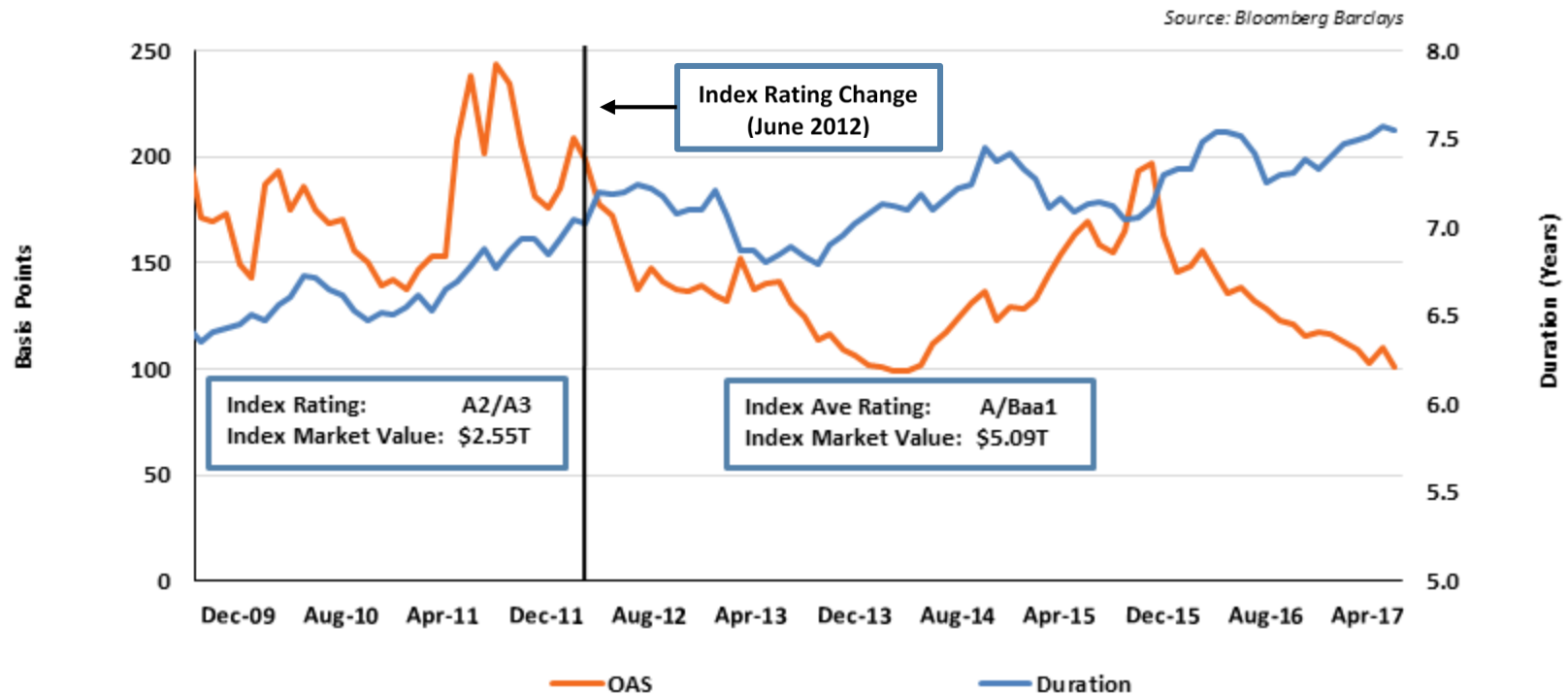
Source: Federal Reserve, Bloomberg

Global Considerations

- Eurozone inflation data has eased pressure on the ECB to end its stimulus program
 - While they may introduce a tapering of assets in coming months, it is unlikely that implementation would be in effect before mid-2018
- On a global basis, the yield effects of the Fed reducing holdings and raising short-term rates will be offset by foreign demand of U.S. fixed income, given relative value and attractive yields

Economic Outlook

US Corporate Investment Grade Index Spread and Duration



US Corporate Spreads and Duration

- U.S. investment grade corporate index ended the quarter at new YTD tightest at 101 bps, the tightest level since August 2014
- While spreads remain near the lowest levels since the crisis, risks have increased
 - Since 2007, low rates have spurred massive issuance, the index doubling in size to \$5 trillion
 - Duration risk has increased as corporations have issued longer debt
 - Increased leverage by corporations has resulted in ratings downgrades and a decline of the average index rating

Economic Outlook

Municipals

Tax-exempt municipals continued to show strong performance into the third quarter, before weakening the last few weeks of September. According to Bloomberg Barclays Index Data, the full 30+ year Municipal Bond Index returned 1.06% over the quarter providing an excess return of 0.77% over Treasuries. Year to date, tax-exempt securities have returned 4.66% on a pre-tax basis. Primary market supply remained muted during the quarter helping drive performance. Another positive technical trend continued in the form of net inflows into municipal bond funds, totaling over \$13 billion year-to-date.

In most tenors, pre-tax yields fell 10-20bps from the end of the second quarter before retreating near quarter-end. According to Municipal Market Data, 2-year, AAA pre-tax yields finished the quarter at 1%, 7 bps lower than the end of the second quarter. At the same time, the 5-year and 10-year AAA yields finished the quarter unchanged at 1.37% and 2.01%, respectively. The 30-year yield finished a modest 4 bps higher as the 2-30 AAA curve slope steepened to 184 bps.

Prime remains cautious on the sector as we head into the fourth quarter. Pre-tax municipal yields as a percentage of Treasury yields indicate limited relative value, municipal credit spreads remain near tights of the year and the uncertainties of tax reform are on the horizon.

Corporates

Although health care reform didn't pass through Congress, hope reigns eternal that tax reform will. Corporations will benefit from a cut in tax rates and potential incentives to repatriate cash from off-shore back into the US. As a result, corporate spreads rallied another 8 bps during the quarter. Option adjusted corporate spreads tightened for the eighth straight quarter closing the quarter near levels not seen since 2006. The

rally occurred despite significant supply. September new issue supply marked the third highest issuance for the month on record. Strong demand for investment grade corporate bonds continued to absorb the large supply which pushed corporate spreads to new cycle lows ending the quarter at +101 bps.

Once again, financial, industrial and utility spreads shared in the move to the tights, ranging from 7 to 10 bps tighter. On the ratings front, AAA to BBB's moved similarly tighter. The spread between lower rated BBBs and higher rated AAA bonds held steady during the quarter perhaps marking the tights for now, with the BBB-AAA spread in from a wide of +143 on 12/31/15 to +74 at 9/29/17. We continue to believe that investors are not being paid to take the additional risk involved with higher beta BBB-rated bonds.

Index Sector	Option Adjusted Corporate Spreads in Basis Points*					3Q17 Change	Year to Year Change	Difference from tights
	10 year Tights 12/31/06	09/30/16	06/30/17	09/30/17				
Aggregate Index	38	47	43	38	-5	-9	0	
Corporates	88	138	109	101	-8	-37	13	
Industrials	102	140	112	105	-7	-35	3	
Utilities	102	132	110	100	-10	-32	-2	
Financials	69	137	103	93	-10	-44	24	
AAA	53	85	65	57	-8	-28	4	
AA	58	84	66	59	-7	-25	1	
A	86	112	87	80	-7	-32	-6	
BBB	122	175	137	128	-9	-47	6	

*Data from Bloomberg Barclays US Aggregate Bond Index as of 09/30/17

The potential for tax reform and subsequent reflation trade creates an environment where Treasury rates could rise while corporate spreads continue to tighten. Prime continues to hold an overweight to higher quality corporate credit to benefit from the added yield over Treasury and or agency debt. We are cognizant that we are late in the cycle and trading at levels that are fully priced. That said there is still room for further

Economic Outlook

tightening and we remain overweight the sector. We will increasingly monitor the supply/demand technicals as the FOMC and other foreign central banks shift from quantitative easing to a less accommodative stance.

Mortgage and Asset Backed Securities (MBS and ABS)

The major headline for the MBS market during the third quarter was the Federal Reserve's announcement of the tapering program to begin in October. The Fed intends to reduce MBS paydown reinvestments by a maximum of \$4B per month, which will subsequently increase by \$4B every quarter until it reaches \$20B. Because of the Fed's well-telegraphed intentions, the announcement had a negligible impact on agency MBS performance, the sector actually outperformed hedged Treasuries by 35bps over the quarter to the tightest spread levels we've seen in YTD.

Additional headlines over the quarter revolved around three massive hurricanes and escalation between the U.S. and North Korea. Agency MBS performance tends to be a safe-haven asset among spread products and was less sensitive to some of the headlines that rattled the markets. Agency MBS are generally geographically well-diversified and have an implied government backstop which provided solace to MBS investors. Non-Agency MBS has less downside protection and consequently saw spreads widen anywhere from 10-70 bps depending on their collateral and structure. Our focus in residential mortgages remains in agency-backed products only.

2017 has been a strong year for agency MBS issuance, the third quarter was no exception, increasing to an estimated \$85B-\$90B net issuance compared to \$51B in the second quarter. The increased supply has been well absorbed by banks and money managers as the former sought to add yield over Treasuries while the latter has seen increased client inflows.

Going forward we maintain our view of being cautious on the sector as we enter a period where the sponsor of roughly a third of outstanding MBS begins to exit the market. This begs the question of who will be the marginal buyer, and at what level. Furthermore, given the rangebound environment of rates combined with low volatility, we feel picking up carry by being slightly overweight the higher coupons will add incremental yield to the portfolio while limiting some downside upon the Fed's exit given the fact their portfolio is 71% comprised of lower coupons.

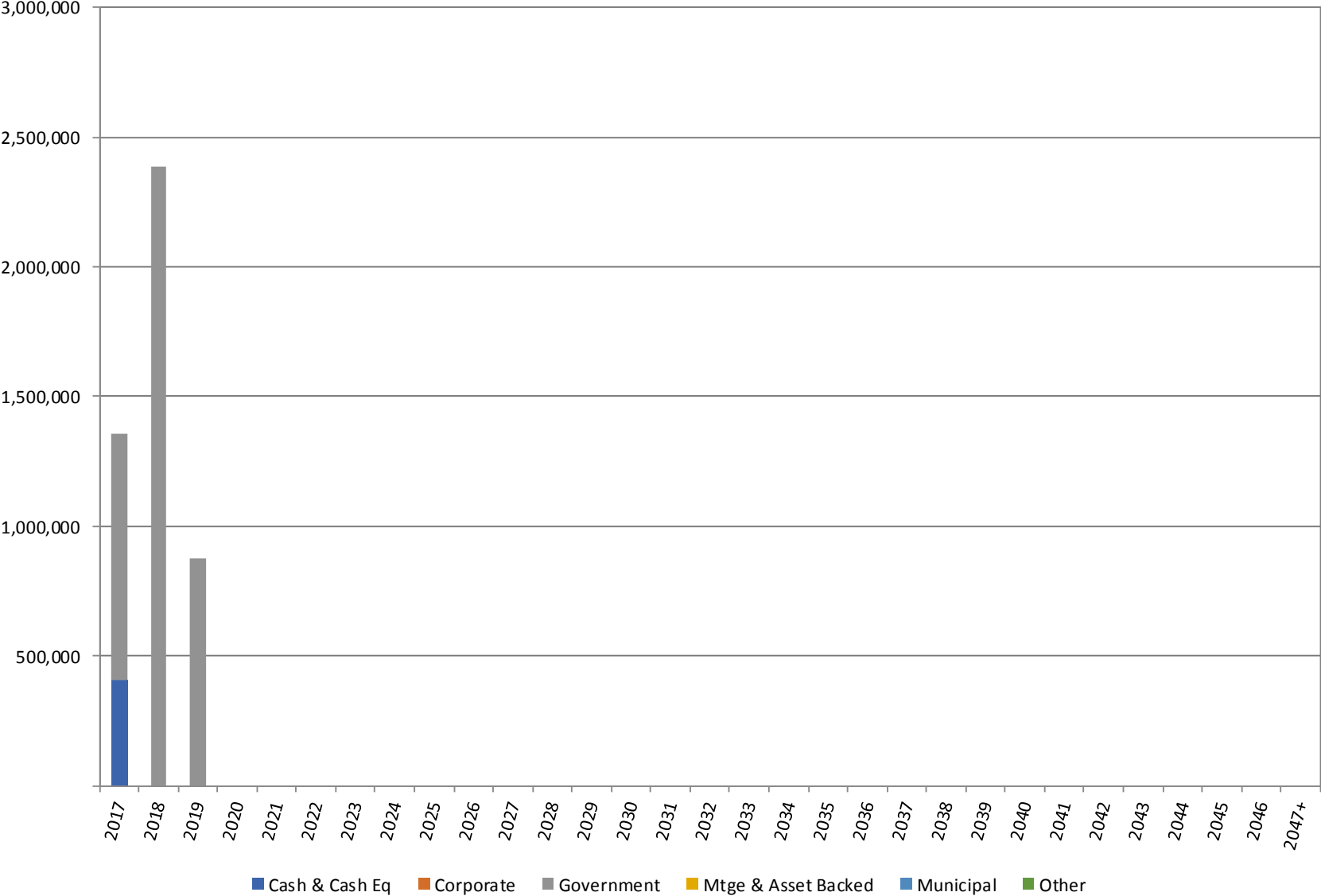
Asset-backed securities have posted solid performance year to date, outpacing Treasuries by 68bps despite a 16% increase in issuance compared to the same time last year. During the third quarter, the tone was more of a "slow grind tighter" in terms of spreads as the market continues to reach for yield in shorter duration sectors. This has been especially true in the secondary market where investors have been more than happy to "buy and put away" rather than re-trade their holdings. We anticipate this trend to continue the remainder of the year as new issuance begins to slow around November.

Given our outlook that demand for short duration assets will continue, we maintain our overweight for AAA-rated credit card ABS and 10yr MBS pools. The former is exhibiting historically strong fundamentals while the latter is less susceptible to spread widening than its longer maturity counterparts and has a natural buyer among banks. Both credit card ABS and 10yr MBS pools provide attractive yields and spreads relative to agency debentures and Treasuries.

Portfolio Statistics

Security Type	Book Value	Market Value	Gain / (Loss)	Tax-Equivalent Book Yield	Tax-Equivalent Market Yield	Effective Duration	Convexity	Securities at Gain		Securities at Loss	
								#	Amount	#	Amount
Fixed Income											
Treasury	4,209,134	4,202,971	(6,163)	1.00	1.27	0.77	0.01	0	0	19	(6,163)
Agency	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Corporate	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Taxable Municipal	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Tax-exempt Municipal	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Mortgage Pass-Through	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
CMOs	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
ARMs	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Asset Backed	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
CMBS	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Other	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Total	4,209,134	4,202,971	(6,163)	1.00	1.27	0.77	0.01	0	0	19	(6,163)
Short Term											
Sweep Money Market	4,483	4,483	0	0.00	0.00	0.00	0.00	0	0	0	0
Commercial Paper	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
(Payable)/Receivable	400,000	400,000	0	0.00	0.00	0.00	0.00	0	0	0	0
Total	404,483	404,483	0	0.00	0.00	0.00	0.00	0	0	0	0
Total Fixed Income & Short Term											
Total	4,613,617	4,607,454	(6,163)	0.91	1.16	0.70	0.01	0	0	19	(6,163)
Equity											
Common Stock	0	0	0					0	0	0	0
Total	0	0	0					0	0	0	0
Grand Total											
Total	4,613,617	4,607,454	(6,163)					0	0	19	(6,163)

Maturity Schedule By Weighted Average Life



Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2017	949,979	0.69	23%
2018	2,385,403	1.00	57%
2019	873,752	1.32	21%
2020+	0	0.00	0%
Subtotal	4,209,134	1.00	100%
(inc. ABS, Agcy, CMBS, Corp, Muni, UST)			
MBS	0	0.00	0%
TOTAL	4,209,134	1.00	100%

Performance

**Tax-Equivalent Total Return
as of 09/30/2017
Inception Date: 08/01/2014**

	Prime	Benchmark	Difference
Quarter to Date	0.26%	0.32%	-0.05%
Year to Date	0.57%	0.64%	-0.07%
Since Inception	0.49%	0.52%	-0.04%

Benchmark Composition:

100.0% PEJIF Duration Matched Treasury

Bond Purchases

Trade Date	Description	Security Type	S&P Rating	Moody's Rating	Coupon	Maturity Date	Call Date	Price	Cost	Pre-Tax Book Yield	Tax-Equivalent Book Yield
07/27/2017	US TREASURY N/B	Treasury	AA+	Aaa	1.250	12/15/2018	N/A	99.92	249,795	1.31	1.31
07/27/2017	US TREASURY N/B	Treasury	AA+	Aaa	1.250	01/31/2019	N/A	99.89	249,717	1.33	1.33
08/01/2017	US TREASURY N/B	Treasury	AA+	Aaa	1.375	02/28/2019	N/A	100.10	225,229	1.31	1.31
08/28/2017	US TREASURY N/B	Treasury	AA+	Aaa	1.000	03/15/2019	N/A	99.53	199,063	1.31	1.31
09/15/2017	US TREASURY N/B	Treasury	AA+	Aaa	1.250	04/30/2019	N/A	99.84	199,672	1.35	1.35
Total									1,123,475	1.32	1.32

Bond Sales, Calls & Maturities

Trade Date	Trade Type	Description	Security Type	S&P Rating	Moody's Rating	Coupon	Effective Maturity	Maturity Date	Price	Book Value	Realized Gain/(Loss)	Pre-Tax Book Yield	Tax-Equivalent Book Yield
07/31/2017	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.625	07/31/2017	07/31/2017	100.00	225,000	0	0.68	0.68
08/15/2017	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.875	08/15/2017	08/15/2017	100.00	190,000	0	0.61	0.61
08/31/2017	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.625	08/31/2017	08/31/2017	100.00	200,000	0	0.74	0.74
09/30/2017	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.625	09/30/2017	09/30/2017	100.00	400,000	0	0.70	0.70
Total										1,015,000	0	0.68	0.68

Appendix

Detailed Portfolio Report

Portfolio Holdings Report

Date Acquired	S&P Rating	Moody's Rating	Quantity	Description	Coupon	Effective Maturity	Maturity	Original Cost	Book Value	Market Value	Unrealized Gain/(Loss)	Book Yield	Market Yield	Effective Duration	Avg Life	Convexity
Money Market																
08/31/2017			4,483	BANK OF AMER/MERRILL LYNCH	0.00			4,483	4,483	4,483	0	0.00	0.00	0.00	0.00	
09/30/2017			400,000	Securities (Payable) / Receivable	0.00			400,000	400,000	400,000	0	0.00	0.00	0.00	0.00	0.00
			404,483					404,483	404,483	404,483	0	0.00	0.00	0.00	0.00	0.00
Treasury																
06/30/2016	AA+	Aaa	100,000	US TREASURY N/B	0.75	04/15/2018	04/15/2018	100,293	100,088	99,750	(338)	0.59	1.21	0.53	0.54	0.01
02/27/2017	AA+	Aaa	250,000	US TREASURY N/B	1.00	08/15/2018	08/15/2018	249,941	249,965	249,270	(695)	1.02	1.34	0.86	0.87	0.01
04/04/2017	AA+	Aaa	135,000	US TREASURY N/B	1.25	11/15/2018	11/15/2018	135,084	135,059	134,789	(270)	1.21	1.39	1.11	1.13	0.02
07/27/2017	AA+	Aaa	250,000	US TREASURY N/B	1.25	12/15/2018	12/15/2018	249,795	249,821	249,578	(244)	1.31	1.39	1.19	1.21	0.02
04/01/2016	AA+	Aaa	200,000	US TREASURY N/B	0.75	01/31/2018	01/31/2018	199,969	199,994	199,766	(228)	0.76	1.10	0.33	0.34	0.00
08/28/2017	AA+	Aaa	200,000	US TREASURY N/B	1.00	03/15/2019	03/15/2019	199,063	199,117	198,826	(291)	1.31	1.41	1.43	1.45	0.03
03/06/2017	AA+	Aaa	250,000	US TREASURY N/B	1.38	09/30/2018	09/30/2018	250,654	250,418	250,020	(398)	1.21	1.37	0.99	1.00	0.01
07/27/2017	AA+	Aaa	250,000	US TREASURY N/B	1.25	01/31/2019	01/31/2019	249,717	249,750	249,470	(280)	1.33	1.41	1.32	1.34	0.02
08/01/2017	AA+	Aaa	225,000	US TREASURY N/B	1.38	02/28/2019	02/28/2019	225,229	225,206	224,870	(336)	1.31	1.42	1.39	1.41	0.03
09/15/2017	AA+	Aaa	200,000	US TREASURY N/B	1.25	04/30/2019	04/30/2019	199,672	199,679	199,454	(225)	1.35	1.42	1.55	1.58	0.03
09/30/2015	AA+	Aaa	400,000	US TREASURY N/B	0.75	10/31/2017	10/31/2017	400,665	400,035	399,888	(147)	0.64	1.08	0.08	0.08	0.00
02/02/2016	AA+	Aaa	400,000	US TREASURY N/B	0.63	11/30/2017	11/30/2017	399,430	399,948	399,676	(272)	0.70	1.11	0.16	0.17	0.00
04/01/2016	AA+	Aaa	150,000	US TREASURY N/B	0.75	12/31/2017	12/31/2017	149,977	149,997	149,862	(135)	0.76	1.12	0.25	0.25	0.00
04/11/2016	AA+	Aaa	200,000	US TREASURY N/B	0.75	02/28/2018	02/28/2018	200,164	200,036	199,664	(372)	0.71	1.15	0.41	0.41	0.00
04/11/2016	AA+	Aaa	200,000	US TREASURY N/B	0.75	03/31/2018	03/31/2018	200,094	200,024	199,546	(478)	0.73	1.21	0.49	0.50	0.00
03/17/2017	AA+	Aaa	250,000	US TREASURY N/B	1.25	10/31/2018	10/31/2018	250,000	250,000	249,650	(350)	1.25	1.38	1.07	1.08	0.02
02/03/2017	AA+	Aaa	200,000	US TREASURY N/B	1.00	05/15/2018	05/15/2018	200,125	200,062	199,718	(344)	0.95	1.23	0.61	0.62	0.01
02/03/2017	AA+	Aaa	150,000	US TREASURY N/B	1.13	06/15/2018	06/15/2018	150,322	150,168	149,849	(320)	0.96	1.27	0.70	0.71	0.01
02/17/2017	AA+	Aaa	200,000	US TREASURY N/B	0.88	07/15/2018	07/15/2018	199,586	199,766	199,326	(440)	1.02	1.30	0.78	0.79	0.01
			4,210,000					4,209,780	4,209,134	4,202,971	(6,163)	1.00	1.27	0.77	0.78	0.01
			4,614,483					4,614,263	4,613,617	4,607,454	(6,163)	0.91	1.16	0.70	0.71	0.01

Glossary of Terms

Security Types	
Adjustable Rate Mortgage (ARM)	A mortgage in which the interest rate is changed at regular intervals to reflect fluctuations in market interest rates. Because the borrower takes some of the risk of rising interest rates, the initial rate may be lower than that on a fixed-rate mortgage. There are often limitations on the interest rate change from one period to the next, with a rate cap for the life of the loan.
Agency	A fixed income security issued by a government-sponsored agency, such as Ginnie Mae, Freddie Mac, or the Tennessee Valley Authority. Depending on the issuer, these bonds may or may not be backed by the full faith and credit of the U.S. government.
Asset-Backed Security (ABS)	A fixed income security backed by the cash flows from loans or leases. Auto loans, home equity loans, and credit card receivables are the most common assets backing these securities. Principal and interest payments made by borrowers are redirected to owners of ABS to meet the scheduled coupon and principal payments.
Collateralized Mortgage Obligation (CMO)	A security similar to a mortgage-pass through. In a CMO, the principal and interest received from borrowers is split into different classes called tranches. The structure of CMO payment tranches makes the timing of cash flows more certain for owners of some tranches and less certain for owners of other tranches. More uncertain tranches typically provide higher yields.
Commercial Mortgage-Backed Security (CMBS)	A fixed income security backed by the cash flows from commercial real estate mortgages. All principal and interest from the mortgages flow to bond holders in a defined sequence. Common types of real estate involved are apartment buildings, office and retail space, hotels, and health care facilities.
Corporate (Corp)	A fixed income security issued by a private corporation.
Mortgage Pass-Through (MPT)	A fixed income security backed by the cash flows from residential mortgages. Monthly principal and interest payments made by borrowers are redirected to owners of MPTs as they are received. Because borrowers may prepay their mortgages (perhaps due to refinancing or selling the house), the timing of cash flows on these securities is uncertain.
Preferred Stock (Preferred)	Capital stock having priority over a corporation's common stock in the distribution of dividends. In the event of a liquidation, preferred stock's claim on assets ranks above that of common stock but below that of bank loans or corporate bonds.
Tax-exempt Municipal (ExMuni)	A fixed income security, issued by a state or municipality, paying interest that is exempt from federal income tax. Interest may or may not be exempt from state and local tax.
Taxable Municipal (TaxMuni)	A fixed income security, issued by a state or municipality, paying interest that is subject to federal income tax. Typically issued much less commonly than tax-exempt municipals.
Treasury	A marketable fixed income security issued by the U.S. Department of the Treasury and backed by the full faith and credit of the U.S. government.

Glossary of Terms

Definitions	
Average Life	The dollar-weighted average time to maturity of a stream of principal cash flows. Also referred to as “weighted average life” or “WAL”.
Basis Point (bp)	1/100 of 1% (or equivalently .0001).
Benchmark	<p>An index against which performance can be measured. Attributes of a good benchmark include:</p> <p><i>Objective:</i> The index should be identified ahead of the time, it should be easily understood, and the construction rules should be clearly defined.</p> <p><i>Replicable:</i> The manager should be able to replicate the returns passively.</p> <p><i>Relevant:</i> The index should represent the manager’s neutral position. In other words, without the manager’s input, the index should represent a reasonable portfolio the company would purchase.</p> <p><i>Tax Adjusted:</i> The benchmark should adjust for the different tax rates on various security types</p>
Book Income	Dollars of investment income that flow through an insurance company’s income statement. This is equal to coupon received plus any accretion/ (amortization) of book value. It can also include any <u>realized</u> gains or losses in the portfolio.
Book Value	The value of a security that is reflected on an insurance company’s balance sheet. For fixed income securities on a statutory and tax basis this is the amortized value. The amortized value periodically writes up any accrual of purchase discount (or writes down amortization of premium) over the life of the security. The amortized value holds the underlying “book yield” constant and therefore does not swing with movements in the market.
Book Yield	The average annual yield which a bond purchased and held to maturity will earn over the period it is owned. This is generally fixed at the time of purchase of the security. The book yield can be used to calculate the book value of the security at any time between purchase and maturity.
Cash Flow	Interest and principal payments from the securities in a fixed income portfolio. A bullet (non-callable) bond will typically pay a coupon payment every 6 months, with a return of principal at maturity. For mortgage-backed securities and asset-backed securities, cash flows generally arrive monthly from both interest and principal. This principal portion contains both the planned return of principal and prepayment of principal due to reasons such as mortgage refinancing.
Convexity	Describes the sensitivity of a bond’s duration to a change in yield. As yields decrease, duration increases on bonds with positive convexity and decreases on bonds with negative convexity. This causes bonds with negative convexity to underperform when yields increase or decrease by large amounts.
Credit Risk	The risk that the issuer of a fixed income security may default and be unable to make timely interest and principal payments on the security.
Duration	The sensitivity of a bond’s price to a change in yield. Duration generally increases for bonds with longer maturities, meaning these bonds are more sensitive to yield changes. Bond price and yield move in opposite directions. Example: A bond with a duration of 5.0 would experience a price decrease of 5% for every 1% (100 bps) increase in interest rates.

Glossary of Terms

Definitions (cont.)	
DYCARRSM	A proprietary model designed specifically for P/C insurance companies to maximize investment income while managing interest rate risk (see definition.) The model applies stress tests to projected operational cash flow and finds the likelihood that bonds in the portfolio will need to be liquidated in order to meet cash flow needs (such as the payment of losses). This may allow a company to invest in longer duration securities with higher yields.
FICO Score	A generic credit score developed by Fair, Isaac and Company, Inc., designed to predict the likelihood of borrowers becoming delinquent in their credit obligations.
Gross Domestic Product (GDP)	The total market value of all final goods and services produced in a country in a given year; it is equal to total consumer, investment, and government spending, plus exports, minus imports.
Interest Rate Risk	The risk to a bondholder that an increase in interest rates will cause bond prices to fall. Interest rates and market prices for fixed income securities generally move in opposite directions. Interest rate changes are the largest cause of changes in the market value of a bond portfolio.
Loan to Value (LTV)	A lending risk assessment ratio used in mortgage lending. LTV is calculated by dividing the mortgage amount by the lesser of appraised value or selling price. Residential mortgage loans conforming to agency guidelines have LTV ratios of 80% or lower at origination. Lenders will frequently require lower LTV ratios for commercial or investment properties.
Market Value	Estimated value of the bond based on current market price. This value fluctuates continually with interest rates and perceived risk of the issuer. Reflects the amount that could be received by selling the bond.
Option Adjusted Spread (OAS)	The portion of a bond's yield which is attributable to the credit risk of a bond as perceived by the market. This allows for comparison between bonds with or without embedded options such as calls, puts, and prepayment features.
Realized Gain/(Loss)	Difference between market and book value when a bond is sold. If market is greater than book value the bond was sold at a realized capital gain. Realized capital gains/(losses) flow through an insurer's income statement.
Tax Equivalent Yield	Yield adjusted for taxes, which allows for comparison of taxable bonds to tax-exempt bonds. Calculated by dividing after-tax yield by 0.65 (1 minus 35%).
Total Return	The return on a security or portfolio that reflects both income and price change. Assumes that the security or portfolio is priced using fair value at the end of the evaluation period.
Unrealized Gain/(Loss)	The difference between market value and book value on a bond. If market value is greater than book value the bond is at an unrealized gain. Under statutory accounting rules, changes in unrealized gain/(loss) do not affect income.
Volatility Adjusted Duration	A portfolio duration which has been adjusted for the lower observed price volatility seen in tax-exempt municipal bonds. Historically municipals appear to have about 15% lower price volatility than their stated durations suggest; this measure takes that observance into account.
Whole Loan	An original residential mortgage loan; distinct from a pooled pass-through which contains multiple loans. Non-agency CMOs use whole loans as collateral. They usually include jumbo mortgages and other mortgages which do not conform to the standards required for securitization by the agencies (GNMA, FNMA, FHLMC).
Yield	The implied return achievable for purchasing a bond at a given price.

Appendix

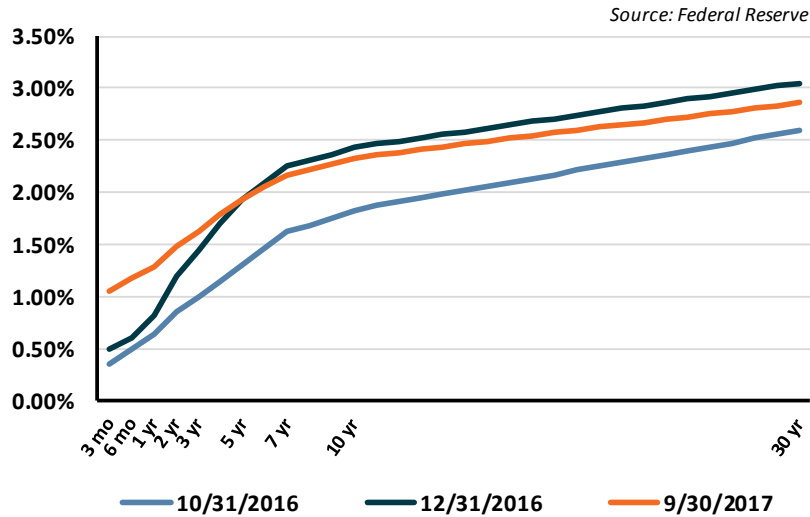
Presentation Overview

Overview

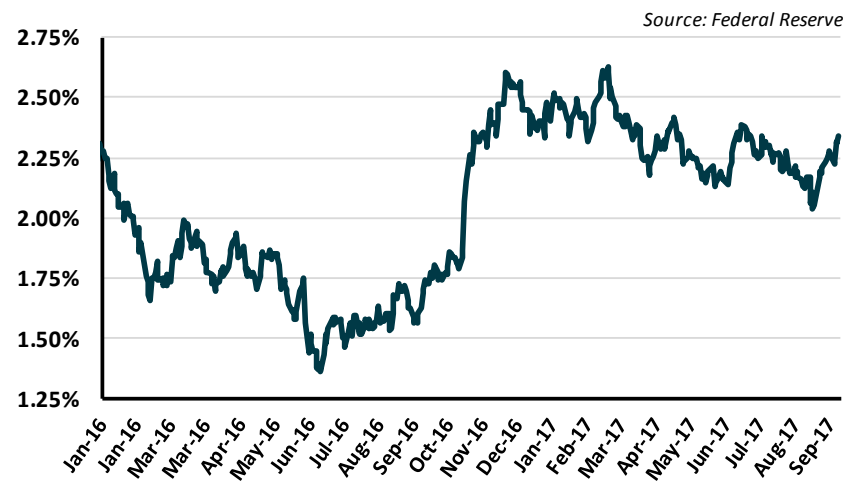
- Economic overview and market update
- Portfolio review
- Performance

Treasury Yields and Federal Reserve

Treasury Yield Curves



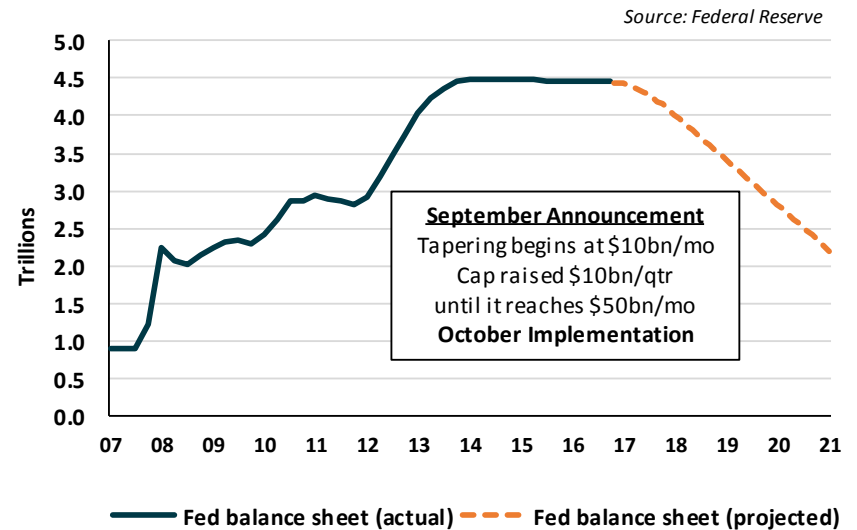
10 Year Treasuries



Probability of a Rate Hike

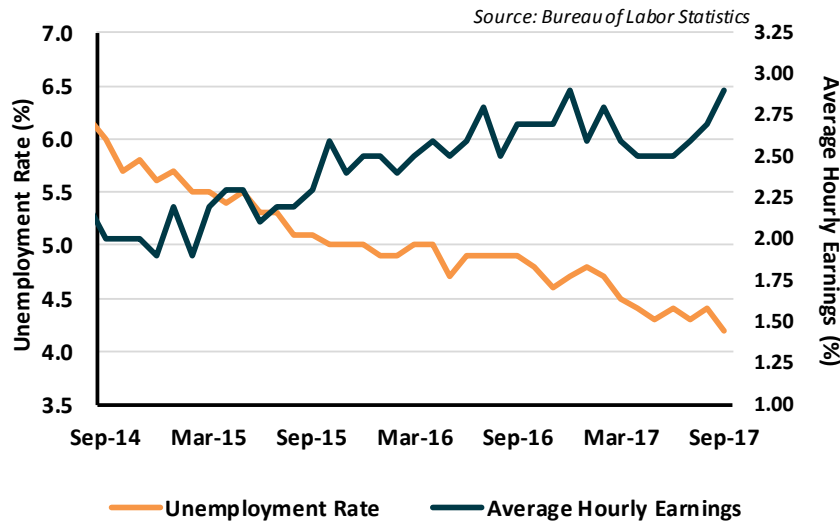


US Federal Reserve Total Asset Holdings

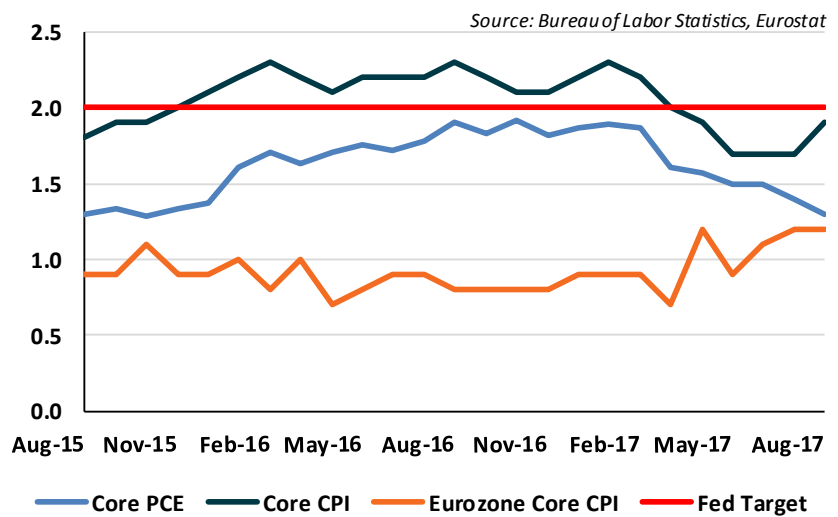


Market Indicators

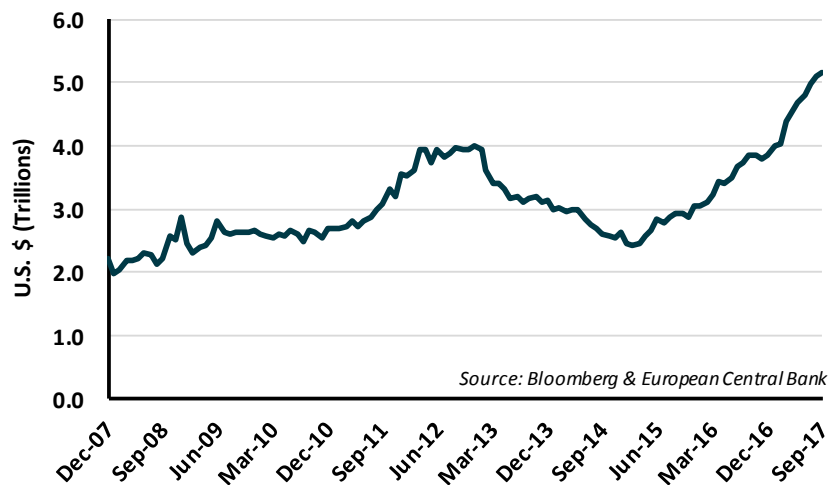
Employment



Inflation



ECB Balance Sheet Total Assets (USD)



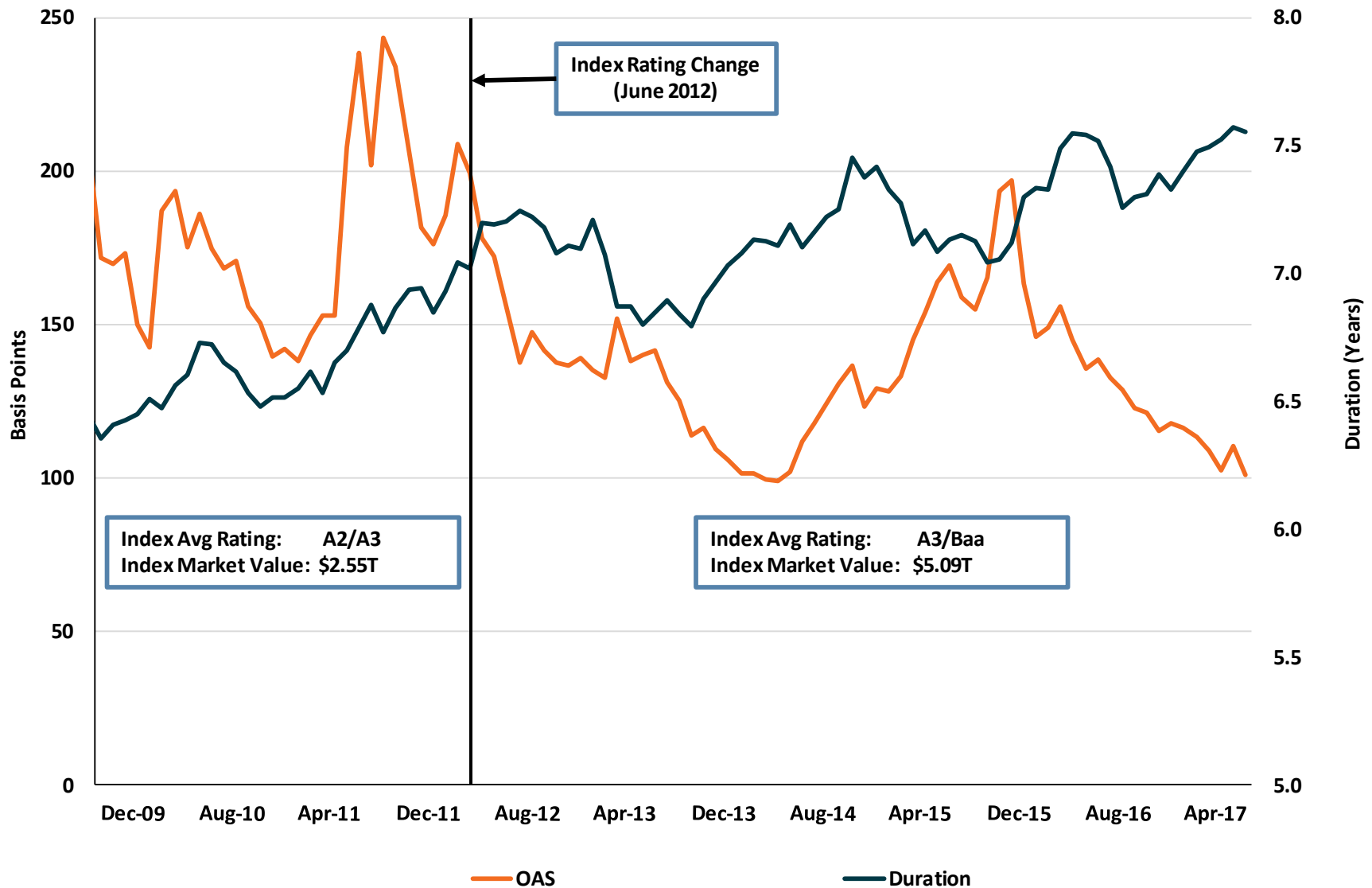
World Bond Yields

	12/31/2016	9/30/2017	Difference
US	2.43%	2.33%	0.10%
UK	1.24%	1.35%	(0.12%)
Germany	0.21%	0.46%	(0.25%)
France	0.68%	0.74%	(0.06%)
Italy	1.81%	2.10%	(0.29%)
Spain	1.38%	1.59%	(0.21%)
Japan	0.04%	0.05%	(0.01%)

Source: Federal Reserve, Bloomberg

US Corporate Investment Grade Index Spread and Duration

Source: Bloomberg Barclays

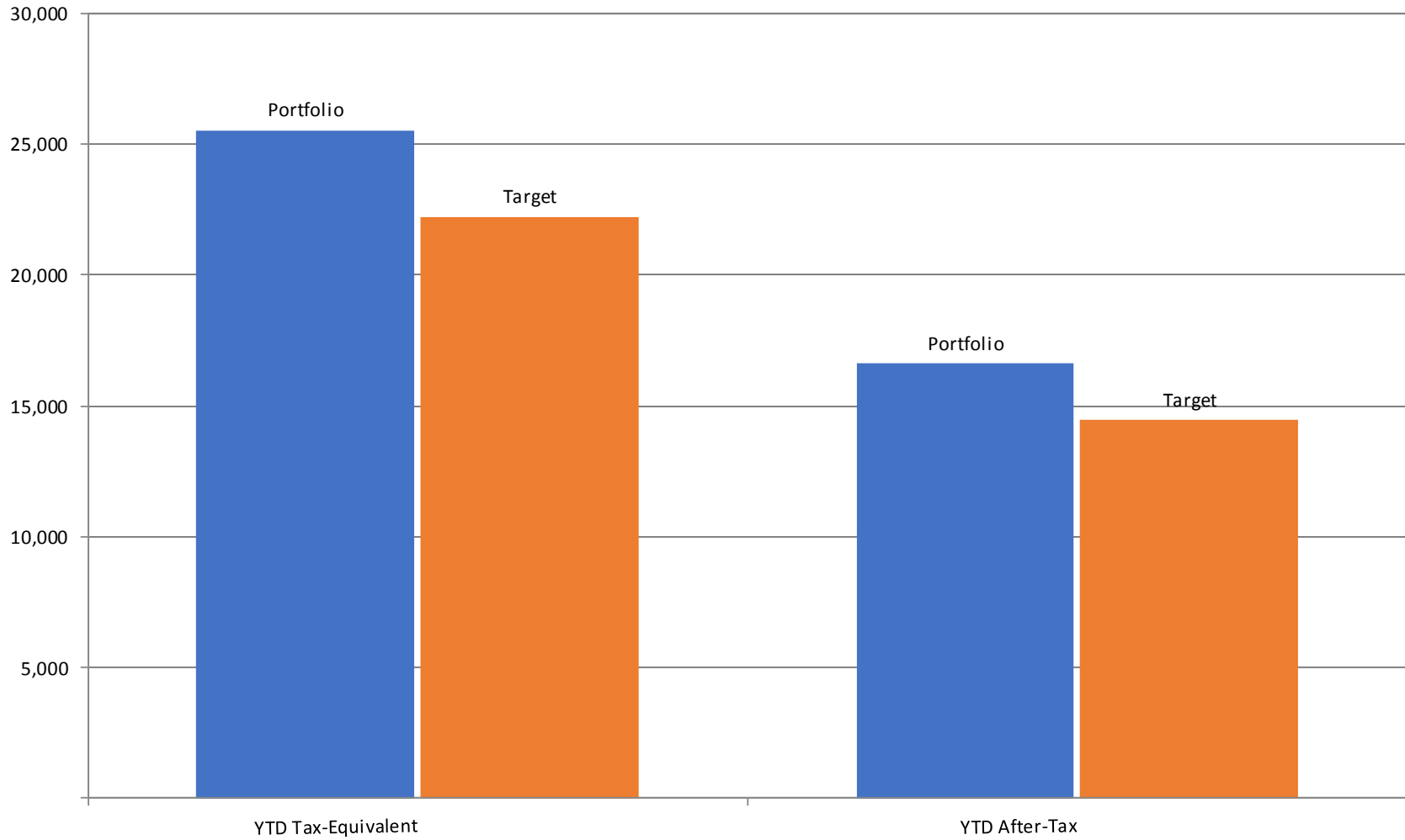


Portfolio Changes

Public Entity Joint Insurance Fund	12/31/2016	03/31/2017	06/30/2017	09/30/2017
Treasury Yields				
2 yr Treasury Yield	1.20%	1.26%	1.38%	1.48%
5 yr Treasury Yield	1.92%	1.93%	1.88%	1.93%
10 yr Treasury Yield	2.43%	2.39%	2.30%	2.33%
Book Statistics				
Tax-Equivalent Book Yield	0.63%	0.76%	0.83%	0.91%
Book Value (\$)	3,884,402	4,640,126	4,108,853	4,613,617
Projected Tax-Equivalent Income, next 12 months (\$)	24,568	35,217	34,165	42,049
Unrealized Gains/(Losses) (\$)	(4,329)	(5,916)	(7,863)	(6,163)
YTD Realized Gains/(Losses) (\$)	38	0	0	0
Portfolio Risk Statistics				
Effective Duration	0.66	0.75	0.64	0.70
Convexity	0.01	0.01	0.01	0.01
Weighted Average Life	0.67	0.76	0.65	0.71
Average Rating	AAA	AAA	AAA	AAA
Portfolio Sector Allocation				
Treasury	96%	95%	100%	91%
Agency	0%	0%	0%	0%
Corporate	0%	0%	0%	0%
Taxable Municipal	0%	0%	0%	0%
Tax-exempt Municipal	0%	0%	0%	0%
Mortgage Pass-Through	0%	0%	0%	0%
CMOs	0%	0%	0%	0%
ARMs	0%	0%	0%	0%
Asset Backed	0%	0%	0%	0%
CMBS	0%	0%	0%	0%
Cash & Cash Equivalents	4%	5%	0%	9%

Income Year to Date

Year to Date, as of 09/30/2017



Performance

**Tax-Equivalent Total Return
as of 09/30/2017
Inception Date: 08/01/2014**

	Prime	Benchmark	Difference
Quarter to Date	0.26%	0.32%	-0.05%
Year to Date	0.57%	0.64%	-0.07%
Since Inception	0.49%	0.52%	-0.04%

Benchmark Composition:

100.0% PEJIF Duration Matched Treasury