April 24, 2018

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:

		February 2018	March 2018
Beginning Cash Balance	Operating Account-Bank of America	$ 789,735.98	$ 67,704.03
	Claims Fiduciary Account-Bank of America	8,254.19	8,254.19
	Claims-TD Bank	7,971.98	7,800.00
	Custodial-Investments	227,117.48	211,865.94
	Total Balance	$ 1,033,079.63	$ 295,624.16
Receipts:			
Operating Account-Bank of America		$ 998,850.78	$ 1,215,530.36
D&H Claims Fiduciary Account-Bank of America		112,665.71	69,684.86
Claims-TD Bank		1,214.92	12,052.73
Custodial-Deposits and Interest Income		500,000.00	
Total Receipts		$ 1,612,731.41	$ 1,297,267.95
Disbursements:			
Operating Account-Bank of America		$ (1,720,882.73)	$ (915,787.04)
D&H Claims Fiduciary Account-Bank of America		(112,665.71)	(69,684.86)
Claims-TD Bank		(1,386.90)	(12,227.36)
Custodial-Investments		(515,251.54)	(195,684.83)
Total Disbursements		$ (2,350,186.88)	$ (1,193,384.09)
Ending Cash Balance	Operating Account-Bank of America	$ 67,704.03	$ 367,447.35
	Claims Fiduciary Account-Bank of America	8,254.19	8,254.19
	Claims-TD Bank	7,800.00	7,625.37
	Custodial-Investments	211,865.94	16,181.11
		-	-
Total Cash Account Balance		$ 295,624.16	$ 399,508.02
Beginning Investment Balance		$ 4,522,051.13	$ 5,037,744.78
Change in Accrued Income		538.70	2,354.51
Change in Unrealized gain		(4,346.03)	2,099.62
Income Received		4,413.50	1,830.80
Realized Gain/Loss		(164.06)	
Transfer to/From Custodial Account		515,251.54	195,684.83
Total Investment Account		$ 5,037,744.78	$ 5,239,714.54
Ending Cash and Investment Balance		$ 5,333,368.94	$ 5,639,222.56

BANK RECONCILIATION

	ACCT.NAME	Bank of America	
	BANK/ACCT#	Custody Investment Acct -XXXXXX	
		From	To
	DATE	03/01/18	03/31/18
BOOK BALANCE AS OF	03/01/18	$	5,236,661.89
ADD DEPOSITS (PER BANK LEDGER)			199,615.25
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			195,684.83
BOOK BALANCE AS OF	03/31/18	$	5,240,592.31

BALANCE PER BANK STATEMENT	03/31/18	$5,240,592.31

ADD: DEPOSIT IN TRANSIT

DATE	AMOUNT		
TOTAL	0.00		0.00

SUBTRACT: CHECKS OUTSTANDING

DATE	CHECK#	AMOUNT		
TOTAL		0.00		0.00

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	03/31/18		5,240,592.31
		Difference	0.00

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

BANK RECONCILIATION

ACCT.NAME	Bank of America	
BANK/ACCT#	D & H Claims Fiduciary Acct -XXXXXX	
	From	To
DATE	03/01/18	03/31/18

BOOK BALANCE AS OF	03/01/18	$	8,254.16
ADD DEPOSITS (PER BANK LEDGER)			69,684.86
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			69,684.86
BOOK BALANCE AS OF	03/31/18	$	8,254.16

BALANCE PER BANK STATEMENT 03/31/18 $47,931.85

ADD: DEPOSIT IN TRANSIT

DATE	AMOUNT		
TOTAL	0.00		0.00

SUBTRACT: CHECKS OUTSTANDING

DATE	CHECK#	AMOUNT	
various	list	39,677.69	
TOTAL		39,677.69	(39,677.69)

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	03/31/18		8,254.16
		Difference	0.00

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

BANK RECONCILIATION

	ACCT.NAME	**Bank of America**	
	BANK/ACCT#	**Claims/Operating Account -XXXXXX**	
		From	**To**
	DATE	**03/01/18**	**03/31/18**
BOOK BALANCE AS OF	**03/01/18**	**$**	**67,704.03**
ADD DEPOSITS (PER BANK LEDGER)			**1,215,530.36**
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			**915,787.04**
BOOK BALANCE AS OF	**03/31/18**	**$**	**367,447.35**

BALANCE PER BANK STATEMENT	**03/31/18**	**$384,332.83**

ADD: DEPOSIT IN TRANSIT

DATE	**AMOUNT**
3/30/2018	**$3,090.54**
TOTAL	**3,090.54**

SUBTRACT: CHECKS OUTSTANDING

DATE	**CHECK#**	**AMOUNT**
03/20/18	**499**	**467.98**
03/20/18	**501**	**19,508.04**
TOTAL		**19,976.02**

LIST ITEMS IN LEDGER NOT ON STATEMENT

DATE	**AMOUNT**
TOTAL	**$ -**

LIST ITEMS ON STATEMENT NOT IN LEDGER

DATE	**AMOUNT**
TOTAL	**-**

ADJUSTED BANK BALANCE(BOOK BAL)AS OF	**03/31/18**	**367,447.35**
	Difference	**0.00**

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

BANK RECONCILIATION

	ACCT.NAME	**TD Bank**	
	BANK/ACCT#	**Claims Acct -XXXXXX**	
		From	**To**
	DATE	**03/01/18**	**03/31/18**
BOOK BALANCE AS OF	**03/01/18**	**$**	**7,800.00**
ADD DEPOSITS (PER BANK LEDGER)			**12,052.73**
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			**12,227.36**
BOOK BALANCE AS OF	**03/31/18**	**$**	**7,625.37**

BALANCE PER BANK STATEMENT **03/31/18** **$7,625.37**

ADD: DEPOSIT IN TRANSIT

DATE	**AMOUNT**
TOTAL	**0.00**

0.00

SUBTRACT: CHECKS OUTSTANDING

DATE	**CHECK# list**	**AMOUNT**
TOTAL		**0.00**

0.00

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 **03/31/18** **7,625.37**

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 March 31, 2018

	YTD 2018	Year Ended 2017	Year Ended 2016	Year Ended 2015	Year Ended 2014	Fund Balance
Underwriting Income	1,726,449	6,776,967	6,196,152	5,732,599	3,943,511	24,375,677
Loss Contingency Fund	31,682	156,173.68	151,814	131,528	69,398	540,595
Underwriting Income	**1,758,130**	**6,933,141**	**6,347,966**	**5,864,126**	**4,012,909**	**24,916,272**
Claim Expenses						
Losses	96,687	1,270,139	1,886,967	3,632,202	2,128,981	9,014,976
Loss Adjustment Expenses	3,551	209,390	290,352	924,543	129,591	1,557,429
IBNR	549,837	1,054,680	358,710	0	53,559	2,016,787
EPL Deductible & Co-Insurance	(26,000)	(12,000)	-	(232,702)	(114,843)	(385,545)
Excess Recoveries	-	(152,491)	(675,833)	(1,324,044)	(3,423)	(2,155,791)
WC	-	-	-	(175,439)	-	(175,439)
GL	-	-	-	-	-	-
LEL	-	-	(323,028)	-	(3,423)	(326,451)
AL	-	-	-	-	-	-
Property	-	(152,491)	(352,805)	(15,660)	-	(520,956)
EPL/POL	-	-	-	(705,501)	-	(705,501)
Corridor Retention Endorsement	-	-	-	-	-	-
All Lines Aggregate Stop	-	-	-	(427,444)	-	(427,444)
Total Claim Expense	624,075	2,369,718	1,860,198	3,000,000	2,193,865	10,047,856
Expenses						
Excess Premiums	785,477	2,797,380	2,618,761	2,424,689	1,538,932	10,165,239
General Administrative Expenses	429,979	1,686,817	1,536,294	1,469,005	1,005,562	6,127,656
Total Expenses	1,215,456	4,484,197	4,155,055	3,893,693	2,544,494	16,292,895
Underwriting Profit/(Loss)	(81,401)	79,226	332,714	(1,029,567)	(725,451)	(1,424,479)
Net Realized/Unrealized Gains/(Losses)	(707)	(7,919)	(3,992)	(5,031)	(6,488)	(24,137)
Interest Income	1,916	23,798	33,222	10,882	15,213	85,032
Net Investment Income	1,209	15,879	29,230	5,851	8,726	60,895.47
Statutory Surplus (Deficit)	**(80,192)**	**95,106**	**361,944**	**(1,023,716)**	**(716,725)**	**(1,363,583)**
at 12/31/2017	-	91,112	358,502	(1,023,716)	(717,239)	(1,291,340)
Variance	(80,192)	3,994	3,441	-	514	(72,243)
at Previous Month	(53,996)	92,414	359,629	(1,023,716)	(717,065)	(1,342,734)
Variance	(26,195)	2,692	2,315	-	340	(20,849)

Note 1 : Ultimate losses based upon the 2017 year-end reserve study.
Note 2: Fund years 2014-2018 include an aggregate stop loss protection to cap losses at $2.7m in 2014, $3.0m in 2015, $2.897 in 2016, $3.175M in 2017, and $3.6M in

Overall Statistics

Total Members	8	8	8	7	6	
Total Claims	247	1,273	1,207	1,341	919	4,987
Total Open Claims	149	245	146	134	50	724
Total Case Reserve Per Claim	383	2,455	5,507	6,021	17,901	4,371
*Net Loss Ratio***	14.5%	57.3%	92.9%	200.1%	150.7%	112.5%

** 2016 year data is annualized based on current trends*
*** Net loss ratios exclusive of IBNR.*

RESOLUTION NO. 16-18

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 **$55,822.84** is approved for payment.

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

_____ April 24th, 2018
Chairman Date

_____ April 24th, 2018
Secretary Date

April 24 2018- PEJIF Commissioners Meeting Bills List

Date: 04.01.18

Bills List #: 48

PAY TO	DESCRIPTION	Check #/WT	Invoice Amt.
Pringle Quinn Anzano	inv#41632 Fund Attorney Svs. March 2018	**#504**	$ 511.50
Princeton Public Affairs	inv#8272 - Governmental Affairs March 2018	**#505**	$ 416.67
Patrick DeBlasio	Fund Treasurer April 2018	**#506**	$ 500.00
The Star Ledger	PEJIF Meeting Posting for March	**#507**	$ 15.50
The NJ Times	PEJIF Meeting Posting for March	**#508**	$ 5.22
Woodbridge Deli	inv# 85216 - Breakfast Catering for March Meeting	**#509**	$ 457.32
AON	inv#K68-0004858 PEJIF Reserve	**#510**	$ 8,000.00
Dept. of the Treas. Div. of Admin. Fiscal & Resources	Investment Receivables (7 transactions)	**#511**	$ 280.00
Prime Advisors	inv#8035 Quarterly Fees	**#512**	$ 1,310.00
Township of Teaneck	Safety Incentive Award (SIP) - 2017	**#513**	$ 1,000.00
City of Passaic	Safety Incentive Award (SIP) - 2017	**#514**	$ 500.00
City of East Orange	Safety Incentive Award (SIP) - 2017	**#515**	$ 500.00
City of Perth Amboy	Safety Incentive Award (SIP) - 2017	**#516**	$ 500.00
Borough of Roselle	Safety Incentive Award (SIP) - 2017	**#517**	$ 500.00
Town of West New York	Safety Incentive Award (SIP) - 2017	**#518**	$ 1,000.00
Fairview Insurance Associates	1st RM Fee payment for City of East Orange	**#519**	$ 40,176.63
	Total in Checks		**$ 55,672.84**
	WIRE TRANSFERS/ACH	**ACH**	
NIP Management	PEJIF Meeting Room for April $150	**ACH**	$ 150.00
		ACH	
	Total Payments to NIP Management		**$ 150.00**
	BGIA Payments		
BGIA		**ACH**	
BGIA		**ACH**	
	Total BGIA		**$ -**
		Total	**$ 55,822.84**

RESOLUTION NO. 17-18

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 **$585,814.85** against the fund.

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

_____	April 24th, 2018
Chairman	Date
_____	April 24th, 2018
Secretary	Date

PEJIF MONTHLY PAYMENTS			
YEAR	2018		
MONTH	**March**		
D&H	**Amount**		Comments
PASSAIC			
WC	$	69,584.27	
LIABILITY, PROP & APD	$	16,186.44	
D&H			
PERTH AMBOY			
WC	$	17,326.41	
LIABILITY & PROP	$	48,364.13	
CRC			
PLAINFIELD			
WC	$	63,332.84	
LIABILITY & PROP	$	61,343.88	
D&H			
WNY			
WC	$	31,217.71	
LIABILITY & PROP	$	29,762.92	
NIP & D&H			
Roselle			
WC	$	9,347.71	
Liability & Prop	$	-	
NIP & CRC			
East Orange			
WC			
Liability &Prop	$	44,095.03	
D&H			
Teaneck			
WC	$	174,671.60	
Liability & Prop	$	-	
NIP & CRC			
Orange			
WC		$20,581.91	
Liability &Prop	$	-	
PEJIF Total for the month	**$**	**585,814.85**	

Quarterly Investment Report

As of 3/31/2018

PRIME ADVISORS, INC.®

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Executive Summary

TRANSACTIONS:

Action	Total	Comments	Average Tax-Equivalent Yield
Sales, Calls, and Maturities	$600,000	Proceeds reflect the maturities of three Treasury positions over the first quarter.	0.73%
Purchases	$1,587,168	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 140 basis points higher than maturing bonds. As a result, overall portfolio book yield improved 36 basis points to 1.48%.	2.13%

PORTFOLIO STATISTICS:

Quarter Ending:	12/31/2017	03/31/2018
Tax-Equivalent Book Yield	1.12%	1.48%
Book Value	$4,325,448	$5,262,305
Projected Tax-Equivalent Annual Income	$48,378	$77,753
Unrealized Gain	-$15,132	-$21,508
YTD Realized Gain	$0	$0
Portfolio Duration	0.81	1.00
Average Credit Quality	AAA	AAA

PORTFOLIO ALLOCATION:

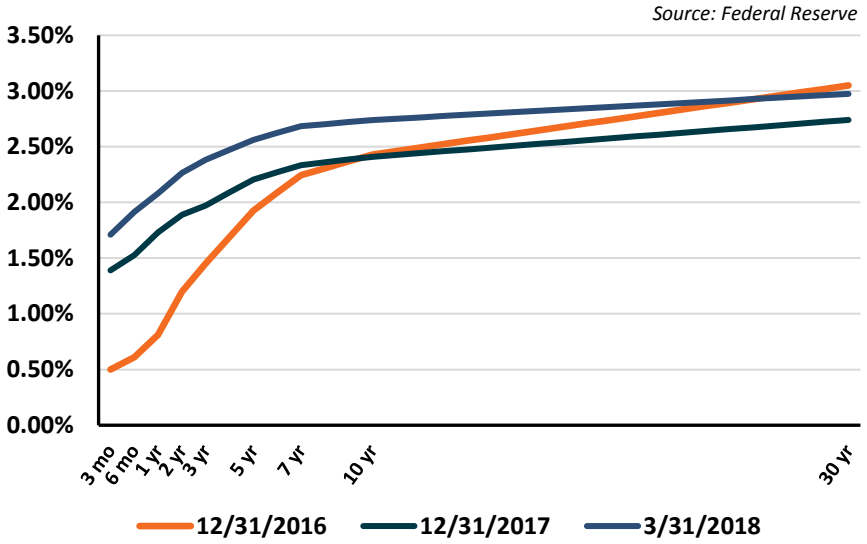
Sector	12/31/2017	03/31/2018
Treasury	94%	96%
Agency	0%	0%
Credit	0%	0%
Exempt Muni	0%	0%
Taxable Muni	0%	0%
MPT	0%	0%
CMO	0%	0%
ABS	0%	0%
CMBS	0%	0%
Short-Term	6%	4%

PERFORMANCE:

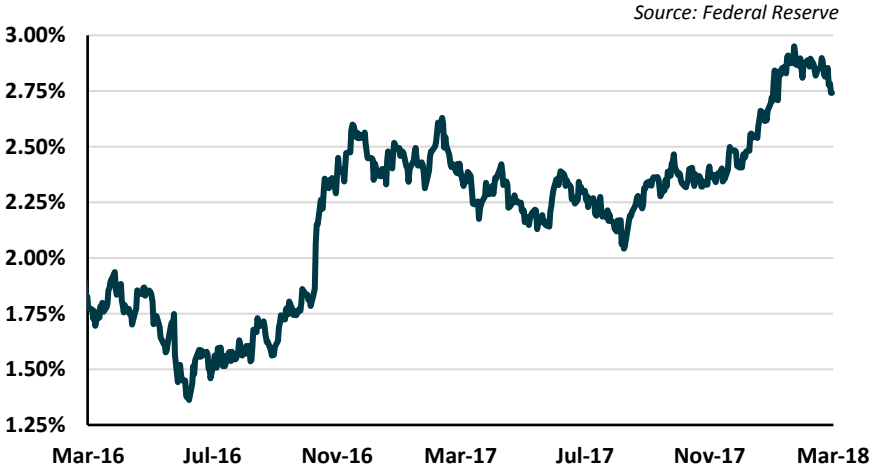
Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	$15,959	$13,871	$2,088
QTD Total Return	0.22%	0.29%	-0.07%
YTD Total Return	0.22%	0.29%	-0.07%

Economic Outlook

Treasury Yield Curves



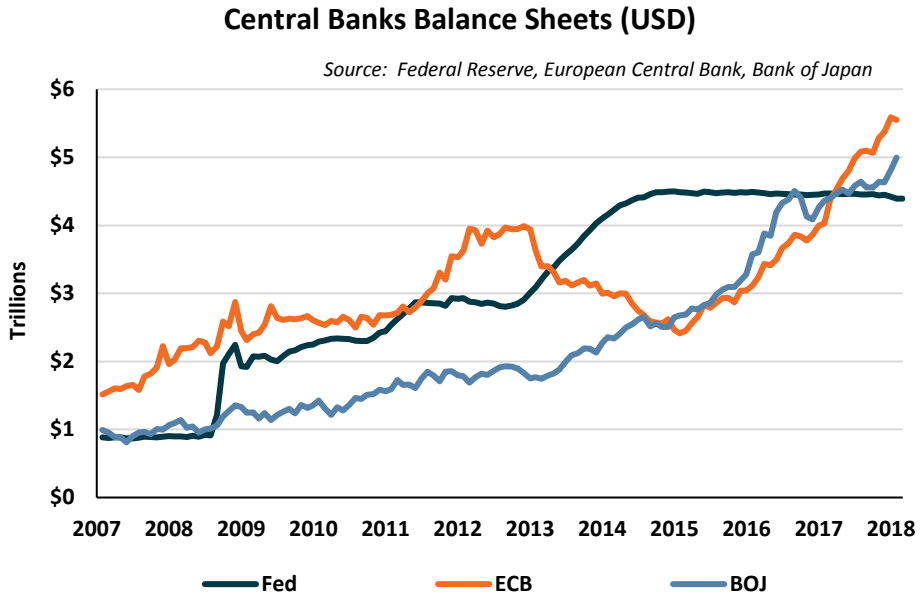
10 Year Treasury Yields



- 10-year Treasuries traded in a 54-basis point (bps) range during first quarter of 2018
  - 10-year yields began the year at 2.41% but increased to 2.74% at quarter end due to improved growth, tax reform and steady employment growth
  - Mid-February 10-year Treasuries yields hit their peak of 2.95% before settling lower the second half of the quarter
  - Geopolitical concerns and tariffs tempered stronger economic growth and rates moved lower in March
  - Yield curve continued to flatten, spread between 2yr and 10yr Treasuries closed the quarter at 47bps, tighter by 5bps YTD
    - Slope of the Treasury curve between 2 and 10 years is at the lowest levels since 2007
    - Flattening trend is a market response to Fed's hawkish stance, driving short rates higher while simultaneously reducing long-term inflation concerns
- Fed increased rates for the first time in 2018 at the March meeting
  - The Fed is expected to remain active with two additional rate hikes in 2018
  - Under new leadership, the Fed will continue to move at a gradual, consistent pace to avoid disrupting the financial markets
    - Fed officials have sited improved conditions and have increased expectations of tightening in 2019 & 2020 versus previous estimates

Economic Outlook

Central Banks and World Bond Yields



	12/31/2017	3/31/2018	Difference
US	2.41%	2.74%	0.33%
UK	1.19%	1.35%	0.16%
Germany	0.42%	0.49%	0.07%
France	0.78%	0.72%	(0.06%)
Italy	2.01%	1.78%	(0.23%)
Spain	1.56%	1.16%	(0.40%)
Japan	0.04%	0.05%	0.01%

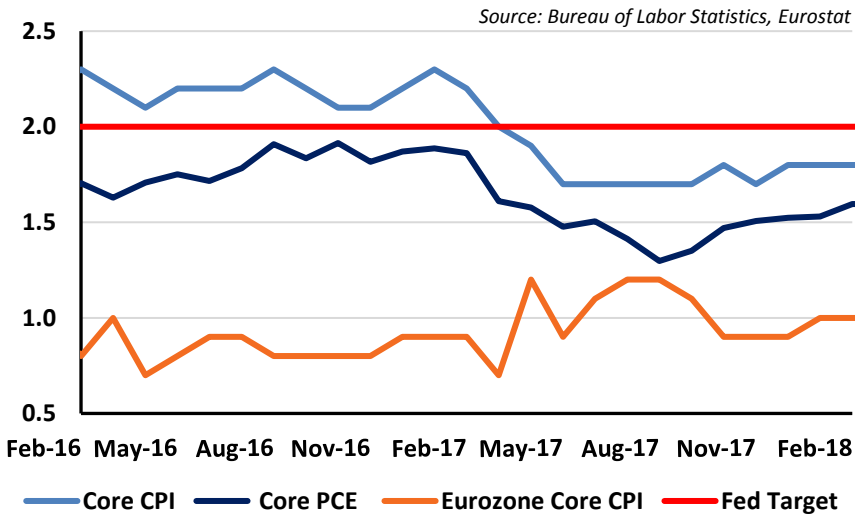
Source: Federal Reserve, Bloomberg

Global Considerations

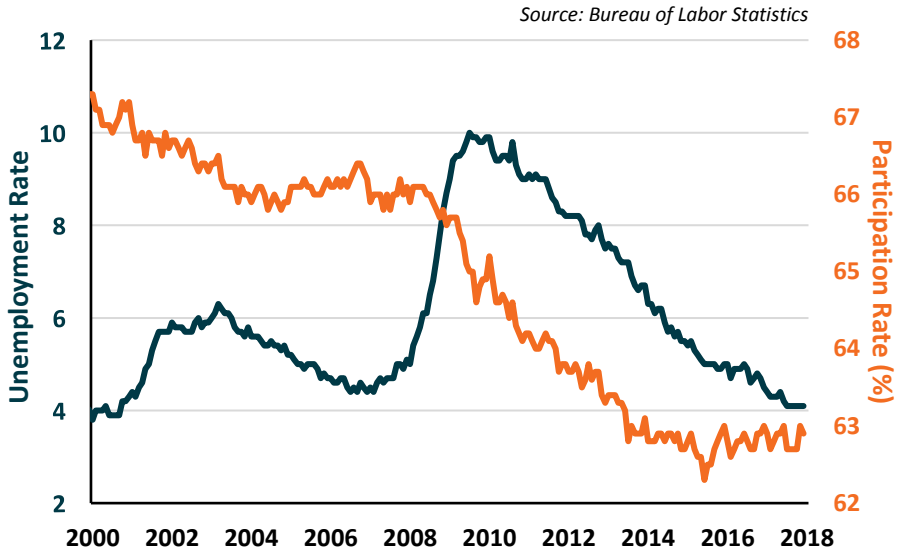
- Major global central banks continue to add to balance sheets through quantitative easing programs (albeit at a reduced pace)
  - While slowing asset purchases, there is little expectation that the ECB or BOJ will raise rates prior to 2019
  - While Eurozone inflation remains low, the ECB will need to address their future plans for quantitative easing
    - Current expectations are to decrease purchases from 30 billion euros per month to 10-15 billion in the fourth quarter
  - U.S. yields remain attractive relative to global foreign alternatives
    - However, the cost of FX hedging reduces absolute relative value of US yields

Economic Outlook

Inflation



Employment

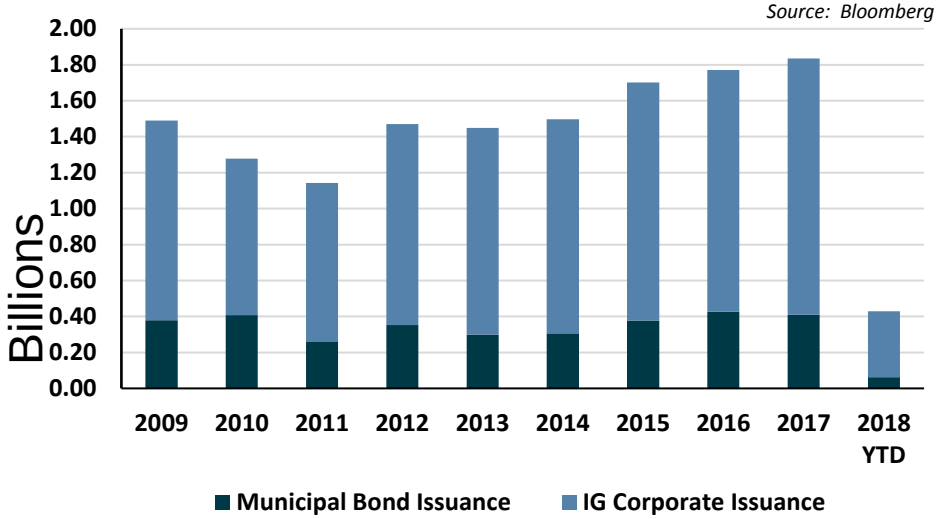


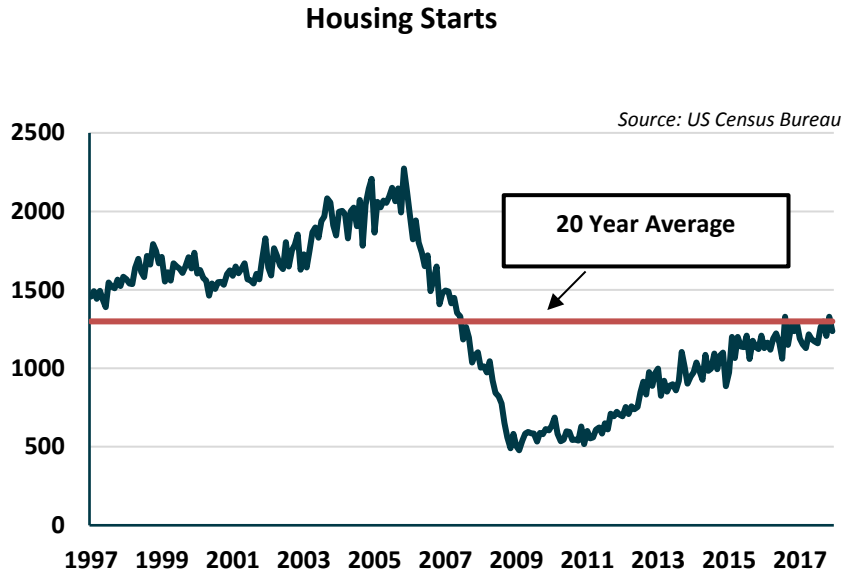
Employment and Inflation

- Federal Reserve continues to focus on their mandate of price stability and full employment
- Both US inflation measures remain below the Fed target of 2%
  - Core PCE, while rebounding from a low of 1.3% in August 2017, remains steady at 1.6%
  - Core CPI has remained stable, between 1.7 - 1.8% since April of 2017
  - Eurozone inflation at 1% is well below target
- Employment numbers have remained strong, with wage inflation contained
  - Despite continued downward pressure on unemployment to 4.1%, wage inflation has yet to accelerate
  - Current levels are up modestly to 2.7% (year over year) compared to 2.5% in 2017
- With the unemployment rate establishing cyclical lows, the Fed is looking for wage gains to pull overall inflation closer to their 2% target in coming years

Economic Outlook

Supply and Housing





Bond Issuance and Housing

- With both corporate and municipal bond issuance hitting record levels over the past 6 years, reduced supply is expected in 2018 due to higher rates and recent changes in tax legislation
  - Combined first quarter issuance was below the 2017 quarterly average
  - Municipals experienced the largest decline due to tax reform and limits on refunding activity
    - Municipal issuance was down 29% versus Q1 2017
  - Corporate new issuance supply ended first quarter at $366 billion in line with last year's levels
- Housing prices have rebounded since the crisis as national home prices increased 6.31% year over year for 2017
  - Higher prices, however, have not translated into increased new home supply, as housing starts are at the monthly 20-year average
  - Slower increases in new production should help offset additional mortgage-backed supply brought to market with the reduction of the Federal Reserve's quantitative easing program

Economic Outlook

Corporates

Fears of potential wage inflation, protectionism via tariffs, and a resolute FOMC all contributed to corporate spread widening during the quarter. The overall widening occurred despite a strong January performance where spreads continued 2017's tightening theme. Spreads closed near cycle tights at 86bps. Those gains were reversed in February and March as volatility increased. For the first time in two years, spreads ended the quarter wider at +109bps. All sectors within the corporate space were impacted by the correction, with financials experiencing the greatest widening at +21bps.

Pressure from the Fed raising rates combined with increased "repatriation selling" of short-dated paper has created a "dislocation" in three-year corporates where yields delivered >3% for the first time since 2009. Prime is actively taking advantage of this buying opportunity.

Prime continues to prefer an up in quality overweight to corporate credit and very selective in our BBB exposures. Cash repatriation is being used for "equity friendly" activities, such as share repurchases over debt reduction. Average corporate ratings continue to decline, with the proportion of BBB companies increasing. This ratings migration will undoubtedly result in more volatility if the economic expansion was to fade.

Municipals

Municipal pre-tax yields took direction from Treasuries and increased dramatically over the quarter. According to Municipal Market Data, 10yr pre-tax yields increased from 1.98% to 2.42% or 44 basis points(bps). Long term 30yr yields finished the quarter at 2.95%, an increase of 41bps

Throughout the first quarter, municipals outperformed most taxable asset classes, albeit with negative returns associated with the increase in yields. According to Bloomberg/Barclays Index Data, the full 30+ year Municipal Bond Index returned -1.11% over the first quarter. By comparison, the Barclays U.S. Aggregate returned -1.46% for the quarter.

Positive technical factors, which include reduced supply and increased demand, contributed to municipal performance. As anticipated, with a significant number of municipal issuers bringing their deals to market in Q4 2017, 2018 primary market supply was down roughly 30% versus the same period last year. Net inflows into municipal bond funds totaled $4.5bn during the first quarter. This demand helped offset any secondary selling by bank portfolios and insurance companies brought on by the reduction in corporate tax rates and relative value to some institutional buyers.

Mortgage and Asset Backed Securities (MBS and ABS)

Over the quarter, the flattening of the yield curve and increase in volatility caused agency MBS to underperform Treasuries. Within subsectors, 15yr MBS outperformed 30yr counterparts as investors shed duration into the back-up and moved into less risky assets. While the back-up in rates YTD hurt returns, from a relative perspective the up-in-coupon trade was beneficial as higher coupons strongly outperformed lower coupon counterparts.

Thus far, MBS issuance this year has failed to meet the expectations set in 2017 given the 47bp increase in borrowing rates. Q1 gross and net issuance is on pace to reach $277B and $50B, respectively which is well below the $322B and $102B gross and net issuance this time last year. Full year projections have fallen roughly $30B to $280B-$300B.

We maintain our cautionary outlook for the sector going forward. By the end the second half of the year, it's estimated that the Fed's net purchases will fall to zero as tapering caps surpass reinvestment needs. Additionally,

unless we see a reversal of current volatility and increased investor demand spreads are biased towards widening.

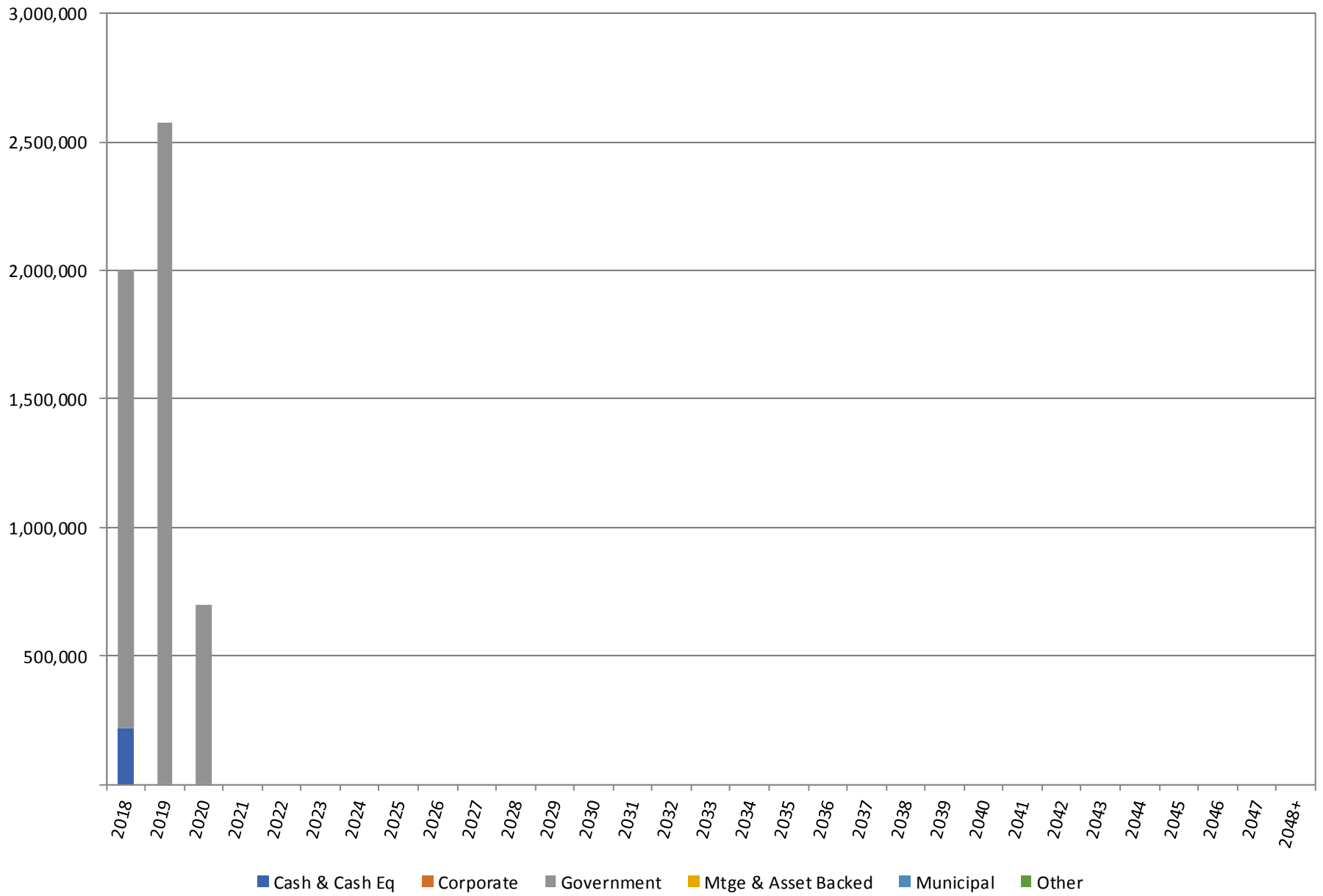
Like corporates, front-end ABS lagged as the market sold short paper to accumulate cash for taxes to be paid on repatriation. Additionally, we've seen a widening of swap spreads due to technical factors in the market, also affecting ABS which is priced off the swap curve. All told, spreads to Treasuries on 3yr Credit Card ABS widened 14bps. Over the quarter, total ABS issuance grew by over $64B or roughly 12% more than this time last year. The growth in issuance was in Autos, Student Loans and other more esoteric sectors while Credit Card issuance was roughly $4B lower than last year.

Despite the risk-off sentiment and widening of spreads, we find relative value in the AAA-rated consumer ABS space and continue to add in the 1-5-year area.

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	5,046,124	5,024,616	(21,508)	1.54	2.08	1.04	0.02	0	0	24	(21,508)
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	**5,046,124**	**5,024,616**	**(21,508)**	**1.54**	**2.08**	**1.04**	**0.02**	**0**	**0**	**24**	**(21,508)**
Short Term											
Sweep Money Market	16,181	16,181	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	200,000	200,000	0	0.00	0.00	0.00	0.00	0	0	0	0
Total	**216,181**	**216,181**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	**0**	**0**	**0**	**0**
Total Fixed Income & Short Term											
Total	**5,262,305**	**5,240,797**	**(21,508)**	**1.48**	**2.00**	**1.00**	**0.02**	**0**	**0**	**24**	**(21,508)**
Equity											
Common Stock	0	0	0					0	0	0	0
Total	**0**	**0**	**0**					**0**	**0**	**0**	**0**
Grand Total											
Total	**5,262,305**	**5,240,797**	**(21,508)**					**0**	**0**	**24**	**(21,508)**

Maturity Schedule By Weighted Average Life



Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2018	1,785,104	1.10	35%
2019	2,567,331	1.68	51%
2020	693,689	2.16	14%
2021+	0	0.00	0%
Subtotal	**5,046,124**	**1.54**	**100%**
(inc. ABS, Agcy, CMBS, Corp, Muni, UST)			
MBS	0	0.00	0%
TOTAL	**5,046,124**	**1.54**	**100%**

Performance

Tax-Equivalent Total Return
as of 03/31/2018
Inception Date: 08/01/2014

	Prime	Benchmark	Difference
Quarter to Date	0.22%	0.29%	-0.07%
Year to Date	0.22%	0.29%	-0.07%
Since Inception	0.50%	0.55%	-0.06%

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
01/19/2018	US TREASURY N/B	Treasury	AA+	Aaa	1.750	09/30/2019	N/A	99.54	174,187	2.03	2.03
01/29/2018	US TREASURY N/B	Treasury	AA+	Aaa	1.750	11/30/2019	N/A	99.34	248,359	2.12	2.12
01/29/2018	US TREASURY N/B	Treasury	AA+	Aaa	1.500	10/31/2019	N/A	98.98	247,441	2.10	2.10
02/01/2018	US TREASURY N/B	Treasury	AA+	Aaa	1.875	12/31/2019	N/A	99.50	223,884	2.14	2.14
02/05/2018	US TREASURY N/B	Treasury	AA+	Aaa	2.000	01/31/2020	N/A	99.80	249,512	2.10	2.10
02/05/2018	US TREASURY N/B	Treasury	AA+	Aaa	1.375	02/15/2020	N/A	98.51	246,270	2.13	2.13
03/05/2018	US TREASURY N/B	Treasury	AA+	Aaa	1.625	03/15/2020	N/A	98.76	197,516	2.26	2.26
Total									**1,587,168**	**2.13**	**2.13**

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
01/31/2018	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.750	01/31/2018	01/31/2018	100.00	200,000	0	0.76	0.76
02/28/2018	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.750	02/28/2018	02/28/2018	100.00	200,000	0	0.71	0.71
03/31/2018	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.750	03/31/2018	03/31/2018	100.00	200,000	0	0.73	0.73
Total										**600.000**	**0**	**0.73**	**0.73**

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																
02/28/2018			16,181	BANK OF AMER/MERRILL LYNCH	0.00			16,181	16,181	16,181	0	0.00	0.00	0.00	0.00	
03/31/2018			200,000	Securities (Payable) / Receivable	0.00			200,000	200,000	200,000	0	0.00	0.00	0.00	0.00	0.00
			216,181					**216,181**	**216,181**	**216,181**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	
Treasury																
12/01/2017	AA+	Aaa	200,000	US TREASURY N/B	1.25	08/31/2019	08/31/2019	198,195	198,530	197,312	(1,218)	1.78	2.22	1.40	1.42	0.03
01/29/2018	AA+	Aaa	250,000	US TREASURY N/B	1.75	11/30/2019	11/30/2019	248,359	248,508	247,920	(588)	2.12	2.26	1.63	1.67	0.03
02/01/2018	AA+	Aaa	225,000	US TREASURY N/B	1.88	12/31/2019	12/31/2019	223,884	223,977	223,513	(464)	2.14	2.26	1.70	1.75	0.04
02/05/2018	AA+	Aaa	250,000	US TREASURY N/B	2.00	01/31/2020	01/31/2020	249,512	249,548	248,825	(723)	2.10	2.26	1.79	1.84	0.04
01/19/2018	AA+	Aaa	175,000	US TREASURY N/B	1.75	09/30/2019	09/30/2019	174,187	174,278	173,765	(514)	2.03	2.23	1.47	1.50	0.03
01/29/2018	AA+	Aaa	250,000	US TREASURY N/B	1.50	10/31/2019	10/31/2019	247,441	247,686	247,098	(588)	2.10	2.25	1.54	1.59	0.03
06/30/2016	AA+	Aaa	100,000	US TREASURY N/B	0.75	04/15/2018	04/15/2018	100,293	100,006	99,965	(41)	0.59	1.59	0.04	0.04	0.00
02/27/2017	AA+	Aaa	250,000	US TREASURY N/B	1.00	08/15/2018	08/15/2018	249,941	249,985	249,200	(785)	1.02	1.85	0.37	0.38	0.01
04/04/2017	AA+	Aaa	135,000	US TREASURY N/B	1.25	11/15/2018	11/15/2018	135,084	135,033	134,372	(661)	1.21	2.00	0.62	0.63	0.00
07/27/2017	AA+	Aaa	250,000	US TREASURY N/B	1.25	12/15/2018	12/15/2018	249,795	249,895	248,613	(1,283)	1.31	2.04	0.70	0.71	0.01
08/28/2017	AA+	Aaa	200,000	US TREASURY N/B	1.00	03/15/2019	03/15/2019	199,063	199,420	197,874	(1,546)	1.31	2.13	0.94	0.96	0.01
03/06/2017	AA+	Aaa	250,000	US TREASURY N/B	1.38	09/30/2018	09/30/2018	250,654	250,209	249,303	(907)	1.21	1.94	0.49	0.50	0.00
07/27/2017	AA+	Aaa	250,000	US TREASURY N/B	1.25	01/31/2019	01/31/2019	249,717	249,843	248,268	(1,575)	1.33	2.09	0.83	0.84	0.01
08/01/2017	AA+	Aaa	225,000	US TREASURY N/B	1.38	02/28/2019	02/28/2019	225,229	225,133	223,508	(1,625)	1.31	2.11	0.90	0.91	0.01
09/15/2017	AA+	Aaa	200,000	US TREASURY N/B	1.25	04/30/2019	04/30/2019	199,672	199,781	198,062	(1,719)	1.35	2.16	1.06	1.08	0.02
02/05/2018	AA+	Aaa	250,000	US TREASURY N/B	1.38	02/15/2020	02/15/2020	246,270	246,540	245,860	(680)	2.13	2.28	1.84	1.88	0.04
03/05/2018	AA+	Aaa	200,000	US TREASURY N/B	1.63	03/15/2020	03/15/2020	197,516	197,602	197,476	(126)	2.26	2.29	1.91	1.96	0.05
03/17/2017	AA+	Aaa	250,000	US TREASURY N/B	1.25	10/31/2018	10/31/2018	250,000	250,000	248,938	(1,063)	1.25	1.99	0.58	0.59	0.01
10/03/2017	AA+	Aaa	200,000	US TREASURY N/B	1.50	05/31/2019	05/31/2019	200,203	200,144	198,458	(1,686)	1.44	2.17	1.14	1.17	0.02
10/03/2017	AA+	Aaa	200,000	US TREASURY N/B	1.63	06/30/2019	06/30/2019	200,594	200,429	198,632	(1,797)	1.45	2.18	1.22	1.25	0.02
12/01/2017	AA+	Aaa	200,000	US TREASURY N/B	1.63	07/31/2019	07/31/2019	199,508	199,604	198,514	(1,090)	1.78	2.19	1.31	1.33	0.02
02/03/2017	AA+	Aaa	200,000	US TREASURY N/B	1.00	05/15/2018	05/15/2018	200,125	200,012	199,842	(170)	0.95	1.63	0.12	0.12	0.00
02/03/2017	AA+	Aaa	150,000	US TREASURY N/B	1.13	06/15/2018	06/15/2018	150,322	150,049	149,829	(220)	0.96	1.67	0.20	0.21	-0.01
02/17/2017	AA+	Aaa	200,000	US TREASURY N/B	0.88	07/15/2018	07/15/2018	199,586	199,914	199,472	(442)	1.02	1.78	0.29	0.29	-0.01
			5,060,000					**5,045,149**	**5,046,124**	**5,024,616**	**(21,508)**	**1.54**	**2.08**	**1.04**	**1.07**	**0.02**
			5,276,181					**5,261,330**	**5,262,305**	**5,240,797**	**(21,508)**	**1.48**	**2.00**	**1.00**	**1.02**	**0.02**

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	An index against which performance can be measured. Attributes of a good benchmark include: *Objective*: The index should be identified ahead of the time, it should be easily understood, and the construction rules should be clearly defined. *Replicable*: The manager should be able to replicate the returns passively. *Relevant*: 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. *Tax Adjusted*: The benchmark should adjust for the different tax rates on various security types
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 realized 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.)

DYCARR[SM]	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

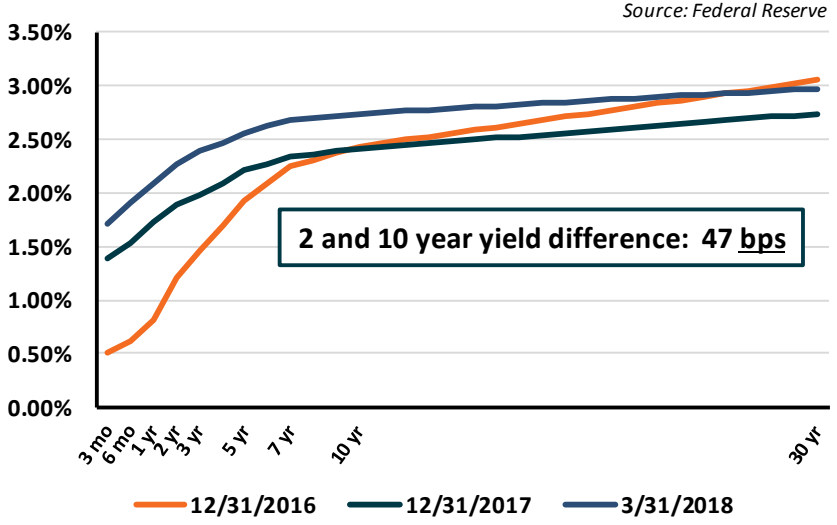
Overview

- Economic overview and market update
- Portfolio review
- Performance

Treasury Yields and Federal Reserve

Treasury Yield Curves

Source: Federal Reserve

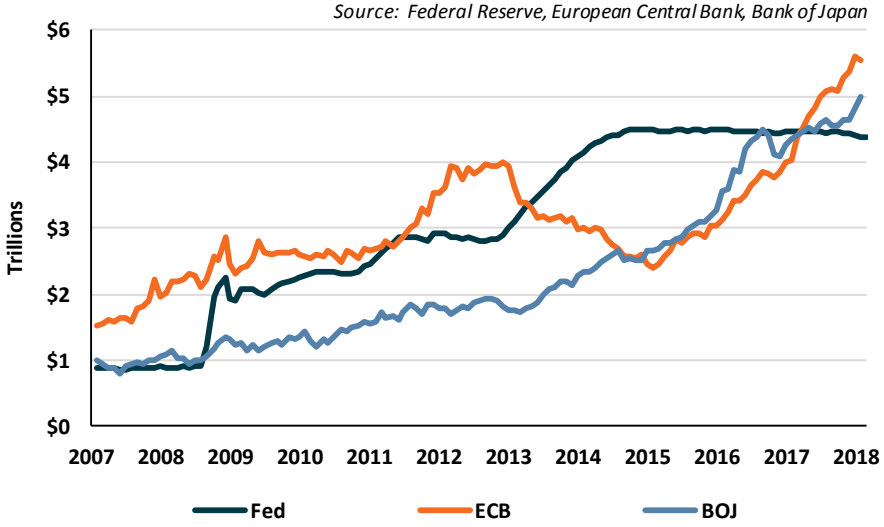


10 Year Treasury Yields

Source: Federal Reserve

Central Bank Balance Sheet (USD)

Source: Federal Reserve, European Central Bank, Bank of Japan



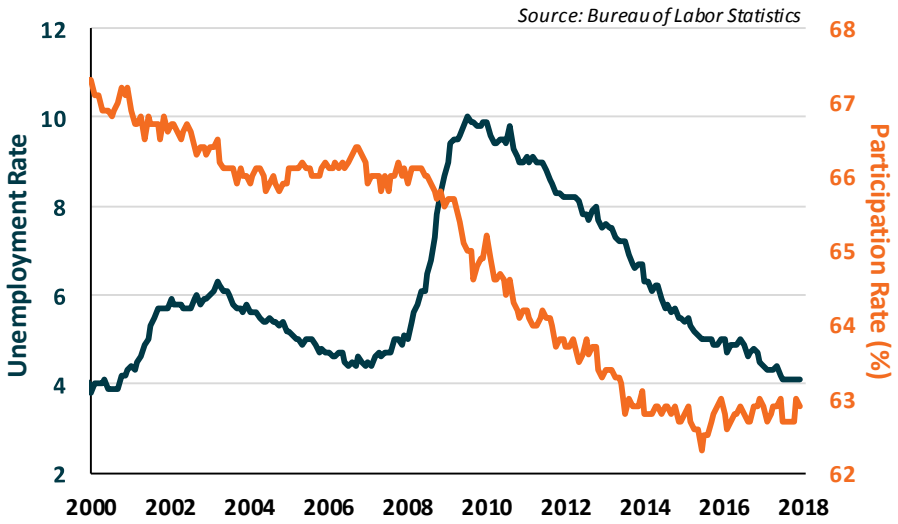
World Bond Yields

	12/31/2017	03/31/2018	Difference
US	2.41%	2.74%	0.33%
UK	1.19%	1.35%	0.16%
Germany	0.42%	0.49%	0.07%
France	0.78%	0.72%	(0.06%)
Italy	2.01%	1.78%	(0.23%)
Spain	1.56%	1.16%	(0.40%)
Japan	0.04%	0.05%	0.01%

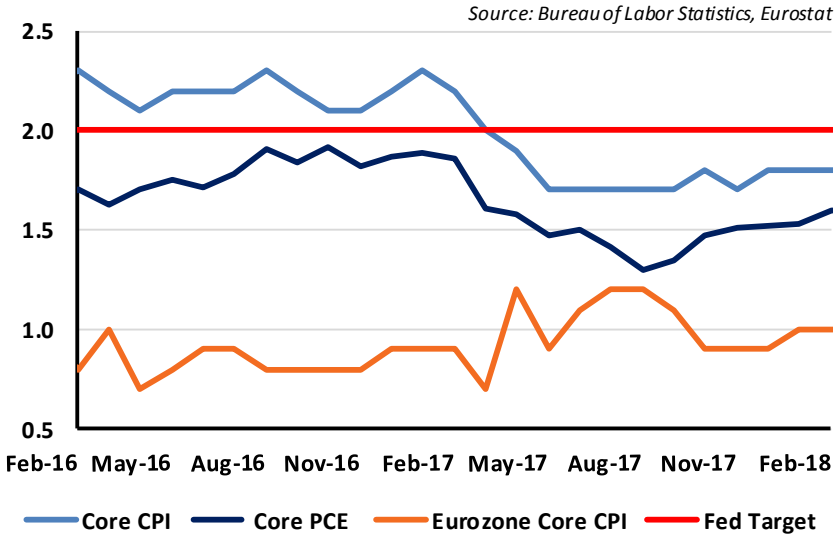
Source: Federal Reserve, Bloomberg

Market Indicators

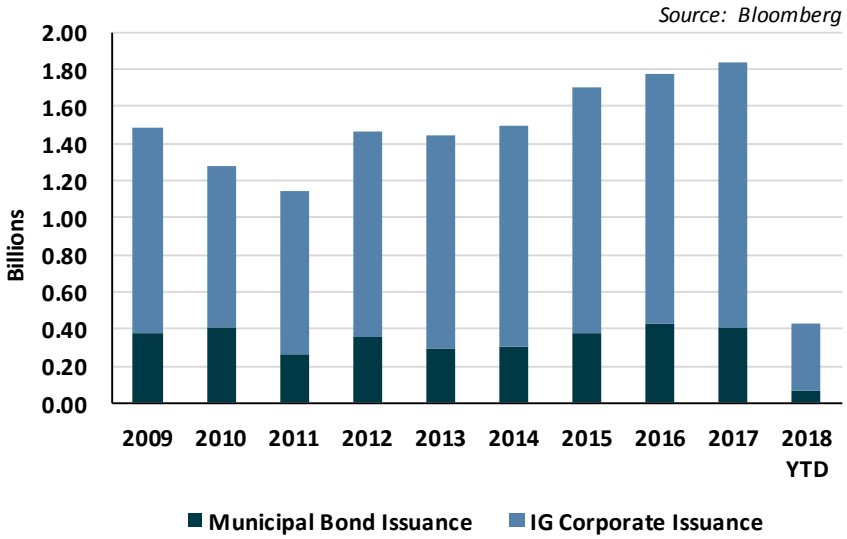
Employment Data



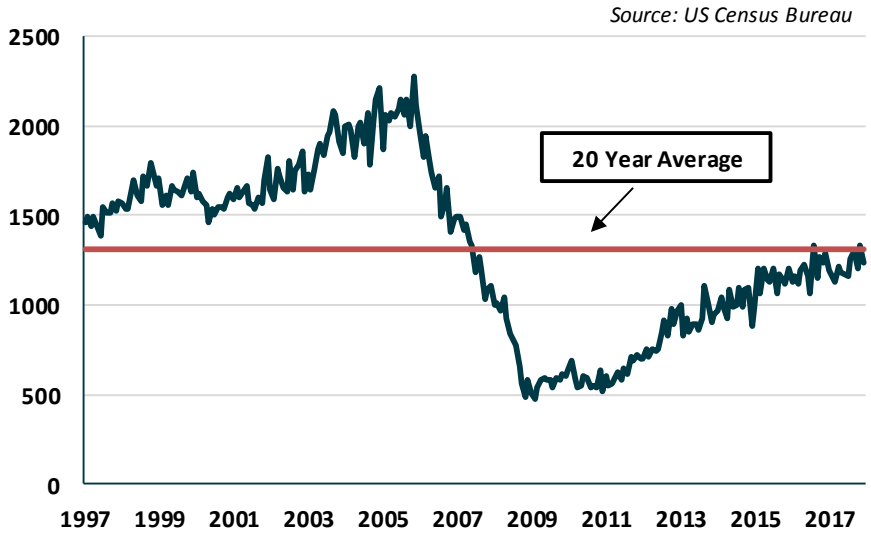
Inflation



Municipal and Corporate Bond Issuance



Housing Starts

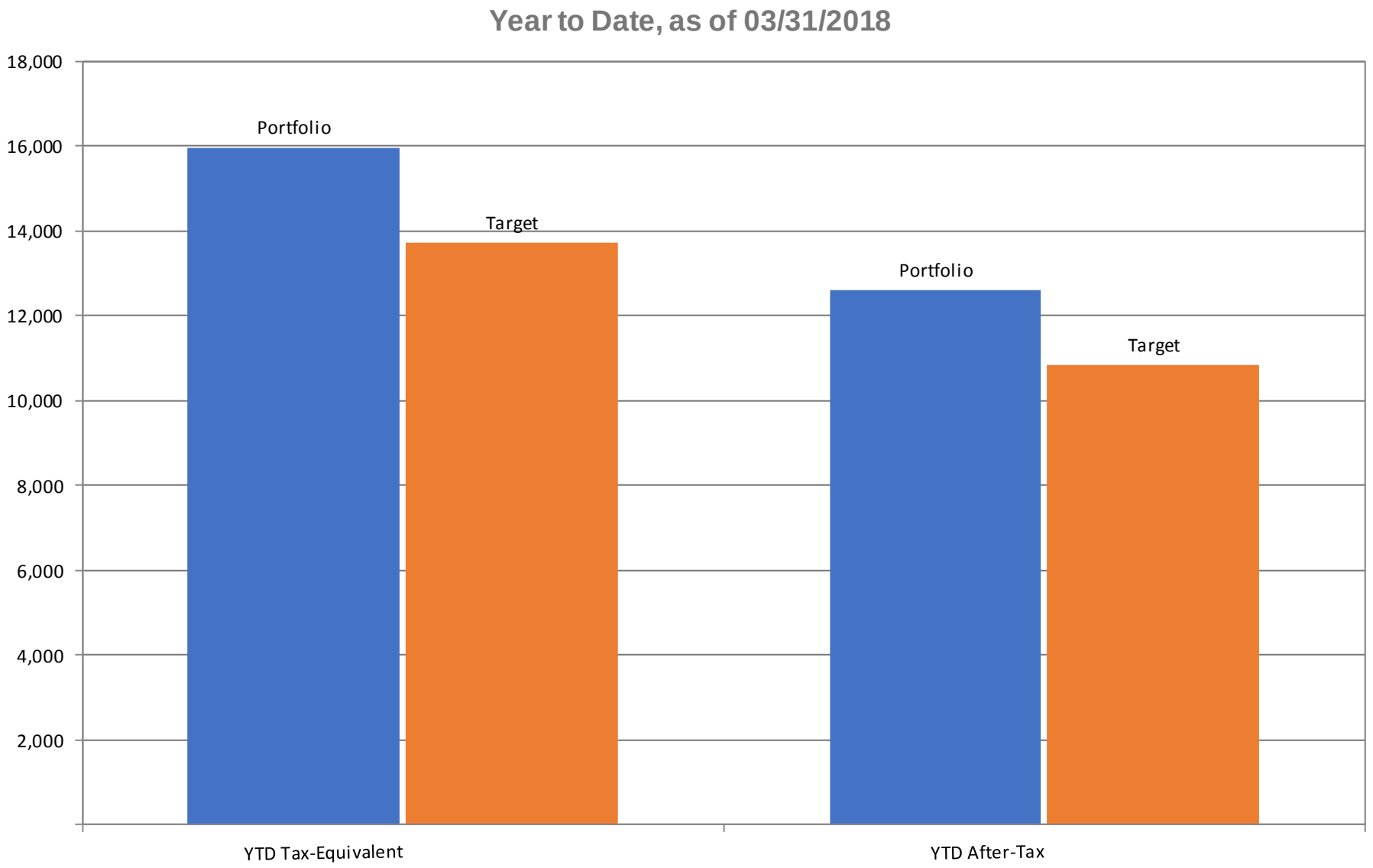


Portfolio Changes

Public Entity Joint Insurance Fund	03/31/2017	06/30/2017	09/30/2017	12/31/2017	03/31/2018
Treasury Yields					
2 yr Treasury Yield	1.26%	1.38%	1.48%	1.89%	2.27%
5 yr Treasury Yield	1.93%	1.88%	1.93%	2.19%	2.57%
10 yr Treasury Yield	2.39%	2.30%	2.33%	2.41%	2.74%
Book Statistics					
Tax-Equivalent Book Yield	0.76%	0.83%	0.91%	1.12%	1.48%
Book Value ($)	4,640,126	4,108,853	4,613,617	4,325,448	5,262,305
Projected Tax-Equivalent Income, next 12 months ($)	35,217	34,165	42,049	48,378	77,753
Unrealized Gains/(Losses) ($)	(5,916)	(7,863)	(6,163)	(15,132)	(21,508)
YTD Realized Gains/(Losses) ($)	0	0	0	0	0
Portfolio Risk Statistics					
Effective Duration	0.75	0.64	0.70	0.81	1.00
Convexity	0.01	0.01	0.01	0.01	0.02
Weighted Average Life	0.76	0.65	0.71	0.82	1.02
Average Rating	AAA	AAA	AAA	AAA	AAA
Portfolio Sector Allocation					
Treasury	95%	100%	91%	94%	96%
Agency	0%	0%	0%	0%	0%
Corporate	0%	0%	0%	0%	0%
Taxable Municipal	0%	0%	0%	0%	0%
Tax-exempt Municipal	0%	0%	0%	0%	0%
Mortgage Pass-Through	0%	0%	0%	0%	0%
CMOs	0%	0%	0%	0%	0%
ARMs	0%	0%	0%	0%	0%
Asset Backed	0%	0%	0%	0%	0%
CMBS	0%	0%	0%	0%	0%
Cash & Cash Equivalents	5%	0%	9%	6%	4%

Note: The tax-equivalent yield calculation has changed after 12/31/17 due to the passing of the Tax Cuts and Jobs Act in December 2017. Tax-equivalent yield grosses up tax-exempt municipal yields so they are comparable to taxable bonds. The factor for 12/31/17 and prior was 1.46 [(1 - 5.25%) / (1 - 35%)]. The new factor is 1.20 [(1 - 5.25%) / (1 - 21%)].

Income Year to Date



Performance

Tax-Equivalent Total Return
as of 03/31/2018
Inception Date: 08/01/2014

	Prime	Benchmark	Difference
Quarter to Date	0.22%	0.29%	-0.07%
Year to Date	0.22%	0.29%	-0.07%
Since Inception	0.50%	0.55%	-0.06%

Benchmark Composition:

100.0% PEJIF Duration Matched Treasury