



PUBLIC ENTITY JOINT INSURANCE FUND MEETING AGENDA
October 21, 2014
Hampton Inn, Woodbridge, NJ – at 10:00am – Please see board in Lobby

▪ **MEETING OF BOARD OF FUND COMMISSIONERS CALLED TO ORDER**

▪ **OPEN PUBLIC MEETING ACT STATEMENT**

- In accordance with the Open Public Meetings Act, notice of this meeting was provided by:
1. Sending sufficient notice to the Fund's designated newspapers, the Newark Star Ledger and The Times of Trenton
 2. Filing advanced written notice of this meeting with each member municipality; and
 3. Posting notice of this meeting on the Public Bulletin Board of all member municipalities.

▪ **PLEDGE OF ALLEGIANCE**

▪ **ROLL CALL OF FUND COMMISSIONERS**

▪ **APPROVAL OF MINUTES 9/17/14 MEETING**

▪ **ADOPTION OF RESOLUTIONS**

- Resolution 30-14 – Approving Certain Disbursements
- Resolution 31-14 – Approving Claims Payments

REPORTS

• **EXECUTIVE DIRECTOR – NIP GROUP (Earl Miller Executive Director)**

- Fast Track – E. Miller
- Prospects – J. Hall
- Renewal – J. Hall

• **SAFETY DIRECTOR – (A. Ven Graitis VP of Risk Control and D. Perillo, Sr. Risk Control Specialist)**

- Police Action Plan – A. Ven Graitis
- Member Safety Committee Meetings – A. Ven Graitis
- EPL – A. Ven Graitis
- September Risks - (handouts) Weather, Infectious Diseases – D. Perillo
- SIP Progress, Online Training – D. Perillo

▪ **CLAIMS REPORT (Robert Persico, Vice President Claims)**

- Claims Update – R. Persico

▪ **TREASURER'S REPORT (Patrick DeBlasio)**

▪ **NEW BUSINESS**

▪ **ADJOURNMENT**

PUBLIC ENTITY JOINT INSURANCE FUND
MEETING MINUTES
September 30th, 2014
Hampton Inn Woodbridge, NJ at 10:00am

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

- Swearing in of new Fund Commissioners Matthew Watkins, Town of West New York and Michele Ralph-Rawls, City of East Orange.

ROLL CALL OF FUND COMMISSIONERS

Ron Van Resalier – City of Passaic (in for Commissioner R. Fernandez)
Jillian Barrick – City of Perth Amboy
Karen Dabney – City of Plainfield
David Brown – Borough of Roselle
Michele Ralph-Rawls - City of East Orange.
Matthew Watkins - Town of West New York

▪ **APPROVAL OF MINUTES July 15th, 2014**

MOTION: Commr. Dabney

SECOND: Commr. Barrick

ABSTAIN: Commr. Van Rensalier, Ralph-Rawls, Watkins

▪ **ADOPTION OF RESOLUTIONS**

MOTION TO ADOPT RESOLUTIONS

- **Resolution 28-14** – Approving Disbursements totaling \$543,914.94

MOTION: Commr. Dabney

SECOND: Commr. Barrick

VOTE: ROLL CALL

Ron Van Rensalier – City of Passaic
Jillian Barrick – City of Perth Amboy
Karen Dabney – City of Plainfield
Matthew Watkins – Town of West New York
David Brown – Borough of Roselle
Michele Ralph-Rawls – City of East Orange

- **Resolution 29-14** – Approving Claims Payments totaling \$258,698

MOTION: Commr. Dabney

SECOND: Commr. Barrick

VOTE: ROLL CALL

Ron Van Rensalier – City of Passaic
Jillian Barrick – City of Perth Amboy
Karen Dabney – City of Plainfield
Matthew Watkins – Town of West New York
David Brown – Borough of Roselle
Michele Ralph-Rawls – City of East Orange

Executive Director – NIP Management Services - E. Miller

- **Financial Fast Track** –The Fund continues to maintain a small YTD surplus. All financial obligations are being met. As the Fund grows so will the financial stability and predictability.
- **Police Training** – Law enforcement liability claims are of increasing concern and steps must be taken to mitigate this. The Fund will be providing mandatory police training for all members, with focus on prevention of violent interactions between police and third parties. We have launched similar mandatory police training for the GSMJIF members.
- **2015 RFQ** - We have received submissions for the 2015 RFQ's posted in September. Commissioner Watkins suggested that since we do not have an Executive Board, perhaps two commissioners should be designated to review submissions. Mr. Miller asked for volunteers and Commissioners Watkins and Dabney have accepted the task. Mr. Miller indicated that volunteers should review submissions in October and present their feedback/recommendations to the fund which we will then make a final decision in our November meeting and informing incumbents in December.
- **2015 Renewal – (J. Hall)** – We are expecting initial excess renewal quotes and the first draft of the actuarial pricing study by next week. We are still missing one member's renewal submission, and the Cyber Liability and Non-Owned Aircraft applications from a number of members.
- **Prospects – (J. Hall)** - We have received a submission from Township of Teaneck, and have expressions of interest from Hackensack, Hillside, Irvington, Orange, and Trenton. Irvington and Trenton have very high SIRs that match or exceed those of the PEJIF, so their experience would not impact the mutualized layer component of the Fund's assessments.

SAFETY DIRECTOR - Anthony Ven Graitis, Vice President Risk Control & Debbie Perillo, Sr. Risk Control Specialist)

- **Police Action Plan – A. Ven Graitis - VP Risk Control** - The Claims Group will provide instant notification to Risk Control when an incident or claim meets certain established thresholds. Risk Control will contact the member police department to obtain additional facts and to determine the proper risk control response. Risk Control will escalate the response depending on the severity and type of incident which can include reviewing department protocol and written policies, offering individual or group training, or bringing in a professional firm through our established network including The Rodgers Group, Response Law, RGI, and Lexipol;
- **Ebola Safety Announcement - A. Ven Graitis - VP Risk Control** - Several member emergency responders raised concerns regarding Ebola. A risk control announcement was distributed which included

information from the New Jersey Department of Health (NJDOH): Infection Prevention and Control Guidelines for Emergency Medical Service Personnel Regarding Care and Transport of Patients with Suspected Ebola Virus Disease (EVD), Center for Disease Control and Prevention (CDC): Ebola Hemorrhagic Fever Information Booklet, New Jersey Department of Health (quick fact sheet-FAQ), and Center for Disease Control and Prevention (CDC): Interim Guidance for Emergency Medical Services (EMS) Systems and 9-1-1 Public Safety Answering Points (PSAPs) for Management of Patients with Known or Suspected Ebola Virus Disease in the United States

- **Jet-Vac Safety Bullet A. Ven Graitis - VP Risk Control** - A safety bulletin was issued after a critical incident impacted a municipality in the GSMJIF. Risk Control will investigate membership in the National Association of Sewer Service Companies (NASSCO) for additional support including a Jetter Code of Practice manual and video training tapes.
- **Development of PEJIF Police Department Safety Committee – D. Perillo Sr. Risk Control Specialist** – - Risk Control will reach out to all members to secure the names of police department personnel in the PEJIF to commit to attend the Police Safety Committee. They will begin by attending the October GSMJIF Police Safety Committee meeting “Handcuff Training”. Future consideration will be made to decide if a separate PEJIF committee is warranted.
- **September Risks - D. Perillo, Sr. Risk Control Specialist** - An email copy of a safety bulletin regarding crossing guard safety has been emailed to all members. Risk Control will follow up on any requests or interest in Crossing Guard safety Training.
- **September Risk Control Bulleting- D. Perillo Sr. Risk Control Specialist** - The PEJIF safety bulletin for September has been emailed to all members, titled “Excessive Force” Members will review their current policies and procedures as well as coordinate training efforts for the Police Department personnel with the PEJIF Risk Control dept. Risk Control will make available, specialized trainings by law enforcement experts and other law enforcement professionals in addition to PEJIF Risk Control personnel.
- **RGI Training – D. Perillo Sr. Risk Control Specialist** - The PEJIF Risk Control Dept. will coordinate bulletins and alerts for future trainings offered by RGI. Risk Control will organize guest speakers for future PEJIF Monthly meetings as well as Police Safety Committee meetings with Jack Hoban (and others) as guest speaker (s).

CLAIMS REPORT - Robert Persico, Vice President Claims

- **Jet-Vac Sewer Case Study** - Presented a case review on the inherent dangers in the Jet-Vac sewer cleaning equipment. The equipment, namely the hose and nozzle have been found while under pressure to become uncontrollable striking sewer maintenance workers causing serious injuries to include fatalities. The case study described a recent case where two employees sustained serious injuries while attempting to free an ice block within the hose. It was requested that contact be made with the staff of each member who perform sewer maintenance and advise of the danger associated with this process and equipment. Further follow the Risk Control Bulletin and do not try service the equipment while the pressure is on and recommend the manufacturer or service company be summoned to service the Jet-Vac and rig.
- **Treasurer’s Report – Patrick DeBlasio** - Mr. DeBlasio reviewed the monthly treasurer’s report and cash management account and advised that the Fund has met all outstanding obligations and its financial position is secure.

MOTION TO ADJOURN TO EXECUTIVE SESSION, NOT OPEN TO THE PUBLIC IN

ACCORDANCE WITH THE OPEN PUBLIC MEETINGS ACT, N.J.S.A. 10:4-12(B), TO DISCUSS PENDING OR ANTICIPATED LITIGATION (CLAIMS)

Claims: NONE

OPEN FORUM

MOTION TO ADJOURN - COMPLETED

Commissioner Van Rensalier made a motion to adjourn the meeting at 10:52am and Commissioner Brown second the motion. Motion carried unanimously.

Prepared by E. Miller.

Earl Miller

Ricardo Fernandez

ALSO PRESENT:

Earl Miller – NIP
Madeline Delgado – NIP
Patrick DeBlasio – Treasurer
Debbie Perillo - NIP
Robert Persico – NIP
Jonathan Hall – NIP
James Renner - NIP
Wendy Wiebalk – NIP
Brian Erlandsen – BGIA
Mike O’Connell- Pringle, Quinn, Anzano
Francis O’Kelly – BGIA
Rob Smith – NIP
Steve Edwards – BGIA
Tom Fragoso – Sirocco
Gail White – Scirocco
Matt Baron – InservCo
Peter Soriero – West New York
William Boughton – Teaneck
Stanley Turitz – Teaneck
Wayne Dietzs – D & H Alternative
Maria Rivera – Perth Amboy
Paul Messerschmidt – D & H Alternative
Kathleen Guze – D & H Alternative
Kathy Martin – City of Passaic
Patti Fahy – Reliance Insurance Group
Lindsey Klein – Reliance Insurance

Public Entity Joint Insurance Fund Monthly Status Report

October 21, 2014



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:

		<u>August 2014</u>		<u>September 2014</u>	
Beginning Cash Balance	Operating Account-Bank of America	\$ 702,525.08	\$	683,513.39	
	Claims Fiduciary Account-Bank of America	9,027.19		9,027.19	
	Custodial-Investments	998,917.76		999,568.76	
		-		-	
	Total Balance	\$ 1,710,470.03	\$	1,692,109.34	
 Receipts:					
	Interest Income	\$ 329.54	\$	326.30	Totals YTD \$ 655.84
	Operating Account-Bank of America	\$ 9,782.18	\$	439,942.50	
	D&H Claims Fiduciary Account-Bank of America	\$ 27,822.37	\$	6,160.19	
	Custodial-Investments	\$ 651.00	\$	500.00	
	Total Receipts	\$ 38,255.55	\$	446,602.69	
 Disbursements:					
	Operating Account-Bank of America	\$ 28,793.87	\$	550,634.44	
	D&H Claims Fiduciary Account-Bank of America	\$ 27,822.37	\$	6,160.19	
	Custodial-Investments		\$	131.00	
	Total Disbursements	\$ 56,616.24	\$	556,925.63	
	Ending Cash Balance	\$ 1,692,109.34	\$	1,581,786.40	



BANK RECONCILIATION

ACCT.NAME Bank of America
 BANK/ACCT# D & H Claims Fiduciary Acct -3810-3273-4856
 From 09/01/14 To 09/30/14
 DATE

BOOK BALANCE AS OF	09/01/14	\$	9,027.19
ADD DEPOSITS (PER BANK LEDGER)			6,160.19
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			6,160.19
BOOK BALANCE AS OF	09/30/14	\$	9,027.19

BALANCE PER BANK STATEMENT 09/30/14 \$9,027.19

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 09/30/14 9,027.19

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 -3810-3273-1969
 DATE From 09/01/14 To 09/30/14

BOOK BALANCE AS OF	09/01/14	\$	683,513.39
ADD DEPOSITS (PER BANK LEDGER)			439,942.50
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			550,634.44
BOOK BALANCE AS OF	09/30/14	\$	572,821.45

BALANCE PER BANK STATEMENT 09/30/14 \$697,715.05

ADD: DEPOSIT IN TRANSIT
 DATE AMOUNT

TOTAL 0.00 0.00

SUBTRACT: CHECKS OUTSTANDING

DATE	CHECK#	AMOUNT
09/15/14	131	4.64
09/15/14	132	13.92
09/15/14	134	1,364.00
09/15/14	135	25,666.69
09/15/14	136	1,927.60
09/15/14	137	37,484.25
09/15/14	138	29,792.00
09/15/14	139	28,640.50

TOTAL 124,893.60 (124,893.60)

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 09/30/14 572,821.45

Difference 0.00

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



BANK RECONCILIATION

ACCT.NAME Bank of America
 BANK/ACCT# Custody Investment Acct -602553.1
 From 09/01/14 To 09/30/14
 DATE

BOOK BALANCE AS OF	09/01/14	\$	999,568.76
ADD DEPOSITS (PER BANK LEDGER)			500.00
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			131.00
BOOK BALANCE AS OF	09/30/14	\$	999,937.76

BALANCE PER BANK STATEMENT 09/30/14 \$999,937.76

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 09/30/14 999,937.76

Difference 0.00

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

RESOLUTION NO. 30-14

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

APPROVING CERTAIN DISBURSEMENTS

WHEREAS, the Bylaws of the PEJIF require that the Fund 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 \$142,717.89 payment.

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

Chairman

Date

October 21st, 2014

Secretary

Date

October 21st, 2014

October 21st, 2014- PEJIF Commissioners Meeting Bills List

Date: 10.3.14
Bills List #: 09



<u>Notes</u>	<u>PAY TO</u>	<u>DESCRIPTION</u>	<u>Check #/WT</u>	<u>Invoice Amt.</u>
	The NJ Times	RFQ Requests \$43.50, RFQ Extension \$52.20 and September Meeting Notice \$4.93	#140	\$100.63
	The Star Ledger	September Meeting Notice	#141	\$13.92
	Patrick DeBlasio	Treasurer Services October	#142	\$416.67
	Prime Advisors	Investment Advisor Services	#143	\$250.00
	D&H Alternative Risk Solutions	City of Passaic Handling Fees October 2014	#144	\$3,666.67
		Total in Checks \$4,447.89		
		<u>WIRE TRANSFERS</u>	WT	
	BGIA	Invoice#203884 Lloyds of London Excess Policy PK1021813 Endorsement 39 Adding East Orange		60,828.00
	BGIA	Invoice#203885 Caitlin Excess Umbrella Lia. Policy XSC-680102-0115 Endr. #8 Add East Orange		5,707.00
	BGIA	Invoice#204350 Travelers Property Policy endr. 17 Adding East Orasnge eff. 9/15/14		53,170.00
	BGIA	Invoice#204349 Travelers Boiler & Machinery Endr. 18 Add East Orange		3,029.00
		Total WT/BGIA \$122,734.00		
	NIP Management	TPA Fee - Roselle		15,536.00
		Total WT/NIP Mgmt Services \$15,536.00		
				Subtotal
				\$ 142,717.89
				Total
				\$ 142,717.89

RESOLUTION NO. 31-14

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 \$111,377 against the fund.

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

Chairman

Date

October 21st, 2014

Secretary

Date

October 21st, 2014



PEJIF MONTHLY PAYMENTS

2014 MONTH	September
D&H - PASSAIC	Amount
WC	30,613
LIABILITY, PROP & APD	1,530
PERTH AMBOY	
WC	26,753
LIABILITY & PROP	6,517
Inservco - PLAINFIELD	
WC	24,569
LIABILITY & PROP	6,517
CCMSI - WNY	
WC	2,900
LIABILITY & PROP	5,348
NIP & D&H Roselle	
WC	6,630
Liability & Prop	0
East Orange	
WC	
Liability & Prop	
PEJIF Total for the month	111,377

No reports received from Inservco as of 10/16/2014

Public Entity Joint Insurance Fund

QUARTERLY INVESTMENT REPORT

AS OF 9/30/2014



Prime Advisors, Inc.

PUBLIC ENTITY JOINT INSURANCE FUND CERTIFICATES ISSUED 9/9/2014 to 10/7/2014

JIF Member	ISSUED	CERT HOLDER	COVERAGE	HOLDER DESCRIPTION
City of Plainfield	9/25/2014	State of New Jersey Dept. of Education	2014 GL/AL/WC	Evidence of Insurance as respects the City of Plainfield's Bilingual Day Care Center.
City of Plainfield	9/25/2014	Plainfield Public Schools	2014 GL/AL/WC	Evidence of Insurance as respects the City of Plainfield's Bilingual Day Care Center.
City of Passaic	10/6/2014	New Jersey Schools Development Authority PO Box 991	2014 GL/AL/WC	Certificate holder is included as an additional insured (Licensor) as respects the City of Passaic Fire Department's use of certificate holder's property for training on 10/11/2014. *
City of Perth Amboy	10/3/2014	Middlesex County Vocational & Technical Schools	2014 GL	Middlesex County Vocational and Technical and Adult Technical Schools are included as additional insured as respects the City of Perth Amboy's use of the gym for their Travel Basketball and Adult Fitness programs 10/27/2014 through 12/31/2014. *
City of Plainfield	9/19/2014	County of Union	2014 GL/AL/WC	The County of Union, its Board of Chosen freeholders, officers, employees, agents, servants and the State of New Jersey are included as Additional Insured under all policies except Workers' Compensation/Employers Liability as respects the City of Plainfield in connection with the Safe Housing and Transportation Program Grant Application. Insurance coverage on which the County of Union et. al is an additional insured is provided on a primary and non-contributory basis. A Waiver of Subrogation in favor of the County of Union, its Board of Chosen Freeholders, officers, employees, agents, servants and the State of New Jersey is required to be included in those policies of insurance where permitted by law. *

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Executive Summary

TRANSACTIONS:

Action	Total	Comments	Average Tax-Equivalent Yield
Sales, Calls, and Maturities			
Purchases	\$977,237		0.17%

PORTFOLIO STATISTICS:

Quarter Ending:	06/30/2014	09/30/2014
Tax-Equivalent Book Yield		0.17%
Book Value		\$999,661
Projected Tax-Equivalent Annual Income		\$1,694
Unrealized Gain		\$208
YTD Realized Gain		\$0
Portfolio Duration		0.82
Average Credit Quality		AA+

PORTFOLIO ALLOCATION:

Sector	06/30/2014	09/30/2014
Treasury		38%
Agency		60%
Credit		0%
Exempt Muni		0%
Taxable Muni		0%
MPT		0%
CMO		0%
ABS		0%
CMBS		0%
Short-Term		2%

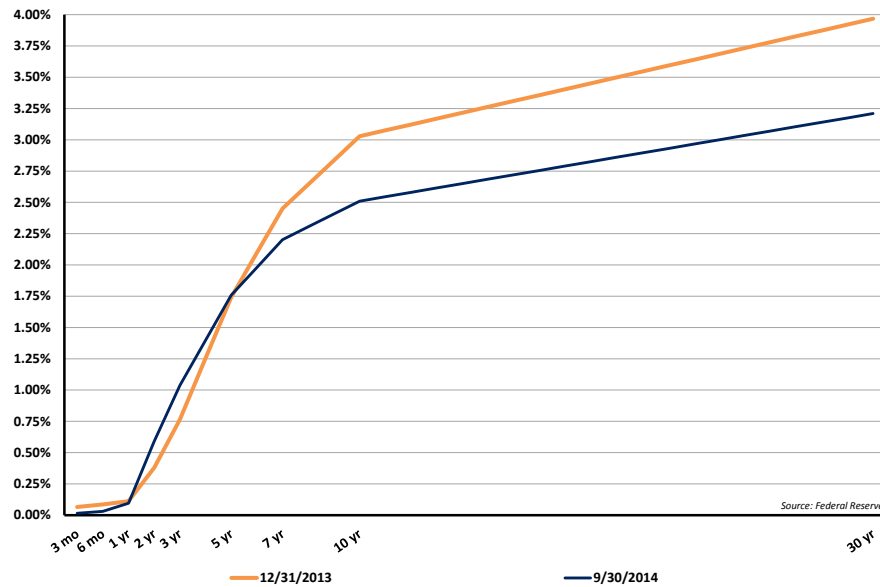
PERFORMANCE:

Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	\$287	\$280	\$7
QTD Total Return	0.07%	0.06%	0.01%
YTD Total Return	0.07%	0.06%	0.01%

COMMENTARY:

Economic Outlook

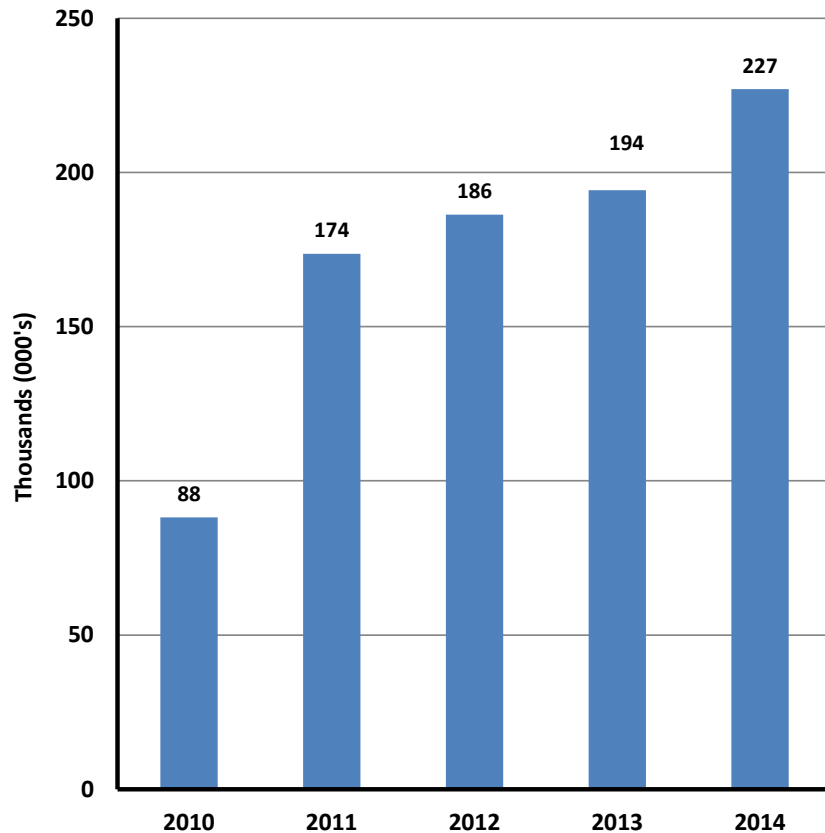
Treasury Yield Curves and 3 Year Treasury Yield



- Slowing economies and geopolitical unrest worldwide continue to pressure yields lower during the first nine months of 2014
- 10 year yields have moved lower on the year from 3.01% to 2.51%
- With the improved economic landscape in the US, the Federal Reserve is expected to conclude quantitative easing (QE) purchases at the upcoming October meeting
- While rates 7 years and longer have fallen, the 3 year Treasury yield has climbed higher over the past 2 years on anticipation of future rate hikes by the Federal Reserve

Economic Outlook

US Payrolls and GDP Expectations – as of 9/30/2014



Source: Bureau of Labor Statistics

- Employment strength continues as payrolls have averaged +226,666 in 2014 and the unemployment rate has fallen to 5.9%
- U.S. GDP outlook remains stable for the coming years, however, the expected slowdown in China and Europe certainly sparked the bond rally this year
- Equity indices brushed off early volatility and ended the first half of the year and remain in positive territory

GDP Forecasts YOY (%)	2014	2015	2016
US	2.1	3.0	2.9
Eurozone	0.8	1.3	1.7
China	7.3	7.0	6.8
Japan	1.1	1.2	0.9

Source: Bloomberg Composite

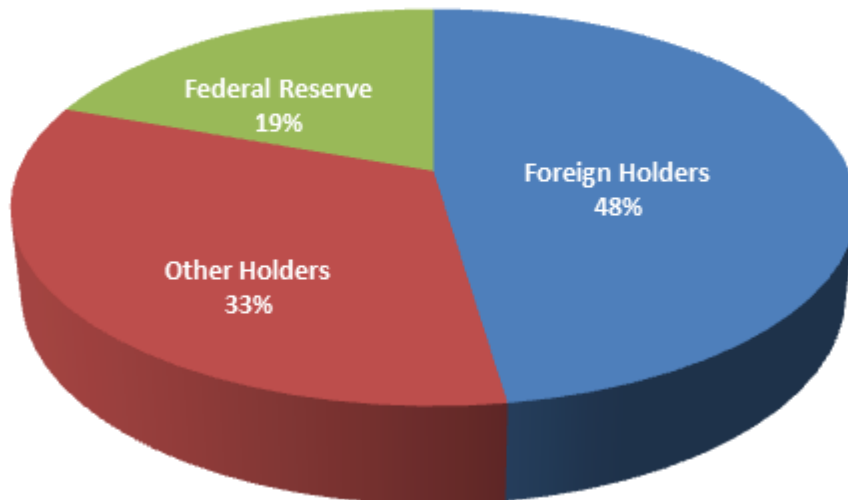
Economic Outlook

World Bond Yields and US Treasury Debt – as of 9/30/2014

	2 year	10 year
US	0.57%	2.49%
UK	0.82%	2.42%
Germany	-0.08%	0.94%
France	-0.02%	1.28%
Italy	0.35%	2.33%
Spain	0.32%	2.13%
Portugal	0.42%	3.13%
Japan	0.07%	0.52%

Source: Federal Reserve, Bloomberg

\$12.5 Trillion US Debt Outstanding as of September 2014



Source: Federal Reserve, Bloomberg

- Europe continues to struggle with the threat of deflation and high unemployment
- As the European Central Bank vows to provide liquidity to member nations, the hunt for yield has investors willing to take risk in sovereigns still plagued with fiscal issues
- Eurozone unemployment rate of 11.6% remains high relative to the 5.9% level in the U.S.
- With an improved GDP and employment outlook, U.S. yields remain attractive relative to other global economies
- Foreign buying of US debt should help dampen rising rates in the U.S. as the Fed prepares to exit the market

Economic Outlook

Municipals

The trend of solid demand and light issuance continued into the third quarter. Tax exempt bond funds have seen inflows during 32 of the 38 weeks year-to-date, and demand from retail investors and commercial banks have been particularly strong. At the same time, primary issuance is down 25% to 30% from 2013, which was down from 2012 levels. With more buyers than sellers, secondary market trading volumes remained lighter than usual throughout the summer months.

During the quarter, the municipal yield curve continued to flatten. Two-year, AAA rated municipal yields rose 6 basis points (a basis point is 1/100th of 1.00%) according to Municipal Market Data. At the same time, thirty year, AAA yields dropped 19 basis points. As we enter the fourth quarter, the 2yr - 30yr curve sits at roughly 275 basis points, down from 385 basis points at the beginning of the year.

Although opportunities could arise in the primary market should the new issue calendar build into year end, Prime is not bullish on the tax exempt municipal sector as we enter the fourth quarter. Absolute yields remain low and both pretax yield percentages versus Treasuries as well as credit spreads remain tight. At least in the short run, there may be better options in other asset classes.

Structured Products

We began the year with the Fed purchasing \$40bn MBS per month and has since been reduced these purchases at a measured pace over the last 9 months, the end of this program is expected to be announced at the October Fed meeting. Going forward, spreads are not expected to widen substantially, due to limited new supply in the market as well as the Fed's continued involvement in the mortgage market through the reinvestment of paydowns on their current MBS portfolio.

Additionally, it is thought that many traditional MBS buyers have an underweight position to MBS. That said, any kind of spread widening that does take place at the end of QE will be short lived.

In our portfolios, we continue to favor an underweight to mortgage product, however we will look to add exposure as the Fed exits the market, creating supply, and relative value returns. In addition, we utilize agency-backed 10 year mortgage-backed paper and CMO's to reduce convexity risk in the portfolio. This positioning allows us to mitigate some amount of extension risk as rates rise. Our focus in residential mortgage purchases remains in agency-backed products only.

For shorter duration securities, we prefer an allocation to asset-backed securities in lieu of Treasuries, agencies, and higher-rated corporate credits. Bonds currently offer value in 1-5 year maturities and hold superior AAA rated credit quality.

Corporates

The corporate markets were quiet during July and August as new issuance fell 25% compared to the same months in 2013. The doldrums reflected a flight to quality from the Russian invasion of the Ukraine and political turmoil in Iraq and Syria. This was countered by an improving economy and the lifting of quantitative easing by the Fed that led to slightly higher yields. Overall activity and new issuance picked up in September with \$124 billion in supply. Private equity activity reignited concerns about re-leveraging. The quarter ended with the Administration outlining new limits on tax inversions to prevent tax avoidance by U.S. corporations with lots of overseas cash. While the new regulations aren't expected to derail the acquisitions, some deals will be restructured to satisfy the new rules.

Economic Outlook

Corporate spreads remained tight in July, but increased gradually in August and September as new issuance rushed to the market and unwinding of quantitative easing elevated market volatility. Corporates widened 13bps during the quarter especially in industrials and financials by 13 and 12 bp, respectively and among the A and BBB names that widened 11 and 15bps, respectively.

Option Adjusted Corporate Spreads in Basis Points						
Index Sector	7-yr Tights (12/31/06)	12/31/13	06/30/14	09/30/14	3Q14 Change	YTD Change
Aggregate Index	38	45	38	43	5	-2
Corporates	88	114	99	112	13	-2
Industrials	102	114	102	115	13	1
Utilities	102	125	98	106	8	-19
Financials	69	109	96	107	11	-2
AAA	53	57	53	60	7	3
AA	58	64	58	64	6	0
A	86	91	84	95	11	4
BBB	122	150	126	141	15	-9

Source: Barclays Capital as of 09/30/14

Relative Value: As expected, the first half outperformance with tight spreads and low all in yields was a tough act to follow. Prime continued to lock in gains during 3Q14 to take some risk off the table and didn't go down in credit or structure to reach for yield. In the new quarter, risks of a pickup in economic growth could drive investors away from bonds (anticipation of potential Fed tightening) in search of better returns in the stock market. BBBs still offer the widest spread but security selection will be critical to avoid vulnerable credits. Although Industrial spreads offer wider spreads among the sectors, they are prey to private equity firms' pressure on managements to lever up to repurchase shares or break up into less diversified entities. Financials continue to be under the thumb of regulators and will not be able to lever up or face more

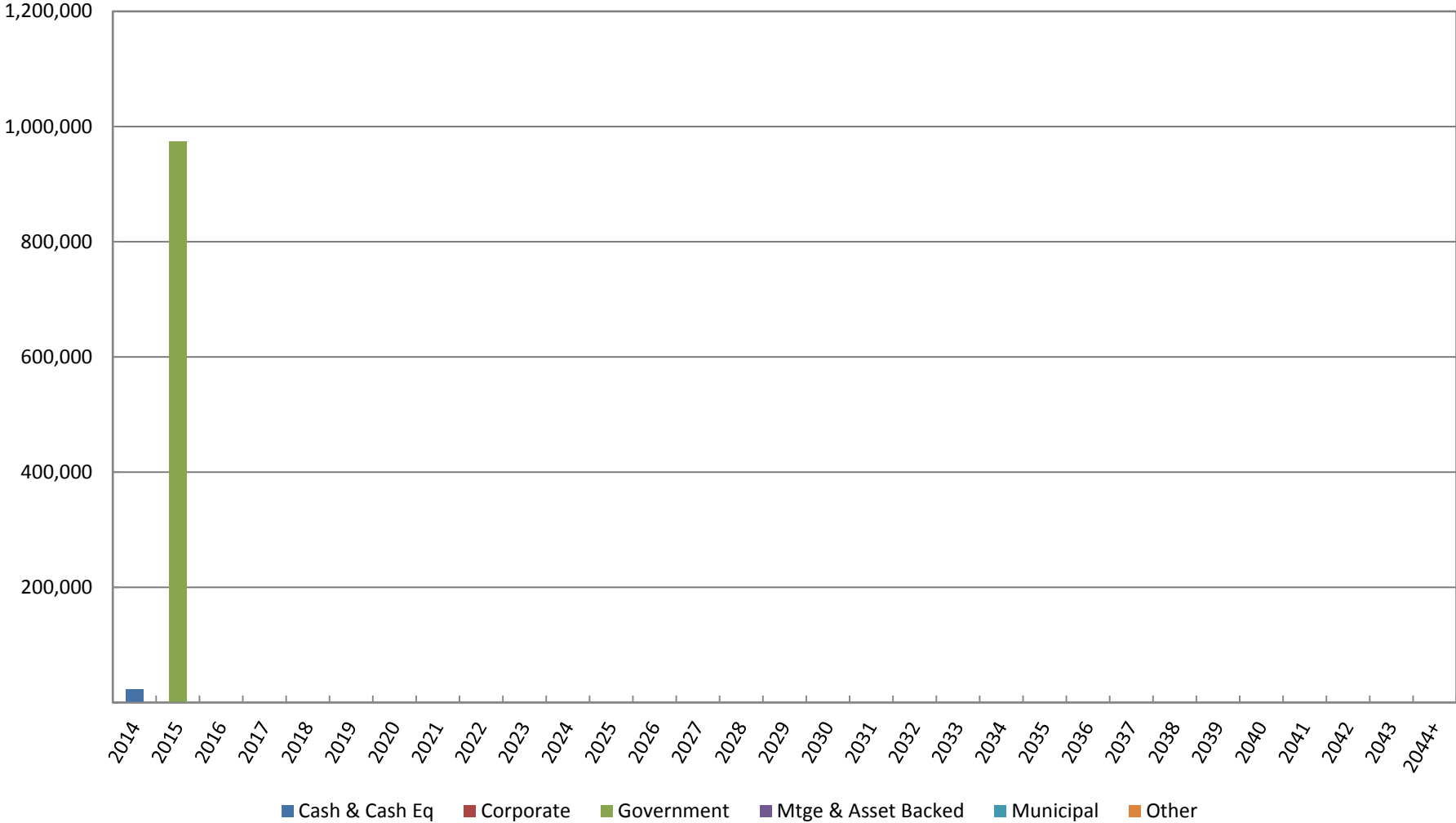
finances and penalties. For this reason we favor the financials over industrials at this point in the credit cycle.

Yield curve positioning for outperformance: The corporate yield curve steepened further during the quarter. At quarter end we favor a barbell approach, targeting the wings of a client's benchmarks rather than a bulleted structure in the belly of the curve.

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	375,568	375,666	98	0.11	0.08	0.76	0.01	2	98	0	0
Agency	601,290	601,400	110	0.21	0.19	0.88	0.01	3	110	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	976,858	977,066	208	0.17	0.15	0.84	0.01	5	208	0	0
Short Term											
Sweep Money Market	22,803	22,803	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	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Total	22,803	22,803	0	0.00	0.00	0.00	0.00	0	0	0	0
Total Fixed Income & Short Term											
Total	999,661	999,869	208	0.17	0.15	0.82	0.01	5	208	0	0
Equity											
Common Stock	0	0	0					0	0	0	0
Total	0	0	0					0	0	0	0
Grand Total											
Total	999,661	999,869	208					5	208	0	0

Maturity Schedule By Weighted Average Life



Performance

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

	Prime	Benchmark	Difference
Quarter to Date	0.07%	0.06%	0.00%
Since Inception	0.07%	0.06%	0.00%

Benchmark Composition:

100.0% PEJIF Duration Matched Treasury

Bond Purchases

Trade Date	CUSIP	Description	Security Type	S&P Rating	Moody's Rating	Coupon	Maturity Date	Call Date	Price	Cost	Pre-Tax Book Yield	Tax-Equivalent Book Yield
07/29/2014	313383V81	FHLB	Agency	AA+	Aaa	0.375	08/28/2015	N/A	100.19	200,378	0.20	0.20
07/29/2014	3135G0LN1	FNMA	Agency	AA+	Aaa	0.500	07/02/2015	N/A	100.28	200,556	0.20	0.20
07/29/2014	3135G0NV1	FNMA	Agency	AA+	Aaa	0.500	09/28/2015	N/A	100.30	200,605	0.24	0.24
07/29/2014	912828SZ4	US TREASURY N/B	Treasury	AA+	Aaa	0.375	06/15/2015	N/A	100.24	200,485	0.10	0.10
07/29/2014	912828VN7	US TREASURY N/B	Treasury	AA+	Aaa	0.250	07/31/2015	N/A	100.12	175,213	0.13	0.13
Total										977,237	0.17	0.17

Bond Sales, Calls & Maturities

There were no sales, calls or maturities during this period.

Appendix

Detailed Portfolio Report

Portfolio Holdings Report

CUSIP	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
Agency																	
313383V81	07/29/2014	AA+	Aaa	200,000	FHLB	0.38	08/28/2015	08/28/2015	200,378	200,317	200,334	17	0.20	0.19	0.91	0.91	0.01
3135G0LN1	07/29/2014	AA+	Aaa	200,000	FNMA	0.50	07/02/2015	07/02/2015	200,556	200,454	200,498	44	0.20	0.17	0.75	0.75	0.01
3135G0NV1	07/29/2014	AA+	Aaa	200,000	FNMA	0.50	09/28/2015	09/28/2015	200,605	200,518	200,568	50	0.24	0.21	0.99	0.99	0.01
Total Agency				600,000					601,539	601,290	601,400	110	0.21	0.19	0.88	0.88	0.01
Money Market																	
99C001734	07/28/2014			22,803	BANK OF AMERICA/MERRILL LYNCH	0.00			22,803	22,803	22,803	0	0.00	0.00	0.00	0.00	
Total Money Market				22,803					22,803	22,803	22,803	0	0.00	0.00	0.00	0.00	0.00
Treasury																	
912828SZ4	07/29/2014	AA+	Aaa	200,000	US TREASURY N/B	0.38	06/15/2015	06/15/2015	200,485	200,391	200,426	35	0.10	0.07	0.70	0.70	0.01
912828VN7	07/29/2014	AA+	Aaa	175,000	US TREASURY N/B	0.25	07/31/2015	07/31/2015	175,213	175,177	175,240	63	0.13	0.09	0.83	0.83	0.01
Total Treasury				375,000					375,698	375,568	375,666	98	0.11	0.08	0.76	0.76	0.01
Grand Total				997,803					1,000,040	999,661	999,869	208	0.17	0.15	0.82	0.82	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

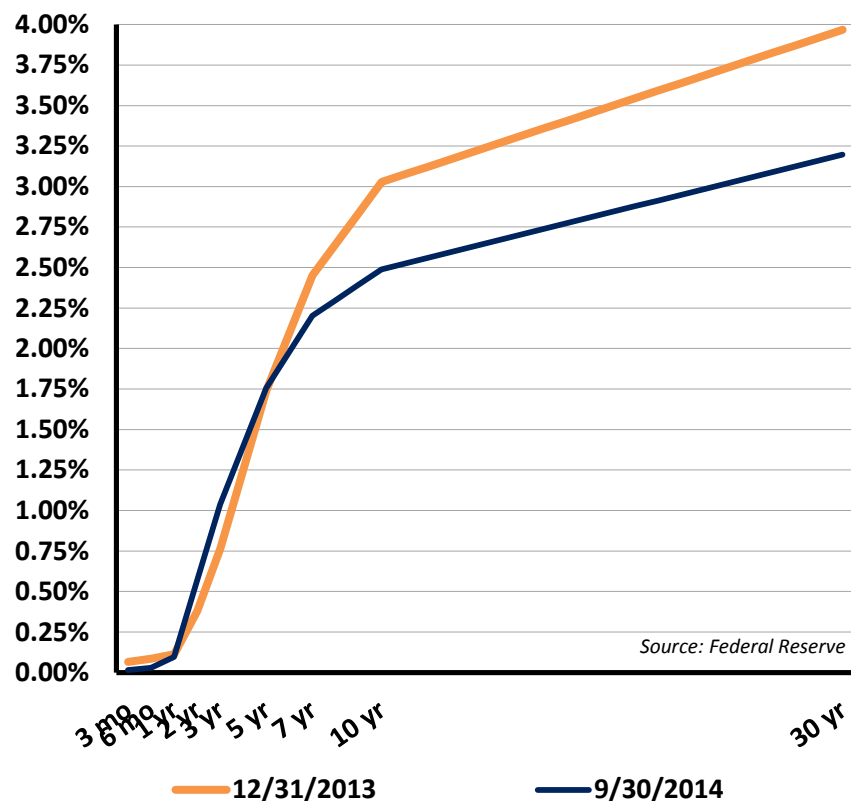
Presentation Overview

Overview

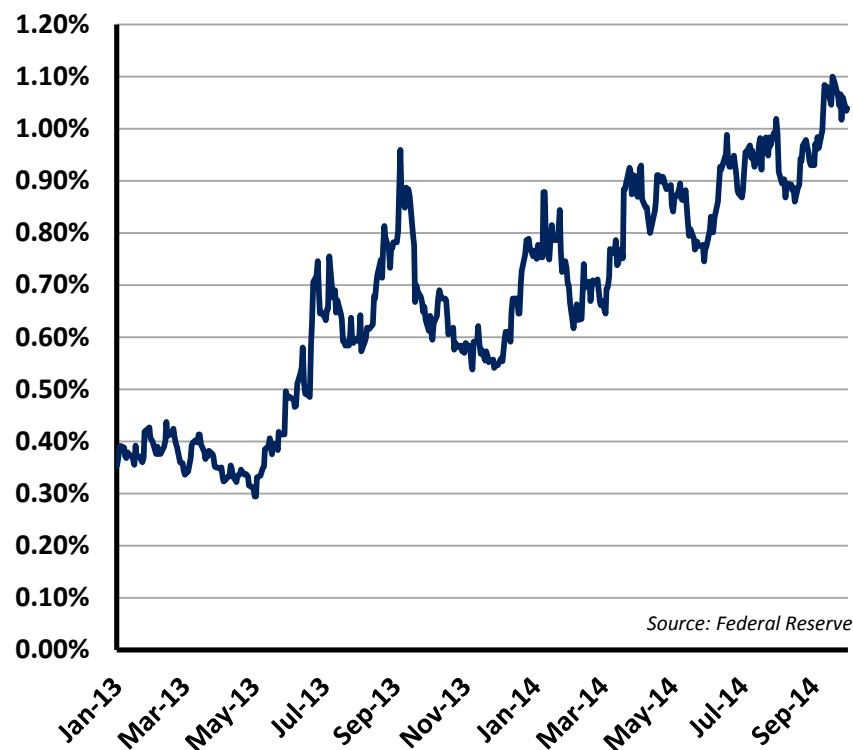
- Economic overview and market update
- Portfolio review
- Performance

Treasury Yield Curves and 3 Year Treasury Yields

US Treasury Yield Curves



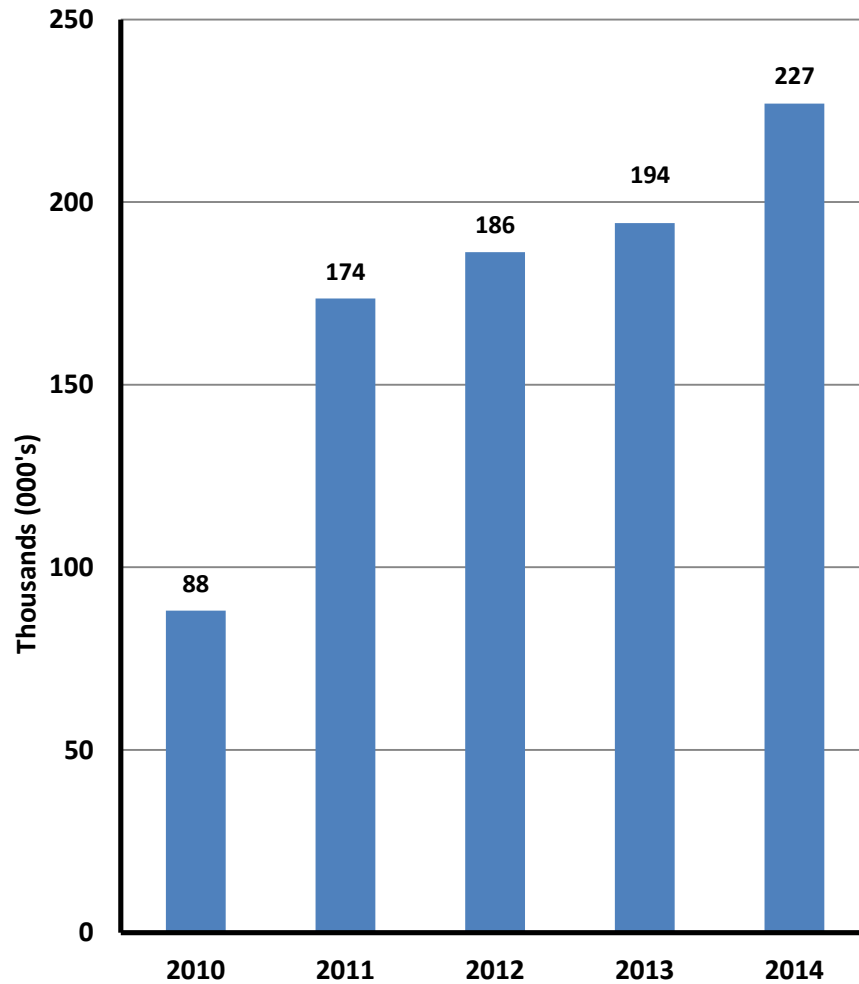
3 Year Treasury Yields



US Treasury Yields		
	12/31/2013	9/30/2014
3 Month	0.07%	0.02%
2 Year	0.39%	0.59%
3 Year	0.76%	1.04%
10 Year	3.01%	2.51%
30 Year	3.94%	3.21%

US Payrolls and GDP

Avg. Monthly Change in NonFarm Payrolls



Source: Bureau of Labor Statistics

GDP Forecasts (YoY)

GDP Forecasts (%)	2014	2015	2016
US	2.1	3.0	2.9
Eurozone	0.8	1.3	1.7
China	7.3	7.0	6.8
Japan	1.1	1.2	0.9

Source: Bloomberg Composite

World Bond Yields and US Treasury Debt

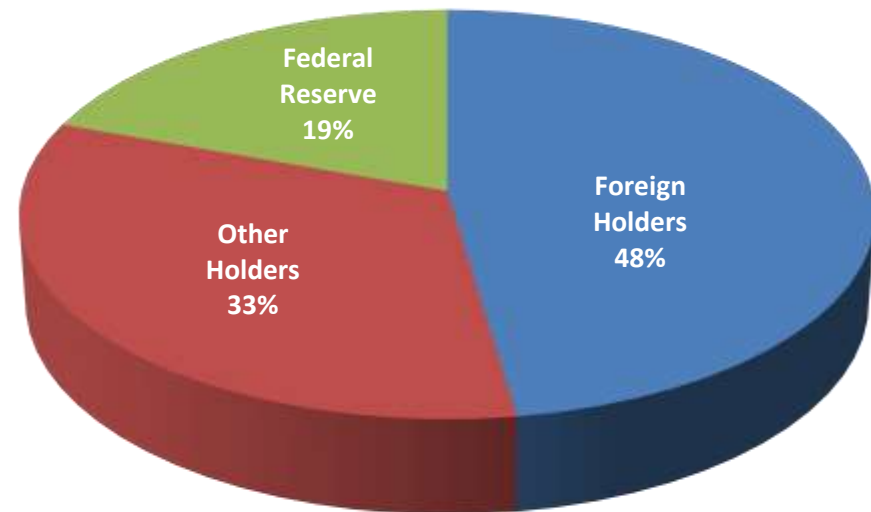
Current World Bond Yields

As of 09/30/2014	2 Year Yield	10 Year Yield
US	0.59%	2.51%
UK	0.82%	2.42%
Germany	-0.08%	0.94%
France	-0.02%	1.28%
Italy	0.35%	2.33%
Spain	0.32%	2.13%
Portugal	0.42%	3.13%
Japan	0.07%	0.52%

Source: Federal Reserve, Bloomberg

US Treasury Debt

**\$12.5 Trillion Outstanding
as of September 30, 2014**



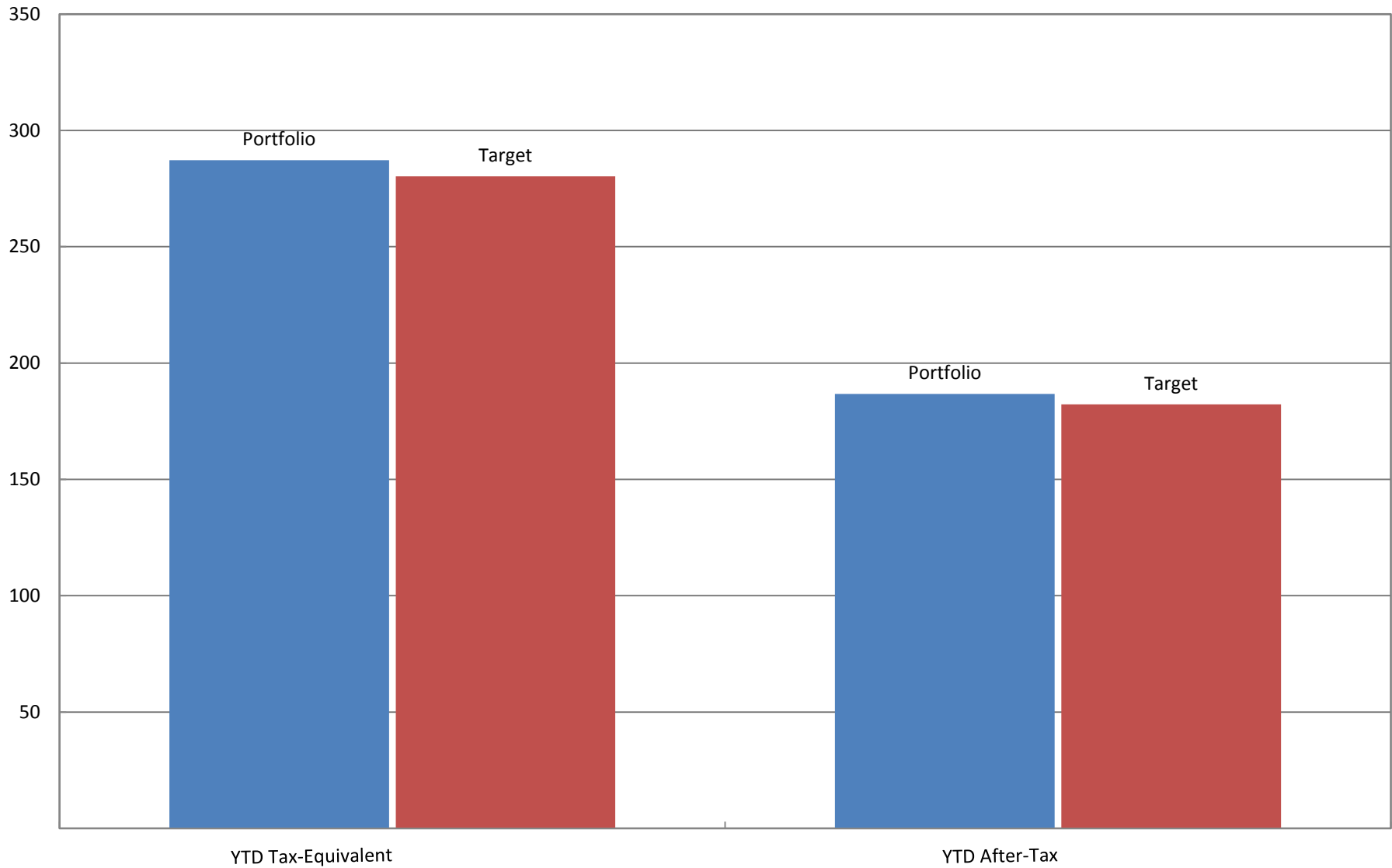
Source: Federal Reserve

Portfolio Changes

Public Entity Joint Insurance Fund		09/30/2014
Treasury Yields		
2 yr Treasury Yield		0.59%
5 yr Treasury Yield		1.78%
10 yr Treasury Yield		2.51%
Book Statistics		
Tax-Equivalent Book Yield		0.17%
Book Value (\$)		999,661
Projected Tax-Equivalent Income, next 12 months (\$)		1,694
Unrealized Gains/(Losses) (\$)		208
YTD Realized Gains/(Losses) (\$)		0
Portfolio Risk Statistics		
Effective Duration		0.82
Convexity		0.01
Weighted Average Life		0.82
Average Rating		AA+
Portfolio Sector Allocation		
Treasury		38%
Agency		60%
Corporate		0%
Taxable Municipal		0%
Tax-exempt Municipal		0%
Mortgage Pass-Through		0%
CMOs		0%
ARMs		0%
Asset Backed		0%
CMBS		0%
Cash & Cash Equivalents		2%

Income Year to Date

Year to Date, as of 09/30/2014



Performance

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

	Prime	Benchmark	Difference
Quarter to Date	0.07%	0.06%	0.00%
Since Inception	0.07%	0.06%	0.00%

Benchmark Composition:

100.0% PEJIF Duration Matched Treasury