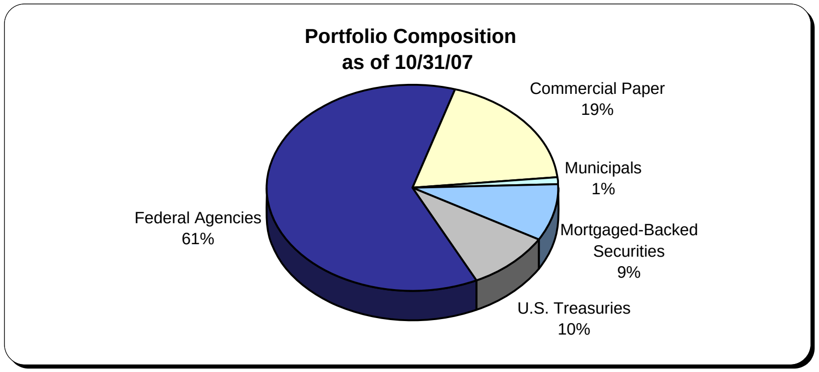
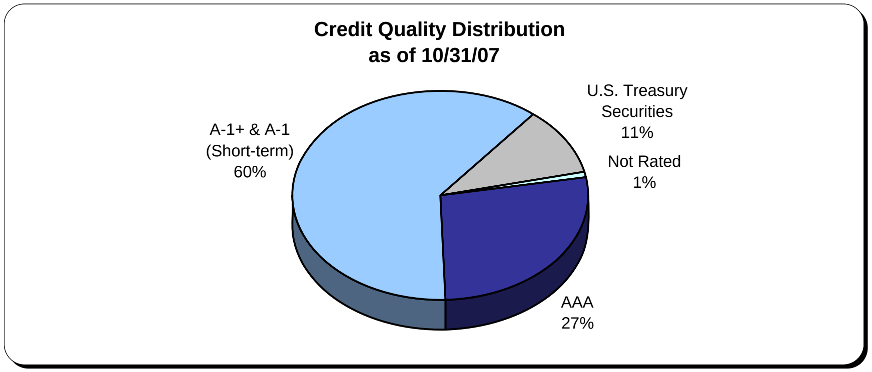
Aggregate Portfolio Composition and Credit Quality

Security Type[1]	October 31, 2007	% of Portfolio	Effective Duration	July 31, 2007	% of Portfolio	Effective Duration
U.S. Treasuries	**$46,924,932**	**10%**	**4.30**	$48,346,849	10%	4.24
Federal Agencies	**$304,944,518**	**61%**	**0.73**	$248,360,546	53%	0.87
Commercial Paper	**$92,372,090**	**19%**	**0.11**	$119,047,058	25%	0.18
Municipals	**$4,950,003**	**1%**	**0.02**	$5,048,659	1%	0.02
Mortgaged-Backed Securities	**$44,387,537**	**9%**	**2.87**	$46,695,255	10%	3.32
Totals	**$493,579,080**	**100%**	**1.14**	**$467,498,367**	**100%**	1.28

Investment Policy Limits	October 31, 2007	July 31, 2007		October 31, 2007	July 31, 2007
Federal Agencies (includes Mortgaged-Backed Securities)[2]					
Freddie Mac	**$46,724,730**	$83,944,159	Ginnie Mae	**$5,134,148**	$5,567,638
Fannie Mae	**$114,325,199**	$166,781,708			
Federal Home Loan Bank	**$126,764,758**	$38,762,295			
Federal Farm Credit Bank	**$56,383,220**	$0			
Commercial Paper[2]					
AIG Funding Corp	**$4,999,327**	$709,294	UBS Paine Webber	**$1,598,716**	$4,401,341
Citigroup Funding Inc	**$1,663,663**	$1,627,930	Merrill Lynch	**$1,205,448**	$9,092,286
Toyota Motor Credit Corporation	**$14,015,595**	$24,665,369	JP Morgan Chase	**$7,536,428**	$17,339,511
General Electric	**$20,391,720**	$17,995,262	Barclays	**$10,321,216**	$18,271,712
Societe Generale	**$0**	$1,645,064	Prudential	**$724,257**	$0
Morgan Stanley	**$0**	$9,663,982	Wells Fargo	**$9,998,653**	$0
Bank of America	**$19,917,067**	$12,227,350	Paccar Financial Corp	**$0**	$1,407,956
Municipal Issuers[2]					
NY State Housing Finance Authority	**$4,447,903**	$4,546,442			
New York City	**$502,099**	$502,217			





Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Pursuant to the Authority Investment Policy, investments in obligations other than those backed by the full faith and credit of the U.S. Government are limited to a maximum of $250 million per issuer.

Hugh L. Carey Battery Park City Authority

Review of Investment Performance

Quarter Ended October 31, 2007

PFM Asset Management LLC

60 Broad Street, Suite 3602
New York, NY 10004
212-809-4212
212-809-5874 fax

One Keystone Plaza, Suite 300
N. Front & Market Streets
Harrisburg, PA 17101-2044
717-232-2723
717-233-6073 fax

Table of Contents

Section A –
Summary of Aggregate Portfolio

Hugh L. Carey
Battery Park
City Authority

Aggregate Portfolio Composition and Credit Quality

Security Type[1]	October 31, 2007	% of Portfolio	Effective Duration	July 31, 2007	% of Portfolio	Effective Duration
U.S. Treasuries	**$46,924,932**	**10%**	**4.30**	$48,346,849	10%	4.24
Federal Agencies	**$304,944,518**	**62%**	**0.73**	$248,360,546	53%	0.87
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Municipals	**$4,950,003**	**1%**	**0.02**	$5,048,659	1%	0.02
Mortgaged-Backed Securities	**$44,387,537**	**9%**	**2.87**	$46,695,255	10%	3.32
Totals	**$493,579,080**	**100%**	**1.14**	**$467,498,367**	**100%**	1.28

Investment Policy Limits	October 31, 2007	July 31, 2007		October 31, 2007	July 31, 2007
Federal Agencies (includes Mortgaged-Backed Securities)[2]					
Freddie Mac	**$46,724,730**	$83,944,159	Ginnie Mae	**$5,134,148**	$5,567,638
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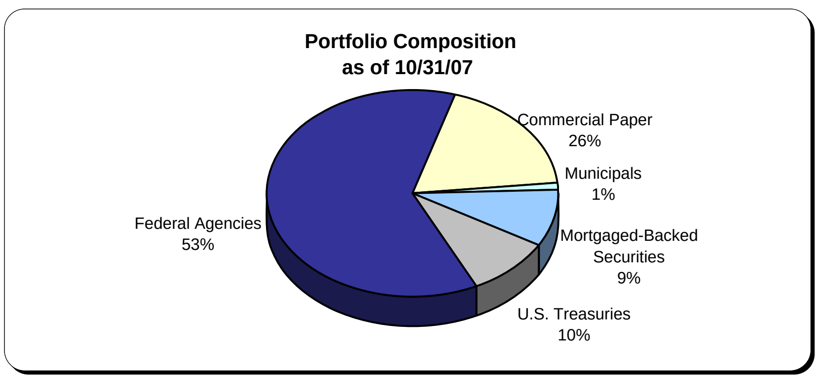
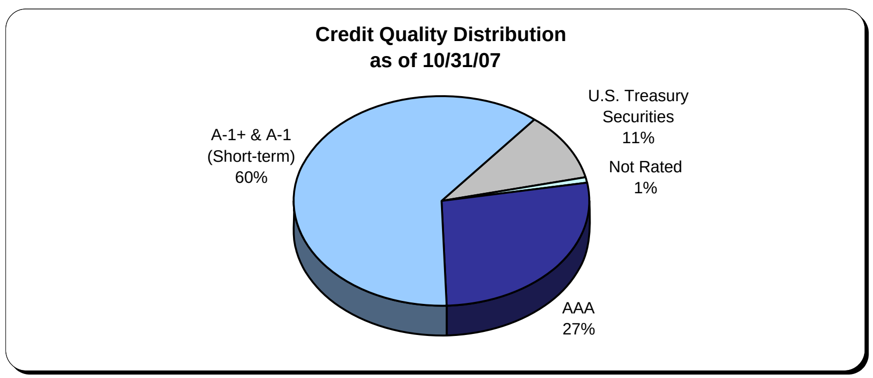


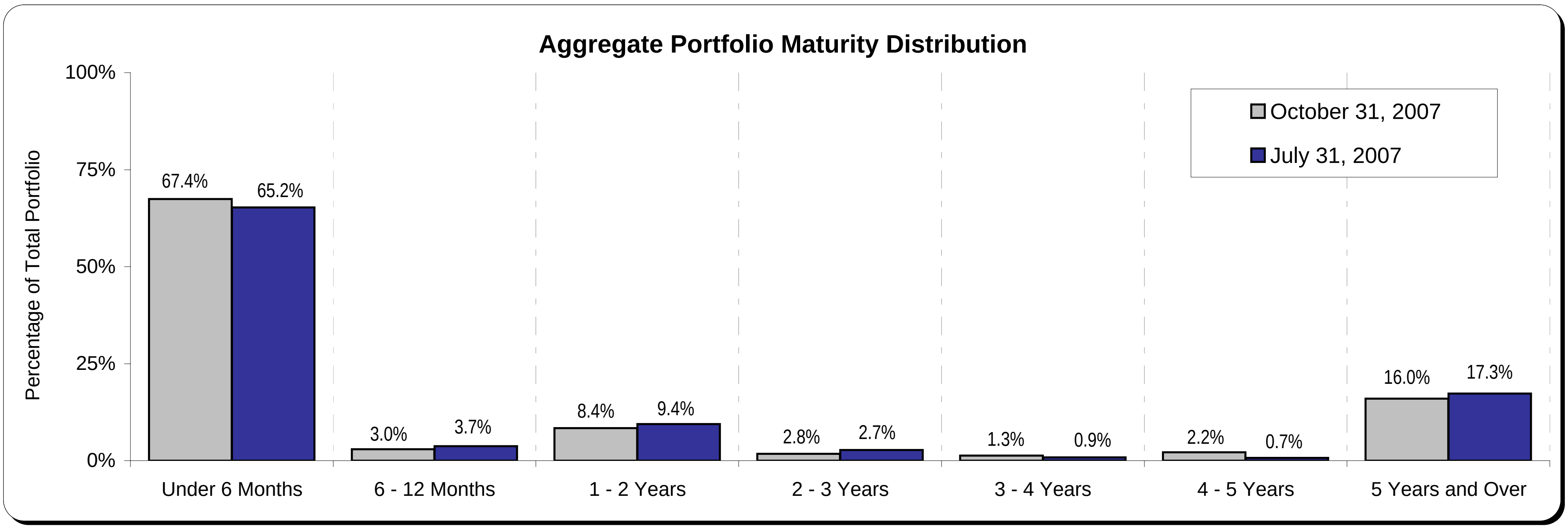


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Pursuant to the Authority Investment Policy, investments in obligations other than those backed by the full faith and credit of the U.S. Government are limited to a maximum of $250 million per issuer.

Aggregate Portfolio Maturity Structure

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio	Qtr-over-Qtr % Change
Under 6 Months	**$332,894,776**	**67.4%**	$304,977,826	65.2%	2.2%
6 - 12 Months	**$14,576,733**	**3.0%**	$17,460,608	3.7%	-0.8%
1 - 2 Years	**$41,433,203**	**8.4%**	$44,105,232	9.4%	-1.0%
2 - 3 Years	**$8,794,455**	**1.8%**	$12,796,825	2.7%	-1.0%
3 - 4 Years	**$6,376,520**	**1.3%**	$4,036,692	0.9%	0.4%
4 - 5 Years	**$10,667,154**	**2.2%**	$3,340,594	0.7%	1.4%
5 Years and Over	**$78,836,239**	**16.0%**	$80,780,591	17.3%	-1.3%
Totals	**$493,579,080**	**100.0%**	$467,498,367	100.0%	



Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

Section B –
Performance Attributes

Hugh L. Carey
Battery Park
City Authority

Information contained in Section B

Breakdown of Portfolio Value by Account

Total Return Accounts	October 31, 2007		July 31, 2007		
Longer Term Investment Strategy	**Market Value**	**Effective Duration**	Market Value	Effective Duration	Market Value Change
2003 Reserve Fund	**$73,481,614**	**3.28**	$71,695,260	3.15	$1,786,354
BPCPC Operating Reserve	**$954,442**	**2.64**	$927,071	3.00	$27,371
BPCPC Operating Reserve Contingency	**$22,503,983**	**3.14**	$21,922,118	3.32	$581,865
Corporate Funds	**$6,591,447**	**3.53**	$14,083,618	3.24	($7,492,171)
Insurance Fund	**$4,083,521**	**3.16**	$3,974,371	3.19	$109,150
Operating Budget Reserve	**$7,882,420**	**3.37**	$13,802,899	3.24	($5,920,479)
Intermediate Term Investment Strategy					
Joint Purpose Fund	**$69,507,742**	**0.19**	$68,580,447	0.21	$927,295
Short Term Investment Strategy					
2003 Pledged Revenue	**$117,485,316**	**0.00**	$88,176,120	0.22	$29,309,196
2003 Project Operating Fund	**$9,028,872**	**0.00**	$4,996,778	0.02	$4,032,093
Marina Towers Escrow	**$13,495,142**	**0.11**	$13,307,559	0.20	$187,583
Subtotal of Total Return Accounts	**$325,014,498**	**1.21**	$301,466,240	1.47	$23,548,258

	October 31, 2007		July 31, 2007		
Other BPCA Accounts	**Market Value**	**Effective Duration**	Market Value	Effective Duration	Market Value Change
2000 Arbitrage Rebate	**$724,257**	**0.13**	$710,675	0.80	$13,582
1993 Unpledged Revenue	**$3,656,508**	**0.00**	$3,556,264	0.00	$100,244
2003 Debt Service Senior Payments	**$12,320,131**	**0.43**	$12,143,198	0.67	$176,933
2003 Project Costs Subaccount	**$39,216,221**	**0.34**	$45,793,609	0.38	($6,577,387)
2003 Residual Fund	**$9,785,242**	**3.00**	$5,887,232	2.22	$3,898,009
Debt Service Junior Payments	**$34,090,206**	**0.02**	$38,830,860	0.11	($4,740,654)
Hrb Refinancing Proceeds Account	**$0**	**4.32**	$3,682,002	4.56	($3,682,002)
Hudson View W Towers G	**$153,751**	**0.03**	$151,697	0.28	$2,055
Hudson Towers E/F	**$187,697**	**0.03**	$185,188	0.28	$2,508
Hudson View Towers C	**$168,727**	**0.03**	$166,473	0.28	$2,255
Liberty Terr Mariners Cove-K	**$556,032**	**0.04**	$548,592	0.28	$7,440
Liberty House Mariners J	**$487,152**	**0.04**	$480,634	0.28	$6,519
Liberty Ct Mariners Cove B	**$1,237,000**	**0.03**	$1,220,470	0.28	$16,530
Liberty Battery Place Assoc 4	**$450,217**	**0.04**	$444,192	0.28	$6,024
Millenium	**$3,297,669**	**0.03**	$3,253,602	0.28	$44,067
Rector Park L	**$87,858**	**0.03**	$86,684	0.28	$1,174
The Regatta Site 10	**$437,239**	**0.04**	$431,388	0.28	$5,851
Soundings Rector Park A	**$191,666**	**0.04**	$189,102	0.28	$2,565
South Cove Assoc 11	**$358,376**	**0.04**	$353,581	0.28	$4,795
Special Fund	**$46,993,312**	**1.68**	$47,916,685	1.95	($923,373)
BPCA Other Post Employment Benefits	**$14,165,320**	**3.00**			$14,165,320
Subtotal of Other BPCA Accounts	**$168,564,581**	**1.01**	$166,032,127	0.94	$2,532,454
Total	**$493,579,080**	**1.14**	$467,498,367	1.28	$26,080,712

Breakdown of Portfolio Value by Strategy

	October 31, 2007			July 31, 2007			
	Market Value	**Effective Duration**	**% of Total BPCA Portfolio**	Market Value	Effective Duration	% of Total BPCA Portfolio	Market Value Change
Total Return Accounts							
Longer Term Investment Strategy	**$115,497,427**	**3.26**	**23.4%**	$126,405,336	3.20	27.0%	($10,907,910)
Intermediate Term Investment Strategy	**$69,507,742**	**0.19**	**14.1%**	$68,580,447	0.21	14.7%	$927,295
Short Term Investment Strategy	**$140,009,329**	**0.01**	**28.4%**	$106,480,457	0.21	22.8%	$33,528,873
Subtotal of Total Return Accounts	**$325,014,498**	**1.21**	**65.8%**	$301,466,240	1.47	64.5%	$23,548,258
Other BPCA Accounts							
Subtotal of Other BPCA Accounts	**$168,564,581**	**1.01**	**34.2%**	$166,032,127	0.94	35.5%	$2,532,454
Total BPCA Portfolio	**$493,579,080**	**1.14**	**100.0%**	$467,498,367	1.28	100.0%	$26,080,712

Portfolio Strategy Recap & Market Outlook

Portfolio Strategy Recap

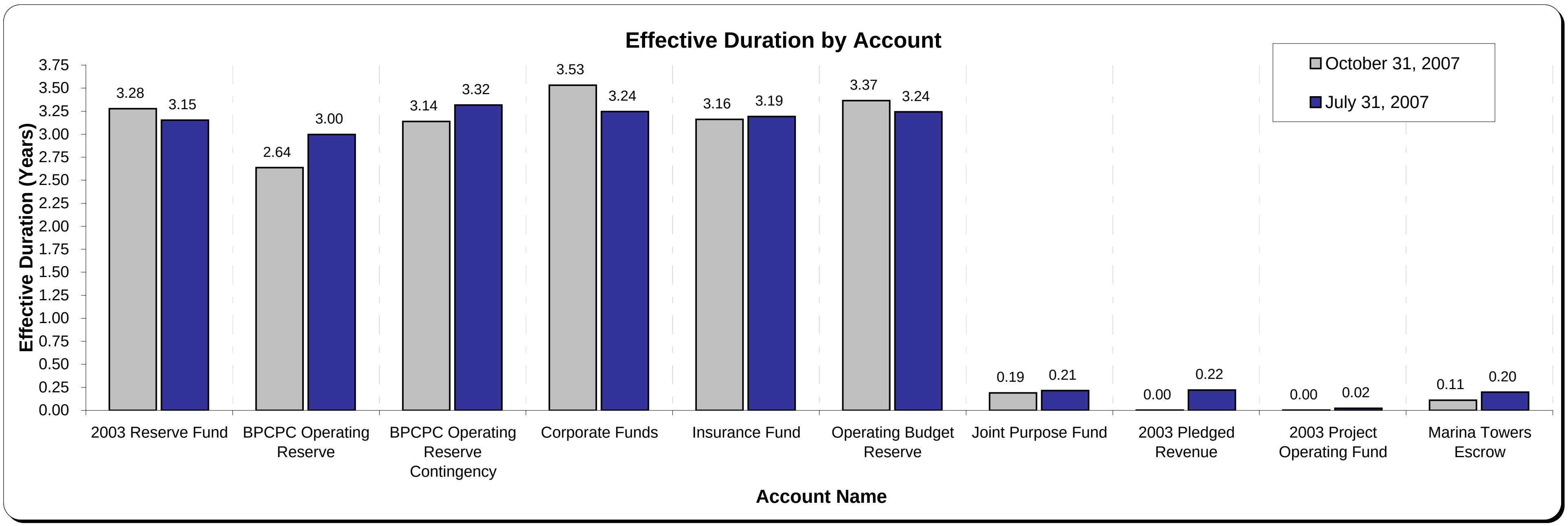
- The Battery Park City Authority portfolios are in compliance with the Authority's investment policy.
- Markets around the globe were beleaguered by concerns in the credit markets. Increasing delinquencies and foreclosures sparked write-downs of assets at major financial institutions as well as the downgrades of securities backed by mortgage assets. These events drove U.S. Treasury yields lower and compelled the Federal Reserve to cuts rates by 75 basis points – 50 basis points at its September 18th meeting and an additional 25 basis points at its October 30/31st meeting.
- The Investment Committee continued to further restrict the Authority's credit exposure. The Authority's aggregate exposure to highly-rated commercial paper was reduced to 19% by quarter-end, down from 25% as of July 31st. In addition, the Investment Committee elected not to add additional exposure to companies – including broker-dealers and some banking institutions – implicated in the sub-prime fallout. The Authority does not own securities directly backed by sub-prime mortgages, asset-backed commercial paper, or SIV's (Structured investment Vehicles).
- The Investment Committee's overweighting in the 2-3 year sector helped performance in longer-term portfolios. The yield curve has steepened 30 basis points when measured by the difference in yield between two-year and ten-year U.S. Treasury securities from July 31st to October 30th; two-year U.S. Treasury securities outperformed other parts of the yield curve as the shape of the curve shifted.
- Federal Agency spreads finished the quarter wider. Although the spreads between U.S. Treasury and Federal Agency securities are approaching their widest margin ever, the Authority has been careful not to add additional exposure beyond one year as additional bad news related to the mortgage sector could adversely affect spreads moving. The Investment Committee will carefully monitor spreads and consider adding exposure if credit conditions improve.
- As a result of the Authority's expectations that it will spend down the Special Fund over the next 2-3 years, the Investment Committee has removed the Special Fund from the Total Return Portfolios section and will no longer calculate performance against the Merrill Lynch 1-10 Year U.S. Treasury Index. Rather, upon receipt of a draw schedule from the Authority, PFM will manage the funds to maximize earnings within the context of providing adequate liquidity to meet upcoming expenditures and, of course, preserving principal.

Market Outlook

It is likely that credit developments in the coming quarters will drive the U.S. Treasury market, credit spreads, and Federal Open Market Committee ("FOMC") monetary policy. On balance, economic data has been weak although the FOMC has been somewhat reluctant to embrace the markets view that more rate cuts are needed. Both the equity and U.S. Treasury markets are counting on FOMC cuts to help sustain current prices. Care must be taken at these market levels as the failure of the FOMC to deliver on future rate cuts could prove negative to U.S. Treasury prices. Housing will continue to be a drag on the economy. In addition to sub-prime foreclosures, there is recent evidence that delinquencies are spreading to other sectors, including home equity loans. Although the labor market appears to be holding up, there are increasing headwinds as financial service sector layoffs and continued construction declines will make job growth difficult. The unemployment rate is expected to begin to tick higher as firms slow hiring. Some economists believe that the chance of a recession is now above 50%. While current conditions may not be enough to push the economy into recession, the state of the economy remains fragile and additional repercussions from the mortgage market or a slowdown in job growth may be enough to tip the scales.

Total Return Portfolio Attributes

Yields	Effective Duration (in years) October 31, 2007	Effective Duration (in years) July 31, 2007	Yield To Maturity - At Market October 31, 2007	Yield To Maturity - At Market July 31, 2007	Yield To Maturity - On Cost October 31, 2007	Yield To Maturity - On Cost July 31, 2007
Longer Term Investment Strategy						
2003 Reserve Fund	**3.28**	3.15	**4.55%**	5.08%	**4.48%**	4.53%
BPCPC Operating Reserve	**2.64**	3.00	**4.70%**	5.20%	**5.08%**	5.11%
BPCPC Operating Reserve Contingency	**3.14**	3.32	**4.80%**	5.26%	**4.97%**	5.02%
Corporate Funds	**3.53**	3.24	**4.66%**	5.11%	**5.15%**	5.19%
Insurance Fund	**3.16**	3.19	**4.48%**	4.98%	**5.05%**	5.09%
Operating Budget Reserve	**3.37**	3.24	**4.81%**	5.20%	**5.12%**	5.06%
Intermediate Term Investment Strategy						
Joint Purpose Fund	**0.19**	0.21	**4.56%**	5.24%	**4.75%**	5.23%
Short Term Investment Strategy						
2003 Pledged Revenue	**0.00**	0.22	**4.45%**	5.28%	**4.40%**	5.26%
2003 Project Operating Fund	**0.00**	0.02	**4.45%**	5.29%	**4.35%**	5.26%
Marina Towers Escrow	**0.11**	0.20	**4.66%**	5.29%	**5.12%**	5.11%

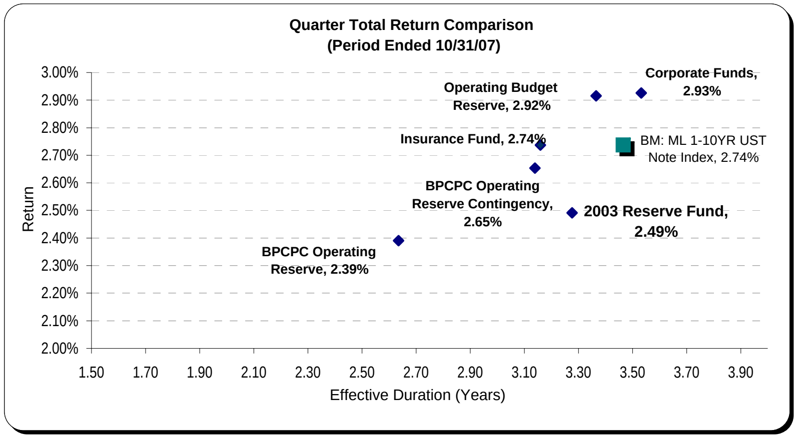


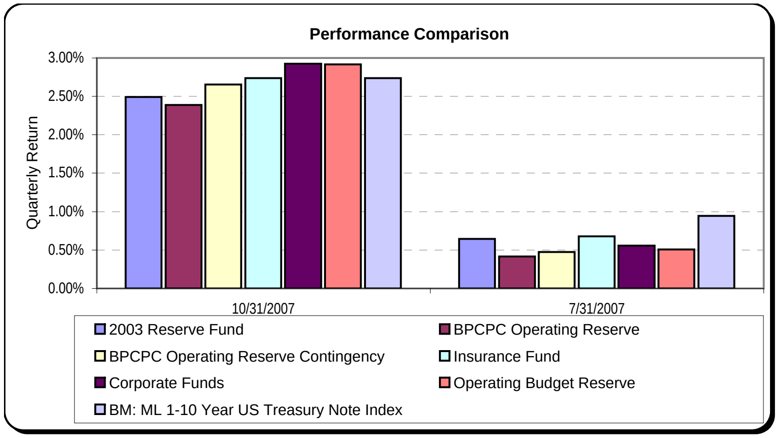
Portfolios managed with a Longer Term Investment Strategy

Longer Term Investment Strategy

Total Return[1,2,4]	October 31, 2007	Annualized Quarter	Since Inception[5]	Annualized Since Inception
2003 Reserve Fund	**2.49%**	10.26%	**9.51%**	5.34%
BPCPC Operating Reserve	**2.39%**	9.82%	**10.16%**	5.69%
BPCPC Operating Reserve Contingency	**2.65%**	10.95%	**10.32%**	5.78%
Corporate Funds	**2.93%**	12.12%	**11.04%**	6.18%
Insurance Fund	**2.74%**	11.31%	**10.86%**	6.07%
Operating Budget Reserve	**2.92%**	12.08%	**10.80%**	6.04%
Benchmark: Merrill Lynch 1-10 Year US Treasury Note Index	**2.74%**	11.31%	**9.64%**	5.41%

Effective Duration (in years)[3]	October 31, 2007	July 31, 2007
2003 Reserve Fund	**3.28**	3.15
BPCPC Operating Reserve	**2.64**	3.00
BPCPC Operating Reserve Contingency	**3.14**	3.32
Corporate Funds	**3.53**	3.24
Insurance Fund	**3.16**	3.19
Operating Budget Reserve	**3.37**	3.24
Benchmark: Merrill Lynch 1-10 Year US Treasury Note Index	**3.43**	3.35



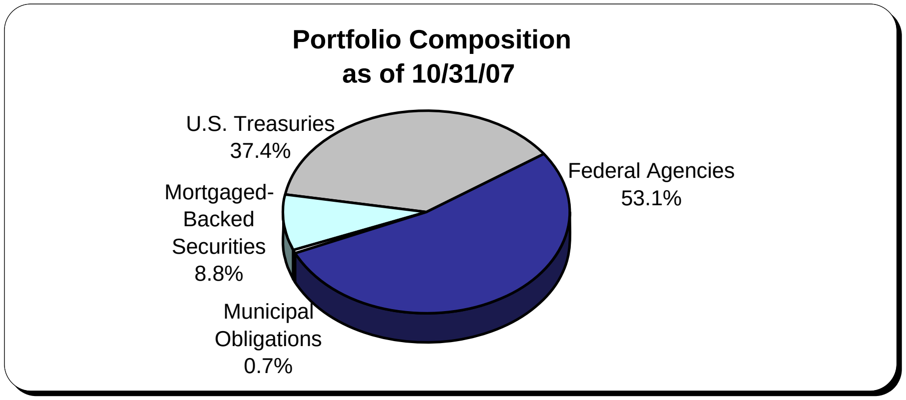


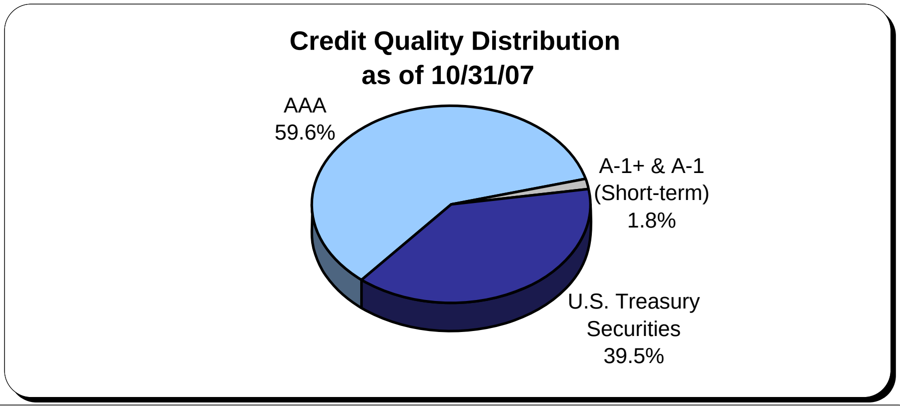
Notes:

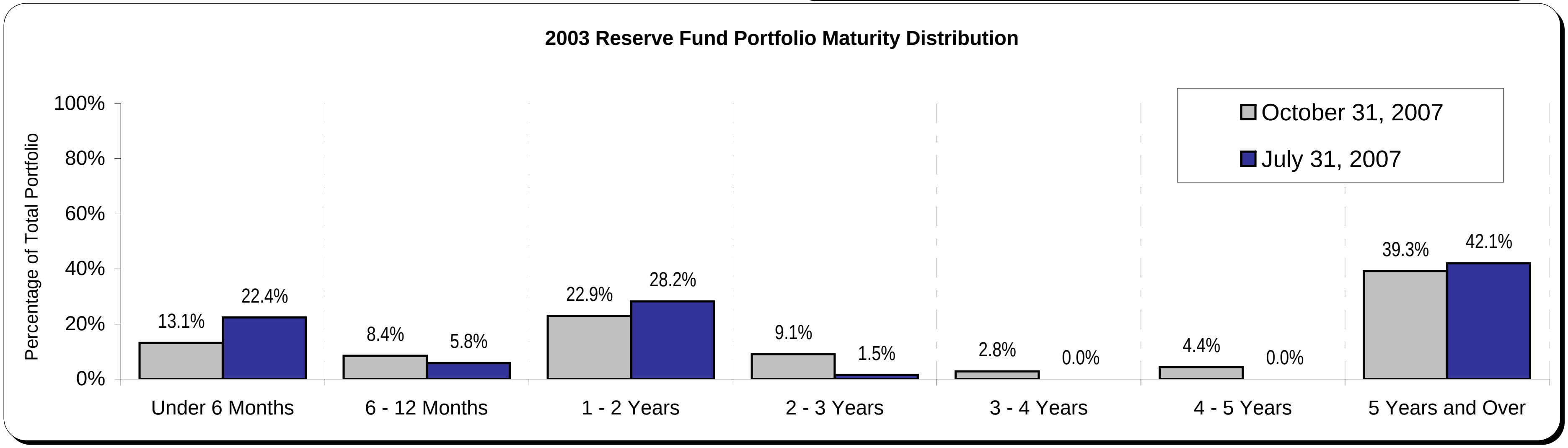
1. Performance on trade date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards
2. Merrill Lynch Indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
3. Duration is the change in the value of a security that will result from a 1% change in interest rates, stated in years.
4. Periodic performance numbers are presented both as the periodic return and on an annualized basis. The annualized return assumes the periodic return is compounded at the same rate and is presented for reference only. The actual annual return will be the result of chaining the most recent four quarterly returns.
5. Since inception performance is calculated from January 31, 2006 to present.

2003 Reserve Fund Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio
U.S. Treasuries	**$27,519,440**	**37.4%**	$27,394,826	38.2%
Federal Agencies	**$38,983,761**	**53.1%**	$29,738,097	41.5%
Commercial Paper	**$0**	**0.0%**	$7,454,951	10.4%
Municipal Obligations	**$502,099**	**0.7%**	$502,217	0.7%
Mortgaged-Backed Securities	**$6,476,314**	**8.8%**	$6,605,169	9.2%
Totals	**$73,481,614**	**100.0%**	**$71,695,260**	**100.0%**





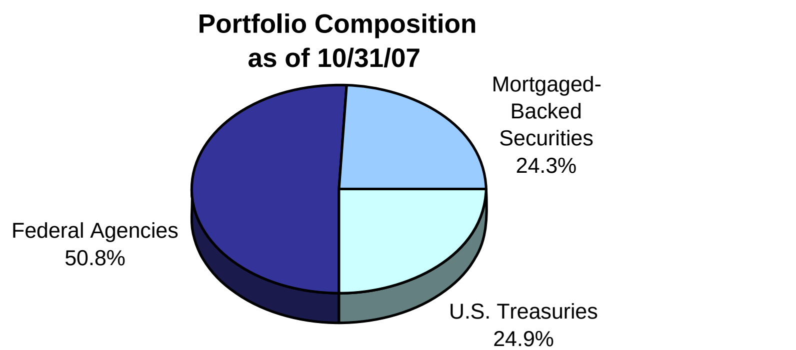


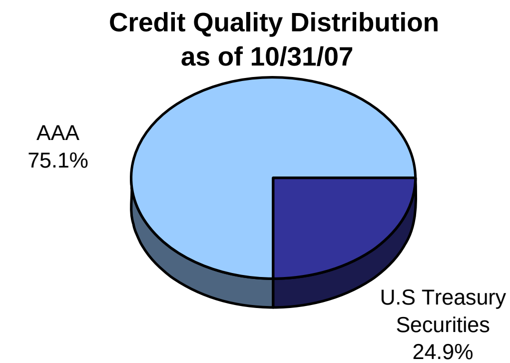
Notes:

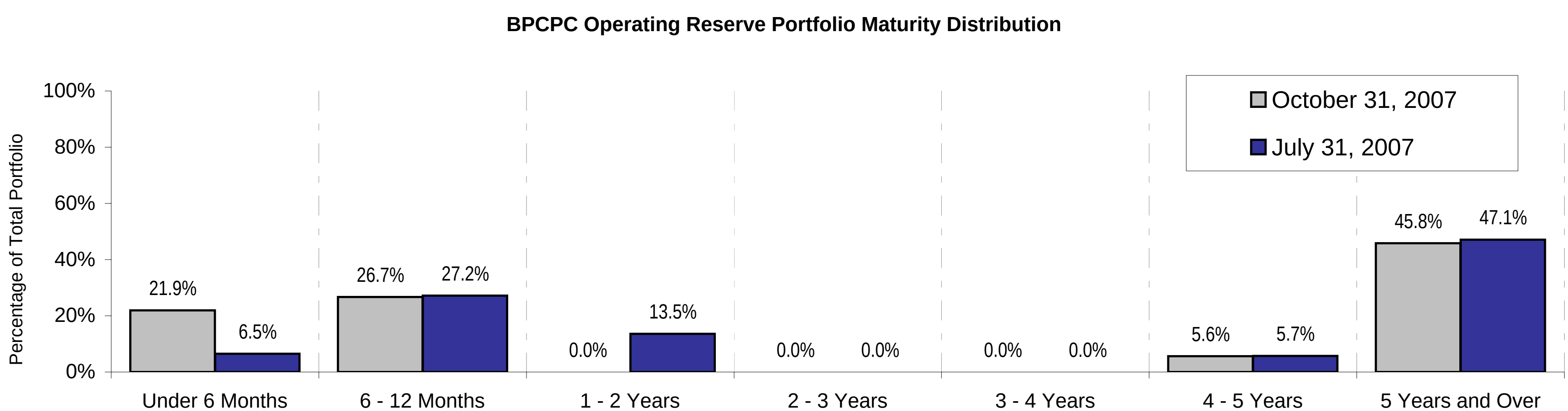
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

BPCPC Operating Reserve Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio
U.S. Treasuries	**$237,771**	**24.9%**	$209,760	22.6%
Federal Agencies	**$484,853**	**50.8%**	$481,017	51.9%
Commercial Paper	**$0**	**0.0%**	$0	0.0%
Municipal Obligations	**$0**	**0.0%**	$0	0.0%
Mortgaged-Backed Securities	**$231,818**	**24.3%**	$236,294	25.5%
Totals	**$954,442**	**100.0%**	**$927,071**	**100.0%**





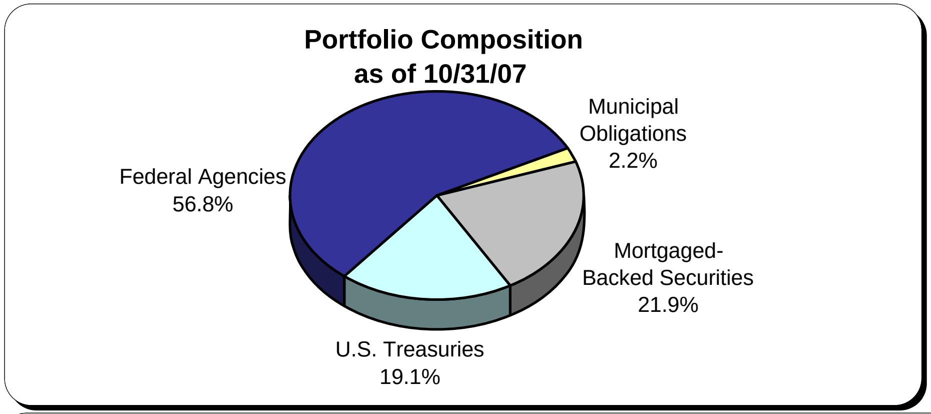


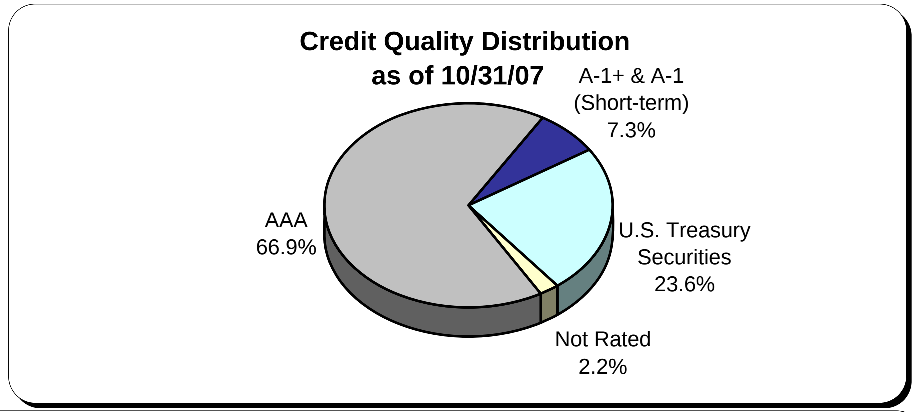
Notes:

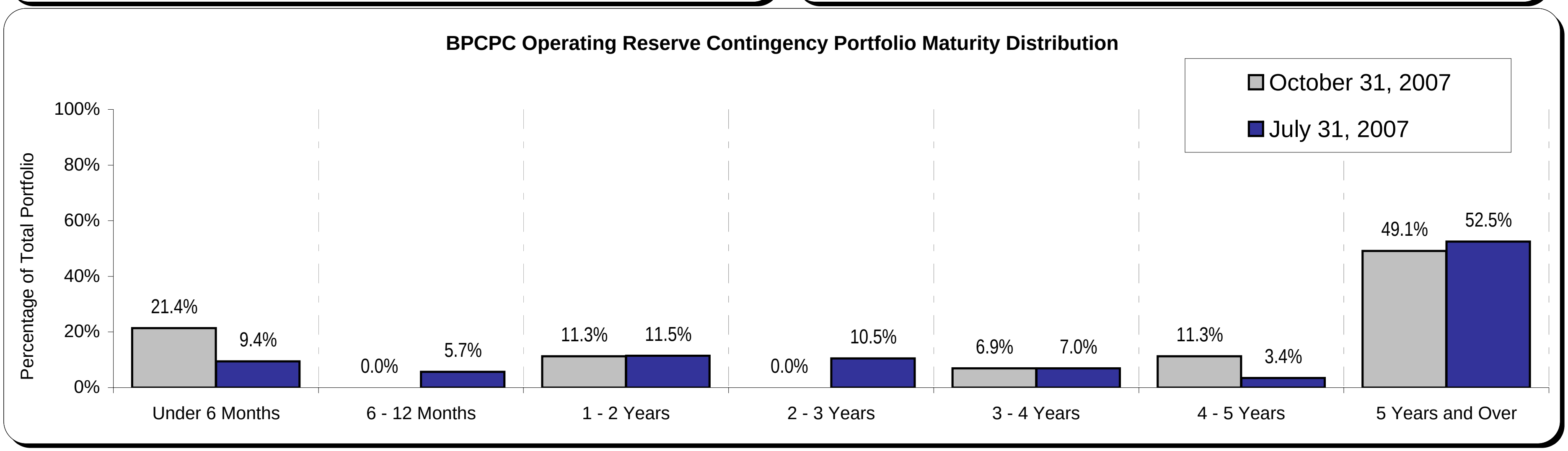
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

BPCPC Operating Reserve Contingency Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio
U.S. Treasuries	**$4,305,438**	**19.1%**	$4,327,339	19.8%
Federal Agencies	**$12,776,058**	**56.8%**	$12,107,690	55.2%
Commercial Paper	**$0**	**0.0%**	$0	0.0%
Municipal Obligations	**$501,131**	**2.2%**	$501,211	2.3%
Mortgaged-Backed Securities	**$4,921,356**	**21.9%**	$4,985,878	22.7%
Totals	**$22,503,983**	**100.0%**	**$21,922,118**	**100.0%**





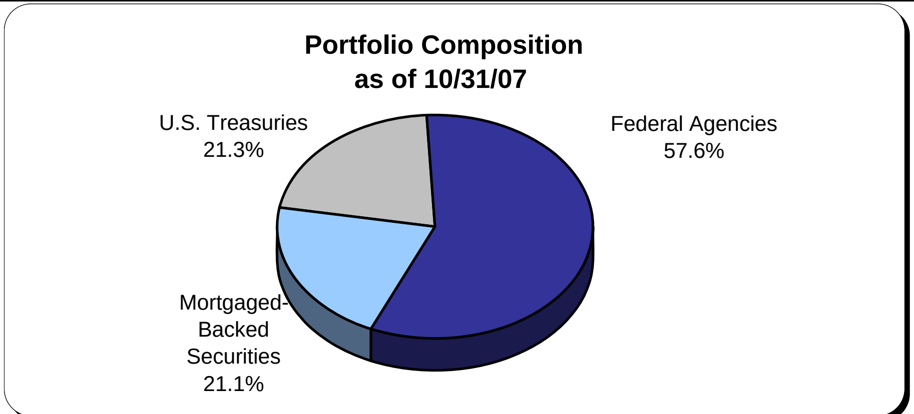


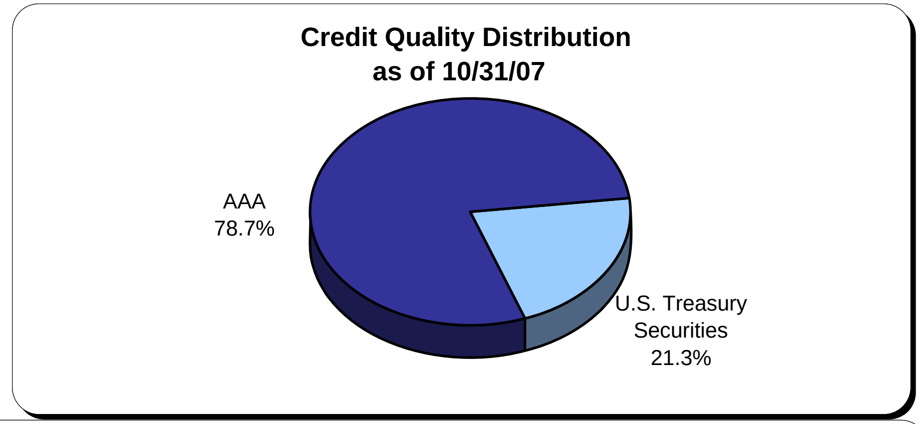
Notes:

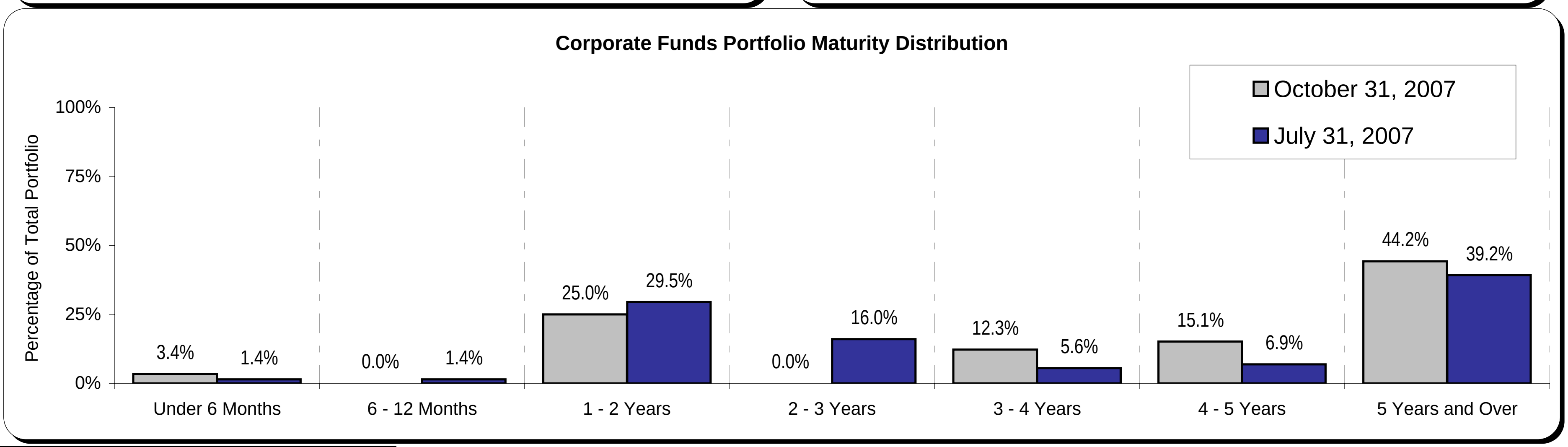
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

Corporate Funds Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio
U.S. Treasuries	**$1,402,318**	**21.3%**	$2,667,491	18.9%
Federal Agencies	**$3,798,223**	**57.6%**	$9,998,361	71.0%
Commercial Paper	**$0**	**0.0%**	$0	0.0%
Municipal Obligations	**$0**	**0.0%**	$0	0.0%
Mortgaged-Backed Securities	**$1,390,906**	**21.1%**	$1,417,766	10.1%
Totals	**$6,591,447**	**100.0%**	**$14,083,618**	**100.0%**





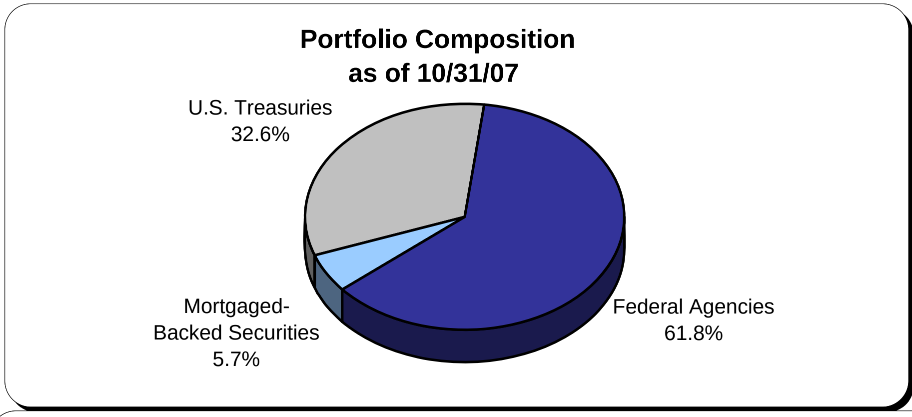


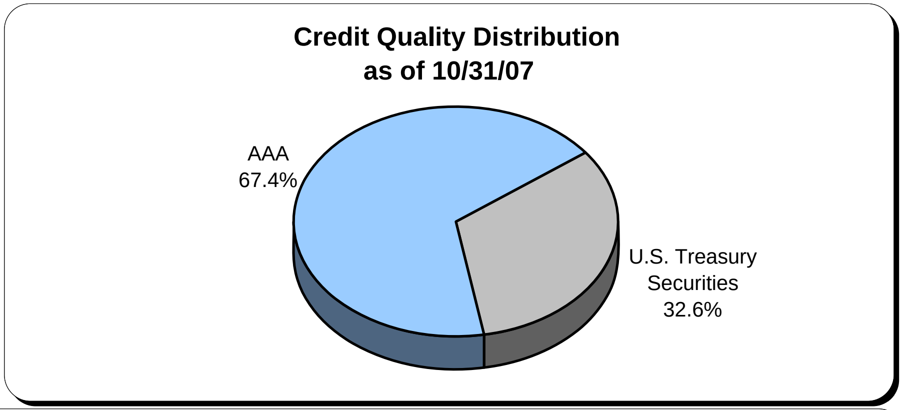
Notes:

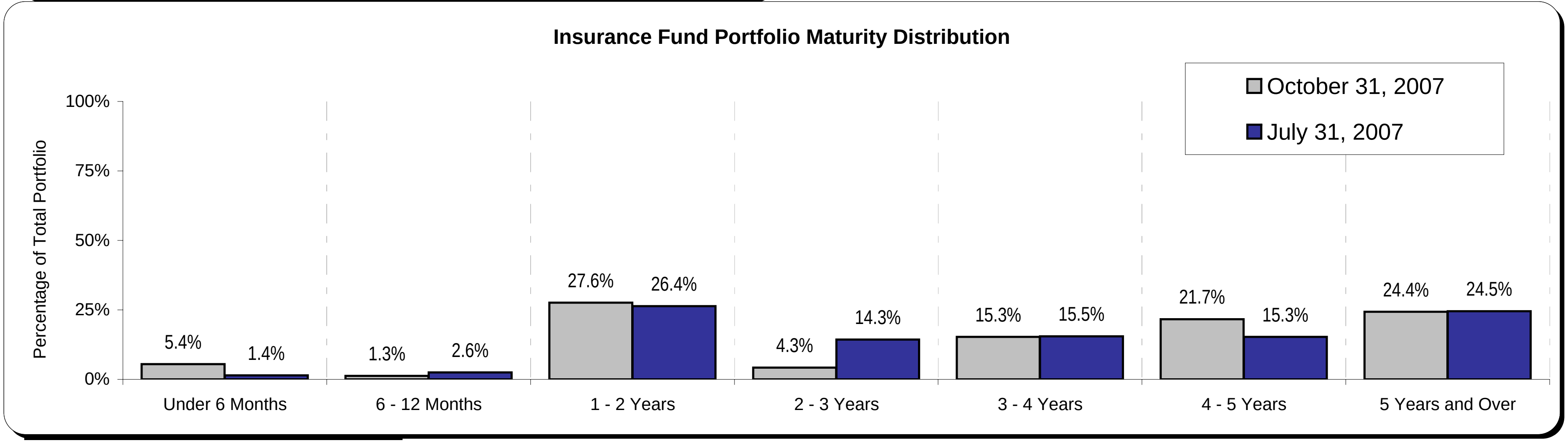
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

Insurance Fund Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio
U.S. Treasuries	**$1,330,032**	**32.6%**	$1,271,440	32.0%
Federal Agencies	**$2,521,671**	**61.8%**	$2,466,637	62.1%
Commercial Paper	**$0**	**0.0%**	$0	0.0%
Municipal Obligations	**$0**	**0.0%**	$0	0.0%
Mortgaged-Backed Securities	**$231,818**	**5.7%**	$236,294	5.9%
Totals	**$4,083,521**	**100.0%**	**$3,974,371**	**100.0%**







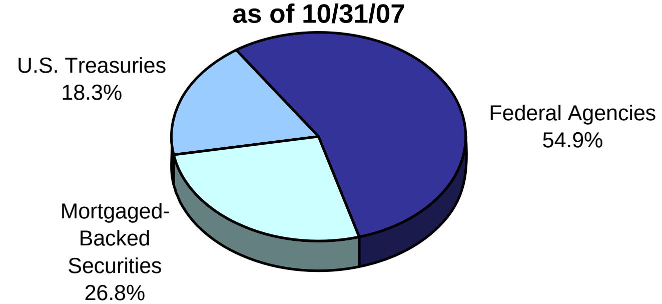
Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

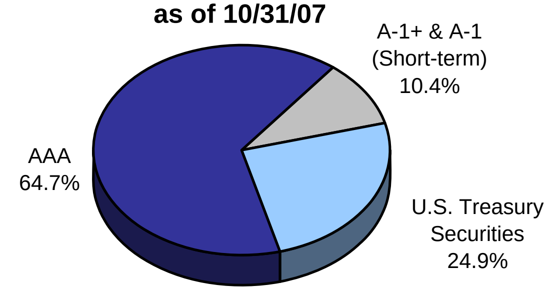
Operating Budget Reserve Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio
U.S. Treasuries	**$1,444,561**	**18.3%**	$2,859,679	20.7%
Federal Agencies	**$4,329,540**	**54.9%**	$8,803,717	63.8%
Commercial Paper	**$0**	**0.0%**	$0	0.0%
Municipal Obligations	**$0**	**0.0%**	$0	0.0%
Mortgaged-Backed Securities	**$2,108,319**	**26.8%**	$2,139,502	15.5%
Totals	**$7,882,420**	**100.0%**	**$13,802,899**	**100.0%**

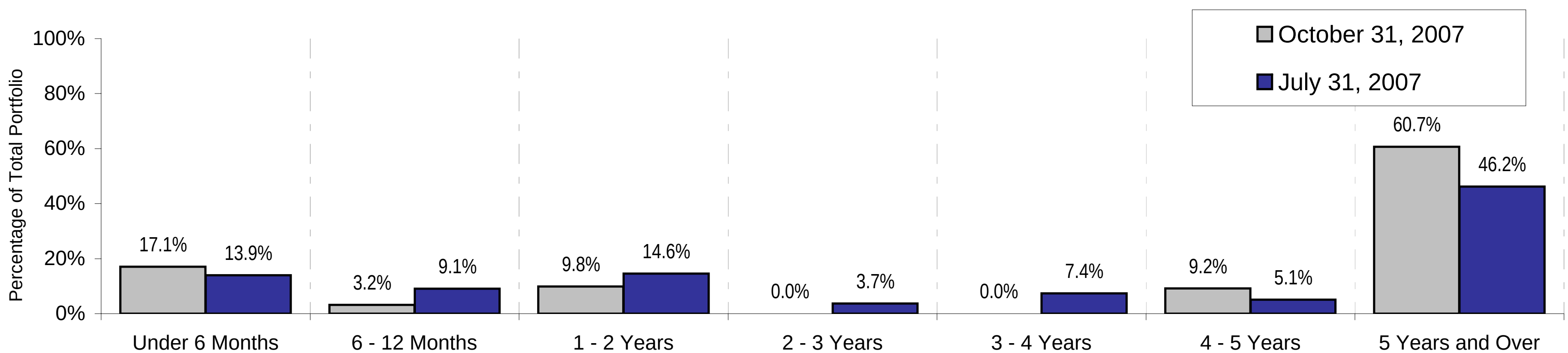
Portfolio Composition as of 10/31/07



Credit Quality Distribution as of 10/31/07



Operating Budget Reserve Portfolio Maturity Distribution



Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

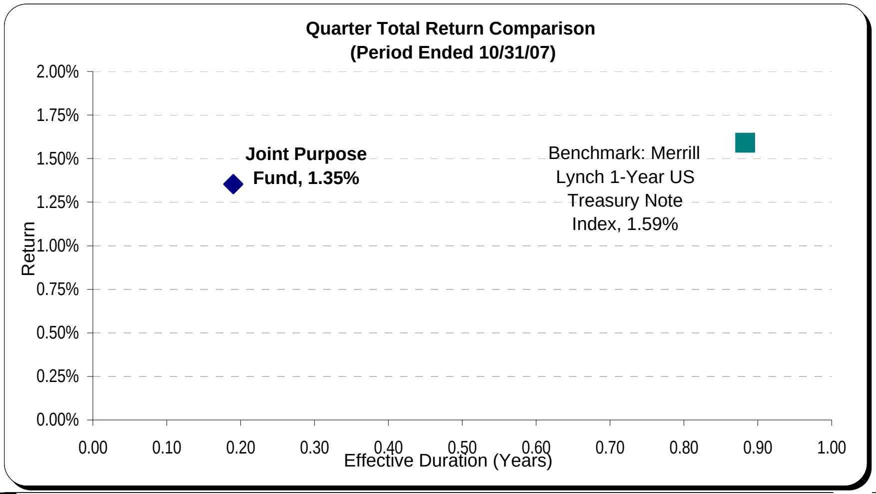
Portfolios managed with an Intermediate Term Investment Strategy

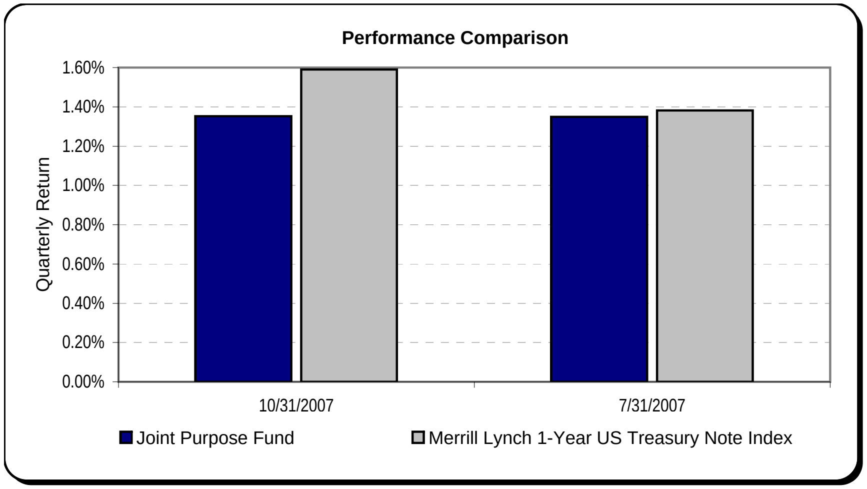
HUGH L. CAREY
BATTERY PARK
CITY AUTHORITY

Intermediate Term Investment Strategy

Total Return[1,2,4]	October 31, 2007	Annualized Quarter	Since Inception[5]	Annualized Since Inception
Joint Purpose Fund	**1.35%**	5.48%	9.10%	5.11%
Benchmark: Merrill Lynch 1-Year US Treasury Note Index	**1.59%**	6.46%	8.94%	5.02%

Effective Duration (in years)[3]	October 31, 2007	July 31, 2007
Joint Purpose Fund	**0.19**	0.21
Benchmark: Merrill Lynch 1-Year US Treasury Note Index	**0.89**	0.88



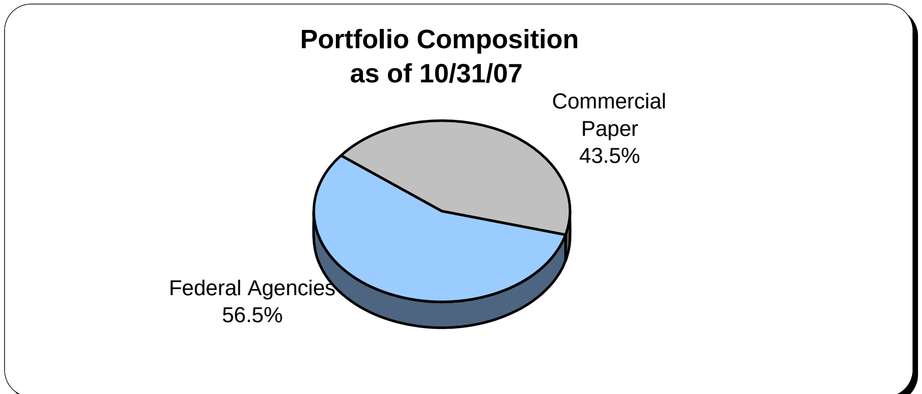


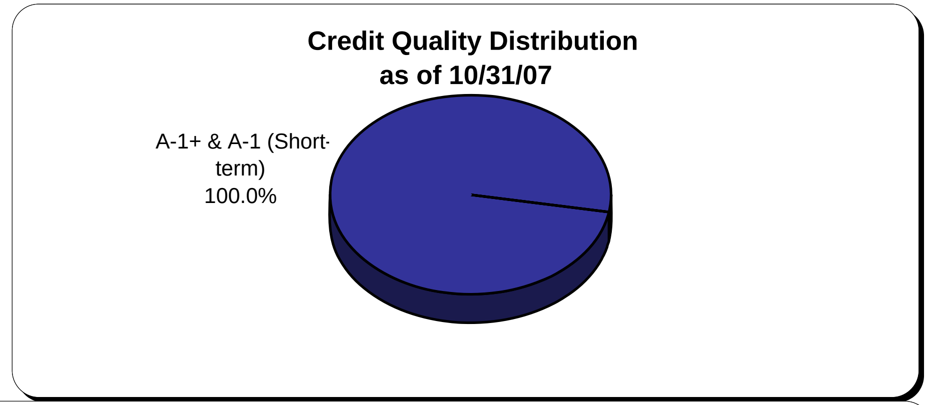
Notes:

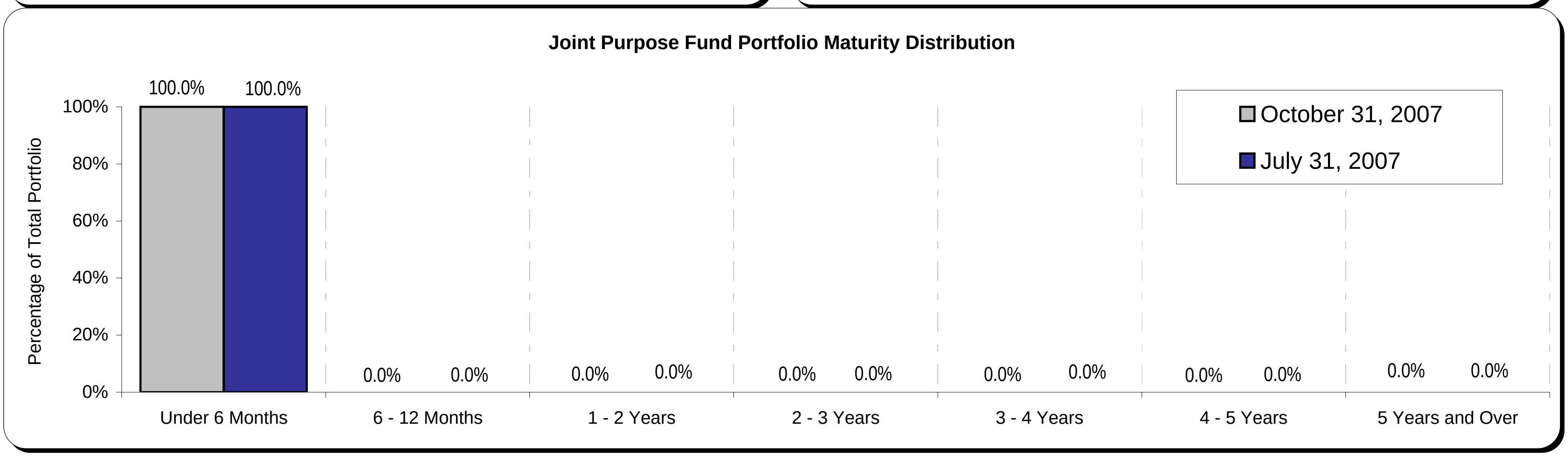
1. Performance on trade date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards
2. Merrill Lynch Indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
3. Duration is the change in the value of a security that will result from a 1% change in interest rates, stated in years.
4. Periodic performance numbers are presented both as the periodic return and on an annualized basis. The annualized return assumes the periodic return is compounded at the same rate and is presented for reference only. The actual annual return will be the result of chaining the most recent four quarterly returns.
5. Since inception performance is calculated from January 31, 2006 to present.

Joint Purpose Fund Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio
U.S. Treasuries	**$0**	**0.0%**	$0	0.0%
Federal Agencies	**$39,269,459**	**56.5%**	$48,519,258	70.7%
Commercial Paper	**$30,238,283**	**43.5%**	$20,061,189	29.3%
Municipal Obligations	**$0**	**0.0%**	$0	0.0%
Mortgaged-Backed Securities	**$0**	**0.0%**	$0	0.0%
Totals	**$69,507,742**	**100.0%**	**$68,580,447**	**100.0%**







Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

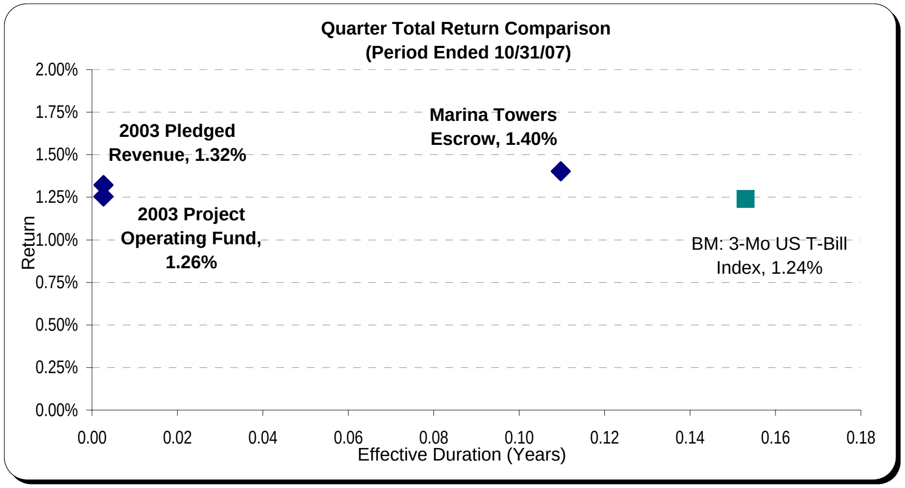
Portfolios managed with a Short Term Investment Strategy

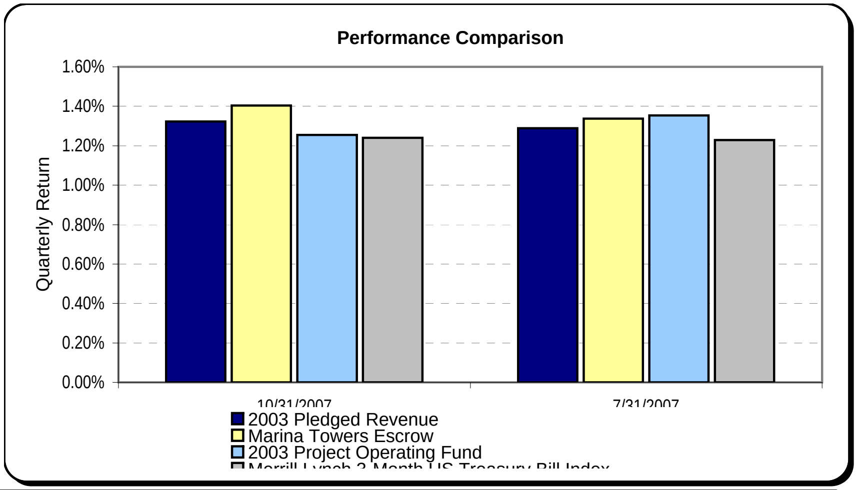
Hugh L. Carey
Battery Park
City Authority

Short Term Investment Strategy

Total Return[1,2,4]	October 31, 2007	Annualized Quarter	Since Inception[5]	Annualized Since Inception
2003 Pledged Revenue	**1.32%**	5.35%	9.02%	5.07%
Marina Towers Escrow	**1.40%**	5.69%	9.47%	5.31%
2003 Project Operating Fund	**1.26%**	5.07%	9.27%	5.20%
Benchmark: Merrill Lynch 3 Month US Treasury Bill Index	**1.24%**	5.01%	8.94%	5.02%

Effective Duration (in years)[3]	October 31, 2007	July 31, 2007
2003 Pledged Revenue	0.00	0.22
Marina Towers Escrow	0.11	0.20
2003 Project Operating Fund	0.00	0.02
Benchmark: Merrill Lynch 3-Month US Treasury Bill Index	**0.15**	0.15



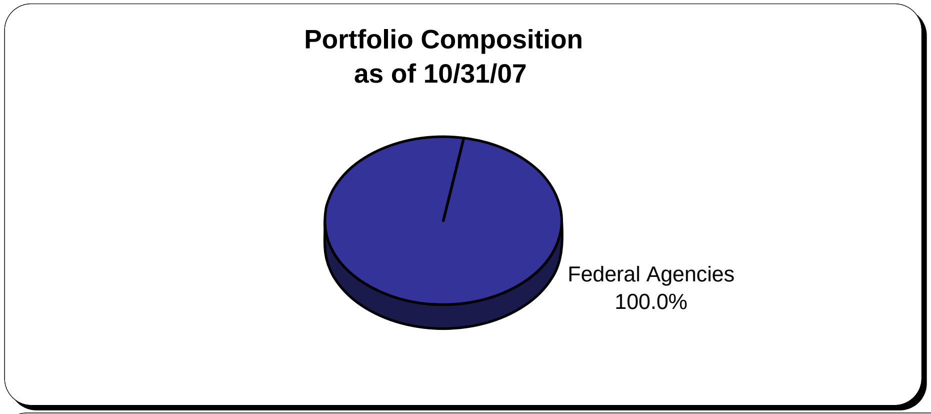


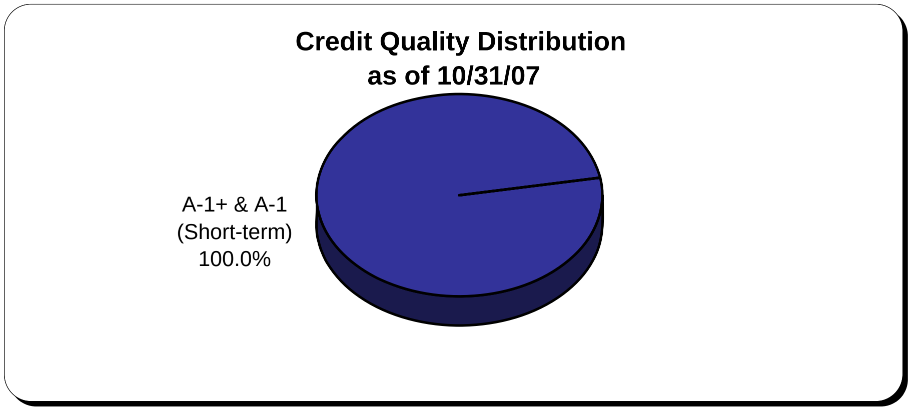
Notes:

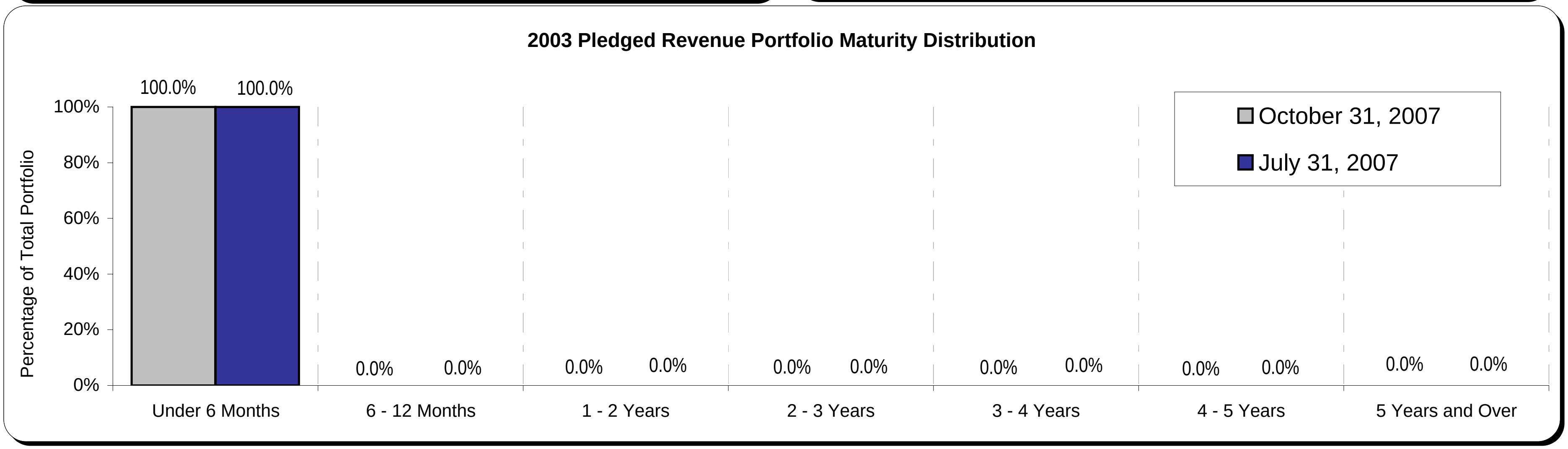
1. Performance on trade date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards
2. Merrill Lynch Indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
3. Duration is the change in the value of a security that will result from a 1% change in interest rates, stated in years.
4. Periodic performance numbers are presented both as the periodic return and on an annualized basis. The annualized return assumes the periodic return is compounded at the same rate and is presented for reference only. The actual annual return will be the result of chaining the most recent four quarterly returns.
5. Since inception performance is calculated from January 31, 2006 to present.

2003 Pledged Revenue Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio
U.S. Treasuries	**$0**	**0.0%**	$19,920	0.0%
Federal Agencies	**$117,485,316**	**100.0%**	$35,110,076	39.8%
Commercial Paper	**$0**	**0.0%**	$53,046,123	60.2%
Municipal Obligations	**$0**	**0.0%**	$0	0.0%
Mortgaged-Backed Securities	**$0**	**0.0%**	$0	0.0%
Totals	**$117,485,316**	**100.0%**	**$88,176,120**	**100.0%**





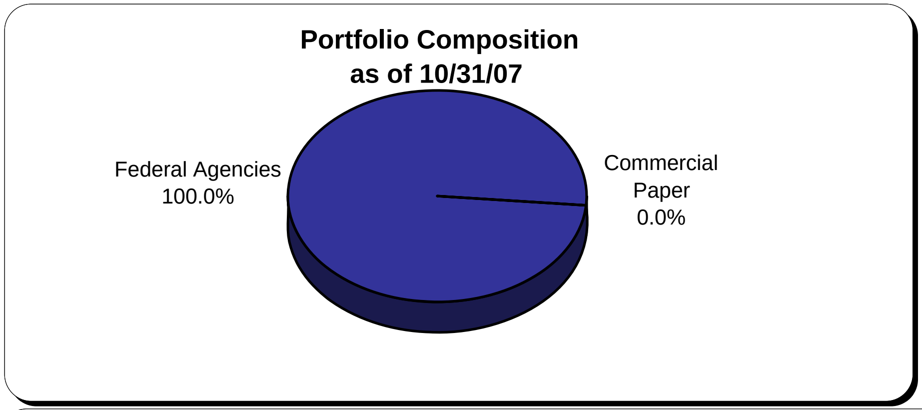


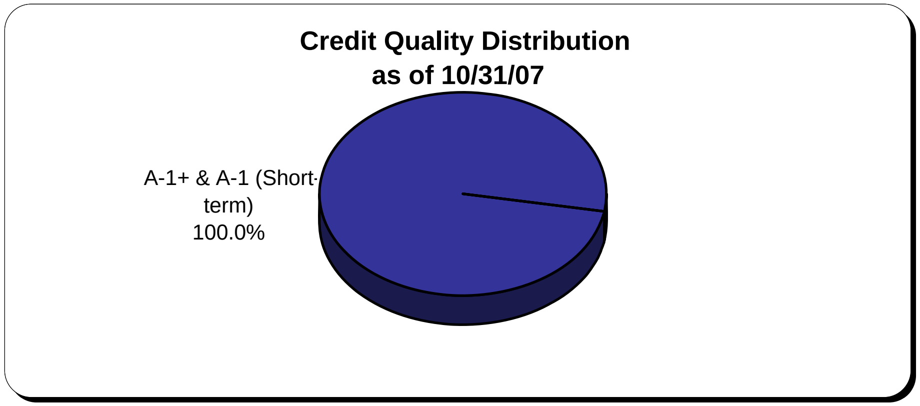
Notes:

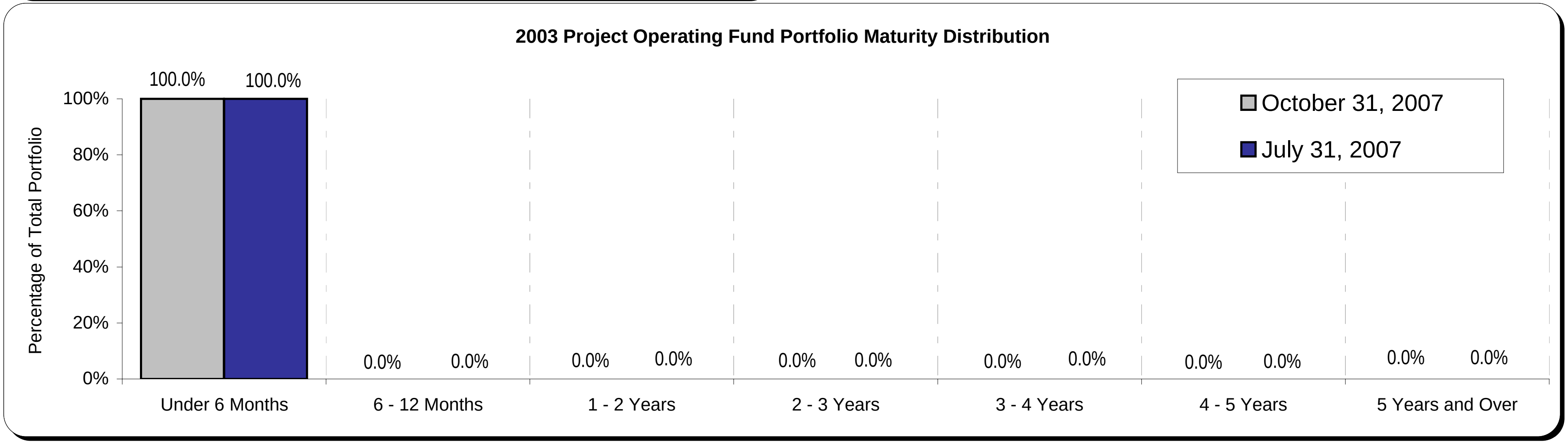
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

2003 Project Operating Fund Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio
U.S. Treasuries	**$0**	**0.0%**	$0	0.0%
Federal Agencies	**$9,028,872**	**100.0%**	$172,975	3.5%
Commercial Paper	**$0**	**0.0%**	$4,823,803	96.5%
Municipal Obligations	**$0**	**0.0%**	$0	n/a
Mortgaged-Backed Securities	**$0**	**0.0%**	$0	n/a
Totals	**$9,028,872**	**100.0%**	**$4,996,778**	**100.0%**







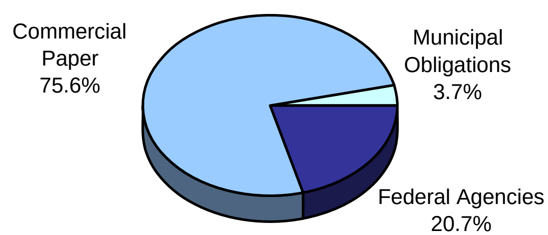
Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

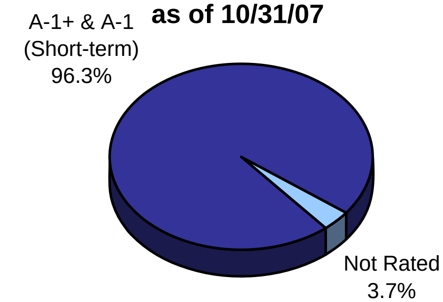
Marina Towers Escrow Fund Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type[1]	October 31, 2007	% of Portfolio	July 31, 2007	% of Portfolio
U.S. Treasuries	**$0**	**0.0%**	$105,577	0.8%
Federal Agencies	**$2,793,641**	**20.7%**	$1,702,007	12.8%
Commercial Paper	**$10,199,427**	**75.6%**	$10,897,300	81.9%
Municipal Obligations	**$502,074**	**3.7%**	$602,675	4.5%
Mortgaged-Backed Securities	**$0**	**0.0%**	$0	0.0%
Totals	**$13,495,142**	**100.0%**	**$13,307,559**	**100.0%**

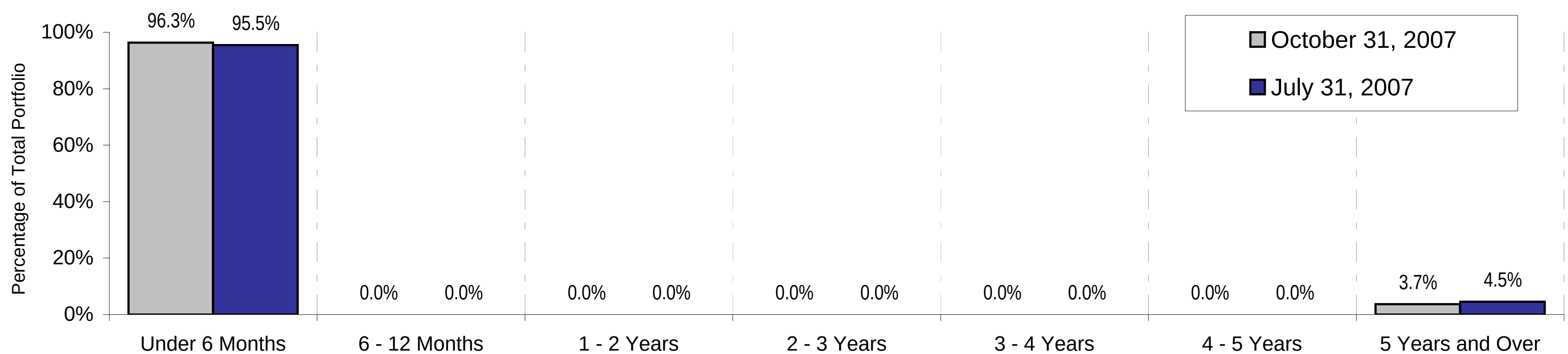
Portfolio Composition as of 10/31/07



Credit Quality Distribution as of 10/31/07



Marina Towers Escrow Fund Portfolio Maturity Distribution



Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

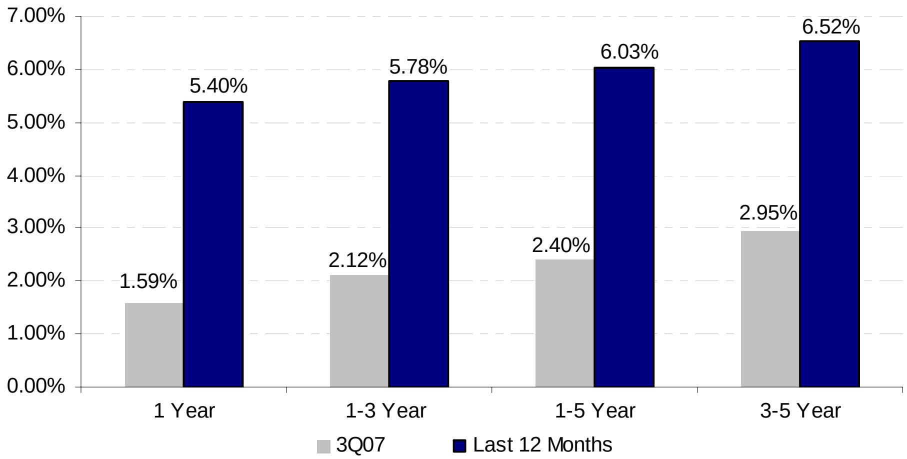
Section C –
Market Commentary

Hugh L. Carey
Battery Park
City Authority

MARKET REVIEW

A liquidity and credit crisis seized the financial markets over the past several months, raising the specter of an economic slow-down and leading fixed income investments to their best quarterly returns in five years. For example, benchmarks representing 1-3 year U.S. Treasury portfolios returned 2.12% (8.68% annualized), while longer-duration benchmarks representing 3-5 year U.S. Treasury portfolios returned 2.95% (an annualized rate of 12.23%). The strong returns for the quarter raised trailing 12 month returns to the range of roughly 6.00% far above money market rates that hovered near 5.25% over the year.

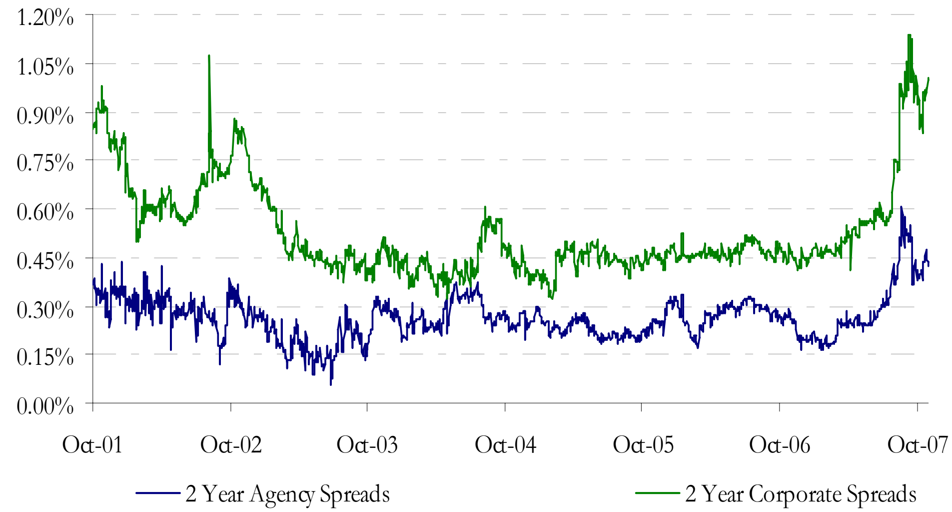
Merrill Lynch U.S. Treasury Indices
Quarterly & Last 12 Months Returns as of October 31, 2007



Source: Bloomberg

The crisis resulted in a “flight to quality”; boosting demand for U.S. Treasury securities and pushing sector spreads wider. Federal Agency and high-quality corporate bond spreads increased to their widest levels since 2002. As the following chart shows, by the end of October, two-year Agencies out-yielded U.S. Treasuries by approximately 42 basis points (0.42%), while two-year high quality Corporates out-yielded U.S. Treasuries by approximately 100 basis points (1.00%), with the spreads of both sharply wider than on July 31st.

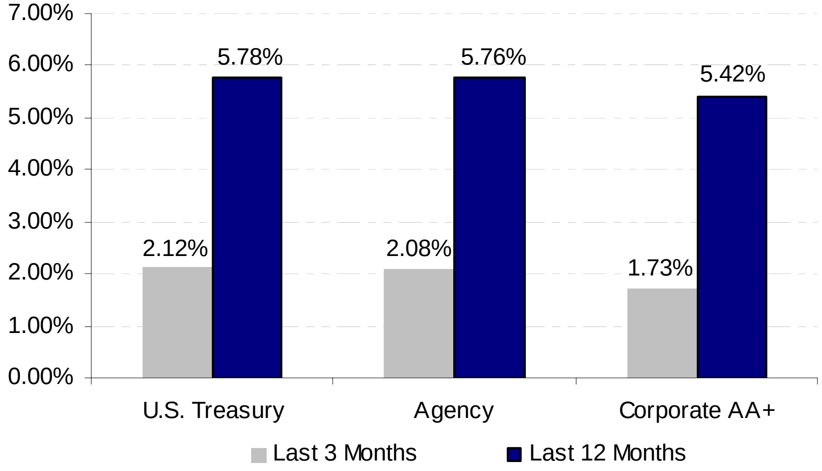
Spread Between 2-Year U.S. Treasury vs. 2-Year Agency & Corporates
October 2001 – October 2007



Source: Bloomberg

On a duration-adjusted basis, total returns of Agency and Corporate benchmarks lagged those of U.S. Treasuries. As the chart on the following page shows, the U.S. Treasury 1-3 year benchmark quarterly return of 2.12% exceeded the duration-adjusted quarterly return of 2.08% for Agencies and 1.73% for high quality Corporates by 4 and 39 basis points, respectively. Agencies and U.S. Treasuries also out-performed high quality Corporate bonds for the prior four quarters, as a result of widening credit spreads.

Merrill Lynch 1-3 Year Indices Duration-Adjusted Quarterly & Trailing 12 Months Total Returns as of October 31, 2007



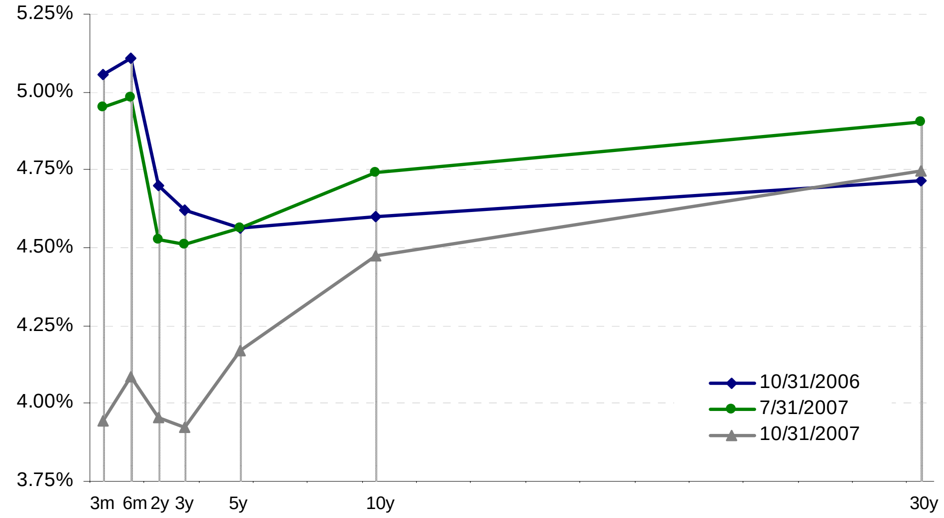
Source: Bloomberg

Note: Durations for the 1-3 year Agency and Corporate AA+ Indices were normalized to the 1-3 year U.S. Treasury Index duration, thus calculating the percent total return for each unit of duration.

The relative under-performance of Agencies and Corporates during the last 3-month period is likely to be reversed in coming quarters as these securities produce higher income and return principal from their current levels.

As the following chart shows, the sharp decline in U.S. Treasury rates—up to 1.00% in short-term maturities—was dampened in longer-maturity U.S Treasuries which tend to reflect the longer-term outlook for inflation rather than short-term financial and business cycle factors.

U.S. Treasury Yield Curve Comparison



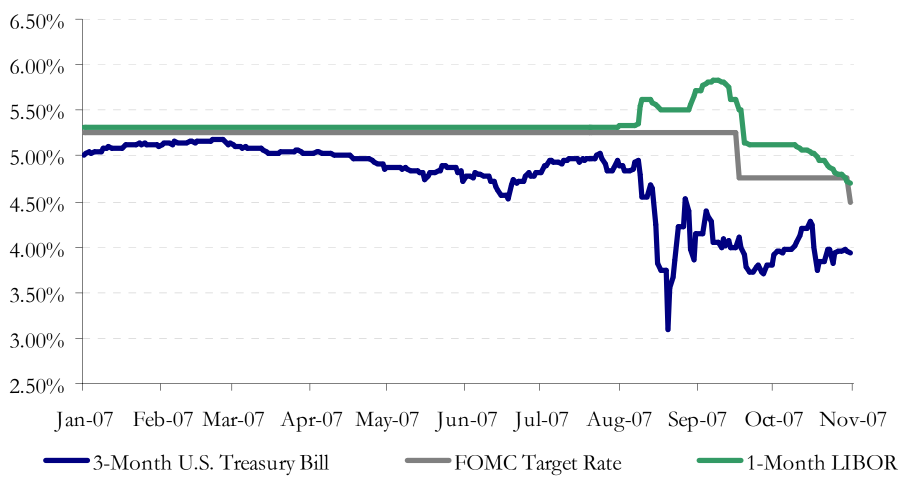
Source: Bloomberg

The underlying cause of the credit and liquidity crisis is the continued weakness in the housing sector, although it is not so much the slowing of the housing sector—now in its second year—as it is that weaknesses in the mortgage finance sector have overflowed into the general markets. In other words, the housing problem has become a banking and finance problem. A generation ago, mortgages were the province of community banks, which tended to originate and hold long-term, fixed rate instruments in their local communities. Securitization and high tech financial engineering brought tremendous change to mortgage financing so that today the majority of mortgages are rolled up into securities and sold to third party institutional investors, who use financial leverage to boost their returns. Rising defaults on mortgages, and stagnant or declining housing prices in some parts of the country, threatened the value of mortgage-backed securities and the panic that ensued caused the market seizure.

The most visible signs of the freeze-up were in the short-term markets where Asset Backed Commercial Paper (ABCP) represented more than $1.2 trillion of issuance, about 54% of the total market. ABCP is a short-term obligation of a special purpose corporate entity whose sole business is to buy and hold receivables including auto and homeowner loans and mortgages. In recent years interest rates for ABCP had tracked those for conventional commercial paper—backed by the full credit of large corporations. But ABCP payments are supported only by the value of the securities in the ABCP issuer portfolio, and when the market for these securities seized up, their values became uncertain. ABCP interest rates sky-rocketed—in some cases up to 1.00% over benchmark short-term borrowing rates—and a number of ABCP issuers were frozen out of the market, unable to roll-over their existing financing (i.e. to issue more short-term debt to cover current borrowing costs). These entities then turned to the large banks for back-up financing, which caused inter-bank borrowing rates to jump as well.

The spread between the Federal Funds rate and one-month LIBOR (London Interbank Offered Rate), typically 12-15 basis points, widened to as much as 75 basis points. (see chart below.) Meanwhile rates on short-term U.S. Treasury Bills plummeted as investors sought their safety and liquidity. Since LIBOR is a reference rate for many loans, as it rose the costs of many variable rate obligations followed.

Comparison of Federal Funds Target Rate vs. 1-Month LIBOR & 3-Month U.S. Treasury Bill

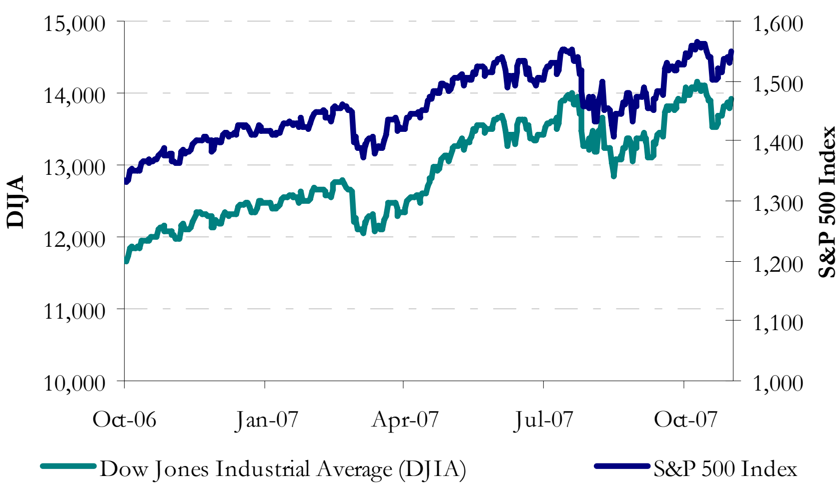


Source: Bloomberg

To restore market confidence and order, the Federal Reserve and foreign central banks injected hundreds of billions of dollars into the markets beginning in mid-August. Among other efforts, the Federal Reserve cut the discount rate (the rate charged to banks when they borrow directly from the Federal Reserve) by a total of 1.00% and eased its requirements for collateral from banks that borrow at the discount window. As the credit markets continued to sputter and the August employment report was released on September 7th, initially showing contraction in employment, the Federal Open Market Committee ("FOMC") voted on September 18th to reduce the Federal Funds target rate by 50 basis points to 4.75%. The FOMC again reduced the discount rate by 50 basis points from 5.75% to 5.25%. These moves were the first decrease in both the Federal Funds target and discount rates since June 2003, and were followed by an additional 25 basis point rate cut in both the Federal Funds target and discount rates at the FOMC's October 31st meeting.

The accompanying October 31st statement by the FOMC noted that although "economic growth was solid in the third quarter, and strains in financial markets have eased somewhat on balance…the pace of economic expansion will likely slow in the near term, partly reflecting the intensification of the housing correction." The Committee then went on to say that the action taken was intended to "help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and promote moderate growth over time." The Fed's change in focus—from worry over inflation in the early summer to concern about market stability and an economic slow-down—changed market sentiment as well. Interest rates on corporate bonds gapped closer to those on benchmark U.S. Treasuries and stocks rebounded from their big sell-off in mid-August.

Dow Jones Industrial Average vs. S&P 500 Index



Source: Bloomberg

Although the Fed's actions had the desired effect of calming many markets, it caused further deterioration in the U.S. dollar, which has implications for global trade and investments. Since the first round of FOMC interest rate cuts in September, the dollar weakened to $1.40 against the Euro for the first time since the inception of the European currency in 1999, and the Canadian dollar traded equal with the U.S. dollar for the first time since 1976. The dollar's weakness made U.S. assets less attractive to investors and gold prices reached 27-year highs.

Economy

Despite the financial market crisis, the economy appears, for the time, to be performing reasonably well. Preliminary third quarter growth, as measured by Gross Domestic Product ("GDP"), came in at a very respectable 3.9%. A weaker dollar has boosted exports, helping agriculture and manufacturing, and consumer spending remains solid. Retail sales grew by an average of 0.37% each month during the past three months, and stands 5.2% above October 2006 levels.

While the labor market has cooled somewhat, the initial report of a decline in jobs in August was later revised to a modest gain, and the average monthly job gain over for the three month period ending October 31st is now estimated to be roughly 118,000. Hourly earnings also continued to grow as well, up 3.8% over the levels of a year ago.

While food, energy and other commodity prices rose smartly, core inflation—the level of price increases excluding these somewhat volatile categories—remains modest. For example, as of October 31st, the Core Personal Consumption Expenditure Deflator stood 1.9% over year-ago levels and the Core Consumer Price Index ("CPI") was up 2.2% vs. 12 months earlier. This has given the Federal Reserve room to cut short term rates to stabilize the financial markets, although some economists worry that the higher overall inflation rate—the broader overall CPI rate is up 3.5% on a year-over-year basis—could pull up core rates as well.

Portfolio Strategy and Outlook

PFM intends to maintain portfolio durations near those of benchmarks during the upcoming quarter. Keeping portfolio durations close to benchmarks will help to immunize portfolios from most of the interest rate risk in uncertain economic environments. With spreads to Federal Agencies and Corporates at historically wide levels, we will continue to emphasize allocations to non-U.S. Treasury sectors, where permitted, to capture value. While these sectors have under-performed U.S. Treasuries over the past three months, their spreads are likely to lead to significant out-performance in coming months.