



HUGH L. CAREY
BATTERY PARK
CITY AUTHORITY

Hugh L. Carey Battery Park City Authority
Review of Investment Performance
Quarter Ended October 31, 2012

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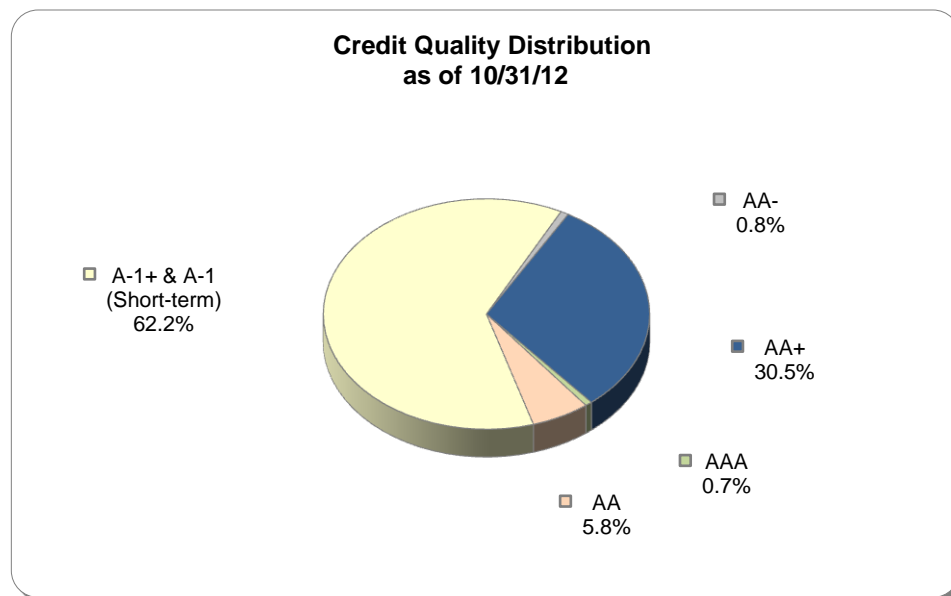
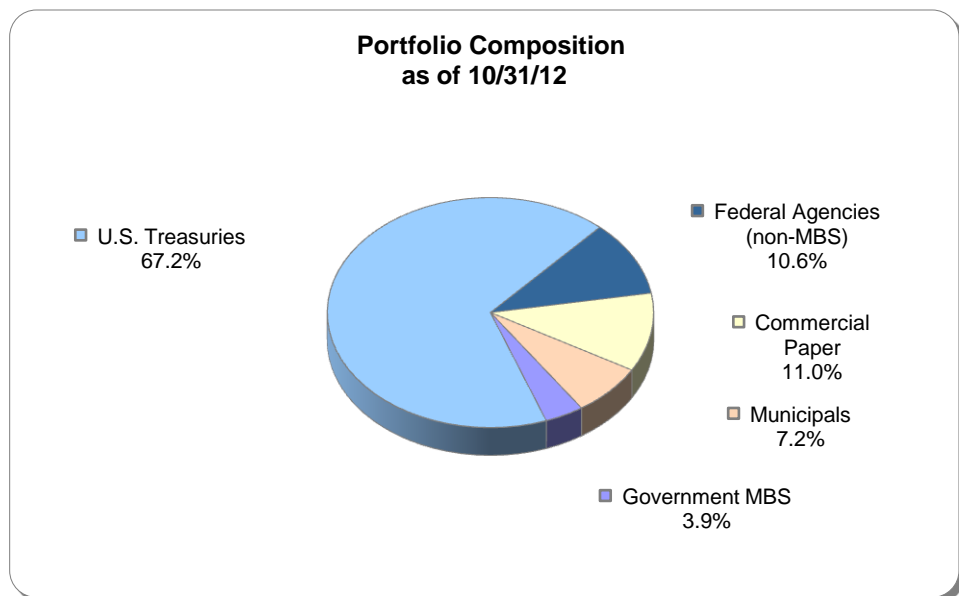
Section A – Summary of Aggregate Portfolio



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Aggregate Portfolio Composition and Credit Quality

Security Type ¹	October 31, 2012	% of Portfolio	Effective Duration	July 31, 2012	% of Portfolio	Effective Duration
U.S. Treasuries	\$295,850,997	67.2%	0.98	\$247,311,130	58.3%	1.27
Federal Agencies (non-MBS)	\$46,615,503	10.6%	2.18	\$59,776,545	14.1%	1.94
Commercial Paper	\$48,603,399	11.0%	0.04	\$62,110,180	14.6%	0.10
Municipals	\$31,879,076	7.2%	4.43	\$36,555,857	8.6%	3.79
Government MBS	\$16,997,257	3.9%	3.16	\$18,342,577	4.3%	3.09
Totals	\$439,946,232	100.0%	1.33	\$424,096,289	100.0%	1.49



Notes:

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, and Ginnie Mae MBS.

In addition to the PFM-managed funds listed above, BPCA, with oversight by its investment Committee, maintains the following outside investment(s).

- Pier A Funding - \$141.19 held in a Bank of America account as of October 31, 2012.

Aggregate Portfolio Issuer Breakdown

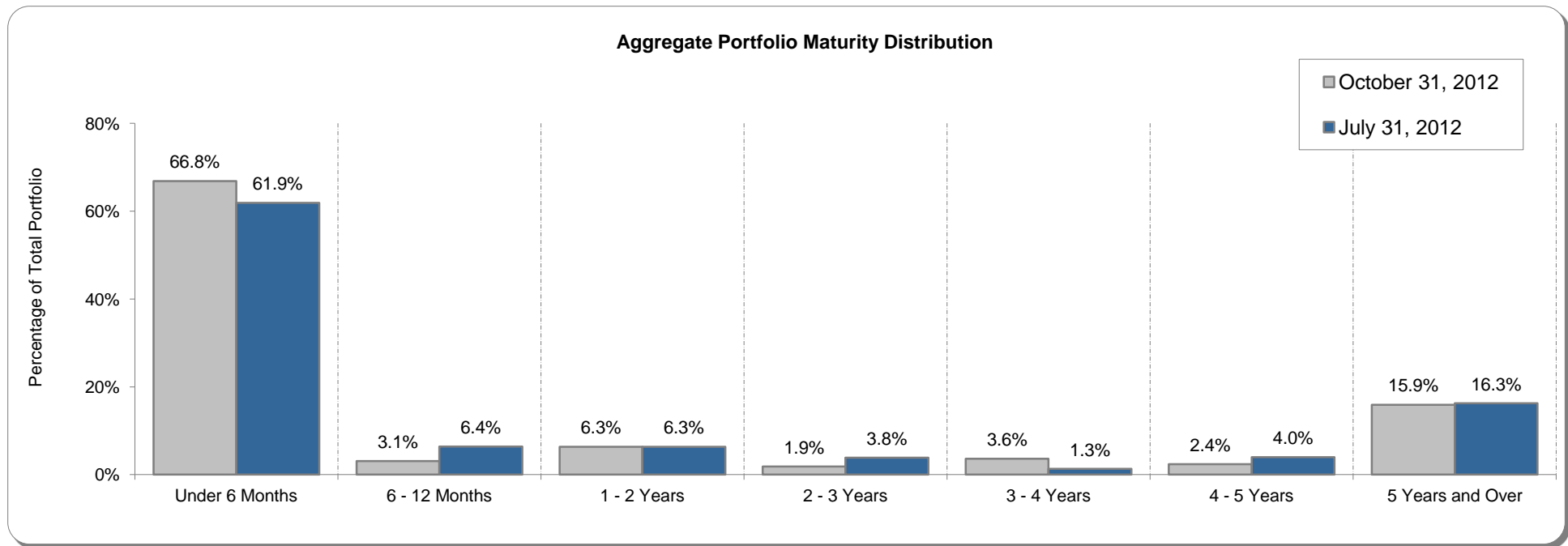
Security Type	October 31, 2012	% of Portfolio	July 31, 2012	% of Portfolio	QoQ % Change
Government Guaranteed²					
U.S. Treasury	\$295,850,997	67.2%	\$247,311,130	58.3%	8.9%
Ginnie Mae	\$6,094,217	1.4%	\$6,402,217	1.5%	(0.1%)
Federal Agencies (includes Mortgaged-Backed Securities)²					
Freddie Mac	\$29,418,415	6.7%	\$31,553,092	7.4%	(0.8%)
Fannie Mae	\$16,134,193	3.7%	\$21,325,313	5.0%	(1.4%)
Federal Home Loan Bank	\$11,965,935	2.7%	\$17,443,957	4.1%	(1.4%)
Federal Farm Credit Bank	\$0	0.0%	\$1,394,544	0.3%	(0.3%)
Commercial Paper²					
Bank of Nova Scotia NY	\$9,999,540	2.3%	\$18,247,663	4.3%	(2.0%)
General Electric Capital Corporation	\$5,517,763	1.3%	\$3,541,402	0.8%	0.4%
General Electric Company	\$0	0.0%	\$11,668,440	2.8%	(2.8%)
Toyota Motor Credit Corporation	\$14,637,092	3.3%	\$14,867,023	3.5%	(0.2%)
US Bank NA	\$18,449,004	4.2%	\$13,785,652	3.3%	0.9%
Municipal Issuers²					
Nassau County Interim Financing Authority, New York	\$3,012,950	0.7%	\$0	0.0%	0.7%
New York City	\$20,869,422	4.7%	\$28,866,351	6.8%	(2.1%)
New York State	\$4,548,517	1.0%	\$4,601,962	1.1%	(0.1%)
Triborough Bridge and Tunnel Authority	\$3,448,187	0.8%	\$3,087,545	0.7%	0.1%
TOTAL	\$439,946,232.33	100.0%	\$424,096,289.26	100.0%	

Notes:

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Pursuant to the Authority's Investment Policy, investments in obligations other than those backed by the full faith and credit of the U.S. Government are limited to the following: (1) Federal Agencies - \$250 million per issuer, (2) Commercial Paper - the lesser of 5% or \$250 million per issuer, (3) Bankers' Acceptances - the lesser of 5% or \$250 million per issuer and (4) Municipal Bonds - 10%.

Aggregate Portfolio Maturity Structure

Security Type ¹	October 31, 2012	% of Portfolio	July 31, 2012	% of Portfolio	QoQ % Change
Under 6 Months	\$293,994,038	66.8%	\$262,491,474	61.9%	4.9%
6 - 12 Months	\$13,551,701	3.1%	\$27,043,531	6.4%	(3.3%)
1 - 2 Years	\$27,777,708	6.3%	\$26,925,933	6.3%	-
2 - 3 Years	\$8,168,561	1.9%	\$16,257,374	3.8%	(1.9%)
3 - 4 Years	\$15,851,725	3.6%	\$5,520,230	1.3%	2.3%
4 - 5 Years	\$10,604,413	2.4%	\$16,932,994	4.0%	(1.6%)
5 Years and Over	\$69,998,086	15.9%	\$68,924,754	16.3%	(0.4%)
Totals	\$439,946,232	100.0%	\$424,096,289	100.0%	



Notes:

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

Section B – Performance Attributes



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Breakdown of Portfolio Value by Account

<i>Total Return Accounts</i>	October 31, 2012		July 31, 2012		Market Value Change
	Market Value	Effective Duration	Market Value	Effective Duration	
Longer Term Investment Strategy					
2003 Reserve Fund	\$72,949,928	4.03	\$75,537,685	3.92	(\$2,587,757)
BPCPC Operating Reserve Contingency	\$20,259,020	3.97	\$20,376,175	3.91	(\$117,155)
Insurance Fund	\$5,377,372	4.01	\$5,391,512	3.94	(\$14,139)
Operating Budget Reserve	\$7,244,660	3.99	\$7,265,676	3.85	(\$21,016)
BPCA Other Post Employment Benefits	\$20,211,722	3.95	\$19,978,816	3.98	\$232,906
BPCPC Other Post Employment Benefits	\$10,356,491	3.95	\$9,956,833	3.93	\$399,658
Short Term Investment Strategy					
2003 Pledged Revenue	\$127,881,602	0.04	\$115,088,890	0.20	\$12,792,712
2003 Project Operating Fund	\$7,064,876	0.02	\$2,424,945	0.02	\$4,639,931
Joint Purpose Fund	\$0	0.00	\$0	0.00	\$0
Subtotal of Total Return Accounts	\$271,345,671	2.03	\$256,020,531	2.21	\$15,325,139
Other BPCA Accounts					
	October 31, 2012		July 31, 2012		
	Market Value	Effective Duration	Market Value	Effective Duration	Market Value Change
Liberty Terr Mariners Cove-K	\$590,986	0.04	\$590,804	0.29	\$182
Liberty House Mariners J	\$517,988	0.04	\$517,829	0.29	\$160
Rector Park L	\$31,999	0.04	\$31,989	0.29	\$10
Hudson View W Towers G	\$163,996	0.04	\$163,946	0.29	\$51
Hudson Towers E/F	\$199,995	0.04	\$199,934	0.29	\$62
Hudson View Towers C	\$179,996	0.04	\$179,940	0.29	\$55
Liberty Ct Mariners Cove B	\$1,315,970	0.04	\$1,315,564	0.29	\$405
Millenium	\$3,509,919	0.04	\$3,508,838	0.29	\$1,081
Liberty Battery Place Assoc 4	\$478,989	0.04	\$478,841	0.29	\$148
South Cove Assoc 11	\$380,991	0.04	\$380,874	0.29	\$117
Soundings Rector Park A	\$203,995	0.04	\$203,932	0.29	\$63
The Regatta Site 10	\$464,989	0.04	\$464,846	0.29	\$143
Corporate Funds	\$1,708,594	0.25	\$1,706,135	0.41	\$2,459
2000 Arbitrage Rebate	\$781,983	1.69	\$781,738	0.08	\$245
1993 Unpledged Revenue	\$11,588,733	0.04	\$11,156,306	0.29	\$432,427
2003 Residual Fund	\$82,949	0.44	\$82,986	0.20	(\$37)
Special Fund	\$13,409,825	0.92	\$13,723,976	1.02	(\$314,151)
Debt Service Junior Payments	\$58,493,985	0.00	\$56,362,586	0.20	\$2,131,400
2003 Debt Service Senior Payments	\$28,889,481	0.09	\$28,893,079	0.34	(\$3,598)
BPCPC Operating Reserve	\$960,922	2.42	\$961,588	2.57	(\$667)
BPCA Millenium Tower Security Fund 2A	\$2,930,933	0.04	\$2,930,030	0.29	\$903
BPCA S 16/17 Riverhouse Security Fund	\$6,222,407	0.57	\$6,220,475	0.82	\$1,932
BPCA Goldman Sachs Liberty Contribution Fund	\$84,998	0.04	\$84,972	0.29	\$26
BPCA Visionaire Security Fund	\$3,821,198	0.15	\$3,535,416	0.36	\$285,782
BPCA Series 2009A Project Costs	\$27,298,368	0.38	\$28,360,063	0.41	(\$1,061,694)
BPCA Series 2009B Project Costs	\$3,310,394	0.22	\$4,308,379	0.31	(\$997,985)
BPCA Pier A Construction Escrow	\$0	0.00	\$0	0.00	\$0
BPCA Pier A Security Deposit Account	\$124,997	0.04	\$124,959	0.29	\$39
BPCA One Rector Park Security Fund	\$635,985	0.04	\$590,804	0.29	\$45,181
BPCA Rector Square Security Fund Site D	\$214,995	0.04	\$214,929	0.29	\$66
Subtotal of Other BPCA Accounts	\$168,600,562	0.21	\$168,075,758	0.38	\$524,804
GRAND TOTAL	\$439,946,232	1.33	\$424,096,289	1.49	\$15,849,943

Breakdown of Portfolio Value by Strategy

	October 31, 2012			July 31, 2012			Market Value Change
	Market Value	Effective Duration	% of Total Portfolio	Market Value	Effective Duration	% of Total Portfolio	
<i>Total Return Accounts</i>							
Longer Term Investment Strategy	\$136,399,193	4.00	31.0%	\$138,506,696	3.93	32.7%	(\$2,107,503)
Short Term Investment Strategy	\$134,946,478	0.04	30.7%	\$117,513,836	0.19	27.7%	\$17,432,642
Subtotal of Total Return Accounts	\$271,345,671	2.03	61.7%	\$256,020,531	2.21	60.4%	\$15,325,139
<i>Other BPCA Accounts</i>							
Subtotal of Other BPCA Accounts	\$168,600,562	0.21	38.3%	\$168,075,758	0.38	39.6%	\$524,804
<i>Grand Total BPCA Portfolio</i>	\$439,946,232	1.33	100.0%	\$424,096,289	1.49	100.0%	\$15,849,943

Portfolio Recap

- The Battery Park City Authority portfolios are in compliance with the Authority's investment policy, diversified by sector and issuer and are of very high credit quality.
- In the Authority's Short-Term Investment Strategy, PFM concentrated primarily on maintaining safety and day-to-day liquidity needs in the portfolios.
 - **Year-end liquidity needs drove short-term portfolio strategy and security purchases.** For example, the Authority's 2003 Pledged Revenue Fund ended the quarter with a duration significantly shorter than the benchmark (27%) relative to the beginning of the quarter (125%), while adding approximately \$12.7 million to the portfolio balance.
 - The average duration of securities purchased during the quarter was 36 days versus 62 days for the previous quarter ended July 31, 2012.
 - **Short-term portfolios performed in line with the benchmark.** Since inception, portfolios comprising the Authority's Short-Term Investment Strategy have outperformed the benchmark by an average of 8 basis points (0.08%) per year.
- In the Authority's Longer-Term Investment Strategy, the Investment Committee focused on managing duration against the benchmark and further diversifying the portfolios into sectors that prudently add value.
 - **Longer-term bond yields remained highly correlated with headlines out of Europe.** Weakening economic conditions in the Eurozone triggered a flight-to-quality that drove intermediate-term Treasury yields to new record lows in July. The development of an ECB sovereign debt purchase program reversed the trend, causing yields to rebound sharply.
 - **Portfolio durations were kept close to their benchmark in the range-bound market,** but we added modestly to duration when rates moved toward the upper end of the trading range. The Authority's longer-term portfolios ended the quarter on average at approximately 99% to 101% of the benchmark duration after beginning the quarter at approximately 97%.
 - **The Authority's maintenance of federal agency allocations benefited the portfolios** as agency notes received a boost during the quarter when the Treasury Department accelerated the wind down of Fannie Mae's and Freddie Mac's investment portfolio holdings, an action which will shrink Agency bond and discount note supply by \$1 trillion over the next few years.
 - **Municipal bonds had a strong quarter** despite ongoing concern that future tax policies may reduce the benefit of tax-exemption.
 - The portfolios added six-year Nassau County Interim Financing Authority bonds at a yield of 1.78%, a yield advantage of 0.60% relative to similar duration U.S. Treasury securities.
 - **Agency mortgage-backed securities (MBS) had a good quarter** relative to the Treasury and agency sectors, and was aided by the Fed's decision to buy an additional \$40 billion each month as part of "QE3."
 - **The Authority's longer-term portfolios outperformed** the benchmark for the quarter by an average of 0.23% (un-annualized). Funds managed to the Authority's Longer-Term Investment Strategy continue to outperform the benchmark since inception by an average of 33 basis points (0.33%) per year.

Moving Forward

- **Follow prudent investment strategies** that have safely provided the Authority with favorable long-term performance during this unprecedented low-yield market environment.
- **Maintain high credit quality** and diversification in the portfolios.
- **Global economic conditions create uncertainties** that are hard to handicap, and virtually impossible to predict. With the ECB's sovereign debt support program in place, we are turning our attention away from Europe and focusing on domestic issues, such as U.S. economic conditions, the looming fiscal cliff, and other global issues, like the troubling slowdown in China and turmoil in the Middle East.
 - **We plan to keep portfolio durations generally in line with benchmarks** as all of these factors have more downside risk to economic growth than upside potential, and thus a greater chance of keeping yields low for the foreseeable future.
- **We anticipate income to be a major component of total returns** largely due to the expectation of relatively low volatility of yields in the upcoming quarters. With central banks around the globe pumping an unprecedented amount of liquidity into the market and embarking on new large scale bond purchase programs, we are faced with a scenario of more dollars chasing fewer assets.
 - **Our approach to security selection will employ more of a bottom-up analysis of individual issues**, rather than a top-down approach of shifting sector allocations based on a macroeconomic view.
 - Specifically for the Authority's longer-term portfolios, we will use this bottom-up approach in the selection of individual Treasury, GNMA, and municipal bond issues.
 - The Authority's shorter-term portfolios will remain largely liability driven. Bottom-up analysis will be employed where warranted.
- **MBS allocations will likely be maintained** as the Fed's plan, announced September 13th, to buy \$40 billion of MBS a month for an indefinite period has driven spreads tighter and reduced relative value in this sector. We do note however that specific GNMA issues still may have value depending on their structure and repayment characteristics.
- **As always, we strive to maintain safety of principal and appropriate liquidity**, while seeking opportunities to add value through active management. Our strategy will remain flexible and may change in response to changes in interest rates, economic data, market outlook or specific opportunities that arise.

Statement of Broker Trades

Direct Issuers	Quarterly, August 01, 2012 to October 31, 2012		Cumulative, November 01, 2011 to October 31, 2012	
	Quarterly Trades	Quarterly Par Amount	Cumulative Trades	Cumulative Par Amount
Chevron Corp	-	-	1	16,845,000
Exxon Mobil Corp	-	-	2	12,698,000
General Electric Corp	29	41,787,000	112	224,226,000
Toyota Motor Credit Corp.	3	10,745,000	15	58,362,000
US Bank	7	24,195,000	50	182,924,000
Total	39	76,727,000	180	495,055,000

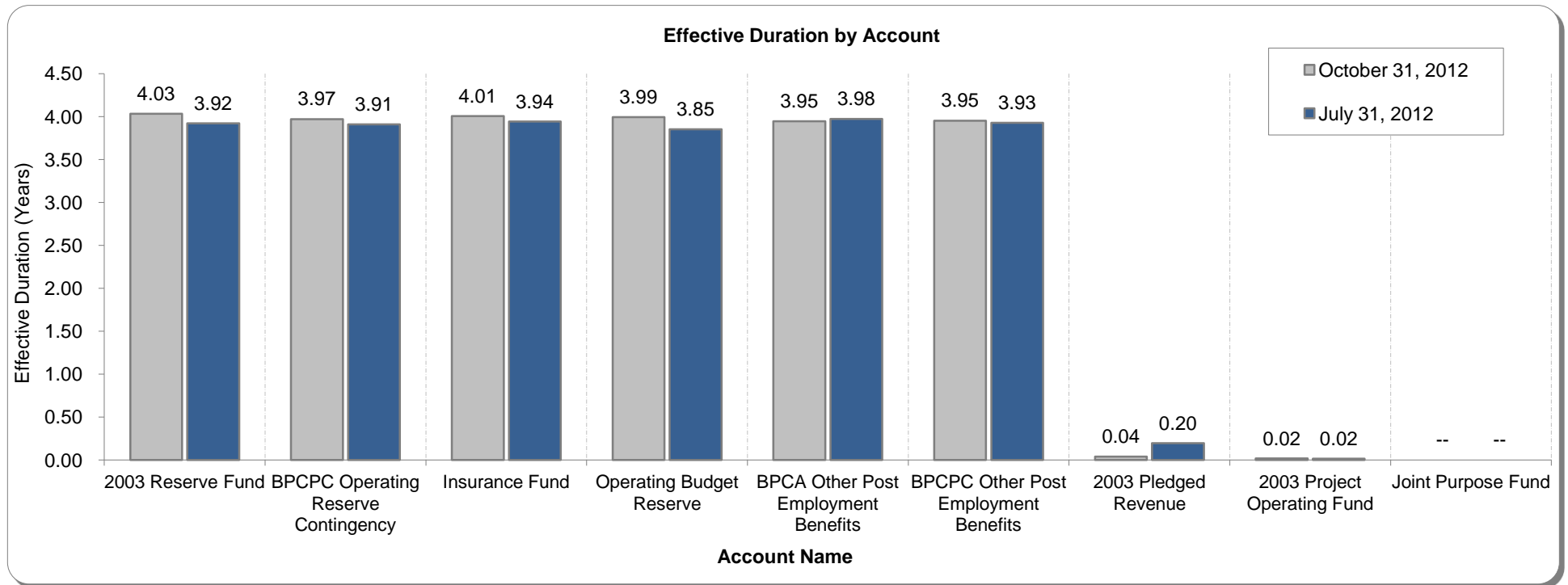
MWBE Broker/Dealers	Quarterly, August 01, 2012 to October 31, 2012		Cumulative, November 01, 2011 to October 31, 2012	
	Quarterly Trades	Quarterly Par Amount	Cumulative Trades	Cumulative Par Amount
Muriel Siebert & Co., Inc.	2	300,000	2	300,000
The Williams Capital Group, LP	-	-	8	107,230,000
Total	2	300,000	10	107,530,000

Broker/Dealers	Quarterly, August 01, 2012 to October 31, 2012		Cumulative, November 01, 2011 to October 31, 2012	
	Quarterly Trades	Quarterly Par Amount	Cumulative Trades	Cumulative Par Amount
Barclays Capital, Inc.	18	35,474,000	64	108,487,737
BNP Paribas Securities Corp.	24	23,784,000	61	122,622,000
Citigroup Global Markets, Inc.	16	9,626,000	73	54,219,000
Credit Suisse Securities (USA) LLC	3	1,365,000	17	41,850,000
Deutsche Bank Securities, Inc	28	47,689,000	87	294,930,000
Goldman, Sachs & Co.	8	4,242,000	17	46,529,000
HSBC Securities (USA) Inc.	3	1,075,000	9	21,992,000
J. P. Morgan Securities LLC	2	135,000	32	340,667,000
Jefferies & Company, Inc.	-	-	1	250,000
Merrill Lynch, Pierce, Fenner & Smith Inc.	32	44,231,000	81	220,344,000
Morgan Stanley & Co., Inc.	20	15,985,000	144	178,304,000
Nomura Securities USA, Inc.	2	417,000	2	417,000
RBS Securities, Inc.	6	3,608,000	44	82,333,000
SG Americas Securities, LLC	5	970,000	29	5,674,000
TD Securities (USA) LLC	-	-	3	1,080,000
UBS Securities, LLC	4	675,000	19	4,021,000
Wells Fargo Securities, LLC	-	-	2	13,848,000
Total	171	189,276,000	685	1,537,567,737

	Quarterly, August 01, 2012 to October 31, 2012		Cumulative, November 01, 2011 to October 31, 2012	
	Quarterly Trades	Quarterly Par Amount	Cumulative Trades	Cumulative Par Amount
	212	266,303,000	875	2,140,152,737

Total Return Portfolio Attributes

Yields	Effective Duration (in years)		Yield To Maturity - At Market		Yield To Maturity - On Cost	
	October 31, 2012	July 31, 2012	October 31, 2012	July 31, 2012	October 31, 2012	July 31, 2012
Longer Term Investment Strategy						
2003 Reserve Fund	4.03	3.92	1.03%	0.95%	2.81%	3.03%
BPCPC Operating Reserve Contingency	3.97	3.91	1.00%	0.95%	2.58%	2.78%
Insurance Fund	4.01	3.94	0.94%	0.87%	2.61%	2.76%
Operating Budget Reserve	3.99	3.85	1.13%	1.07%	3.19%	3.44%
BPCA Other Post Employment Benefits	3.95	3.98	0.88%	0.81%	2.51%	2.71%
BPCPC Other Post Employment Benefits	3.95	3.93	0.86%	0.78%	1.96%	1.98%
Short Term Investment Strategy						
2003 Pledged Revenue	0.04	0.20	0.08%	0.15%	0.12%	0.14%
2003 Project Operating Fund	0.02	0.02	0.08%	0.15%	0.11%	0.13%
Joint Purpose Fund	--	--	--	--	--	--



Portfolios managed with a Longer-Term Investment Strategy

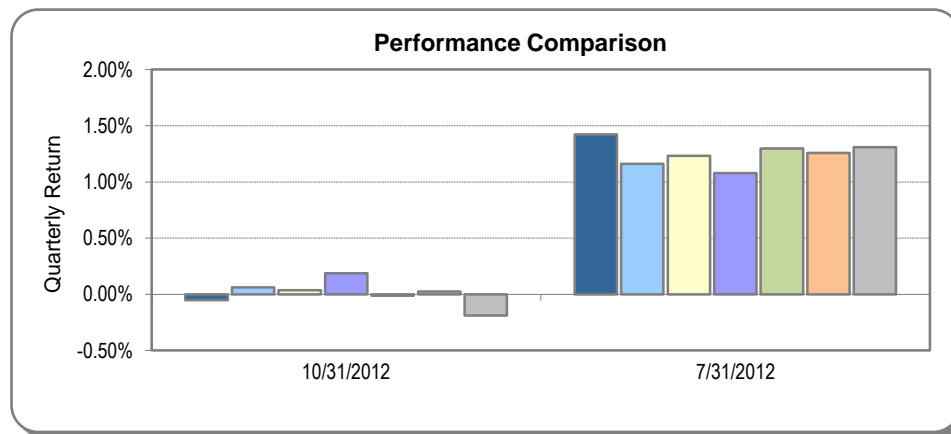
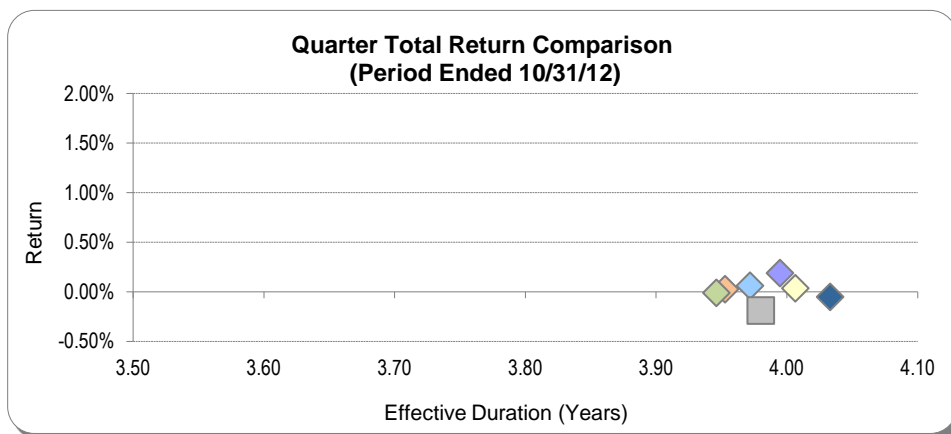


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Longer-Term Investment Strategy

Total Return ^{1,2,4,5}	October 31, 2012	Annualized Quarter	Since Inception ⁵	Annualized Since Inception
2003 Reserve Fund	(0.05%)	(0.20%)	42.45%	5.38%
BPCPC Operating Reserve Contingency	0.06%	0.24%	45.59%	5.72%
Insurance Fund	0.04%	0.14%	46.43%	5.81%
Operating Budget Reserve	0.19%	0.75%	47.37%	5.91%
BM: Merrill Lynch 1-10 Year US Treasury Note Index	(0.19%)	(0.75%)	41.11%	5.23%
BPCA Other Post Employment Benefits	(0.01%)	(0.04%)	24.66%	4.75%
BM: Merrill Lynch 1-10 Year US Treasury Note Index	(0.19%)	(0.75%)	22.31%	4.33%
BPCPC Other Post Employment Benefits	0.03%	0.10%	11.67%	4.15%
BM: Merrill Lynch 1-10 Year US Treasury Note Index	(0.19%)	(0.75%)	12.62%	4.47%

Effective Duration (in years) ³	October 31, 2012	July 31, 2012
2003 Reserve Fund	4.03	3.92
BPCPC Operating Reserve Contingency	3.97	3.91
Insurance Fund	4.01	3.94
Operating Budget Reserve	3.99	3.85
BPCA Other Post Employment Benefits	3.95	3.98
BPCPC Other Post Employment Benefits	3.95	3.93
BM: Merrill Lynch 1-10 Year US Treasury Note Index	3.98	4.01



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 for all portfolios other than 'BPCA Other Post Employment Benefits' and 'BPCPC Other Post Employment Benefits' is calculated from January 31, 2006 to present. Since inception performance for the 'BPCA Other Post Employment Benefits' is calculated from January 31, 2008 to present. Since inception performance for the 'BPCPC Other Post Employment Benefits' is calculated from February 12, 2010 to present.

Longer-Term Investment Strategy – Historical Performance

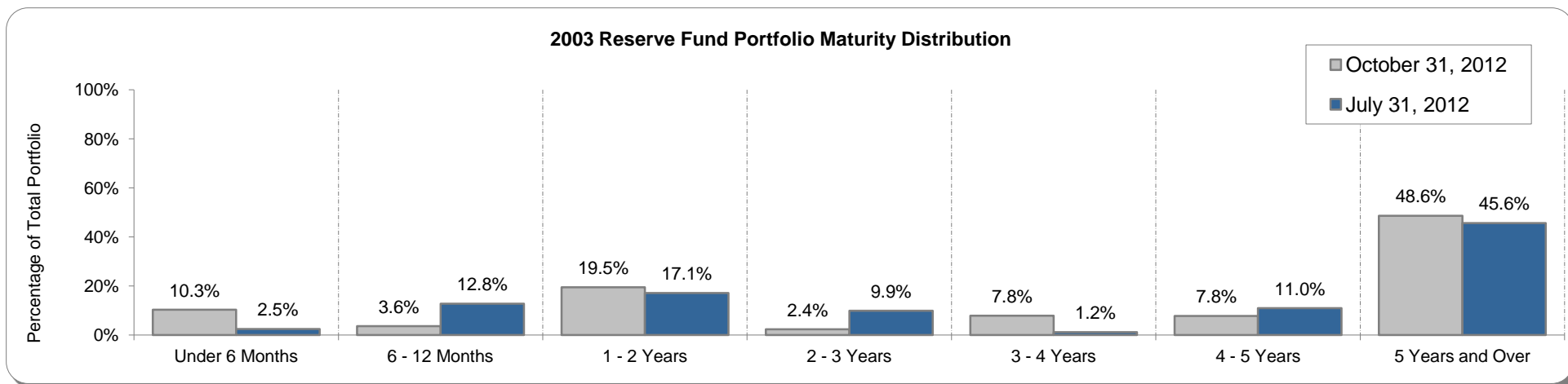
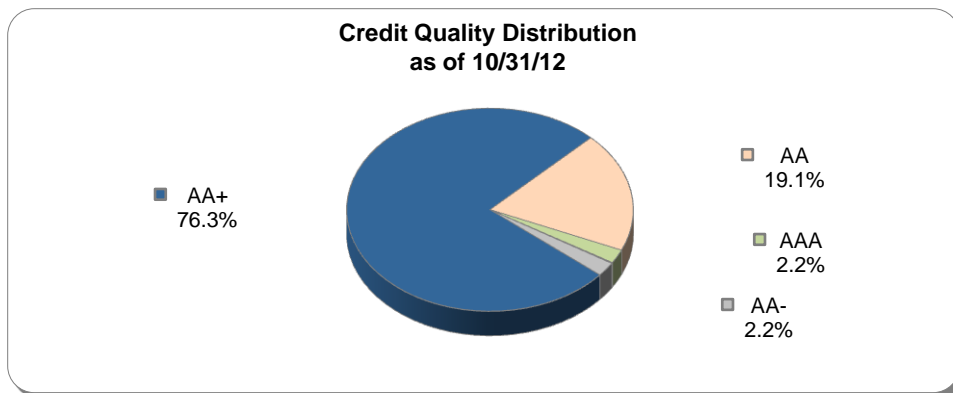
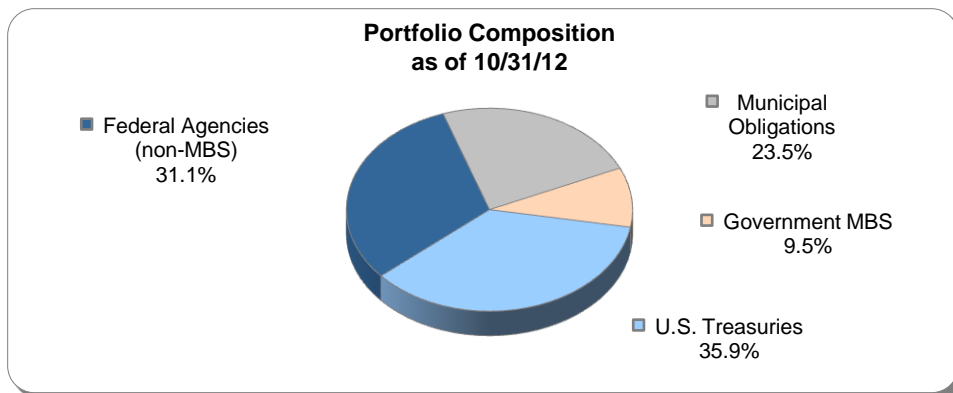
Total Return Period *	2003 Reserve Fund	BPCPC Operating Reserve Contingency	Insurance Fund	Operating Budget Reserve	ML 1-10 Year U.S. Treasury Index	BPCA Other Post Employment Benefits*	ML 1-10 Year U.S. Treasury Index*	BPCPC Other Post Employment Benefits*	ML 1-10 Year U.S. Treasury Index*
4Q 2012	(0.05%)	0.06%	0.04%	0.19%	(0.19%)	(0.01%)	(0.19%)	0.03%	(0.19%)
Annualized	(0.20%)	0.24%	0.14%	0.75%	(0.75%)	(0.04%)	(0.75%)	0.10%	(0.75%)
3Q 2012	1.42%	1.16%	1.23%	1.08%	1.31%	1.30%	1.31%	1.26%	1.31%
Annualized	5.77%	4.69%	4.98%	4.35%	5.29%	5.25%	5.29%	5.09%	5.29%
2Q 2012	0.40%	0.46%	0.37%	0.68%	(0.01%)	0.37%	(0.01%)	0.33%	(0.01%)
Annualized	1.64%	1.88%	1.52%	2.77%	(0.02%)	1.50%	(0.02%)	1.34%	(0.02%)
1Q 2012	1.60%	1.59%	1.66%	1.79%	1.52%	1.66%	1.52%	1.61%	1.52%
Annualized	6.51%	6.47%	6.74%	7.30%	6.17%	6.75%	6.17%	6.56%	6.17%
3 Years	13.35%	13.85%	13.45%	14.45%	13.29%	13.08%	13.29%	n/a	n/a
Annualized	4.26%	4.42%	4.29%	4.60%	4.24%	4.18%	4.24%	n/a	n/a
Inception	42.45%	45.59%	46.43%	47.37%	41.11%	24.66%	22.31%	11.67%	12.62%
Annualized	5.38%	5.72%	5.81%	5.91%	5.23%	4.75%	4.33%	4.15%	4.47%

Notes:

1. Since inception performance for all portfolios other than 'BPCA Other Post Employment Benefits' and 'BPCPC Other Post Employment Benefits' is calculated from January 31, 2006 to present. Since inception performance for the 'BPCA Other Post Employment Benefits' is calculated from January 31, 2008 to present. Since inception performance for the 'BPCPC Other Post Employment Benefits' is calculated from February 12, 2010 to present.

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

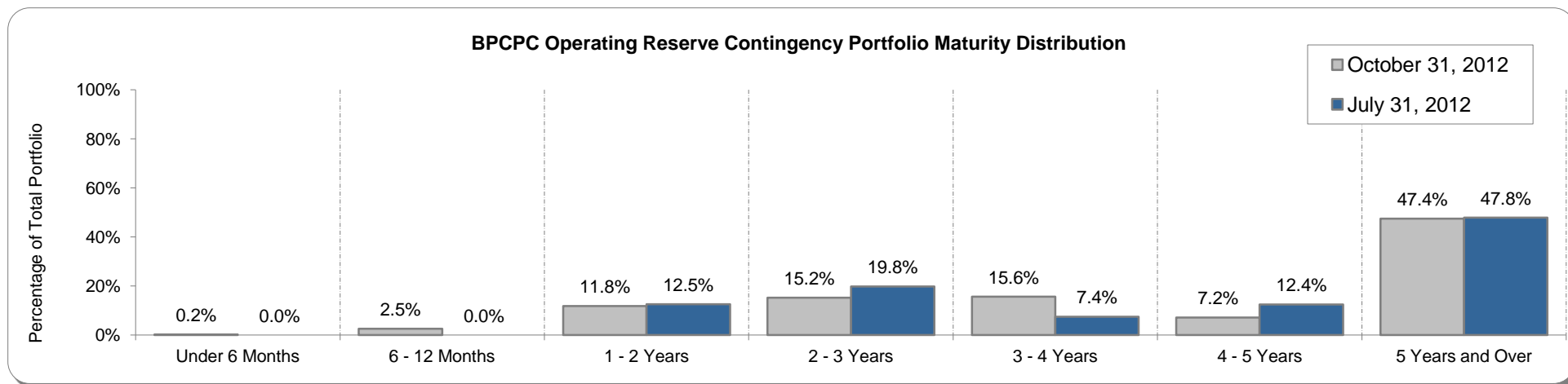
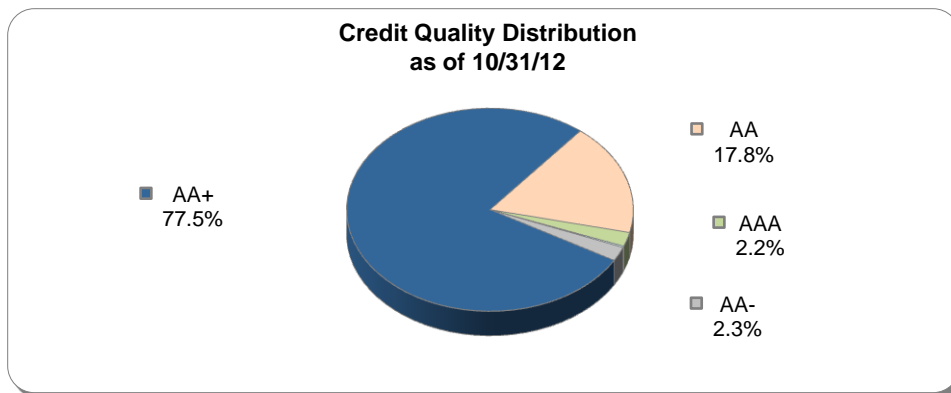
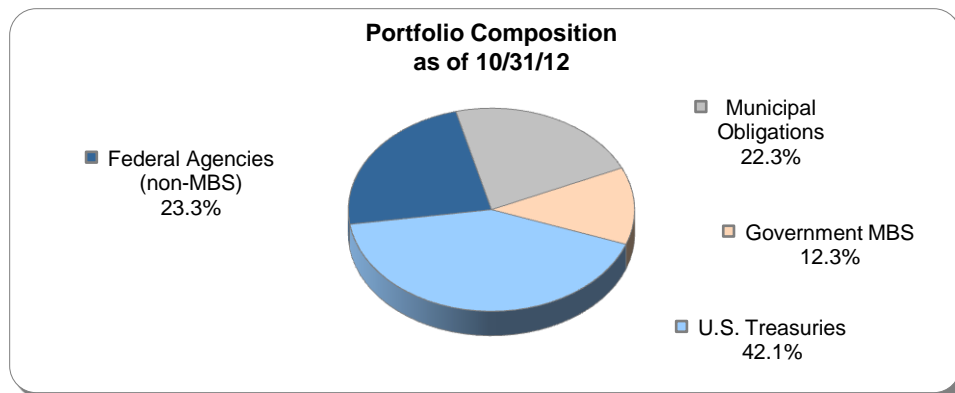
Security Type ¹	October 31, 2012	% of Portfolio	July 31, 2012	% of Portfolio	QoQ % Change
U.S. Treasuries	\$26,193,347	35.9%	\$22,578,630	29.9%	6.0%
Federal Agencies (non-MBS)	\$22,653,764	31.1%	\$25,107,195	33.2%	(2.1%)
Commercial Paper	\$0	0.0%	\$0	0.0%	-
Municipal Obligations	\$17,168,547	23.5%	\$20,373,865	27.0%	(3.5%)
Government MBS	\$6,934,270	9.5%	\$7,477,995	9.9%	(0.4%)
Totals	\$72,949,928	100.0%	\$75,537,685	100.0%	



Notes:
 1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
 2. Government MBS includes Freddie Mac, Fannie Mae, and Ginnie Mae MBS.

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

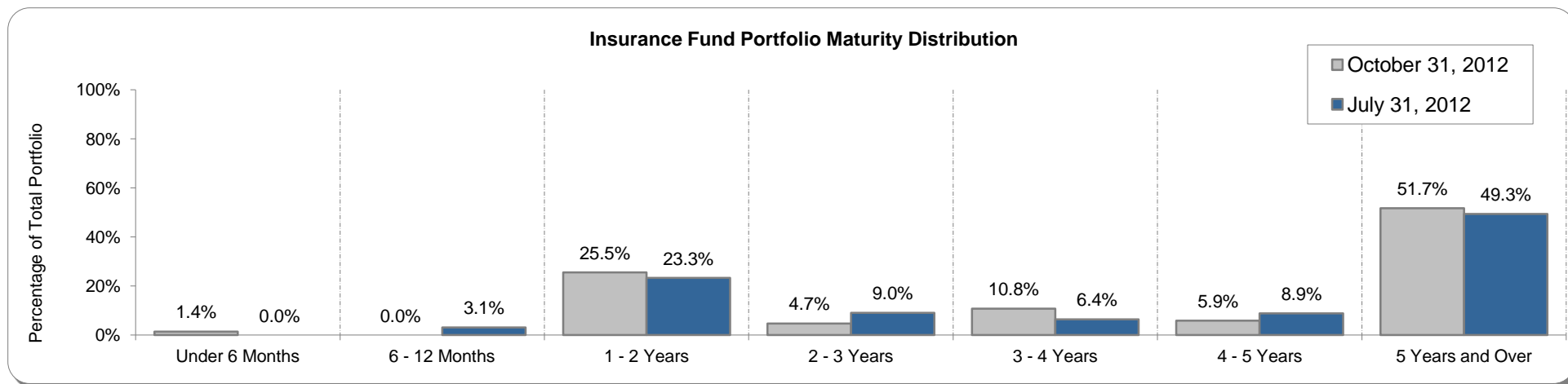
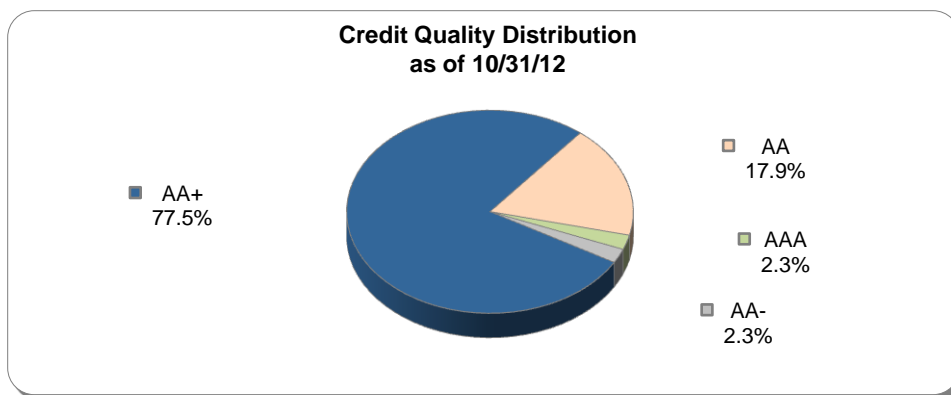
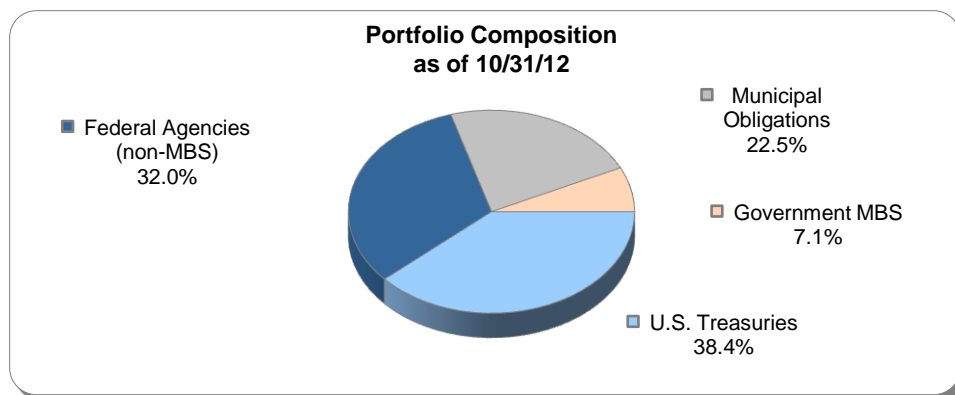
Security Type ¹	October 31, 2012	% of Portfolio	July 31, 2012	% of Portfolio	QoQ % Change
U.S. Treasuries	\$8,535,454	42.1%	\$7,329,046	36.0%	6.1%
Federal Agencies (non-MBS)	\$4,719,611	23.3%	\$5,033,640	24.7%	(1.4%)
Commercial Paper	\$0	0.0%	\$0	0.0%	-
Municipal Obligations	\$4,510,596	22.3%	\$5,340,038	26.2%	(3.9%)
Government MBS	\$2,493,360	12.3%	\$2,673,452	13.1%	(0.8%)
Totals	\$20,259,020	100.0%	\$20,376,175	100.0%	



Notes:
 1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
 2. Government MBS includes Freddie Mac, Fannie Mae, and Ginnie Mae MBS.

Insurance Fund Portfolio Composition, Credit Quality, and Maturity Characteristics

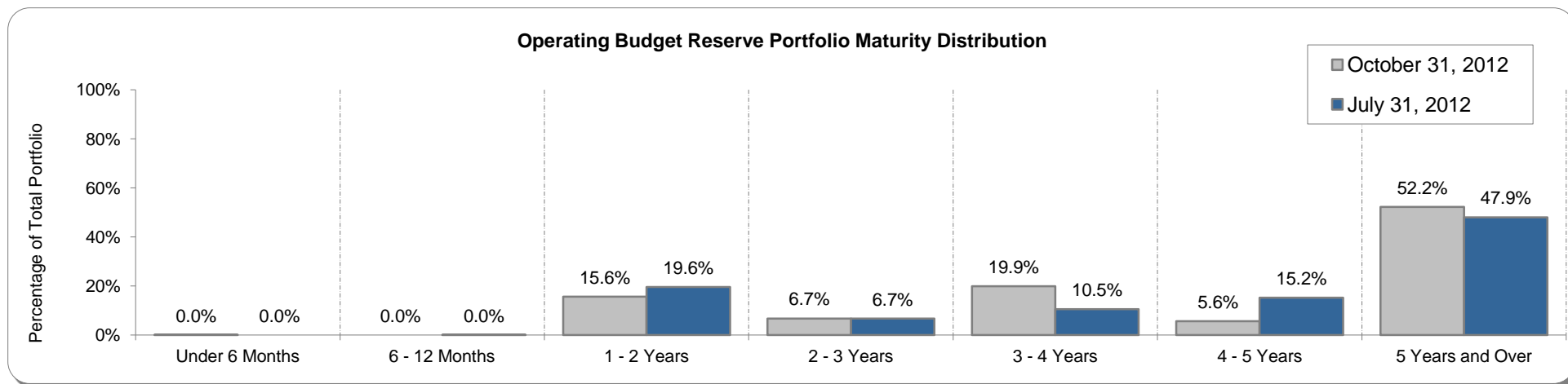
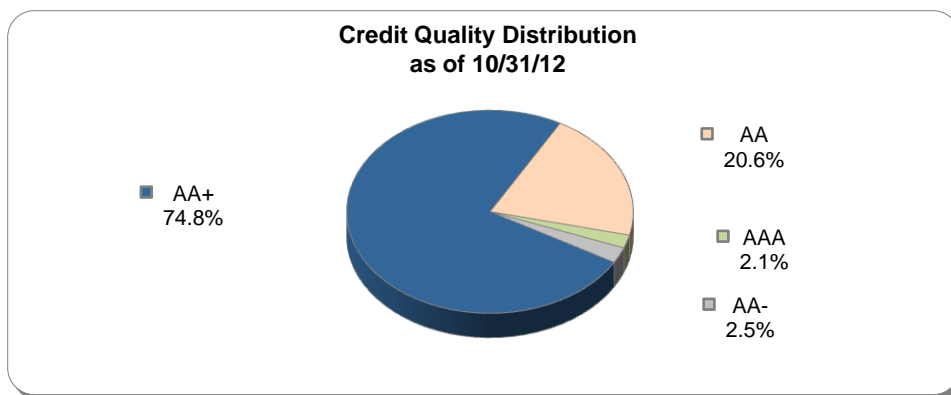
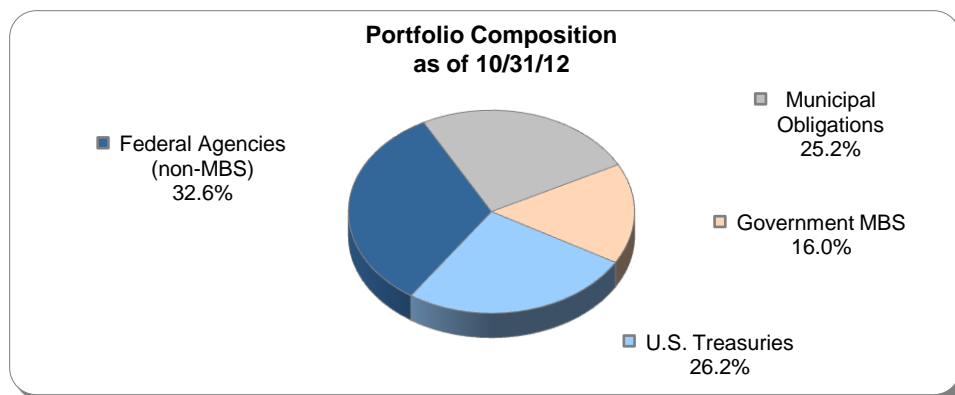
Security Type ¹	October 31, 2012	% of Portfolio	July 31, 2012	% of Portfolio	QoQ % Change
U.S. Treasuries	\$2,066,557	38.4%	\$1,761,431	32.7%	5.7%
Federal Agencies (non-MBS)	\$1,719,518	32.0%	\$1,814,556	33.7%	(1.7%)
Commercial Paper	\$0	0.0%	\$0	0.0%	-
Municipal Obligations	\$1,209,039	22.5%	\$1,403,702	26.0%	(3.5%)
Government MBS	\$382,258	7.1%	\$411,823	7.6%	(0.5%)
Totals	\$5,377,372	100.0%	\$5,391,512	100.0%	



Notes:
 1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
 2. Government MBS includes Freddie Mac, Fannie Mae, and Ginnie Mae MBS.

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

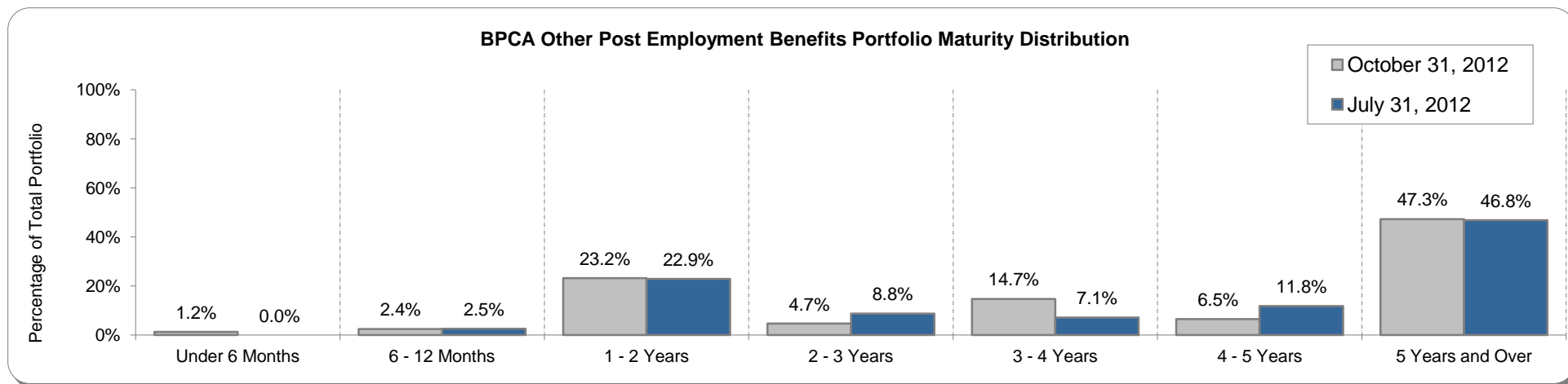
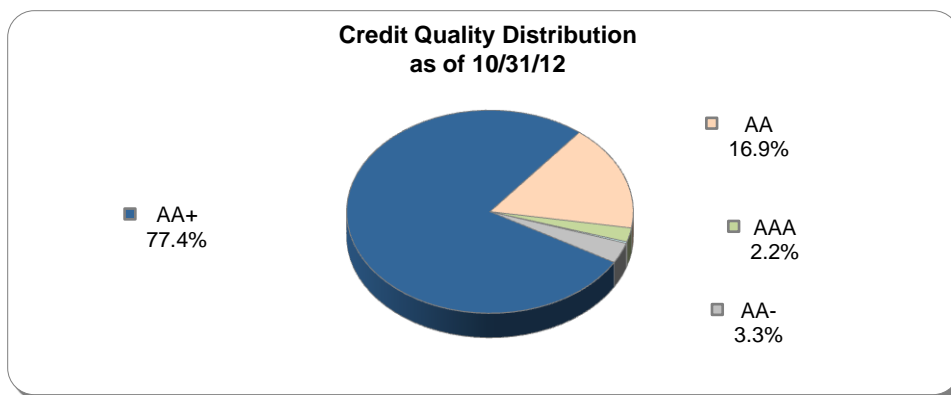
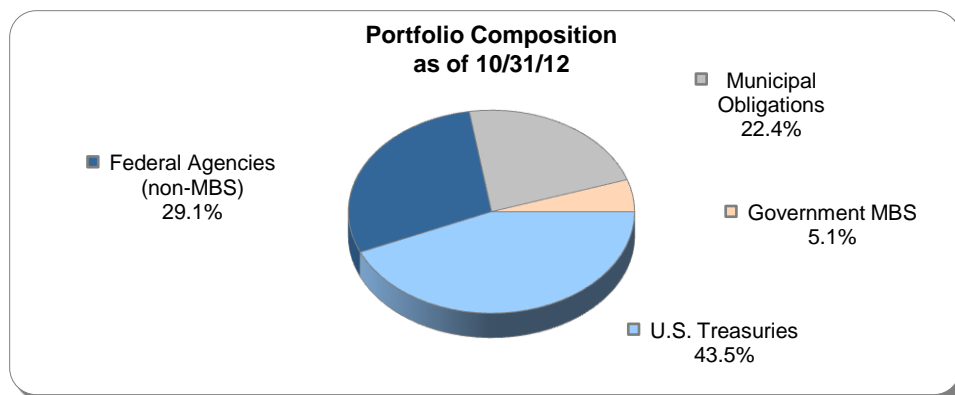
Security Type ¹	October 31, 2012	% of Portfolio	July 31, 2012	% of Portfolio	QoQ % Change
U.S. Treasuries	\$1,896,675	26.2%	\$1,286,636	17.7%	8.5%
Federal Agencies (non-MBS)	\$2,362,613	32.6%	\$2,554,284	35.2%	(2.4%)
Commercial Paper	\$0	0.0%	\$0	0.0%	-
Municipal Obligations	\$1,825,607	25.2%	\$2,211,867	30.4%	(5.2%)
Government MBS	\$1,159,765	16.0%	\$1,212,889	16.7%	(0.7%)
Totals	\$7,244,660	100.0%	\$7,265,676	100.0%	



Notes:
 1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
 2. Government MBS includes Freddie Mac, Fannie Mae, and Ginnie Mae MBS.

BPCA OPEB Portfolio Composition, Credit Quality, and Maturity Characteristics

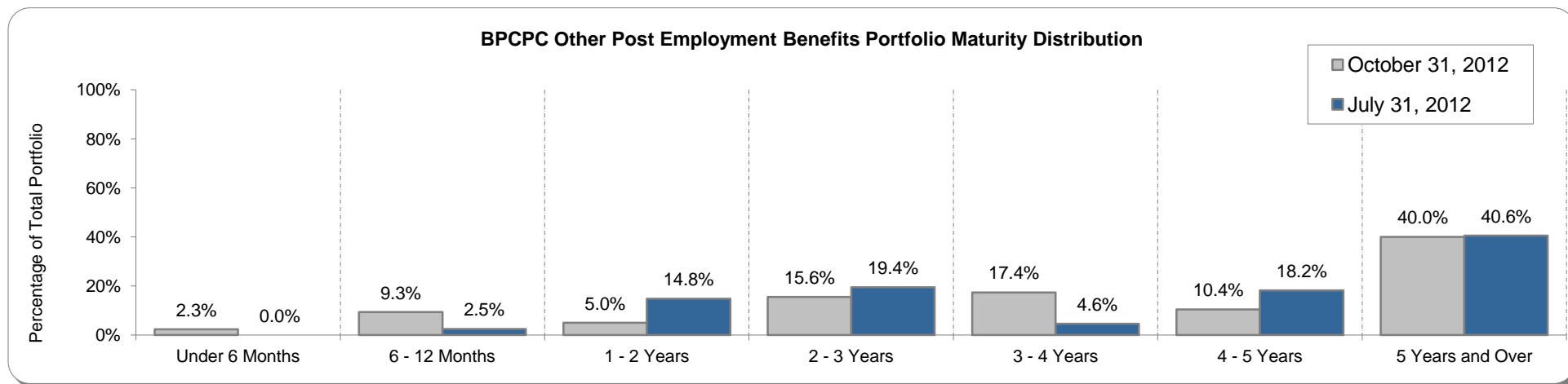
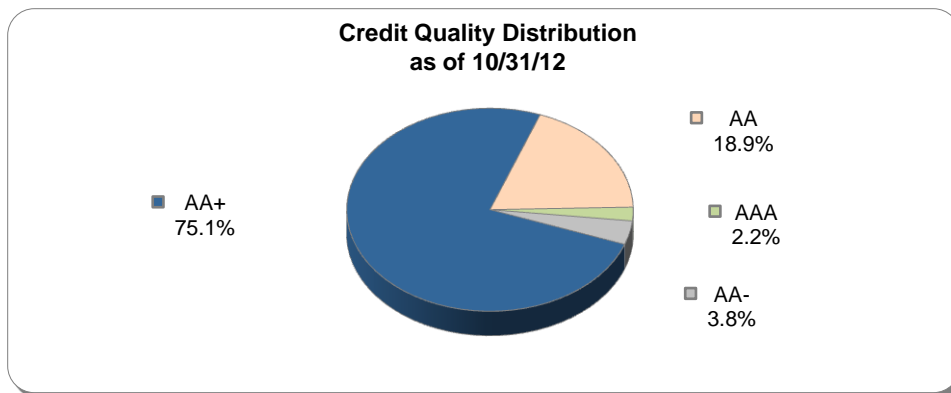
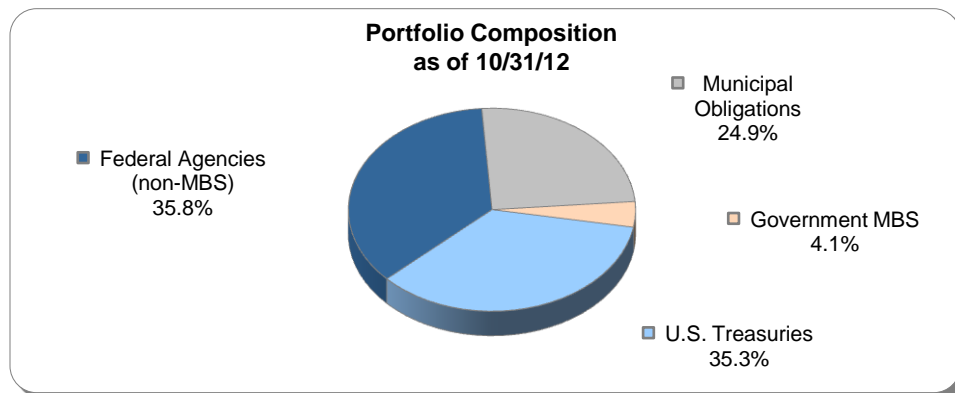
Security Type ¹	October 31, 2012	% of Portfolio	July 31, 2012	% of Portfolio	QoQ % Change
U.S. Treasuries	\$8,783,147	43.5%	\$7,747,746	38.8%	4.7%
Federal Agencies (non-MBS)	\$5,872,018	29.1%	\$6,192,888	31.0%	(1.9%)
Commercial Paper	\$0	0.0%	\$0	0.0%	-
Municipal Obligations	\$4,522,173	22.4%	\$4,935,538	24.7%	(2.3%)
Government MBS	\$1,034,385	5.1%	\$1,102,644	5.5%	(0.4%)
Totals	\$20,211,722	100.0%	\$19,978,816	100.0%	



Notes:
 1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
 2. Government MBS includes Freddie Mac, Fannie Mae, and Ginnie Mae MBS.

BPCPC OPEB Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type ¹	October 31, 2012	% of Portfolio	July 31, 2012	% of Portfolio	QoQ % Change
U.S. Treasuries	\$3,655,403	35.3%	\$3,271,088	32.9%	2.4%
Federal Agencies (non-MBS)	\$3,705,762	35.8%	\$4,015,814	40.3%	(4.5%)
Commercial Paper	\$0	0.0%	\$0	0.0%	-
Municipal Obligations	\$2,574,561	24.9%	\$2,220,417	22.3%	2.6%
Government MBS	\$420,764	4.1%	\$449,513	4.5%	(0.4%)
Totals	\$10,356,491	100.0%	\$9,956,833	100.0%	



Notes:
 1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
 2. Government MBS includes Freddie Mac, Fannie Mae, and Ginnie Mae MBS.

Portfolios managed with a Shorter-Term Investment Strategy

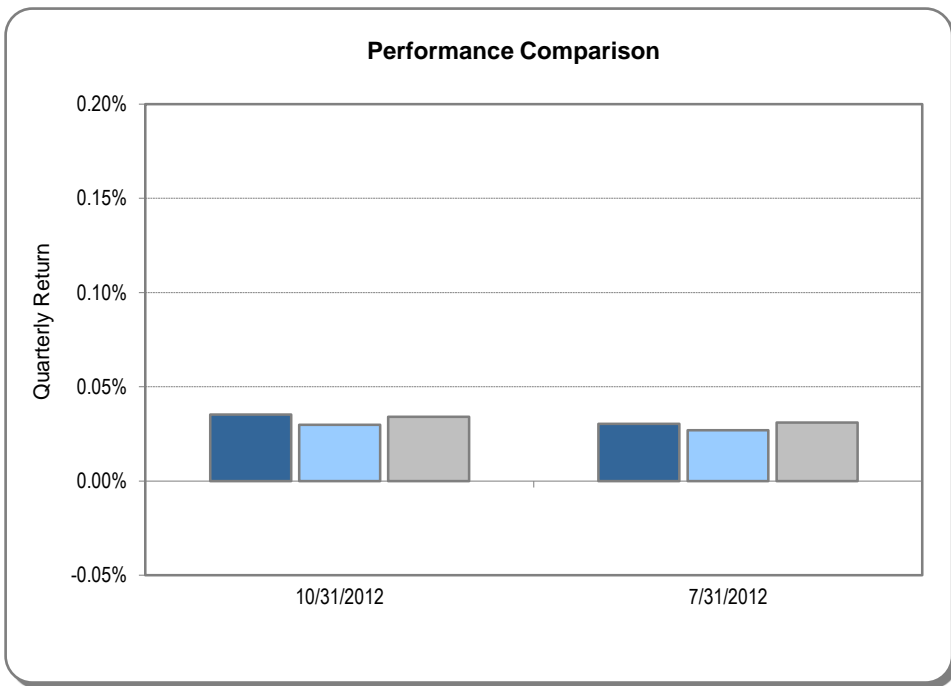
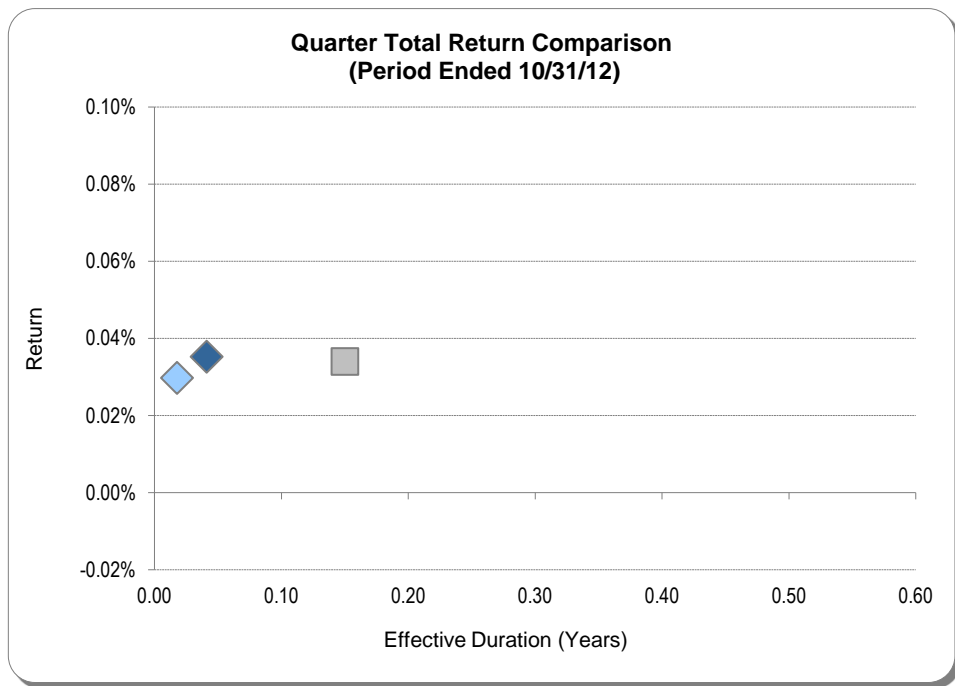


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Shorter-Term Investment Strategy

Total Return ^{1,2,4,5}	October 31, 2012	Annualized Quarter	Since Inception ⁵	Annualized Since Inception
2003 Pledged Revenue	0.04%	0.14%	13.24%	1.86%
2003 Project Operating Fund	0.03%	0.12%	13.10%	1.84%
BM: Merrill Lynch 3 Month US Treasury Bill Index	0.03%	0.13%	12.59%	1.77%

Effective Duration (in years) ³	October 31, 2012	July 31, 2012
2003 Pledged Revenue	0.04	0.20
2003 Project Operating Fund	0.02	0.02
BM: Merrill Lynch 3-Month US Treasury Bill Index	0.15	0.16



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.

Shorter-Term Investment Strategy – Historical Performance

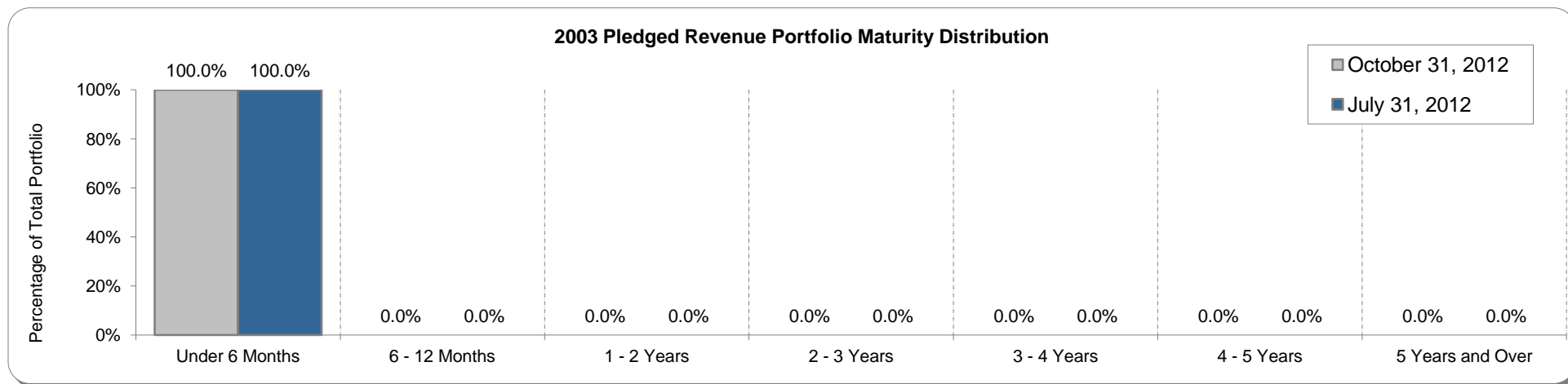
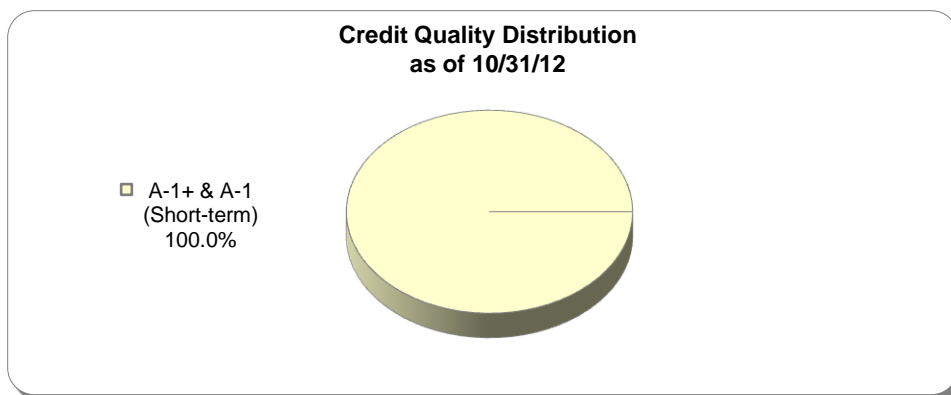
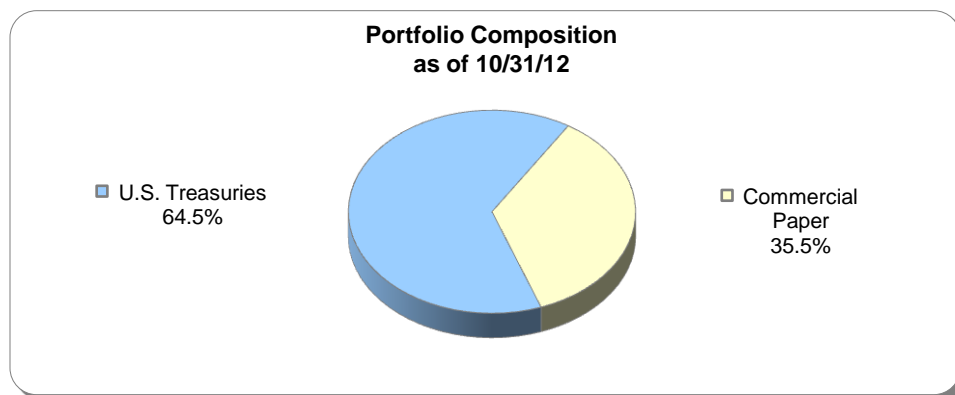
Total Return Period *	2003 Pledged Revenue	2003 Project Operating Fund	ML 3-Month U.S. Treasury Bill Index
4Q 2012	0.04%	0.03%	0.03%
Annualized	0.14%	0.12%	0.13%
3Q 2012	0.03%	0.03%	0.03%
Annualized	0.12%	0.11%	0.12%
2Q 2012	0.03%	0.02%	0.02%
Annualized	0.13%	0.08%	0.07%
1Q 2012	(0.02%)	0.02%	(0.00%)
Annualized	(0.07%)	0.06%	(0.02%)
3 Years	0.37%	0.52%	0.33%
Annualized	0.12%	0.17%	0.11%
Inception	13.24%	13.10%	12.59%
Annualized	1.86%	1.84%	1.77%

Notes:

1. Since inception performance is calculated from January 31, 2006 to present.

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

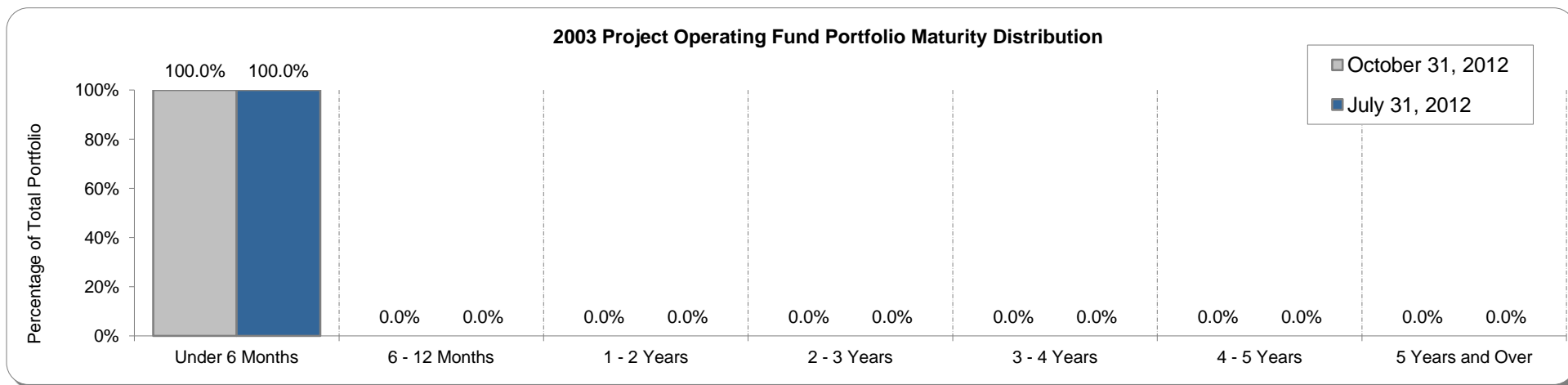
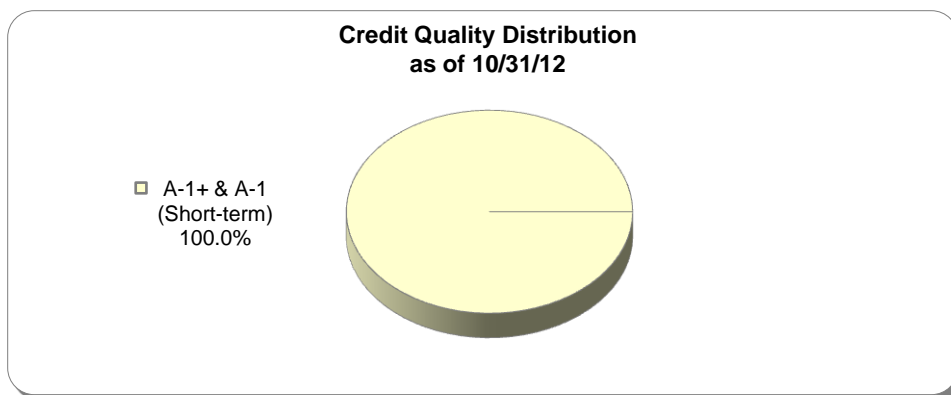
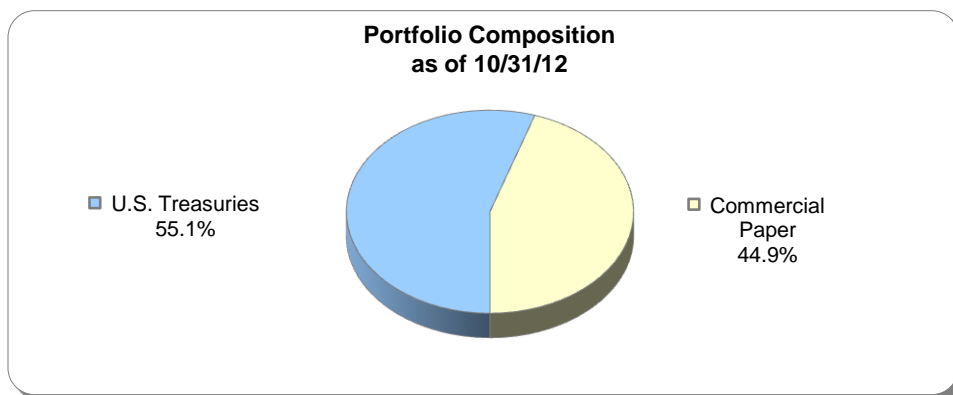
Security Type ¹	October 31, 2012	% of Portfolio	July 31, 2012	% of Portfolio	QoQ % Change
U.S. Treasuries	\$82,453,111	64.5%	\$55,403,655	48.1%	16.4%
Federal Agencies (non-MBS)	\$0	0.0%	\$0	0.0%	-
Commercial Paper	\$45,428,491	35.5%	\$59,685,235	51.9%	(16.4%)
Municipal Obligations	\$0	0.0%	\$0	0.0%	-
Government MBS	\$0	0.0%	\$0	0.0%	-
Totals	\$127,881,602	100.0%	\$115,088,890	100.0%	



Notes:
 1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
 2. Government MBS includes Freddie Mac, Fannie Mae, and Ginnie Mae MBS.

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

Security Type ¹	October 31, 2012	% of Portfolio	July 31, 2012	% of Portfolio	QoQ % Change
U.S. Treasuries	\$3,889,968	55.1%	\$0	0.0%	55.1%
Federal Agencies (non-MBS)	\$0	0.0%	\$0	0.0%	-
Commercial Paper	\$3,174,908	44.9%	\$2,424,945	100.0%	(55.1%)
Municipal Obligations	\$0	0.0%	\$0	0.0%	-
Government MBS	\$0	0.0%	\$0	0.0%	-
Totals	\$7,064,876	100.0%	\$2,424,945	100.0%	



Notes:
 1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
 2. Government MBS includes Freddie Mac, Fannie Mae, and Ginnie Mae MBS.

Section C – Market Commentary



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Summary

- During the quarter ended October 31, 2012, further easing measures by central banks around the world spurred investors' demand for riskier assets, resulting in strong performance for corporate bonds, mortgage-backed securities, and equities.
- While the U.S. housing recovery seemed to be building momentum, manufacturing activity has continued to show persistent weakness.
- The domestic economy will likely continue its sluggish recovery, despite uncertainties about the U.S. election and the looming fiscal cliff.

Economic Snapshot

- The unemployment rate fell to 7.9% in October. The economy added 511,000 jobs in the quarter ended October 31, 2012, up from 313,000 in the prior three month period.
- The S&P Case-Shiller Index of home prices for September marked a year-over-year increase of 3% representing the highest year-over-year increase since August 2010, reflecting a continued housing recovery.
- The Institute for Supply Management's manufacturing survey fell slightly below 50 for June, July, and August, indicating a weakening of the important manufacturing base, but rose to 51.5 in September and 51.7 in October, suggesting slow growth (a measure above 50 is the dividing point between growth and expansion).
- Most economists expect U.S. gross domestic product (GDP) to grow by 1.8% to a 2% total for the balance of the year.

Interest Rates

- Interest rates ended the quarter modestly higher, while yield spreads on Agencies, corporates, and mortgage-backed securities (MBS) tightened.
- Long-term Treasury yields experienced significant intra-quarter volatility, while two-year Treasury yields remained in a tight range of 0.22% to 0.31% for the quarter ended October 31, 2012.
- The Federal Reserve announced that it will keep short-term rates at extremely low levels through mid-2015, and initiated QE3, a new program to purchase \$40 billion in agency MBS each month until employment conditions improve.

Sector Performance

- Returns of high-quality corporate bonds significantly beat those of Treasuries and Agencies for the quarter as accommodative measures by global central banks prompted investors to search for additional yield.
- Supported by the new QE3 purchase program, Agency MBS performed well, but were tempered as a result of increased pre-payments, which shortened their average lives.
- While the Municipal sector lagged the corporate sector, it generated returns in excess of Treasuries and Agencies, and offered the additional value of diversification.
- Supply reductions should keep Agency spreads low, as Fannie Mae and Freddie Mac reduce their retained portfolios by 15% per year, as mandated by the Treasury Department.

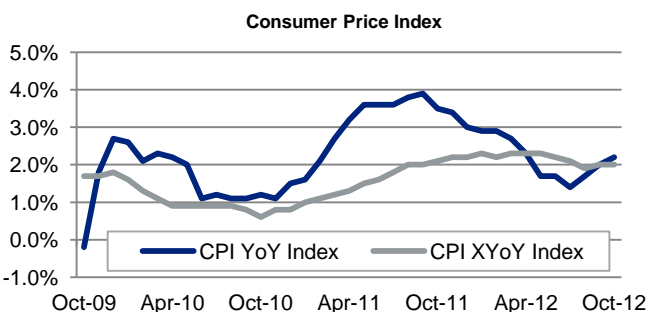
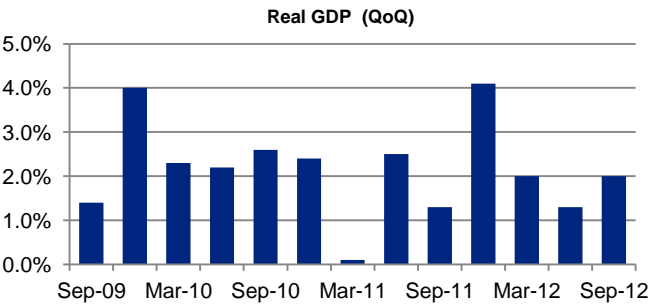
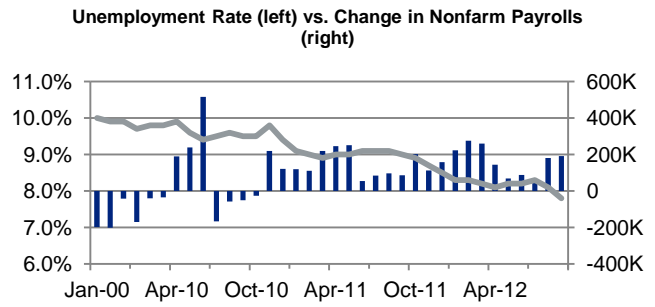
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Economic Snapshot

Labor Market	Latest	Latest	Jul 2012	Oct 2011
Unemployment Rate	Oct	7.9%	8.3%	8.9%
Change In Non-Farm Payrolls	Oct	171,000	181,000	112,000
Average Hourly Earnings (YoY)	Oct	1.6%	1.7%	2.1%
Personal Income (YoY)	Sep	3.9%	3.4%	4.5%
Initial Jobless Claims	Nov 16	410,000	368,000	398,000

Growth				
Real GDP (QoQ SAAR)	Q3	2.0% ¹	1.3% ²	1.3% ³
GDP Personal Consumption (QoQ SAAR)	Q3	2.0% ¹	1.5% ²	1.7% ³
Retail Sales (YoY)	Oct	3.8%	4.0%	8.2%
ISM Manufacturing Survey	Oct	51.7	49.8	51.8
Existing Home Sales (millions)	Oct	4.79	4.47	4.32

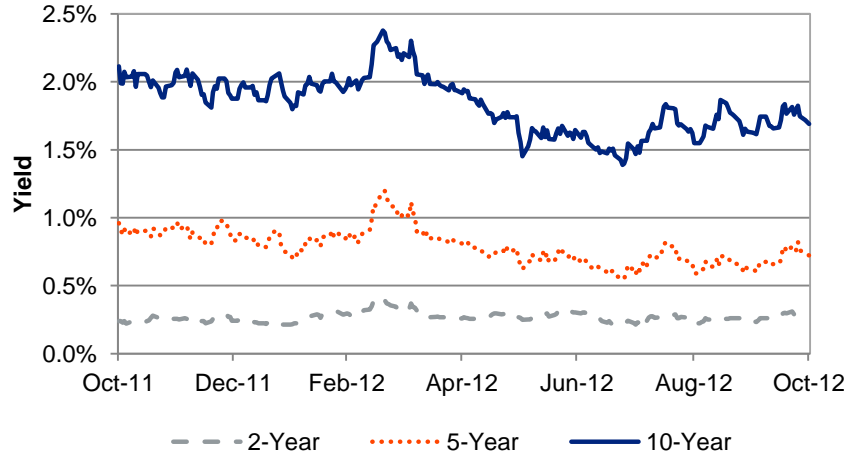
Inflation / Prices				
Personal Consumption Expenditures (YoY)	Sep 12	1.7%	1.3%	2.6%
Consumer Price Index (YoY)	Oct 12	2.2%	1.4%	3.5%
Consumer Price Index Core (YoY)	Oct 12	2.3%	0.5%	5.8%
Crude Oil Futures (WTI, per barrel)	Oct 31	\$86.24	\$88.06	\$93.19
Gold Futures (oz)	Oct 31	\$1,719	\$1,611	\$1,725



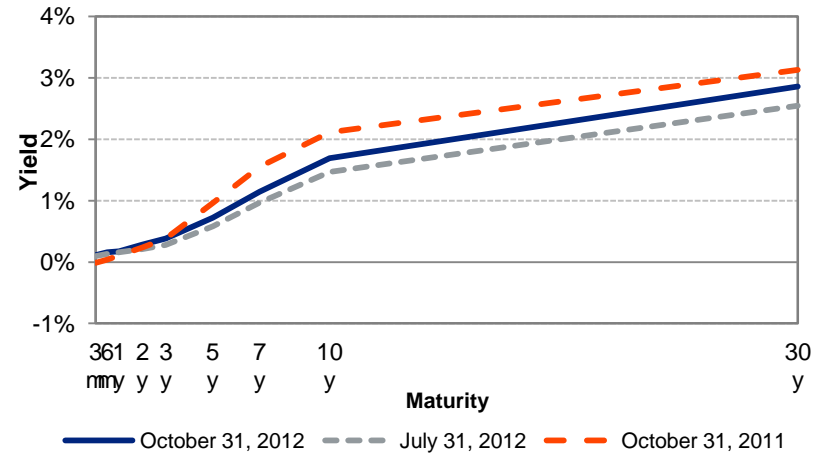
Source: Bloomberg

Interest Rate Overview

U.S. Treasury Note Yields

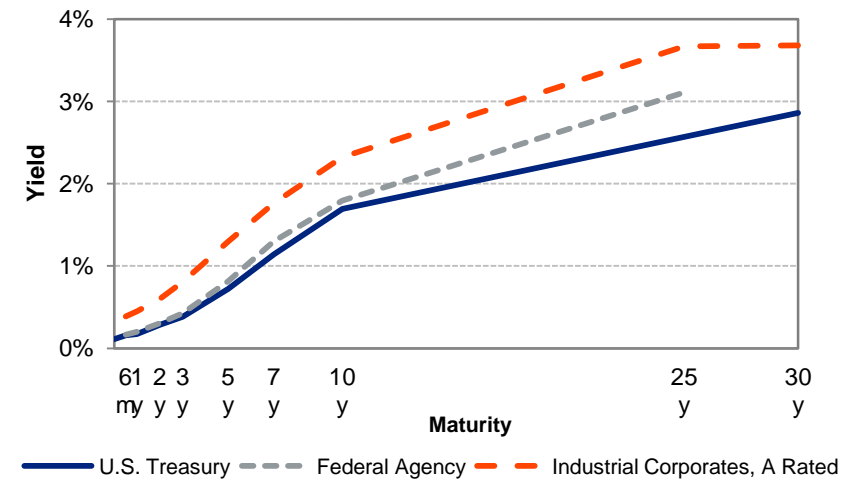


U.S. Treasury Note Yield Curve



Maturity	10/31/12	7/31/12	Change over Quarter	10/31/11	Change over Year
3-month	0.13%	0.11%	0.01%	0.07%	0.06%
1-year	0.20%	0.19%	0.01%	0.16%	0.04%
2-year	0.31%	0.23%	0.09%	0.26%	0.05%
5-year	0.74%	0.61%	0.13%	0.99%	(0.24%)
10-year	1.76%	1.55%	0.22%	2.18%	(0.42%)
30-year	2.84%	2.56%	0.29%	3.13%	(0.29%)

Yield Curves as of 10/31/12



Source: Bloomberg

B of A Merrill Lynch Index Returns (periods ending October 31, 2012)

	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.87	0.29%	(0.04%)	0.41%	1.34%
Federal Agency	1.64	0.34%	0.08%	0.84%	1.50%
U.S. Corporates, A-AAA Rated	1.98	0.96%	0.99%	3.57%	3.40%
Agency MBS (0 to 3 years)	1.75	1.18%	(0.00%)	2.03%	3.43%
Municipals	1.82	0.54%	0.18%	1.44%	1.75%
1-5 Year Indices					
U.S. Treasury	2.72	0.40%	(0.07%)	1.05%	2.45%
Federal Agency	2.29	0.46%	0.14%	1.43%	2.18%
U.S. Corporates, A-AAA Rated	2.79	1.19%	1.40%	5.16%	4.76%
Agency MBS (0 to 5 years)	1.95	1.28%	0.08%	3.40%	4.40%
Municipals	2.56	0.74%	0.26%	2.55%	2.75%
Master Indices					
U.S. Treasury	6.00	0.96%	(0.65%)	3.80%	5.42%
Federal Agency	3.76	0.84%	0.16%	3.06%	3.89%
U.S. Corporates, A-AAA Rated	6.83	2.28%	1.82%	9.38%	8.34%
Agency MBS	1.94	1.29%	0.13%	3.53%	4.76%
Municipals	7.42	2.51%	1.19%	9.74%	7.21%

Source: Bloomberg

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