



# **Hugh L. Carey** **Battery Park City Authority**

## **Review of Investment Performance**

Quarter Ended July 31, 2019

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# **I. Market Commentary**



# Market Commentary – Quarter Ended July 31, 2019

## SUMMARY

- The trade war rolls on. Amidst on-again, off-again U.S.-China tariff spats and the resultant spikes in market volatility, investors have to digest a new Fed monetary policy outlook and reduced global growth prospects. While the domestic economy savors the tenth year of this epic expansion, it's the headwinds abroad that remain the most imminent detractors.
- U.S. economic conditions are characterized by: (1) solid gross domestic product (GDP) growth in Q2, but more tempered expectations for Q3; (2) strong job growth, with a low unemployment rate of 3.7%; (3) softening inflation pressures; and (4) increased downside risks, including a slowdown in manufacturing, weaker business investments and protracted trade wars.
- The Federal Reserve (Fed) elected to cut its benchmark interest rate by 0.25% during its July meeting, lowering its target range to 2.00%-2.25%. However, the Fed disappointed investors by offering little to ratify expectations of additional rate cuts during the remainder of the year. Officials also announced the Fed would end its balance sheet runoff two months early, ending a program meant to gradually withdraw stimulus added through quantitative easing.

## ECONOMIC SNAPSHOT

- The advance release of second quarter U.S. gross domestic product (GDP) indicated the U.S. economy grew at 2.1%, trailing the 3.1% growth from the prior quarter, but outpacing consensus expectations of 1.8%. Growth was propelled by a jump in personal consumption to 4.3%, an increase from the prior quarter of 1.1% and the largest quarterly consumption figure since December 2017.
- The U.S. labor market remained strong, with average job growth of 172,000 per month in 2019, compared with average gains of 223,000 in 2018. The unemployment rate stood at 3.7% in July, near a 49-year low, as the economy remains at what is considered "full employment." Average hourly wages for private-sector workers grew 3.2% year-over-year.
- Inflation continued to be tame. The Consumer Price Index (CPI) rose 1.6% over the past year, while the Fed's preferred inflation gauge, the Core Personal Consumption Expenditure (PCE) Price Index, excluding food and energy prices, also rose 1.6% over the past year, below the Fed's target of 2%. Inflation remains the focus of future Fed policy.
- Recent manufacturing data weakened in the face of slowing global demand. The most recent Institute for Supply Management (ISM) manufacturing survey fell to a 30-month low, while new orders for manufactured goods have fallen in three of the past four months. Conversely, consumer confidence remains near all-time highs, while retail sales rebounded from weakness in Q2.

## INTEREST RATES

- U.S. Treasury yields fell for a third consecutive quarter, with maturities beyond one year falling 40 to 50 basis points (bps). At quarter-end, the yield on a 3-month Treasury bill stood at 2.19%, the 2-year note was 1.88%, the 5-year was 1.85% and the 10-year yielded 2.02%.
- The yield curve reached its greatest level of inversion since 2007, as the spread between the 10-year and 3-month Treasuries reached -28 bps, although it finished the quarter narrower as short-term rates trended lower in reaction to rate cuts

## SECTOR PERFORMANCE

- Absolute returns were very strong in Q3 as lower yields pushed prices higher. Treasury benchmarks posted some of their strongest quarterly returns in three years. The increasing yield curve inversion further boosted the returns of longer duration instruments, outperforming shorter-maturity counterparts.
- Federal agency returns underperformed similar-duration Treasury securities for the quarter, as agency yield spreads continued to trade at very narrow levels. Callable agencies underperformed non-callable structures by a wider margin as the large downward move in yields increased the likelihood of call, limiting price appreciation.
- Supranational sectors offer little incremental income and modest potential for incremental returns compared to Treasuries. Spreads are narrow and issuance is light, as it has been all year.
- Investment-grade (IG) credit generated positive excess returns for the quarter. As a result, the sector is the year-to-date top performer by a wide margin. We will maintain current exposure in the sector; however, we advise caution as spreads approach 12-month highs on the heels of strong performance results.
- The continued drop in rates pressured mortgage-backed securities (MBS) in Q3. A surge in prepayment expectations resulted in underperformance in May and June but a rebound in July ended the quarter with positive returns. The outlook for MBS performance remains very much tied to long term interest rates and the resultant impact on prepayment estimates. As a result, MBS strategy focuses on those securities that exhibit less sensitivity to interest rate risks under adverse conditions.



# Economic Snapshot

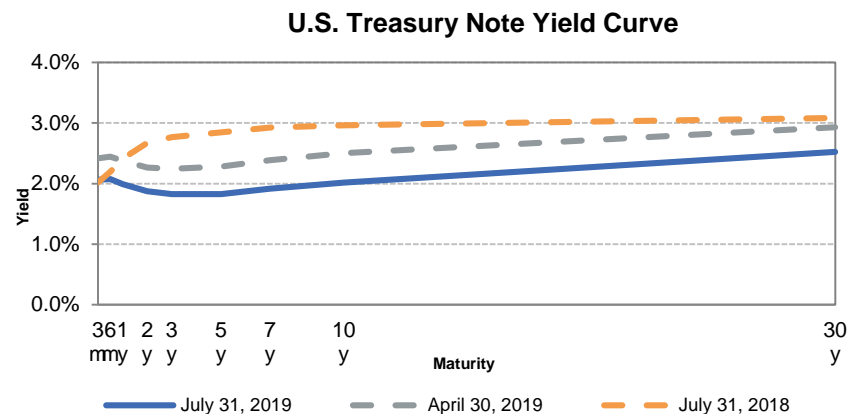
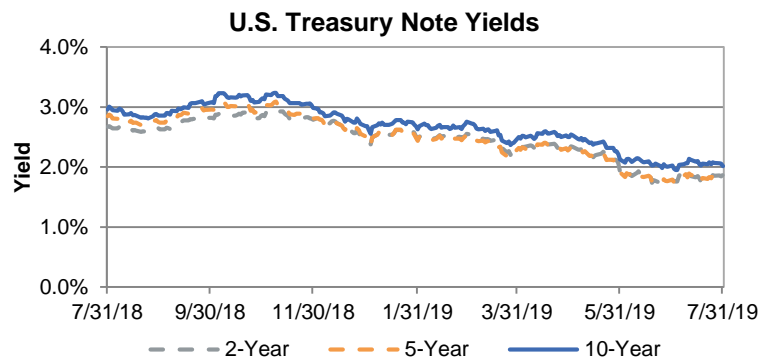
Labor Market		Latest	Apr 2019	Jul 2018
Unemployment Rate	Jul	3.7%	3.6%	3.9%
Change In Non-Farm Payrolls	Jul	164,000	216,000	178,000
Average Hourly Earnings (YoY)	Jul	3.2%	3.2%	2.8%
Personal Income (YoY)	Jun	4.9%	4.9%	6.1%
Initial Jobless Claims	Aug 17	209,000	230,000	220,000
Growth				
Real GDP (QoQ SAAR)	Q2	2.1%	3.1%	3.5%
GDP Personal Consumption (QoQ SAAR)	Q2	4.3%	1.1%	4.0%
Retail Sales (YoY)	Jul	3.4%	3.8%	6.5%
ISM Manufacturing Survey	Jul	51.2	52.8	58.4
Existing Home Sales (millions)	Jul	5.42	5.21	5.39
Inflation / Prices				
Personal Consumption Expenditures (YoY)	Jun	1.4%	1.5%	2.5%
Consumer Price Index (YoY)	Jul	1.8%	2.0%	2.9%
Consumer Price Index Core (YoY)	Jul	0.8%	2.0%	4.3%
Crude Oil Futures (WTI, per barrel)	Jul	\$58.58	\$63.91	\$68.76
Gold Futures (oz)	Jul	\$1,426	\$1,286	\$1,224

Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

Source: Bloomberg.



# Interest Rate Overview

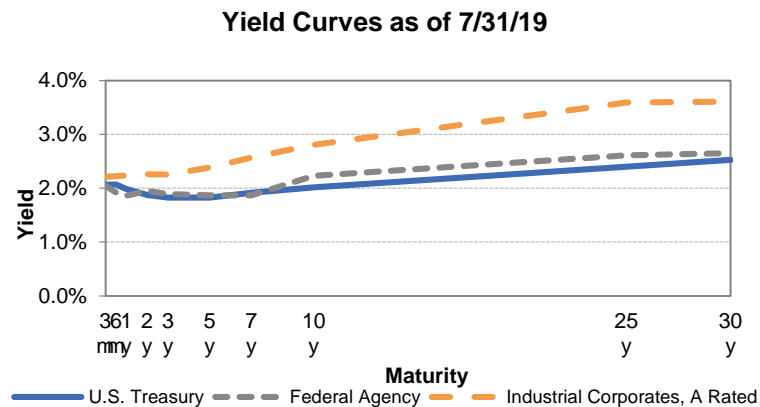


## U.S. Treasury Yields

Maturity	7/31/19	4/30/19	Change over Quarter	7/31/18	Change over Year
3-month	2.19%	2.46%	(0.28%)	2.07%	0.11%
1-year	2.06%	2.39%	(0.33%)	2.40%	(0.34%)
2-year	1.88%	2.27%	(0.39%)	2.69%	(0.81%)
5-year	1.85%	2.29%	(0.45%)	2.85%	(1.00%)
10-year	2.01%	2.51%	(0.50%)	2.97%	(0.95%)
30-year	2.53%	2.93%	(0.40%)	3.08%	(0.55%)

## LIBOR Rates

Maturity	7/31/19	4/30/19	Change over Quarter	7/31/18	Change over Year
1-month	2.22%	2.48%	(0.26%)	2.08%	0.14%
3-month	2.27%	2.58%	(0.31%)	2.35%	(0.08%)



Source: Bloomberg.



## **II. Executive Summary**



## Performance Overview – Total Return Strategies – July 31, 2019

	Past Quarter	Past 12 Months	Past 3-Years	Since Inception
<b>Long-Term Strategy:</b>				
<b>2003 Reserve Fund</b>	<b>0.87%</b>	<b>3.90%</b>	<b>1.17%</b>	<b>3.22%</b>
<i>BM: BAML 1-5 Year US Treasury Note Index</i>	1.48%	4.80%	1.26%	3.13%
<b>BPCPC Operating Reserve Contingency</b>	<b>1.57%</b>	<b>5.28%</b>	<b>1.30%</b>	<b>3.62%</b>
<b>Insurance Fund</b>	<b>1.54%</b>	<b>5.31%</b>	<b>1.20%</b>	<b>3.58%</b>
<b>Operating Budget Reserve</b>	<b>1.55%</b>	<b>5.36%</b>	<b>1.28%</b>	<b>3.73%</b>
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	2.09%	6.10%	1.25%	3.33%
<b>BPCA Other Post-Employment Benefits</b>	<b>2.02%</b>	<b>5.95%</b>	<b>1.44%</b>	<b>2.87%</b>
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	2.09%	6.10%	1.25%	2.64%
<b>BPCPC Other Post-Employment Benefits</b>	<b>2.07%</b>	<b>6.02%</b>	<b>1.46%</b>	<b>2.31%</b>
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	2.09%	6.10%	1.25%	2.32%
<b>Short-Term Strategy:</b>				
<b>2003 Pledged Revenue</b>	<b>0.66%</b>	<b>2.40%</b>	<b>1.45%</b>	<b>1.30%</b>
<b>2003 Project Operating Fund</b>	<b>0.66%</b>	<b>2.48%</b>	<b>1.56%</b>	<b>1.32%</b>
<i>BM: BAML 3 Month US Treasury Bill Index</i>	0.63%	2.34%	1.44%	1.23%

Notes:

1. Bank of America/Merrill Lynch (BAML) indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
2. 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.
3. For the 'Reserve Fund,' the inception of the BAML 1-5 Year Treasury Index as the performance benchmark is July 31, 2013. For prior periods, the BAML 1-10 Year Treasury Index was utilized.
4. Since inception performance for the 'BPCA Other Post Employment Benefits' is calculated from January 31, 2008 to present.
5. Since inception performance for the 'BPCPC Other Post Employment Benefits' is calculated from February 12, 2010 to present.





## Performance Summary – Total Return Strategies

- U.S. Treasury yields continued to fall and the yield curve remained inverted between 2- and 5-year maturities. The 2-year U.S. Treasury yield fell 39 basis points (0.39%) to 1.88% and the yield on the 10-year U.S. Treasury fell 50 basis points (0.50%) finishing the quarter at 2.01%. The yield curve reached its greatest level of inversion since 2007, as the spread between the 10-year and 3-month Treasuries reached -28 bps, although it finished the quarter narrower as short-term rates trended lower in reaction to rate cuts.
- At its July 2019 meeting, the Fed (as widely anticipated) cut the overnight fed funds target rate by 25 basis points to a new range of 2.00% to 2.25%. This marked the first Fed rate cut since December 2008. Despite the cut, the balance of the Fed's post-meeting commentary leaned hawkish, led by the dissenting votes of two Fed members (preferring no change).

### Longer-Term Funds

- The following portfolios **temporarily suspended** their investment strategy to accommodate the liquidation strategy for the 2019 bond financing: 2003 Reserve Fund, Operating Budget Reserve, Insurance Fund, and the Operating Reserve Contingency Funds.
- The two OPEB portfolios generally performed in line with their benchmark for the quarter ending July 31, 2019.

### Short-Term Funds

- The two short-term portfolios outperformed the BAML 3 Month Treasury Bill index for the quarter and for the 12 months ending July 31, 2019.
- Each portfolio is positioned to match the unique requirements of expected cash flows. Consistent with historical patterns, the 2003 Pledged Revenue account experienced significant cash inflows during the quarter.
- In the 12-month and under maturity range, high quality credit instruments such as commercial paper offered modest opportunities for incremental income.



## Investment Guidelines Compliance

Compliance Issuer Check						
Issuer	Actual (%)	Actual (\$)	IPS Limit	S&P Rating	Moody's Rating	Check
U.S. Treasury	75.45%	373,956,921	100%	AA+	Aaa	OK
Federal Home Loan Bank	8.82%	43,705,585	250,000,000	A-1+	P-1	OK
JP Morgan	3.80%	18,820,436	5%	A-1	P-1	OK
Toyota Motor Credit Corporation	3.24%	16,072,750	5%	A-1+	P-1	OK
International Bank of Recon and Development	1.78%	8,831,628	-	AAA	Aaa	OK
New York City Transitional Finance Authority	0.87%	4,328,565	10%	AAA	Aa1	OK
Asian Development Bank	0.84%	4,160,422	-	AAA	Aaa	OK
Salt River Project	0.78%	3,890,473	5%	A-1+	P-1	OK
Port Authority of NY/NJ	0.77%	3,794,676	10%	A	Aa3	OK
Ginnie Mae	0.69%	3,399,789	100%	AA+	Aaa	OK
New York City	0.67%	3,330,451	10%	AA	Aa1	OK
African Development Bank	0.45%	2,212,107	-	AAA	Aaa	OK
Prudential Funding LLC	0.42%	2,089,373	5%	A-1+	P-1	OK
Small Business Administration	0.37%	1,847,937	100%	AA+	Aaa	OK
NY State Dorm Authority	0.33%	1,612,070	10%	NR	Aa1	OK
New York State	0.29%	1,426,479	10%	AA+	Aa1	OK
Fannie Mae	0.13%	643,776	250,000,000	AA+	Aaa	OK
Georgia State	0.10%	512,372	10%	AAA	Aaa	OK
Syracuse, NY	0.09%	447,780	10%	NR	A1	OK
Freddie Mac	0.07%	368,695	250,000,000	AA+	Aaa	OK
NY Metro Transportation Authority	0.04%	203,790	10%	A	A1	OK

Notes:

1. BPCA's investment guidelines does not detail sector limits for commercial paper, supranationals, or Government MBS.
2. Commercial paper issuer limits are subject to the lesser of 5% or \$250 million per issuer.
3. Actual (\$) include market value plus accrued interest.



## Portfolio Value – Total Return Accounts

	July 31, 2019			April 30, 2019		
<b>Longer Term Investment Strategy</b>	<b>Market Value</b>	<b>Effective Duration</b>	<b>% of Total Portfolio</b>	<b>Market Value</b>	<b>Effective Duration</b>	<b>% of Total Portfolio</b>
2003 Reserve Fund	\$76,518,113	1.05	15.4%	\$75,710,454	1.31	14.0%
BPCPC Operating Reserve Contingency	\$12,507,865	2.36	2.5%	\$12,795,252	2.47	2.4%
Insurance Fund	\$5,897,001	2.46	1.2%	\$5,803,422	2.47	1.1%
Operating Budget Reserve	\$10,027,467	2.40	2.0%	\$9,864,455	2.42	1.8%
BPCA Other Post-Employment Benefits	\$26,343,127	3.63	5.3%	\$25,805,466	3.46	4.8%
BPCPC Other Post-Employment Benefits	\$13,839,937	3.64	2.8%	\$13,530,387	3.57	2.5%
<b>Subtotal Longer Term Investment Strategy</b>	<b>\$145,133,510</b>	<b>2.03</b>	<b>29.3%</b>	<b>\$143,509,437</b>	<b>2.14</b>	<b>26.5%</b>
<b>Short Term Investment Strategy</b>						
2003 Pledged Revenue	\$149,822,583	0.25	30.2%	\$55,001,122	0.39	10.1%
2003 Project Operating Fund	\$7,259,665	0.12	1.5%	\$7,092,491	0.19	1.3%
<b>Subtotal Short Term Investment Strategy</b>	<b>\$157,082,248</b>	<b>0.24</b>	<b>31.7%</b>	<b>\$62,093,613</b>	<b>0.37</b>	<b>11.5%</b>
<b>Subtotal of Total Return Accounts</b>	<b>\$302,215,758</b>	<b>1.10</b>	<b>61.0%</b>	<b>\$205,603,051</b>	<b>1.60</b>	<b>37.9%</b>

Notes:

1. "Market Value" includes accrued interest, but does not include cash balances held at the bank.



## Portfolio Value – Other BPCA Accounts

	July 31, 2019			April 30, 2019		
	Market Value	Effective Duration	% of Total Portfolio	Market Value	Effective Duration	% of Total Portfolio
Corporate Funds	\$839,321	0.21	0.2%	\$834,685	0.21	0.2%
2000 Arbitrage Rebate	\$824,106	0.29	0.2%	\$818,418	0.08	0.2%
1993 Unpledged Revenue	\$13,042,891	0.23	2.6%	\$6,401,735	0.35	1.2%
2003 Residual Fund	\$44,287,560	0.31	8.9%	\$198,293,655	0.11	36.6%
Joint Purpose Fund	\$360,857	0.29	0.1%	\$354,315	0.08	0.1%
Special Fund	\$952,344	0.29	0.2%	\$943,177	0.08	0.2%
BPCPC Operating Reserve	\$1,027,525	0.01	0.2%	\$1,016,500	0.07	0.2%
BPCA Goldman Sachs Liberty Contribution Fund	\$0	0.00	0.0%	\$0	0.00	0.0%
BPCA Series 2009A Project Costs	\$804,775	0.02	0.2%	\$832,560	0.02	0.2%
BPCA Series 2009B Project Costs	\$1,216,660	0.02	0.2%	\$1,224,353	0.02	0.2%
BPCA2013ACDE PROJ COST SUB AC	\$29,393,032	0.07	5.9%	\$30,659,472	0.17	5.7%
BPCA PIER A RESERVE FUND	\$983,161	0.29	0.2%	\$973,119	0.00	0.2%
BPCA SUBORDINATED PAYMENT ACCOUNT	\$3,858,134	0.07	0.8%	\$1,994,605	0.00	0.4%
Liberty Terr Mariners Cove-K	\$299,914	0.09	0.1%	\$298,423	0.32	0.1%
Liberty House Mariners J	\$245,323	0.12	0.0%	\$243,728	0.38	0.0%
Rector Park L	\$34,038	0.11	0.0%	\$33,817	0.37	0.0%
Hudson View W Towers G	\$173,186	0.11	0.0%	\$172,066	0.37	0.0%
Hudson Towers E/F	\$210,286	0.12	0.0%	\$208,918	0.38	0.0%
Hudson View Towers C	\$185,259	0.12	0.0%	\$184,059	0.38	0.0%
Liberty Ct Mariners Cove B	\$613,044	0.10	0.1%	\$609,110	0.36	0.1%
Millenium	\$3,699,805	0.17	0.7%	\$3,675,382	0.37	0.7%
Liberty Battery Place Assoc 4	\$442,758	0.11	0.1%	\$439,637	0.36	0.1%
South Cove Assoc 11	\$401,644	0.10	0.1%	\$398,791	0.36	0.1%
Soundings Rector Park A	\$214,283	0.12	0.0%	\$212,890	0.38	0.0%
The Regatta Site 10	\$489,834	0.10	0.1%	\$486,569	0.36	0.1%
Debt Service Junior Payments	\$25,400,115	0.18	5.1%	\$26,292,614	0.33	4.9%
2003 Debt Service Senior Payments	\$41,811,185	0.22	8.4%	\$37,214,119	0.42	6.9%
BPCA Millenium Tower Security Fund 2A	\$3,090,562	0.17	0.6%	\$3,069,898	0.37	0.6%
BPCA S 16/17 Riverhouse Security Fund	\$6,562,477	0.19	1.3%	\$6,520,566	0.37	1.2%
BPCA Visionaire Security Fund	\$3,999,115	0.16	0.8%	\$3,973,922	0.35	0.7%
BPCA Pier A Security Deposit Account	\$420,710	0.10	0.1%	\$417,735	0.36	0.1%
BPCA One Rector Park Security Fund	\$980,226	0.29	0.2%	\$973,089	0.51	0.2%
BPCA Rector Square Security Fund Site D	\$226,273	0.12	0.0%	\$224,805	0.38	0.0%
BPCA WFC TOWER C RETAIL RENT ESCROW	\$254,966	0.10	0.1%	\$253,761	0.33	0.0%
BPCA RIVER & WARREN SEC FUND - SITE 19A	\$6,042,861	0.20	1.2%	\$6,003,906	0.38	1.1%
BPCA NORTH COVE MARINA SECURITY FUND	\$52,088	0.14	0.0%	\$51,747	0.39	0.0%
<b>Subtotal of Other BPCA Accounts</b>	<b>\$193,440,316</b>	<b>0.20</b>	<b>39.0%</b>	<b>\$336,306,145</b>	<b>0.19</b>	<b>62.1%</b>

Notes:

1. "Market Value" includes accrued interest, but does not include cash balances held at the bank.
2. Highlighted funds are managed by Ramirez Asset Management ("RAM"). Market values for these funds are provided by RAM.



## Portfolio Earnings – PFM-Managed Accounts

<b>Portfolio Earnings</b> <i>Quarter-Ended July 31, 2019</i>		
	<b>Market Value Basis<sup>1</sup></b>	<b>Accrual (Amortized Cost) Basis</b>
Beginning Value April 30, 2019	\$449,359,926	\$450,489,248
Net Purchases/ (Sales)	(\$53,352,185)	(\$53,352,185)
Change in Value	\$3,075,566	\$1,732,989
Ending Value July 31, 2019	\$399,083,306	\$398,870,052
Net Income <sup>2</sup>	\$607,187	\$607,187
Portfolio Earnings	\$3,682,752	\$2,340,176

Notes:

1. Beginning and Ending Values exclude accrued income and cash balances at the bank.
2. Net Income includes coupon income paid, change in beginning and ending accruals, and purchased/sold accrued interest.
3. A negative change in market value does not mean a realized loss. Losses are not realized until security/securities are sold.



## Portfolio Earnings – Ramirez-Managed Accounts

<b>Portfolio Earnings</b> <i>Quarter-Ended July 31, 2019</i>		
	<b>Market Value Basis<sup>1</sup></b>	<b>Accrual (Amortized Cost) Basis<sup>2</sup></b>
Beginning Value April 30, 2019	\$91,885,385	\$91,462,537
Net Purchases/ (Sales)	\$3,316,070	\$3,316,070
Change in Value	\$451,240	\$108,581
Ending Value July 31, 2019	\$95,652,695	\$94,887,188
Net Income <sup>3</sup>	\$174,197	\$174,197
Portfolio Earnings	\$625,438	\$282,778

Notes:

1. Underlying data for Market Value Basis supplied by Advent APX, values exclude accrued income and cash balances at the bank.
2. Accrual (Amortized Cost) Basis data provided by custodian, BNY-Mellon.
3. Net Income includes coupon income paid, change in beginning and ending accruals, and purchased/sold accrued interest.
4. A negative change in market value does not mean a realized loss. Losses are not realized until security/securities are sold.



## Change in Value – Total Return Accounts

Account Name	Beginning Period Value <sup>1</sup>	(+/-)	Net Transfers <sup>2</sup>	(+/-)	Change in Value	=	Ending Period Value <sup>1</sup>
<b>Longer Term Investment Strategy</b>							
2003 Reserve Fund	\$75,732,690		\$4,165		\$798,161		\$76,535,016
BPCPC Operating Reserve Contingency	\$12,826,862		(\$513,428)		\$200,192		\$12,513,625
Insurance Fund	\$5,810,028		(\$1)		\$88,744		\$5,898,771
Operating Budget Reserve	\$9,880,092		\$100		\$150,970		\$10,031,162
BPCA Other Post-Employment Benefits	\$25,835,870		\$0		\$522,642		\$26,358,512
BPCPC Other Post-Employment Benefits	\$13,567,809		\$0		\$280,715		\$13,848,524
<b>Subtotal</b>	<b>\$143,653,351</b>		<b>(\$509,164)</b>		<b>\$2,041,424</b>		<b>\$145,185,611</b>
<b>Shorter Term Investment Strategy</b>							
2003 Pledged Revenue	\$55,260,970		\$95,586,154		\$528,914		\$151,376,038
2003 Project Operating Fund	\$7,116,753		\$100,000		\$43,835		\$7,260,588
<b>Subtotal</b>	<b>\$62,377,723</b>		<b>\$95,686,154</b>		<b>\$572,749</b>		<b>\$158,636,626</b>
<b>Total</b>	<b>\$206,031,074</b>		<b>\$95,176,990</b>		<b>\$2,614,174</b>		<b>\$303,822,237</b>

Notes:

1. Beginning Period Value is as of April 30, 2019 and Ending Period Value is as of July 31, 2019. Beginning Period Value and Ending Period Value equal market values of portfolio holdings plus accrued interest and cash.
2. Net Transfers represent the total portfolio contributions and withdrawals during the quarter.



## Change in Value – Other BPCA Accounts

Account Name	Beginning Period Value <sup>1</sup>	(+/-)	Net Transfers <sup>2</sup>	(+/-)	Change in Value	=	Ending Period Value <sup>1</sup>
<b>PFM Asset Management Accounts</b>							
Corporate Funds	\$835,191		\$0		\$5,013		\$840,204
2000 Arbitrage Rebate	\$819,001		\$0		\$5,585		\$824,586
1993 Unpledged Revenue	\$8,778,551		\$4,290,905		\$71,951		\$13,141,407
2003 Residual Fund	\$198,307,594		(\$154,770,483)		\$752,119		\$44,289,231
Joint Purpose Fund	\$358,863		\$0		\$2,446		\$361,309
Special Fund	\$946,513		\$0		\$6,460		\$952,974
BPCPC Operating Reserve	\$1,022,609		\$0		\$5,777		\$1,028,387
BPCA Goldman Sachs Liberty Contribution	\$1,438		\$0		\$0		\$1,438
BPCA Series 2009A Project Costs	\$833,993		(\$33,530)		\$4,649		\$805,112
BPCA Series 2009B Project Costs	\$1,224,915		(\$15,012)		\$6,934		\$1,216,837
BPCA Pier A Construction Escrow	\$0		\$0		\$0		\$0
BPCA Insurance Advance	\$704		\$0		\$0		\$704
BPCA2013ACDE COI Sub AC	\$0		\$0		\$0		\$0
BPCA2013B COI Sub AC	\$0		\$0		\$0		\$0
BPCA2013ACDE Proj Cost Sub AC	\$30,667,658		(\$1,453,314)		\$179,468		\$29,393,812
BPCA2013B Proj Costs Sub AC	\$0		\$0		\$0		\$0
BPCA Pier A Reserve Fund	\$973,119		\$0		\$10,233		\$983,352
BPCA Subordinated Pmt Acct	\$1,994,605		\$1,839,926		\$23,610		\$3,858,141
<b>Subtotal</b>	<b>\$246,764,756</b>		<b>(\$150,141,507)</b>		<b>\$1,074,247</b>		<b>\$97,697,495</b>

Notes:

1. Beginning Period Value is as of April 30, 2019 and Ending Period Value is as of July 31, 2019. Beginning Period Value and Ending Period Value equal market values of portfolio holdings plus accrued interest and cash.
2. Net Transfers represent the total portfolio contributions and withdrawals during the quarter.





## Change in Value – Other BPCA Accounts

Account Name	Beginning Period Value <sup>1</sup>	(+/-)	Net Transfers <sup>2</sup>	(+/-)	Change in Value	=	Ending Period Value <sup>1</sup>
<b>Ramirez Asset Management Accounts</b>							
Liberty Terr Mariners Cove-K	\$298,968		\$0		\$1,892		\$300,860
Liberty House Mariners J	\$244,488		\$0		\$1,595		\$246,082
Rector Park L	\$34,050		\$0		\$220		\$34,270
Hudson View W Towers G	\$172,140		\$0		\$1,121		\$173,261
Hudson Towers E/F	\$209,329		\$0		\$1,368		\$210,697
Hudson View Towers C	\$184,788		\$0		\$1,199		\$185,987
Liberty Ct Mariners Cove B	\$609,326		\$0		\$3,969		\$613,295
Millenium	\$3,679,722		\$0		\$20,179		\$3,699,901
Liberty Battery Place Assoc 4	\$440,115		\$0		\$2,864		\$442,980
South Cove Assoc 11	\$399,715		\$0		\$2,596		\$402,311
Soundings Rector Park A	\$213,884		\$0		\$1,393		\$215,277
The Regatta Site 10	\$487,102		\$0		\$3,172		\$490,274
Debt Service Junior Payments	\$33,005,906		(\$7,776,439)		\$170,979		\$25,400,446
2003 Debt Service Senior Payments	\$46,047,668		(\$4,503,153)		\$268,379		\$41,812,893
BPCA Millenium Tower Security Fund 2A	\$3,074,348		\$0		\$16,218		\$3,090,566
BPCA S 16/17 Riverhouse Security Fund	\$6,523,300		\$0		\$39,246		\$6,562,546
BPCA Visionaire Security Fund	\$3,978,060		\$0		\$21,846		\$3,999,906
BPCA Pier A Security Deposit Account	\$418,395		\$0		\$2,719		\$421,114
BPCA One Rector Park Security Fund	\$973,761		\$0		\$6,936		\$980,696
BPCA Rector Square Security Fund Site D	\$225,014		\$0		\$1,468		\$226,482
BPCA WFC Tower C Retail Rent Escrow	\$253,792		\$0		\$1,607		\$255,398
BPCA River & Warren Sec Fund - Site 19A	\$6,006,788		\$0		\$36,291		\$6,043,079
BPCA North Cove Marina Security Fund	\$52,096		\$0		\$341		\$52,437
<b>Subtotal</b>	<b>\$107,532,754</b>		<b>(\$12,279,592)</b>		<b>\$607,597</b>		<b>\$95,860,759</b>

Notes:

- Beginning Period Value is as of April 30, 2019 and Ending Period Value is as of July 31, 2019. Beginning Period Value and Ending Period Value equal market values of portfolio holdings plus accrued interest and cash.
- Net Transfers represent the total portfolio contributions and withdrawals during the quarter.



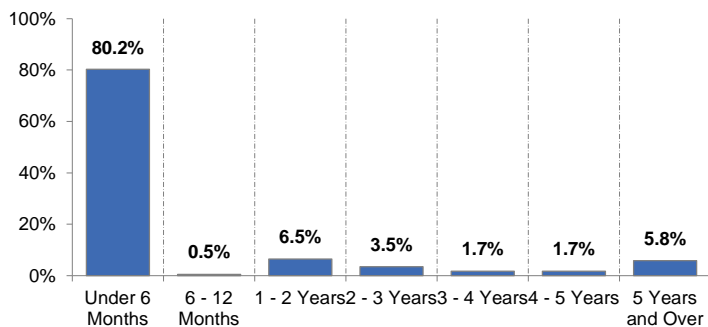
## **III. Summary of Aggregate Portfolio**



## Aggregate Portfolio Composition and Credit Quality

Security Type <sup>1</sup>	July 31, 2019	% of Portfolio	Effective Duration	April 30, 2019	% of Portfolio	Effective Duration	QoQ Change (% of portfolio)
U.S. Treasuries	\$373,956,921	75.4%	0.86	\$459,318,536	84.8%	0.72	(9.3%)
Federal Agencies and Instrumentalities (non-MBS)	\$58,977,522	11.9%	0.26	\$19,003,787	3.5%	0.99	8.4%
Commercial Paper	\$40,873,032	8.2%	0.15	\$40,887,604	7.5%	0.31	0.7%
Municipals	\$15,656,183	3.2%	0.75	\$16,237,491	3.0%	0.88	0.2%
Government MBS	\$6,192,416	1.2%	2.88	\$6,461,778	1.2%	3.02	0.1%
<b>Totals</b>	<b>\$495,656,074</b>	<b>100.0%</b>	<b>0.75</b>	<b>\$541,909,196</b>	<b>100.0%</b>	<b>0.73</b>	

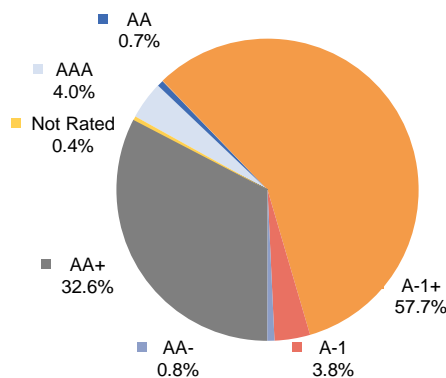
**Maturity Distribution  
As of 7/31/2019**



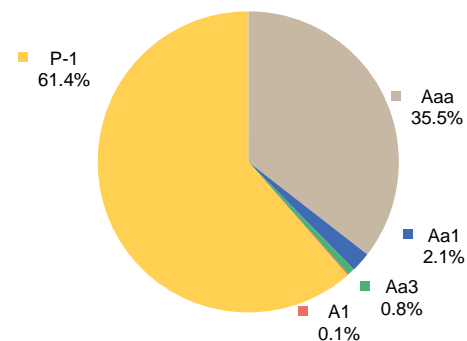
**Notes:**

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.
3. NR holdings are not rated by S&P, but rated by Moody's and are in compliance with BPCA's Investment Policy.

**Credit Quality Distribution (S&P)  
as of 7/31/2019**



**Credit Quality Distribution (Moody's)  
as of 7/31/2019**

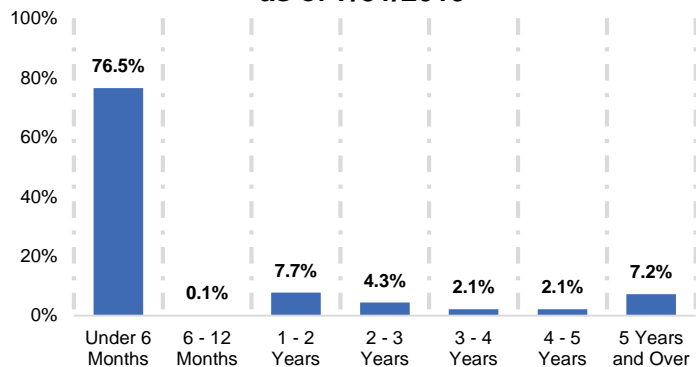




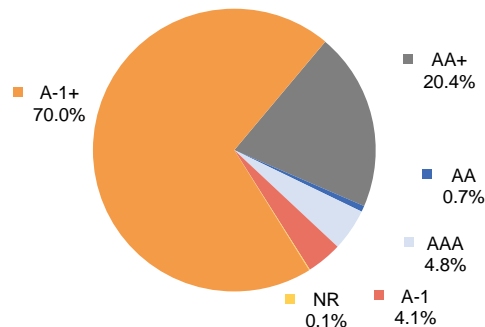
## Aggregate Portfolio Summary: PFM Asset Management

Security Type <sup>1</sup>	July 31, 2019	% of Advisor	% of Total Portfolio	Effective Duration	April 30, 2019	% of Advisor	% of Total Portfolio	Effective Duration	QoQ Change (% of Advisor)
U.S. Treasuries	\$295,240,454	73.8%	59.6%	1.04	\$389,700,284	86.6%	71.9%	0.77	(12.8%)
Federal Agencies and Instrumentalities (non-MBS)	\$58,909,741	14.7%	11.9%	0.26	\$19,003,787	4.2%	3.5%	0.99	10.5%
Commercial Paper	\$32,293,984	8.1%	6.5%	0.18	\$27,743,241	6.2%	5.1%	0.40	1.9%
Municipals	\$7,169,530	1.8%	1.4%	1.07	\$7,111,259	1.6%	1.3%	1.31	0.2%
Government MBS	\$6,192,416	1.5%	1.2%	2.88	\$6,391,074	1.4%	1.2%	3.02	0.1%
<b>Totals</b>	<b>\$399,806,124</b>	<b>100%</b>	<b>80.7%</b>	<b>0.88</b>	<b>\$449,949,646</b>	<b>100.0%</b>	<b>83.0%</b>	<b>0.80</b>	

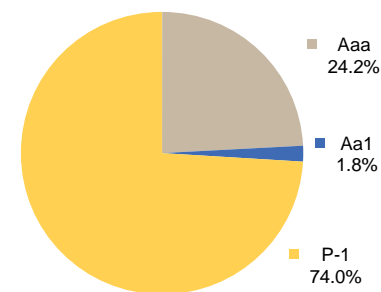
**Maturity Distribution  
as of 7/31/2019**



**Credit Quality (S&P)  
as of 7/31/2019**



**Credit Quality (Moody's)  
as of 7/31/2019**



**Notes:**

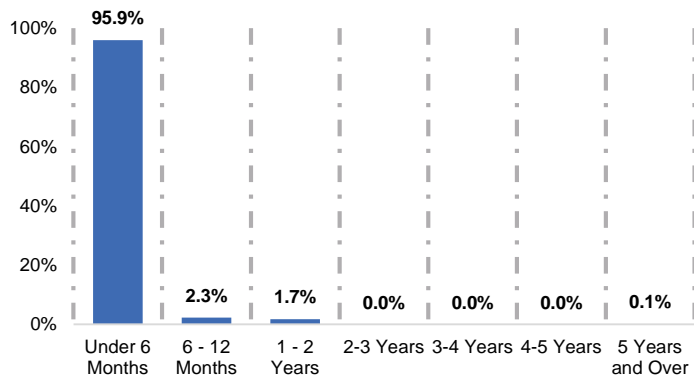
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.



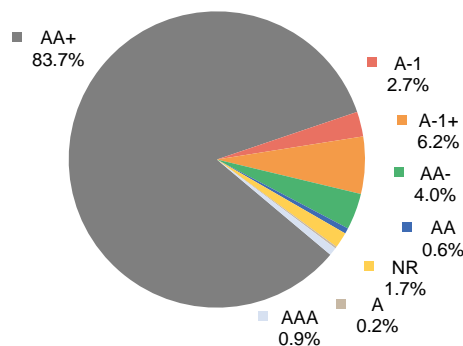
## Aggregate Portfolio Summary: Ramirez Asset Management

Security Type <sup>1</sup>	July 31, 2019	% of Advisor	% of Total Portfolio	Effective Duration	April 30, 2019	% of Advisor	% of Total Portfolio	Effective Duration	QoQ Change (% of Advisor)
U.S. Treasuries	\$78,716,468	82.1%	15.9%	0.18	\$69,618,252	75.7%	12.8%	0.40	6.4%
Federal Agencies and Instrumentalities (non-MBS)	\$0	0.0%	0.0%	0.00	\$0	0.0%	0.0%	0.00	-
Commercial Paper	\$8,579,048	9.0%	1.7%	0.03	\$13,144,363	14.3%	2.4%	0.11	(5.3%)
Municipals	\$8,486,653	8.9%	1.7%	0.48	\$9,126,231	9.9%	1.7%	0.54	(1.1%)
Government MBS	\$67,781	0.1%	0.0%	2.79	\$70,704	0.1%	0.0%	2.71	(0.0%)
<b>Totals</b>	<b>\$95,849,949</b>	<b>100%</b>	<b>19.3%</b>	<b>0.20</b>	<b>\$91,959,551</b>	<b>100.0%</b>	<b>17.0%</b>	<b>0.38</b>	

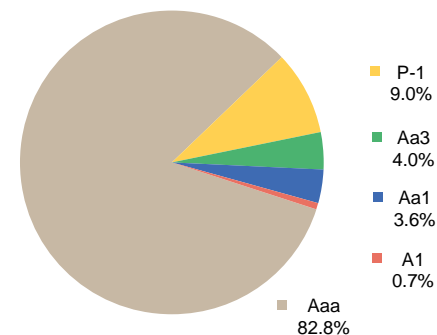
**Maturity Distribution  
as of 7/31/2019**



**Credit Quality (S&P)  
as of 7/31/2019**



**Credit Quality (Moody's)  
as of 7/31/2019**



**Notes:**

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.
- NR holdings are not rated by S&P, but rated by Moody's and are in compliance with BPCA's Investment Policy.



## Aggregate Portfolio Issuer Breakdown

Security Type	July 31, 2019	% of Portfolio	April 30, 2019	% of Portfolio	QoQ % Change
<b>United States Treasury<sup>2</sup></b>					
U.S. Treasury	\$373,956,921	75.4%	\$459,318,536	84.8%	(9.3%)
Ginnie Mae	\$3,399,789	0.7%	\$3,507,511	0.6%	0.0%
Small Business Administration	\$1,847,937	0.4%	\$1,896,672	0.3%	0.0%
<b>Federal Agencies and Instrumentalities<sup>2,3</sup></b>					
Freddie Mac	\$368,695	0.1%	\$389,269	0.1%	0.0%
Fannie Mae	\$643,776	0.1%	\$668,326	0.1%	0.0%
Federal Home Loan Bank	\$43,705,585	8.8%	\$781,949	0.1%	8.7%
International Bank of Recon and Development	\$8,831,628	1.8%	\$10,008,109	1.8%	(0.1%)
International American Development Bank	\$0	0.0%	\$1,365,416	0.3%	(0.3%)
Asian Development Bank	\$4,160,422	0.8%	\$4,131,591	0.8%	0.1%
African Development Bank	\$2,212,107	0.4%	\$2,716,723	0.5%	(0.1%)
<b>Commercial Paper<sup>2</sup></b>					
JP Morgan	\$18,820,436	3.8%	\$20,286,302	3.7%	0.1%
Prudential Funding LLC	\$2,089,373	0.4%	\$3,928,415	0.7%	(0.3%)
Toyota Motor Credit Corporation	\$16,072,750	3.2%	\$13,151,941	2.4%	0.8%
Salt River Project	\$3,890,473	0.8%	\$3,520,946	0.6%	0.1%
<b>Municipal Issuers<sup>2</sup></b>					
New York City	\$3,330,451	0.7%	\$3,441,645	0.6%	0.0%
New York City Transitional Finance Authority	\$4,328,565	0.9%	\$4,296,694	0.8%	0.1%
NY State Dorm Authority	\$1,612,070	0.3%	\$1,594,210	0.3%	0.0%
Port Authority of NY/NJ	\$3,794,676	0.8%	\$1,914,597	0.4%	0.4%
NY Metro Transportation Authority	\$203,790	0.0%	\$1,162,297	0.2%	(0.2%)
NY State Environmental Facilities Corporation	\$0	0.0%	\$2,056,913	0.4%	(0.4%)
New York State	\$1,426,479	0.3%	\$1,311,296	0.2%	0.0%
Georgia State	\$512,372	0.1%	\$0	0.0%	0.1%
Brocton CSD	\$0	0.0%	\$15,218	0.0%	(0.0%)
Syracuse, NY	\$447,780	0.1%	\$444,620	0.1%	0.0%
<b>TOTAL</b>	<b>\$495,656,074</b>	<b>100.0%</b>	<b>\$541,909,196</b>	<b>100.0%</b>	

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%.
- Federal Agencies and Instrumentalities includes Mortgage-Backed Securities.



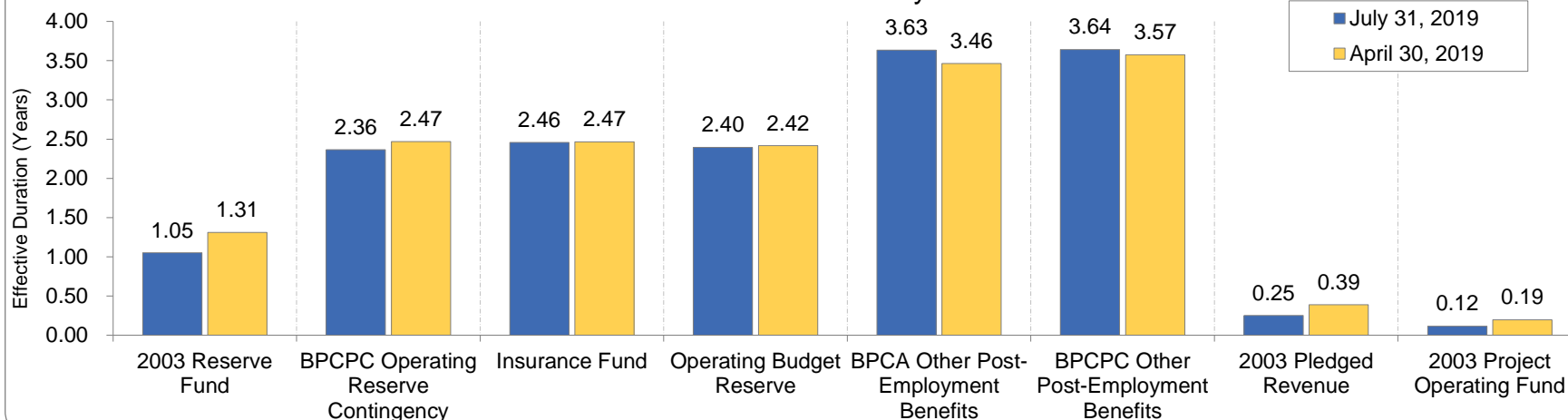
## **IV. Total Return Performance Attributes**



## Total Return Portfolio Attributes

Yields	Effective Duration (in years)		Yield To Maturity - At Market		Yield To Maturity - On Cost	
	July 31, 2019	April 30, 2019	July 31, 2019	April 30, 2019	July 31, 2019	April 30, 2019
<b>Longer Term Investment Strategy</b>						
2003 Reserve Fund	1.05	1.31	2.04%	2.32%	1.95%	1.97%
BPCPC Operating Reserve Contingency	2.36	2.47	1.86%	2.39%	1.98%	2.04%
Insurance Fund	2.46	2.47	1.91%	2.35%	1.81%	1.95%
Operating Budget Reserve	2.40	2.42	2.00%	2.38%	1.86%	2.01%
BPCA Other Post-Employment Benefits	3.63	3.46	1.95%	2.36%	2.08%	2.09%
BPCPC Other Post-Employment Benefits	3.64	3.57	1.95%	2.37%	2.06%	2.06%
<b>Short Term Investment Strategy</b>						
2003 Pledged Revenue	0.25	0.39	2.08%	2.44%	2.20%	2.52%
2003 Project Operating Fund	0.12	0.19	1.99%	2.05%	2.31%	2.51%

Effective Duration by Account







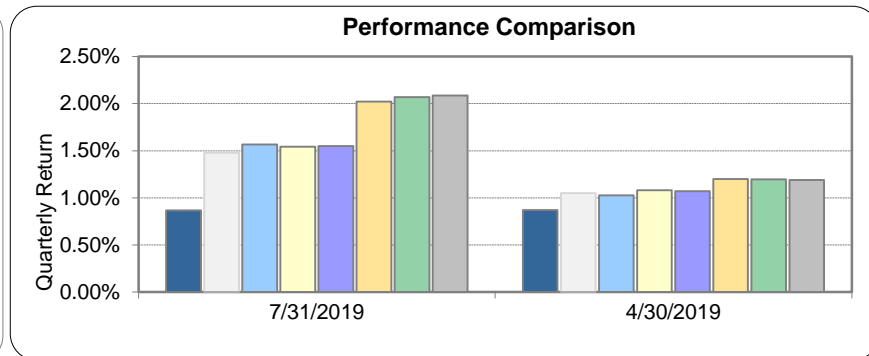
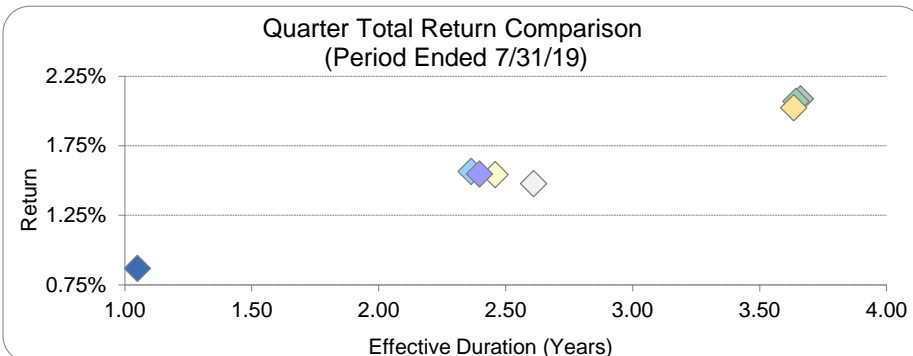
# ***Portfolios Managed with a Longer-Term Investment Strategy***



# Longer-Term Investment Strategy

Total Return <sup>1,2,4,5</sup>	July 31, 2019	Annualized Since Inception
2003 Reserve Fund	0.87%	3.22%
BM: BAML 1-5 Year US Treasury Note Index	1.48%	3.13%
BPCPC Operating Reserve Contingency	1.57%	3.62%
Insurance Fund	1.54%	3.58%
Operating Budget Reserve	1.55%	3.73%
BM: BAML 1-10 Year US Treasury Note Index	2.09%	3.33%
BPCA Other Post-Employment Benefits	2.02%	2.87%
BM: BAML 1-10 Year US Treasury Note Index	2.09%	2.64%
BPCPC Other Post-Employment Benefits	2.07%	2.31%
BM: BAML 1-10 Year US Treasury Note Index	2.09%	2.32%

Effective Duration (in years) <sup>3</sup>	July 31, 2019	April 30, 2019
2003 Reserve Fund	1.05	1.31
BM: BAML 1-5 Year US Treasury Note Index	2.61	2.62
BPCPC Operating Reserve Contingency	2.36	2.47
Insurance Fund	2.46	2.47
Operating Budget Reserve	2.40	2.42
BPCA Other Post-Employment Benefits	3.63	3.46
BPCPC Other Post-Employment Benefits	3.64	3.57
BM: BAML 1-10 Year US Treasury Note Index	3.66	3.68



## Notes:

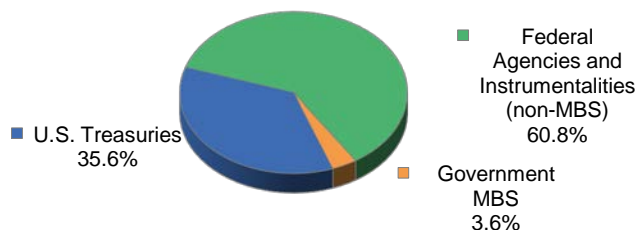
- Performance on trade-date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.
- Bank of America/Merrill Lynch (BAML) indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
- Duration is the change in the value of a security that will result from a 1% change in interest rates, stated in years.
- 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.
- 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. For the 'Reserve Fund,' the inception of the BAML 1-5 Year Treasury Index as the performance benchmark is July 31, 2013. For prior periods, the BAML 1-10 Year Treasury Index was utilized. 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.



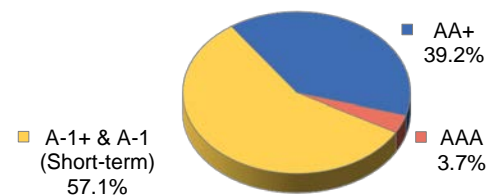
## 2003 Reserve Fund Portfolio

Security Type <sup>1</sup>	July 31, 2019	% of Portfolio	April 30, 2019	% of Portfolio	QoQ % Change
U.S. Treasuries	\$27,270,983	35.6%	\$62,412,162	82.4%	(46.8%)
Federal Agencies and Instrumentalities (non-MBS)	\$46,506,964	60.8%	\$9,016,936	11.9%	48.9%
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$0	0.0%	\$1,433,915	1.9%	(1.9%)
Government MBS	\$2,740,165	3.6%	\$2,847,441	3.8%	(0.2%)
<b>Totals</b>	<b>\$76,518,113</b>	<b>100.0%</b>	<b>\$75,710,454</b>	<b>100.0%</b>	

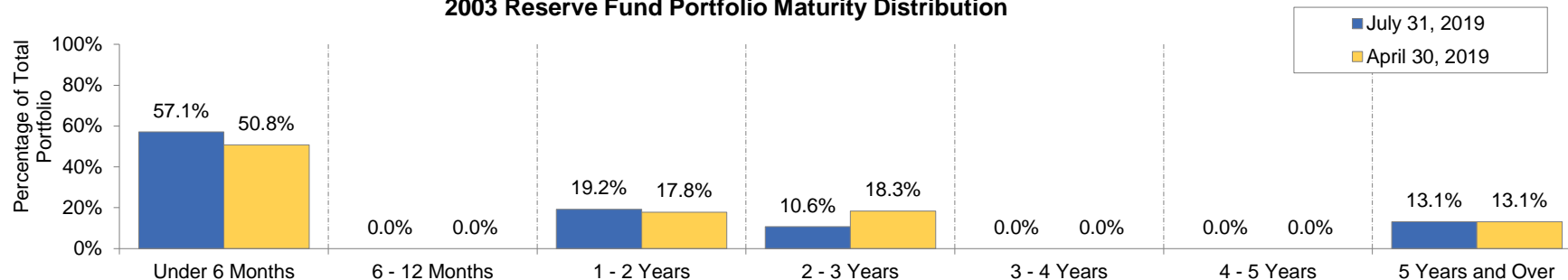
**Portfolio Composition  
as of 07/31/19**



**Credit Quality Distribution  
as of 7/31/19**



**2003 Reserve Fund Portfolio Maturity Distribution**



**Notes:**

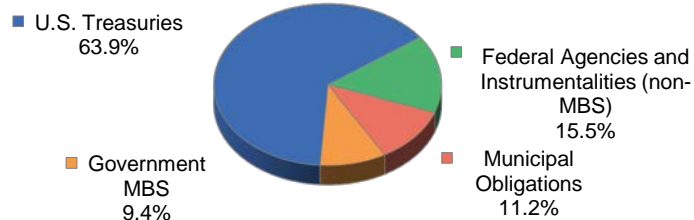
- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.



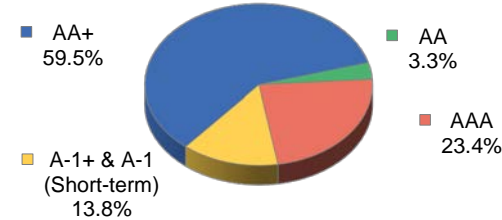
## BPCPC Operating Reserve Contingency Portfolio

Security Type <sup>1</sup>	July 31, 2019	% of Portfolio	April 30, 2019	% of Portfolio	QoQ % Change
U.S. Treasuries	\$7,988,683	63.9%	\$8,084,573	63.2%	0.7%
Federal Agencies and Instrumentalities (non-MBS)	\$1,943,069	15.5%	\$2,111,950	16.5%	(1.0%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$1,400,286	11.2%	\$1,389,620	10.9%	0.3%
Government MBS	\$1,175,826	9.4%	\$1,209,109	9.4%	(0.0%)
<b>Totals</b>	<b>\$12,507,865</b>	<b>100.0%</b>	<b>\$12,795,252</b>	<b>100.0%</b>	

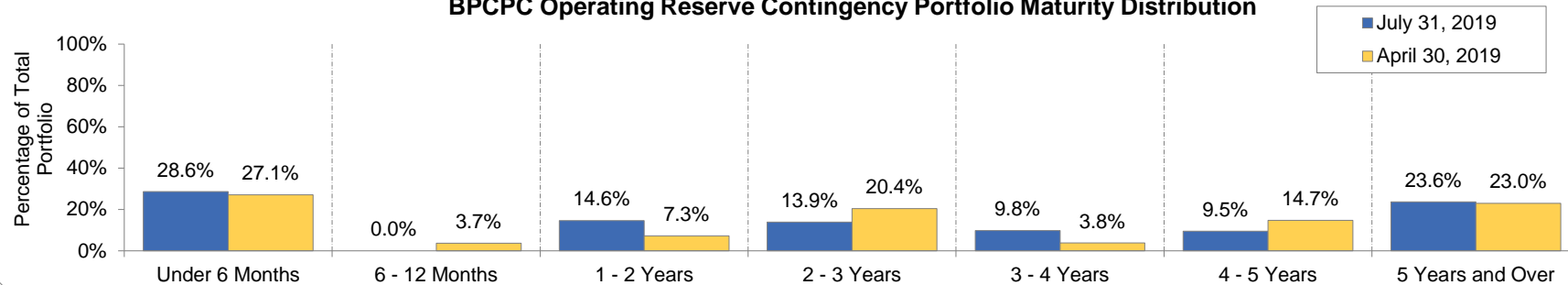
**Portfolio Composition  
as of 07/31/19**



**Credit Quality Distribution  
as of 7/31/19**



**BPCPC Operating Reserve Contingency Portfolio Maturity Distribution**



**Notes:**

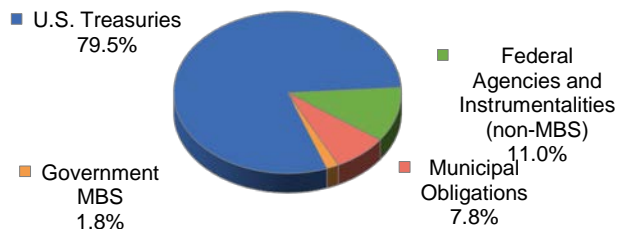
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.



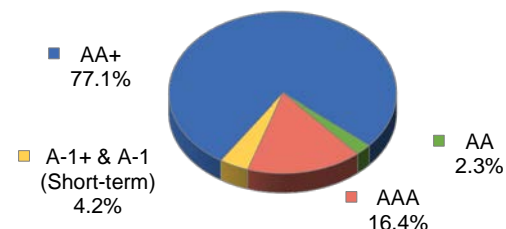
# Insurance Fund Portfolio

Security Type <sup>1</sup>	July 31, 2019	% of Portfolio	April 30, 2019	% of Portfolio	QoQ % Change
U.S. Treasuries	\$4,688,914	79.5%	\$4,522,943	77.9%	1.6%
Federal Agencies and Instrumentalities (non-MBS)	\$646,197	11.0%	\$717,102	12.4%	(1.4%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$457,532	7.8%	\$454,193	7.8%	(0.1%)
Government MBS	\$104,358	1.8%	\$109,185	1.9%	(0.1%)
<b>Totals</b>	<b>\$5,897,001</b>	<b>100.0%</b>	<b>\$5,803,422</b>	<b>100.0%</b>	

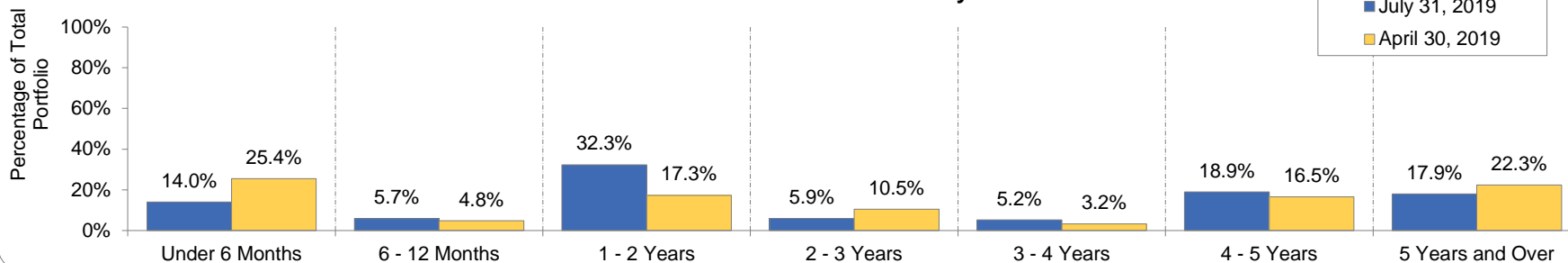
**Portfolio Composition  
as of 7/31/19**



**Credit Quality Distribution  
as of 7/31/19**



**Insurance Fund Portfolio Maturity Distribution**



**Notes:**

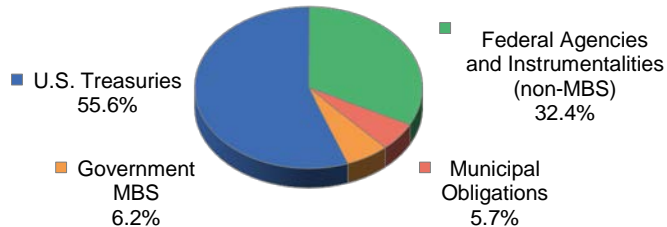
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.



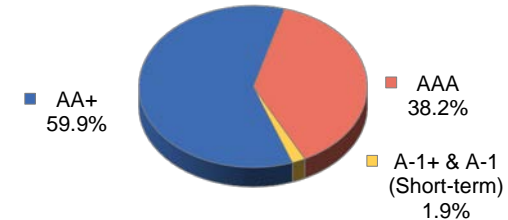
# Operating Budget Reserve Portfolio

Security Type <sup>1</sup>	July 31, 2019	% of Portfolio	April 30, 2019	% of Portfolio	QoQ % Change
U.S. Treasuries	\$5,579,478	55.6%	\$7,488,009	75.9%	(20.3%)
Federal Agencies and Instrumentalities (non-MBS)	\$3,253,119	32.4%	\$1,170,019	11.9%	20.6%
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$576,065	5.7%	\$571,536	5.8%	(0.0%)
Government MBS	\$618,804	6.2%	\$634,891	6.4%	(0.3%)
<b>Totals</b>	<b>\$10,027,467</b>	<b>100.0%</b>	<b>\$9,864,455</b>	<b>100.0%</b>	

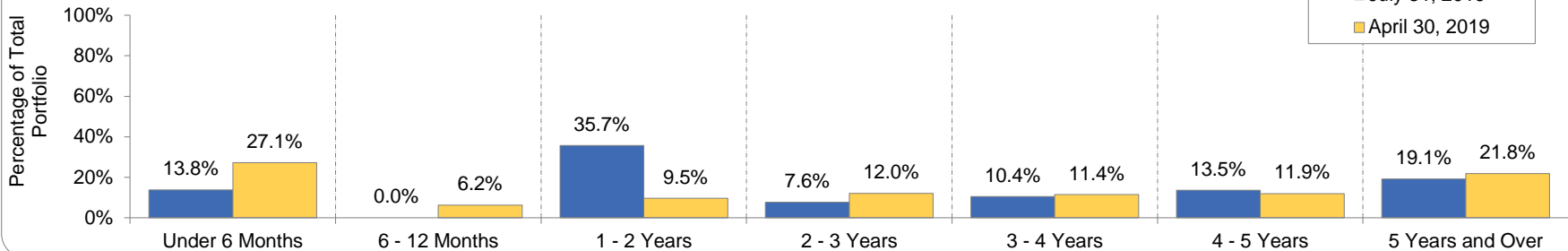
**Portfolio Composition  
as of 07/31/19**



**Credit Quality Distribution  
as of 7/31/19**



**Operating Budget Reserve Portfolio Maturity Distribution**



**Notes:**

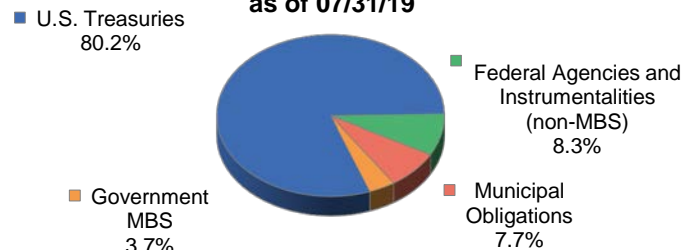
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.



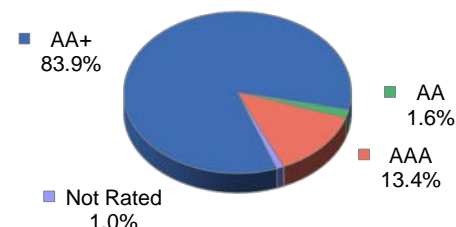
## BPCA OPEB Portfolio

Security Type <sup>1</sup>	July 31, 2019	% of Portfolio	April 30, 2019	% of Portfolio	QoQ % Change
U.S. Treasuries	\$21,129,991	80.2%	\$19,525,156	75.7%	4.5%
Federal Agencies and Instrumentalities (non-MBS)	\$2,190,154	8.3%	\$3,253,288	12.6%	(4.3%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$2,039,822	7.7%	\$2,020,613	7.8%	(0.1%)
Government MBS	\$983,160	3.7%	\$1,006,409	3.9%	(0.2%)
<b>Totals</b>	<b>\$26,343,127</b>	<b>100.0%</b>	<b>\$25,805,466</b>	<b>100.0%</b>	

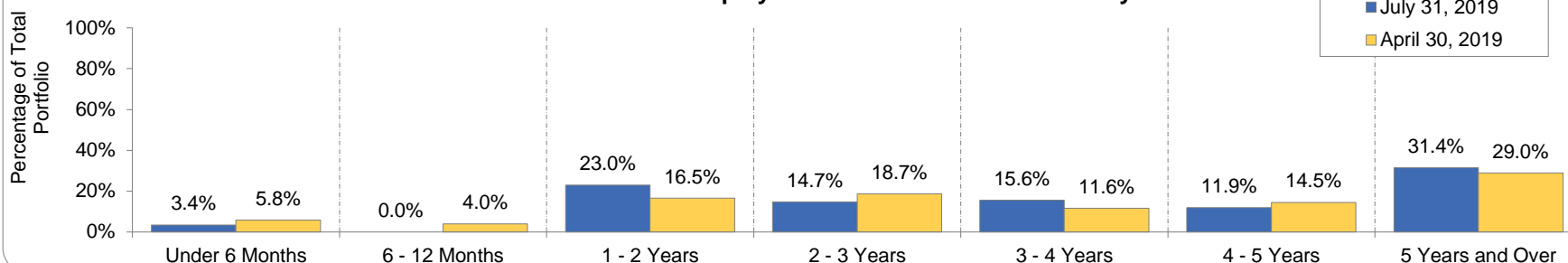
**Portfolio Composition  
as of 07/31/19**



**Credit Quality Distribution  
as of 7/31/19**



**BPCA Other Post Employment Benefits Portfolio Maturity Distribution**



**Notes:**

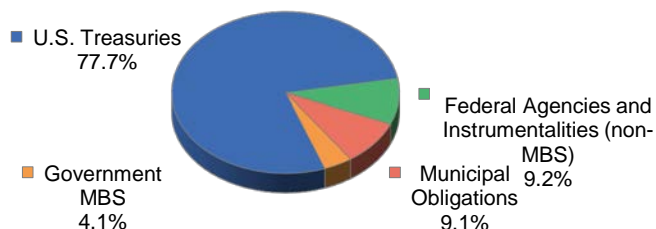
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.



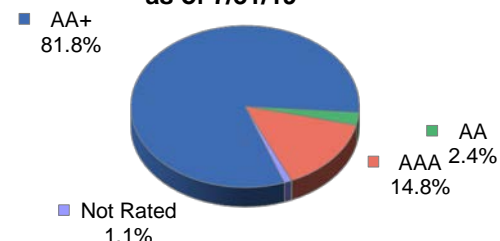
## BPCPC OPEB Portfolio

Security Type <sup>1</sup>	July 31, 2019	% of Portfolio	April 30, 2019	% of Portfolio	QoQ % Change
U.S. Treasuries	\$10,756,122	77.7%	\$9,760,385	72.1%	5.6%
Federal Agencies and Instrumentalities (non-MBS)	\$1,267,398	9.2%	\$1,952,544	14.4%	(5.3%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$1,252,840	9.1%	\$1,241,382	9.2%	(0.1%)
Government MBS	\$563,578	4.1%	\$576,076	4.3%	(0.2%)
<b>Totals</b>	<b>\$13,839,937</b>	<b>100.0%</b>	<b>\$13,530,387</b>	<b>100.0%</b>	

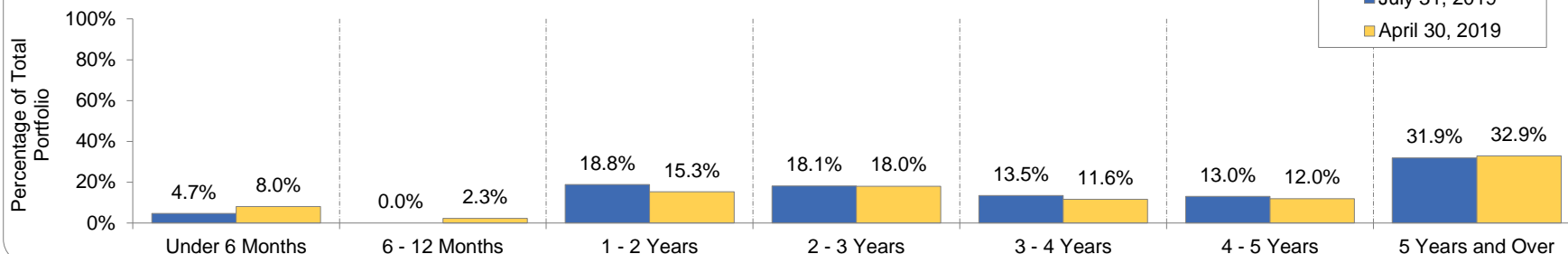
**Portfolio Composition  
as of 7/31/19**



**Credit Quality Distribution  
as of 7/31/19**



**BPCPC Other Post Employment Benefits Portfolio Maturity Distribution**



**Notes:**

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





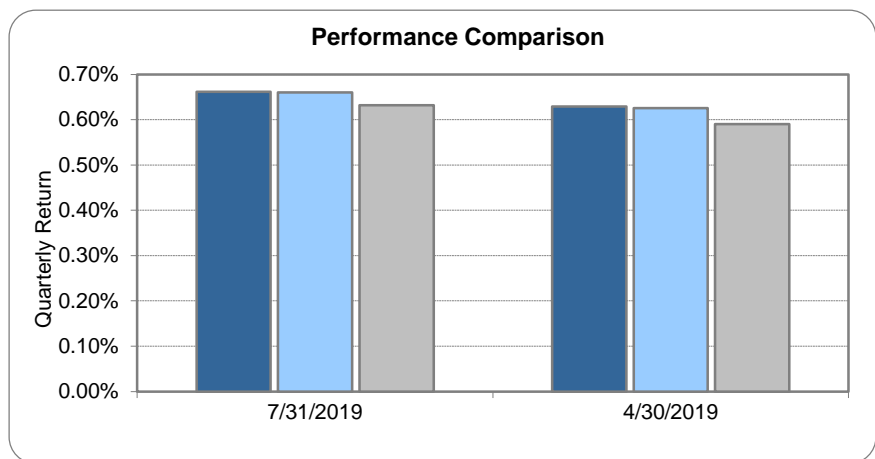
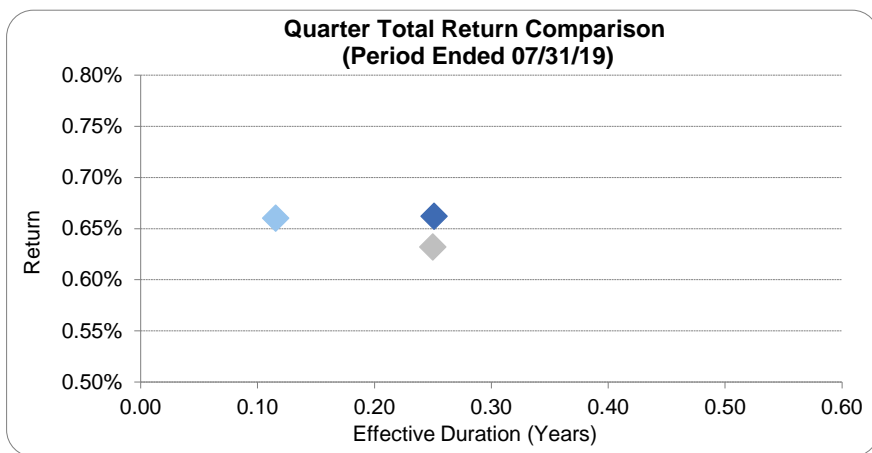
# ***Portfolios Managed with a Shorter-Term Investment Strategy***



# Shorter-Term Investment Strategy

Total Return <sup>1,2,4,5</sup>	July 31, 2019	Annualized Since Inception
■ 2003 Pledged Revenue	<b>0.66%</b>	1.30%
■ 2003 Project Operating Fund	<b>0.66%</b>	1.32%
■ <b>BM: BAML 3 Month US Treasury Bill Index</b>	<b>0.63%</b>	1.23%

Effective Duration (in years) <sup>3</sup>	July 31, 2019	April 30, 2019
■ 2003 Pledged Revenue	0.25	0.39
■ 2003 Project Operating Fund	0.12	0.19
■ <b>BM: BAML 3-Month US Treasury Bill Index</b>	<b>0.25</b>	<b>0.23</b>



## Notes:

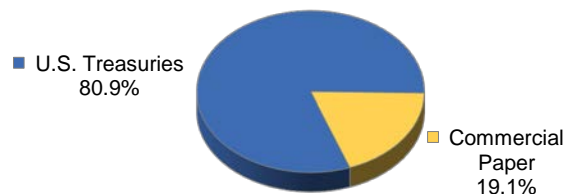
1. Performance on trade-date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.
2. Bank of America/Merrill Lynch (BAML) indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns 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.



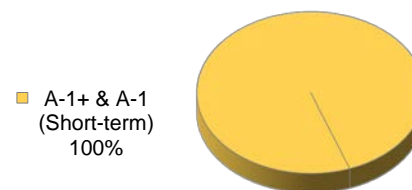
## 2003 Pledged Revenue

Security Type <sup>1</sup>	July 31, 2019	% of Portfolio	April 30, 2019	% of Portfolio	QoQ % Change
U.S. Treasuries	\$121,137,284	80.9%	\$29,847,026	54.3%	26.6%
Federal Agencies and Instrumentalities (non-MBS)	\$0	0.0%	\$0	0.0%	0.0%
Commercial Paper	\$28,685,299	19.1%	\$25,154,096	45.7%	(26.6%)
Municipal Obligations	\$0	0.0%	\$0	0.0%	0.0%
Government MBS	\$0	0.0%	\$0	0.0%	0.0%
<b>Totals</b>	<b>\$149,822,583</b>	<b>100.0%</b>	<b>\$55,001,122</b>	<b>100.0%</b>	

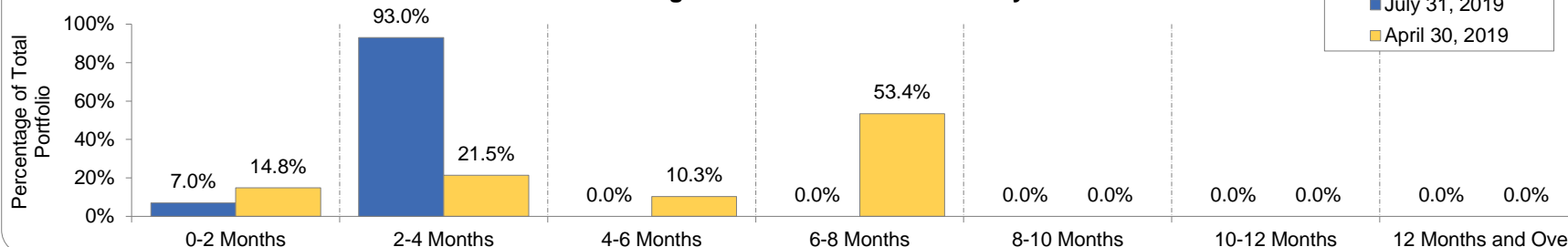
**Portfolio Composition  
as of 07/31/19**



**Credit Quality Distribution  
as of 07/31/19**



**2003 Pledged Revenue Portfolio Maturity Distribution**



**Notes:**

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



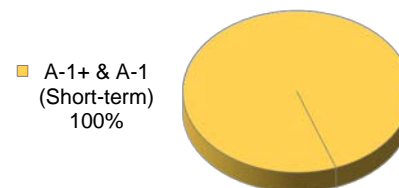
## 2003 Project Operating Fund Portfolio

Security Type <sup>1</sup>	July 31, 2019	% of Portfolio	April 30, 2019	% of Portfolio	QoQ % Change
U.S. Treasuries	\$3,650,979	50.3%	\$4,503,346	63.5%	(13.2%)
Federal Agencies and Instrumentalities (non-MBS)	\$0	0.0%	\$0	0.0%	0.0%
Commercial Paper	\$3,608,686	49.7%	\$2,589,145	36.5%	13.2%
Municipal Obligations	\$0	0.0%	\$0	0.0%	0.0%
Government MBS	\$0	0.0%	\$0	0.0%	0.0%
<b>Totals</b>	<b>\$7,259,665</b>	<b>100.0%</b>	<b>\$7,092,491</b>	<b>100.0%</b>	

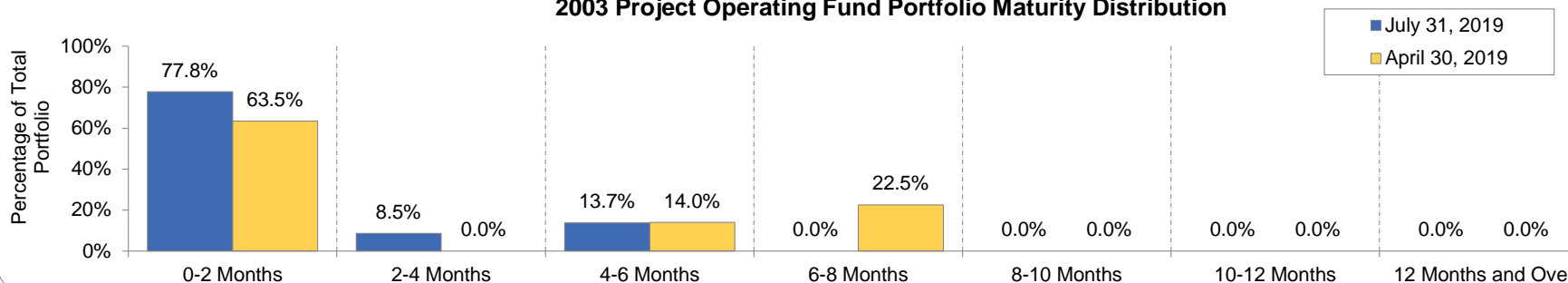
**Portfolio Composition  
as of 7/31/19**



**Credit Quality Distribution  
as of 7/31/19**



**2003 Project Operating Fund Portfolio Maturity Distribution**



**Notes:**

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



## **V. Exhibit:** ***Bank of America Merrill Lynch Index Returns***



## Bank of America Merrill Lynch Index Returns

As of 7/31/2019

Periods Ended 7/31/2019

	Duration	Yield	3 Month	1 Year	3 Years
<b>1-3 Year Indices</b>					
U.S. Treasury	1.86	1.94%	1.11%	3.84%	1.27%
Federal Agency	1.57	1.98%	1.04%	3.79%	1.46%
U.S. Corporates, A-AAA Rated	1.87	2.37%	1.34%	4.71%	2.10%
Agency MBS (0 to 3 years)	3.57	2.62%	2.25%	6.02%	2.16%
Municipals	1.77	1.14%	1.26%	2.95%	1.40%
<b>1-5 Year Indices</b>					
U.S. Treasury	2.60	1.91%	1.48%	4.80%	1.26%
Federal Agency	1.92	1.95%	1.20%	4.25%	1.45%
U.S. Corporates, A-AAA Rated	2.68	2.62%	1.90%	6.30%	2.61%
Agency MBS (0 to 5 years)	3.27	2.62%	2.27%	6.10%	1.79%
Municipals	2.49	1.18%	1.66%	3.83%	1.60%
<b>Master Indices</b>					
U.S. Treasury	6.60	2.03%	3.28%	7.70%	1.16%
Federal Agency	4.16	2.10%	2.31%	6.37%	1.80%
U.S. Corporates, A-AAA Rated	7.52	2.88%	4.38%	10.14%	3.09%
Agency MBS	3.82	2.72%	2.59%	6.91%	2.18%
Municipals	6.88	2.07%	2.72%	7.32%	2.87%

Returns for periods greater than one year are annualized

Source: Bloomberg.



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# Update on Interest Rate Swap Amendments

September 24, 2019



**NEW YORK**  
STATE OF  
OPPORTUNITY.

**Battery Park  
City Authority**

MohantyGargiulo<sub>LLC</sub>

*Advice for informed decisions*



# Overview of Swap Amendments and Debt Cost Comparison

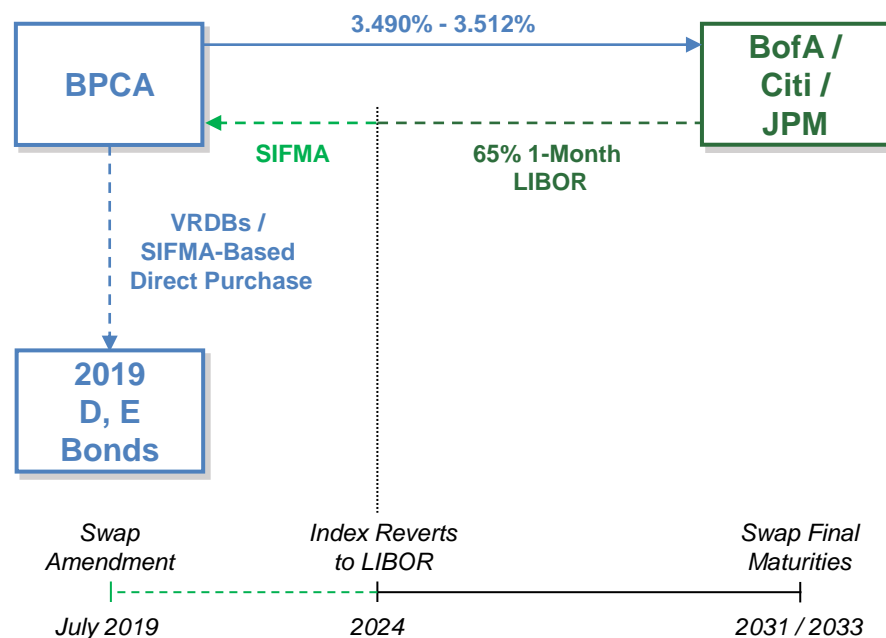
## Overview of Amendments

- In July, BPCA amended its interest rate swaps to convert the floating rate index received from 65% 1M LIBOR to SIFMA until 2024
  - ✓ The change in index better aligns swap payments with interest on the Series 2019DE bonds
  - ✓ To pay for the cost of amendments, the fixed rates were increased by ~4-6 bps until maturity
  - ✓ Converting to SIFMA also eliminates near-term uncertainties with respect to the anticipated LIBOR discontinuation, expected after 2021

Counterparty	Current Notional	Maturity	Amendment Date	Old Rate	New Rate	BPCA Receives SIFMA Until
Citibank	\$90,797,000	11/1/31	7/26/19	3.452%	3.511%	8/6/24
JP Morgan	\$90,797,000	11/1/31	7/29/19	3.452%	3.512%	8/6/24
BofA	\$60,531,000	11/1/31	7/31/19	3.452%	3.512%	6/1/24
Citibank	\$37,500,000	11/1/33	7/26/19	3.452%	3.500%	8/6/24
JP Morgan	\$37,500,000	11/1/33	7/29/19	3.452%	3.4995%	8/6/24
BofA	\$25,000,000	11/1/33	7/26/19	3.452%	3.490%	8/6/24
<b>\$342,125,000</b>						

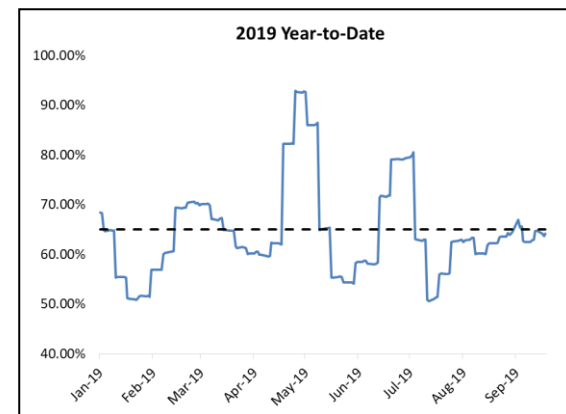
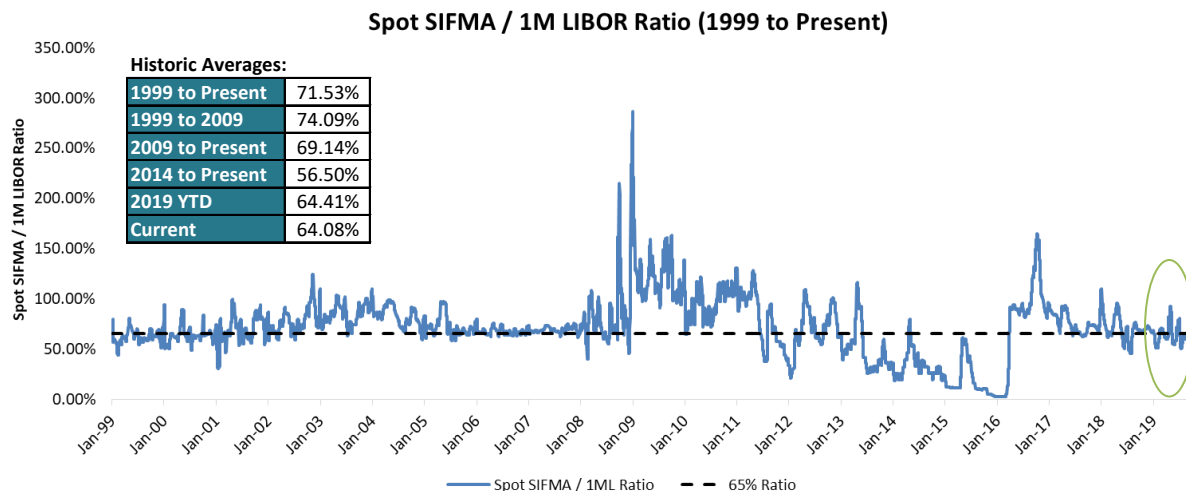
## Debt Cost Comparison

- The weighted average cost of BPCA's variable-rate refunding bonds (including support costs) for the month of August 2019 was approximately **1.86%**. Taking into account the modified interest rate swaps, BPCA's net debt cost was approximately **4.02%**.
- For comparison purposes, the weighted average cost of BPCA's prior LIBOR-based debt (including support costs) for the month of August 2019 would have been approximately **2.62%**. Taking into account the original interest rate swaps, BPCA's net debt cost would have been approximately **4.61%**.



# Swap Amendments Overview: Basis Risk

- If BPCA had not amended the swaps, it would have been subject to the risk of the bond rate (SIFMA-based) trading higher than 65% 1M LIBOR:



- Hypothetical annualized cash flow basis exposure between 65% 1M LIBOR and SIFMA:

In USD (non-PV):

		Spot SIFMA / 1M LIBOR Ratio				
		50.00%	60.00%	65.00%	70.00%	80.00%
1M LIBOR	6.00%	\$2,935,248	\$978,416	\$0	(\$978,416)	(\$2,935,248)
	5.00%	\$2,446,040	\$815,347	\$0	(\$815,347)	(\$2,446,040)
	4.00%	\$1,956,832	\$652,277	\$0	(\$652,277)	(\$1,956,832)
	3.00%	\$1,467,624	\$489,208	\$0	(\$489,208)	(\$1,467,624)
	2.00%	\$978,416	\$326,139	\$0	(\$326,139)	(\$978,416)
	1.00%	\$489,208	\$163,069	\$0	(\$163,069)	(\$489,208)

Based on average BPCA swap notional between 8/6/19 - 8/6/24

In Basis Points:

		Spot SIFMA / 1M LIBOR Ratio				
		50.00%	60.00%	65.00%	70.00%	80.00%
1M LIBOR	6.00%	90	30	0	(30)	(90)
	5.00%	75	25	0	(25)	(75)
	4.00%	60	20	0	(20)	(60)
	3.00%	45	15	0	(15)	(45)
	2.00%	30	10	0	(10)	(30)
	1.00%	15	5	0	(5)	(15)

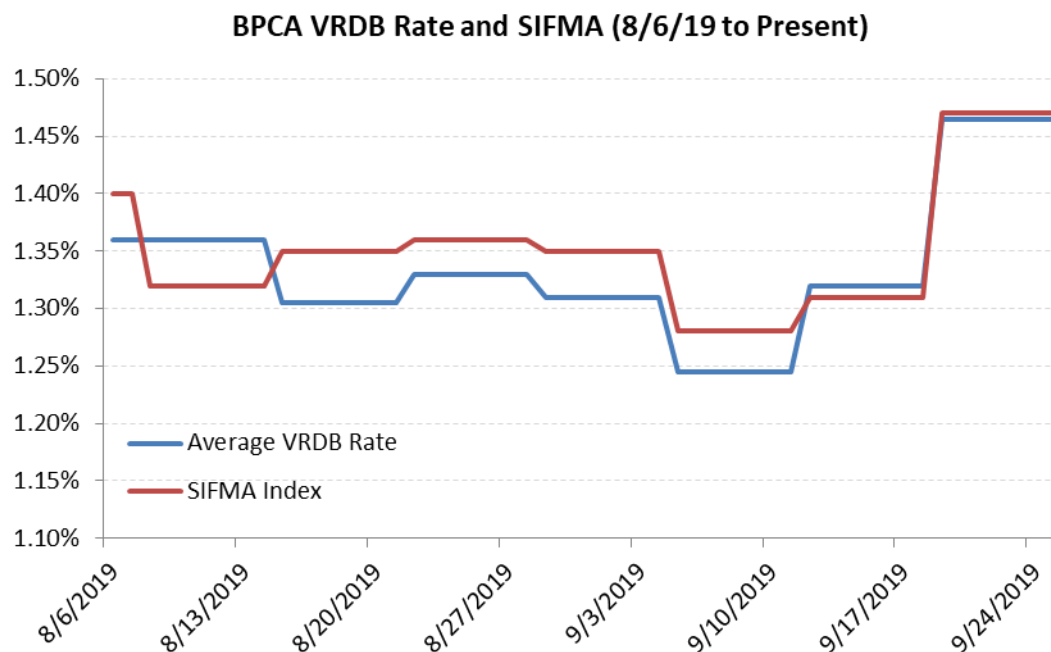
# BPCA Bond and Swap Rates

Period	Variable Rates				
	2019D VRDBs*	2019E SIFMA Index*	Weighted Avg. Bond Rate	SIFMA Swap Receipt	Net Variable Rate
August 2019	-1.331%	-1.348%	-1.337%	1.348%	0.011%
Sept. 2019 (to date)	-1.338%	-1.353%	-1.343%	1.353%	0.010%

Weighted Avg. Fixed Swap Rate	Net Synthetic Fixed Rate
-3.507%	-3.496%
-3.507%	-3.498%

Weighted Avg. Support Costs*	Net All-In Debt Cost
-0.520%	-4.016%
-0.520%	-4.018%

\*Weighted average bond rate based on \$300MM of VRDBs and \$150MM of SIFMA FRN.



# BPCA Synthetic Fixed Rate

Date	Variable Rates				
	2019D VRDBs*	2019E SIFMA Index*	Weighted Avg. Bond Rate	SIFMA Swap Receipt	Net Variable Rate
8/6/2019	-1.36%	-1.40%	-1.37%	1.40%	0.03%
8/7/2019	-1.36%	-1.40%	-1.37%	1.40%	0.03%
8/8/2019	-1.36%	-1.32%	-1.35%	1.32%	-0.03%
8/9/2019	-1.36%	-1.32%	-1.35%	1.32%	-0.03%
8/10/2019	-1.36%	-1.32%	-1.35%	1.32%	-0.03%
8/11/2019	-1.36%	-1.32%	-1.35%	1.32%	-0.03%
8/12/2019	-1.36%	-1.32%	-1.35%	1.32%	-0.03%
8/13/2019	-1.36%	-1.32%	-1.35%	1.32%	-0.03%
8/14/2019	-1.36%	-1.32%	-1.35%	1.32%	-0.03%
8/15/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
8/16/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
8/17/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
8/18/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
8/19/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
8/20/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
8/21/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
8/22/2019	-1.33%	-1.36%	-1.34%	1.36%	0.02%
8/23/2019	-1.33%	-1.36%	-1.34%	1.36%	0.02%
8/24/2019	-1.33%	-1.36%	-1.34%	1.36%	0.02%
8/25/2019	-1.33%	-1.36%	-1.34%	1.36%	0.02%
8/26/2019	-1.33%	-1.36%	-1.34%	1.36%	0.02%
8/27/2019	-1.33%	-1.36%	-1.34%	1.36%	0.02%
8/28/2019	-1.33%	-1.36%	-1.34%	1.36%	0.02%
8/29/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
8/30/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
8/31/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
<b>AUG. 2019</b>	<b>-1.331%</b>	<b>-1.348%</b>	<b>-1.337%</b>	<b>1.348%</b>	<b>0.011%</b>

\*Weighted average bond rate based on \$300MM of VRDBs and \$150MM of SIFMA FRN.

Weighted Avg. Fixed Swap Rate	Net Synthetic Fixed Rate	Weighted Avg. Support Costs*	Net All-In Debt Cost
-3.507%	-3.481%	-0.520%	-4.001%
-3.507%	-3.481%	-0.520%	-4.001%
-3.507%	-3.534%	-0.520%	-4.054%
-3.507%	-3.534%	-0.520%	-4.054%
-3.507%	-3.534%	-0.520%	-4.054%
-3.507%	-3.534%	-0.520%	-4.054%
-3.507%	-3.534%	-0.520%	-4.054%
-3.507%	-3.534%	-0.520%	-4.054%
-3.507%	-3.477%	-0.520%	-3.997%
-3.507%	-3.477%	-0.520%	-3.997%
-3.507%	-3.477%	-0.520%	-3.997%
-3.507%	-3.477%	-0.520%	-3.997%
-3.507%	-3.477%	-0.520%	-3.997%
-3.507%	-3.477%	-0.520%	-3.997%
-3.507%	-3.477%	-0.520%	-3.997%
-3.507%	-3.487%	-0.520%	-4.007%
-3.507%	-3.487%	-0.520%	-4.007%
-3.507%	-3.487%	-0.520%	-4.007%
-3.507%	-3.487%	-0.520%	-4.007%
-3.507%	-3.487%	-0.520%	-4.007%
-3.507%	-3.481%	-0.520%	-4.001%
-3.507%	-3.481%	-0.520%	-4.001%
-3.507%	-3.481%	-0.520%	-4.001%
<b>-3.507%</b>	<b>-3.496%</b>	<b>-0.520%</b>	<b>-4.016%</b>

## BPCA Synthetic Fixed Rate (cont'd)

	Variable Rates				
Date	2019D VRDBs*	2019E SIFMA Index*	Weighted Avg. Bond Rate	SIFMA Swap Receipt	Net Variable Rate
9/1/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
9/2/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
9/3/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
9/4/2019	-1.31%	-1.35%	-1.32%	1.35%	0.03%
9/5/2019	-1.25%	-1.28%	-1.26%	1.28%	0.02%
9/6/2019	-1.25%	-1.28%	-1.26%	1.28%	0.02%
9/7/2019	-1.25%	-1.28%	-1.26%	1.28%	0.02%
9/8/2019	-1.25%	-1.28%	-1.26%	1.28%	0.02%
9/9/2019	-1.25%	-1.28%	-1.26%	1.28%	0.02%
9/10/2019	-1.25%	-1.28%	-1.26%	1.28%	0.02%
9/11/2019	-1.25%	-1.28%	-1.26%	1.28%	0.02%
9/12/2019	-1.32%	-1.31%	-1.32%	1.31%	-0.01%
9/13/2019	-1.32%	-1.31%	-1.32%	1.31%	-0.01%
9/14/2019	-1.32%	-1.31%	-1.32%	1.31%	-0.01%
9/15/2019	-1.32%	-1.31%	-1.32%	1.31%	-0.01%
9/16/2019	-1.32%	-1.31%	-1.32%	1.31%	-0.01%
9/17/2019	-1.32%	-1.31%	-1.32%	1.31%	-0.01%
9/18/2019	-1.32%	-1.31%	-1.32%	1.31%	-0.01%
9/19/2019	-1.47%	-1.47%	-1.47%	1.47%	0.00%
9/20/2019	-1.47%	-1.47%	-1.47%	1.47%	0.00%
9/21/2019	-1.47%	-1.47%	-1.47%	1.47%	0.00%
9/22/2019	-1.47%	-1.47%	-1.47%	1.47%	0.00%
9/23/2019	-1.47%	-1.47%	-1.47%	1.47%	0.00%
9/24/2019	-1.47%	-1.47%	-1.47%	1.47%	0.00%
9/25/2019	-1.47%	-1.47%	-1.47%	1.47%	0.00%
SEP. 2019 (to date)	-1.338%	-1.353%	-1.343%	1.353%	0.010%

Weighted Avg. Fixed Swap Rate	Net Synthetic Fixed Rate	Weighted Avg. Support Costs*	Net All-In Debt Cost
-3.507%	-3.481%	-0.520%	-4.001%
-3.507%	-3.481%	-0.520%	-4.001%
-3.507%	-3.481%	-0.520%	-4.001%
-3.507%	-3.481%	-0.520%	-4.001%
-3.507%	-3.484%	-0.520%	-4.004%
-3.507%	-3.484%	-0.520%	-4.004%
-3.507%	-3.484%	-0.520%	-4.004%
-3.507%	-3.484%	-0.520%	-4.004%
-3.507%	-3.484%	-0.520%	-4.004%
-3.507%	-3.484%	-0.520%	-4.004%
-3.507%	-3.514%	-0.520%	-4.034%
-3.507%	-3.514%	-0.520%	-4.034%
-3.507%	-3.514%	-0.520%	-4.034%
-3.507%	-3.514%	-0.520%	-4.034%
-3.507%	-3.514%	-0.520%	-4.034%
-3.507%	-3.514%	-0.520%	-4.034%
-3.507%	-3.514%	-0.520%	-4.034%
-3.507%	-3.504%	-0.520%	-4.024%
-3.507%	-3.504%	-0.520%	-4.024%
-3.507%	-3.504%	-0.520%	-4.024%
-3.507%	-3.504%	-0.520%	-4.024%
-3.507%	-3.504%	-0.520%	-4.024%
-3.507%	-3.504%	-0.520%	-4.024%
-3.507%	-3.498%	-0.520%	-4.018%

*\*Weighted average bond rate based on \$300MM of VRDBs and \$150MM of SIFMA FRN.*

# Regulatory Disclosure

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Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to Issuers which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Mohanty Gargiulo LLC and its associated persons. Therefore, Mohanty Gargiulo LLC is making the following disclosures.

## **Conflicts of Interest**

Mohanty Gargiulo LLC represents that in connection with the issuance of municipal financial product transactions, Mohanty Gargiulo LLC may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, Mohanty Gargiulo LLC hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Mohanty Gargiulo LLC’s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair Mohanty Gargiulo LLC’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

If Mohanty Gargiulo LLC becomes aware of any additional potential or actual conflict of interest after this disclosure, Mohanty Gargiulo LLC will disclose the detailed information in writing to the Issuer in a timely manner.

## **Legal or Disciplinary Events**

Mohanty Gargiulo LLC does not have any legal events or disciplinary history on Mohanty Gargiulo LLC’s Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access Mohanty Gargiulo LLC’s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

[www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against Mohanty Gargiulo LLC, Mohanty Gargiulo LLC will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate Mohanty Gargiulo LLC, its management and personnel.