

Hugh L. Carey Battery Park City Authority
Meeting of the Investment Committee
200 Liberty Street, 24th Floor
New York, New York 10281
January 27, 2021
12:30 p.m.

AGENDA

- I. CALL TO ORDER
- II. APPROVAL OF THE DECEMBER 16, 2020 MINUTES
- III. INVESTMENT REPORT & GUIDELINES FYE 2020
- IV. MOTION TO ADJOURN



Battery Park City Authority

BATTERY PARK CITY AUTHORITY

INVESTMENT REPORT & GUIDELINES

FISCAL YEAR ENDED

OCTOBER 31, 2020

January 2021

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OCTOBER 31, 2020 <i><u>(SEPARATE FILE ATTACHED)</u></i>	

1. OVERVIEW OF INVESTMENT GUIDELINES

1.1. Definitions

“Authority” means the Battery Park City Authority, a corporate municipal instrumentality of the State of New York, established pursuant to the Act (“**Act**” shall mean the Battery Park City Authority Act, Title 12 of Article 8 of the Public Authorities Law [constituting Chapter 43-a of the Consolidated Laws of the State of New York] as added by Chapter 343 of the Laws of 1968, as amended).

“Board” means the Members of the Battery Park City Authority Board.

“Investment Funds” means monies and financial resources available for investment by the Authority.

“Investment Securities” means any or all of the investment obligations.

“Rating Agencies” means Standard & Poor’s Corporation, Moody’s Investor Service, and Fitch Ratings.

“State” means the State of New York.

1.2. Purpose and Scope

The purpose of these guidelines (“Guidelines” or “Investment Guidelines”) is to establish the parameters, responsibilities, and controls for the investment and the management of Investment Funds. These Guidelines have been adopted by, and can be changed only by, the Board.

These Guidelines shall govern the investment and reinvestment of Investment Funds and the sale and liquidation of Investment Securities, as well as the monitoring, maintenance, accounting, reporting, and internal controls by and of the Authority with respect to such investment and reinvestment of Investment Funds and sale and liquidation of Investment Securities.

The guidance set forth herein is to be strictly followed by all those responsible for any aspect of the management or administration of these funds.

1.3 Compliance

Section 2925 (6) of the State Public Authorities Law requires the Authority to annually prepare and approve an investment report which describes the Authority’s Investment Guidelines and any amendments to the Guidelines, investment policies and procedures, the results of the annual independent audit, the Authority’s investment income and a list of the fees associated with those investments, as well as commissions or other charges paid to each investment banker, broker, agent, dealer and advisor (**SEE - APPENDIX B – INVESTMENT REPORT FYE OCTOBER 31, 2020**).

1.4. Roles and Responsibilities

It shall be the responsibility of the Chief Financial Officer to ensure that all investments and investment practices meet or exceed all statutes and guidelines governing the investment of public funds in New York and the guidelines established by the State Comptroller’s Office and the Governmental Accounting Standards Board (GASB). The Deputy Treasurer, acting on behalf of the Board as custodian of the Investment Policy, is responsible for ensuring that all aspects of the investment management program are executed in a manner

consistent with the Guidelines. A description of operating controls is attached as Appendix A to these Guidelines.

An investment committee (“Investment Committee”) will be appointed by the Board to develop and execute investment strategy for the Authority’s Investment Funds. In the event that the Board is not fully constituted, the entire Board may meet in lieu of the Investment Committee. The Investment Committee may consult with a qualified investment advisor/manager in the course of fulfilling its responsibilities.

The Authority’s external auditor will conduct an annual audit of the investment management activity to ensure compliance with the Investment Guidelines by Treasury and the external investment manager, if any. The findings of the audit shall be formally documented and submitted annually to the Chief Financial Officer and the Board.

1.5. Standard of Prudence

The standard of prudence to be applied to the investment of the Authority’s Investment Funds shall be the “Prudent Person Rule” that states:

“Investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

Authorized Authority officials and employees involved in the investment process acting in accordance with the laws of the State, these Guidelines and any other written procedures pertaining to the administration and management of the Investment Funds and who exercise the proper due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided that any negative deviations are reported in a timely fashion to the Chief Financial Officer or another authorized official and that reasonable and prudent action is taken to control and prevent any further adverse developments.

1.6. Conflict of Interest

Authority Officers and employees involved in the investment process (“Investment Officials”) shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment Officials shall not:

1. accept any money, loan, gift, favor, service, or business or professional opportunity that could influence them in the performance of their official duties;
2. accept any business or professional opportunity when they know there is a reasonable likelihood that the opportunity is being afforded to influence them in the performance of their official duties;
3. enter into any personal investment transactions with the same individual with whom business is conducted on behalf of the Authority; or,
4. disclose or use confidential information that is not generally available to the public for their own or another person’s financial benefit.

1.7. Review, Amendments, Updates and Revisions

The Deputy Treasurer and the Chief Financial Officer will review the Guidelines on an annual basis, or as required, to ensure continued effectiveness of the Investment Guidelines. The Guidelines shall be submitted to the Board annually for review and approval. Modifications to the Investment Guidelines may be required as business needs and requirements change. Any amendments must be reviewed and approved by the Chief

Financial Officer and submitted to the Board for final approval. Subsequent to any modifications to the Investment Guidelines, revised Guidelines must be distributed to Authority personnel on the approved distribution list as well as any external investment advisor/manager and financial institutions.

1.8 Diversity –MBE/WBE Participation

It is the Authority’s standard practice to reach out to MBE/WBE brokers/dealers to provide them opportunities to trade for Investment Securities. The Authority required that thirty percentage (30%) of annual costs under the 2020 service agreement for investment advisory services be allocated to a certified MBE/WBE firm.

1.9 Oversight – Investment Committee

An Investment Committee was established to formalize oversight of the Authority’s investment portfolio with the charter below. In the event that the Board is not fully constituted, the entire Board may meet in lieu of the Investment Committee.

BATTERY PARK CITY AUTHORITY INVESTMENT COMMITTEE CHARTER

PURPOSE & FORMATION

Pursuant to Article IV, Section 3 of the Authority’s bylaws (the “Bylaws”), the purpose of the investment committee (“Investment Committee) is to assist the Board in fulfilling its oversight responsibilities by establishing the Authority’s investment policies and overseeing its investments.

COMPOSITION

Pursuant to Article IV, Section 3 of the Bylaws, the Investment Committee shall consist of at least three (3) Members who shall be appointed by the Chair, one of whom the Chair shall appoint as chair of the committee (“Investment Committee Chair”). The Chair shall be an additional non-voting member of the Investment Committee, provided that if there shall be any vacancy or vacancies in the whole number of the Members as prescribed by law, the Chair may serve as a voting member of the Investment Committee. Each member of the Investment Committee shall be an “independent member,” as defined in Public Authorities Law § 2825(2). Members of the Investment Committee shall possess the necessary skills to understand the duties and functions of the Investment Committee and shall be familiar with general investment policies and best practices.

DUTIES OF THE INVESTMENT COMMITTEE

The Investment Committee’s duties and responsibilities are set forth in the Bylaws. Whenever the Investment Committee takes action, it exercises its independent judgment on an informed basis that the action is in the best interests of BPCA. In doing so, the Investment Committee may rely to a significant extent on information and advice provided by management and independent advisors.

The Investment Committee has the authority, including, but not limited, to:

- Approve the investment and risk limits for the investment portfolio.
- Review the investment policies for the Authority, including, where applicable, asset classes, liquidity, the use of debt, and risk management.
- Approve the annual investment program.

- Authorize investments and ratify investments made pursuant to delegated authorities.
- Review the investment performance of BPCA’s accounts and funds, including benchmarks and attribution.
- Review the organization and staffing of the investment management advisory function.
- Review the quality of the investment services provided to the Authority, such as: a) oversee the business and investment strategy, b) evaluate investment performance benchmarks and attribution, and c) review costs, pricing and profitability.

MEETINGS

The Investment Committee shall meet four (4) times a year or more frequently, as may be necessary and appropriate to carry out its responsibilities. The Investment Committee may ask members of management or others to attend the meetings and provide pertinent information as appropriate. Meetings may be in person or by video conference, if necessary.

In addition, the Investment Committee:

- Shall act only on the affirmative vote of a majority of the members present at a meeting.
- Is expected to maintain free and open communication with management and the Board.
- Shall have authority to retain independent legal, accounting or other advisors if determined appropriate, in its sole judgment, provided such consultants are approved by the full Board.
- Submit the minutes of all Investment Committee meetings to the Board and regularly report to the Board on Investment Committee matters, actions taken and issues discussed at its meetings.
- Review and reassess the adequacy of this Charter annually and propose to the Board any changes.
- The Investment Committee shall evaluate its performance annually and report its conclusions to the Board.

2. INVESTMENT MANAGEMENT OBJECTIVES

2.1. Investment Objectives

The Authority’s Investment Funds shall be managed to accomplish the following hierarchy of objectives:

1. **Legality** - The Authority shall comply with all investment guidelines required for public authorities in the State with regards to general investment practices and the management of public funds.
2. **Safety** - Next to legality, safety of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
3. **Liquidity** - The portfolio shall be managed in such a manner that assures that funds are available as needed to meet those immediate and/or future operating requirements of the Authority, including but not limited to payroll, accounts payable, capital projects, debt service and any other payments.
4. **Return** - The Authority’s portfolio shall be managed in such a fashion as to maximize the return on all investments (up to the “arbitrage allowance” in bond funds) within the context and parameters set forth by the investment objectives stated above.

2.2. Authorized Investment Securities

The investment of Authority funds is limited by the law creating the Authority to “obligations of the State or of the United States of America or obligations the principal of and interest on which are guaranteed by the State or the United States of America” or any other obligations in which the Comptroller of the State of New York (the “Comptroller”) is authorized to invest pursuant to Section 98 (Investment of state funds) of the State Finance Law. As effective on November 20, 2015, the Act allows any monies of the Authority, including the proceeds of bonds or notes, not required for immediate use, at the discretion of the Authority to be invested in obligations of the State, U.S. Government and its agencies, or in any other obligations in which the Comptroller is authorized to invest pursuant to Section 98 of the State Finance Law. The 2003 General Bond Resolution and the 2009 and 2013 Revenue Bond Resolutions allow all investments alternatives included in the Act, as follows:

1. Bonds and notes of the United States.
2. Bonds and notes of this State.
 - 2-a. General obligation bonds and notes of any state other than this State, provided that such bonds and notes receive the highest rating of at least one independent rating agency designated by the Comptroller.
3. Obligations for the payment of which the faith and credit of the United States or of this State are pledged.
 - 3-a. Notes, bonds, debentures, mortgages and other evidences of indebtedness of the United States Postal Service; the federal national mortgage association; federal home loan mortgage corporation; student loan marketing association; federal farm credit system or any other United States government sponsored agency, provided that at the time of the investment such agency or its obligations are rated and the agency receives, or its obligations receive, the highest rating of all independent rating agencies that rate such agency or its obligations, provided, however, that no more than five hundred million dollars may be invested in the obligations of any one agency.
4. Judgments or awards of the court of claims of this state.
5. Stocks, bonds, or notes of any county, town, city, village, fire district or school district of this State issued pursuant to law.
6. Mortgage bonds or any obligations for the payment of money, no matter how designated, secured by another instrument representing a lien on specific real property or a leasehold thereof, heretofore or hereafter and at the time of the assignment thereof to the Comptroller insured by the federal housing administrator or any of his successors in office and guaranteed by the United States under the provisions of the national housing act, as amended or supplemented. Any such mortgage bonds or obligations as aforesaid in which the Comptroller has invested or shall have invested pursuant to this subdivision shall be serviced by the Comptroller or in his discretion, by mortgagees, as such are defined by the national housing act, as amended or supplemented, duly appointed by him and subject to the inspection and supervision of some governmental agency. The Comptroller may receive and hold such debentures and certificates or other obligations as are issued in payment of such insurance or guarantee.
7. Bonds and notes of the Savings and Loan Bank of the State of New York.
8. Bonds or notes of any housing authority of this State duly issued pursuant to law.
9. Bonds or notes of any regulating district of this State duly issued pursuant to law.
10. Bonds or notes of any drainage improvement district of this State duly issued pursuant to law.

11. Bonds or notes of the authorities or commissions set forth below when issued pursuant to law:
- a. Port of New York Authority.
 - b. Niagara Frontier Authority.
 - c. Triborough bridge and tunnel authority.
 - d. Thousand Islands Bridge Authority.
 - e. New York State Bridge Authority.
 - f. New York City Tunnel Authority.
 - g. Lake Champlain Bridge Commission.
 - h. Lower Hudson Regional Market Authority.
 - i. Albany Regional Market Authority.
 - j. *Repealed.*
 - k. American Museum of Natural History Planetarium Authority.
 - l. Industrial Exhibit Authority.
 - m. Buffalo Sewer Authority.
 - n. Whiteface Mountain Authority. (see footnote 2, Repealed)
 - o. Pelham-Portchester Parkway Authority.
 - p. Jones Beach State Parkway Authority.
 - q. Bethpage Park Authority.
 - r. Dormitory Authority.
 - s. Central New York Regional Market Authority.
 - t. Erie County Water Authority.
 - u. Suffolk County Water Authority.
 - v. New York State Thruway Authority.
 - w. Genesee Valley Regional Market Authority.
 - x. Onondaga county water authority.
 - y. Power Authority of the state of New York.
 - z. Ogdensburg Bridge and Port Authority.
 - aa. [See, also, par. aa below] East Hudson Parkway Authority.
aa. [See, also, par. aa above] Niagara Frontier Port Authority.
 - bb. Northwestern New York Water Authority.
 - cc. Metropolitan Commuter Transportation Authority. (see footnote 3, now Metro. Transp. Auth.)
 - dd. [See, also, par. dd below] Niagara Frontier Transportation Authority.
dd. [See, also, par. dd above] New York State Pure Waters Authority.
 - ee. Rochester-Genesee Regional Transportation Authority.
 - ff. [See, also, par. ff below] Capital District Transportation Authority.
ff. [See, also, par. ff above] Central New York Regional Transportation Authority.
12. Obligations of the International Bank for Reconstruction and Development duly issued pursuant to law.
13. Obligations of the Inter-American Development Bank duly issued pursuant to law.
- 13-a. Obligations of the Asian Development Bank duly issued pursuant to law.
 - 13-b. Obligations of the African Development Bank duly issued pursuant to law.
 - 13-c. Obligations of the International Finance Corporation duly issued pursuant to law.
14. [See, also, subd. 14 below] Collateral trust notes issued by a trust company, all of the capital stock of which is owned by not less than twenty savings banks of the State of New York.
14. [See, also, subd. 14 above] Bonds and notes issued for any of the corporate purposes of the New York State housing finance agency.

15. Bonds and notes issued for any of the corporate purposes of the New York State medical care facilities finance agency.
16. Bonds and notes issued for any of the corporate purposes of the New York State project finance agency.
17. Bonds and notes issued for any of the corporate purposes of the municipal assistance corporation for New York City.
18. Obligations of any corporation organized under the laws of any state in the United States maturing within two hundred seventy days provided that such obligations receive the highest rating of two independent rating services designated by the Comptroller and that the issuer of such obligations has maintained such ratings on similar obligations during the preceding six months provided, however, that the issuer of such obligations need not have received such rating during the prior six month period if such issuer has received the highest rating of two independent rating services designated by the Comptroller and is the successor or wholly owned subsidiary of an issuer that has maintained such ratings on similar obligations during the preceding six month period or if the issuer is the product of a merger of two or more issuers, one of which has maintained such ratings on similar obligations during the preceding six month period, provided, however, that no more than five hundred million dollars may be invested in such obligations of any one corporation.
19. Bankers' acceptances maturing within ninety days which are eligible for purchase in the open market by federal reserve banks and which have been accepted by a bank or trust company, which is organized under the laws of the United States or of any state thereof and which is a member of the federal reserve system and whose short-term obligations meet the criteria outlined in subdivision eighteen of this section. Provided, however, that no more than five hundred million dollars may be invested in such bankers' acceptance of any one bank or trust company.
20. No-load money market mutual funds registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, provided that such funds are limited to investments in obligations issued or guaranteed by the United States of America or in obligations of agencies or instrumentalities of the United States of America where the payment of principal and interest are guaranteed by the United States of America (including contracts for the sale and repurchase of any such obligations), and are rated in the highest rating category by at least one nationally recognized statistical rating organization, provided, however, that no more than two hundred fifty million dollars may be invested in such funds.

The State Comptroller, whenever he deems it for the best interest of any of such funds, may dispose of any of the securities therein or investments therefor, in making other investments authorized by law, and he may exchange any such securities for those held in any other of such funds, and the Comptroller may take such action as may be necessary to obtain the benefits of the insurance provided for in the national housing act, and may draw his warrant upon the treasurer for the amount required for such investments and exchanges.

Notwithstanding the provisions of any other general or special law, the State Comptroller shall not invest the moneys of any fund in any security or securities except as above described, provided, however, that: a) the State Comptroller may, in order to maximize the rate of return on investments, invest the moneys belonging to the New York interest on lawyer account fund in notes, securities and deposits of banking institutions which accept IOLA accounts, and b) the provisions of this section shall not limit the types of investments that may be made with moneys belonging to the volunteer ambulance service award fund established by section two hundred nineteen-h of the general municipal law.

2.3. Authorized Investments of Project Operating Funds – Additional Bond Issuers

The Authority has two classification of Funds; Pledged Funds and Project Operating Funds. Pledged Funds, subject to the 2003 General Bond Resolution, may only be invested in securities specifically listed in Section 98 of the State Finance Law, as listed in Section 2.2 above. Project Operating Funds, those that are not pledged to bond holders, are also limited to Section 98 of the State Finance Law, but may include bond issuers of the State whose authorizing statute specifically provides that bodies of the State are authorized to legally invest in the stated bond issuers' securities. The additional bond issuers ("Additional Bond Issuers"), while not specifically listed in Section 98 of the State Finance Law, and therefore are not eligible for investments of the Pledged Fund, but do qualify for investments of the Project Operating Fund, are as follows:

1. New York City Transitional Finance Authority.
2. New York Municipal Water Finance Authority.
3. New York City Housing Development Corporation.
4. New York State Urban Development Corporation.
5. Nassau County Interim Finance Authority.

2.4. Portfolio Diversification

The Authority's Investment Funds shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the aggregate portfolio of Investment Funds, based on book value at the time of purchase, permitted in each eligible security is as follows:

US Treasuries	100%
Federal Agencies	100% (\$250 million max per issuer)
Commercial Paper	Lesser of 5% or \$250 million per issuer
Bankers' Acceptances	Lesser of 5% or \$250 million per issuer
Money Market Funds	Lesser of 25% or \$250 million
Municipal Bonds	20%

In addition, the Authority requires:

- a) Minimum "A" credit rating for all municipal securities permitted by the Policy (NY State, other states, and issues of local NY governments).
- b) Maximum allocation of no greater than 10% per issuer, or such lower limit as specified above.

2.5. Investment Maturity

Maintenance of adequate liquidity to meet the cash flow needs of the Authority is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with the cash requirements of the Authority in order to avoid the forced sale of securities prior to maturity.

Investments shall have a stated maturity or weighted average life of not more than ten (10) years unless specifically approved by the Investment Committee.

2.6. Environmental, Social, and Governance Investment Principles

The Authority's investment philosophy is anchored in the following core principle, which is fundamental and constant. Assets controlled by the Authority must be managed in accordance with this principle, regardless of the ebbs and flows likely to arise due to markets, politics and personalities.

The primary principle guiding the Authority's investments is the consideration of financial impact(s) on current and future requirements of the Authority. This manifests itself through investment practices that generate the greatest possible return, subject to an appropriate amount of risk, to support the Authority's mission of planning and sustaining a balanced community of commercial, residential, retail, and park space on the lower west side of Manhattan.

Within the context of this primary principle, the Authority must consider a holistic view of risk that accounts for various factors which could modify a return/risk objective. These include:

- Maintaining appropriate levels of liquidity for the Authority's operational needs;
- Mitigating downside financial risks;
- Understanding and appropriately managing reputational risk or legal liability; and,
- Protecting Authority assets from external pressures.

The Authority, as well as the Office of the New York State Comptroller, supports the practice of incorporating environmental, social, and governance ("ESG") factors with other conventional financial analytical tools when evaluating investment opportunities as these factors not only support the Authority's mission but they may help identify potential opportunities and risks which conventional tools miss. The Authority encourages its investment managers to include ESG factors in their analytical processes. The Authority prohibits investment in companies that are heavily reliant on fossil fuels. However, ESG considerations are only one factor in analyses and should not be used as exclusionary screens to eliminate specific entities or sectors from consideration. Relevant ESG factors will vary by industry and should be applied appropriately to help assess both risk and return.

3. OPERATING PARAMETERS & CONTROLS

3.1. Authorized Officers and Employees

Investment decisions on behalf of the Authority shall be made by the Chief Financial Officer, or by the Deputy Treasurer or the external investment manager, under the supervision of the Chief Financial Officer. Investment transactions shall be implemented by the Chief Financial Officer, or by the Deputy Treasurer, or the professional investment and advisory management firm on the Investment Committee, under the supervision of the Chief Financial Officer.

3.2. Competitive Selection

For each transaction, a minimum of three quotes shall be obtained and documented from Dealers and/or Banks, except in the purchase of government securities at their initial auction or upon initial offering, and the most favorable quote accepted.

3.3. Compliance Audit

An annual independent audit of all investments will be performed by the external auditors. The Authority's financial statements with respect to investments, which are required to be prepared in conformance with generally accepted accounting principles for governments ("GAAP"), shall contain all of the note disclosures on

deposits with financial institutions and investments required by the Governmental Accounting Standards Board Statements No. 3 “Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements”, dated April 1986. The Annual Investment Audit shall:

- Determine whether: the Authority complies with its own investment policies; investment assets are adequately safeguarded; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of the Authority’s assets; and a system of adequate internal controls is maintained.
- Determine whether the Authority has complied with applicable laws, regulations and these Investment Guidelines.
- Be designed to the extent practical to satisfy both the common interest of the Authority and the public officials accountable to others.

The results of the Annual Investment Audit shall be set forth in a report (the “Annual Investment Audit Report”) which shall include, without limitation:

- A description of the scope and objectives of the audit;
- A statement that the audit was made in accordance with generally accepted government auditing standards;
- A statement of negative assurance on items tested;
- A description of any material weakness found in the internal controls;
- A description of any non-compliance with the Authority’s own investment policies as well as applicable laws;
- Regulations and the Comptroller’s Investment Guidelines;
- A statement on any other material deficiency or reportable condition as defined by *Governmental Auditing Standards* identified during the audit not covered above; and
- Recommendations, if any, with respect to amendment of these Guidelines

Investment practices and controls will be subject to review and testing by internal auditors on a surprise basis at the discretion of the VP of Administration (who is also the Internal Controls Officer), President, CEO and/or the Board.

3.4. Written Contracts and Confirmations

A written confirmation shall be required for each investment transaction. However, the Authority shall not be required to enter into a formal written contract provided that the Authority’s oral instructions to its broker, dealer, agent, investment manager/advisor, or custodian with respect to such transactions are confirmed in writing at the earliest practicable moment.

3.5. Safekeeping and Custody

All investment securities purchased by the Authority or held as collateral on deposits or investments shall be held by a third-party custodian who may not otherwise be a counterparty to the investment transaction.

All securities shall be held in the name of the Authority and will be free and clear of any lien.

All investment transactions will be conducted on a delivery-vs.-payment basis. Payment for investments shall be made only upon receipt by the custodian of the physical security, or in the case of securities in book-entry form, when credited for the custodian’s account, which shall be segregated for the Authority’s sole use. The custodian shall issue a safekeeping receipt to the Authority listing the specific instrument, rate, maturity and other pertinent

information. On a monthly basis, the custodian will also provide reports that list all securities held for the Authority, the book value of holdings and the market value as of month-end.

The custodian may act on oral instructions from the CFO, Deputy Treasurer or investment advisor under the direction of the CFO. Such instructions are to be confirmed in writing immediately by an authorized signatory of the Authority.

Representatives of the custodian responsible for, or in any manner involved with, the safekeeping and custody process of the Authority shall be bonded in such a fashion as to protect the Authority from losses from malfeasance and misfeasance. If required by the Chief Financial Officer, appropriate Authority Officials may also be bonded in such a fashion.

3.6. Internal Controls

An operating procedures manual were developed to control all Authority investment activity. The manual is consistent with these Guidelines, shall be approved by the Chief Financial Officer, and shall include the following:

- the establishment and maintenance of a system of internal controls;
- methods for adding, changing or deleting information contained in the investment record, including a description of the document to be created and verification tests to be conducted;
- a data base or record incorporating descriptions and amounts of investments, transaction dates, interest rates, maturities, bond ratings, market prices and related information necessary to manage the portfolio; and,
- requirements for periodic reporting and a satisfactory level of accountability.

3.7. Notification Concerning Violations of Investment Guidelines

In the event that these Investment Guidelines are violated, the Chief Financial Officer shall be informed immediately and advised of any corrective action that should be taken, as well as the implication of such action.

4. QUALIFIED FINANCIAL INSTITUTIONS

4.1. Qualifications for Brokers, Dealers and Agents

The Authority's investment manager's Director of Treasury Operations and/or the Authority's Investment Manager shall maintain a list of broker/dealers that are approved for investment purposes ("Qualified Institutions"). Only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

- "primary" dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- registered as a dealer under the Securities Exchange Act of 1934;
- member in good standing of the Financial Industry Regulatory Authority (FINRA);
- registered to sell securities in the State; and,
- the firm and assigned broker have been engaged in the business of effecting transactions in U.S. Government and agency obligations for at least five (5) consecutive years.

When selecting trading partners, the Authority will also consider the firm's quality, size, and reliability, the Authority's prior experience with the firm, the firm's level of expertise and prior experience with respect to the contemplated transactions.

4.2. Qualifications for Investment Advisors/Managers

For the purpose of rendering investment management/advisory services to the Authority, the Authority may qualify any bank or trust company organized under the laws of any state of the United States of America, any national banking association, and any partnership, corporation, or person which is:

- Authorized to do business in the State as an investment manager/advisor; and
- Registered with the Securities & Exchange Commission under the Investment Advisor Act of 1940 or exempt from registration.

The Authority shall also consider the firm's capitalization, quality, size and reliability, the Authority's prior experience with the firm, the firm's level of expertise and prior experience with respect to the contemplated engagement.

4.3. Qualifications for Custodial Banks

To be eligible to hold Investment Securities purchased by the Authority or collateral securing its investments, a custodial bank shall be a member of the Federal Reserve Bank or maintain accounts with member banks to accomplish book-entry transfer of Investment Securities to the credit of the Authority. The custodian should not be the same party that is selling the Investment Securities. To be eligible to perform custodial services, the Chief Financial Officer must affirmatively find that the proposed custodial bank is financially sound. This shall be determined by review of the financial statements and credit ratings of the proposed custodial bank.

4.4. Ongoing Disclosure

All brokers, dealers and other financial institutions described in sections 4.1, 4.2, and 4.3 shall be provided with current copies of the Authority's Investment Guidelines. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the Authority has investment transactions.

4.5. Affirmative Action

Article 15-A of the Executive Law and 9 NYCRR Part 4.21 regarding affirmative action shall apply with respect to the Authority's investment activities. The Authority shall seek to utilize minority and women-owned financial firms in the conduct of the Authority's investment activities. Management reporting is required by the Authority in order to track compliance with policy guidelines, assess the performance of the portfolio and to inform appropriate management personnel.

5. REPORTING

5.1. Management Reporting

In order to manage the Investment Funds effectively and to provide Authority management with useful information, it is necessary for the Treasury Department to report reliable and timely information regarding the investment transactions that take place.

A Quarterly Management Report on the investment management program shall be prepared and presented to the CFO and the Authority's Board. The Quarterly Management Report shall include:

- An indication of all new investments;
- A portfolio inventory;
- Credit quality of each holding;

- Duration (or average maturity) of each fund;
- Mark-to-market valuations on investments and collateral; and
- A breakdown of the portfolio by counterparty.

An Annual Investment Report shall be submitted to the Authority's Board and filed with the State Division of the Budget, State Comptroller, State Senate Finance Committee, and State Assembly Ways and Means Committee. The Annual Investment Report shall include the following:

- The investment guidelines in compliance with Section 2925(3) of the Public Authorities Law and any amendments since last reported;
- An explanation of the investment guidelines and amendments;
- The results of the Annual Independent Audit (described in Section 3.3.);
- Investment income record of the Authority; and
- A list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and manager/advisor rendering investment associated services to the Authority since the date of the last investment report.

After approval of the report, it will be submitted or posted to:

- State Division of the Budget,
- State Department of Audit and Control,
- State Comptroller,
- State Public Authorities Information Reporting System (PARIS),
- Authority website, and
- The Chairmen and Ranking Minority Members of the Senate Finance Committee and Assembly Ways and Means Committee.

5.2. Performance Reporting

In order to ensure the effectiveness of the Authority's investment strategy, it is important to measure the performance of the portfolio. The performance measurement process can be broken into four categories:

- Investment benchmark – The Authority will continuously measure its performance against a benchmark having an average maturity comparable to the portfolios.
- Performance measurement – Each quarter the Authority must measure the performance of its investment portfolio versus its benchmark. By continuously measuring results against this standard benchmark, the Authority can determine a pattern of over/under performance.
- Identify sources of over/under performance – The Performance Reports distributed to the CFO must include information on the source of over/under performance.
- Disseminate results – Results shall be distributed to the CFO and the Board in a timely manner.

APPENDIX A – OPERATING CONTROLS

Distribution of the Investment Guidelines

The guidelines and all subsequent amendments, revisions and updates shall be distributed to Authority personnel per the approval of the Chief Financial Officer.

During the period in which the Authority retains an investment manager, the investment manager must also receive the investment guidelines and all amendments, updates, or revisions to insure compliance with the most current guidelines.

Exhibit –Investment Guidelines Distribution Matrix

Distribution List	Frequency
Board of Directors	As Necessary
Chief Financial Officer (“CFO”)	As Necessary
Controller	As Necessary
Deputy Treasurer	As Necessary

Roles and Responsibilities in Executing the Investment Guidelines

The roles and responsibilities for investment management at the Authority rest primarily with the Finance Department although other departments have important roles. The matrix below defines the roles and responsibilities of all parties involved in the execution of the Investment Guidelines.

Exhibit –Policy Roles & Responsibility Matrix

Roles	Responsibility	Frequency
Board of Directors	<ul style="list-style-type: none"> • Final Approval of the guidelines • Approval of exceptions to the guidelines (e.g. new investment types) • Approval of revisions to the guidelines 	<ul style="list-style-type: none"> • Annual • As necessary • As necessary
Chief Financial Officer (“CFO”)	<ul style="list-style-type: none"> • Approval of the guidelines • Approval of investment strategy • Approval of performance measurements • Approval of minor exceptions to the guidelines (i.e. amounts, maturities) 	<ul style="list-style-type: none"> • Annual • Annual • Ongoing • As necessary
Deputy Treasurer	<ul style="list-style-type: none"> • Serve as custodian of the guidelines • Develop investment strategy • Review investment strategy • Establish performance measurements • Distribution of guidelines and amendments • Annual review of guidelines • Oversight of investment activity • Invest funds as provided for in the guidelines • Keep abreast of developments in the markets • Review performance information • Management reporting 	<ul style="list-style-type: none"> • Ongoing • Annual • Ongoing • Ongoing • As necessary • Annual • Ongoing • Ongoing • Ongoing • Ongoing • Monthly • Daily, Weekly • Monthly

Assistant	<ul style="list-style-type: none"> • Collect performance information • Distribute performance information • Prepare Investment Instruction Letter 	<ul style="list-style-type: none"> • Quarterly • Quarterly • Ongoing
Investment Manager	<ul style="list-style-type: none"> • Develop investment strategy • Review investment strategy • Invest funds as provided for in the guidelines • Reporting investment portfolio 	<ul style="list-style-type: none"> • Annual • Ongoing • Ongoing • Daily, Weekly Quarterly

Segregation of Duties

The Authority requires adequate segregation of duties to prevent possible fraud, operational errors, misappropriation of funds, unauthorized trades, concealment of trades, and manipulation of accounting records. Personnel involved in risk monitoring activities should be segregated from risk taking (i.e. executing transactions).

Exhibit – Segregation of Duties Matrix

Activity to be Performed	Segregation Level
Trade Execution	Individuals who are authorized to execute transactions should not confirm and settle the trades or conduct account reconciliation activities.
Trade Confirmation	Individuals who conduct confirmations should not execute transactions.
Settlement – Disbursing and Receiving Funds	Individuals who handle cash settlement on the trades should not execute the trades. Cash settlement shall be transacted by any one of the authorized Authority signatories who did not participate in the trade execution. Only one signature is required due to the nature of the transaction, i.e., transfer of assets (including transfers in excess of \$25,000).
Account Reconciliation	Account reconciliation activities must be segregated from trade execution activities.

Management Reporting

Exhibit – Summary of Management Reporting

Report	Contents	Audience	Frequency
Management Report	Investment portfolio, mark-to-market valuations, collateral, counterparty breakdown	CFO, Board	Quarterly

Annual Investment Report	Investment Guidelines, explanation of Investment Guidelines & amendments, annual investment audit, annual investment income, total fees and commissions paid	CFO, Board (File with Division of the Budget, State Comptroller, State Finance Committee, Assembly Ways and Means Committee)	Annually
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Exhibit – Summary of Treasury Performance Reporting

Report	Contents	Audience	Frequency
Performance Report	Investment performance vs. benchmark variance analysis	CFO, Board	Quarterly

Operating Procedures

Operating procedures for the administration of the Authority’s investment program should include the following:

- Each disbursement of funds (and corresponding receipt of Investment Securities) or delivery of Investment Securities (and corresponding receipt of funds) shall be based upon proper written authorization. If the authorization is initially given orally, there shall be written or telegraphic confirmation from an authorized signatory of the Authority to the custodian;
- The process of initiating, reviewing and approving requests to buy and sell Investment Securities shall be documented and retained for audit purposes. Dealer limits should be established and reviewed regularly;
- Custodians must have prior authorization from the Authority to deliver obligations and collateral. All transactions must be confirmed in writing to the Authority. Delivery of obligations sold shall only be made upon receipt of funds;
- Custodial banks shall be required to report whenever activity has occurred in the Authority’s custodial account;
- There shall be at least monthly verification of both the principal amount and the market values of all investments and collateral. Appropriate listings shall be obtained from the custodian and compared against the Authority’s records;
- A record of investments shall be maintained. The records shall identify the Investment Security, the fund for which held, the place where kept, date of disposition and amount realized, and the market value and custodian of collateral;
- The establishment and maintenance of a system of internal controls;
- Methods for adding, changing or deleting information contained in the investment record, including a description of the documents to be created and verification tests to be conducted;
- A database of records incorporating descriptions and amounts of investments, transaction dates, interest rates, maturities, bond ratings, market prices, and related information necessary to manage the portfolio; and
- Requirements for periodic reporting and a satisfactory level of accountability.

The procedures below describe in more detail the methods employed by the investment officers (Treasurer and Deputy Treasurer) to formulate and initiate investment transactions and include the records and documentation used in processing an investment from the time of its initiation to the recording and reconciliation on the Authority’s accounting records.

1. The Treasurer, Deputy Treasurer or Investment Advisor maintains a schedule of all current investments and updates schedule on a timely (daily) basis as securities mature and/or new investments are initiated. A calendar of investment maturities is maintained and updated as chronological reminder (tickler file) or maturities.
2. All investments are initiated by the Investment Advisor via:
 - a. specific written investment instruction sent to the Trustee or
 - b. verbal investment instructions followed up by written confirmation
3. The Deputy Treasurer or Investment Advisor will initiate the investments by reviewing the investment schedule and calendar on a weekly basis to determine investments to be made over the following week based on Investment Guidelines and weekly working group meetings. All investments are available to review online on a real time (next day) basis.

The Treasurer, Deputy Treasurer and Investment Advisor considers many factors in forming investment decisions, such as:

- a. existing bond resolution requirements and conditions;
 - b. other existing agreements affecting investments/cash flow (i.e. Settlement Agreement; Agreement and Consent dated September 22, 1988, as amended, Agreement for Certain Payments, Lease Agreements etc.);
 - c. BPCA cash flow requirements and Investment Guidelines and Policies;
 - d. current and future market conditions (i.e. interest rates);
 - e. New York State Comptroller's Guidelines; and,
 - f. published market surveys, consultant reports, etc., relating to securities available, interest rates and investment strategies.
4. Copies of the bank trade confirmation letters sent to the Trustee Bank are digitally filed in the Treasury folder and monthly in a folder for each Bank account
 5. All investments are available to the President and others for review and discussed at Investment Committee meetings. A copy of the Investment Instructions Letter is retained in the Treasury folder and a copy is maintained in the bank reconciliation files

Documentation for securities purchased including the information as to brokers solicited for quotes shall be retained and filed by the Authority, the Trustee, and Investment Advisor. Corporate funds which are not invested are collateralized or insured by FDIC. Reconciliation of monthly Trustee statements are performed. This includes reconciliation of investment transactions, investment income, and portfolio holdings. Corresponding journal entries are subsequently posted to the Authority's general ledger. The BPCA Controller or Director of Financial Reporting initials and dates these reconciliations when reviewed to signify timely approval and completion.

6. Quarterly investment schedules are reviewed by the Investment Committee and made available to the Board. Investment schedules are audited by the Authority's public accountants at year end. The auditors request and receive confirmation of our cash and security holdings as of fiscal year end. In addition, the Authority's Internal Audit department periodically audits investments.

The procedures will be subjected to regular audits by internal and external auditors as required. Procedures are to be revised and updated on an annual basis and referenced in the Investment Policy and Procedure Statement, approved by the Members, in accordance with Section 2925(6) of the Public Authorities Law.

APPENDIX B

INVESTMENT REPORT - FYE OCTOBER 31, 2020

Investments

The Authority carries all investments at fair value. Inherent risks that could affect the Authority's ability to provide services and meet its obligations as they become due are reported in accordance with U.S. GAAP. The Authority's permitted investments include: (i) 100% U.S. government guaranteed securities (U.S. Treasury notes, bonds, strips, T-bills, Ginnie Mae securities); (ii) notes, bonds, debentures, and mortgages of U.S. government-sponsored agencies provided that its obligations receive the highest credit rating at the time of purchase from all rating agencies that rate the obligation; (iii) obligations of any corporation organized under the laws of any state in the United States maturing within 270 days provided that such obligations receive the highest rating of two independent rating services (commercial paper); (iv) municipal bonds issued by the State of New York, its counties, towns and cities and New York authorities; and (v) the general obligations of any state provided that such obligations receive the highest rating by at least one rating agency. The Organization maintains its cash in bank accounts that are fully collateralized or backed by the Federal Deposit Insurance Corporation ("FDIC") or letters of credit. All investments held in funds and accounts established in accordance with bond resolutions are held as trust assets by the trustee banks in the Authority's name. Total investments held by the Authority at October 31, 2020 and 2019, included within the statements of net position (deficit) as investments, corporate designated, escrowed and OPEB funds, bond resolution funds (see note 8) and residential lease required fund accounts, were as follows:

	October 31, 2020			October 31, 2019		
	Cost	Fair value	Weighted average maturity (years) (a)	Cost	Fair value	Weighted average maturity (years) (a)
U.S. Treasury securities:						
Treasury Bills	\$ 362,958,734	363,089,845	0.20	\$ 343,208,285	344,511,546	0.16
Treasury Bonds	78,024,170	80,306,380	3.45	75,021,743	74,786,480	3.26
Treasury Strips	2,478,639	2,624,746	4.24	343,043	363,566	5.26
Total U.S. Treasury securities	<u>443,461,543</u>	<u>446,020,971</u>		<u>418,573,071</u>	<u>419,661,592</u>	
Commercial paper	19,572,406	19,598,474	0.11	18,042,099	18,227,872	0.01
Federal agency securities	6,398,995	6,408,720	0.13	—	—	—
Federal agency mortgage backed securities	4,031,734	4,187,861	2.91	5,865,363	5,936,683	2.79
Municipal bonds	9,635,082	9,745,913	1.84	10,812,947	10,808,574	1.52
Supra National Agency	14,428,780	14,734,253	2.65	10,275,437	10,306,075	1.09
Total investments	<u>497,528,540</u>	<u>500,696,192</u>	0.87	<u>463,568,917</u>	<u>464,940,796</u>	0.74
Cash and cash equivalents	<u>45,387,330</u>	<u>45,387,330</u>		<u>56,878,028</u>	<u>56,878,028</u>	
Total investments	<u>\$ 542,915,870</u>	<u>546,083,522</u>		<u>\$ 520,446,945</u>	<u>521,818,824</u>	

(a) Portfolio weighted average effective duration

As of October 31, 2020 and 2019, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to \$116,093,394 and \$166,204,124 respectively.

The Authority's investment objectives for the portfolio are legal compliance, safety of principal, to meet liquidity requirements and to maximize legally allowable return.

Interest rate risk is the probability of loss on investments from future changes in interest rates, which can adversely affect their fair value. Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Effective duration takes into account the change in cash flow expectations of securities with embedded options such as callable bonds and mortgage-backed securities. The interest rate risk of the Authority's portfolio is measured according to effective duration.

Investments of amounts in funds and accounts established under the 2003 General Bond Resolution, and the 2009, 2013 and 2019 Revenue Bond Resolutions are presently restricted to obligations of the State, U.S. government and its agencies, or in any other obligations in which the Comptroller of the State of New York is authorized to invest pursuant to Section 98 of the State Finance Law.

Corporate-designated and escrowed funds represent funds designated by the Authority's Board of Directors for specific purposes such as budget reserves, the Special Fund (see note 12), project contingency reserves, restoration reserves, insurance reserves, and arbitrage reserves and funds designated for the payment of medical benefits to the Authority's retirees (OPEB funds).

Residential lease required funds represent funds held by the Authority in accordance with its residential leases. These funds are largely comprised of security and escrow deposits held by the Authority for the residential buildings.

Fees

There were no fees, commissions or other charges paid to investment bankers, brokers, agents, or dealers for rendering investment related services to the Authority during the fiscal year and all investments are competitively bid. Consultant fees in the amount of approximately \$350,000 were paid to PFM Asset Management LLC ("PFMAM" during the current fiscal year for professional money management advice to the Authority's Investment Committee. PFMAM utilizes a MWBE firm, Ramirez Asset Management, as a subcontractor to manage a portion of the investment portfolio and they are paid 30% of the contract value for these services.

APPENDIX C

YEAR IN REVIEW - FYE October 31, 2020

(Prepared by PFM Asset Management LLC)

Summary of Bond Market and Authority Portfolio Strategy

Annual Summary

The Authority's 2020 fiscal year started on a positive note, with U.S.-China trade tensions easing and the stock market rallying to new highs. The economic trajectory would soon change as the Coronavirus emerged as a global threat, derailing economic progress and forcing many nations into lockdown. World governments and central banks reacted swiftly with unprecedented amounts of fiscal and monetary stimulus. In the U.S., the Federal Reserve ("Fed") scheduled two emergency meetings in March and cut interest rates by 150 bps, to a range of 0.00% to 0.25%, and implemented several liquidity programs along with quantitative easing. The U.S. Government passed the CARES Act, providing much needed support to local governments, businesses, and individuals. The economy did plummet in response to shutdowns, but sharply rebounded, while major U.S. stock indices rallied back to end the year in positive territory. At the end of the fiscal year, investors were paying close attention to the upcoming Presidential election and closely monitoring progress for a COVID-19 vaccination.

Summary of Bond Market and Authority Portfolio Strategy

First Quarter: November 1, 2019 – January 31, 2020

Market Summary

The first quarter was characterized by moderate economic growth, strong job creation, elevated consumer confidence, and a robust housing market. Reescalation of the U.S.-China Trade War was a threat earlier in the quarter, until both sides agreed to a "Phase 1" trade deal in December. The agreement would reduce tariffs on Chinese and American goods for each counter party, increase the amount of U.S. agricultural products purchased from China, and commit China to improved intellectual property security. However, as the world entered 2020, the Coronavirus outbreak started to become a major concern, raising questions about the actual increase in trade in the short run. After three consecutive rate cuts in 2019, the Federal Reserve left interest rates unchanged at its January 2020 meeting, maintaining the target rate at 1.50% to 1.75%. U.S. equity markets rose to all-time highs during the quarter, with both the S&P 500 and NASDAQ returning over 30% for calendar year 2019.

Consumer spending and a notable decline in imports helped the U.S. economy grow 2.1% during the fourth quarter of 2019. Furthermore, the economy grew at 2.3% for the entire year, driven primarily by the consumer. Inflation cooled heading into 2020 as the core Personal Consumption Expenditure (PCE) index fell to 1.6%, below the Fed's 2% target. The U.S. labor market added 145,000 jobs in December, extending the streak of payroll gains to 10 years and making the 2010s the best decade for job growth in U.S. history. Overall, the economy added approximately 2.11 million jobs in 2019, down from 2.68 million jobs in 2018. The unemployment rate ended the quarter at 3.6%. On the manufacturing front, the ISM Manufacturing PMI survey remained in contractionary territory (below 50) and fell to its lowest level since 2009. Despite remaining below the 50 mark for six months, the indicator rebounded to end January at 50.9, signaling expansion.

Bond market yields were somewhat volatile during the quarter. The U.S. Treasury yield curve steepened during December as a stable Fed, abundant liquidity, and reduced trade risk stabilized U.S. rate outlooks. In January, however, there was a significant rally in U.S. Treasuries due to a flight to quality over emerging economic concerns, including the Coronavirus outbreak. By quarter-end, yields on 2-year Treasuries and longer declined by up to 21 bps (0.21%). The spread between 3-month and 10-year Treasuries ended January at -4 bps (-0.04%), signaling a slightly inverted yield curve.

Portfolio Strategy Recap

- Absolute performance for the Authority's longer-term funds was strong for the quarter. Relative to benchmarks, performance was generally in line with or exceeded benchmark returns as the portfolios continued realignment with the designated investment strategy during the quarter.
- The short-term portfolios performed in line with the benchmark for the quarter. Each portfolio continued to benefit from attractive spreads in high quality commercial paper. Consistent with historical patterns, the 2003 Pledged Revenue Fund experienced significant activity as intra-fund transfers were initiated.

Second Quarter: February 1, 2020 – April 30, 2020

Market Summary

The longest bull market in history ended during the second quarter, as equity prices and bond yields plummeted in response to the COVID-19 pandemic. On March 13th, President Trump declared a national emergency and locked down the country, following suit with many other western nations and countries around the world. Globally, central banks and governments rapidly responded with unprecedented monetary and fiscal policy support. The U.S. government passed the CARES Act in late March, providing more than \$2.2 trillion in fiscal support to local governments, businesses, and individuals battered by the pandemic. The legislation represented the largest emergency aid package in U.S. history, worth about 10% of U.S. GDP. Congress also passed the Paycheck Protections Program and Health Care Enhancement Act in April to provide \$484 billion in additional funding to replenish key programs under the CARES Act. The Federal Reserve responded by cutting interest rates by 150 bps (1.50%) to the 0.00% to 0.25% range, established several liquidity programs to reduce strains, and initiated unlimited quantitative easing. The Federal Reserve's balance sheet would inflate by over \$3.0 trillion as a result of its stimulus programs. The S&P 500 plummeted 34% peak-to-trough but quickly regained a third of its loss as a result of the extraordinary expansionary policies put in place.

The shutdown of many segments in the economy forced the U.S. into a recession, ending the longest bull market in U.S. history. The economy lost 20.5 million jobs in April, erasing most jobs added over the last decade, and pushed the unemployment rate up to 14.7%, the highest rate since the Great Depression. The number of Americans applying for unemployment benefits topped 30 million. The unprecedented amount of job losses, deteriorating consumer confidence, and shutdown of the economy led to a decrease in consumer spending. Consequently, U.S. GDP fell 4.8% in the first quarter of 2020—the lowest level since 2008. The service industry experienced a massive loss as box office sales and restaurant reservations fell to zero, while the airline industry saw 95% of daily travel volume vanish. The manufacturing PMI fell to 36.1 and the services PMI sank to 26.7, both well below 50, indicating unparalleled contraction.

Bond yields plunged in the wake of the Fed's rate cuts and broad flight-to-quality sentiment. The 3-month and 2-year Treasuries declined by 145 bps and 112 bps (1.14% and 1.12%), respectively, ending April at 0.10% and 0.20%. Yields on 10-year Treasuries fell by 87 bps (0.87%), closing the quarter at 0.64%.

Portfolio Strategy Recap

- The longer-term portfolios experienced strong absolute performance for the quarter but underperformed relative to benchmarks.
- U.S. Treasury performance led all investment-grade fixed income sectors. Diversification away from U.S. Treasury securities, which typically enhances returns, was a detractor to performance relative to the benchmarks.
- The credit sector underperformed U.S. Treasuries, as investment grade spreads widened and market values fell amid the unexpected, extreme flight-to-quality. Spreads began to normalize amid Fed stimulus, which added to performance relative to the benchmark, albeit not enough to surpass the strong performance of U.S. Treasuries during the quarter

- The 2003 Operating Fund also underperformed its benchmark due to a high commercial paper allocation. Commercial paper spreads also widened, leading to underperformance relative to Treasuries during the quarter.
- The 2003 Pledged Revenue Fund performed in-line with the benchmark. It experienced significant cash outflows during the quarter.

Third Quarter: May 1, 2020 – July 31, 2020

Market Summary

The COVID-19 pandemic continued to shape global markets and the economy during the third quarter. Broad lockdowns and stay-at-home orders were effective in initially slowing the spread of the virus. However, when social distancing measures eased in the warmer summer months, confirmed case counts spiked sharply higher as the virus picked up dangerous speed in certain states, namely California, Florida, and Texas. As a result of the uptick, expectations for further fiscal stimulus increased. The Fed spent much of the quarter mobilizing and refining its arsenal of emergency lending programs to provide liquidity and stabilize financial markets. The balance sheet swelled from \$4 trillion to \$7 trillion and included the first purchases of corporate bond exchange-traded funds and individual corporate bonds. The strong fiscal and monetary policy support combined with better-than-expected corporate earnings led to a historic rebound in equity markets. The S&P 500 turned positive for the year, after losing 34% of its value the previous quarter.

The final estimate of first quarter GDP showed that the U.S economy contracted 5.0%. However, second quarter GDP fell by a record amount of 31.4% year-over-year, as the pandemic-induced shutdown negatively affected businesses and lowered consumer spending. Record job losses were followed by record job gains, as 9.3 million jobs were added back to the economy from May to July. Consequently, the unemployment rate fell to 10.2%, still well above pre-COVID lows. Despite the decline in unemployment, initial and continuous jobless claims remained at high levels. On a positive note, retail sales and manufacturing data rebounded from lows to end the quarter.

U.S Treasury yields were relatively stable throughout the quarter. Longer-term Treasuries fell by 10 bps (0.10%), while intermediate-term yields, with maturities between 2- and 7-years, declined between 9 and 15 bps (0.09% to 0.15%). At quarter-end, the 3-month Treasury Bill yielded 0.09%, while the 10-year maturity remained at historic lows, yielding 0.53%.

Portfolio Strategy Recap

- The longer-term portfolios outperformed relative to their benchmarks, while the short-term portfolios performed in-line with the benchmark.
- U.S. Treasury performance continued to lead all investment-grade fixed income sectors. Diversification away from U.S. Treasury securities was additive, though most sectors continued to trail U.S. Treasuries.
- The 2003 Pledged Revenue Fund saw significant contributions during the quarter.

Fourth Quarter: August 1, 2020 – October 31, 2020

Market Summary

The COVID-19 pandemic continued to dominate headlines as the world passed the grim milestone of one million deaths. New case counts started to fall in the late summer months but started to rise again for a third time in late October into November, this time at rates not seen earlier in the pandemic. Furthermore, the country was preparing for a historic Presidential election amidst the virus. The Federal Reserve continued to acknowledge the “tremendous

human and economic hardship” and urged Congress to provide more stimulus. Fed policymakers also extended the time period of expected zero rates through 2023, and in a major policy shift, decided to seek “to achieve inflation that averages 2% over time,” further supporting that rates will be kept zero for longer.

The U.S. economy grew at a record 33.1% annual rate in the third quarter of 2020, recovering a significant portion of the economic loss from COVID-19 that sent the economy to a record contraction in the second quarter. The strong rebound was fueled by increased consumption, business and residential investment, and exports. Despite the strong bounce, economic output remained 3.5% below pre-pandemic levels. The labor market also showed steady signs of improvement as 2.8 million jobs were added over the quarter, pushing the unemployment rate down from 10.2% in July to 6.2% in October. Personal income and personal spending increased by 0.9% and 1.4%, respectively, while the manufacturing PMI and services PMI both finished October above the 50 mark, remaining in expansionary territory.

The U.S. Treasury yield curve steepened quarter-over-quarter due to better-than-projected economic data, large treasury issuance funding the record budget deficit, and increasing inflation expectations. The 3-month yield remained stable and finished the fiscal year at 0.09%. Intermediate-term yields between the 2-year and 5-year maturities moved up between 5 bps and 18 bps (0.05% - 0.18%). The 10-year and 30-year yields moved up by 35 bps (0.35%) and 47 bps (0.47%), ending the fiscal year at 0.88% and 1.66%, respectively.

Portfolio Strategy Recap

- The longer-term funds outperformed their benchmarks for the quarter and fiscal year, while the shorter-term funds performed in-line with their benchmark.
- Absolute returns for long-term funds were negatively impacted by higher rates and a steeper yield curve. Most fixed income sectors outperformed U.S. Treasuries during the quarter. Allocations to supra sovereign and municipal sectors were positive contributors to performance.
- The short-term funds were positioned in preparation for the new fiscal year. As a result, the 2003 Pledged Revenue account’s duration was shortened as the fiscal year closed.
- Commercial paper yields tightened significantly during the quarter, limiting its use in short-term portfolios.

Portfolio Performance Update

Absolute returns for the Authority’s short-term investment strategies were modest for the fiscal year. These strategies are largely driven by cash flow needs. For the fiscal year, both portfolios performed in-line with or slightly below the benchmark. Since inception, both portfolios outperformed the benchmark.

For the fiscal year, absolute returns were strong for the Authority’s longer-term portfolios. Most portfolios outperformed their respective benchmarks. Most notably, the BPCPC Operating Reserve Contingency outperformed by 27 bps (0.27%), while the Insurance Fund and the Operating Budget Reserve outperformed by 21 bps (0.21%) and 18 bps (0.18%), respectively. The sharp decline in U.S. Treasury yields during the fiscal year contributed to strong performance for the long-term portfolios.

	1 Year Ending October 31, 2020	3 Years Ending October 31, 2020	Since Inception
Long-Term Strategy:			
2003 Reserve Fund	4.09%	2.79%	3.25%
<i>BM: BAML 1-5 Year US Treasury Note Index</i>	4.14%	3.16%	3.22%
BPCPC Operating Reserve Contingency Insurance Fund	5.48%	3.69%	3.75%
Operating Budget Reserve	5.42%	3.67%	3.70%
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	5.39%	3.69%	3.83%
BPCA Other Post-Employment Benefits	5.21%	3.91%	3.51%
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	5.30%	3.95%	3.09%
BPCPC Other Post-Employment Benefits	5.21%	3.91%	2.91%
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	5.25%	3.96%	2.63%
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	5.21%	3.91%	2.68%
Short-Term Strategy:			
2003 Pledged Revenue	0.89%	1.62%	1.28%
2003 Project Operating Fund	0.75%	1.66%	1.29%
<i>BM: BAML 3 Month US Treasury Bill Index</i>	0.92%	1.66%	1.22%

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.
3. The total returns shown for periods longer than a year are the annualized returns for the stated period.
4. Performance for the 2003 Reserve Fund, BPCPC Operating Reserve Contingency, Insurance Fund, and Operating Budget Reserve were impacted in the 2nd and 3rd calendar quarters of 2019 by a temporary suspension of investment strategy in order to provide liquidity for the 2019 bond financing.
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 performance is calculated from January 31, 2008 to present.
 - Since inception performance for the BPCPC Other Post-Employment Benefits performance is calculated from February 12, 2010 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.



Hugh L. Carey Battery Park City Authority

Review of Investment Performance

Quarter Ended October 31, 2020

PFM Asset
Management LLC

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Corporate Center
Suite 270A
Ewing, NJ 08628

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pfm.com



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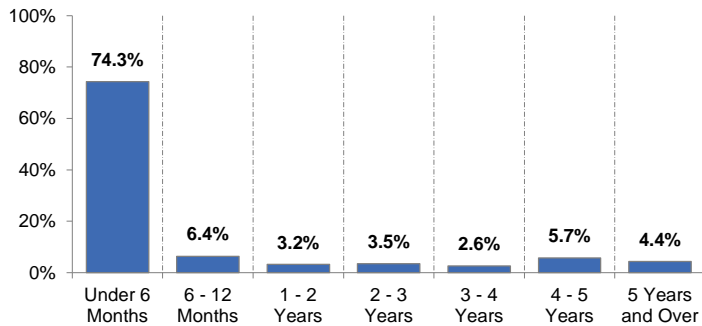
I. Executive Summary



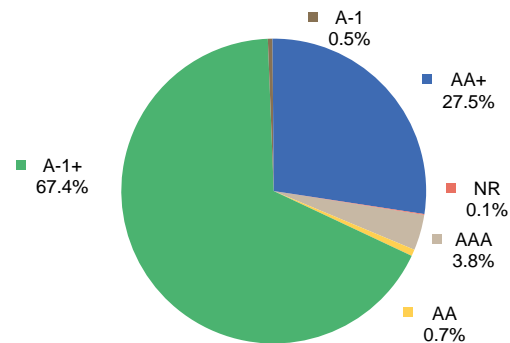
Aggregate Portfolio Composition and Credit Quality

Security Type ¹	October 31, 2020	% of Portfolio	Effective Duration	July 31, 2020	% of Portfolio	Effective Duration	QoQ Change (% of portfolio)
U.S. Treasuries	\$446,490,443	89.1%	0.82	\$488,746,521	86.5%	0.75	2.5%
Federal Agencies and Instrumentalities (non-MBS)	\$21,174,423	4.2%	1.89	\$26,790,965	4.7%	1.70	(0.5%)
Commercial Paper	\$19,598,474	3.9%	0.08	\$25,246,695	4.5%	0.21	(0.6%)
Municipals	\$9,797,076	2.0%	1.88	\$19,338,244	3.4%	0.98	(1.5%)
Government MBS	\$4,208,215	0.8%	2.94	\$4,631,300	0.8%	2.91	0.0%
Totals	\$501,268,631	100.0%	0.88	\$564,753,725	100.0%	0.80	

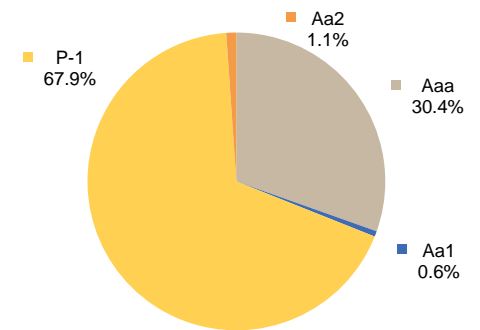
**Maturity Distribution
As of 10/31/2020**



**Credit Quality Distribution (S&P)
as of 10/31/2020**



**Credit Quality Distribution (Moody's)
as of 10/31/2020**



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.



Performance Overview – Total Return Strategies – October 31, 2020

	Past Quarter	Past 12 Months	Past 3-Years	Since Inception
Long-Term Strategy:				
2003 Reserve Fund	-0.14%	4.09%	2.79%	3.25%
<i>BM: BAML 1-5 Year US Treasury Note Index</i>	-0.16%	4.14%	3.16%	3.22%
BPCPC Operating Reserve Contingency Insurance Fund	-0.45%	5.48%	3.69%	3.75%
Operating Budget Reserve	-0.45%	5.42%	3.67%	3.70%
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	-0.41%	5.39%	3.69%	3.83%
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	-0.51%	5.21%	3.91%	3.51%
BPCA Other Post-Employment Benefits	-0.43%	5.30%	3.95%	3.09%
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	-0.51%	5.21%	3.91%	2.91%
BPCPC Other Post-Employment Benefits	-0.46%	5.25%	3.96%	2.63%
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	-0.51%	5.21%	3.91%	2.68%
Short-Term Strategy:				
2003 Pledged Revenue	0.03%	0.89%	1.62%	1.28%
2003 Project Operating Fund	0.03%	0.75%	1.66%	1.29%
<i>BM: BAML 3 Month US Treasury Bill Index</i>	0.03%	0.92%	1.66%	1.22%

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. Performance of the highlighted portfolios was impacted in the 2nd and 3rd calendar quarters of 2019 by a temporary suspension of investment strategy in order to provide liquidity for the 2019 bond financing."
3. 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
4. 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.
5. Since inception performance for the 'BPCA Other Post Employment Benefits' is calculated from January 31, 2008 to present.
6. Since inception performance for the 'BPCPC Other Post Employment Benefits' is calculated from February 12, 2010 to present.



Portfolio Recap – Market Drivers

Economy

- ◆ Global health crisis: Coronavirus restrictions were gradually eased throughout the U.S. but were followed by regional hot spots of infection, reminding people of how long the virus may linger.
- ◆ U.S. second quarter GDP plunged by a record annualized rate of 31.7%. For context, GDP fell by 8.4% during the height of the 2008 financial crisis. However, other economic indicators were surprisingly strong and recovered at a faster pace than originally expected, leading various economists to pull forward the expected timeframe for recovery.
- ◆ The labor market has shown steady improvements with the number of Americans filing weekly for unemployment benefits falling to 751,000, the lowest mark since mid-March. October's jobs report was solid, albeit less robust than the prior month's report. The U.S. economy added 661,000 jobs, and the jobless rate fell to 6.9%.

Federal Reserve

- ◆ The Federal Reserve (Fed) continued to play a large role in supporting financial market stability. The central bank reaffirmed its ongoing support of many bond market sectors through its continuing purchase and liquidity programs, and it extended the expiration date of many of its lending facilities. The Fed also extended its forward guidance regarding zero short-term interest rates through 2023.

U.S. Treasury Yields

- ◆ The U.S. Treasury yield curve steepened due to better-than-projected economic data, large treasury issuance funding the record budget deficit, and increasing inflation expectations. The yield on shorter tenors remained relatively unchanged and anchored near zero, while the yield on longer tenors (greater than two years) moved noticeably higher.



Portfolio Recap – Performance & Cash Flows

Longer-Term Funds

- Long-term portfolios outperformed benchmarks for the quarter and the fiscal year. Contributors to outperformance include the portfolios' modestly short duration position and improvements in the municipal and supra sovereign sectors
- Absolute returns were negatively impacted by higher rates and a steeper yield curve. The yield difference between the 2-year and 10-year Treasury widened from approximately 57 basis points (0.57%) to almost 70 basis points (0.70%)
- Most fixed income sectors outperformed Treasuries during the quarter. Allocations to the supra sovereign and municipal sectors were positive contributors to performance

Short-Term Funds

- The Operating Fund and Pledged Revenue portfolio performed in-line with the benchmark for the quarter and fiscal year
- Short-term portfolios were positioned in preparation for the new fiscal year. As a result, the Pledged Revenue portfolio's duration was shortened as the fiscal year closed
- Commercial paper yields tightened significantly during the quarter limiting the use in short-term portfolios. We continue to monitor this sector and will look for opportunities to add exposure if conditions change



Investment Guidelines Compliance

Compliance Issuer Check						
Issuer	Actual (%)	Actual (\$)	IPS Limit	S&P Rating	Moody's Rating	Check
U.S. Treasury	89.07%	446,490,443	100%	AA+	Aaa	OK
Toyota Motor Credit Corporation	1.99%	9,998,550	5%	A-1+	P-1	OK
Fannie Mae	1.38%	6,936,044	\$250,000,000	AA+	Aaa	OK
International Bank of Recon and Development	1.15%	5,775,993	-	AAA	Aaa	OK
Pfizer Inc.	0.89%	4,465,745	5%	A-1+	P-1	OK
Asian Development Bank	0.81%	4,049,196	-	AAA	Aaa	OK
New York City	0.70%	3,509,643	10%	AA	Aa2	OK
International American Development Bank	0.61%	3,048,072	-	AAA	Aaa	OK
New York City Transitional Finance Authority	0.60%	2,983,218	10%	AAA	Aa1	OK
JP Morgan	0.49%	2,449,893	5%	A-1	P-1	OK
Ginnie Mae	0.39%	1,935,794	\$250,000,000	AA+	Aaa	OK
African Development Bank	0.38%	1,892,315	-	AAA	Aaa	OK
Apple Inc	0.35%	1,734,818	5%	A-1+	P-1	OK
Small Business Administration	0.30%	1,506,957	100%	AA+	Aaa	OK
New York State	0.23%	1,161,234	10%	AA+	Aa2	OK
Salt River Project	0.19%	949,468	5%	A-1+	P-1	OK
Maryland State	0.14%	713,944	10%	AAA	Aaa	OK
Delaware State	0.11%	542,748	10%	AAA	Aaa	OK
NY State Dorm Authority	0.08%	424,761	10%	NR	Aa2	OK
New York State Development Corporation	0.07%	357,828	10%	AA+	Aa2	OK
Freddie Mac	0.05%	238,266	\$250,000,000	AA+	Aaa	OK
Babylon, Town of	0.02%	103,699	10%	AA+	Aaa	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.



Change in Value – Total Return Accounts

Account Name	Beginning Period Value ¹	(+/-)	Net Transfers ²	(+/-)	Change in Value	=	Ending Period Value ¹
Longer Term Investment Strategy							
2003 Reserve Fund	\$35,116,031		\$0		(\$65,195)		\$35,050,836
BPCPC Operating Reserve Contingency	\$14,709,807		\$12,539		(\$66,603)		\$14,655,743
Insurance Fund	\$6,324,416		\$0		(\$28,626)		\$6,295,790
Operating Budget Reserve	\$10,746,028		\$10,000,000		(\$46,412)		\$20,699,616
BPCA Other Post-Employment Benefits	\$28,319,227		\$0		(\$122,864)		\$28,196,363
BPCPC Other Post-Employment Benefits	\$14,877,993		\$0		(\$67,956)		\$14,810,037
Subtotal	\$110,093,502		\$10,012,539		(\$397,656)		\$119,708,385
Shorter Term Investment Strategy							
2003 Pledged Revenue	\$192,405,846		\$16,272,286		\$64,212		\$208,742,343
2003 Project Operating Fund	\$7,960,254		(\$3,846)		\$2,096		\$7,958,504
Subtotal	\$200,366,100		\$16,268,439		\$66,308		\$216,700,847
Total	\$310,459,602		\$26,280,978		(\$331,348)		\$336,409,232

Notes:

1. Beginning Period Value is as of July 31, 2020 and Ending Period Value is as of October 31, 2020. 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 ¹	(+/-) Net Transfers ²	(+/-) Change in Value	=	Ending Period Value ¹
PFM Asset Management Accounts					
Corporate Funds	\$851,240	\$0	\$281		\$851,521
2000 Arbitrage Rebate	\$835,383	\$0	\$208		\$835,590
1993 Unpledged Revenue	\$10,507,481	\$3,779,001	\$3,037		\$14,289,519
2003 Residual Fund	\$1,091,329	\$3,534	\$259		\$1,095,122
Joint Purpose Fund	\$41,701,477	(\$41,323,443)	\$3,623		\$381,657
Special Fund	\$965,506	\$0	\$240		\$965,746
BPCPC Operating Reserve	\$1,040,491	\$0	\$283		\$1,040,774
BPCA Goldman Sachs Liberty Contribution Fund	\$1,438	\$0	\$0		\$1,438
BPCA Series 2009A Project Costs	\$563,122	(\$19,167)	\$132		\$544,087
BPCA Series 2009B Project Costs	\$82	\$0	\$0		\$82
BPCA Insurance Advance	\$704	\$0	\$0		\$704
BPCA2013ACDE Proj Cost Sub AC	\$13,497,409	(\$204,590)	\$3,634		\$13,296,454
BPCA Pier A Reserve Fund	\$996,179	\$0	\$248		\$996,427
BPCA Subordinated Pmt Acct	\$0	\$0	\$0		\$0
BPCA 2019A Comm Ctr SB Proj	\$4,948,117	(\$868,260)	\$2,233		\$4,082,090
BPCA 2019A Sustainable Proj	\$67,314,889	(\$5,287,227)	\$18,817		\$62,046,480
BPCA 2019ABCDE COI	\$5,628	\$0	\$0		\$5,628
BPCA 2019BDE Project	\$9,177,353	(\$17,887)	\$1,781		\$9,161,246
BPCA 2019C Pier A SB Proj	\$3,550,518	\$0	\$1,660		\$3,552,178
Subtotal	\$157,048,347	(\$43,938,039)	\$36,437		\$113,146,744

Notes:

1. Beginning Period Value is as of July 31, 2020 and Ending Period Value is as of October 31, 2020. 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 ¹	(+/-)	Net Transfers ²	(+/-)	Change in Value	=	Ending Period Value ¹
Ramirez Asset Management Accounts							
Liberty Terr Mariners Cove-K	\$304,967		\$0		\$59		\$305,025
Liberty House Mariners J	\$249,477		\$0		\$48		\$249,524
Rector Park L	\$34,735		\$0		\$7		\$34,742
Hudson View W Towers G	\$175,643		\$0		\$34		\$175,677
Hudson Towers E/F	\$213,605		\$0		\$41		\$213,646
Hudson View Towers C	\$188,548		\$0		\$36		\$188,584
Liberty Ct Mariners Cove B	\$622,633		\$0		\$130		\$622,763
Millenium	\$3,758,919		\$0		(\$2,565)		\$3,756,353
Liberty Battery Place Assoc 4	\$449,051		\$0		\$86		\$449,137
South Cove Assoc 11	\$407,819		\$0		\$78		\$407,898
Soundings Rector Park A	\$218,246		\$0		\$42		\$218,288
The Regatta Site 10	\$497,794		\$0		\$105		\$497,898
Debt Service Junior Payments	\$27,051,440		(\$3,575,056)		\$6,151		\$23,482,536
2003 Debt Service Senior Payments	\$44,638,622		\$0		\$12,150		\$44,650,772
BPCA Millenium Tower Security Fund 2A	\$3,139,171		\$0		(\$1,922)		\$3,137,249
BPCA S 16/17 Riverhouse Security Fund	\$6,669,795		\$0		(\$3,864)		\$6,665,931
BPCA Visionaire Security Fund	\$4,061,840		\$0		\$1,354		\$4,063,195
BPCA Pier A Security Deposit Account	\$426,882		\$0		\$82		\$426,964
BPCA One Rector Park Security Fund	\$996,156		\$0		(\$2,155)		\$994,002
BPCA Rector Square Security Fund Site D	\$229,600		\$0		\$44		\$229,644
BPCA WFC Tower C Retail Rent Escrow	\$258,883		\$0		\$49		\$258,933
BPCA River & Warren Sec Fund - Site 19A	\$6,142,317		\$0		(\$5,613)		\$6,136,704
BPCA North Cove Marina Security Fund	\$53,155		\$0		\$10		\$53,165
Subtotal	\$100,789,300		(\$3,575,056)		\$4,386		\$97,218,630

Notes:

1. Beginning Period Value is as of July 31, 2020 and Ending Period Value is as of October 31, 2020. Beginning Period Value and Ending Period Value equal market values of portfolio holdings plus accrued interest and cash balance.
2. Net Transfers represent the total portfolio contributions and withdrawals during the quarter.



II. Summary of Aggregate Portfolio



Aggregate Portfolio Issuer Breakdown

Security Type	October 31, 2020	% of Portfolio	July 31, 2020	% of Portfolio	QoQ % Change
United States Treasury²					
U.S. Treasury	\$446,490,443	89.1%	\$488,746,521	86.5%	2.5%
Ginnie Mae	\$1,935,794	0.4%	\$2,225,343	0.4%	(0.0%)
Small Business Administration	\$1,506,957	0.3%	\$1,589,734	0.3%	0.0%
Federal Agencies and Instrumentalities^{2,3}					
Freddie Mac	\$238,266	0.0%	\$261,145	0.0%	0.0%
Fannie Mae	\$6,936,044	1.4%	\$11,757,368	2.1%	(0.7%)
Federal Home Loan Bank	\$0	0.0%	\$719,990	0.1%	(0.1%)
International Bank of Recon and Development	\$5,775,993	1.2%	\$5,813,800	1.0%	0.1%
International American Development Bank	\$3,048,072	0.6%	\$3,077,540	0.5%	0.1%
Asian Development Bank	\$4,049,196	0.8%	\$4,071,680	0.7%	0.1%
African Development Bank	\$1,892,315	0.4%	\$1,905,665	0.3%	0.0%
Commercial Paper²					
JP Morgan	\$2,449,893	0.5%	\$2,448,654	0.4%	0.1%
Toyota Motor Credit Corporation	\$9,998,550	2.0%	\$11,619,362	2.1%	(0.1%)
Apple Inc	\$1,734,818	0.3%	\$1,733,817	0.3%	0.0%
Pfizer Inc.	\$4,465,745	0.9%	\$4,463,477	0.8%	0.1%
Salt River Project	\$949,468	0.2%	\$4,273,718	0.8%	(0.6%)
MetLife Funding Inc	\$0	0.0%	\$707,668	0.1%	(0.1%)
Municipal Issuers²					
New York City	\$3,509,643	0.7%	\$5,204,016	0.9%	(0.2%)
New York City Transitional Finance Authority	\$2,983,218	0.6%	\$4,473,187	0.8%	(0.2%)
NY State Dorm Authority	\$424,761	0.1%	\$433,127	0.1%	0.0%
New York State	\$1,161,234	0.2%	\$1,174,231	0.2%	0.0%
Delaware State	\$542,748	0.1%	\$555,966	0.1%	0.0%
Babylon, Town of	\$103,699	0.0%	\$102,869	0.0%	0.0%
New York State Development Corporation	\$357,828	0.1%	\$365,582	0.1%	0.0%
Maryland State	\$713,944	0.1%	\$2,008,872	0.4%	(0.2%)
Georgia State	\$0	0.0%	\$507,702	0.1%	(0.1%)
Port Authority of NY/NJ	\$0	0.0%	\$414,825	0.1%	(0.1%)
Texas State	\$0	0.0%	\$4,097,867	0.7%	(0.7%)
TOTAL	\$501,268,631	100.0%	\$564,753,725	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%.
- Federal Agencies and Instrumentalities includes Mortgage-Backed Securities.



Portfolio Value – Total Return Accounts

Longer Term Investment Strategy	October 31, 2020			July 31, 2020			
	Market Value	Effective Duration	% of Total Portfolio	Market Value	Effective Duration	% of Total Portfolio	QoQ % Change
2003 Reserve Fund	\$35,027,979	2.72	7.0%	\$35,076,320	2.78	6.2%	0.8%
BPCPC Operating Reserve Contingency	\$14,650,910	3.64	2.9%	\$14,702,066	3.54	2.6%	0.3%
Insurance Fund	\$6,294,081	3.60	1.3%	\$6,322,260	3.61	1.1%	0.1%
Operating Budget Reserve	\$20,697,106	1.87	4.1%	\$10,739,850	3.56	1.9%	2.2%
BPCA Other Post-Employment Benefits	\$28,191,292	3.48	5.6%	\$28,312,451	3.48	5.0%	0.6%
BPCPC Other Post-Employment Benefits	\$14,808,257	3.53	3.0%	\$14,872,349	3.49	2.6%	0.3%
Subtotal Longer Term Investment Strategy	\$119,669,625	3.01	23.9%	\$110,025,296	3.28	19.5%	4.4%
Short Term Investment Strategy							
2003 Pledged Revenue	\$206,100,793	0.09	41.1%	\$190,375,682	0.29	33.7%	7.4%
2003 Project Operating Fund	\$7,957,770	0.18	1.6%	\$7,959,675	0.08	1.4%	0.2%
Subtotal Short Term Investment Strategy	\$214,058,564	0.10	42.7%	\$198,335,356	0.28	35.1%	7.6%
Subtotal of Total Return Accounts	\$333,728,189	1.14	66.6%	\$308,360,653	1.35	54.6%	12.0%

Notes:

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



Portfolio Value – Other BPCA Accounts

	October 31, 2020			July 31, 2020			QoQ % Change
	Market Value	Effective Duration	% of Total Portfolio	Market Value	Effective Duration	% of Total Portfolio	
Corporate Funds	\$850,645	0.41	0.2%	\$850,364	0.62	0.2%	0.0%
2000 Arbitrage Rebate	\$834,970	0.06	0.2%	\$834,994	0.00	0.1%	0.0%
1993 Unpledged Revenue	\$14,184,962	0.09	2.8%	\$10,506,491	0.31	1.9%	1.0%
2003 Residual Fund	\$1,094,961	0.06	0.2%	\$1,090,973	0.00	0.2%	0.0%
Joint Purpose Fund	\$381,620	0.87	0.1%	\$41,700,704	0.00	7.4%	(7.3%)
Special Fund	\$964,966	0.06	0.2%	\$964,993	0.00	0.2%	0.0%
BPCPC Operating Reserve	\$1,039,588	0.03	0.2%	\$1,039,925	0.25	0.2%	0.0%
BPCA Series 2009A Project Costs	\$543,865	0.27	0.1%	\$562,908	0.14	0.1%	0.0%
BPCA Series 2009B Project Costs	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA2013ACDE PROJ COST SUB AC	\$13,295,664	0.19	2.7%	\$13,495,915	0.06	2.4%	0.3%
BPCA PIER A RESERVE FUND	\$995,965	0.06	0.2%	\$995,993	0.00	0.2%	0.0%
BPCA SUBORDINATED PAYMENT ACCOUNT	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA 2019A Comm Ctr SB Proj	\$4,079,539	0.36	0.8%	\$4,947,907	0.36	0.9%	(0.1%)
BPCA 2019A Sustainable Proj	\$62,040,234	0.30	12.4%	\$67,310,684	0.37	11.9%	0.5%
BPCA 2019ABCDE COI	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA 2019BDE Project	\$9,160,363	0.30	1.8%	\$9,175,300	0.35	1.6%	0.2%
BPCA 2019C Pier A SB Proj	\$3,550,935	0.31	0.7%	\$3,549,974	0.00	0.6%	0.1%
Liberty Terr Mariners Cove-K	\$304,739	0.73	0.1%	\$304,926	0.25	0.1%	0.0%
Liberty House Mariners J	\$248,787	0.73	0.0%	\$248,940	0.25	0.0%	0.0%
Rector Park L	\$33,971	0.72	0.0%	\$33,992	0.25	0.0%	0.0%
Hudson View W Towers G	\$174,850	0.73	0.0%	\$174,958	0.25	0.0%	0.0%
Hudson Towers E/F	\$212,818	0.73	0.0%	\$212,948	0.25	0.0%	0.0%
Hudson View Towers C	\$187,839	0.72	0.0%	\$187,955	0.25	0.0%	0.0%
Liberty Ct Mariners Cove B	\$622,270	0.74	0.1%	\$622,077	0.31	0.1%	0.0%
Millenium	\$3,755,870	0.65	0.7%	\$3,758,825	0.27	0.7%	0.1%
Liberty Battery Place Assoc 4	\$448,616	0.73	0.1%	\$448,891	0.25	0.1%	0.0%
South Cove Assoc 11	\$407,651	0.72	0.1%	\$406,902	0.25	0.1%	0.0%
Soundings Rector Park A	\$217,814	0.72	0.0%	\$217,947	0.25	0.0%	0.0%
The Regatta Site 10	\$497,277	0.74	0.1%	\$496,953	0.32	0.1%	0.0%
Debt Service Junior Payments	\$17,665,482	0.49	3.5%	\$25,639,507	0.22	4.5%	(1.0%)
2003 Debt Service Senior Payments	\$7,783,008	0.48	1.6%	\$44,638,022	0.23	7.9%	(6.4%)
BPCA Millenium Tower Security Fund 2A	\$3,137,048	0.65	0.6%	\$3,138,945	0.26	0.6%	0.1%
BPCA S 16/17 Riverhouse Security Fund	\$6,664,909	0.63	1.3%	\$6,669,430	0.29	1.2%	0.1%
BPCA Visionaire Security Fund	\$4,062,958	0.66	0.8%	\$4,061,600	0.25	0.7%	0.1%
BPCA Pier A Security Deposit Account	\$426,635	0.73	0.1%	\$425,897	0.25	0.1%	0.0%
BPCA One Rector Park Security Fund	\$993,319	0.67	0.2%	\$995,933	0.30	0.2%	0.0%
BPCA Rector Square Security Fund Site D	\$228,804	0.73	0.0%	\$228,945	0.25	0.0%	0.0%
BPCA WFC TOWER C RETAIL RENT ESCROW	\$258,778	0.73	0.1%	\$257,938	0.25	0.0%	0.0%
BPCA RIVER & WARREN SEC FUND - SITE 19	\$6,135,769	0.62	1.2%	\$6,141,431	0.30	1.1%	0.1%
BPCA NORTH COVE MARINA SECURITY FUNI	\$52,954	0.73	0.0%	\$52,987	0.25	0.0%	0.0%
Subtotal of Other BPCA Accounts	\$167,540,443	0.36	33.4%	\$256,393,073	0.23	45.4%	(12.0%)

Notes:

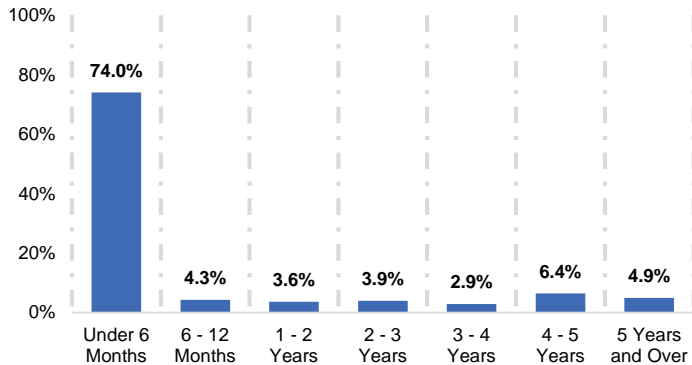
1. "Market Value" includes accrued interest but does not include cash balances held at the bank.
2. Highlighted funds are managed by Ramirez Asset Management ("RAM"). Market values for these funds are provided by RAM.



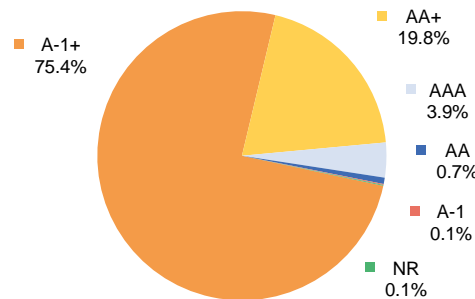
Aggregate Portfolio Summary: PFM Asset Management

Security Type ¹	October 31, 2020	% of Advisor	% of Total Portfolio	Effective Duration	July 31, 2020	% of Advisor	% of Total Portfolio	Effective Duration	QoQ Change (% of Advisor)
U.S. Treasuries	\$397,786,265	89.0%	79.4%	0.85	\$406,632,447	87.4%	72.0%	0.90	1.7%
Federal Agencies and Instrumentalities (non-MBS)	\$21,034,714	4.7%	4.2%	1.90	\$26,650,346	5.7%	4.7%	1.71	(1.0%)
Commercial Paper	\$16,669,064	3.7%	3.3%	0.08	\$18,993,907	4.1%	3.4%	0.28	(0.4%)
Municipals	\$7,098,060	1.6%	1.4%	2.44	\$8,533,670	1.8%	1.5%	2.22	(0.2%)
Government MBS	\$4,158,364	0.9%	0.8%	2.95	\$4,577,409	1.0%	0.8%	2.94	(0.1%)
Totals	\$446,746,467	100%	89.1%	0.92	\$465,387,777	100.0%	82.4%	0.97	

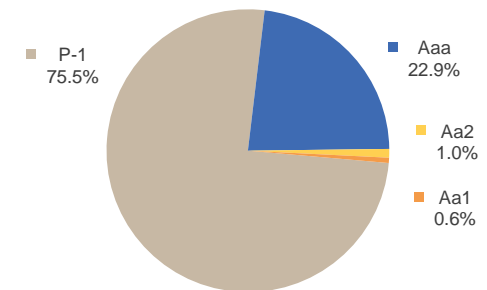
Maturity Distribution as of 10/31/2020



Credit Quality (S&P) as of 10/31/2020



Credit Quality (Moody's) as of 10/31/2020



Notes:

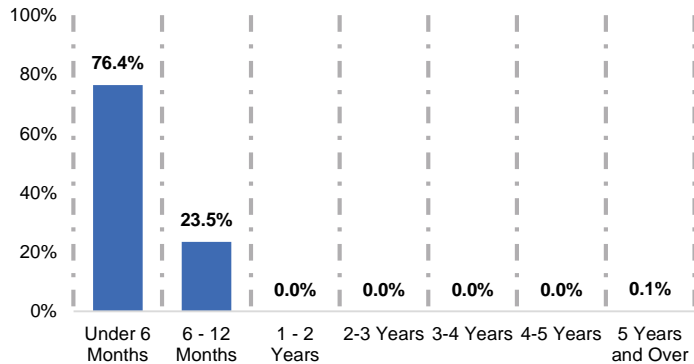
- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.
- NR holdings are not rated by S&P, but rated by Moody's and are in compliance with BPCA's investment policy.



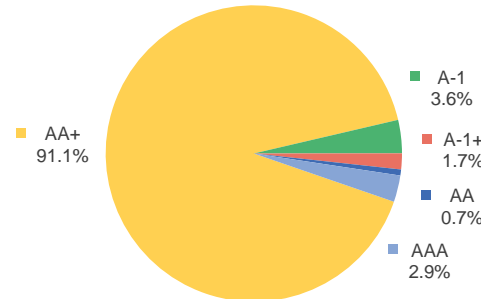
Aggregate Portfolio Summary: Ramirez Asset Management

Security Type ¹	October 31, 2020	% of Advisor	% of Total Portfolio	Effective Duration	July 31, 2020	% of Advisor	% of Total Portfolio	Effective Duration	QoQ Change (% of Advisor)
U.S. Treasuries	\$48,704,179	89.3%	9.7%	0.61	\$82,114,074	82.6%	14.5%	0.25	6.7%
Federal Agencies and Instrumentalities (non-MBS)	\$139,709	0.3%	0.0%	0.93	\$140,620	0.1%	0.0%	1.18	0.1%
Commercial Paper	\$2,929,410	5.4%	0.6%	0.08	\$6,252,788	6.3%	1.1%	0.17	(0.9%)
Municipals	\$2,699,016	5.0%	0.5%	0.39	\$10,804,574	10.9%	1.9%	0.24	(5.9%)
Government MBS	\$49,851	0.1%	0.0%	2.36	\$53,891	0.1%	0.0%	2.32	0.0%
Totals	\$54,522,165	100%	10.9%	0.58	\$99,365,948	100.0%	17.6%	0.24	

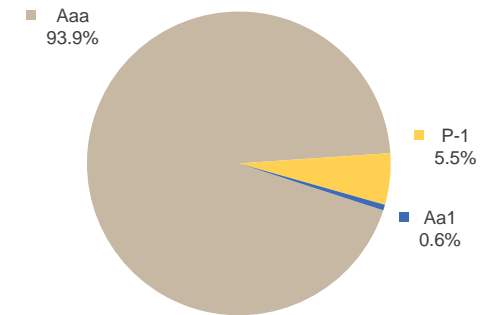
Maturity Distribution as of 10/31/2020



Credit Quality (S&P) as of 10/31/2020



Credit Quality (Moody's) as of 10/31/2020



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.



Portfolio Earnings – PFM-Managed Accounts

	Portfolio Earnings	
	<i>Quarter-Ended October 31, 2020</i>	
	<u>Market Value Basis</u>	<u>Accrual (Amortized Cost) Basis</u>
Beginning Value - July 2020	\$464,736,288	\$459,468,198
Net Purchases (Sales)	(\$17,709,163)	(\$17,709,163)
Change in Value	(\$833,845)	\$75,598
Ending Value - October 2020	\$446,193,280	\$441,834,633
Interest Earned	\$534,718	\$534,718
Portfolio Earnings	(\$299,126)	\$610,317

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

	Portfolio Earnings	
	<i>Quarter-Ended October 31, 2020</i>	
	<u>Market Value Basis¹</u>	<u>Accrual (Amortized Cost) Basis²</u>
Beginning Value - July 2020	\$99,161,584	\$99,194,094
Net Purchases (Sales)	(\$44,615,996)	(\$44,615,996)
Change in Value	(\$42,675)	(\$60,233)
Ending Value - October 2020	\$54,502,913	\$54,517,865
Net Income ³	\$70,087	\$70,087
Portfolio Earnings	\$27,412	\$9,854

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.

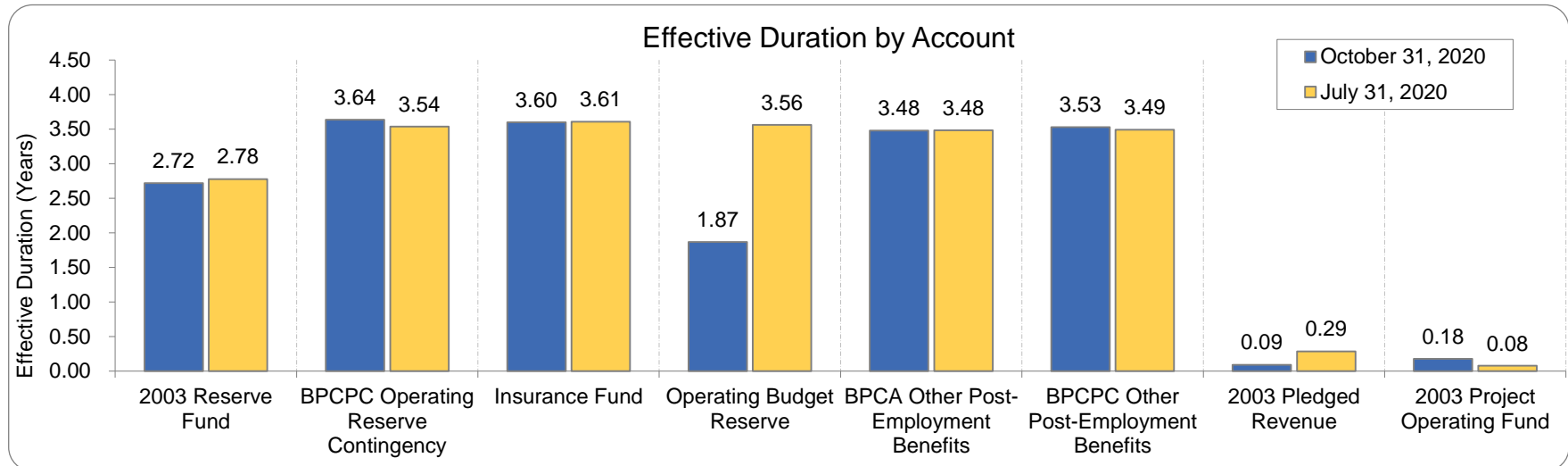


III. Total Return Performance Attributes



Total Return Portfolio Attributes

Yields	Effective Duration (in years)		Yield To Maturity - At Market		Yield To Maturity - On Cost	
	October 31, 2020	July 31, 2020	October 31, 2020	July 31, 2020	October 31, 2020	July 31, 2020
Longer Term Investment Strategy						
2003 Reserve Fund	2.72	2.78	0.39%	0.33%	1.54%	1.57%
BPCPC Operating Reserve Contingency	3.64	3.54	0.50%	0.47%	1.71%	1.78%
Insurance Fund	3.60	3.61	0.39%	0.32%	1.68%	1.72%
Operating Budget Reserve	1.87	3.56	0.28%	0.42%	0.91%	1.75%
BPCA Other Post-Employment Benefits	3.48	3.48	0.43%	0.36%	1.93%	1.96%
BPCPC Other Post-Employment Benefits	3.53	3.49	0.44%	0.37%	1.91%	1.95%
Short Term Investment Strategy						
2003 Pledged Revenue	0.09	0.29	0.09%	0.12%	0.13%	0.19%
2003 Project Operating Fund	0.18	0.08	0.08%	0.13%	0.09%	0.15%





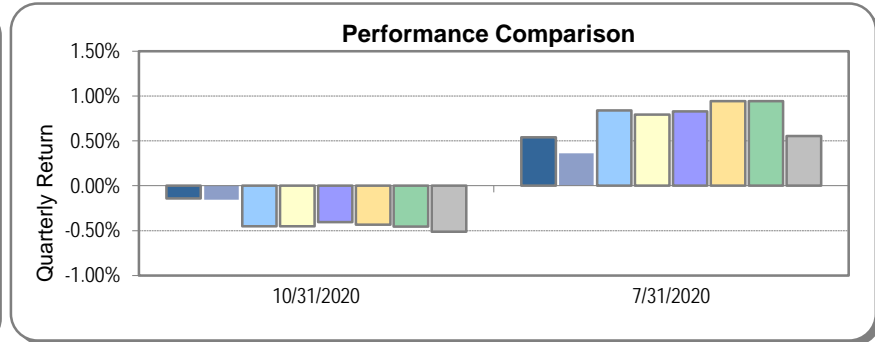
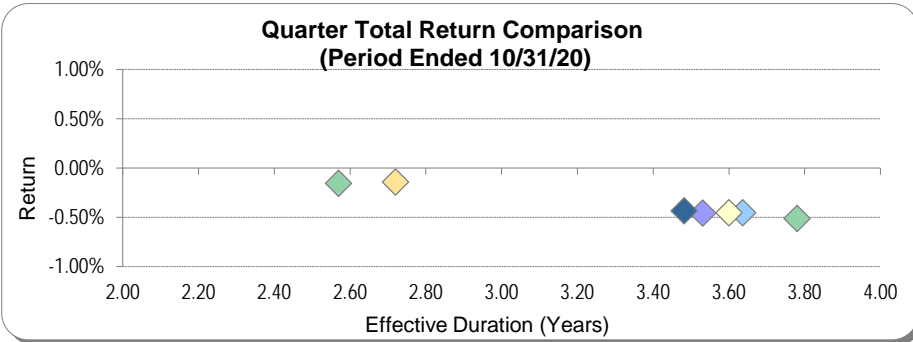
Portfolios Managed with a Longer-Term Investment Strategy



Longer-Term Investment Strategy

Total Return ^{1,2,4,5}	October 31, 2020	Annualized Since Inception
2003 Reserve Fund	(0.14%)	3.25%
BM: BAML 1-5 Year US Treasury Note Index	(0.16%)	3.22%
BPCPC Operating Reserve Contingency	(0.45%)	3.75%
Insurance Fund	(0.45%)	3.70%
Operating Budget Reserve	(0.41%)	3.83%
BM: BAML 1-10 Year US Treasury Note Index	(0.51%)	3.51%
BPCA Other Post-Employment Benefits	(0.43%)	3.09%
BM: BAML 1-10 Year US Treasury Note Index	(0.51%)	2.91%
BPCPC Other Post-Employment Benefits	(0.46%)	2.63%
BM: BAML 1-10 Year US Treasury Note Index	(0.51%)	2.68%

Effective Duration (in years) ³	October 31, 2020	July 31, 2020
2003 Reserve Fund	2.72	2.78
BM: BAML 1-5 Year US Treasury Note Index	2.57	2.56
BPCPC Operating Reserve Contingency	3.64	3.54
Insurance Fund	3.60	3.61
Operating Budget Reserve	1.87	3.56
BPCA Other Post-Employment Benefits	3.48	3.48
BPCPC Other Post-Employment Benefits	3.53	3.49
BM: BAML 1-10 Year US Treasury Note Index	3.78	3.77



Notes:

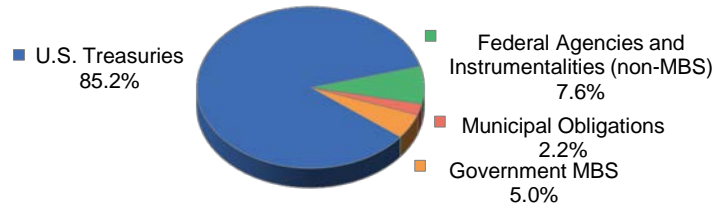
1. Performance on trade-date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.
2. 2003 Reserve Fund, Operating Budget Reserve, Insurance Fund, and the Operating Reserve Contingency Funds have temporarily suspended their investment strategies due to 2019 bond funding.
3. 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.
4. Duration is the change in the value of a security that will result from a 1% change in interest rates, stated in years.
5. 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.
6. 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.



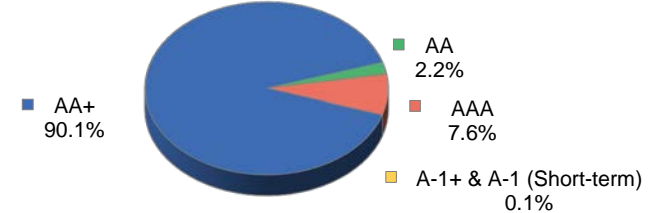
2003 Reserve Fund Portfolio

Security Type ¹	October 31, 2020	% of Portfolio	July 31, 2020	% of Portfolio	QoQ % Change
U.S. Treasuries	\$29,838,354	85.2%	\$29,668,375	84.6%	0.6%
Federal Agencies and Instrumentalities (non-MBS)	\$2,652,523	7.6%	\$2,672,198	7.6%	(0.0%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$781,881	2.2%	\$789,488	2.3%	(0.0%)
Government MBS	\$1,755,221	5.0%	\$1,946,259	5.5%	(0.5%)
Totals	\$35,027,979	100.0%	\$35,076,320	100.0%	

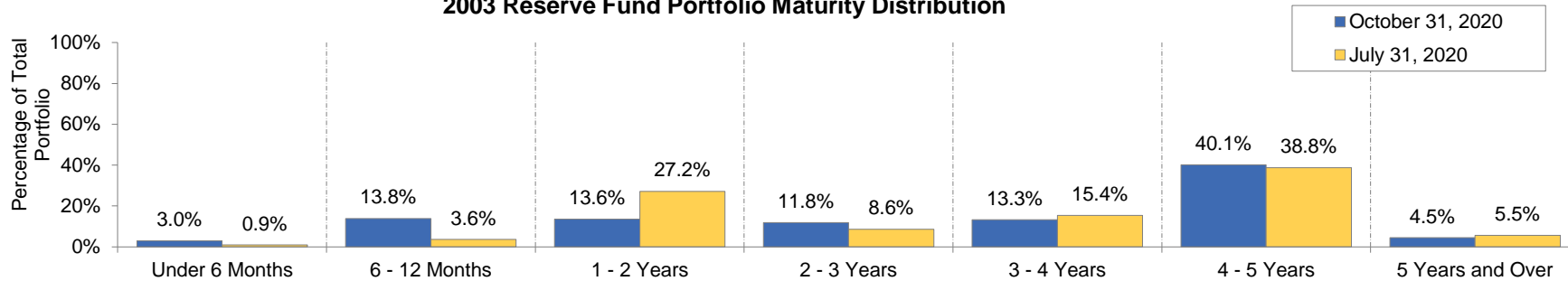
Portfolio Composition as of 10/31/20



Credit Quality Distribution as of 10/31/20



2003 Reserve Fund Portfolio Maturity Distribution



Notes:

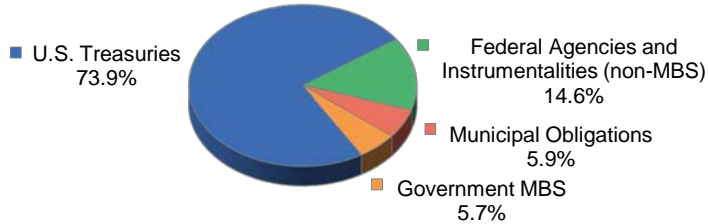
- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.



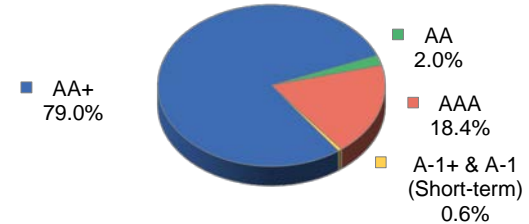
BPCPC Operating Reserve Contingency Portfolio

Security Type ¹	October 31, 2020	% of Portfolio	July 31, 2020	% of Portfolio	QoQ % Change
U.S. Treasuries	\$10,821,542	73.9%	\$10,351,816	70.4%	3.5%
Federal Agencies and Instrumentalities (non-MBS)	\$2,137,032	14.6%	\$2,152,100	14.6%	(0.1%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$861,936	5.9%	\$1,293,474	8.8%	(2.9%)
Government MBS	\$830,400	5.7%	\$904,676	6.2%	(0.5%)
Totals	\$14,650,910	100.0%	\$14,702,066	100.0%	

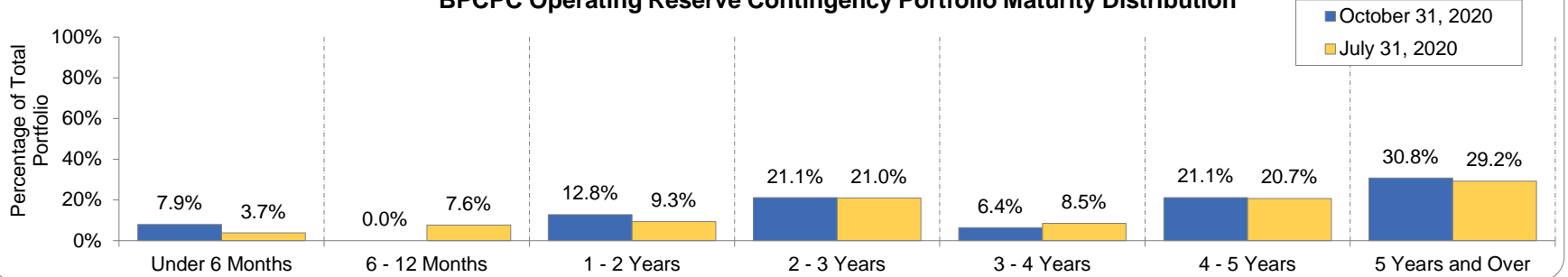
Portfolio Composition as of 10/31/20



Credit Quality Distribution as of 10/31/20



BPCPC Operating Reserve Contingency Portfolio Maturity Distribution



Notes:

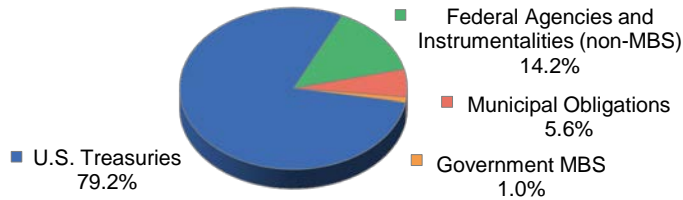
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.



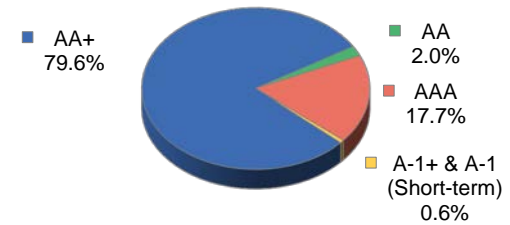
Insurance Fund Portfolio

Security Type ¹	October 31, 2020	% of Portfolio	July 31, 2020	% of Portfolio	QoQ % Change
U.S. Treasuries	\$4,986,482	79.2%	\$4,895,714	77.4%	1.8%
Federal Agencies and Instrumentalities (non-MBS)	\$892,604	14.2%	\$898,892	14.2%	(0.0%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$349,855	5.6%	\$451,701	7.1%	(1.6%)
Government MBS	\$65,140	1.0%	\$75,953	1.2%	(0.2%)
Totals	\$6,294,081	100.0%	\$6,322,260	100.0%	

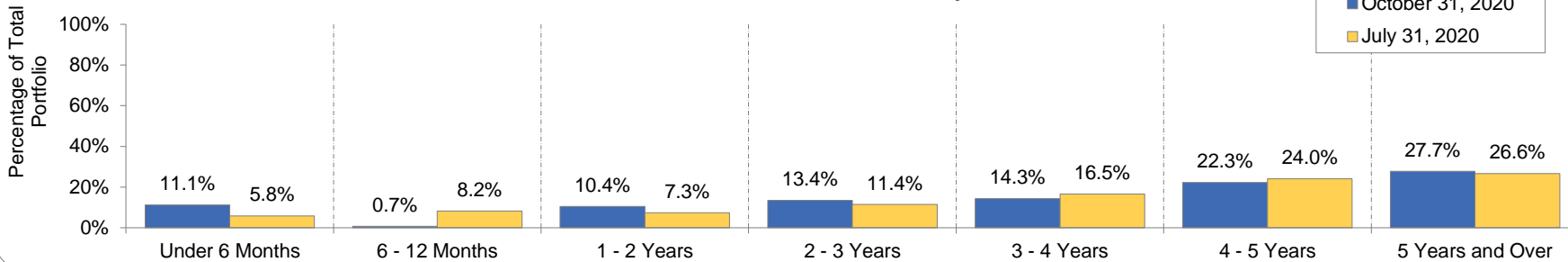
Portfolio Composition as of 10/31/20



Credit Quality Distribution as of 10/31/20



Insurance Fund Portfolio Maturity Distribution



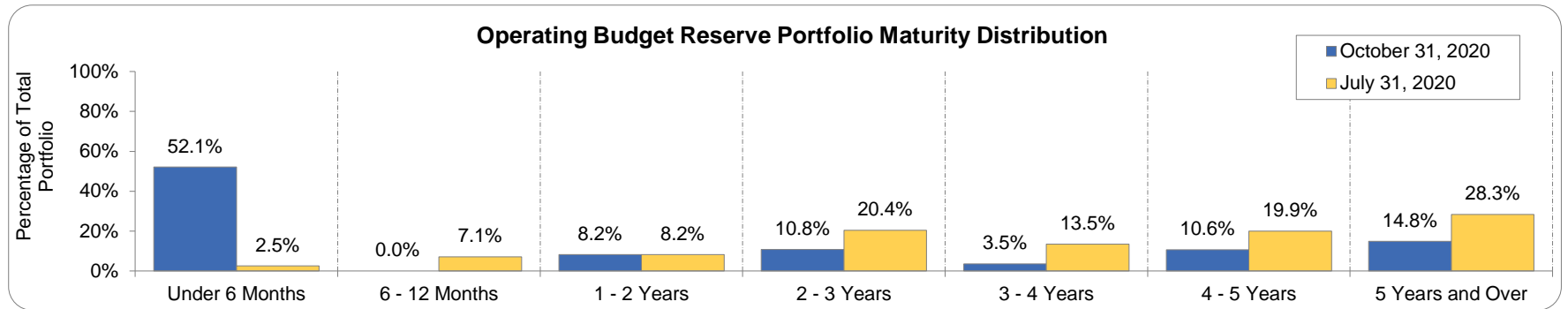
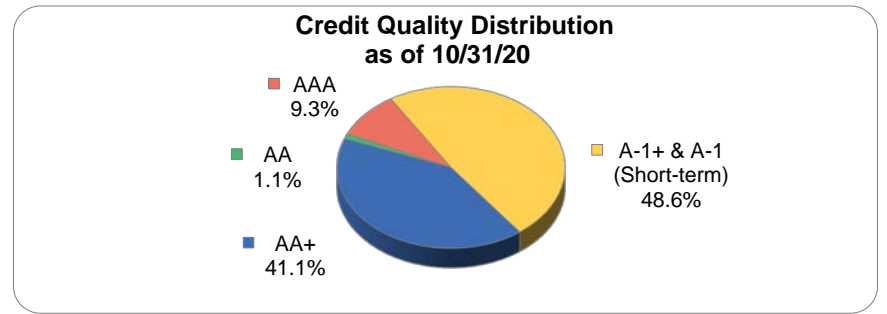
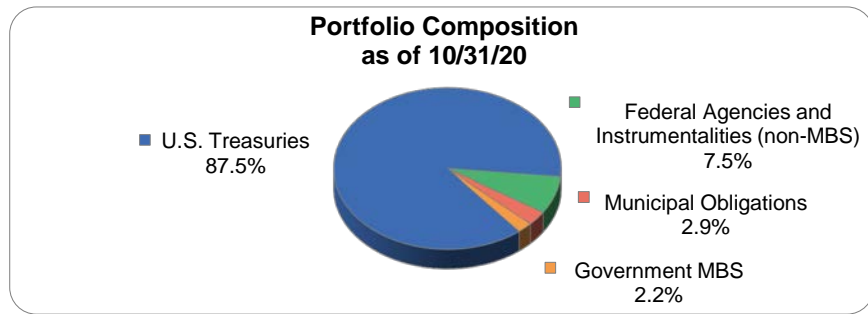
Notes:

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 ¹	October 31, 2020	% of Portfolio	July 31, 2020	% of Portfolio	QoQ % Change
U.S. Treasuries	\$18,106,133	87.5%	\$7,897,852	73.5%	13.9%
Federal Agencies and Instrumentalities (non-MBS)	\$1,545,528	7.5%	\$1,556,417	14.5%	(7.0%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$598,306	2.9%	\$801,829	7.5%	(4.6%)
Government MBS	\$447,139	2.2%	\$483,752	4.5%	(2.3%)
Totals	\$20,697,106	100.0%	\$10,739,850	100.0%	



Notes:

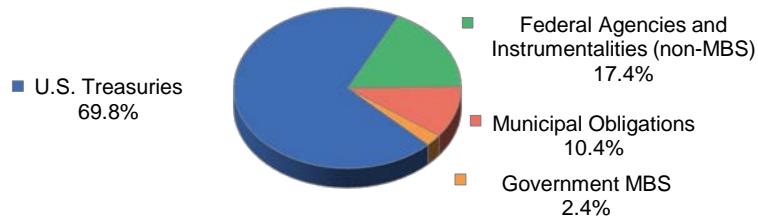
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.



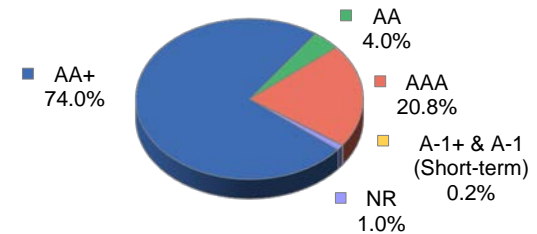
BPCA OPEB Portfolio

Security Type ¹	October 31, 2020	% of Portfolio	July 31, 2020	% of Portfolio	QoQ % Change
U.S. Treasuries	\$19,681,990	69.8%	\$19,275,852	68.1%	1.7%
Federal Agencies and Instrumentalities (non-MBS)	\$4,896,996	17.4%	\$4,930,267	17.4%	(0.0%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$2,940,776	10.4%	\$3,367,475	11.9%	(1.5%)
Government MBS	\$671,530	2.4%	\$738,857	2.6%	(0.2%)
Totals	\$28,191,292	100.0%	\$28,312,451	100.0%	

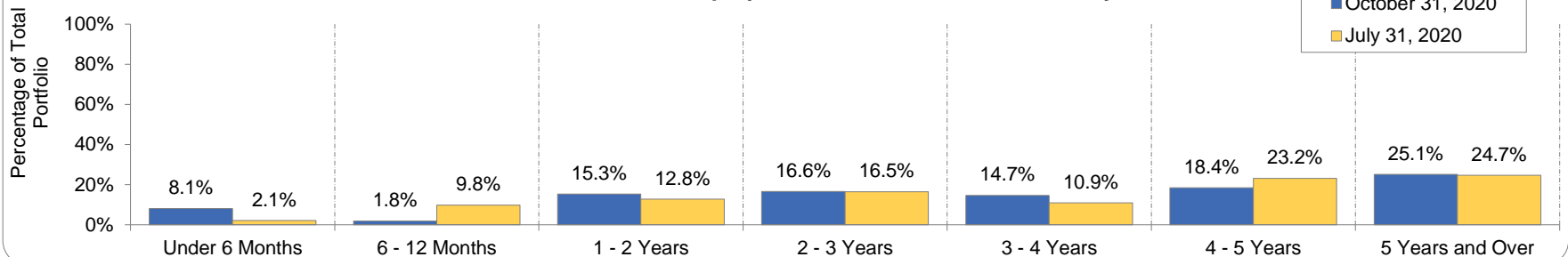
Portfolio Composition as of 10/31/20



Credit Quality Distribution as of 10/31/20



BPCA Other Post Employment Benefits Portfolio Maturity Distribution



Notes:

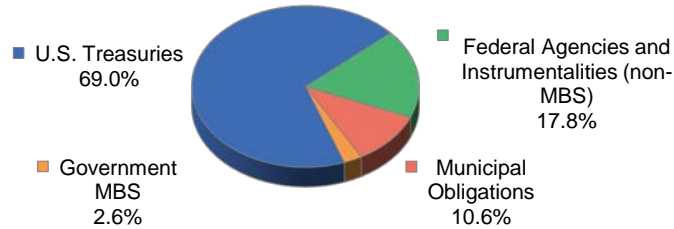
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.
3. NR holdings are not rated by S&P, but rated by Moody's and are in compliance with BPCA's investment policy.



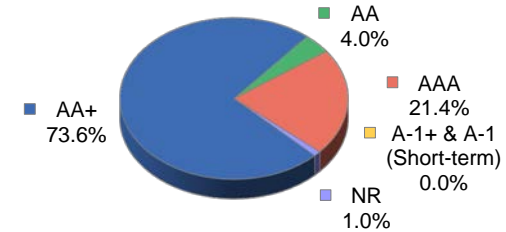
BPCPC OPEB Portfolio

Security Type ¹	October 31, 2020	% of Portfolio	July 31, 2020	% of Portfolio	QoQ % Change
U.S. Treasuries	\$10,215,728	69.0%	\$9,959,135	67.0%	2.0%
Federal Agencies and Instrumentalities (non-MBS)	\$2,640,893	17.8%	\$2,658,812	17.9%	(0.0%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$1,565,306	10.6%	\$1,829,702	12.3%	(1.7%)
Government MBS	\$386,331	2.6%	\$424,701	2.9%	(0.2%)
Totals	\$14,808,257	100.0%	\$14,872,349	100.0%	

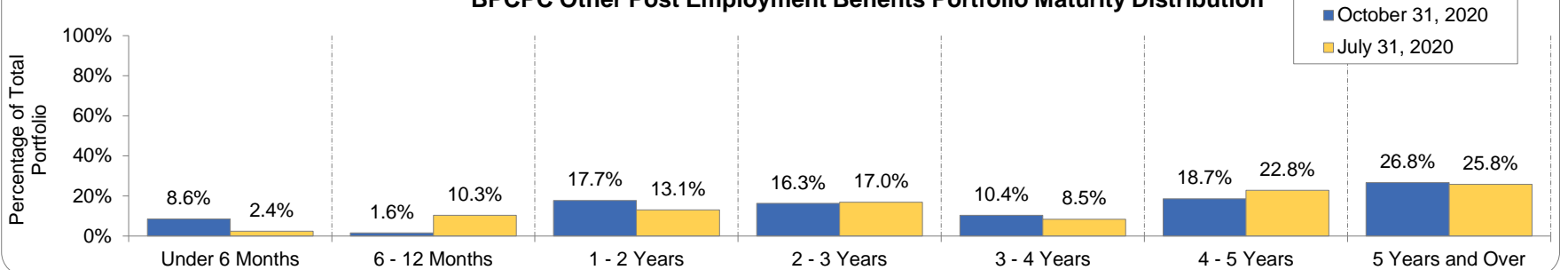
Portfolio Composition as of 10/31/20



Credit Quality Distribution as of 10/31/20



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.
3. NR holdings are not rated by S&P, but rated by Moody's and are in compliance with BPCA's investment policy.



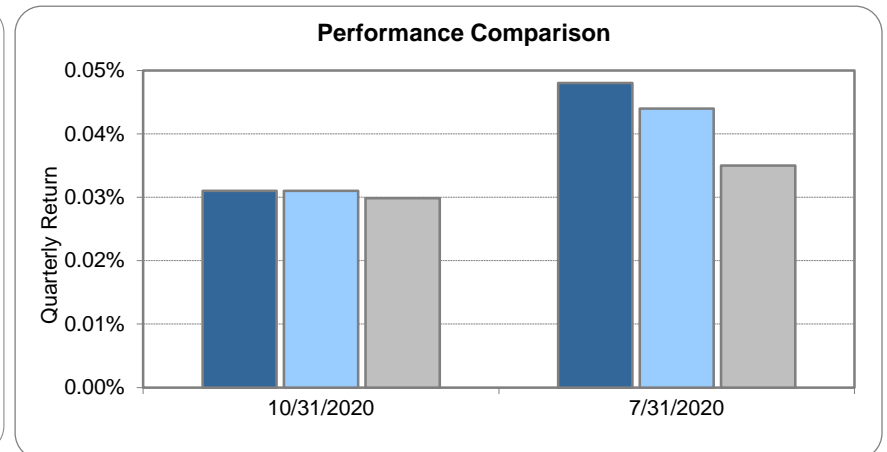
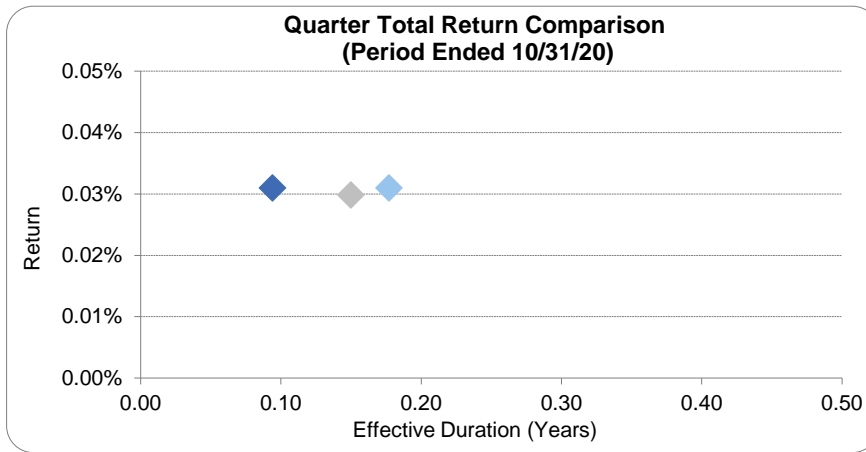
Portfolios Managed with a Shorter-Term Investment Strategy



Shorter-Term Investment Strategy

<u>Total Return^{1,2,4,5}</u>	<u>October 31, 2020</u>	<u>Annualized Since Inception</u>
■ 2003 Pledged Revenue	0.03%	1.28%
■ 2003 Project Operating Fund	0.03%	1.29%
■ BM: BAML 3 Month US Treasury Bill Index	0.03%	1.22%

<u>Effective Duration (in years)³</u>	<u>October 31, 2020</u>	<u>July 31, 2020</u>
■ 2003 Pledged Revenue	0.09	0.29
■ 2003 Project Operating Fund	0.18	0.08
■ BM: BAML 3-Month US Treasury Bill Index	0.15	0.25



Notes:

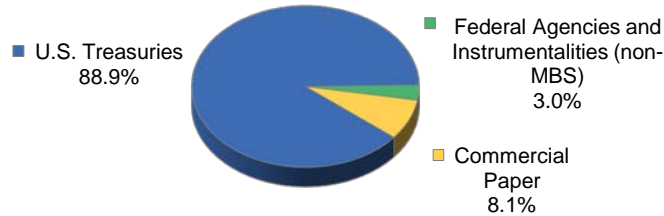
1. Performance on trade-date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.
2. Bank of America/Merrill Lynch (BAML) indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns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



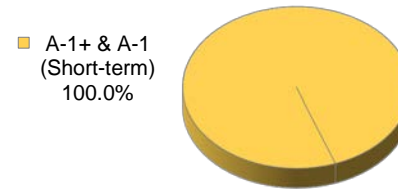
2003 Pledged Revenue

Security Type ¹	October 31, 2020	% of Portfolio	July 31, 2020	% of Portfolio	QoQ % Change
U.S. Treasuries	\$183,162,592	88.9%	\$162,657,254	85.4%	3.4%
Federal Agencies and Instrumentalities (non-MBS)	\$6,269,138	3.0%	\$11,061,670	5.8%	(2.8%)
Commercial Paper	\$16,669,064	8.1%	\$16,656,757	8.7%	(0.7%)
Municipal Obligations	\$0	0.0%	\$0	0.0%	0.0%
Government MBS	\$0	0.0%	\$0	0.0%	0.0%
Totals	\$206,100,793	100.0%	\$190,375,682	100.0%	

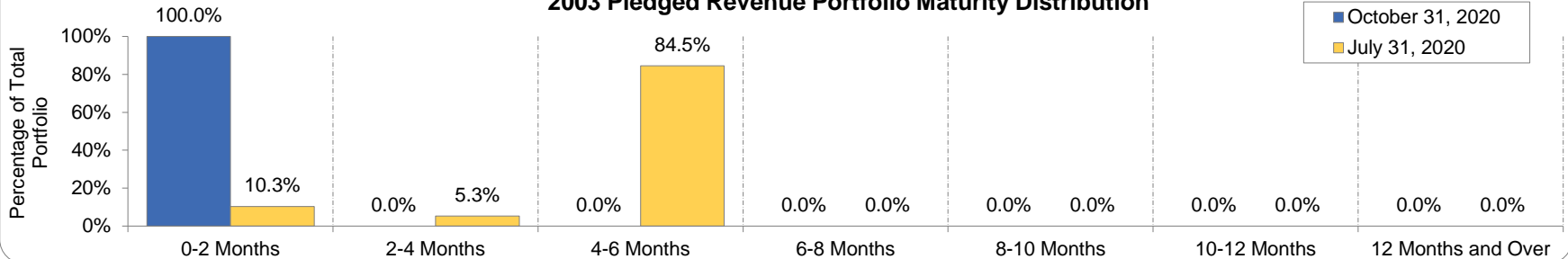
Portfolio Composition as of 10/31/20



Credit Quality Distribution as of 10/31/20



2003 Pledged Revenue Portfolio Maturity Distribution



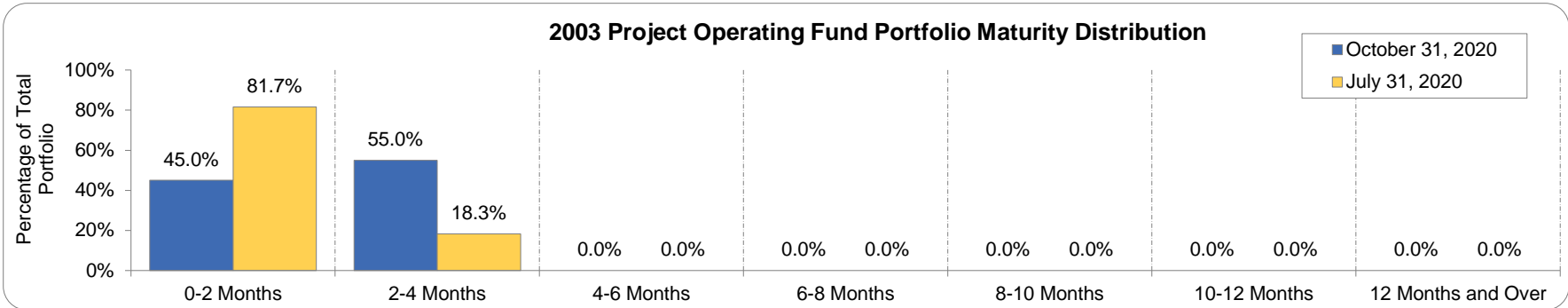
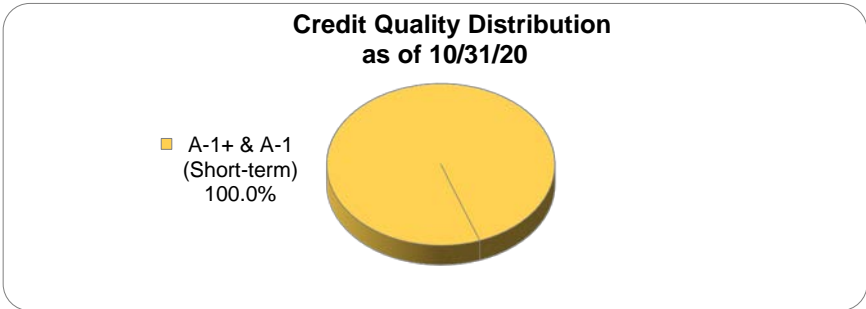
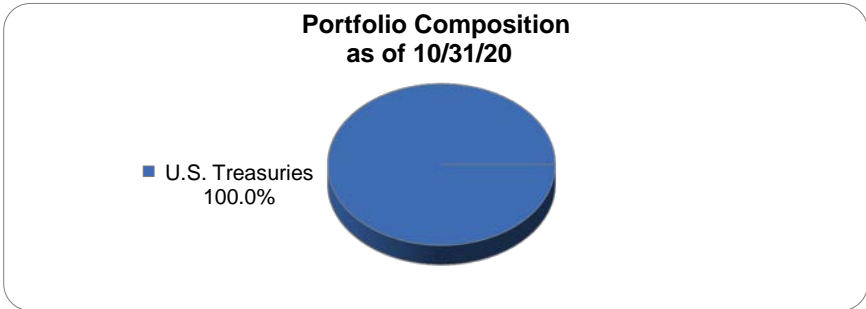
Notes:

- 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.



2003 Project Operating Fund Portfolio

Security Type ¹	October 31, 2020	% of Portfolio	July 31, 2020	% of Portfolio	QoQ % Change
U.S. Treasuries	\$7,957,770	100.0%	\$4,902,535	61.6%	38.4%
Federal Agencies and Instrumentalities (non-MBS)	\$0	0.0%	\$719,990	9.0%	(9.0%)
Commercial Paper	\$0	0.0%	\$2,337,150	29.4%	(29.4%)
Municipal Obligations	\$0	0.0%	\$0	0.0%	0.0%
Government MBS	\$0	0.0%	\$0	0.0%	0.0%
Totals	\$7,957,770	100.0%	\$7,959,675	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, Ginnie Mae, and Small Business Administration MBS.



IV. Market Commentary



Market Commentary – Quarter Ended October 31, 2020

SUMMARY

- Over the quarter, U.S. economic conditions were characterized by: (1) economic indicators improving at a faster-than-expected pace, yet still trailing pre-virus levels; (2) equity markets surpassing their February all-time highs before selling-off marginally in September; (3) investment-grade (IG) sector spreads continuing to grind tighter as the Fed reaffirmed its accommodative monetary policy and unconditional support of financial markets and; (4) daily COVID-19 cases remaining stubbornly high despite continued containment efforts, reminding all of its lingering presence.
- The Federal Reserve (Fed) spent the third quarter refining its messaging after deploying a wide variety of tools in Q1 and Q2. At the September Federal Open Market Committee meeting, members continued to acknowledge the “tremendous human and economic hardship” the COVID-19 pandemic is causing. In new economic projections, the Committee extended the horizon of expected zero rates through 2023. They also referenced their new inflation policy by suggesting that they will allow “inflation moderately above 2% for some time so that inflation averages 2% over time.” Meanwhile, Fed leaders continue to strongly call for additional fiscal stimulus.

ECONOMIC SNAPSHOT

- The U.S. economy grew at a record 33.1% annual rate in the third quarter of 2020, recovering a significant portion of the economic loss from COVID-19 that sent the economy to its record contraction in the second quarter (-31.4%). The American consumer, which accounts for about 2/3's of GDP, fueled the rebound in Q3 as personal consumption rose 40.7%.
- The labor market continued to improve in Q3 of 2020 but still has an uphill battle to reach pre-pandemic levels. The unemployment rate declined to 6.9% in October, from 10.2% in July and 14.7% in April, as an additional 2.8 million people became employed over the quarter. However, total employment remains about 10 million less than in February.
- Personal income increased more than expected in September, rising 0.9% following a 2.7% decline in August, while personal spending was up 1.4%. Consumer confidence has been mixed as the pandemic continues to cloud the economic outlook.
- The housing market may show seasonal cooling signs even as strong demand continues. While existing home sales were strong, new and pending home sales and mortgage applications fell in September.

INTEREST RATES

- Over the quarter, 10-year Treasury yields rose 35 basis points (bps) and continued to move higher post-election in response to looming Treasury supply and better-than-projected economic data. The yields on shorter maturities were relatively unchanged and anchored near zero.
- At quarter-end, the yield on a 3-month Treasury Bill stood at 0.09%, the 2-year note was 0.16%, 5-year and 10-year notes were 0.39% and 0.88%, respectively, while the 30-year Treasury ended the quarter at 1.66%.

SECTOR PERFORMANCE

- Momentum from the retracement of wider spreads at the onset of the pandemic continued in Q3, albeit at a reduced pace, and led to most IG fixed income sectors generating strongly positive excess returns relative to similar duration Treasuries. With narrow bond spreads, there is no strong incentive to extend risk by expanding allocations to non-Treasury sectors.
- Agency yield spreads snapped back to low single digits out to maturities inside five years. Because of higher yields and immediate spread tightening after issuance, agency indices generated excess returns, with longer-dated agencies outperforming shorter maturities.
- The IG corporate sector was a top performer in Q3 as spreads retraced nearly all the widening experienced earlier in the year, driven by low supply and strong investor appetite. Corporate issuance cooled by the end of the quarter, as expected, while returns on corporate bonds exceeded those on like-maturity Treasuries.
- The federal agency mortgage-backed security sector (MBS) continued to experience elevated prepayments as homeowners took advantage of today's low mortgage rates to refinance. As a result, the overall sector under-performed similar duration Treasuries, although a few structures and coupons generated positive excess returns.
- The taxable municipal sector continued to be quite attractive, even compared to some high-quality corporate issuers, with longer-dated securities outperforming Treasuries.

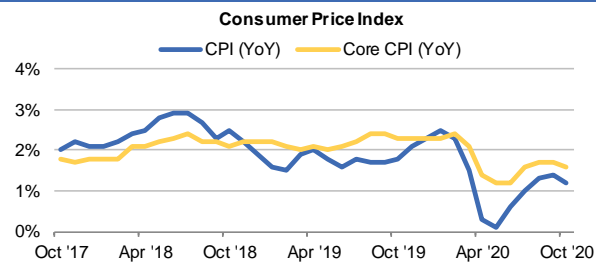
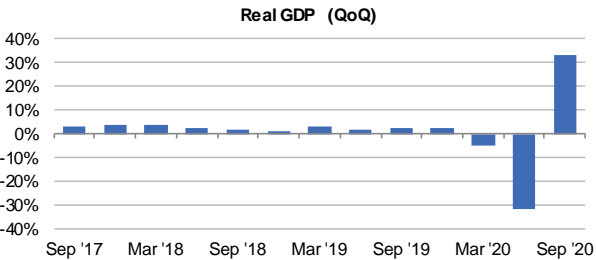
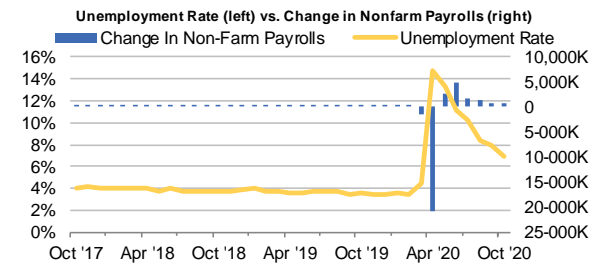


Economic Snapshot

Labor Market		Latest	Jul '20	Oct '19
Unemployment Rate	Oct'20	6.9%	10.2%	3.6%
Change In Non-Farm Payrolls	Oct'20	638,000	1,761,000	185,000
Average Hourly Earnings (YoY)	Oct'20	4.5%	4.6%	3.2%
Personal Income (YoY)	Sep'20	6.2%	8.6%	3.6%
Initial Jobless Claims (week)	11/7/20	709,000	1,191,000	217,000

Growth		Latest	Jul '20	Oct '19
Real GDP (QoQ SAAR)	2020Q3	33.1%	-31.4% ¹	2.6% ²
GDP Personal Consumption (QoQ SAAR)	2020Q3	40.7%	-33.2% ¹	2.7% ²
Retail Sales (YoY)	Sep'20	5.4%	2.7%	3.3%
ISM Manufacturing Survey (month)	Oct'20	59.3	54.2	48.5
Existing Home Sales SAAR (month)	Sep'20	6.54 mil.	5.86 mil.	5.41 mil.

Inflation / Prices		Latest	Jul '20	Oct '19
Personal Consumption Expenditures (YoY)	Sep'20	1.4%	1.0%	1.4%
Consumer Price Index (YoY)	Oct'20	1.2%	1.0%	1.8%
Consumer Price Index Core (YoY)	Oct'20	1.6%	1.6%	2.3%
Crude Oil Futures (WTI, per barrel)	Oct 31	\$35.79	\$40.27	\$54.18
Gold Futures (oz.)	Oct 31	\$1,880	\$1,963	\$1,515



1. Data as of Second Quarter 2020

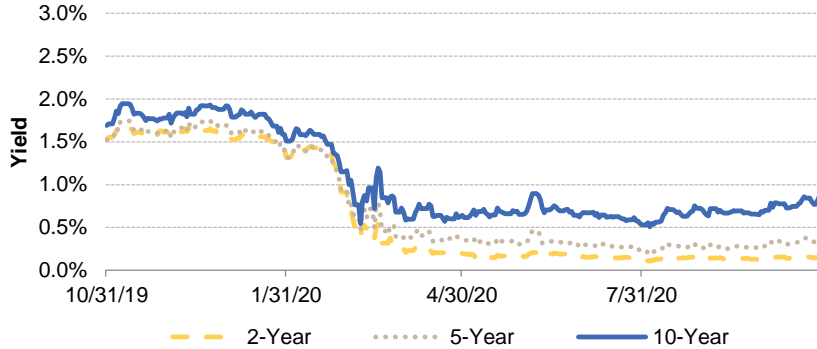
2. Data as of Third Quarter 2019

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

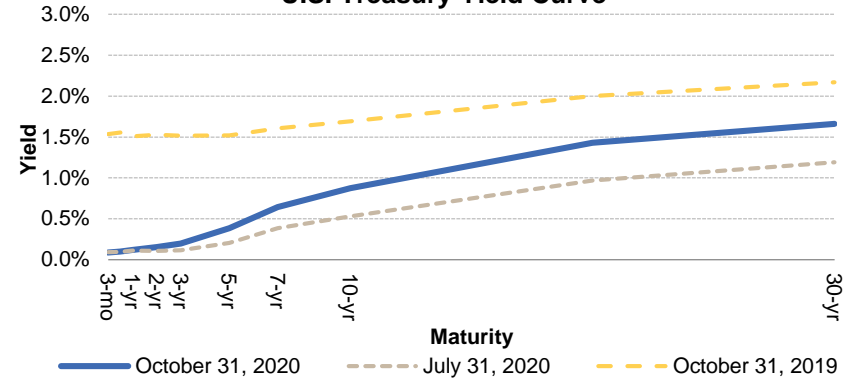


Interest Rate Overview

U.S. Treasury Note Yields



U.S. Treasury Yield Curve



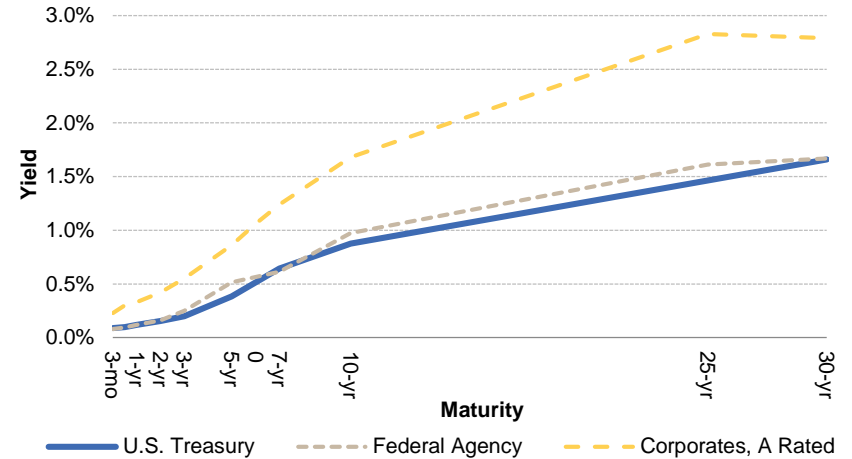
U.S. Treasury Yields

Maturity	Oct '20	Jul '20	Change over Quarter	Oct '19	Change over Year
3-month	0.09%	0.09%	0.00%	1.54%	(1.45%)
1-year	0.12%	0.11%	0.01%	1.51%	(1.39%)
2-year	0.16%	0.11%	0.05%	1.53%	(1.37%)
5-year	0.39%	0.21%	0.18%	1.52%	(1.13%)
10-year	0.88%	0.53%	0.35%	1.69%	(0.81%)
30-year	1.66%	1.19%	0.47%	2.18%	(0.52%)

LIBOR Rates

Maturity	Oct '20	Jul '20	Change over Quarter	Oct '19	Change over Year
3-month	0.22%	0.25%	(0.03)	1.90%	(1.68)
1-year	0.33%	0.45%	(0.12)	1.96%	(1.63)

Yield Curves as of 10/31/20



Source: Bloomberg.



Bank of America Merrill Lynch Index Returns

October 31, 2020	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.88	0.16%	(0.04%)	3.19%	2.64%
Federal Agency	1.75	0.23%	0.05%	2.78%	2.53%
U.S. Corporates, A-AAA rated	1.88	0.55%	0.22%	4.03%	3.37%
Agency MBS (0 to 3 years)	2.52	1.35%	(0.26%)	4.32%	3.86%
Taxable Municipals	1.70	1.07%	0.88%	4.04%	3.57%
1-5 Year Indices					
U.S. Treasury	2.64	0.21%	(0.16%)	4.14%	3.16%
Federal Agency	2.31	0.31%	0.03%	3.30%	2.79%
U.S. Corporates, A-AAA rated	2.75	0.73%	0.11%	5.14%	3.72%
Agency MBS (0 to 5 years)	2.08	1.36%	0.10%	3.76%	3.31%
Taxable Municipals	2.78	1.01%	0.37%	4.14%	3.71%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	7.42	0.61%	(2.02%)	7.12%	5.33%
Federal Agency	4.03	0.58%	(0.37%)	4.99%	4.16%
U.S. Corporates, A-AAA rated	8.56	1.70%	(2.16%)	7.42%	6.12%
Agency MBS (0 to 30 years)	2.41	1.39%	(0.09%)	4.10%	3.78%
Taxable Municipals	11.41	2.73%	(3.73%)	6.18%	7.14%

Returns for periods greater than one year are annualized

Source: BofA Merrill Lynch Indices

Source: Bloomberg.



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