

# LIFTING OPERATIONS TO NEW HEIGHTS



**PORT OF ALBANY**

# GOVERNANCE OF THE PORT COMMISSION

The Albany Port District Commission (APDC) Board of Commissioners is comprised of five members. Four of the commissioners are appointed by the Governor on recommendation from the Mayor of Albany, and one commissioner is appointed by Governor on recommendation from the Mayor of Rensselaer.



## Albany Port District Commission Board



**ROBERT F. CROSS**  
CHAIRMAN

**Robert F. Cross** was first appointed Commissioner of the APDC by the Governor in December 1998. In June 2000, Commissioner Cross was elected Chairman of the Commission. Chairman Cross served as Commissioner of Water for the City of Albany from February 1996 until December 2013, having been appointed by Mayor Gerald D. Jennings. He previously served as an assistant environmental commissioner for New York State in the administration of Governor Mario M. Cuomo. Robert holds B.S. and M.A. degrees in biology, and he previously served on the Albany City Planning Board, the Governor's Task Force on the Delaware Water Gap National Recreation Area and the New York State Drought Management Task Force.

Chairman Cross is also author of the 2003 presidential biography [Sailor in the White House: the Seafaring Life of FDR](#), and [Shepherds of the Sea: Destroyer Escorts in World War II](#), released in 2010. Both books are published by the Naval Institute Press in Annapolis, Maryland. He is currently at work on his third book.



**LEO DEAN**  
SECRETARY

**Leo Dean** was first appointed to the APDC by the Governor in 2004. He serves as Secretary to the APDC and Chairman of the Governance Committee. Commissioner Dean is a senior vice president and chief financial officer of Norvest Financial Services, Inc. He possesses over 50 years of experience at all levels, and with all types, of insurance products and services. Commissioner Dean is a licensed agent and broker for property and casualty, life and health insurance. He serves as the secretary to the Albany Water Board and has previously served as a water commissioner for the Town of Waterford for 17 years. Commissioner Dean is a graduate of Albany's Christian Brothers Academy and Siena College. During World War II, he served our country in the Army with the 517th Parachute Infantry Regimental Combat Team, receiving the Bronze Star Medal, Combat Infantry Badge, Parachute Badge (with star for one combat jump), and the Eastern Theatre of Operations with five battle stars. Commissioner Dean is also the recipient of the very prestigious French Legion of Honor Medal, France's highest decoration, for his service to that nation during WWII as an American paratrooper. He continues to jump out of perfectly good airplanes as a hobby.



**GEORGETTE STEFFENS**  
COMMISSIONER

**Georgette Steffens** was most recently appointed to the APDC by the Governor in 2012. She serves as secretary to the APDC and chair of the Finance Committee. Commissioner Steffens has been the executive director of the Downtown Albany Business Improvement District, a nonprofit organization dedicated to the vitality and vibrancy of New York’s Capital City, since 2009. In her current capacity she has overseen the marketing of and visual improvements to downtown, office attraction and retention programs, residential conversion incentive programs and special events targeted to draw visitors to the downtown area.

Prior to accepting the position with the Downtown Albany BID, Commissioner Steffens served as the director of operations for Triad Consulting Group of Cambridge, Massachusetts, a 15-year-old consulting firm with over \$3 million in sales that specializes in communication and negotiation. She streamlined their internal processes and was responsible for human resources, marketing and the expansion of the company with a new location in London.

Previously, Commissioner Steffens worked for the City of Albany, serving as director of the Albany HomeStore. Her accomplishments there included the development and implementation of an Employer Assisted Housing Program for local colleges and a down-payment assistance program for prospective homeowners. Commissioner Steffens also served as an economic developer for the City of Albany with her main focus being on downtown and waterfront redevelopment, with the pedestrian bridge that crosses I-787 to connect downtown to the waterfront as one of her main projects.

In addition to being a commissioner for the APDC, she is a board member on both the New York State Urban Council and the Albany Roundtable. She is also a member of the Steffens Scleroderma Center Advisory Board.



**JOSEPH COFFEY, JR., P.E.**  
COMMISSIONER

**Joseph E. Coffey, Jr., P.E.** was appointed commissioner of the City of Albany Department of Water and Water Supply by the Mayor in January 2014. In this role, he is responsible for the leadership, management, operation and maintenance of the City of Albany’s water source, treatment and distribution system; the combined sewer system; and administration of the Municipal Separate Storm Sewer System (MS4) permit program.

A licensed NYS professional engineer, Commissioner Coffey has held Executive Leadership and Management positions for over 35 years with several environmental and engineering consulting firms. He was also the Executive Director of the University Heights Association, a not-for-profit consortium of the Albany Medical Center, the Albany Law School, the Albany College of Pharmacy and Health Sciences and the Sage Colleges created to enhance the academic mission of each institution through campus expansion and renovation, shared business services, integration of technology, economic development, neighborhood revitalization and program development and management. He has also served on many professional, business and community boards.

Commissioner Coffey holds a B.S. degree in engineering from Boston University and an MEng degree from Rensselaer Polytechnic Institute. His thesis topic was “Water Quality of Saratoga Lake” and his technical expertise is in environmental engineering. Commissioner Coffey serves as Chair of the Audit committee.



### Albany Port District Commission Board (continued)



**DOMINICK TAGLIENTO**  
COMMISSIONER

**Dominick Tagliento** was appointed to the APDC in 2009. Commissioner Tagliento, a successful small-business owner, operated and owned Tagliento’s Deli in Rensselaer for over 45 years. He currently is commissioner of the Rensselaer Water Department as well as the commissioner of Public Works, and chairman of the Finance Committee.



**IN MEMORIAM**  
**ANTHONY FERRARA**  
COMMISSIONER

The board and staff of the APDC pays tribute to former Commissioner **Anthony Ferrara**, who passed away in 2014. Commissioner Ferrara served as an active member of the Board of Commissioners for 16 years and right up to his passing. His strategic vision and strong support was instrumental in some of the Port’s most significant projects, including rebuilding more than 1,500 linear feet of wharf and acquiring the Port’s first ever mobile harbour crane. Commissioner Ferrara has left an indelible mark at the Port of Albany.

## Port Commission Staff

**Richard J. Hendrick**, General Manager

**Terry Hurley**, Chief Financial Officer

**Thomas M. Owens**, General Counsel

**Erik J. Smith**, Director of Internal Controls & Enterprise Analysis

**Megan Daly**, Director of Economic Development & Procurement

**John Kosa**, Director of Operations

**David B. Williams**, Security & Threat Assessment Director

**James Teller**, Security & Threat Assessment Deputy Director

**Thomas McGuinness**, Director of Information Technology

**Annie Fitzgerald**, Staff Accountant & Human Resources Manager

**Linda Wilkinson**, Commission Secretary

**Anthony J. Vasil**, Director of Business Development & Marketing

**Jane McNally**, Administrative Assistant to Business Manager

**Annette Gaspary**, Administrative Assistant to General Counsel

## Maintenance Staff

**James Williams**, Foreman

**Josh Ostrander**

**Jason Carroll**

**RJ Hendrick**

**John Shell**



**Federal Marine Terminal (FMT)**  
is the Port of Albany's Longshore labor

# MISSION STATEMENT

The **Albany Port District Commission (APDC)** was created by authority of Chapter 192 of the laws of 1925 by the State of New York. Enabling legislation stated that the APDC

“ shall have power over the survey, development, control and operation of the port facilities and such facilities, operations or things as may be incidental or appurtenant thereto, within such port district, and the coordination of the same with existing or future agencies of transportation, with a view to the increase and efficiency of all such facilities and the furtherance of commerce and industries in the district. ”

## ABOUT THE APDC

The APDC strives to responsibly and effectively manage the publicly-owned maritime Port of Albany-Rensselaer, contributing to the economy of the Capital Region and beyond while emphasizing transparency and public stewardship.

## THE APDC'S MISSION CONSISTS OF 3 MAIN TENETS

- 1 Effective Management of the Public's Asset
- 2 Economic Contribution to the Region
- 3 Integrity, Professionalism & Customer Service

# FACILITY HIGHLIGHTS

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LOCATED **124 NAUTICAL MILES NORTH**  
OF NEW YORK HARBOR ON THE HUDSON RIVER

CHANNEL DEPTH  
**32 FEET**

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DEEP WATER FACILITIES  
ARE LOCATED ON THE  
**ALBANY & RENSSELAER**  
SIDES OF THE HUDSON RIVER



WHARF LENGTH ON THE ALBANY (WEST) SIDE OF THE RIVER IS 4,200 FEET  
**AND ON THE RENSSELAER (EAST) WIDE IS 1,200 FEET**

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**20 ACRES** OF OPEN  
STORAGE SPACE  
ARE AVAILABLE AT ALBANY

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**4 TRANSIT SHEDS & 2 BACKUP**  
WAREHOUSES TOTALING  
**300,000 SQUARE FEET**  
OF SPRINKLERED STORAGE



# FACILITY HIGHLIGHTS

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**20 MILE**  
STANDARD GAUGE SWITCHING  
**RAILROAD**



**HEAVY LIFT**  
ON-DOCK RAIL



**2 LIEBHERR MOBILE**  
**HARBOR CRANES**  
WITH A COMBINED LIFT CAPACITY  
**OF 248 TONS**

**SUPER-SACKING AND BAGGING OPERATION**

**105 MILLION GALLON**  
**CAPACITY BULK LIQUID STORAGE**

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**13.5 MILLION BUSHEL CAPACITY**  
**GRAIN ELEVATOR**  
**WITH A PECO LOADER**

**ON-SITE SPECIALIZED**  
**CARGO INSPECTION**  
**SERVICES AVAILABLE**



**ON-SITE U.S. CUSTOMS**  
**& BORDER PROTECTION**  
**OFFICE TO EXPEDITE**  
**CARGO CLEARANCE**

# A MESSAGE TO GOVERNOR CUOMO

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Dear Governor Cuomo:

In accordance with the provisions of Chapter 192 of the laws of 1925, State of New York, as amended, I am pleased to present to you, the New York State Legislature and Comptroller, the 2014 Annual Financial Report of the Albany Port District Commission.

I am thrilled to report that business has been booming at the Port of Albany, making 2014 a banner year in terms of revenue generated for the Port—up by more than \$1 million over the previous year— as well as in the number of hours worked by our longshore laborers—both of which are true benchmarks of a thriving and expanding Port of Albany, one of New York State’s five public seaports. This revenue is being reinvested in infrastructure improvements planned in 2015.

Primarily fueled by a General Electric \$2.7 billion order to provide 38 power plant steam and gas generators to Algeria’s state-owned utility along with a major increase—the highest since 2010—in grain shipments to the Port, we have broken all modern records in 2014 for the number of ships docking along our wharfs, cargo moving through our terminal, and longshore hours worked.

In 2014, 94 ships and barges docked, surpassing the previous record of 60 ships set in 2013. As a direct result, longshore labor hours nearly doubled from 2013, with almost 82,000 hours worked in 2014 by our efficient and hardworking longshore laborers, who depend upon the Port to pay their bills and support their families.

It has taken careful planning and outstanding and visionary leadership for our Port to grow into a major economic engine for the entire Capital Region and beyond, creating thousands of jobs, with an overall economic impact of more than \$800 million annually. The Port’s 23 business tenants alone pay over \$80 million in wages and benefits for some 1,400 local jobs and 4,500 jobs throughout New York State.

Speaking of New York State, the Port extends its heartfelt thanks to you, Governor Cuomo, for not only believing in us but, most importantly, for providing critical resources over the last two years to rehabilitate and prepare our Port for an even greater role on the world stage of commerce. You have done more to advance our future than any governor since Franklin D. Roosevelt first cut the ribbon on our new port more than eight decades ago. The return on this investment is astounding with increased commerce and employment opportunities for our upstate economy.

On behalf of the Commission, I also want to thank our energetic general manager Richard Hendrick and his enormously talented staff for all of their hard work, dedication and leadership. In addition, the Commission would like to acknowledge our stevedoring company, Federal Marine, led locally by Bill Ring, for being a true partner as we move the Port to new levels of excellence. ILA union president Jim Keleher is a proven leader who not only thinks of ways to increase hours for his workforce, but also how they, as union members, can partner with us to help advance the Port’s mission. This is a real labor-management success story, the envy of seaports all across the nation!

For the last 17 years, I have had the distinct honor and privilege to work with a board of commissioners with extraordinary vision and energy, and I am confident that the Port of Albany will continue to thrive and expand under its leadership in the years ahead—well beyond what Governor Roosevelt could ever have imagined back in 1932 when he cited Albany as a “splendid example” of how to accomplish public works projects through the cooperation of all levels of government and its citizens. Were Governor Roosevelt here today, I am certain he would be enormously proud of all that has been accomplished.

Sincerely,



**Robert F. Cross**  
Chairman



# A MESSAGE TO CHAIRMAN CROSS

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FROM THE ALBANY PORT DISTRICT COMMISSION GENERAL MANAGER

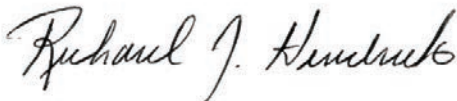
Chairman Cross and Members of the Board of Commissioners:

I am pleased to present to the Board of Commissioners of the Albany Port District Commission (APDC) the 2014 Annual Report. In light of the record-setting year for the APDC, we are presenting this report as a Year in Review. Each and every port performance measurement tracked by the APDC had sharp increases in 2014. These measurements include longshore labor hours worked, tonnage over the Port's docks and the number and type of vessels docking at the Port. I truly believe this is due to the long-term infrastructure investments made in the past few years, in addition to the quality and integrity of operations.

This Year in Review will highlight major events that set records for the APDC as well as provide an overview of everyday ordinary operations that make quality and customer service extraordinary. I am proud of the positive results in 2014 but am also determined to reach for even greater achievements for the Port of Albany. I believe the business community has come to see the Port of Albany as a world-class resource that is capable and competent to handle its cargo. We pride ourselves on our commitment to the customer, enhancing our services and infrastructure and continuing to make advancements in operations.

These achievements translate into more work for our community and more commerce in our region. Longshore labor increased by over 70 percent in 2014. This means greater opportunity for jobs for people that live right here in our community. These jobs handle cargo that goes out of Albany to places around the world. This cycle in the international transportation network spurred by the APDC provides critical revenue stream to our local economy. We are committed to preserving and enhancing this every day.

None of this would be possible without the steadfast leadership of our Board of Commissioners. I particularly want to thank Chairman Robert F. Cross, who has been a true leader for the Port during these past years of great success. I look forward to even greater things ahead at the Port of Albany!



**Richard Hendrick**  
General Manager

# RECORD SETTING YEAR

The Albany Port District Commission **tracks** and **measures** Port performance measures.

Three of these measurements most related to maritime activity increased sharply in 2014. In fact, the increase in maritime activity broke records for the Port of Albany. These increases are attributable to a large job with GE Power Systems shipping cargo made in Schenectady County to Algeria in Northern Africa. These increases are also a testament to the major infrastructure improvement projects completed in recent years paying dividends with increased customer activity.



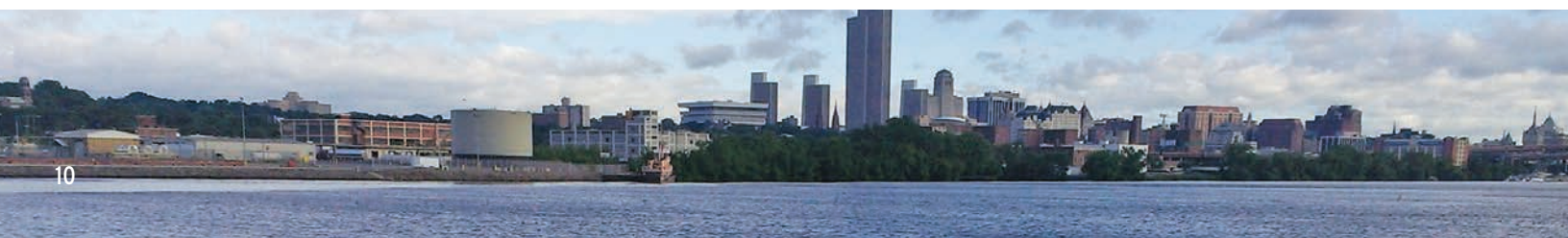
## 2009 - 2014 Comparison of Ships & Barges

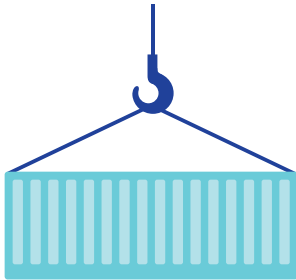
SHIPS & BARGES	2009	2010	2011	2012	2013	2014
Grain	2	8	3	4	7	15
Heavy Lift/Project	36	23	33	22	29	43
Barges-Heavy Lift/Project	4	9	0	11	5	15
Molasses - Fertilizers	2	1	1	2	5	4
Scrap Iron	7	7	8	9	7	8
Woodpulp	7	10	8	10	7	7
Other	0	0	0	0	0	2
<b>Totals</b>	<b>58</b>	<b>58</b>	<b>53</b>	<b>58</b>	<b>60</b>	<b>94</b>



**62%**  
INCREASE

**Ships & Barges**  
SINCE 2009





## 2009 - 2014 Comparison of Tonnage

TONNAGE	2009	2010	2011	2012	2013	2014
Grain	32299	206351	47251	112752	133100	280671
Heavy Lift/Project	24070	17905	20194	22429	18023	25632
Barges-Heavy Lift/Project	*	*	*	2110	1077	7050
Molasses - Fertilizers	12778	10858	10485	20072	42125	40000
Scrap Iron	163899	189460	200146	205702	175309	186457
Woodpulp	18699	27344	26665	28405	20780	25273
Other	0	0	0	0	0	7863
<b>Totals</b>	<b>251745</b>	<b>451918</b>	<b>304741</b>	<b>391470</b>	<b>390414</b>	<b>572946</b>

\* Included in Heavy Lift/Project



## 2009 - 2014 Longshore Hours Worked

	2009	2010	2011	2012	2013	2014
	39,569	29,587	41,361	33,720	44,420	81,988

**Longshore hours are how the Port and its partners measure work and employment on the docks.** The bottom line is that the record-setting year in 2014 meant not only were more people working, but the people were working more hours, as well. The workforce tripled in 2014, which is a tremendous benefit for the regional economy and specifically the City of Albany. Approximately 80% of the new hires came from neighborhoods in the City of Albany.

# INFRASTRUCTURE INVESTMENTS

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## Rensselaer Wharf and Mobile Harbour Crane

The Albany Port District Commission (APDC) completed the \$8.5 million reconstruction project at the Rensselaer Wharf. The project restored just over 600 linear feet of wharf that will be put into active use for commercial activity and doubled the shipping capacity on the Rensselaer side of the Hudson River, while allowing for increased capacity for heavy/project lift cargo.

The newly reconstructed Rensselaer wharf represents almost 10 percent of the APDC's overall wharf area between the Albany and Rensselaer Port district. The APDC manages approximately 6,600 linear feet of wharf along the Hudson River.

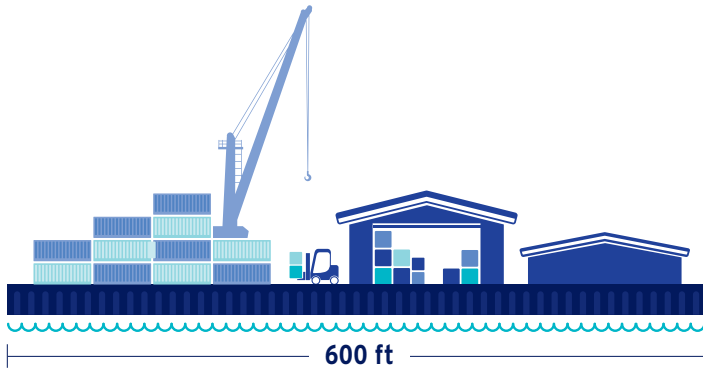
“ The completion of the Port of Albany's Rensselaer wharf reconstruction project represents a significant improvement in the basic infrastructure here in the Capital Region. The Port of Albany is an unsung hero when it comes to economic development however I have always looked at the Port as a main indicator of economic activity here in the Capital Region and beyond. The investment by the State of New York has been a wise and critical effort to expand opportunity that will have a region wide benefit. Kudos to the Port of Albany team for their continued efforts to grow the Capital Region. ”

**Assembly Member John McDonald III**



“ I want to commend the Port Commission for focusing their attention on the Rensselaer side of the river as we all seek opportunities to grow our local economy. These improvements funded through the Department of Transportation Grant program will create jobs and help generate even more economic vitality for the entire region. ”

**Rensselaer County Executive Kathleen M. Jimino**



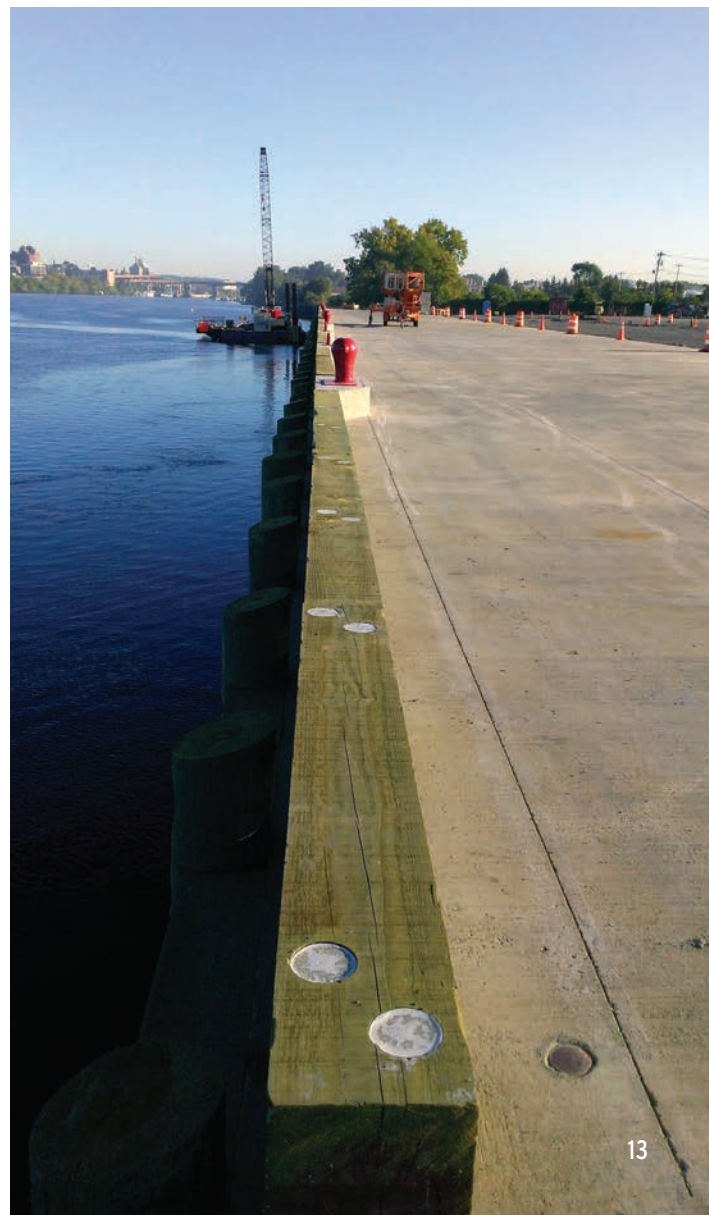
The project was a Capital Region Economic Development Council (CREDC) Priority Project in Round 1 of the program. Governor Andrew Cuomo announced that the APDC was awarded nearly \$11.5 million in New York State Department of Transportation funding in December 2011. Predevelopment work, including engineering and permitting work, began in 2012. Construction work occurred in 2013 and was officially completed in early October of 2014.

“ This major infrastructure investment will enable the Port of Albany to dramatically increase shipping capacity and job opportunities for our region. With a new commercial customer and the potential to induce additional partnerships, it is truly significant for the community and a perfect example of economic development that can be supported by state resources and regional collaboration. ”

**Regional Council Co-Chairs James J. Barba, President, Albany Medical Center & Robert J. Jones, President, University at Albany**

“ The mission of the Albany Port District Commission is to lead and develop commerce opportunities for the Port District on both sides of the Hudson River. By investing in infrastructure systems we are creating tremendous opportunity for the Region's economic development. On behalf of the APDC Board of Commissioners, I want to thank Governor Cuomo and the Capital Region Council for their support of this project. ”

**APDC General Manager Richard Hendrick**



## Rensselaer Wharf and Mobile Harbour Crane (continued)

In addition, a new 144-ton capacity Liebherr Mobile Harbour Crane arrived in November and was assembled on the docks over the following few weeks. A portion of the CREDC funding was directed toward the rebuilding of the Rensselaer dock and the remaining funds were used toward its purchase.

WITH THE ADDITION OF THIS **SECOND MOBILE HARBOUR CRANE**,  
ALBANY IS NOW POSITIONED  
**AS A LEADER**  
AMONG INLAND PORTS IN THE UNITED STATES  
FOR HEAVY LIFT AND PROJECT CARGO HANDLING.

It will allow increased capacity in heavy lift projects, such as the General Electric mega-project that significantly contributed to the record year the APDC had in 2014.

“ This latest investment into the Port’s assets is greatly appreciated by Federal Marine Terminals and by our customers. We are quite confident that the addition of a second mobile harbour crane at the Port of Albany will provide a strong incentive to our existing customers, such as General Electric, Rensselaer Iron and Steel, BBC line, Wagenborg Shipping and Intermarine, as well as potential customers, that the Port and FMT are constantly and collectively pursuing to move more cargo into and out of the Port of Albany ”

**Michel Tosini, Executive Vice President of Federal Marine Terminals**





## Timber Replacement

During 2014, the APDC continued the work of investing in the timber fender system by replacing an additional 700 linear feet of this important asset. This work represents an investment in excess of \$850,000 by the APDC during 2014. The timber fender system is a vital component of APDC's wharf infrastructure. In the event of a vessel impact, the fender system absorbs and displaces the impact's energy, thereby ensuring the safety and protection of both vessel and the wharf itself.

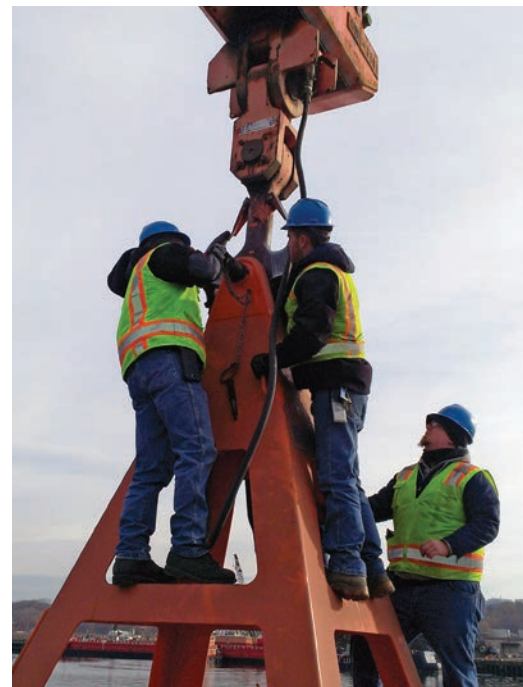
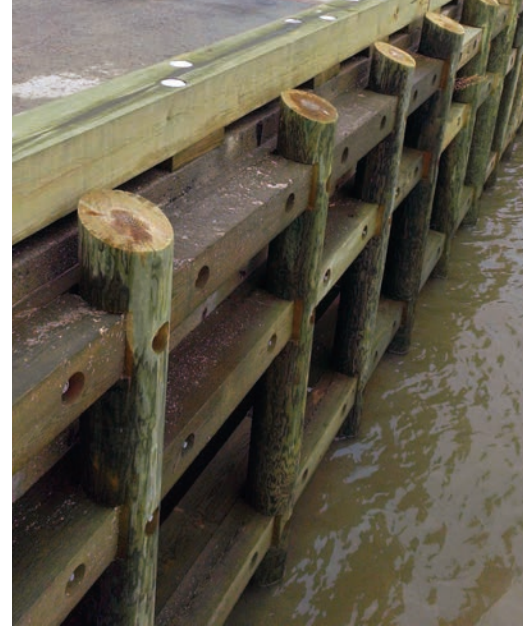
## New Cargo

The APDC look for every avenue to add new commerce activity, which adds work opportunities and serves the regional economy in different ways. In 2014, the Port handled two vessels of Calcium Chloride shipments of over 7,000 tons each. This was unloaded from the ships in 1,000-ton bags and placed in the marine terminal, where trucks from around upstate New York came to replenish their resources for the harsh winter.

WITH SUCH **LARGE CARGO QUANTITIES**, EACH SHIP SPURRED  
**APPROXIMATELY 2,500**  
**LONG SHORE LABOR HOURS.**

## Port Security

The award-winning Albany Port Security team is comprised of professionals with the highest qualifications and years of experience in law enforcement. Safety, security and preventing events are what the team does on a daily basis. The Port Security team regularly runs safety drills and invites law enforcement from the Capital Region and from Port tenants or stakeholders. Safety drills include representatives from the US Coast Guard, CSX, CP Rail, City of Albany fire and police, the Albany County Hazmat response team based at the Watervliet Arsenal and representatives from Port businesses. The team meets to discuss safety set-ups and even mock safety events to run practice drills. In 2014, this team held four region-wide safety preparedness drills. The Port Security team also hosted a training "train" classroom, located on the docks of the Port. Five (5) cars with hazardous product were staged for safety drills and all representatives – including every shift from the Albany fire department - participated. This allowed every member of the district a real life opportunity to experience what is required in the event of an emergency.






# PORT OF ALBANY TENANT NEWS

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**1400 FT  
OF RAIL  
RECONSTRUCTED**



## Port Invests in Infrastructure for Largest Tenant, Mohawk Paper

In 2014, the Port of Albany worked with Mohawk Paper to reconstruct 1,400 feet of rail siding to the business location inside the Port district. Due to age and deterioration, safe operation of the rail siding became a concern, especially in inclement weather. The Port managed the nearly \$400,000 project, including administering over \$200,000 in NYSDOT funds.

As a tenant occupying the largest single story warehouse in the Port district, Mohawk Paper is a critical business. The company, with manufacturing operations in Cohoes, is a paper company who receives regular shipments of paper pulp from Sweden. The company has credits including printing the cover paper for the Harry Potter books, providing the paper for the US Presidential Inauguration invitations and providing cover paper for many international magazines and periodicals.

The completed project is a marked improvement on the infrastructure and is a testament to the APDC's commitment to **maintain** and **upgrade** infrastructure systems in maritime and all areas of the Port's operations.



## Changes for Longtime Tenant Albany Asphalt

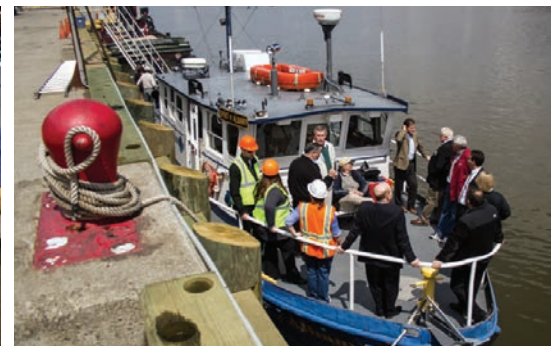
Since 1965, Albany Asphalt and Aggregates has been a tenant of the APDC. Founded in 1937 by Eugene Hallock and Fred Stutzman, Albany Asphalt supplies high-quality paving materials, engineering and construction to contractors throughout the Capital Region. Albany Asphalt quickly became a well-known entity in the construction world, and second- and third-generation family members continue to provide the same quality of its founders. This is symbolic of many of the business tenants of the APDC, and is one of many family businesses stretching multiple generations. The company is located on nearly 10 acres in the southern end of the Port District, on the edge of the Hudson River.

After many years in business, **Albany Asphalt** has made the decision to become part of **Callanan Industries**.



Founded in 1883 by Peter Callanan, Callanan Industries is a leading supplier of paving and construction services, with the NYSDOT one of its many customers. The company has a reputation for commitment to meeting their customers' needs and became a welcome buyer for Albany Asphalt, completing the purchase in April 2015.

Callanan Industries is a wholly owned subsidiary of Oldcastle Materials, Inc., which has approximately 1,200 locations through the U.S. The Port Commission looks forward to a long history with Callanan Industries.



## Bringing People Together: Port Industry Day

The APDC hosted its first ever Port Industry Day on May 1, 2014. The event attracted close to 200 guests for a half-day mix of industry sessions and exhibits. Participants included Port officials, businesses, local, regional and federal transportation experts as well as guests from other ports including the Port of New York & New Jersey. The activities primarily took place in Maritime Warehouse B, starting with a welcome and introductions over international coffees as a nod to the Port's connections around the world. The day also included exhibits by Port tenants, presentations on maritime and business development activities and opportunities. The keynote address was on the economic impact of the Port of Albany and a panel discussion related to initiating a Container on Barge Service to the Port of NY & NJ. The event highlighted more than \$75 million in investments made in recent years by public and private partners. The event exceeded expectations in terms of attendance, regional participation and new customer leads.

# APDC COMMUNITY PARTNER

The APDC is committed to increasing commerce, but it is also dedicated to being a good community partner. The APDC often hosts community tours, including student visits, chamber tours and visiting dignitaries. These are excellent opportunities to promote Port activities and inform the community and region about what takes place at the Port. In 2014, the Port continued this pledge.



Congressman Paul Tonko visits the Port of Albany during a green energy cargo shipment



General Manager Rich Hendrick hosting College of Saint Rose International Business students for a tour of the Port of Albany



General Manager Rich Hendrick hosting Tech Valley Global Business Network



The Port of Albany hosted a bus tour for Leadership Tech Valley class of 2014

The Port provides The Ringling Brothers Circus a safe and secure terminal area for the animals before going to the show





The Port hosted a Tech Valley High School student for a distance learning day



The APDC sponsors an annual regatta for the Albany Rowing Center



The Port regularly hosts public tours of the maritime district

The APDC maintains the Albany Riverfront Park at the Corning Preserve





**Hudson River Trading Game & Navigating the Seas** is a joint school program held at the Albany Visitors Center on Broadway. The APDC sponsors this important educational program to support City of Albany 5th grade students gaining a better understanding of cargo movement and navigating our waterways. The Port of Albany sponsorship provides financial assistance to a maritime commerce and economic development related activity which is consistent with the APDC mission.

The children experience the adventures of 18th century trade and travel on a 34-foot game board as well as the excitement of learning about celestial navigation in a planetarium. The program recently won an Award of Merit for its excellence and innovation from the Museum Association of New York.

“ We are extremely grateful to the Port for providing field trip support that makes it possible for all fifth graders in the City School District of Albany to have this exceptional learning experience! ”

**Becky Watrous, Education Director**



# ALBANY MARITIME MINISTRY

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Albany Maritime Ministry is an all-volunteer, ecumenical group meeting the spiritual, personal and practical needs of mariners arriving in and around the Port of Albany. It is a ministry of hospitality and welcome! Founded in 1995 by a committed group of volunteers, it provides a vital link to these essential services for visiting seafarers. Albany Maritime Ministry is incorporated under the laws of NYS, and is a Federal 501c3 organization working closely with a variety of churches in the Capitol district, members of the business community and city, state and federal agencies. Rev. Dr. William Hempel serves as chaplain and director of the ministry. Offices are located in the Port Security Operations Center.

## Ship Visitation and Port Presence

The Albany Maritime Ministry welcomes and orients all seafarers on visiting ships that arrive in and around the Port of Albany. When possible, the Ministry prefers to meet and work with seafarers aboard ship, as that is their world. There, religious services happen.

The Albany Maritime Ministry seeks to be a responsible, contributing ecumenical partner in the Port community. Board members invest time in important port communities and develop relationships with port officials.



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## Communication: Phones, Phone Cards, Internet & Mail

Seafarers are separated from loved ones and friends for several long months. The Albany Maritime Ministry provides access to essential means for seafarers to be in communication with loved ones and family around the globe. Free access to telephones, phone cards, Internet availability and mail are greatly sought after. Mobile phones and wireless laptop computers are placed aboard ship for those denied shore access.

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## Seafarer's Center

The most important thing the Seafarer's Center offers is a genuine welcome to strangers. Located in the Port of Albany, it is open whenever a vessel is in Port. It provides a safe haven for seafarers to make phone calls home and to access the Internet. Standing in a 200 year-old tradition of Ministry that is presently active in 800 ports worldwide, it welcomes strangers building connections to Albany through Port Facilities.

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## Transportation and Van Service

A 15-passenger van provides transport to the Seafarers Center for shopping, worshipping and visitor attractions. The van is a happy place and a doorway to different surroundings, new faces and otherwise scarce entertainment. In hard reality, it simply transports seafarers to shopping centers, the mission and local attractions. But in truth, it transports them to a more transcendent, needed place consisting of moments of normality.

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## Pastoral Counseling & Crisis Intervention

Besides responding to a crisis aboard ship, Albany Maritime Ministry also responds to crises the Port never hears about - personal crises among crews and families. It seeks to be an open, confidential, supportive and proactive confidant to people of every nationality and religious conviction. As members within a network of worldwide chaplains, Albany's Ministry shares in making and receiving referrals within an international web.

# BLESSING OF



# RENSSELAER WHARF

Gracious God, you have blessed us and brought us to this time and place.  
You stir our hearts and made us glad. Lord, you have shown us your grace in this place.

**We are thankful for your Spirit's indwelling.**

Let the Light of Your Love shine upon this wharf and fill every corner and beam  
and piling so that no darkness may abide here.

Great are the wonders of your Creation. **You have blessed us with this river;**  
linking us to inland seas and to the great oceans and the nations you have made;  
bringing world and its commerce to us.

By your spirit, you have given us men and women of vision who have seen beyond all that  
simply is and leading them to dream dreams and calling  
us to build that which is yet to come.

**We thank you for the creative wisdom and skill** that enlivens  
the work of architects, planners and builders, welders, masons and all who have worked  
to bring this wharf to completion.

In the richness of your goodness and mercy, you have blessed us with the completion  
of this wharf. As we receive it from your gracious hand in blessing,  
so may we be ever mindful that we use it in blessing to others.

**Look with favor on this gathering** and on all of our prayers and petitions;  
humbly yet confidently praying that your will be done in this as in all things.

---

**AMEN.**

---


**Rev. William G. Hempel**

**ALBANY PORT DISTRICT COMMISSION RENSSELAER WHARF  
RECONSTRUCTION CELEBRATION EVENT**

OCTOBER 20, 2014

# ON THE HORIZON FOR 2015

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## With a historic year in 2014, the APDC is not resting on its heels for 2015.

Often following a record-setting year is a year of transition. In the case of the APDC, it is a year of transformation. With so much going on, there is news to share as the year progresses.

### New Leadership of the Board of Commissioners

2015 brings the retirement of **Robert F. Cross**, former Chairman of the Board. His last Board meeting was in March of 2015, after serving on the APDC Board for over 16 years. His retirement follows an historic year at the Port of Albany, after years of planned investments and value added customer services. The APDC wishes Robert Cross the very best in his future endeavors.

In April 2015, the APDC Board of Commissioners elected **Georgette Steffens** as the new Chairwoman of the Board. Chairwoman Steffens was first appointed by the Governor to the Board of Commissioners in 2002 and served until 2005. She was appointed for a second term in 2012, serving most recently as the Treasurer as well as Chairwoman of the Audit Committee. During her tenure the Board has overseen strong growth at the Port of Albany as marked by substantial improvements in infrastructure systems and increased maritime activity.

**John Bulgaro** was welcomed as a new Commissioner on the Board as well. Commissioner Bulgaro is the President and Principal Executive Officer of the Teamsters Local 294. He has been a representative of the Teamsters for more than 30 years, and is also President of NYS Teamsters Joint Council 18 representing nine Local Unions and 15,000 Teamsters throughout upstate NY. His appointment to the APDC Board was made at the recommendation of Albany Mayor Kathy Sheehan, and approved by Governor Cuomo effective March 28, 2015.

Also in April, **Joseph E. Coffey, Jr., P.E.** was elected Treasurer by the APDC Board of Commissioners. Commissioner Coffey joined the APDC Board in 2014 at the recommendation of Albany Mayor Kathy Sheehan, and approved by Governor Cuomo.



The APDC will administer its largest state grant yet, with **\$15 million earmarked for the reconstruction of approximately 840 linear feet of wharf** on the Albany side of the Hudson River, adjacent to the Cargill operation south of maritime Shed 5.



## State of the Port

Perhaps for the first time in its history, the Port of Albany was included in an announcement in the Governor's State of the Union Address. The Port was among a handful of other public ports in the State to receive an allocation of infrastructure funding in the 2015 State of the State address, which is intended to improve critical system improvements. The APDC will administer its largest state grant yet, with \$15 million earmarked for the reconstruction of approximately 840 linear feet of wharf on the Albany side of the Hudson River, adjacent to the Cargill operation south of maritime Shed 5. This area of the wharf is 1920s-era infrastructure and serves the largest grain elevator in the Northeast US. These improvements are necessary for ensuring the integrity of the docks and maintaining safety. They are also necessary to make way for future container on barge operations.

APDC has experience successfully managing large infrastructure projects, including two wharf restoration and rail improvement projects in recent years. These projects, conducted from 2006 through 2014, were funded with more than 75 percent federal/state government grant funds. The Port of Albany has success administering large infrastructure investment projects dedicated to improve customer utilization and transportation needs.



## Growing, Growing, Strong!

The APDC will continue to pursue resources to complement recent and planned infrastructure investments. This year the federal government is offering another round of Transportation Investment Generating Economic Recovery (TIGER) grants. These are larger allocations and highly competitive funds, which seek innovative and transformational projects. The APDC is planning an application that would build on equipment necessary to handle larger cargo, and enable transfer from barge to dock and vice versa. This could be utilized for new generation large cargo handling like generators and turbines. It would make the Port of Albany more competitive and improve value to customers who would otherwise use other ports or incur the cost of attaining floating cranes up the Hudson River. This would become a permanent asset available to customers at the Port of Albany.

## Growing, Growing, Strong! (continued)

APDC will also be pursuing a Port Security grant to continue to safeguard the Port of Albany and its surrounding district. The Port has invested over \$5 million in the past 8 years. The 2015 grant application will be to add or modernize equipment. The APDC takes safety, security and integrity very seriously. The Port has invested in ensuring the security team has the equipment and tools it needs. To that end the APDC constructed a state-of-the-art Security and Emergency Operations Center within the marine terminal in 2013, added and upgraded cameras within the entire Port District as well as internally to the 200,000+ square feet of marine warehouse space.



**SAFE+SECURE**

AWARD-WINNING  
**SECURITY  
TEAM**





The Port of Albany has developed **strong** and **effective relationships** with State of New York and Federal leaders, which have been critical to supporting these **infrastructure investments** and **building commerce** for the regional economy. APDC leadership is fully committed to continuing this precedence of excellence and making our partners proud. Expect the 2015 Annual Report to be full of news to report and exceed expectations of what is happening at the Port of Albany!





**ALBANY PORT DISTRICT COMMISSION**  
Audited Financial Statements  
and Other Information

YEARS ENDED DECEMBER 31, 2014 AND 2013

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following discussion and analysis (MD&A) of the activities and financial performance of the Albany Port District Commission (“APDC”) is offered as an introduction and overview of the financial statements of APDC for the fiscal year ended December 31, 2014, with comparative data for the fiscal year ended December 31, 2013. Following this MD&A are the basic financial statements of APDC together with the notes thereto which are essential to a full understanding of the data contained in the financial statements. In addition to the notes, certain supplementary information is presented to assist with the understanding of the APDC’s financial operations.

A five-member Board of Commissioners (“Board”) governs APDC. All Commissioners are appointed by the Governor of New York State based upon recommendations of the Mayors of Albany and Rensselaer. The Board has adopted several policies as required under the Public Authorities Accountability Act (“PAAA”) of 2005 and the Public Authorities Reform Act (“PARA”) of 2009, enhancing transparency and embracing best governance practices.

The APDC Finance Committee meets on a quarterly basis or more frequently if necessary to provide enhanced project and transactional analysis. As necessary, the Committee makes recommendations for consideration by the Board. On a monthly basis, the Board meets to discuss infrastructure needs, project activity and progress, and maritime activity performance, and it meets quarterly to discuss the APDC’s financial position. In addition, the APDC Audit Committee, without management present, independently meets with the external auditors to discuss relevant issues and concerns.

## Introduction

In 1925 the Albany Port District Commission was established through an act of the New York State Legislature (“Enabling Legislation”). The Enabling Legislation granted broad authority to the APDC to develop, construct and manage a maritime facility. During the succeeding decades, the APDC developed into a year-round, twenty-four hour operation encompassing nearly 300 acres within two municipalities, directly and indirectly employing hundreds of men and women and generating hundreds of millions of dollars in regional and statewide economic output.

Stevedoring services are provided by Federal Marine Terminals, Inc. (“FMT”). Through a Terminal Operating Agreement (“TOA”) between APDC and FMT, FMT is authorized to manage a portion of APDC property for general cargo and commodity handling and to conduct various activities related to vessel servicing.

Under the TOA, FMT is obligated to make monthly payments to APDC (“Base Payments”). Upon meeting and surpassing certain gross revenue thresholds, under the TOA, FMT is obligated to pay a certain percentage of gross revenue to APDC (“Revenue Share Payments”).

The APDC strives to responsibly and effectively manage the publicly-owned maritime Port of Albany-Rensselaer, contributing to the economy of the Capital Region and beyond while emphasizing transparency and public stewardship.

### The APDC’s mission consists of three main tenets:

- **Effective Management of the Public’s Asset**
- **Economic Contribution to the Region**
- **Integrity, Professionalism & Customer Service**

Through the execution of this mission, APDC has emerged as an **award-winning, multi-faceted organization** offering **world-class facilities and services** with an economic influence that is felt throughout New York State.

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## 2014 Highlights

In July 2014, the Board approved several changes to the APDC's Maritime Tariff ("Tariff"). These changes went into effect on September 1, 2014. The purpose of these Tariff adjustments were to create market parity for those charges contained within the Tariff and is expected to create additional revenue for APDC. The Tariff will be reviewed on a periodic basis with recommended adjustments proposed to the Board for its approval as necessary.

During 2014, the Board of Commissioners approved the sale of an approximately 2 acre parcel of APDC-owned land within the City of Albany at fair market value after determining that the disposition of the site was supportive of the APDC's mission. The APDC recognized a gain of approximately \$12,000 from the sale. Disposition of this asset is anticipated to facilitate near-term commercial development of the site which could complement the APDC's existing operations.

Following a publicly issued Request for Proposals ("RFP"), the Board authorized the execution of a \$3 million master lease agreement with a national commercial bank. The proceeds from this transaction were utilized to finance the purchase of new equipment and to satisfy the balloon-payment obligation of previously obtained financing relating to a warehouse. The term of the lease is 7 years and carries an interest rate of 2.10%. This transaction closed on June 30, 2014.

During the fourth quarter of 2014, replacement of 600 feet of APDC-owned dock within the City of Rensselaer ("Rensselaer Wharf") was completed. The primary funding source of this \$8 million project was approximately \$12 million in competitively awarded grants from New York State ("Grants").

The Rensselaer Wharf project performed favorably related to budget and that performance allowed the APDC to propose a reallocation of the remaining grant funds. The reallocation was approved which facilitated the purchase of a new \$4.5 million mobile harbor crane.

Investment in the Rensselaer Wharf has resulted in a long-term arrangement with a business that expects to transport several hundred thousand pounds of material to locations outside of the immediate Capital District Region. This activity will generate wharfage revenue of at least \$500,000 over the seven-year term of the arrangement.

Demand for heavy lift cargo services by vessels and companies has increased by 71%. The acquisition of the new mobile harbor crane will allow for greater lifting capacity within this high-growth segment of the APDC's maritime business.

The APDC was awarded a grant of nearly \$210,000 under the New York State Department of Transportation ("NYSDOT") Passenger and Freight Rail Improvement Program. The NYSDOT grant will be used to offset the cost of a nearly \$400,000 project to repair and improve the rail infrastructure servicing a 198,000-square-foot facility. Not only does this project address a potential safety issue related to the deteriorated rail infrastructure, it also provides the business that leases the facility direct access to the existing rail infrastructure within the APDC terminal.

## Maritime Activity Highlights

A condensed summary of APDC's vessel traffic, cargo and commodity volume and longshore labor through December 31, 2012, 2013 and 2014 is shown below:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Ships	58	55	79
Barges-Heavy Lift	6	5	15
Total	<u>64</u>	<u>60</u>	<u>94</u>
<b>Tonnage</b>			
InBound	54,892	65,349	77,463
Outbound	336,578	325,065	495,483
Total	<u>391,470</u>	<u>390,414</u>	<u>572,946</u>
<b>Longshoremen</b>			
Man Hours	<u>33,720</u>	<u>44,489</u>	<u>81,988</u>

## Financial Operations Highlights

A condensed summary of revenues and expenses for the years ended December 31, 2014 and 2013 is shown below:

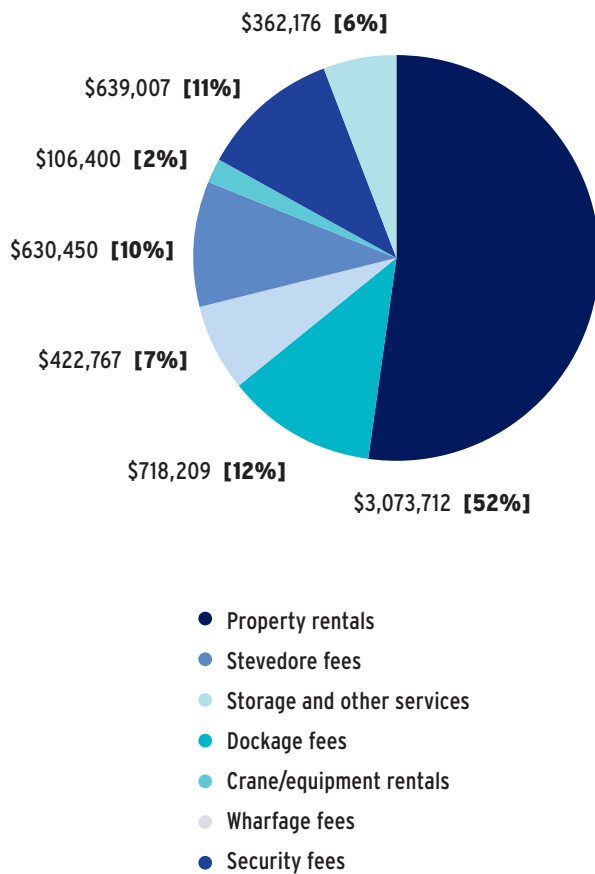
	<u>2014</u>	<u>2013</u>
<b>Operating Revenues</b>		
Property and equipment rentals	\$ 3,180,112	\$ 3,204,012
Maritime-related	1,771,426	949,251
Security	639,007	358,625
Other operating revenues	362,176	303,667
Total operating revenues	<u>5,952,721</u>	<u>4,815,555</u>
<b>Operating Expenses</b>		
Payroll and related expenses	2,345,174	2,317,434
Maintenance and material handling	291,425	215,802
Professional services	478,134	473,105
Other operating expenses	530,610	524,029
Total operating expenses	<u>3,645,343</u>	<u>3,530,370</u>
<b>Operating Income</b>	2,307,378	1,285,185
Depreciation and other items	<u>(1,786,252)</u>	<u>(473,566)</u>
<b>Change in Net Position Before Capital Funding</b>	521,126	811,619
Capital grant funding	<u>6,043,535</u>	<u>5,075,131</u>
<b>Increase in Net Position</b>	6,564,661	5,886,750
Total net position: beginning of year	37,945,890	32,059,140
Total net position: end of year	<u>\$ 44,510,551</u>	<u>\$ 37,945,890</u>



## Operating Revenue increased \$1.1 million or 24%.

While revenue derived from Property Rentals essentially remained flat from 2013 to 2014, significant growth in revenue derived from maritime-related activities occurred in 2014 as compared to 2013. Of the \$1.1 million increase in Operating Revenue, 97% was attributable to fees charged for maritime-related activities. Specifically, this growth was concentrated in four categories: Dockage Fees; Wharfage Fees; Stevedore Fees; and Security Fees.

### 2014 OPERATING REVENUES



Dockage Fees are charged for vessels that are utilizing berths and are based upon either the length or net registered tonnage of the vessel. Fees for dockage increased by approximately \$270,000 or 61%. Vessels utilizing the dock while awaiting the availability of their port of call (“lay berths”) more than doubled from 111 vessels in 2013 to 237 vessels in 2014.

Wharfage Fees increased by approximately \$109,000 or nearly 35%. The majority of this increase was in the grain and heavy lift categories. Fees from grain shipments generated nearly \$35,000 more in 2014 as compared to 2013. Heavy lift activity generated an increase in fees of approximately \$60,000 in 2014 as compared to 2013.

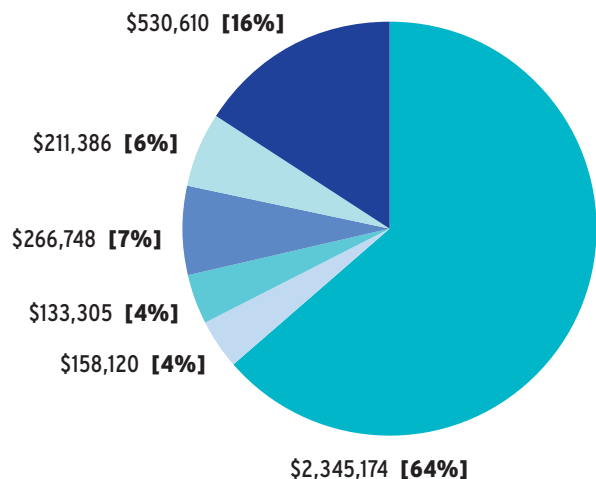
Stevedore Fees more than tripled to over \$630,000 in 2014 as compared to \$190,000 in 2013. This increase is attributable to an approximately \$360,000 increase in the Revenue Share Payments received from FMT. Although not captured in the APDC’s financial performance a corollary to this increase is evidenced by the number of longshore hours worked in 2014 as compared to 2013. Longshore hours worked increased by nearly 40,000; from 44,400 hours in 2013 to 82,000 hours in 2014.

The Maritime Transportation Security Act of 2002 (“MTSA”) established certain requirements related to terminal access and vessel security for U.S. ports. The majority of Security Fees received by the APDC are based upon practices and protocols required under the APDC’s Facility Security Plan, which was designed and implemented under the MTSA. Revenue for Security Fees increased by \$280,000 or 78% from 2013 to 2014. This is partially attributable to the increase in lay berth utilization from 2013 to 2014.

**Total expenses increased \$115,000 or 3.26%.**

Operating expenses experienced a modest increase from 2013 to 2014. The aggregate increase in the Maintenance Expense and Material Handling categories was nearly \$76,000 or 35%. These two categories, along with Payroll and Related Expenses, comprise nearly 90% of the total increases in operating expenses from 2013 to 2014.

**2014 OPERATING EXPENSES**



- Payroll and related benefit costs
- Material Handling
- Professional and consulting fees
- Maintenance expense
- Insurance
- Other operating expenses

Payroll and Related Expenses increased overall by just over 1%. The increase was primarily due to the creation of two new positions, increases in the costs of employee benefits and increases in payroll expenses for Security. These increases, however, were almost entirely offset by a one-time adjustment to the carrying value of certain employee benefits.

Maintenance Expenses increased by approximately \$24,000 or 18%. The increase is primarily attributable to increases in costs for equipment rentals used to maintain and repair APDC facilities. Additionally, expenses incurred related to road maintenance increased by \$8,500 in 2014 as compared to 2013.

The Material Handling category increased by \$51,000 or 63%. Expenses related to parts and supplies for the crane and certain claims resulting from damage of APDC-owned equipment increased by approximately \$23,000 and \$34,000, respectively.

A condensed summary of APDC's net position at December 31, 2012, 2013 and 2014 is shown below:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Assets</b>			
Current and other assets	\$ 4,779,564	\$ 5,748,603	\$ 7,101,030
Capital assets	<u>30,305,131</u>	<u>35,647,925</u>	<u>42,901,668</u>
Total assets	<u>35,084,695</u>	<u>41,396,528</u>	<u>50,002,698</u>
<b>Liabilities</b>			
Current and other liabilities	\$ 894,326	\$ 2,020,065	\$ 1,208,407
Long-term liabilities	<u>2,131,229</u>	<u>1,430,573</u>	<u>4,283,740</u>
Total liabilities	<u>3,025,555</u>	<u>3,450,638</u>	<u>5,492,147</u>
<b>Net Position</b>			
Invested in capital assets: net of related debt	\$ 29,158,412	\$ 34,646,889	\$ 39,911,082
Unrestricted	<u>2,900,728</u>	<u>3,299,001</u>	<u>4,599,469</u>
Total net position	<u>32,059,140</u>	<u>37,945,890</u>	<u>44,510,551</u>



## Current Known Facts, Decisions or Conditions

Management will continue to pursue federal and state funding opportunities to invest not only in existing infrastructure but also to create new infrastructure in response to emerging trends within the maritime and transportation logistics industries.

During the first half of 2015, the APDC will utilize available grant funds to undertake a maintenance dredging project along the eastern shore of the APDC's terminal. This project will complement the investment in the Rensselaer Wharf and return the dredged area to its advertised draft.

A newly customized application to automate the APDC's billing and related accounting processes will come online during the first quarter of 2015. This application will enhance efficiency and accuracy within the billing function and eliminate redundant processing.

## Financial Statements

APDC's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). Revenue is recognized when earned, not when received and expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives.

## Request for Information

This financial report is designed to provide a general overview of APDC's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to:

Chief Financial Officer  
Albany Port District Commission  
106 Smith Boulevard  
Albany, NY 12202

# INDEPENDENT AUDITOR'S REPORT TO THE COMMISSIONERS ALBANY PORT DISTRICT COMMISSION

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## Report on Financial Statements

We have audited the accompanying financial statements of Albany Port District Commission (a component reporting unit of the City of Albany) as of December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Albany Port District Commission, as of December 31, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

**Required Supplementary Information:** Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods



of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information:** Our audits were conducted for the purpose of forming opinions on the financial statements of the Albany Port District Commission's basic financial statements. The Schedules of Payroll and Related Costs and Other Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Payroll and Related Costs and Other Operating Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2015 on our consideration of the Albany Port District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Albany Port District Commission's internal control over financial reporting and compliance.

**UMY LLP**

Albany, New York  
February 18, 2015

# STATEMENTS OF NET POSITION

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,620,805	\$ 551,965
Investments	3,235,279	3,216,668
Accounts receivable	1,000,875	1,743,057
Other current assets	244,071	236,913
Total current assets	<u>7,101,030</u>	<u>5,748,603</u>
<b>Net Property and Equipment</b>	<u>42,901,668</u>	<u>35,647,925</u>
	<u>\$ 50,002,698</u>	<u>\$ 41,396,528</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 433,844	\$ 1,001,036
Deferred revenue	41,791	26,150
Accounts payable	400,004	375,566
Accrued expenses	170,680	455,233
OPEB obligation, current portion	35,000	35,000
Total current liabilities	<u>1,081,319</u>	<u>1,892,985</u>
<b>Security Deposits</b>	127,088	127,080
<b>Long-term Liabilities</b>		
OPEB obligation net of current portion	1,726,998	1,430,573
Long-term debt, net of current maturities	2,556,740	-
Total long-term liabilities	<u>4,283,740</u>	<u>1,430,573</u>
Total liabilities	<u>5,492,147</u>	<u>3,450,638</u>
<b>Net Position</b>		
Net investment in capital assets	39,911,082	34,646,889
Unrestricted	4,599,469	3,299,001
Total net position	<u>44,510,551</u>	<u>37,945,890</u>
	<u>\$ 50,002,698</u>	<u>\$ 41,396,528</u>

# STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>Operating Revenues</b>		
Property rentals	\$ 3,073,712	\$ 3,160,262
Dockage fees	718,209	445,794
Wharfage fees	422,767	313,383
Stevedore fees	630,450	190,074
Crane/equipment rentals	106,400	43,750
Security fees	639,007	358,625
Storage and other services	362,176	303,667
Total operating revenues	<u>5,952,721</u>	<u>4,815,555</u>
<b>Operating Expenses</b>		
Payroll and related benefit costs	2,345,174	2,317,434
Maintenance expense	158,120	133,863
Material handling	133,305	81,939
Insurance	266,748	263,649
Professional and consulting fees	211,386	209,456
Other operating expenses	530,610	524,029
Total operating expenses	<u>3,645,343</u>	<u>3,530,370</u>
<b>Operating Income, Before Depreciation and Other Items</b>	<u>2,307,378</u>	<u>1,285,185</u>
<b>Depreciation and Other Items</b>		
Depreciation and amortization	(1,489,634)	(1,407,378)
Gain on sale of property and equipment	12,091	-
Insurance recovery	-	1,300,000
Waterfront development expenses	(271,346)	(340,620)
Interest income	33,461	13,369
Interest expense	(70,824)	(38,937)
Net depreciation and other items	<u>(1,786,252)</u>	<u>(473,566)</u>
<b>Change in Net Position Before Capital Funding</b>	521,126	811,619
Capital grant funding	<u>6,043,535</u>	<u>5,075,131</u>
<b>Increase in Net Position</b>	6,564,661	5,886,750
Total net position: beginning of year	<u>37,945,890</u>	<u>32,059,140</u>
Total net position: end of year	<u>\$ 44,510,551</u>	<u>\$ 37,945,890</u>

# STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from rentals	\$ 3,195,753	\$ 3,214,117
Cash received for facility usage	1,414,569	933,079
Cash received from other services	1,001,183	706,042
Cash payments to employees and professionals	(2,544,687)	(2,134,885)
Cash payments for materials and maintenance	(282,938)	(213,070)
Cash payments for insurance	(266,654)	(247,229)
Cash payments for other expenses	(530,602)	(523,992)
Net cash provided by operating activities	<u>1,986,624</u>	<u>1,734,062</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Cash payments for waterfront development	(271,346)	(340,620)
Net cash used in noncapital financing activities	<u>(271,346)</u>	<u>(340,620)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Cash payments for capital assets	(8,881,647)	(6,495,819)
Cash received from sale of property and equipment	170,000	-
Cash received from capital grant funding	7,142,574	3,718,945
Cash received from insurance recovery	-	1,300,000
Interest expense	(70,824)	(38,937)
Cash proceeds from long-term debt	3,000,000	-
Cash payments on long-term debt and other obligations	(1,010,450)	(145,683)
Net cash provided by (used in) capital and related financing activities	<u>349,653</u>	<u>(1,661,494)</u>
<b>Cash Flows from Investing Activities</b>		
Cash received from interest	23,591	13,369
Cash paid for purchase of investments	(2,323,213)	(3,687,565)
Cash received from sale of investments	2,303,531	3,664,618
Net cash provided by (used in) investing activities	<u>3,909</u>	<u>(9,578)</u>
Net change in cash	2,068,840	(277,630)
Cash: beginning of year	551,965	829,595
Cash: end of year	<u>\$ 2,620,805</u>	<u>\$ 551,965</u>



# STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>Reconciliation of Operating Income, Before Depreciation and Other Items to Net Cash Provided by Operating Activities</b>		
Operating income, before depreciation and other items	\$ 2,307,378	\$ 1,285,185
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in:		
Accounts receivable	(356,857)	116,199
Other assets	445	10,889
Accounts payable	8,137	(21,011)
Accrued expenses	(284,545)	93,362
Deferred revenue	15,641	(49,242)
OPEB obligation	296,425	298,680
Total adjustments	<u>(320,754)</u>	<u>448,877</u>
Net cash provided by operating activities	<u>\$ 1,986,624</u>	<u>\$ 1,734,062</u>

## NOTE 1: Organization and Statutory Commission

The Albany Port District Commission (the Commission) was established in 1925 under Chapter 192 of the Laws of the State of New York. The law, as amended, grants the Commission regulatory powers over the development and operations of the facilities of the Albany Port District. The Commission, a Public Corporation with perpetual existence, has the power to construct, develop and operate Port facilities, including a terminal railroad; to fix fees, rates, rentals and other charges for its facilities; to regulate and supervise the construction and operations of the Port facilities by private enterprise; to issue bonds and notes; and to do all other things necessary to make the Port useful and productive. The Commission also has the right of eminent domain.

The Laws of 1925 provide that the municipalities of Albany and Rensselaer be assessed for the Commission's deficit, if any, which might result from operations and financing. A 1932 reapportionment determination established rates for this purpose which approximate 88% for Albany and 12% for Rensselaer. Although rates are subject to change under the provisions of the law, in recent years there have been no such assessments.

The Commission is a component reporting unit of the City of Albany and, as such, is included in the City's general purpose financial statements.

## NOTE 2: Significant Accounting Policies

**Basis of Presentation:** The Commission follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and GASB Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus." Statement 34, as amended by Statement 37 and Statement 63, establishes standards for external reporting for all state and local government entities. It also requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any

borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, when applicable, that portion of the debt is included in the same net position component as the unspent proceeds.

- Restricted – This component of net position, when applicable, consists of restrictions placed on fund equity use through external constraints imposed by creditors (such as through debt covenants), by law or regulation, or through enabling legislation. No component of net position was classified as restricted at December 31, 2014 and 2013.
- Unrestricted – This component of net position consists of fund equity that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Basis of Accounting:** The accompanying financial statements have been prepared in conformity with generally accepted accounting principles for governmental entities, as prescribed by GASB. In accordance with the provisions promulgated by GASB, the Commission has elected not to apply Financial Accounting Standards Board (FASB) pronouncements and interpretations issued after November 1989. The operations of the Commission are reported as a proprietary fund and, as such, are accounted for on a flow of economic resources measurement focus under the accrual basis of accounting. Within this measurement focus, all assets and liabilities associated with operations are included on the balance sheet with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

**Cash and Cash Equivalents:** The Commission considers all liquid investments with an original maturity of three months or less to be cash equivalents. The Commission's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, cash equivalents and investments. The Commission places cash and temporary cash investments with high quality credit institutions.

**Investments:** New York State statutes and guidelines, and the Commission's own investment policies, limit the investment of funds to obligations of the U.S. Government and its agencies, certificates of deposit and obligations of the State of New York. This limitation effectively minimizes the Commission's

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

investment related risk. The Commission's investments are managed by an independent investment advisor and are stated in the statements of net position at market value.

**Property and Equipment:** The Commission's property, equipment and other facilities are carried at cost and include capital grant funding from federal, state and local Governmental entities utilized to acquire, construct and improve facilities of the Commission. Such capital funding is recorded for amounts derived from capital project grants and other resources which are restricted to facility acquisition or construction. The Commission recognizes capital funding arising from capital project grants when earned (generally when the related capital expenditure is made). Depreciation is computed on the straight-line method based on estimated useful lives of the related assets, including those financed by capital funding grants. A substantial portion of depreciation is attributable to assets purchased with capital funding under various Governmental grants.

The estimated useful lives used in the calculation of depreciation are generally as follows:

Port marine facilities	10 to 40 Years
Furniture and equipment	5 to 10 Years
Transportation equipment	5 to 10 Years

**Accrued Employee Benefits:** It is the Commission's policy to record employee benefits, including accumulated vacation earned, retirement benefits and post-retirement benefits, as a liability. Commission employees are granted vacation leave in varying amounts and may carry-over unused leave, subject to stated policy amounts. In the event of termination, an employee is reimbursed for such time.

**Deferred Revenue:** Deferred revenue consists principally of rents received in advance.

**Operating Revenues:** The Commission's operating revenues are principally derived from four sources: property rentals, dockage fees, wharfage fees and security fees. Rental income is earned from tenants leasing buildings and other property owned by the Commission; dockage fees are earned from ships docked at Commission owned facilities; wharfage fees, including stevedore fees, are earned from unloading ships; and security fees are earned by providing certain security related services to tenants and others. Operating revenues also include equipment rentals, service charges and other fees.

**Operating Expenses:** Operating expenses consist principally of payroll and related benefit costs, maintenance costs, material handling costs, insurance costs, professional and consulting fees, promotional expenses and utilities.

**Insurance Recovery:** During June 2011, certain dock facilities owned by the Commission experienced damage as a result of a collapse. The resulting debris was cleared and shoreline instability was remediated by the Commission and, concurrent with this rehabilitation project, the Commission submitted a claim to its insurance carrier for damages incurred and other costs related to this loss. The claim resulted in the Commission's recovery of substantially all costs it incurred relating to the incident. It was the position of the Commission, however, that these steps were insufficient to return the dock facility to its preexisting condition. As a result, the Commission entered into a subrogation process under which, in 2013, the Commission received an additional and final settlement from its insurance carrier in the amount of \$1,300,000. This settlement has been recorded as a component of 'other items' in the 2013 Statement of Revenues and Expenses.

**Waterfront Development Expenses:** The Commission is a party to a 2002 operating lease agreement with Capitalize Albany Corporation (CAC) for the use of the Corning Preserve and Hudson River waterfront (see Note 10). All lease payments made to CAC for the use of this property, in addition to other waterfront related contractual costs incurred by the Commission, are expensed when incurred.

**Capital Funding:** Capital funding represents grants, generally from federal and state funding sources, which are designated for capital asset acquisition and/or construction.

**Income Taxes:** The properties and income of the Commission are exempt from all Federal and State income and franchise taxes.

**Estimates and Judgments:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

**Subsequent Events:** For purposes of preparing the financial statements, the Commission has considered events through February 18, 2015, the date the financial statements were available to be issued.

**Reclassifications:** Certain 2013 financial statement line items have been reclassified to conform with the current year's presentation.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

## NOTE 3: Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31:

	2014		2013	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Deposit accounts	\$2,620,805	\$2,982,270	\$551,965	\$727,116

At December 31, 2014 and 2013, the Commission's cash and deposits were covered by FDIC insurance or otherwise collaterally secured.

## NOTE 4: Investments

At December 31, 2014, investments, which are stated on the statements of net position at market value, are comprised of certificates of deposit and U.S. Government agency obligations, as follows:

Investment Rate	Par Amount	Maturity	Market (Carrying) Value	Cost
United States Treasury Bond (.75%)	\$ 150,000	3/15/17	\$ 149,942	\$ 149,295
United States Treasury Bond (.875%)	290,000	5/15/17	290,159	289,987
United States Treasury Bond (2.625%)	350,000	1/31/18	365,505	364,648
United States Treasury Bond (1.5%)	100,000	12/31/18	100,133	99,244
Ally Bank (CD; 2.1%)	80,000	9/3/15	80,822	80,837
Ally Bank (CD; .7%)	148,000	6/13/16	147,631	147,951
American Express Centurion (CD; 2.2%)	50,000	11/10/16	50,983	50,647
American Express Centurion (CD; 1.35%)	163,000	10/4/16	164,133	163,389
BMW Bank of North America (CD; 2%)	55,000	12/29/15	55,912	55,317
BMW Bank of North America (CD; 2.9%)	50,000	1/22/15	50,056	50,070
Barclays Bank Delaware (CD; 2%)	95,000	12/21/16	96,492	96,083
Cit Bank Utah (CD; 1.95%)	50,000	12/15/15	50,615	50,279
Cit Bank Utah (CD; 1.25%)	128,000	2/24/15	128,137	128,147
Compass Bank (CD; 1.15%)	225,000	6/29/15	225,698	225,403
Discover Bank (CD; 1.75%)	170,000	5/2/17	171,219	171,269
Discover Bank (CD; .75%)	75,000	5/9/16	75,062	74,890
GE Capital Retail Bank (CD; 2.15%)	147,000	8/27/15	148,538	148,501
GE Capital Retail Bank (CD; 1.1%)	100,000	5/26/15	100,243	100,266
GE Capital Bank (CD; 1.75%)	200,000	5/4/17	201,886	201,541
GE Capital Bank Retail (CD; .7%)	45,000	5/31/16	44,901	44,730
Goldman Sachs Bank USA (CD; .5%)	100,000	3/7/16	99,917	99,831
Mizuho Bank USA (CD; .25%)	170,000	1/30/15	170,010	170,010
Safra National Bank of New York (CD; .5%)	121,000	3/16/15	121,021	121,003
Sallie Mae Bank (CD; 1.7%)	145,000	8/22/17	146,264	145,583
	<u>\$ 3,207,000</u>		<u>\$ 3,235,279</u>	<u>\$ 3,228,921</u>

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

At December 31, 2013, investments, which are stated on the statements of net position at market value, were comprised of certificates of deposit and U.S. Government agency obligations, as follows:

Investment Rate	Par Amount	Maturity	Market (Carrying) Value	Cost
Federal Farm Credit Bank (.22%)	\$ 125,000	2/10/14	\$ 125,011	\$ 124,994
Federal Home Loan Bank (0%)	74,000	4/14/14	73,989	73,989
Federal Farm Credit Bank (1.15%)	200,000	10/6/14	201,488	201,325
United States Treasury Bond (1.5%)	100,000	12/31/18	98,875	99,244
Ally Bank (CD; 1.9%)	99,000	10/22/14	99,997	99,399
Ally Bank (CD; .85%)	150,000	6/27/14	150,293	150,080
American Express (CD; 1.4%)	138,000	10/6/14	138,940	138,262
American Express Centurion (CD; 2.2%)	50,000	11/10/16	51,239	50,871
BMW Bank of North America (CD; 2%)	55,000	12/29/15	56,459	55,632
BMW Bank of North America (CD; 2.9%)	50,000	1/22/15	51,183	51,267
BMW Bank of North America (CD; 1.75%)	67,000	8/27/14	67,616	67,178
BMW Bank of North America (CD; 1.55%)	45,000	10/22/14	45,490	45,122
Barclays Bank (CD; 2%)	95,000	12/21/16	96,805	96,402
Beal Bank USA (CD; .3%)	100,000	4/2/14	99,953	99,985
Cit Bank Utah (CD; 1.95%)	50,000	12/15/15	51,180	50,534
Cit Bank Utah (CD; 1.25%)	128,000	2/24/15	129,449	129,146
Compass Bank (CD; 1.15%)	225,000	6/29/15	225,630	226,213
Discover Bank (CD; 1.25%)	245,000	6/30/14	246,080	245,295
GE Capital Retail Bank (CD; 1.3%)	150,000	6/9/14	150,488	150,566
GE Capital Bank Retail (CD; .7%)	45,000	5/31/16	44,812	44,730
GE Capital Bank Retail (CD; 1%)	200,000	7/7/14	200,452	200,310
Goldman Sachs Bank USA (CD; 1.5%)	245,000	12/1/14	246,815	246,987
Safra National Bank of New York (CD; .5%)	121,000	3/16/15	120,712	121,020
Sallie Mae Bank (CD; .85%)	190,000	10/3/14	190,500	190,274
Sovereign Bank FSB (CD; .75%)	140,000	6/6/14	140,250	140,324
Wex Bank (CD; .35%)	113,000	3/28/14	112,962	113,007
	<u>\$ 3,200,000</u>		<u>\$ 3,216,668</u>	<u>\$ 3,212,156</u>

The Commission's investments are categorized in accordance with criteria established by GASB to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter parties trust department or agent in the Commission's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter parties, or by its trust department or agent, but not in the Commission's name. All of the Commission's investments at December 31, 2014 and 2013 are categorized as Category 1.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

## NOTE 5: Property and Equipment

At December 31, 2014 property and equipment is comprised of the following:

	<b>December 31 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>December 31 2014</b>
Port marine facilities	\$78,874,932	\$15,385,507	\$ 157,909	\$94,102,530
Transportation, equipment and furniture	967,651	26,901	-	994,552
Construction in process	6,861,081	347,692	6,861,081	347,692
Total	86,703,664	15,760,100	7,018,990	95,444,774
Less accumulated depreciation	51,055,739	1,487,367	-	52,543,106
Net property and equipment	<u>\$35,647,925</u>	<u>\$14,272,733</u>	<u>\$7,018,990</u>	<u>\$42,901,668</u>

At December 31, 2013 property and equipment is comprised of the following:

	<b>December 31 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>December 31 2013</b>
Port marine facilities	\$78,489,783	\$ 385,149	-	\$78,874,932
Transportation, equipment and furniture	810,749	156,902	-	967,651
Construction in process	655,676	6,205,405	-	6,861,081
Total	79,956,208	6,747,456	-	86,703,664
Less accumulated depreciation	49,651,077	1,404,662	-	51,055,739
Net property and equipment	<u>\$30,305,131</u>	<u>\$ 5,342,794</u>	<u>-</u>	<u>\$35,647,925</u>

Depreciation expense was \$1,487,367 and \$1,404,662 for the years ended December 31, 2014 and 2013, respectively.

## NOTE 6: Long-term Debt

Long-term debt is comprised of the following:

	<b>December 31 2013</b>	<b>Debt Issued</b>	<b>Debt Payments</b>	<b>December 31 2014</b>
Bank of America lease obligation (A)	\$ -	\$ 3,000,000	\$ 9,414	\$ 2,990,586
NYS First Instance advances (B)	77,709	-	77,709	-
M&T Bank warehouse obligation (C)	923,327	-	923,327	-
	1,001,036	<u>\$ 3,000,000</u>	<u>\$1,010,450</u>	2,990,586
Less current maturities	1,001,036			433,844
	<u>\$ -</u>			<u>\$ 2,556,742</u>

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

(A) The Commission is obligated under a June 2014 master lease financing agreement with Bank of America in the original amount of \$3,000,000. Funds under the financing agreement were primarily utilized to retire the M&T Bank warehouse obligation (see item C above) and to acquire certain Port-related facility equipment. The agreement requires monthly payments beginning in December 2014 of approximately \$41,000, including interest at approximately 2.1%, with final maturity in June 2021. The obligation is collateralized by certain Commission assets.

(B) New York State First Instance advances were non-interest bearing advances, authorized by the State pursuant to the provisions of Section 19, Chapter 170 of the Laws of 1967, for construction, reconstruction and rehabilitation of facilities. The terms of the agreement, as approved by the State Division of Budget and the State Legislature, provided for equal annual payments, each in the amount of \$80,000, through 2013, with a final payment of \$77,709 in 2014.

(C) The Commission was obligated under a 2004 mortgage with M&T Bank. The obligation provided for monthly payments of \$8,718, including interest at 4.07% per annum, with 20-year amortization and a balloon payment approximating \$864,000 in November 2014. During 2014, the mortgage was paid in full utilizing proceeds from the Bank of America master lease agreement.

At December 31, 2014, long-term debt maturities were comprised of the following:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 433,844	\$ 58,922	\$ 492,766
2016	443,087	49,679	492,766
2017	452,527	40,238	492,765
2018	462,168	30,597	492,765
2019	472,015	20,751	492,766
Thereafter	726,945	12,203	739,148
	<u>\$ 2,990,586</u>	<u>\$ 212,390</u>	<u>\$ 3,202,976</u>

## NOTE 7: Retirement Plan and Related Benefits

Substantially all Albany Port District Commission full-time employees participate in the New York State and Local Employees' Retirement System ("System").

The System is a cost-sharing multiple-employer defined benefit plan administered by the State Comptroller. Plan benefits, including retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed under the State Constitution. The System issues a financial report that includes financial statements and other information for the System, which is available to the public. The financial report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12244.

Employer contributions are actuarially determined by the System. The Commission is required to contribute annually to the System based on a percentage rate of payrolls. The rates, which vary according to the employees' date of hire, include normal, administrative and supplemental pension contributions and prior service costs. Substantially all Commission payroll is covered by the System. Employees who joined the system after July 27, 1976, and have less than ten years of service or membership are required to contribute 3% of their salary. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

# NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

## NOTE 7: Retirement Plan and Related Benefits *(continued)*

Pension-related payroll and contribution amounts for the years ended December 31, 2014, 2013 and 2012 are as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Retirement related payroll	\$ 1,018,746	\$ 861,386	\$ 726,234
Employer contributions	\$ 234,306	\$ 180,550	\$ 151,392
Employee contributions	\$ 24,420	\$ 19,224	\$ 21,864

## NOTE 8: Other Post-employment Benefits

The Commission provides certain health care benefits for retired employees and their covered dependents. Employees of the Commission become eligible for those benefits if they reach normal retirement age while working for the Commission. The Commission recognizes the cost of providing post-retirement health insurance benefits according to GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, prospectively. This Statement establishes standards for the recognition, measurement and display of other postemployment benefits (retiree health insurance) expenses and related liabilities and note disclosures.

### **Plan Description**

The Commission administers its retiree health insurance plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for continuation of medical insurance benefits for qualifying retirees and their covered dependents and can be amended by action of the Commission. The Plan does not currently issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

### **Funding Policy**

The Commission pays the full cost of eligible retiree health insurance. The Commission currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis, with the possibility of pre-funding additional benefits if so determined by the Commission. The Commission contributed approximately \$37,300 and \$35,100 for current premiums in 2014 and 2013, respectively. The costs of administering this Plan are paid by the Commission.

### **Funded Status and Funding Progress**

The schedule of funding progress presents multiyear trend information that is useful in determining whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liability. The following tables set forth the actuarial accrued liability and funded status of the Plan as of December 31, 2013, the most recent valuation date, with estimated liability and other information provided as of December 31, 2014, as applicable. Valuations are currently prepared every three years, as required by GASB 45.

### **Actuarial Accrued Liability (AAL)**

Currently retired	\$ 1,153,042
Active employees	3,087,507
Actuarial accrued liability	<u>4,240,549</u>
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,240,549</u>
Funded ratio	<u>0%</u>
Normal cost	<u>\$ 146,327</u>



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

## NOTE 8: Other Post-employment Benefits *(continued)*

The following table summarizes the amortization calculation of the UAAL as of the latest valuation date:

UAAL	\$ 4,240,549
Amortization period (years)	30
Amortization discount rate	2.50%
Present value factor	19.42
UAAL amortization amount	\$ 218,311

### **Annual OPEB Cost and Net OPEB Obligation**

The Commission's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Commission's annual OPEB cost:

Normal cost	\$ 146,327
Amortization of UAAL	218,311
ARC	<u>364,638</u>
Interest on OPEB obligation	29,172
Adjustment to ARC	<u>(60,074)</u>
OPEB expense	<u>\$ 333,736</u>

The following table reconciles the Commission's OPEB obligation at December 31:

	<u>2014</u>	<u>2013</u>
Net OPEB obligation at beginning of year	\$ 1,465,572	\$ 1,166,893
Annual OPEB expense	333,736	333,736
Annual OPEB contributions	<u>(37,311)</u>	<u>(35,057)</u>
Net OPEB obligation at end of year	1,761,997	1,465,572
Less: estimated current portion of OPEB obligation	<u>35,000</u>	<u>35,000</u>
Estimated long-term portion of OPEB obligation	\$ 1,726,997	\$ 1,430,572
Percentage of expense contributed	<u>11.2%</u>	<u>10.5%</u>

### **Trend Information**

Year Ended	Beginning OPEB Obligation	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/12	\$ 954,376	\$ 252,193	\$ 39,676	14.6%	\$ 1,166,893
12/31/13	1,166,893	333,736	35,057	10.5%	1,465,572
12/31/14	1,465,572	333,736	37,311	11.2%	1,761,997

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

## NOTE 8: Other Post-employment Benefits *(continued)*

### Actuarial Methods and Assumptions

The projected unit credit actuarial cost method was used to estimate the Commission's OPEB obligation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs (if any) between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The measurement date for the calculation was December 31, 2013 and the discount rate utilized was 2.50%. No salary increases were assumed since benefits are not based on compensation. Health care costs were assumed to increase as follows:

<u>Year</u>	<u>Trend Increase</u>
2014	7.37%
2015	6.90%
2016	6.43%
2017	5.96%
2018	5.93%
2019	5.91%
2020	5.89%
2025	5.78%
2030	5.81%
2040	5.19%
2050	5.00%
2060	4.83%
2070	4.35%
Thereafter	4.35%

An additional 1% increase in the health care trend rate would have a material adverse effect on the OPEB obligation.

## NOTE 9: Property Held for Lease

The Commission has entered into various operating leases with tenants for the use of space at Port-owned buildings, terminals, offices and other facilities. The approximate minimum future rentals scheduled to be received on operating leases in effect on December 31, 2014 were as follows:

2015	\$ 3,089,000
2016	2,963,000
2017	2,728,000
2018	2,052,000
2019	1,883,000
Thereafter	<u>12,721,000</u>
	<u>\$ 25,436,000</u>

## NOTE 10: Property Held for Lease

**Claims and Litigation:** The Commission is a defendant in various claims, lawsuits and actions arising in the normal course of operations. In the opinion of the Commission's management, the ultimate amount of any liabilities which may be incurred in connection with the settlement of claims and litigation will not materially affect the Commission's financial condition.

### **Lease Obligation Relating to Waterfront Development:**

The Commission is committed to supporting the City of Albany's efforts in developing the Corning Preserve and Hudson River waterfront. In this regard, during 2002, the Albany Industrial Development Agency (AIDA) issued \$4,390,000 in Civic Facility Revenue Bonds for the benefit of Capitalize Albany Corporation (CAC), for construction relating to the Corning Preserve/Hudson Riverfront Development Project. The majority of the net proceeds of the Revenue Bonds were utilized to fund various improvements to the project site for recreational and entertainment uses. Concurrent with the issuance of the bonds, CAC and the Commission entered into a shared use and lease agreement, under which CAC leases the project to the Commission for a 30-year lease term. At the end of the lease term, in 2033, the agreement provides that the project improvements are owned by CAC. Accordingly, all improvements made to the project by the Commission, in excess of those funded from bond proceeds, are expensed when incurred by the Commission as waterfront development expenses.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

## NOTE 10: Property Held for Lease *(continued)*

Under the shared use and lease agreement, which is accounted for as an operating lease by the Commission, the Commission is obligated to fully fund CAC's obligations relating to the project, including the funding of installment payments sufficient to cover all related bond debt service and certain other contractual improvement and operating expenses. The AIDA/CAC bonds are 25-year variable rate demand obligations, currently bearing interest at approximately .1%, with rates established weekly by a remarketing agent. As such, the Commission's annual lease obligation will likely change on a year-to-year basis and, in an increasing interest rate environment, these changes may be material.

The bonds are secured by a letter of credit issued by Key Bank. Under the letter of credit, any grant proceeds received for the project are required to reduce the outstanding bonds. The letter of credit requires future principal debt reduction payments, ranging from \$165,000 in 2015 to \$255,000 in 2024, thus providing for the full amortization of the bonds by the 2027 maturity date.

Future debt reduction payments are expected as follows:

2015	\$ 165,000
2016	175,000
2017	180,000
2018	190,000
2019	200,000
Thereafter	1,150,000
	<u>\$ 2,060,000</u>

The bonds have no prepayment constraints and, as such, holders have the option to redeem bonds at any time. The letter of credit terms, as disclosed above, may also materially impact the Commission's annual lease obligation.

During 2014 and 2013, the Commission's total lease cost, project improvement cost and other operating expenses related to the waterfront development project approximated \$271,000 and \$341,000, respectively.

The Commission's future lease obligations under the shared use and lease agreement, assuming no changes in the variable bond rate, no bond prepayments and no receipt of grant funding (events which will likely change over the term of the lease) will approximate a minimum of \$270,000 annually.

**Federal and State Grants:** During 2011, the Commission secured grant funding from the Department of Homeland Security and undertook a security upgrade project. The grant provides for up to \$735,000 in federal funds, representing 75% of the total project cost (which approximated \$980,000). This project was completed during 2013.

The Commission has secured funding from the Department of Homeland Security for a Security and Emergency Operations Center building project. The grant provides for up to \$750,000 in federal funds, representing 75% of the total project cost up to \$1,000,000. The total project exceeded \$1,000,000 and was completed in January 2014.

The Commission has secured funding in the form of two separate grants from the New York State Department of Transportation for a wharf reconstruction project. The first grant provided approximately \$1,570,000 in New York State funding for the initial phase of the project. This phase of the project was completed during 2013. The second grant provided approximately \$8,925,000 in New York State funding for the second phase of the project, representing approximately 78% of the total phase two project costs. This phase of the project was completed during 2014.

The Commission's grants are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments.



# ALBANY PORT DISTRICT COMMISSION

## Supplementary Information



## SCHEDULES OF PAYROLL AND RELATED COSTS AND OTHER OPERATING EXPENSES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<b>Payroll and Related Costs</b>		
Administrative	\$ 654,939	\$ 849,438
Maintenance crews and supervisor	310,884	289,720
Security	392,292	315,446
Benefit costs	530,728	428,314
OPEB expense	333,737	333,737
Payroll taxes	122,594	100,779
Total payroll and related costs	<u>\$ 2,345,174</u>	<u>\$ 2,317,434</u>
<b>Other Operating Expenses</b>		
Security	\$ 70,673	\$ 101,873
Utilities	105,695	119,127
City water	12,256	15,667
Advertising and promotion	51,878	59,546
Office supplies and expenses	82,293	65,040
Telephone	28,667	19,677
Snow removal	8,062	3,988
Equipment operating expense	112,468	86,160
Other expenses	58,618	52,951
Total other operating expenses	<u>\$ 530,610</u>	<u>\$ 524,029</u>

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS, INCLUDING COMPLIANCE WITH INVESTMENT GUIDELINES, BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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## To the Commissioners

Albany Port District Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Investment Guidelines for Public Authorities issued by the Office of the State Comptroller, State of New York, the financial statements of the Albany Port District Commission (the "Commission") as of and for the year ended December 31, 2014, and have issued our report thereon dated February 18, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

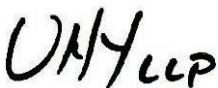
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, including Investment Guidelines for Public Authorities and the Commission's Investment Guidelines, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of This Report**

This report is intended solely for the information and use of the Commissioners and management of the Albany Port District Commission, others within the entity, federal awarding agencies, pass-through entities and New York State departments and agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Albany, New York  
February 18, 2015



