



PORT OF ALBANY

2015 YEAR IN REVIEW





IMO 9580780

DETTI

YOUR CONNECTION STARTS HERE

PORT OF ALBANY

Worldwide commerce has big transportation and storage needs. At the Port of Albany, rail, maritime and trans-load mobility all converge here on 300 acres into a massive business ecosystem. The maritime and commercial landscape is equipped with specialized facilities and equipment to serve each ship, each customer and every unique tenant requirement. The APDC strives to ensure facilities are state-of-the-art and that operations offer convenience, high value, integrity and security. We strive to create an environment for commerce, business innovation and commercial investment. Our operations can adjust to serve your business needs and help reach customer destinations across the globe. Your connection to the worldwide transportation network starts here.



20 15 SAFETY & SECURITY

\$5M

INVESTMENT
IN SECURITY
UPGRADES
between 2010
and 2015,
including
cybersecurity
enhancements

The Port of Albany has one of the finest security systems in place for the maritime industry, a huge value for businesses that rely on safe handling and transport of their products. These security measures encompass the entire facility, offering a safe and secure environment for tenants. 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 features in place at the Port of Albany are based upon practices and protocols required under the APDC's Facility Security Plan, which was designed and implemented under the MTSA and regulated by the U.S. Coast Guard. The Port's security team is so well regarded that they provide security services to neighboring private businesses along the Hudson River that are also under the jurisdiction of the U.S. Coast Guard.

The Port's security team is comprised of highly qualified professionals with many years of law enforcement experience. Safety, security and preventing events is what the team does on a daily basis.



THE ALBANY PORT DISTRICT COMMISSION

strives to responsibly and effectively manage the publicly-owned maritime Port of Albany, contributing to the economy of the Capital Region and beyond while emphasizing transparency and public stewardship. The mission consists of three main objectives:

01 ● EFFECTIVE
● MANAGEMENT OF
● PUBLIC ASSETS

02 ● ECONOMIC
● CONTRIBUTION
● TO THE REGION

03 ● INTEGRITY,
● PROFESSIONALISM &
● CUSTOMER SERVICE



WORLDWIDE TRANSPORTATION NETWORK

2015 PORT OPERATIONS

The Port of Albany is a year-round, 24-hour facility spanning 300 acres on the Albany and Rensselaer sides of the Hudson River. The Port generates an average of \$800 million in regional and state-wide economic output annually and provides 1,400 jobs locally, and 4,500 jobs statewide, making it a significant component of the economic development in New York State. Operations include a range of tenant functions supported by critical multi-modal transportation resources. The Albany Port District Commission continually invests in infrastructure upgrades to ensure the Port remains a vital state-of-the-art resource, providing maximum value for customers who establish and grow their businesses here.

MARITIME

The marine terminal is the pivotal asset of the Port of Albany, with 5,400 linear feet of wharf on both sides of the Hudson River. This is an international port of entry with deep water facilities.

124

NAUTICAL MILES north of New York Harbor, on the Hudson River

51%

JOB GROWTH from 2010-15 in maritime longshore labor hours worked

2

HEAVY LIFT mobile harbor cranes

32 FT

FRESHWATER DRAFT

RAIL

The Port of Albany has accessible rail service throughout the facility, including excellent rail clearance which makes it a desirable destination for moving large dimensional and heavy lift cargo.

3

NORTH AMERICAN CLASS-ONE RAILROADS serviced by Albany Port Railroad

20 MI

STANDARD-GAUGE SWITCHING RAILROAD

12,000

RAIL CAR MOVES inside the Port in 2015

882,000

LB HEAVY LIFT rail capacity

TRANS-LOAD

Port facilities offer capacity to transfer a shipment from one mode of transportation to another in order to make the entire trip to its ultimate destination, often a necessity when goods are shipped internationally or in very high volume.

13.5 M

BUSHEL capacity grain elevator, the largest in the Northeast US

ON-SITE

US CUSTOMS & BORDER PROTECTION office expedites cargo clearance

105 M

GALLON capacity bulk liquid storage

300K SQ FT of indoor maritime, sprinklered storage

LAND USAGE

Approximately 85% of the APDC owned land is non-maritime and leased for business purposes. The APDC manages 21 non maritime tenant buildings and sustains a five-person, 40 piece equipment maintenance operation to serve the facility.

300

ACRES on the Albany and Rensselaer shores of the Hudson River

20

ACRES of open maritime storage space

23

BUSINESS TENANTS

97%

OCCUPATION of available space

20 15 PORT TENANTS & USAGE

The tenants at the Port make up 85% of the land usage outside of the dedicated maritime use and are a critical revenue stream for operations. The business ecosystem that exists at the Port, between the tenants, maritime customers, the railroad and trucking partners in transportation make for a valuable concentration of industry. This in turn serves the economy of the Region.



1 GORMAN BROTHERS

This 100 year old highway and construction materials company, includes the largest deep-water asphalt terminal on the East Coast, a rail terminal, asphalt emulsion-manufacturing plants, transportation facilities and engineering services to over 500 municipalities throughout the Northeast.

32 foot channel allows for barge and ship delivery of product from Europe, South America and locations throughout U.S.

40 railcars can be received at one time, with the ability to steam 18 cars at one time

900 gallons per minute can be loaded into tanker trucks for delivery to road and bridge construction projects

20 million gallon asphalt cement storage facility on Rensselaer waterfront site, company locations on both Albany and Rensselaer sides of the Hudson River

2 FEDERAL MARINE TERMINALS

An industry leader in marine terminal operations provides stevedoring services to the Port. FMT is a subsidiary of Fednav and employs the latest in proprietary software to track cargo. They handle break bulk, containerized, heavy lift, over-dimensional special projects and general cargoes.

353,454 tons of cargo monitored

69 ocean vessels received stevedoring services

227 rail cars carrying 33,033 short tons monitored

4,310 trucks discharged from marine terminal carrying calcium chloride, wood pulp and wind-blades to domestic customers

45 acres of maritime space

3 PORT SECURITY OPERATIONS CENTER

4 W.M. BIERS

Provides locally produced landscape materials for commercial and residential customers, heavy-duty landscape equipment sales, as well as landscape and tree-removal. The family owned business has operated from its Port location for over 20 years.

10,000 trucks loaded in 2015

6 acres, totalling three parcels of Port real estate

5 WASTE MGMT. OF NEW YORK

One of North America's leading providers of comprehensive environmental solutions, they serve over 21 million customers in the U.S. and Canada. They provide waste disposal and recycling of construction and demolition debris to residential and commercial waste customers.

17,500 trucks dispatched

5.5 acres, includes an on-site transfer station

6 APDC MAINTENANCE

Manages daily operations throughout the 300 acre Port district. They provide potable water to ships, service maritime equipment as well as the Port's 21 tenant buildings and six marine warehouses.

7 MOHAWK PAPER MILLS

A global producer of high-performance papers for design and publishing. The company's Port warehouse and distribution center is home to a world-class digital printing center. Mohawk Paper is used in publications with a world-wide reach, including U.S. Presidential inaugural invitations and covers for the *Harry Potter* book series.

100 tons of wood pulp received via ship

2,880 rail cars of wood pulp received

5,000 annual truck shipments of paper delivered throughout North America

200,000 sq. ft. building, the Port's largest one-story facility

8 NYS DEPT. OF ENVIRONMENTAL CONSERVATION

The DEC operation center houses motor pool for DEC law enforcement, HAZMAT detection team and on-site air monitoring labs.

22,000 sq. ft. building on two acres

9 ALBANY PORT ADMIN. BUILDING

10 ALBANY PORT RAILROAD CORPORATION

Owned and operated by CSX and CP Rail, APRC provides on-site industrial trackage services as well as moving heavy lift and other cargo through the Port. They serve tenants including Cargill Inc., Mohawk Paper, Buckeye Partners and Westway Feed.

40% of ships at the Port are served by the APRC

50% of Port tenants use the Albany Port Railroad services

20 mile standard-gauge switching RR/heavy lift, on-dock rail

11 UPSTATE SHREDDING/ BEN WEITSMAN

The East Coast's largest privately-owned scrap metal company, processes scrap metal and transports it to mills and iron foundries domestically.

13,680 annual truck shipments into and out of their Port facility

18 acres with on-site industrial truck scale

12 WESTWAY FEED PRODUCTS

Producer of custom liquid animal feed supplements, fertilizer and agricultural-based waste-water treatment solutions for farms throughout the Northeast U.S.

19,717 tons of molasses imported from Australia and Guatemala

120 rail cars of molasses transported

3,131 truck loads of liquid product transported

3.5 acres with four large-scale storage tanks

13 SAM GRECO CONSTRUCTION

General contractor specializing in commercial construction, design and build management. Greco Construction's woodworking division, MMC Millwork, are master craftsmen specializing in architectural and custom woodworking.

20,000 sq. ft. building on two acres

14 CARGILL GRAIN

The Port's longest residing tenant, operates a 13.5 million bushel grain elevator at the Port, handles 26.5 million bushels of grain annually.

701,736 metric tons of grain to international ports

7,153 rail cars of grain and corn received

5,778 truck loads of grain shipped to Northeast farms

10+ acres with dedicated wharf access for grain ships

15 ARDENT MILLS

Using raw product provided by Port tenant Cargill Grain, Ardent Mills converts grain and corn into a broad range of flours, mixes and specialty food products. The finished milled goods are distributed to bakeries, retail grocery, restaurants, and pizza shops throughout New York State.

15,600 truck loads of flour shipped annually

12 acres with food-grade grain conversion facility

16 DURHAM SCHOOL SERVICES

Repair and dispatch operation of school bus services for the City School District of Albany.

130 school bus fleet dispatched daily to transport 4,000–4,500 public and private school students

6 acres with garage and on-site bus repair facility

17 CARGILL NUTRENA

A worldwide provider of animal nutrition, the warehouse and distribution center at the Port converts grain product from Cargill Grain into high-quality livestock feed serving farms throughout the Northeast.

2,880 truck loads of processed feed shipped to Northeast farms

3.75 acres adjacent to Cargill Grain and Ardent Mills includes an underground conveyor system which transports grain to be converted into livestock feed

18 CALLANAN INDUSTRIES

The Port's newest tenant, Callanan Industries provides aggregate and construction services to regional and statewide commercial contractors specializing in bridge and road construction projects.

8.5 waterfront acres includes an aggregate silo and asphalt mixer to directly load dump trucks

19 BUCKEYE PARTNERS

One of the largest independent liquid petroleum products pipeline operators in the United States. The marine crude oil and refined petroleum products storage facility in the Port of Albany provides storage and transport of crude oil and refined petroleum products to East Coast refineries, where they are blended with fuel for American auto consumers.

21 million gallons of ethanol transported by barge

160 average number of rail cars of ethanol transported per month

7,280 truckloads of ethanol transported to East Coast refineries

30+ acres, includes 40+ on-site liquid storage tanks, the Port's largest land user

20 RENSSELAER IRON & STEEL

One of three port locations on the Eastern Seaboard, this family owned scrap metal recycling facility, exports scrap metal from Capital Region retail customers via ship to international ports including Turkey and Mexico. There it is recycled into re-bar steel for construction and metal for vehicle manufacturing.

174,835 tons of scrap shipped to ports worldwide

17 acres of waterfront with direct wharf access in the Port's Rensselaer district

21 NORMAL TRUCK & TRAILER

Provides inspection and repair services for petroleum tankers and other heavy-load tractor trailer trucks.

13,000 sq. ft. facility in the Port's Rensselaer district

22 CCI RENSSELAER

104 megawatt capacity electric power generation facility. The operation uses a Westinghouse combustion turbine, heat recovery steam generator, and steam turbine, and has dual-fuel capability using natural gas or fuel oil and interconnects into the New York Independent System Operator.

5 acres in the Port's Rensselaer district

23 NEW CASTLE ASPHALT

Provider of state-of-the-art asphalt production for use by commercial construction contractors.

10,500 trucks loaded in 2015

9 acres of waterfront in the Port's Rensselaer district, with on-site aggregate silos and asphalt mixer providing direct truck loading



Port Security regularly interfaces with all local and regional law enforcement officers for safety drills and security measures.

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.

100%

COMPLIANCE with the U.S. Maritime Transportation Security Act of 2002

The Port Security team regularly conducts safety drills and invites law enforcement leaders from the capital region as well as Port tenants and stakeholders to participate. Drills include representatives from the U.S. Coast Guard, CSX, CP Rail, City of Albany Fire and Police, 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 2015, at a minimum, this team held quarterly region-wide safety preparedness drills. They also regularly host a training “train classroom” which takes place on the docks of the Port. Five rail cars with hazardous product are staged

for safety drills and all representatives—including every shift from the Albany Fire Department—participates. This allows every member of the district a real life opportunity to experience what is required in the event of an emergency.

The Security Port team has won awards and received recognition for the highest standards in safety on a number of occasions. Perhaps the most prestigious award was from the United States Coast Guard's Area Maritime Security Committee, where the Port of Albany was recognized together with the Port of New York and New Jersey for outstanding achievements in safeguarding the Marine Transportation System.

35

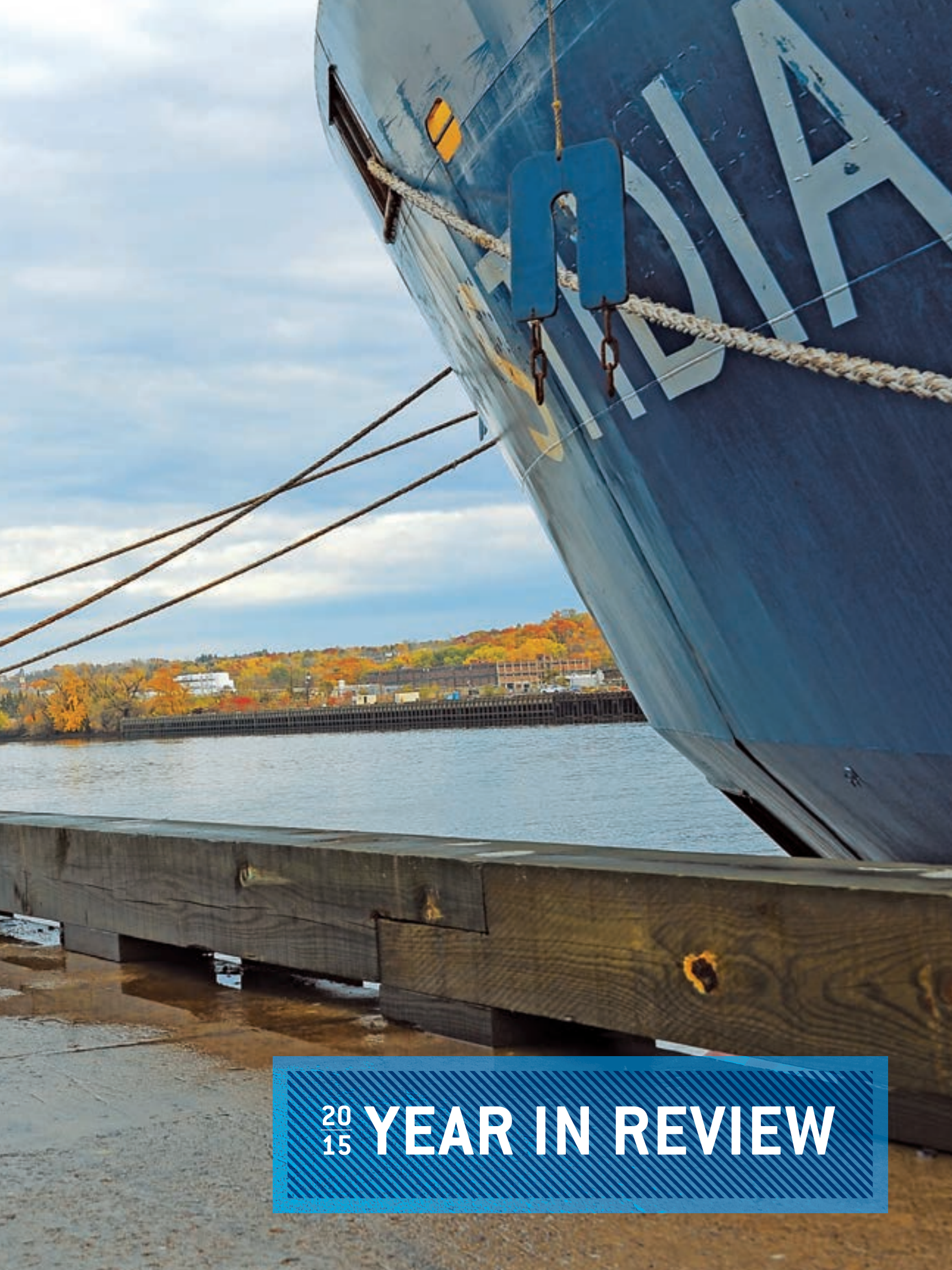
NYS LICENSED SECURITY FORCE oversees and enforces security operations

24/7

VIDEO SURVEILLANCE monitoring throughout the Port District



RICHARD J. HENDRICK, SR. GENERAL MANAGER of the Albany Port District Commission, serves on the Board of Commissioners of Pilots of the State of New York. In 2015, Hendrick was elected to the Board of Directors of the American Association of Port Authorities (AAPA) United States—North Atlantic Ports.



20
15

YEAR IN REVIEW



20 **15** YEAR IN REVIEW

\$15M

**NEW YORK STATE
INFRASTRUCTURE
GRANT** to revitalize
and enhance the
Ports' 840 ft wharf

Steady growth and public-private partnerships were key factors in the positive trends for the Port of Albany in 2015. The year started off with a stellar kick start with Governor Andrew Cuomo including the Port of Albany for the first time in the public State of the State address. With pride, the Port of Albany received a special infrastructure designation for \$15 million to rebuild a 1929 era South Albany dock that stretches 840 linear feet of the wharf. This infrastructure project is critical for the Northeast economy for a number of reasons. This dock supports the largest grain elevator in the Northeast United States, a 13.5 million bushel grain elevator that is a part of Cargill Grain's operation. This project will also enable the Port to add roll on—roll off capabilities, which will prepare the Port for the projected increase in the volume of containerized

cargo resulting from the Panama Canal expansion and will support regional manufacturers and other commercial enterprises that are exporting or importing heavy lift cargo that cannot be transported by any other means. This is a tremendous expansion opportunity for the regional economy.

The Port strives to serve and exceed customer needs. It is expected that a significant world-wide manufacturer with a division headquartered in the Capital Region will be producing even larger electrification units that will be exported to international destinations. The Port currently handles 600,000 pound units for this manufacturer, and it is expected that the units could double in weight and expand in dimension, which would prohibit them from being transported in practical distance by truck or even heavy rail.



“ [New York State] will invest in our port infrastructure and waterways, and support our fast-growing distribution and logistics cluster, to make sure that our companies and entrepreneurs are able to respond to external opportunities and have better access to critical inputs. Upon implementation, this strategy will have created between 11,500–13,100 jobs and approximately \$1.6B in GDP over its first five years. ”

—GOVERNOR ANDREW CUOMO, FROM THE 2015 STATE OF THE STATE ADDRESS





\$4M

**AWARDED BY
NEW YORK STATE**
to assist the Port of
Albany in construction
of \$8M “Big Lift”
maritime operations
warehouse facility.
When completed, the
specialized warehouse
will service regional
manufacturers with
their international
transport operations
requirements

Year in Review (CONTINUED)

With roll-on roll-off capabilities (also known as ro-ro) the larger dimension and heavy lift units can be transferred right from barge to dock and from dock to ship. The Port leaders are excited to offer regional manufacturers the ability to innovate their production and still have their international transportation needs served. By keeping up with these needs, it is understood that the regional division headquarters will retain the production in the Capital Region, versus it being transferred to a southern United States location. The Port is committed to being a leader in the Upstate economy, and this is a testament to the partnership that makes it possible.

In terms of public-private partnerships, an exciting and potentially historic one for the Port to be a part of in 2015, was the Capital Region Economic Development Council’s (CREDC) submission for the Governor’s Upstate Revitalization Initiative (URI) competition. The URI competition encouraged regions to develop a strategy that would promote

decisive and innovative growth in their economy that would compound for years to come. Seven of the ten Regional Economic Development Councils were eligible to compete for three winning awards of \$500 million to aid in implementing their winning strategic plans.

The Port was a prominent component of the Capital Region’s plan; representing potential growth in one of the five major strategies of the plan. *Strategy 2: Gateway: Connecting Markets and Businesses* identified the geography of the Capital Region, a position that has empowered us to become a distribution and logistics hub.

As described in the plan, this strategy “... will invest in our port infrastructure and waterways, and support our fast-growing distribution and logistics cluster, to make sure that our companies and entrepreneurs are able to respond to external opportunities and have better access to critical inputs. Upon implementation, this strategy will have created between 11,500-13,100 jobs and approximately \$1.6B in GDP over its first five years.”



Modernizing and expanding the Port of Albany is key to this strategy. Recognizing the Port of Albany's contribution to the regional economy, and connection to the global economy recognizes the Port's capacity to offset the Port of New York and New Jersey's potential congestion with the expansion of the Panama Canal to bring business to Upstate New York.

Utilizing more than 95% of its available land, the APDC leadership has identified the need to modernize and expand the Port of Albany to achieve its future growth potential. By joining the CREDC regional plan, the Port compounded its potential benefits by interlinking with the regional business community.

While the CREDC's strategy was not awarded the winning URI, the Port and many other Capital Region projects were selected for project awards that will advance the plan's overall strategy. The APDC was awarded \$4 million to assist in the cost of constructing an \$8 million Big Lift maritime operations warehouse facility to service an

international manufacturing concern. In addition, the APDC Board has taken steps to further its expansion plan and expects investments toward this path over the next several years.



840 FT

OF DEEP WATER WHARF accommodates ships and barges up to 750ft, providing support to Cargill's grain elevator facility as well as to a number of tenants who utilize the Port's deep water marine facilities for importing and exporting goods and materials



**2010
2015**

BUSINESS GROWTH

\$540K

2015 GAIN IN NET POSITION over 2014 fiscal year due to increased operating income and capital project funding

Business growth, commerce activity and customer or partner relationships have all been heading in the right direction at the Port of Albany. In the past five years, the economic indicators that the APDC tracks for maritime operations show stability and steady increases. Specifically, the Port operations have supported steady ship activity, tonnage crossing the wharf and longshore labor hours. Over a five year period (2010-2015), the Port achieved a 15% increase in vessel calls at the Port, and a 50% increase in longshore hours worked. This third indicator is perhaps the most exciting, doubling longshore labor hours worked. This means more people working more hours, to accomplish the work at the Port. This also means more employment opportunities for the region.

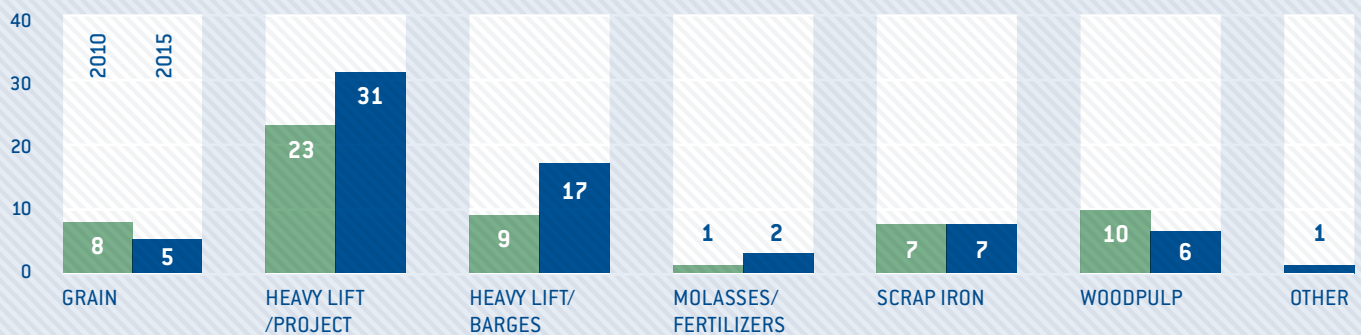
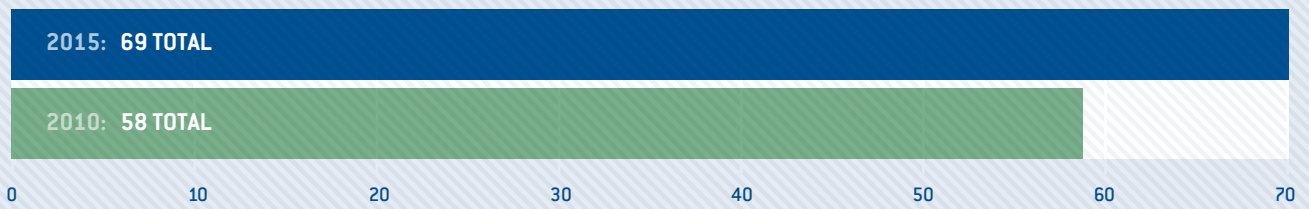
Other measures show business is trending successfully at the Port as well. In 2015, APDC's net position grew by nearly \$540,000 as a result of operating income for 2015 and capital project funding. Another important indicator; maritime equipment utilization was up as well. Revenue derived from crane and equipment rentals increased by almost

100%

MANAGEMENT PRACTICE COMPLIANCE of public authority laws and regulations as determined by the New York State Office of the State Comptroller



Ship and Barge Traffic: 2010 & 2015





+50%

LONGSHORE HOURS increased from 2010 to 2015, fulfilling vital Port services and providing critical jobs in 2015

+15%

INCREASE IN VESSEL CALLS from 2010 to 2015

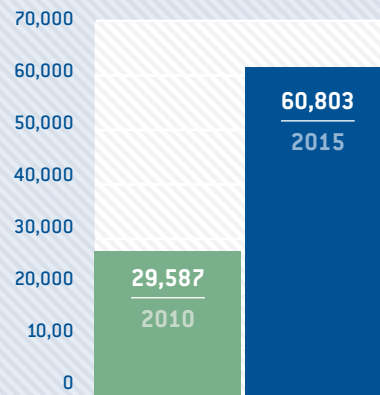
Business Growth (CONTINUED)

double in 2015, another reflection of a healthy year on the docks. The Port has been adding new customers and new commodities as well. Shipments of wind blades and calcium chloride increased longshore labor and filled the maritime yard for several months of the year. Over 5,500 tons of calcium chloride came in by ship and was then trucked out to various locations in the northeast. In addition, FMT moved 12 rail cars and 1,710 short tons of wind blades out of the Port to destinations in Upstate NY. These new and growing commodity movements are the result of persistent business development work and building strong customer relationships.

Outside of the maritime operations, the Port welcomed another new tenant and also tracked all around increases in tenant investments in facilities and operations. The APDC tracked combined investments of over \$106 million by the Commission and Port tenants over the past five years. These

Longshore Hours Worked: 2010 & 2015

The amount of longshore hours is a vital business indicator for the Port and its' partners measuring the amount of work performed on the site each year.





measures are an extremely positive sign of the healthy environment and center of commerce that exists in the Port district.

The APDC team is proud of this healthy business environment that has been fostered in the district, and is especially proud of the integrity and good business practice recognition the APDC is also achieving. A key demonstration of this is during 2015, certain financial management practices of the APDC were audited by the New York State Office of the State Comptroller (OSC). After a rigorous review and extensive on-site field work, OSC found that the reviewed practices complied with APDC procedures and related laws and regulations. While this may sound like a modest result, this is remarkable in the world of public authorities and audit reviews. This is a testament to the level of professionalism and integrity that the APDC team strives for and is achieving.





20 **15** **INFRASTRUCTURE INVESTMENTS**

\$106M

INFRASTRUCTURE INVESTMENTS

made by Port Commission and tenants to improve and expand operations throughout the Port District

The APDC regularly maintains and upgrades infrastructure systems in the maritime terminal as well as all other areas of the facility in order to provide quality and sustainable operations. This is a mighty task, with the size and depth of infrastructure systems necessary throughout the 300 acre district. However, it has proven to be an effective way to attract and increase commerce at the Port. For example, the APDC invested in a second mobile harbor crane in 2014. That new crane quickly became integral to operations, and overall crane use more than doubled in 2015; a testament to both the active business on the docks in 2015 and the value of investing in infrastructure.

In other maritime investments, in 2015, the APDC undertook a \$2.4 million dredging project to remove approximately 5,000 cubic yards of material adjacent to the Rensselaer Wharf that was reconstructed in 2014. The project was critical to achieve a draft of 32 feet in the area, enough to safely berth commercial vessels that would load and unload substantial product.

In general facility investments, the APDC began remediation work on an approximately 12 acre site in southern portion of the Albany side of the facility. The APDC is working in cooperation with a previous commercial tenant that was located at the site and with state and federal agencies in anticipation of a future



144T

LIEBHERR HEAVY-LIFT MOBILE CRANE
addition to operations, positions the Port of Albany as a leader among in-land ports in the United States for heavy lift and project cargo handling

reuse of the site. The goal is to reach a new long-term lease for the site during the second half of 2016.

In order to manage daily operations throughout the 300 acre Port district, the APDC has an on-site fully equipped maintenance shop and team. The crew of five, including an experienced and dependable foreman, are responsible for overseeing and maintaining 21 tenant buildings, six marine warehouses and 300,000 square feet of covered storage facilities. Maintenance provides potable water for ships and services all maritime equipment and terminal needs. The APDC maintenance operation includes over 40 pieces of heavy equipment necessary for maritime operations as well as general industrial facility usage for district-wide utilization. In 2015, the APDC invested in a new loader, critical to operations on the docks.

Finally, during 2015, the APDC executed agreements with the cities of Albany and Rensselaer to provide fire and related emergency services to the APDC. In terms of infrastructure, bolstering protection of the overall Port District by partnering with the host cities was a huge investment by the Port Operations.

20 15 TENANT HIGHLIGHTS

ALBANY PORT RAILROAD WELCOMES NEW GENERAL MANAGER

John Gaylord joined Albany Port Railroad as General Manager in 2015. Gaylord has over



23 years of service in the railroad industry. He most recently came from CSX in Jacksonville, FL where he was for nearly two years. Before that he was Albany Division Manager at CSX Transportation, overseeing regional operations for a critical part of the CSX network. There, he managed a 60 person team. Throughout his CSX career, Gaylord has been in locations throughout the U.S., including Albany, NY; Jacksonville, FL; Louisville KY and Cincinnati OH. Gaylord has been a leader in CSX and the Port is thrilled to have his experience and integrity at the Port of Albany.

ALBANY PORT RAILROAD CORPORATION

The Albany Port Railroad operates a responsive and efficient switching service to CSX and Canadian Pacific Railroads and is owned jointly by CSX and CP Railroads. The service is critical for most of the tenants of the Port of Albany, either moving cargo into the terminal or moving it within the terminal between tenants. The APRC also provides service to a large portion of the ships that come to the Port of Albany, and is capable of moving heavy

lift and large cargo movements. The service they provide opens the door for moving a lot of goods that otherwise could not be moved by other means of transport. This is key for the multi-modal service that makes the Port a destination for commerce. The APRC is comprised of a small, but mighty team of six men and women. In 2015 the team got a new leader that has been a breath of fresh air for the company and the tenant relationships.



THE ALBANY PORT RAILROAD TEAM: Paul Yakel, Clerk; Tommy Vogt, Foreman; Stephen Cassick, Conductor; Paul Hayes Sr., Engineer (top); Dave Campbell, Foreman; Lorraine LaCorte, Manager; and John Gaylord, General Manager

SAM GRECO CONSTRUCTION

Sam Greco Construction has been located in the Port of Albany for nearly 40 years. Since the business first started they have tripled the size of their footprint in the Port and added a second business line to their operation. The company is a general contractor specializing in commercial construction, design/build, construction management and architectural millwork. They provide quality building services whether it is building maintenance, renovations, large or small construction or a new building. Greco Construction's woodworking division, MMC Millwork,



SAM GRECO, JR.
President of the family-owned business, was inducted in January 2016 into the Sage College Athletics Hall of Fame for basketball and baseball achievements in the 1962-64 seasons.

are master craftsmen specializing in architectural and custom woodworking. The company start up goal was simple: "to provide our clients with a quality product at a fair price and to give assurance of a personal guarantee that would become our trademark for our success." Greco has gained a reputation for delivering the most demanding contracts on time and within budget. Greco has been involved in hundreds of regionally notable projects, including the first Hilton Garden Inn in the revitalized Park South adjacent to the Albany Medical Campus.

Sam Greco Construction is a family-owned small business with a big presence in the Capital Region business community. Their client list extends throughout New York State and the tri-state area.

The company and their leadership, are also integral to the civic community in the region. In 2015, Sam Greco, Jr. was inducted in Sage Colleges, Athletic Hall of Fame. During his '62-'64 seasons playing on the men's basketball team at Sage Junior College of Albany, Greco distinguished himself with his speed and tenacity. He was a team MVP, a leading scorer and also shot a record setting 91% from the free throw line. Following his time at Sage Junior College of Albany, Greco signed an offer to play baseball with the San Francisco Giants and

had a tryout with New York Yankees and made it to the final cut of 25 players from 350.

Greco leads the nearly 40-year-old company, overseeing all employees, management and job progress. Greco has a reputation within the Port for his involvement in all meetings and events, bringing a positive attitude and willingness to contribute in any way to help the greater community.

CALLANAN INDUSTRIES

In 2015, Callanan Industries, Inc. became the Port of Albany's newest tenant. The company acquired Albany Asphalt, a longstanding tenant of the Port along the Albany docks of the Hudson River. During the business acquisition, Callanan was approved by the Albany Port District Commission to take over the nearly 10-acre lease to operate the site in the southern portion of the Port district in Albany. The lease with APDC expires on December 31, 2031.

Callanan, one of the region's oldest—and largest—suppliers of aggregate, asphalt and concrete products and construction services, is best known for major road building projects and for supplying concrete for such super projects as Empire State Plaza, Crossgates Mall and GlobalFoundries. During the peak road-building season in the summer, the company employs 600 people. With the addition of the Port facility, Callanan Industries and its affiliated companies operate approximately 40 locations, supplying quality New York State-approved aggregate, hot mix asphalt and readymix concrete for infrastructure, building and home projects throughout an operational area that extends from the Orange/Sullivan County region in the south, northward to the Glens Falls/Warren County area and westward from the Capital District to the Utica/Syracuse region of the Empire State. In addition, the company extended its service area throughout the Berkshires in Western Massachusetts.

Since the acquisition of the business and take-over of the site at the Port, Callanan has already invested \$500,000 in the facility. This has included operational upgrades, as well as great improvements to the appearance of the site. While the facility does not currently use water access, the company has said it would look at using the river to move its products in the future. Approximately 20 dedicated staff are on site. The company has already become a great addition to the Port's business community.

5,900

JOBS provided in 2015 by tenants in their Port and statewide locations

\$80M

WAGES & BENEFITS paid annually by port tenants to their employees

\$3M

REVENUE generated annually from tenant leases

255

ACRES of dedicated real estate utilized by Port tenants and related support services



20 15 COMMUNITY PARTNERS



Swedish ship unloading wood pulp, 1932 from *Capital Region in 50 Objects* exhibit at the Albany Institute of History and Art

Albany often hosts community tours, including student visits, leadership tours and visiting dignitaries. The Port also participates in external regional meetings, civic endeavors and Chamber of Commerce events. Together, these are excellent opportunities to promote Port activities and inform the public about what takes place at the Port, and the role it plays in the economy and the consumer ecosystem.

In 2015, the Port was honored to be included in *Capital Region in 50 Objects*, an exhibit at the Albany Institute of History and Art which tells the story of the Capital Region and the origin of its identity through the portrayal of 50 objects. The Port of Albany contributed an artifact and historical images to the exhibit which highlights the history and early prominence the Port played in the development of the modern world. The Port team is

honored to be a part of this collaborative project.

The APDC is proud to participate in the annual Waterford Tugboat Roundup, which is known as the place “where maritime history comes alive”. The APDC sends the Port’s vessel “Spirit of Albany” and is a sponsor of the weekend long event. Waterford’s historic waterfront is transformed back into a ren-



The Port of Albany is a proud sponsor of the “Head of the Hudson,” Albany Rowing Center’s annual regatta.



dering of its commercial heyday where tugs new and old moor stem to stern. In addition to tours of the vessels and other displays, there is an ample supply of music, food, children's activities, vendors, boat rides, fireworks, and family fun. The festival attracts thousands of people to New York's Capital Region. The Port provides children's programming in partnership with Historic Cherry Hill and the Albany Visitors Center. The "Hudson River Trading Game and Navigating the Seas," invites fifth grade students from the City School District of Albany to discover 18th century trade and travel experiences on a 34-foot game board and a planetarium show which explains how 18th century sailors navigated the seas using the stars and constellations as their guide. The program received an "Award of Merit for Excellence and Innovation" from the Museum Association of New York.

ALBANY MARITIME MINISTRY is an ecumenical group of volunteers who provide for the spiritual, personal and practical needs of mariners arriving in and around the Port of Albany through acts of hospitality and welcome. Founded in 1995, the Ministry provides a vital link to essential services for visiting seafarers from around the world. Albany Maritime Ministry is incorporated under the laws of NYS, is a Federal 501c3 organization working closely with a variety of congregations, businesses and city, state and federal agencies throughout the Capital Region. Reverend William G. Hempel, pastor emeritus of St. Paul's Evangelical Lutheran Church in the City of Albany, serves as chaplain and director of the ministry.





360,000 SQ FT

TOTAL PORT MARITIME WAREHOUSE SPACE BY 2017

The Port's maritime warehouse capabilities include 1,200 psf floor capacities, high bays, rail siding access, climate controlled, security surveillance and alarmed, and overhead lift ability.

20 16 **LOOKING AHEAD**

As the Port district continues to grow and change, the APDC must grow and change too. The Port of Albany has distinguished itself as a premier partner in the Upstate NY economy and connection to the worldwide transportation network. The Port Administration has proven over time the ability to evolve to serve the needs of the regional and global economies and consumers. Over the past few years, the Port has achieved many advancements in performance, infrastructure upgrades, customer relations and prominence.

The APDC is yet again at a point of evolving to the next level. With that in mind, 2016 is a year of action. An exciting initiative the Port is undertaking in 2016 is a Strategic Assessment & Growth Strategy Development plan utilizing a world-class team of port planners, engineers and economic analysts. The goal is to understand market opportunities while identifying the best potential growth trajectories. This may include identifying the best way to poise the Port of Albany to support a container on barge service with the Port of New York & New Jersey to offset the congestive effects of the Panama Canal Expansion and new large scale vessels. The Port of New York & New Jersey serves as the gateway to one of the most concentrated and affluent consumer markets in the world. It is the largest port

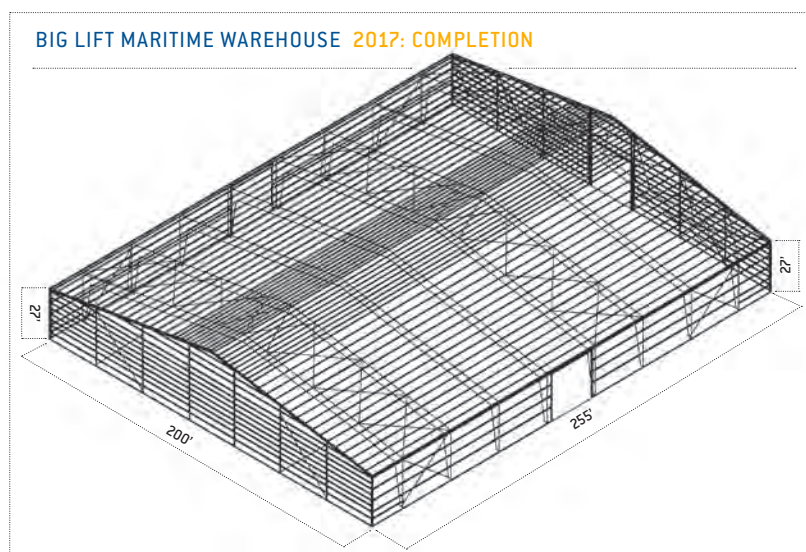
on the East Coast and the third largest in the nation. The Port of Albany is a steady and capable partner to assist in the expected growth that would bring business Upstate. As the Port of Albany is investing and growing, it is imperative to take prudent steps, justify use of resources and make bold, yet smart moves that create economic and employment opportunities for the Capital Region and beyond.

In 2016, the Port will begin the construction phase of a \$15 million south wharf reconstruction project. This project is currently in the pre-development phase. It is expected that the public request

60,000 SQ FT

**NEW BIG LIFT
MARITIME
OPERATIONS
WAREHOUSE**

(below) 60,000 sq ft with capacity to handle twelve 1.2 M cargo units, will begin construction in 2016.



for bids will occur in the summer and construction could begin before the end of the calendar year. This project will be completed in 2018, if not before and will be a tremendous value for additional business transportation service.

The Port will also begin development of an \$8 million BIG LIFT Maritime Operations warehouse in 2016. This building will be close to 60,000 square feet in size and have the capacity to handle up to twelve (12) 1.2 million pound cargo units. This will be a dedicated maritime warehouse for heavy lift and large dimensional customers.

Other expected outcomes from 2016 will be the repositioning of a critical parcel of land for re-use. Before the end of the year, nearly 11 acres at 700 Smith Boulevard in the Port is expected to come back on line after an 18 month environmental



Looking Ahead (CONTINUED)

\$8M

INVESTMENT IN BIG LIFT MARITIME OPERATIONS WAREHOUSE

Construction to begin in 2016. This will be a dedicated maritime warehouse specialized to serve heavy lift and large dimensional customers.

clean-up plan. This parcel will be an excellent commerce opportunity and a critical revenue generator for the APDC.

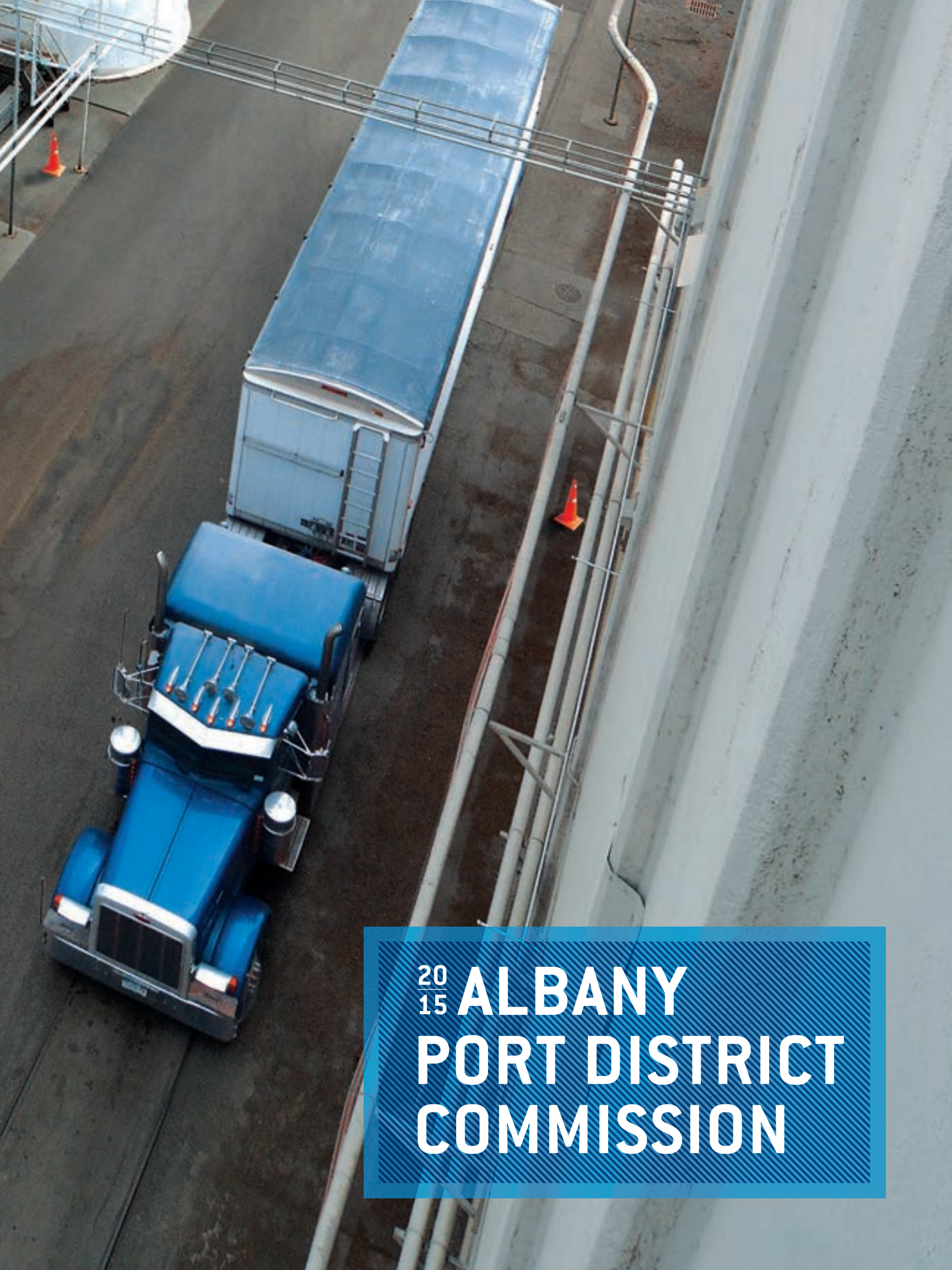
The Port of Albany is making other exciting environmental strides by becoming the first port in New York State to join the Green Marine program. This North American environmental program will assist the Port Administration complete a self-audit and then take steps to enhance standards and efficiencies. This is one more way the Port of Albany can become an environmental leader.

The Port hosted its second annual Port Industry Day in 2015 and the third annual Port Industry Day will be held on May 12, 2016. This is a chance for the community, including business, government, elected officials and general public to come into the Port's secure terminal and participate in a day-long event highlighting tenants, maritime activity and issues involving and the Port. Close to 200 people attended

the event each year so far and the Port is gearing up for an even better event in 2016. Especially as the Port is looking ahead to such big and exciting infrastructure projects, Port Industry Day is a great way to inform the community what is coming ahead.

In the past few years the APDC has had undertaken infrastructure improvements, steps to grow commerce, and developed customer relationships that nearly doubled longshore labor hours. Reflecting on these and other achievements, it is an exciting time for the Port of Albany. However, there is more to be done, and careful measures to take to be best positioned for a prosperous future. Rest assured that no one at the Port Administration takes the challenges ahead for granted. With careful planning, strong partnerships and premier professionals in the transportation industry, we will continue to uphold this Commission's mission for the good of our region and our state





20
15 **ALBANY
PORT DISTRICT
COMMISSION**

PORT COMMISSION GOVERNANCE

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 APDC shall have power over the survey, development, control and operation of port facilities, with the view to the increase and efficiency of such facilities and the furtherance of commerce and industries in the district.

THE BOARD OF COMMISSIONERS

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

Georgette Steffens, Chairwoman

Georgette was first appointed to the Port Commission in 2005 and served until 2007 when she moved to Boston. She was reappointed to the Board in 2011 after moving back to Albany, and was elected to Chairwoman in 2015. Georgette is 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. Prior to this, Georgette served as the Director of Operations for a private consulting firm in Cambridge, MA. Previously, she worked for the City of Albany, as Director of the Albany HomeStore and as an Economic Developer working on Downtown and waterfront redevelopment. Georgette is also a Board member of the NYS Urban Council, the Albany Roundtable and the Steffens Scleroderma Center Advisory Board.

Joseph E. Coffey, Jr., P.E., Treasurer

Joe was appointed to the Commission in 2014. He is the Commissioner of the City of Albany Department of Water and Water Supply, 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, Joe has held Executive Leadership and Management positions for over 35 years with several Environmental and Engineering Consulting firms and 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 the Sage Colleges. Joe holds a BS Degree in Engineering from Boston University and a MEng Degree from RPI.

Dominick Tagliento, Secretary

Dominick has been the City of Rensselaer's appointee to the Port of Albany since 2009. Dominick was a successful small-business owner for over forty-five years, owning and operating Tagliento's Deli in Rensselaer. He was elected to the City of Rensselaer Common Council in 2000 and represented the City's 5th Ward on the Council for well over a decade. Currently, Dominick serves as the Commissioner of the City of Rensselaer's Department of Public Works responsible for all of the City's public works, including water and sewer projects and overseeing the administration of the daily operations and workforce that maintains the City's critical infrastructure. Dominick is the Secretary to the Board of Commissioners.



Noelle M. Kinsch, Assistant Secretary

Noelle was appointed to the Board in 2015. She is General Counsel for Iberdrola USA Management Corporation where she provides legal advice to electric and gas utilities, develops regulatory/legal strategy and represents clients on a wide variety of matters before state public utility commissions and other state agencies. Noelle was an Albany County Legislator for the 6th District from January 2012 to 2015 and was a partner in the Law Firm of Dewey & Leboeuf from January 2008 to March 2012, and was with the firm since 1996. Noelle is a graduate of Albany Law School and Union College. Noelle has received several honors including from Chambers & Partners, Public Utilities Fortnightly, Legal Battleground 2010 Law and in the Lawyers Report, Named a “Groundbreaking Lawyer of 2010”.

John Bulgaro, Commissioner

John was appointed to the Albany Port District Commission in 2015 at the recommendation of Mayor Sheehan. Commissioner Bulgaro is currently the President and Principal Executive Officer of Teamsters Local 294 in Albany, New York. He has been with the organization in different capacities for over thirty years, bringing tremendous labor and workforce development knowledge with him to the APDC Board of Commissioners. He is a former member of the Board of Directors of Capital District Health Care Coalition, the Private Industry Council, Albany, NY, as well as the Center for Disability Services in Albany, NY. Bulgaro is the Chair of the Albany Port District Commission Audit Committee and a Member of the APDC Governance and Finance Committees.

IN MEMORIAM Leo Dean, Commissioner

The board and staff of the APDC pay tribute to former Commissioner Leo Dean, who passed away in 2015. Commissioner Dean was Secretary and served on the Board of Commissioners for 12 years, right up to his passing. His friendly manner and fifty plus years of private business experience were very helpful to directing some of the Port’s most exciting projects. 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), the Eastern Theatre of Operations with five battle stars and the very prestigious French Legion of Honor Medal, France’s highest decoration. Leo was a true hero, a wonderful leader and a good friend to the Port of Albany.



ALBANY

“ The Port of Albany is a critical economic driver in the City of Albany and the Capital Region. With a combined local and statewide employment impact of close to 6,000 people, the Port is a major employment center that is key for our community job seekers. The Port is also exciting because it is our local connection to the world and enables our regional businesses to have export opportunities throughout the globe. ”

KATHY M. SHEEHAN, MAYOR, CITY OF ALBANY

“On behalf of the community, I’m very happy the Rensselaer side of the Hudson River is included in the Port facilities. The business and ship activity creates more jobs for the residents of Rensselaer and the region.”

DANIEL J. DWYER, MAYOR, CITY OF RENSSELAER

Straddling the shores of the Hudson River in the heart of New York’s Tech Valley, are the Cities of Albany and Rensselaer, NY, which is home to the Port of Albany. With nearly 1.1 million people living in the greater Capital Region, our two cities are witnessing an exhilarating period of economic growth—nearly \$30 billion in private and public investment over the last ten years. Located 125 nautical miles north of New York City, the Port of Albany is uniquely situated in the middle of one of the world’s richest marketplaces.

An aerial photograph of an industrial facility, likely a power plant or refinery, situated along the Hudson River. The facility features several tall smokestacks, large storage tanks, and various industrial buildings. The surrounding area is lush with trees in autumn colors. A blue text box with a diagonal line pattern is overlaid on the lower-left portion of the image, containing the word 'RENSSELAER' in white, bold, uppercase letters.

RENSSELAER

A low-angle photograph of three construction workers in safety gear (hard hats and high-visibility vests) working on a large, red, industrial structure. The structure is suspended by cables and appears to be part of a large-scale construction project. The background is a clear blue sky with scattered white clouds. The text 'FROM THE CHAIRWOMAN & GENERAL MANAGER' is overlaid in white, bold, sans-serif font across the middle of the image.

FROM THE **CHAIRWOMAN &
GENERAL MANAGER**



GEORGETTE STEFFENS
*Chairwoman,
Albany Port District
Commission*

Dear Governor Cuomo,

As Upstate New York's leading inland port we continue to be an economic driver for the Capital Region and beyond. Representing an economic impact of more than \$800 million annually, the Port's 23 business tenants alone pay over \$80 million in wages and benefits for 1,400+ local jobs and 4,500 jobs throughout New York State.

Our reach goes beyond the local economy with international connections; we receive cargo from as far as Australia and Sweden and ship regional products to Algeria, Turkey, Mexico and many other global destinations. These relationships have led to a steady swell of business over the past five years. The Port has experienced a 15% increase in vessel calls and a 50% increase in longshore hours worked, all correlating with new businesses locating at the Port, millions of dollars in large scale reinvestment, and increased jobs created by the Port both directly and indirectly.

The inclusion of the Port of Albany in your Upstate infrastructure improvement plan through a \$15 million grant award will enable the Port to handle larger cargo with roll-on roll-off capability and secure the wharf that supports the largest grain elevator in the Northeastern United States. The Port also received a \$4 million award for a construction of a new BIG LIFT maritime warehouse. These investments reinforce the excellence that is the Port of Albany.

Governor, thank you for your continued leadership and recognition of the importance maritime commerce plays in New York State's, and in particular Upstate's ability to be globally competitive.

Georgette Steffens, Chairwoman
Albany Port District Commission



RICHARD J. HENDRICK
*General Manager,
Albany Port District
Commission*

Dear Chairwoman Steffens and Members of the Board of Commissioners,

Following a record setting year, I am happy to report that 2015 was a very successful year at the Port of Albany. With leadership from our Board, support from our government partners and an excellent team on staff, we have positioned the Port well for the future. Specifically, new infrastructure improvements will prepare the Port to handle our customer cargo requirements as they increase in volume and dimension. Perhaps most exciting to me is the growth in the local labor force at the Port due to all these improvements.

I would like to thank the Commissioners for giving me the ability to assemble a team of dedicated professionals who—like me—are always looking for the next opportunity to make this port a leader. I also want to especially thank the Port's general counsel Tom Owens who departed at the end of 2015 for a new career opportunity. His partnership on this team helped us create the environment for these positive changes.

I am pleased to report that 2015 was a superb year and as we look ahead our horizon continues to shine bright at the Port of Albany.

Richard J. Hendrick, General Manager
Albany Port District Commission





40 Management's Discussion and Analysis

46 Independent Auditor's Report on the Financial Statements

48 Statements of Net Position

49 Statements of Revenues, Expenses and Changes in Net Position

50 Statements of Cash Flows

51 Notes to Financial Statements

66 Supplementary Information

67 Independent Auditor's Report on Internal Control

**FINANCIAL
STATEMENTS**

2010
2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2015, with comparative data for the fiscal year ended December 31, 2014. 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.

APDC is governed by a five member Board of Commissioners ("Board"). 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, maritime activity performance and 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 state-wide 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 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 and 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.

2015 HIGHLIGHTS

APDC's net position has grown by nearly \$540,000 as a result of operating income for 2015 and capital grant funding.

Following a publicly issued Request for Proposals ("RFP"), the Board approved an approximately \$2.4 million project to dredge a quantity of material sufficient to achieve a draft of 30 feet in the area adjacent to the Rensselaer Wharf that was reconstructed in 2014. APDC entered into an agreement with a commercial tenant to contribute up to \$700,000 of the cost of the project. Approximately \$950,000 of the project's cost is offset from grant sources.

In May 2015, a piece of equipment that was determined to no longer be needed for terminal operations was sold and the APDC realized a \$217,500 gain on the sale of this asset.

During 2015, the APDC executed agreements with the cities of Albany and Rensselaer to provide fire and related emergency services ("Services") to the APDC. The term of the agreement is for one year (September 1, 2015 through August 31, 2016) and fees remitted to Albany and Rensselaer as consideration for the Services are \$500,000 and \$100,000, respectively.

As of December 31, 2015, APDC has recognized approximately \$250,000 of deferred outflows of resources related to the requirements under GASB 68. Further explanation of GASB 68 and the corresponding presentation in the financial statements is provided in the notes to the financials.

During 2015, certain financial management practices of the APDC were audited by the New York State Office of the State Comptroller ("OSC"). Specifically, OSC focused on delinquent account receivable collection and reporting practices and capital planning activities for the period from January 1, 2013 through September 30, 2015. OSC found that the reviewed practices complied with APDC procedures and related laws and regulations.

MARITIME ACTIVITY HIGHLIGHTS

A condensed summary of APDC's vessel traffic, cargo and commodity volume and longshore labor through December 31, 2013, 2014, and 2015 is shown below:

	2013	2014	2015
Ships	55	79	52
Barges – heavy lift	5	15	17
Total	60	94	69
TONNAGE			
Inbound	65,349	77,463	58,120
Outbound	325,065	495,483	295,334
Total	390,414	527,946	353,454
LONGSHOREMAN			
Man hours	44,389	81,988	60,803

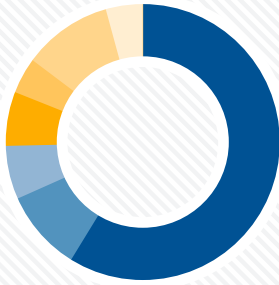
FINANCIAL OPERATIONS HIGHLIGHTS

A condensed summary of revenues and expenses for the years ended December 31, 2015 and 2014 is shown below

OPERATING REVENUES	2015	2014
Property and equipment rentals	\$ 3,419,664	\$ 3,180,112
Maritime-related	1,221,292	1,771,426
Security	583,376	639,007
Other operating revenues	237,269	362,176
Total operating revenues	<u>5,461,601</u>	<u>5,952,721</u>
OPERATING EXPENSES		
Payroll and related expenses	2,521,528	2,345,174
Maintenance and material handling	211,801	291,425
Professional services	518,088	478,134
Other operating expenses	445,102	530,610
Total operating expenses	<u>3,696,519</u>	<u>3,645,343</u>
OPERATING INCOME	1,765,082	2,307,378
Depreciation and other items	(2,181,417)	(1,786,252)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	(416,335)	521,126
Capital grant funding	958,692	6,043,535
INCREASE IN NET POSITION	542,357	6,564,661
Total net position: beginning of year	44,510,551	37,945,890
Total net position: end of year	<u>\$ 45,052,908</u>	<u>\$ 44,510,551</u>

Operating Revenue decreased approximately \$500,000 or 8% from 2014. The decrease in 2015 operating revenues as compared to 2014 is concentrated primarily within maritime activity. Revenue derived from property rentals was stable in 2015, comprising more than one-half of APDC's operating revenue. Revenue derived from use of APDC's mobile harbor cranes and other equipment significantly outperformed 2014; more than doubling in 2015.

2015 OPERATING REVENUES



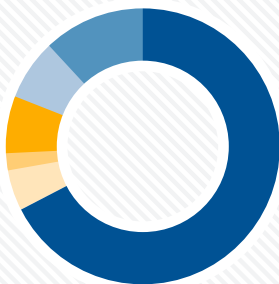
58%	Property rentals	\$3,191,709
10%	Dockage fees	\$519,021
7%	Wharfage fees	\$355,687
6%	Stevedore fees	\$346,584
4%	Crane & equip. rentals	\$227,955
11%	Security fees	\$583,376
4%	Storage & other services	\$237,269

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 decreased by approximately \$200,000 or 28%. This decrease was concentrated primarily in vessel traffic related to grain shipments. Dockage revenue generated from this commodity declined nearly \$148,000 or 74%. Vessels utilizing the dock while awaiting the availability of their port of call ("lay berths") decreased from 237 vessels in 2014 to 151 vessels in 2015. This resulted in approximately \$83,000 less in lay berth revenue in 2015, a decrease of 40%. The decrease in dockage fee revenue was partially offset by increased revenue related to scrap metal vessels, which increased by \$44,000 (44%) over 2014.

Wharfage Fees experienced a modest decrease of \$67,000 or 16%. Again, grain underperformed in 2015 as compared to 2014, generating \$76,000 (76%) less wharfage revenue. This effect of this decline in activity was mitigated by increases in wharfage fees from scrap metal and woodpulp. Those commodities generated increases in wharfage revenue of \$21,000 (22%) and \$10,000 (37%), respectively.

Stevedore Fees declined \$284,000 or 45% generating \$347,000 of revenue in 2015 as compared to \$630,000 in 2014. This decrease is primarily attributable to an approximately \$217,000 decrease in the Revenue Share Payments received from FMT. Although not captured in the APDC's financial performance, a corollary to this decrease is evidenced by the number of longshore hours worked in 2015 as compared to 2014. Longshore hours worked decreased by about 20,000; from 82,400 hours in 2014 to 61,000 hours in 2015. It should be noted; however, that longshore hours worked in 2015 is the second highest amount in the previous five (5) years, exceeding the least active year in that five-year period by over 27,000 hours or 80%.

2015 OPERATING EXPENSES



68%	Payroll & related benefit costs	\$2,521,528
12%	Other operating expenses	\$445,102
7%	Professional & consulting fees	\$262,793
7%	Insurance	\$255,295
2%	Material handling	\$77,361
4%	Maintenance expense	\$134,440

Revenue derived from crane and equipment rentals increased by \$122,000 from \$106,000 in 2014 to \$228,000 in 2015. This is attributable to increased utilization of APDC's mobile harbor cranes by FMT for maritime terminal operations. APDC charges an hourly rate for crane usage by FMT.

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 was \$584,000 in 2015 as compared to \$639,000 in 2014; a decrease of \$56,000 or 9%.

Operating expenses were essentially flat; modestly increasing by approximately \$50,000 or 1%. Overall, operating expenses remained flat from 2014 to 2015. While payroll and related benefits costs and professional and consulting fees increased, the majority of operating expense categories decreased from 2014.

FINANCIAL OPERATIONS HIGHLIGHTS (CONTINUED)

Payroll and Related Expenses increased overall by 8%. This increase; however, is partially the result of a one-time adjustment to the carrying value of certain employee benefits that was recorded in 2014 and had the effect of reducing total expenses within this category for that year. Excluding the effect of that adjustment and the required expenditure recognition under GASB 68, Payroll and Related Expenses decreased from 2014 to 2015 by approximately \$82,000 or 3%.

Maintenance Expense decreased by \$24,000 (15%) to \$134,000 from \$158,000 in 2014. While the expense related to service contracts increased by approximately \$16,000, this was offset by decreases in the expenses associated with buildings and roads. These categories decreased by \$26,000 and \$7,300, respectively in 2015.

The Material Handling category decreased by \$56,000 or 42%. Certain claims resulting from damage of APDC-owned equipment decreased by approximately \$44,000 and non-capital expenses related to the mobile harbor cranes decreased by approximately \$27,000. These decreases were offset by a modest increase of \$7,000 for other non-capital equipment costs.

Professional and consulting fees increased by \$51,000 (24%). This reflects increased utilization of third-party engineering firms related to APDC's capital activities.

SUMMARY OF NET POSITION

A condensed summary of APDC's net position at December 31, 2013, 2014 and 2015 is shown below:

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2013	2014	2015
Current and other assets	\$ 5,748,603	\$ 7,101,030	\$ 5,535,455
Capital assets	35,647,925	42,901,668	44,766,415
Deferred outflow of resources	—	—	251,527
Total assets	\$ 41,396,528	\$ 50,002,698	\$ 50,553,397
LIABILITIES			
Current and other liabilities	\$ 1,892,985	\$ 1,081,319	\$ 1,124,733
Long-term liabilities	1,557,653	4,410,828	4,375,756
Total liabilities	\$ 3,450,638	\$ 5,492,147	\$ 5,500,489
NET POSITION			
Invested in capital assets: net related debt	\$ 34,646,889	\$ 39,911,082	\$ 42,209,673
Unrestricted	3,299,001	4,599,469	2,843,235
Total net position	\$ 37,945,890	\$ 44,510,551	\$ 45,052,908

Total net position has increased by approximately \$540,000 from December 31, 2014 to December 31, 2015.

CURRENT KNOWN FACTS, DECISIONS OR CONDITIONS

The enacted 2015-2016 New York State budget allocates \$15 million to the APDC to support improvements to the southern dock on the western side of the facility. This investment to the Port's southern dock will allow for the expansion of shipping capacity and serve grain operations. It will also fund facility enhancements to expand heavy lift cargo operations and will prepare for the projected increase in the volume of containerized cargo resulting from the Panama Canal expansion of 2016. In 2015 the Board approved an engineering firm to provide design services for the reconstruction of the dock.

In December 2015, the APDC was awarded a \$4 million grant that will be used to offset the cost of constructing an \$8 million facility to service an international manufacturing concern.

APDC will continue remediation work with a previous commercial tenant and state and federal agencies on an approximately 12 acre site in anticipation of pursuing disposition of the site via a long-term lease during the second half of 2016.

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.

Expansion opportunities will be considered to allow the APDC to attract new tenants and also grow transportation-based development opportunities by leveraging the multi-modal transportation infrastructure that exists at the Port.

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 request 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

Report on the 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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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, 2015 and 2014, 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 at the beginning of the report 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 24, 2016 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.

UHY LLP
Albany, New York
February 24, 2016



STATEMENTS OF NET POSITION

Years ended December 31, 2015 and 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS	2015	2014
Cash and cash equivalents	\$ 1,257,396	\$ 2,620,805
Investments	3,268,087	3,235,279
Accounts receivable	363,565	589,468
Grants receivable	10,000	411,407
Other current assets	636,407	244,071
Total current assets	5,535,455	7,101,030
NET PROPERTY AND EQUIPMENT	44,766,415	42,901,668
Total assets	50,301,870	50,002,698
DEFERRED OUTFLOWS OF RESOURCES	251,527	–
	<u>\$ 50,553,397</u>	<u>\$ 50,002,698</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES	2015	2014
Current maturities of long-term debt	\$ 443,087	\$ 433,844
Deferred revenue	19,966	41,791
Accounts payable	428,455	400,004
Accrued expenses	190,225	170,680
OPEB obligation, current portion	43,000	35,000
Total current liabilities	1,124,733	1,081,319
LONG-TERM LIABILITIES		
Security deposits	127,097	127,088
OPEB obligation net of current portion	2,009,051	1,726,998
Net pension liability	125,953	–
Long-term debt, net of current maturities	2,113,655	2,556,742
Total long-term liabilities	4,375,756	4,410,828
Total liabilities	5,500,489	5,492,147
DEFERRED INFLOWS OF RESOURCES	–	–
NET POSITION		
Net investment in capital assets	42,209,673	39,911,082
Unrestricted	2,843,235	4,599,469
Total net position	45,052,908	44,510,551
	<u>\$ 50,553,397</u>	<u>\$ 50,002,698</u>

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION

Years ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Property rentals	\$ 3,191,709	\$ 3,073,712
Dockage fees	519,021	718,209
Wharfage fees	355,687	422,767
Stevedore fees	346,584	630,450
Crane/equipment rentals	227,955	106,400
Security fees	583,376	639,007
Storage and other services	237,269	362,176
Total operating revenues	<u>5,461,601</u>	<u>5,952,721</u>
OPERATING EXPENSES		
Payroll and related benefit costs	2,521,528	2,345,174
Maintenance expense	134,440	158,120
Material handling	77,361	133,305
Insurance	255,295	266,748
Professional and consulting fees	262,793	211,386
Other operating expenses	445,102	530,610
Total operating expenses	<u>3,696,519</u>	<u>3,645,343</u>
OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS		
DEPRECIATION AND OTHER ITEMS	1,765,082	2,307,378
Depreciation	(1,948,358)	(1,489,634)
Gain on sale of property and equipment	217,500	12,091
Waterfront development costs	(223,892)	(271,346)
Municipal support agreement costs	(200,000)	0
Interest income	30,862	33,461
Interest expense	(57,529)	(70,824)
Net depreciation and other items	<u>(2,181,417)</u>	<u>(1,786,252)</u>
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	(416,335)	521,126
Capital grant funding	958,692	6,043,535
INCREASE IN NET POSITION	542,357	6,564,661
Total net position, beginning of the year	<u>44,510,551</u>	<u>37,945,890</u>
Total net position, end of year	<u>\$ 45,052,908</u>	<u>\$ 44,510,551</u>

STATEMENTS OF CASH FLOWS

Years ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rentals	\$ 3,393,922	\$ 3,195,753
Cash received for facility usage	1,451,112	1,414,569
Cash received from other services	820,645	1,001,183
Cash payments to employees and professionals	(2,600,297)	(2,544,687)
Cash payments for materials and maintenance	(225,648)	(282,938)
Cash payments for insurance	(245,172)	(266,654)
Cash payments for other expenses	(445,092)	(530,602)
Net cash provided by operating activities	<u>2,149,470</u>	<u>1,986,624</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash payments for municipal support agreement costs & waterfront development costs	(823,892)	(271,346)
Net cash used in noncapital financing activities	<u>(823,892)</u>	<u>(271,346)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash payments for capital assets	(3,772,890)	(8,881,647)
Cash received from sale of property and equipment	217,500	170,000
Cash received from capital grant funding	1,360,099	7,142,574
Interest expense	(57,529)	(70,824)
Cash proceeds from long-term debt	–	3,000,000
Cash payments on long-term debt and other obligations	(433,844)	(1,010,450)
Net cash (used in) provided by capital and related financing activities	<u>(2,686,664)</u>	<u>(349,653)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest	30,486	23,591
Cash paid for purchase of investments	(1,171,810)	(2,323,213)
Cash received from sale of investments	1,139,001	2,303,531
Net cash (used in) provided by investing activities	<u>(2,323)</u>	<u>3,909</u>
Net change in cash	<u>(1,363,409)</u>	<u>2,068,840</u>
Cash, beginning of year	2,620,805	551,965
Cash, end of year	<u>\$ 1,257,396</u>	<u>\$ 2,620,805</u>
RECONCILIATION OF OPERATING INCOME, BEFORE DEPRECIATION & OTHER ITEMS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income, before depreciation and other items	\$ 1,765,082	\$ 2,307,378
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in:		
Accounts receivable	225,903	(356,857)
Other assets	8,040	445
Accounts payable	(11,763)	8,137
Accrued expenses	19,554	(284,545)
Deferred revenue	(21,825)	15,641
OPEB obligation	290,053	296,425
Net pension related accounts	(125,574)	–
Total adjustments	<u>384,388</u>	<u>(320,754)</u>
Net cash provided by operating activities	<u>\$ 2,149,470</u>	<u>\$ 1,986,624</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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 percent for Albany and 12 percent 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.

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 either December 31, 2015 and 2014.

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.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 limitations. In the event of termination, an employee is reimbursed for such time.

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

Retirement Benefits: The Commission provides retirement benefits for its employees through contributions to the New York State Employees' Retirement System ("ERS" or "System"). The System's retirement programs provide various plans and options, some of which require employee contributions. The Commission uses GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) to recognize the net pension liability, deferred outflows and deferred inflows of resources, pension expense, and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, storage fees, 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.

Municipal Support Agreement Costs: The Commission is a party to certain agreements which provide payments, reimbursements, and other municipal support to the cities of Albany and Rensselaer relating to the use of the Corning Preserve and Hudson River waterfront, and for certain fire protection costs and other services provided by the two municipalities (see Note 10).

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.

Change in Accounting Principle: Effective January 1, 2015, the Commission adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68). This statement addresses accounting and financial reporting for pensions provided to the Commission's employees which are administered by the New York State and Local Employees' Retirement System. The statement also requires various note disclosures and required supplementary information. The effect of this change in accounting principle on the prior period was an increase of deferred outflows of resources of \$231,492 and decrease of net pension liability of \$168,479. The net decrease, in the amount of \$63,013, has been recorded as a current year change to the 2015 payroll and related benefit costs in the accompanying statements of revenues and expenses and changes in net position (see Note 7).

Subsequent Events: For purposes of preparing the financial statements, the Commission has considered events through February 24, 2016, the date the financial statements were available to be issued.

Reclassifications: Certain 2014 financial statement line items have been reclassified to conform with the current year's presentation.

NOTE 3: CASH AND CASH EQUIVALENTS

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

	2015		2014	
	CARRYING VALUE	BANK BALANCE	CARRYING VALUE	BANK BALANCE
Deposit accounts	\$ 1,257,396	\$ 1,284,173	\$ 2,620,805	\$ 2,982,270

At December 31, 2015 and 2014, the Commission's cash and deposits were covered by FDIC insurance or otherwise collaterally secured.

NOTE 4: INVESTMENTS

At December 31, 2015, 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 Bill (.46%)	\$ 75,000	6/23/2016	\$ 74,834	\$ 74,836
United States Treasury Note (.75%)	150,000	3/15/2017	149,783	149,295
United States Treasury Note (.875%)	290,000	5/15/2017	289,820	289,987
United States Treasury Note (2.625%)	350,000	1/31/2018	360,829	359,955
United States Treasury Note (1.5%)	100,000	12/31/2018	100,453	99,244
Ally Bank (CD; .7%)	148,000	6/13/2016	148,047	147,951
Ally Bank (CD; .95%)	62,000	2/27/2017	61,974	61,926
American Express Centurion (CD; 2.2%)	50,000	11/10/2016	50,566	50,301
American Express Centurion (CD; 1.35%)	163,000	10/4/2016	163,789	163,255
BMW Bank of North America (CD; 1.15%)	100,000	9/20/2016	100,283	100,249
Barclays Bank (CD; 2%)	95,000	12/21/2016	95,999	95,538
Barclays Bank (CD; .55%)	150,000	4/15/2016	149,994	150,000
Capital One Bank (CD; 1%)	150,000	10/31/2016	150,206	150,182
Compass Bank (CD; 1.15%)	200,000	11/30/2017	199,068	199,241
Discover Bank (CD; 1.75%)	170,000	5/2/2017	171,214	170,731
Discover Bank (CD; .75%)	75,000	5/9/2016	75,041	74,890
Synchrony Bank (CD; 2.25%)	100,000	10/11/2016	101,088	101,034
GE Capital Retail Bank (CD; 1.75%)	200,000	5/4/2017	201,690	200,889
GE Capital Retail Bank (CD; .7%)	45,000	5/31/2016	45,016	44,730
Goldman Sachs Bank USA (CD; 1.6%)	50,000	9/26/2017	50,217	50,124
Goldman Sachs Bank USA (CD; .5%)	100,000	3/7/2016	99,996	99,831
Goldman Sachs Bank USA (CD; 1%)	75,000	2/27/2017	74,969	75,000
Safra National Bank of New York (CD; .45%)	127,000	2/26/2016	126,987	126,896
Sallie Mae Bank (CD; 1.7%)	145,000	8/22/2017	146,221	145,365
Synovus Bank (CD; .65%)	80,000	6/24/2016	80,003	80,045
	<u>\$ 3,250,000</u>		<u>\$ 3,268,087</u>	<u>\$ 3,261,495</u>

NOTE 4: INVESTMENTS (CONTINUED)

At December 31, 2014, 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
United States Treasury Note (.75%)	\$ 150,000	3/15/2017	\$ 149,942	\$ 149,295
United States Treasury Note (.875%)	290,000	5/15/2017	290,159	289,987
United States Treasury Note (2.625%)	350,000	1/31/2018	365,505	364,648
United States Treasury Note (1.5%)	100,000	12/31/2018	100,133	99,244
Allly Bank (CD; 2.1%)	80,000	9/3/2015	80,822	80,837
Allly Bank (CD; .7%)	148,000	6/13/2016	147,631	147,951
American Express Centurion (CD; 2.2%)	50,000	11/10/2016	50,983	50,647
American Express Centurion (CD; 1.35%)	163,000	10/4/2016	164,133	163,389
BMW Bank of North America (CD; 2%)	55,000	12/29/2015	55,912	55,317
BMW Bank of North America (CD; 2.9%)	50,000	1/22/2015	50,056	50,070
Barclays Bank (CD; 2%)	95,000	12/21/2016	96,492	96,083
Cit Bank Utah (CD; 1.95%)	50,000	12/15/2015	50,615	50,279
Cit Bank Utah (CD; 1.25%)	128,000	2/24/2015	128,137	128,147
Compass Bank (CD; 1.15%)	225,000	6/29/2015	225,698	225,403
Discover Bank (CD; 1.75%)	170,000	5/2/2017	171,219	171,269
Discover Bank (CD; .75%)	75,000	5/9/2016	75,062	74,890
GE Capital Retail Bank (CD; 2.15%)	147,000	8/27/2015	148,538	148,501
GE Capital Retail Bank (CD; 1.1%)	100,000	5/26/2015	100,243	100,266
GE Capital Bank (CD; 1.75%)	200,000	5/4/2017	201,886	201,541
GE Capital Bank Retail (CD; .7%)	45,000	5/31/2016	44,901	44,730
Goldman Sachs Bank USA (CD; .5%)	100,000	3/7/2016	99,917	99,831
Mizuho Bank USA (CD; .25%)	170,000	1/30/2015	170,010	170,010
Safra National Bank of New York (CD; .5%)	121,000	3/16/2015	121,021	121,003
Sallie Mae Bank (CD; 1.7%)	145,000	8/22/2017	146,264	145,583
	<u>\$ 3,207,000</u>		<u>\$ 3,235,279</u>	<u>\$ 3,228,921</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 Commission 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, 2015 and 2014 are categorized as Category 1.

NOTE 5: PROPERTY AND EQUIPMENT

At December 31, 2015 property and equipment was comprised of the following:

	DEC. 31, 2014	ADDITIONS	DELETIONS	DEC. 31, 2015
Port marine facilities	\$ 94,102,530	\$ 3,460,029	\$ 578,516	\$ 96,984,043
Transportation, equipment and furniture	994,552	325,960	18,871	1,301,641
Construction in process	347,692	468,808	441,692	374,808
Total	95,444,774	4,254,797	1,039,079	98,660,492
Less accumulated depreciation	52,543,106	1,948,358	597,387	53,894,077
Net property and equipment	\$ 42,901,668	\$ 2,306,439	\$ 441,692	\$ 44,766,415

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

	DEC. 31, 2013	ADDITIONS	DELETIONS	DEC. 31, 2014
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	\$ 35,647,925	\$ 14,272,733	\$ 7,018,990	\$ 42,901,668

Depreciation expense was \$1,948,358 and \$1,487,367 for the years ended December 31, 2015 and 2014, respectively.

NOTE 6: LONG-TERM DEBT

Long-term debt is comprised of the following:

	DEC. 31, 2014	DEBT ISSUED	DEBT PAYMENTS	DEC. 31, 2015
Bank of America lease obligation	\$ 2,990,586	\$ –	\$ 433,844	\$ 2,556,742
Less current maturities	433,844			443,087
	\$ 2,556,742			\$ 2,113,655

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 another Commission obligation 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.

NOTE 6: LONG-TERM DEBT (CONTINUED)

At December 31, 2015, long-term debt maturities were comprised of the following:

YEAR ENDING	PRINCIPAL	INTEREST	TOTAL
2016	\$ 443,087	\$ 49,679	\$ 492,766
2017	452,527	40,239	492,766
2018	462,168	30,598	492,766
2019	472,015	20,751	492,766
2020	482,071	10,695	492,766
Thereafter	244,874	1,507	246,381
	<u>\$ 2,556,742</u>	<u>\$ 153,469</u>	<u>\$ 2,710,211</u>

Interest expense was \$57,529 and \$70,824 for 2015 and 2014, respectively.

NOTE 7: RETIREMENT PLAN AND RELATED BENEFITS**Introduction**

Substantially all Albany Port District Commission full-time employees participate in the New York State and Local Employees' Retirement System ("System" or "ERS"). 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. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors. 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 from the New York State and Local Employees' Retirement System at www.osc.state.ny.us/retire.

No employee contribution is required for those hired prior to July 1976. The System requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined the System from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3% of compensation throughout their active membership in the System. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Commission to the pension accumulation fund. For 2015, these rates ranged from 10.9% - 25.3% for the Commission's active employees. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources

At December 31, 2015, the Commission reported a liability of \$125,953 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2015, and the total pension liability was determined by an actuarial valuation as of April 1, 2014, with updated procedures used to roll forward the total pension liability to March 31, 2015. The Commission's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2015 measurement date, the Commission's proportion was 0.0037284%.

NOTE 7: RETIREMENT PLAN AND RELATED BENEFITS (CONTINUED)**Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources** (CONTINUED)

For the year ended December 31, 2015, the Commission recognized net pension expense of \$123,803 from ERS and reported deferred outflows and deferred inflows of resources as follows:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	\$ 4,032	\$ —
Net difference between projected and actual earnings on pension plan investments	21,876	—
Changes in proportion and differences between commission contributions and proportionate share of contributions	39,255	—
Commission contributions subsequent to measurement date	186,364	—
	\$ 251,527	\$ —
	\$ 251,527	\$ —

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

YEARS ENDING JUNE 30	NET DEFERRED OUT-FLOWS OF RESOURCES
2016	\$ 202,654
2017	16,291
2018	16,291
2019	16,291
2020	—
Thereafter	—
	\$ 251,527
	\$ 251,527

Actuarial Assumptions

For ERS, the actuarial assumptions used in the April 1, 2014 valuation, with update procedures used to roll forward the total pension liability to March 31, 2015, were based on the results of an actuarial experience study for the period April 1, 2005 to March 31, 2010. These assumptions are:

Inflation: 2.7%

Salary increases: 4.9%

Investment rate of return: 7.5% compounded annually, net of investment expense, including inflation

Mortality: Based on ERS experience from April 1, 2005–

March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014

Discount rate: 7.5%

NOTE 7: RETIREMENT PLAN AND RELATED BENEFITS (CONTINUED)**Actuarial Assumptions** (CONTINUED)

The long-term expected rate of return on the System's pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Investment Asset Allocation

The System's best estimate of arithmetic real rates of return for each major asset class and the System's target asset allocations as of the applicable valuation dates are summarized as follows:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Domestic equities	38%	7.30%
International equities	13%	8.55%
Private equities	10%	11.00%
Real estate	8%	8.25%
Absolute return strategies	3%	6.75%
Opportunistic portfolio	3%	8.60%
Real assets	3%	8.65%
Bonds and mortgages	18%	4.00%
Short-term	2%	2.25%
Inflation-Indexed bonds	2%	4.00%
	100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the Commission's proportionate share of its net pension liability calculated using the discount rate of 7.5% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% DECREASE	7.5%	1.0% INCREASE
Commission's proportionate share of the ERS net pension liability (asset)	\$ 839,541	\$ 125,953	\$ (476,490)

NOTE 7: RETIREMENT PLAN AND RELATED BENEFITS (CONTINUED)**Other Information**

Other information on the Commission's net pension liability, as of March 31, 2015^(A), is as follows:

Commission's proportion of the System's net pension liability	0.003728%
Commission's proportionate share of the System's net pension liability	\$ 125,953
Commission's covered-employee payroll	\$ 1,018,746
Commission's proportionate share of the System's net pension liability as a percentage of its covered-employee payroll	12.36%
Plan fiduciary net position as a percentage of the total pension liability	97.90%

^(A)Actuarial data prior to 2015 is unavailable.

A schedule of Commission's contributions to the System is as follows:

MARCH 31	2015	2014	2013	2012	2011	2010 ^(B)
Contractually required contribution	\$ 234,306	\$ 180,550	\$ 151,392	\$ 119,125	\$ 111,408	\$ 20,025
Contribution in relation to the contractually required contribution	(234,306)	(180,550)	(151,392)	(119,125)	(111,408)	(20,025)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered-employee payroll	\$ 1,018,746	\$ 861,386	\$ 726,234	\$ 711,985	\$ 739,670	\$ 544,045
Contributions as a percentage of covered-employee payroll	23.00%	20.96%	20.85%	16.73%	15.06%	3.68%

^(B)Actuarial data prior to 2010 is unavailable.

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.

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**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 \$43,300 and \$37,300 for current premiums in 2015 and 2014, 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, 2015 and December 31, 2014, as applicable. Valuations are currently prepared every three years, as required by GASB 45.

ACTUARIAL ACCRUED LIABILITY (AAL)	2015	2014
Currently retired	\$ 1,172,336	\$ 1,153,042
Active employees	3,139,170	3,087,507
Actuarial accrued liability	4,311,506	4,240,549
Actuarial value of plan assets	—	—
Unfunded actuarial accrued liability (UAAL)	\$ 4,311,506	\$ 4,240,549
Funded Ratio	0%	0%
Normal Cost	\$ 154,030	\$ 146,327

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

	2015	2014
UAAL	\$ 4,311,506	\$ 4,240,549
Amortization period (years)	30	30
Amortization discount rate	2.50%	2.50%
Present value factor	17.86	19.42
UAAL amortization amount	\$ 241,424	\$ 218,311

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**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:

	2015	2014
Normal cost	\$ 154,030	\$ 146,327
Amortization of UAAL	241,424	218,311
ARC	395,454	364,638
Interest on OPEB obligation	51,518	29,172
Adjustment to ARC	(113,650)	(60,074)
OPEB expense	<u>\$ 333,322</u>	<u>\$ 333,736</u>

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

	2015	2014
Net OPEB obligation at beginning of year	\$ 1,761,997	\$ 1,465,572
Annual OPEB expense	333,322	333,736
Annual OPEB contributions	(43,268)	(37,311)
Net OPEB obligation at end of year	2,052,051	1,761,997
Less: estimated current portion of OPEB obligation	43,000	35,000
Estimated long-term portion of OPEB obligation	<u>\$ 2,009,051</u>	<u>\$ 1,726,997</u>
Percentage of expense contributed	<u>13.0%</u>	<u>11.2%</u>

Trend Information:

YEAR ENDED	BEGINNING OPEB OBLIGATION	ANNUAL OPEB COST	ACTUAL EMPLOYER CONTRIBUTION	PERCENTAGE CONTRIBUTED	NET OPEB OBLIGATION
12/31/2013	\$ 1,166,893	\$ 333,736	\$ 35,057	10.5%	\$ 1,465,572
12/31/2014	1,465,572	333,736	37,311	11.2%	1,761,997
12/31/2015	1,761,997	333,322	43,268	13.0%	2,052,051

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:

YEAR	TREND INCREASE
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, 2015 were as follows:

2016	\$	2,978,000
2017		2,829,000
2018		2,099,000
2019		1,884,000
2020		1,871,000
Thereafter		10,867,000
	\$	<u>22,528,000</u>

NOTE 10: WATERFRONT DEVELOPMENT COSTS

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 current improvements made to the project by the Commission are expensed when incurred by the Commission.

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 and guaranteed by the Commission. 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 \$175,000 in 2016 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:

YEAR ENDING		AMOUNT
2016	\$	175,000
2017		180,000
2018		190,000
2019		200,000
2020		210,000
Thereafter		940,000
	\$	<u>1,895,000</u>

NOTE 10: MUNICIPAL SUPPORT AGREEMENTS (CONTINUED)

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 impact the Commission's annual lease obligation.

During 2015 and 2014, the Commission's total lease cost, project improvement cost, and other operating expenses related to the waterfront development project approximated \$224,000 and \$271,000, respectively. These costs are included in the statements of revenues and expenses.

NOTE 11: COMMITMENTS AND CONTINGENCIES**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.

Municipal Support Agreement Costs

The Commission has entered into Memorandums of Understanding (MoU) with the City of Albany and the City of Rensselaer under which the Commission has agreed to fund certain firefighting, emergency response, and other municipal support services provided by the two cities. The total annualized costs of these support MoU's currently approximates \$600,000. The current year expense, in the amount of \$200,000, is included in the 2015 statement of revenues and expenses. In addition, approximately \$400,000 of prepaid municipal service agreements costs are included in other assets in the statements of net position at December 31, 2015 (none at December 31, 2014).

Federal and State Grants

In both 2015 and 2014, the Commission's grant funding primarily related to a wharf reconstruction project funded by the New York State Department of Transportation, which provided approximately \$9,885,000 in New York State funding, representing approximately 78% of the total project costs. During the current year, the Commission completed the grant funded portion of the multi-year wharf reconstruction project. Revenue under this grant of approximately \$959,000 and \$5,836,000 was recognized in 2015 and 2014, respectively, and is included in capital grant funding in the accompanying statements of revenues and expenses and changes in net position.

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.

SUPPLEMENTARY INFORMATION

Schedules of Payroll and Related Costs and Other Operating Expenses

Years ended December 31, 2015 and 2014

PAYROLL AND RELATED COSTS		
	2015	2014
Administrative	\$ 941,596	\$ 654,939
Maintenance crews and supervisor	347,951	310,884
Security	397,306	392,292
Pension and other benefit costs	374,247	530,728
OPEB expense	333,321	333,737
Payroll taxes	127,107	122,594
Total payroll and related costs	<u>\$ 2,521,528</u>	<u>\$ 2,345,174</u>

OTHER OPERATING EXPENSES		
	2015	2014
Security	\$ 35,487	\$ 70,673
Utilities	61,518	105,695
City water	9,375	12,256
Advertising and promotion	66,105	51,878
Office supplies and expenses	63,100	82,293
Telephone	28,372	28,667
Snow removal	10,327	8,062
Equipment operating expense	96,533	112,468
Other expenses	74,284	58,615
Total other operating expenses	<u>\$ 445,101</u>	<u>\$ 530,607</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.

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, 2015, and have issued our report thereon dated February 24, 2016.

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 24, 2016



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**As of March, 2016*

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

FAIR WINDS AND FOLLOWING SEAS



For 15 years, Thomas M. Owens, Esq. provided counsel to the Albany Port District Commission, on retainer and then becoming full time General Counsel. Tom's service was integral to the APDC fulfilling its mission and advancing the reputation and progression of the Port of Albany. Tom's education, experience in law, engineering and 30 years in the U.S. Navy provided him a unique blend of expertise that brought the Port to another level. Integrity, professionalism and customer service describes the manner in which Tom served the APDC responsibly and with distinction while

contributing to the Capital Region and beyond. His personal conduct however—his partnership, kindness, fairness and honesty, made the Port the best team to work with.

In 2015, Tom took a new opportunity and left the Port for a private venture. The Board of Commissioners, General Manager, and staff of the APDC thank Tom for his years of service as a trusted colleague and good friend. It is no doubt that Tom left the Albany Port District Commission a better place than when he started, and for that we offer great thanks and wish him "Fair Winds and Following Seas."



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