



**ALBANY PORT DISTRICT COMMISSION
FINANCE COMMITTEE MEETING**

July 24, 2019
11:30 a.m.

AGENDA

- 1) Approval of Minutes from the September 26, 2018 Finance Committee Meeting (Attached)**
- 2) First and Second Quarter 2019 Financial Review (Attached)**
- 3) Review Committee Charter – Finance Committee (Attached)**
- 4) Investment Policy Annual Review**
- 5) Enter Executive Session.¹**
- 6) Exit Executive Session.**

¹ Only if necessary (and if approved by a majority vote of the Committee), to discuss

- a. matters which will imperil the public safety if disclosed;
- b. any matter which may disclose the identity of a law enforcement agent or informer;
- c. information relating to current or future investigation or prosecution of a criminal offense which would imperil effective law enforcement if disclosed;
- d. discussions regarding proposed, pending or current litigation;
- e. collective negotiations pursuant to article fourteen of the civil service law;
- f. the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation;
- g. the preparation, grading or administration of examinations; and
- h. the proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale or exchange of securities held by such public body, but only when publicity would substantially affect the value thereof.



**ALBANY PORT DISTRICT COMMISSION
MINUTES OF FINANCE COMMITTEE MEETING
SEPTEMBER 26, 2018**

Chairman Coffey called the meeting to order. In attendance were Commissioners Steffens and Tagliento. Also present were General Manager Hendrick, Internal Controls and Enterprise Analysis Director Smith, General Counsel Jordan, Economic Development and Procurement Director Daly, and Administrative Assistant Gasparly. Commissioner Kinsch was excused.

Chairman Coffey introduced the minutes of the April 25, 2018 meeting. No changes were made to the minutes. Chairman Coffey called for a motion to approve the minutes. A motion was made by Commissioner Tagliento, seconded by Commissioner Steffens and passed unanimously.

2019 PROPOSED BUDGET

Director Smith presented the 2019 proposed budget to the Finance Committee. As part of the budget process, goals have been established and identified in the budget narrative to guide the allocation of resources for 2019. Commissioner Coffey recommended establishing objectives that can be used to measure the progress of the goals proposed. As part of the 2019 budget, the Committee recommended reviewing and revising the APDC organizational chart as necessary to centralize certain functions and align those functions under the appropriate staff member. Although the 2019 proposed budget includes a three-year capital plan, both Commissioner Coffey and Director Smith stated that a five-year capital plan is the goal. There were no changes suggested to the 2019 budget.

EXECUTIVE SESSION

There were no items for discussion in Executive Session.

Chairman Coffey called for a motion to adjourn the meeting. A motion was made by Commissioner Steffens, seconded by Commissioner Tagliento and passed unanimously. The meeting was adjourned.

DRAFT

ALBANY PORT DISTRICT COMMISSION
STATEMENT OF NET POSITION
For the Six Months Ending Sunday, June 30, 2019

	YTD
ASSETS AND DEFERRED OUTFLOW OF RESOURCES	
CURRENT ASSETS	
Cash	\$1,054,966.65
Investments	749,272.50
Accounts Receivable	592,775.69
Grants Receivable	4,320,740.90
Rents Receivable	78,155.82
Prepaid & Other Assets	174,059.59
TOTAL CURRENT ASSETS	\$6,969,971.15
NET PROPERTY & EQUIPMENT	\$69,236,698.76
TOTAL ASSETS	\$76,206,669.91
Deferred Outflow (GASB 68 Pension)	356,838.00
TOTAL	\$76,563,507.91
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	
LIABILITIES	
Obligation under Capital Lease-Bank of America	\$6,907,381.30
Opeb Liability	3,236,516.96
Net Pension Liability	129,174.00
Deferred Rental Income	51,090.41
Accounts Payable	842,667.47
Retainage Payable	701,180.27
Misc Payable	
Accrued Expenses	264,560.59
Security Deposits	108,074.93
TOTAL LIABILITIES	\$12,240,645.93
Deferred Inflow of Resources	1,713,566.00
NET POSITION	\$62,609,295.98
TOTAL	\$76,563,507.91

ALBANY PORT DISTRICT COMMISSION
2019 Forecast - Actual Results through June 30, 2019

	June 2019	Year to Date Jan - June 2019	Forecast July - Dec 2019	Forecast 2019	Budget 2019	Forecast to Budget Variance
Operating Revenue:						
Rental Income	286,158	1,811,901	1,716,000	3,527,901	3,328,552	199,349
Dockage Fees	23,642	146,386	112,900	259,286	293,535	(34,249)
Wharfage Fees						
Calcium Chloride	0	0	0	0	19,500	(19,500)
Liquid Fertilizer	0	0	40,000	40,000	40,000	0
Grain	0	50,000	0	50,000	50,000	0
Heavy Lift/Project	17,444	43,656	62,000	105,656	299,710	(194,054)
Steel	20,711	32,033	69,491	101,524	67,375	34,149
Woodpulp	13,672	62,045	51,000	113,045	91,875	21,170
Total Wharfage Fees	51,828	187,733	222,491	410,224	568,460	(158,236)
Buckeye Revenue	0	50,000	50,000	100,000	0	100,000
Stevedore Fees and Services	21,017	114,804	113,202	228,006	250,000	(21,994)
Equipment Rental-Crane	34,020	87,290	78,000	165,290	350,000	(184,710)
Security Fees	42,595	196,968	180,000	376,968	364,950	12,018
Other Services and Revenue	2,421	17,198	3,700	20,898	600	20,298
Total Operating Revenue	461,681	2,612,279	2,476,293	5,088,572	5,156,097	(67,525)
Operating Expenses:						
Payroll, Payroll Taxes and Fringe Benefits	165,339	1,351,836	1,055,732	2,407,568	2,740,097	(332,529)
Other Post Retirement Benefit Expense	0	0	100,000	100,000	312,150	(212,150)
Repairs, Maintenance and Utilities	31,763	160,648	120,625	281,273	251,500	29,773
Crane Parts and Repairs	2,107	150,716	62,000	212,716	55,000	157,716
Insurance	17,250	102,017	98,430	200,447	218,000	(17,553)
Professional and Consulting Fees	47,817	193,099	75,932	269,031	304,000	(34,969)
Service Contracts	16,582	111,601	106,154	217,755	208,680	9,075
Security and Safety Costs	399	20,650	19,005	39,655	131,000	(91,345)
Office Supplies & Expense	8,607	23,957	11,374	35,331	48,090	(12,759)
Advertising, Promotion and Association Dues	21,626	134,602	44,446	179,048	219,691	(40,643)
Contingency	0	0	0	0	180,000	(180,000)
Total Operating Expense	311,490	2,249,124	1,693,698	3,942,823	4,668,208	(725,385)
Operating Income (Expense) before other Items	150,190	363,155	782,595	1,145,749	487,889	657,860
Depreciation and Other (Income) Expenses:						
Depreciation Expense	182,364	984,490	1,094,181	2,078,672	1,996,000	82,672
Interest Income	(1,583)	(9,197)	(500)	(9,697)	(82,500)	72,803
Interest Expense	21,902	115,129	115,274	230,403	215,726	14,677
Waterfront Development	0	237,892	9,245	247,137	267,675	(20,538)
Taxes	0	23,991	0	23,991	0	23,991
Municipal Support	35,342	70,684	70,684	141,368	146,000	(4,632)
(Gain)Loss on Asset	0	(4,863)	0	(4,863)	0	(4,863)
Net Depreciation and Other (Income) Expense	238,025	1,418,127	1,288,884	2,707,012	2,542,901	164,111
Change in Net Position Before Capital Funding	(87,835)	(1,054,973)	(506,290)	(1,561,262)	(2,055,012)	493,750
Capital Grant Revenue	242,876	275,733	137,180	412,913	8,900,000	(8,487,087)
Change in Net Position	155,041	(779,239)	(369,110)	(1,148,349)	6,844,988	(7,993,337)

Albany Port District Commission
Analytical Review of 2019 Forecast with Actual Results through June 30, 2019

- Grant revenue has not been what was expected when 2019 budget was designed. Grant revenue is unpredictable well in advance as to when revenue will be earned. The 2019 budget was put together largely presuming the \$4 million ESD grant revenue would be considered earned in 2019; however it was primarily earned in 2018. And the ESD grant process is very different from other transportation sources that allow more frequent draw downs. The grant revenue forecast will be updated as information becomes more available with respect to capital projects. At this time, the forecast is conservative and based on known information. The Port strives to balance grants with grant requirements for match.
- Approximately \$186,000 of the National Grid grant was submitted and is reflected in June 2019.
- Rent income expected to be over budget by about \$200,000 due primarily to retro increases.
- Dockage is under budget by about \$34,000 and wharfage by about \$158,000 as the result of a different mix of cargo type of activities this year. The heavy lift forecast is less than half of the budget as based upon discussions with FMT and has been previously discussed at board meetings due to global economic activity which affects shipments like the Chinese Rail Car Corporation deal which expected substantial shipment activity but is now shifting later.
- The Buckeye revenue was not budgeted; however, we have received \$50,000 through June 30, 2019 and expect the additional \$50,000 in the 2nd half of the year.
- Crane rental income has been and will continue to be lower than budgeted. As discussed with FMT, crane income is expected to be approximately ½ of the budget of \$350,000. At this time the forecast shows a under budget variance of \$185,000. This is tied to the crane repairs and also to reduced heavy lift projects.
- The crane repairs were originally anticipated to be primarily complete during 2018. Material costs continued into 2019 and as a result, it is expected that crane repairs and parts costs will be over budget by approximately \$158,000 for 2019.
- Interest/investment earnings which were budgeted at \$82,500 when the 2019 budget was assembled in fall of 2018. At that time earnings were based on then existing levels of investments. A majority of investments have been brought in to fund capital projects. The remaining investment will also be used for this purpose. This primarily relates to the significant costs that needed to be funded up front for the big lift warehouse as related to the \$4 million ESD grant. The grant has been submitted for reimbursement; however it is anticipated for the approval process to take a *minimum* of 90 to 120 days. We expect the funds to be received most likely in the 4th quarter 2019. Upon receipt, updated planning can take place to determine an amount to return to investment status.
- It is anticipated that there will be approximately \$333,000 less costs in payroll and fringe benefits than was budgeted. This is primarily the result of not filling two budgeted positions. Savings are also being achieved as the result of two retirements, the filling of one position mid-year instead of at the beginning of the year and the savings resulting from a gap in a now vacant position while the search is performed.
- Security and safety costs are running below budget, also due to shipping activity shifts as noted above. This partially relates to how certain costs have been classified versus how they were budgeted.
- Depreciation is non-cash, but will be over budget as related to putting the big lift warehouse in service.
- OPEB (other post-retirement benefits) are based on actuarial calculations and represent the long term costs anticipated for retirees. The calculations can vary significantly from year to year and while they do flow through the statement of revenue and expense, do not represent current expenditures. The budget for 2019 was determined well prior to the calculation made for December 31, 2018 and was an estimate. Using 2018 as a guide, the forecast reflects a lower than budgeted figure.
- While the Port is a real estate tax exempt entity, taxes were due to the Town of Bethlehem during the acquisition of land. These taxes were not budgeted and will not re-occur.

Overall assessment:

The original 2019 budget exclusive of the impact of the \$8.9 million of grant revenue was anticipated to be a loss of \$2.1 million. Again exclusive of grant revenue, actual results combined with a forecast for July through December 2019 does continue to estimate a loss, but one of about \$1.6 million, or approximately \$500,000 less of a deficit than budgeted. When further factoring in non-cash depreciation expense, the original budget was at an almost breakeven point. The forecast exclusive of depreciation would show a positive change in net position. While the revenue for certain categories are considerably under budget, other categories are over budget to a

point where the forecast is at about 99% of the original budget for revenue. Significant cost savings are being achieved especially in the personnel costs and the original budget had a built in contingency of \$180,000. The net result as noted is being ahead of budget with the exception of grant revenue. And as outlined previously, it is expected that grant revenue will be higher than forecast toward the end of the year.

ALBANY PORT DISTRICT COMMISSION COMMITTEE CHARTER

Pursuant to the Public Authorities Law, the Albany Port District Commission (the “Port”) establishes board committees with responsibilities pursuant to this written charter.

PURPOSE

The purpose of this Committee Charter, and the resulting Committees, are to help improve oversight, accountability, and transparency at the Port, thereby strengthening public confidence in its operations.

STRUCTURE/COMMITTEES

The Port shall have a Governance Committee, Finance Committee and an Audit Committee.

I. The Governance Committee.

A. Purpose.

1. The purpose of the Governance Committee (the “Committee”) is to assure that the Port Board fulfills its responsibilities for the promotion of competent, honest and ethical conduct by the Port in all its operations and enhance public confidence in the Port.

B. Composition.

1. The Committee will consist of a minimum of three members, one of whom will be the Committee Chairperson. The Committee members and Chairperson will be designated by the Chairperson of the Port Board. The majority of Committee members shall be “independent” as defined in section 2825 of the Public Authorities Law.
2. In addition to the members, the Chairperson of the Port Board shall be a non-voting member of the Committee.
3. Committee members shall serve annual terms and can be re-appointed or replaced at the end of their term or in other instances, as needed.

C. Meetings.

1. The Committee will meet at least twice a year. All Committee members are expected to attend each meeting, in person or via telephone or videoconference.

2. A majority of voting Committee members must attend in order to constitute a quorum and to hold a valid meeting.

D. Authority.

1. The Committee has the authority to seek any information it requires from staff (or from individuals/entities outside of the APDC), all of whom are directed by the Board to cooperate with the Committee's requests.
2. The Committee has the authority to meet with the Port's staff as necessary.
3. The Port Board shall ensure that the Committee has sufficient resources to carry out its duties.

E. Responsibilities.

1. The Committee shall be primarily responsible for:
 - a. Establishing policies to promote honest and ethical conduct by the Port's directors, officers and employees;
 - b. Keeping the Board informed of "Best Corporate Practices," reviewing corporate governance trends, updating corporate governance principals and advising appointing authorities of the skills and experience required of potential Board Members;
 - c. Reviewing and updating the Port's Code of Ethical Conduct/written policies regarding conflicts of interest;
 - d. Reviewing and updating whistleblower policy;
 - e. Reviewing and updating the Port's written policies regarding procurement of goods and services and the acquisition of real property or interests therein;
 - f. Reviewing and updating the Port's written policies regarding the disposition of real and personal property;
 - g. Reporting on its proceedings at the next full meeting of the Board;
 - h. Reviewing the adequacy of the Committee charter annually; and
 - i. Performing other activities related to this charter as requested by the Board.

II. The Finance Committee

A. Purpose.

1. The purpose of the Finance Committee shall be to (1) ensure the financial health of the Port (2) ensure that Port assets are protected and resources are used appropriately and (3) assist the Board in understanding the Port's financial condition.

B. Composition.

1. The Committee will consist of a minimum of three members, one of whom will be the Committee Chairperson. The Committee members and Chairperson will be designated by the Chairperson of the Port Board. A majority of the Committee members shall be "independent" as defined in section 2825 of the Public Authorities Law.
2. In addition to the members, the Chairperson of the Port Board shall be a non-voting member of the Committee.
3. Committee members shall serve annual terms and can be re-appointed or replaced at the end of their term or in other instances, as needed.

C. Meetings.

1. The Committee will meet at least four times a year. All Committee members are expected to attend each meeting, in person or via telephone or videoconference
2. A majority of voting Committee members must attend in order to constitute a quorum and to hold a valid meeting.

D. Authority.

1. The Committee has the authority to seek any information it requires from Port staff, outside auditors, or any other individual/entity required, all of whom are directed by the Board to cooperate with the Committee's requests.
2. The Committee has the authority to meet with the Port's staff, independent auditors or outside counsel, as necessary.
3. The Board shall ensure that the audit committee has sufficient resources to carry out its duties.

E. Responsibilities.

1. The Committee shall be primarily responsible for:
 - a. In conjunction with the Audit Committee, review and recommend new or revised financial policies to the Board for approval;

- b. Ensuring that timely and accurate financial data is presented to the Board;
- c. Review and recommend an annual operating budget for Board approval;
- d. Review the financial performance of APDC against budget projections for the period to-date;
- e. Review proposals for the issuance of debt by the Port and make recommendations to the Board;
- f. Make recommendations to the Board concerning the level of debt and nature of debt issued by the APDC;
- g. Develop the investment policy for the Port and review this policy annually;
- h. As necessary, recommend Investment Policy changes to the Board for approval;
- i. Make recommendations concerning the appointment of bond counsel, investment managers and underwriting firms used by the APDC and to oversee such individual's/entity's work;
- j. Provide the Board with recommendations concerning the hiring/retention of the investment manager;
- k. Reviewing the adequacy of the Committee charter annually; and
- l. Performing other activities related to this charter as requested by the Board.

III. The Audit Committee.

A. Purpose.

1. The purpose of the Audit Committee (the "Committee") is to assure that the Board fulfills its responsibilities for the Port's internal and external audit process, the financial reporting process and reporting, and the system of internal controls over financial reporting.

B. Composition.

1. The Committee will consist of a minimum of three members, one of whom will be the Committee Chairperson. The Committee members and Chairperson will be designated by the Chairperson of the Port Board. A majority of the Committee members shall be "independent" as defined in section 2825 of the Public Authorities Law.
2. Members of the audit committee shall be familiar with corporate financial and accounting practices.
3. In addition to the members, the Chairperson of the Port Board shall be a non-voting member of the Committee.

4. Committee members shall serve annual terms and can be re-appointed or replaced at the end of their term or in other instances, as needed.

C. Meetings.

1. The Committee will meet at least twice a year. All Committee members are expected to attend each meeting, in person or via telephone or videoconference.
2. The Committee shall meet at least annually, or more frequently if required, in a separate meeting with the Port's independent auditor.
3. A majority of voting Committee members must attend in order to constitute a quorum and to hold a valid meeting.

D. Authority.

1. The Committee has the authority to seek any information it requires from Port staff, outside auditors, or any other individual/entity required, all of whom are directed by the Board to cooperate with the Committee's requests.
2. The Committee has the authority to meet with the Port's staff, independent auditors or outside counsel, as necessary.
3. The Board shall ensure that the audit committee has sufficient resources to carry out its duties.

E. Responsibilities.

1. The Committee shall be primarily responsible for:
 - a. Reviewing and approving Port financial statements;
 - b. Appointment, dismissal and compensation of any independent auditor employed by the Port;
 - c. Confirming and assuring the independence of the Port's independent auditor;
 - d. Ensuring that non-audit services are not provided by the Port's independent auditor;
 - e. Overseeing the work of such independent auditor, including the resolution of disagreements with respect to, and overseeing compliance with, accounting policies and principles
 - f. Reviewing and overseeing the Port's internal audit function;
 - g. Overseeing the Port's systems over internal controls and risk assessment, including information technology security and control;

- h. Establishing procedures for the receipt, retention and treatment of complaints received by the Port regarding accounting, internal controls or auditing matters, including confidential, anonymous submission by employees of the Port of concerns regarding questionable accounting or auditing matters, and act as the point of contact for investigations and/or matters involving the Inspector General;
- i. Reporting on its proceedings at the next full meeting of the Board;
- j. Providing an open avenue of communication between internal audit, the independent auditors, the Board and staff;
- k. Reviewing the adequacy of the Committee charter annually; and
- l. Performing other activities related to this charter as requested by the Board.