Victoria Storrs
Chair

Catherine M. Hedgeman, Esq.
Vice Chair/ Assistant Secretary

Tim Maniccia
Secretary

Richard Kotlow
Treasurer

David Kidera
Member

Jared Finke
Member

Vacant
Member

TOWN OF BETHLEHEM

Albany County - New York

INDUSTRIAL DEVELOPMENT AGENCY

445 DELAWARE AVENUE
DELMAR, NEW YORK 12054
Telephone: (518) 439-4955
Email: info@bethlehemida.com
www.bethlehemida.com

Thomas P. Connolly
Executive Director, Assistant Secretary and Agency Counsel
518-573-2200

Allen F. Maikels
Chief Financial Officer and Contracting Officer
518-487-4679

Vacant
Economic Development Coordinator
Ext. 1189

Robin Nagengast
Assistant to the Executive Director and Clerk
Ext. 1164

Regular Meeting Agenda
Friday, September 24, 2021
8:00 AM
Town Hall Auditorium

I. Notice

Meetings to be held electronically. Due to the Novel Coronavirus (COVID-19) and the Delta variant, the Bethlehem IDA will meet remotely via video conference/webinar. Legislation (S.50001/A.40001) signed by Governor Kathy Hochul on 9/2/21 extended virtual public meetings. Members of the public may view and listen to the live meetings by visiting the Town Website/Meeting Portal, selecting the meeting date, and clicking on the video icon. Agendas, minutes, and videos are available at this same link. Please check the Town website for updates.

II. Call to Order/Roll Call/Quorum Approval

III. Minutes Approval

1. Bethlehem Industrial Development Agency - Regular Meeting - Jul 28, 2021 8:00 AM

IV. New Business

1. Application Port of Albany (Megan Daly, Christine Stuto)

   a. Resolution Authorizing Hearing (Scott)

V. Reports of Committees

1. Finance Committee (Storrs)
2. Financial Statements 8/31/21 (Maikels)

VI. Communications

1. Memo NYS ESD Private Equity Bond Volume Cap Allocation Adjustment (Connolly)

VII. Old Business

1. Planning Board Update (Leslie)
2. Report of ED Coordinator (Leslie)

3. Revised Bylaws Distributed (Connolly)

VIII. Future Meetings

1. Finance Committee Meeting – Friday October 15, 2021 8:30 a.m.
2. Regular Meeting - Friday, October 22, 2021 8:00 a.m.

IX. Executive Session on Personnel Matters (Storrs)

X. Adjournment

Adjourn

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Regular Meeting Minutes
Wednesday, July 28, 2021
8:00 AM
Town Hall Auditorium

I. Call to Order/Roll Call/Quorum Determination

A Regular Meeting of the Bethlehem Industrial Development Agency of the Town of Bethlehem was held on the above date at the Town Hall Auditorium, 445 Delaware Avenue, Delmar, NY. The Meeting was called to order at 8:00 AM with the presence of a quorum noted.

Attendee Name	Title	Status	Arrived
Victoria Storrs	Chair	Present	
Catherine Hedgeman	Vice Chair/Asst Secretary	Present	
Tim Maniccia	Secretary	Present	
Richard Kotlow	Treasurer	Present	
David Kidera	Board Member	Present	
Jared Finke	Board Member	Absent	
Thomas P. Connolly	Executive Director/Agency Counsel	Present	
Joe Scott	Bond Counsel	Present	
Robin Nagengast	Assistant to the Executive Director	Present	
David VanLuven	Town Supervisor	Present	

II. Minutes Approval

1. Friday, May 28, 2021

RESULT: **ACCEPTED AS AMENDED [UNANIMOUS]**
MOVER: Richard Kotlow, Treasurer
SECONDER: David Kidera, Board Member
AYES: Storrs, Hedgeman, Maniccia, Kotlow, Kidera
ABSENT: Jared Finke

III. Discussion: Election of Chair & Vice Chair (Connolly)

After 25 years of service, Chair Frank Venezia resigned from the IDA effective July 28, 2021. Vice Chair Storrs noted members have the responsibility to elect officers. Ms. Storrs would like to be elected Chair and leave a vacancy for Vice Chair. Ms. Hedgeman would like to be elected Vice Chair. Both stated their qualifications and the floor was opened for discussion by members.

- **ELECTION OF THE NEW IDA CHAIR**

  Upon motion by Mr. Kotlow, seconded by Mr. Maniccia, the Agency elected Ms. Storrs as Chair of the Bethlehem IDA. As the subject of the vote, Ms. Storrs abstained.

RESULT:	**APPROVED [4 TO 0]**
MOVER:	Richard Kotlow, Treasurer
SECONDER:	Tim Maniccia, Secretary
AYES:	Catherine Hedgeman, Tim Maniccia, Richard Kotlow, David Kidera
ABSTAIN:	Victoria Storrs
ABSENT:	Jared Finke

- **ELECTION OF THE NEW IDA VICE CHAIR**

  Upon motion by Mr. Kotlow, seconded by Mr. Maniccia, the Agency elected Ms. Hedgeman as Vice Chair of the Bethlehem IDA. As the subject of the vote, Ms. Hedgeman abstained.

RESULT:	**APPROVED [4 TO 0]**
MOVER:	Richard Kotlow, Treasurer
SECONDER:	Tim Maniccia, Secretary
AYES:	Victoria Storrs, Tim Maniccia, Richard Kotlow, David Kidera
ABSTAIN:	Catherine Hedgeman
ABSENT:	Jared Finke

IV. Reports of Committees

- **GOVERNANCE COMMITTEE: TABLED - ROLE OF TREASURER (KIDERA)**

- **A. PROPOSED REVISIONS TO BYLAWS ARTICLE III AND ARTICLE V**

  Mr. Kidera resumed the discussion of the Treasurer role tabled at the May Regular Meeting. Members agree the Treasurer should be a member of the Agency, reflected in the proposed changes to the Bylaws.

- **B. RESIGNATION OF MR. MAIKELS AS TREASURER**

  Mr. Maikels resigned as the Treasurer in order to leave a vacancy for Mr. Kotlow as a member of the Agency to be appointed.

- **C. RESIGNATION OF MR. KOTLOW AS SECRETARY AND AS MEMBER OF THE AUDIT COMMITTEE**

  Mr. Kotlow resigned as the Secretary of the Agency to assume the position of Treasurer.

- **D. ELECTION OF RICHARD KOTLOW AS TREASURER**

  Upon motion by Chair Storrs, seconded by Ms. Hedgeman, and unanimously approved by members present, the Agency elected Mr. Kotlow as Treasurer of the Bethlehem IDA.

RESULT: **APPROVED [UNANIMOUS]**
MOVER: Victoria Storrs, Chair
SECONDER: Catherine Hedgeman, Vice Chair/Asst Secretary
AYES: Storrs, Hedgeman, Maniccia, Kotlow, Kidera

- **F. ELECTION OF TIMOTHY MANICCIA AS SECRETARY**

Upon motion by Chair Storrs, seconded by Ms. Hedgeman, and unanimously approved by members present, the Agency elected Mr. Maniccia as Secretary of the Bethlehem IDA.

RESULT: **APPROVED [UNANIMOUS]**
MOVER: Victoria Storrs, Chair
SECONDER: Catherine Hedgeman, Vice Chair/Asst Secretary
AYES: Storrs, Hedgeman, Maniccia, Kotlow, Kidera

- **F. APPOINTMENT OF MESSRS. KIDERA AND FINKE TO THE AUDIT COMMITTEE**

In order to fill a vacancy due to the resignation of Mr. Venezia, Mr. Kidera and Mr. Finke were appointed to the Audit Committee.

- **G. APPOINTMENT OF MR. KOTLOW TO THE FINANCE COMMITTEE**

In order to fill a vacancy due to the resignation of Mr. Venezia, Mr. Kotlow was appointed to the Finance Committee.

- **H. RESOLUTION: REVISING BYLAWS; ELECTING TREASURER AND SECRETARY; APPOINTMENTS TO COMMITTEES**

Mr. Kidera reviewed the resolution to adopt amended bylaws. After discussion by members, changes were made to the language regarding the Assistant Secretary, who doesn't have to be an officer of the Agency.

Consideration of how to fill the assistant secretary position was deferred.

Upon motion by Mr. Kotlow, seconded by Mr. Maniccia, and unanimously approved by all members present, the Agency approved the following resolution:

Resolution: Revising Bylaws; Electing Treasurer and Secretary; Appointments to Committees

WHEREAS, the Governance Committee has recommended certain revisions to Article III and IV of the bylaws set forth below;

Now, therefore, be it resolved by the members of the Town of Bethlehem Industrial Development Agency, as follows:

Section 1. That the bylaws should be revised as follows:

ARTICLE III

OFFICERS

Section 1. OFFICERS. The officers of the Agency shall be a Chair, Vice-Chair, Treasurer, Secretary (each of whom shall be members), Assistant Secretary and such other officers as it may determine, who shall have such duties, powers and functions as hereinafter provided, all of whom shall be elected by the members of the Agency. Such officers shall be elected at the annual meeting of the Agency in each fiscal year.

ARTICLE V

DUTIES OF OFFICERS

Section 1. CHAIR. ...

Section 2. SECRETARY. ...

Section 3. TREASURER. The treasurer shall oversee the financial management procedures and systems implemented by the Agency. This includes coordinating the financial reporting and the budgeting process with the Agency's management, committees, and the Members.

Section 4. ADDITIONAL DUTIES. …

RESULT:	**APPROVED AS AMENDED [UNANIMOUS]**
MOVER:	Richard Kotlow, Treasurer
SECONDER:	Tim Maniccia, Secretary
AYES:	Storrs, Hedgeman, Maniccia, Kotlow, Kidera

- **I. DRAFT EXECUTIVE DIRECTOR EVALUATION**

Mr. Kidera presented the Executive Director Evaluation form. The form will be completed by members and submitted confidentially to the Governance Committee. The form can be amended as appropriate. The Agency agrees the form will be effective for assessing the performance of the Executive Director.

V. Communications

- **NONE**

No communications.

VI. Old Business

- **PLANNING BOARD UPDATE (LESLIE)**

Nothing to report from Planning Board.

- **REPORT OF ED COORDINATOR (LESLIE)**

The Economic Development Coordinator has been reposted. The Town was awarded another round of Microenterprise Grant funding.

VII. New Business

- **FINANCIAL STATEMENTS 6/30/21 (MAIKELS)**

Mr. Kotlow reported the financial statement as of June 30, 2021, noting that it's positive that the Agency is running ahead of budget.

- **THANK YOU TO CHAIR FRANK VENEZIA**

Chair Storrs acknowledged Frank Venezia's quarter century of service to the Bethlehem IDA and invited members to sign on to a letter of appreciation to Mr. Venezia to be entered into the record as follows:

On behalf of the members and staff of the Town of Bethlehem Industrial Development Agency, I thank you for your extraordinary contributions to the Agency over twenty-five years. We are indebted to you for leading the Agency year in and year out through projects big and small, through difficult problems and cutting edge issues always balancing the need for economic growth with the needs of our community.

The Agency is also indebted to you for helping the Agency to successfully navigate the regulatory oversight of the past fifteen years.

We will miss you and wish you the best.

VIII. Future Meetings

- **REGULAR MEETING - WEDNESDAY, AUGUST 25, 2021 8:00 A.M.**

The August Regular Meeting is scheduled for Wednesday, August 25 at 8am in the Auditorium. Agenda items to include further discussion of the assistant secretary position and discussion of the election, succession, and plans going forward.

IX. Adjournment

Motion To: Adjourn

RESULT:	**ADJOURN [UNANIMOUS]**
MOVER:	Tim Maniccia, Secretary
SECONDER:	David Kidera, Board Member
AYES:	Storrs, Hedgeman, Maniccia, Kotlow, Kidera

TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY APPLICATION

IMPORTANT NOTICE: The answers to the questions contained in this application are necessary to determine your firm's eligibility for financing and other assistance from the Town of Bethlehem Industrial Development Agency. These answers will also be used in the preparation of papers in this transaction. Accordingly, all questions should be answered accurately and completely by an officer or other employee of your firm who is thoroughly familiar with the business and affairs of your firm and who is also thoroughly familiar with the proposed project. This application is subject to acceptance by the Agency.

TO: Town of Bethlehem Industrial Development Agency
Town Hall—Room 203
445 Delaware Avenue
Delmar, New York 12054

This application by applicant respectfully states:

APPLICANT: Albany Port District Commission

APPLICANT'S STREET ADDRESS: 106 Smith Boulevard

CITY: Albany STATE: NY ZIP: 12202 PHONE: 518-463-8763

FAX: 518-463-8767 EMAIL: cstuto@portofalbany.us; mdaly@portofalbany.us

NAME OF PERSON(S) AUTHORIZED TO SPEAK FOR APPLICANT WITH RESPECT TO THIS APPLICATION: Christine Stuto, Megan Daly, Richard Hendrick, Patrick Jordan

IF APPLICANT IS REPRESENTED BY AN ATTORNEY, COMPLETE THE FOLLOWING:

NAME OF FIRM: Hodgson Russ LLP

NAME OF ATTORNEY: A. Joseph Scott

ATTORNEY'S STREET ADDRESS: 677 Broadway, Suite 301

CITY: Albany STATE: NY ZIP: 12207 PHONE: 518-433-2419

FAX: 518-465-1567 EMAIL: Ascott@hodgsonruss.com

NOTE: PLEASE READ THE INSTRUCTIONS ON PAGE 2 BEFORE FILLING OUT THIS APPLICATION.

INSTRUCTIONS

1. The Agency will not approve any application unless in the judgment of the Agency said application contains sufficient information upon which to base a decision whether to approve or tentatively approve an action.

2. Fill in all blanks, using "none" or "not applicable" or "N/A" where the question is not appropriate to the project which is the subject of this application (the "Project").

3. If an estimate is given as the answer to a question, put "(est.)" after the figure or answer which is estimated.

4. If more space is needed to answer any specific question, attach a separate sheet.

5. When completed, return this application to the Agency at the address indicated on the first page of this application.

6. The Agency will not give final approval to this application until the Agency has received a completed environmental assessment form concerning the Project which is the subject of this application.

7. Please note that Article 6 of the Public Officers Law declares that all records in the possession of the Agency (with certain limited exceptions) are open to public inspection and copying. If the applicant feels that there are elements of the Project which are in the nature of trade secrets which if disclosed to the public or otherwise widely disseminated would cause substantial injury to the applicant's competitive position, the applicant may identify such elements in writing and request that such elements be kept confidential in accordance with Article 6 of the Public Officers Law.

8. The applicant will be required to pay to the Agency all actual costs incurred in connection with this application and the Project contemplated herein (to the extent such expenses are not paid out of the proceeds of the Agency's bonds issued to finance the project). The applicant will also be expected to pay all costs incurred by general counsel and bond counsel to the Agency. The costs incurred by the Agency, including the Agency's general counsel and bond counsel, may be considered as a part of the project and included as a part of the resultant bond issue.

9. The Agency has established a general Agency fee to be paid by the applicant upon closing. Such fee is to be in the amount of ¾ of one percent of the bond amount for a tax-exempt issue, ¾ of one percent of the bond amount for a taxable issue, ¾ of one percent of the cost of the project for a straight lease, and ½ of one percent of the bond amount for a not-for-profit.

10. The Agency will charge annually an administrative fee of 5 basis points computed on (i) on the original bond amount or (ii) in the case of a straight lease on the cost of the project; the fee shall be payable on January 1 of each year until all the financing documents shall terminate and be discharged and satisfied.

11. The Agency requires a non-refundable administrative fee of FIVE HUNDRED DOLLARS ($500.00) TO BE PAID UPON SUBMISSION OF THE APPLICATION.

12. Two (2) hard copies and one (1) electronic copy are required by the Agency.

FOR AGENCY USE ONLY

1. Project Number	______________
2. Date application Received by Agency	______________, 20_____
3. Date application referred to attorney for review	______________, 20_____
4. Date copy of application mailed to members	______________, 20_____
5. Date notice of Agency meeting on application posted	______________, 20_____
6. Date notice of Agency meeting on application mailed	______________, 20_____
7. Date of Agency meeting on application	______________, 20_____
8. Date Agency conditionally approved application	______________, 20_____
9. Date of mailing Notice of Public Hearing to affected taxing jurisdictions	______________, 20_____
10. Date of posting Notice of Public Hearing	______________, 20_____
11. Date of publication Notice of Public Hearing	______________, 20_____
12. Date Public Hearing held	______________, 20_____
13. Date Environmental Assessment Form ("EAF") received	______________, 20_____
14. Date Agency completed environmental review	______________, 20_____
15. Date of Town Board Approval	______________, 20_____
16. Date of final approval or rejection of application	______________, 20_____

SUMMARY OF PROJECT

Applicant: Albany Port District Commission

Contact Person: Christine Stuto, Megan Daly

Phone Number: 518-463-8763

Occupant: Albany Port District Commission

Project Location: Beacon Island, Town of Bethlehem

Approximate Size of Project Site: 81 acres

Description of Project: Development of previously disturbed and industrial zoned property into a port terminal with specialized infrastructure capable of supporting a new manufacturing operation. This will result in the first offshore wind tower manufacturing operation in the US. The project will fully develop the site, including a new bridge span connecting to the existing port, site civil infrastructure, new heavy capacity wharf and new manufacturing buildings.

Type of Project:
- ☒ Manufacturing
- ☐ Warehouse/Distribution
- ☐ Commercial
- ☐ Not-For-Profit
- ☒ Other-Specify Maritime

Employment Impact: Existing Jobs: 0
New Jobs: 250-350

Project Cost: $235,213,646

Type of Financing: ☐ Tax-Exempt ☐ Taxable ☒ Straight Lease

Amount of Bonds Requested: $N/A

Estimated Value of Tax-Exemptions:

N.Y.S. Sales and Compensating Use Tax:	$0
Mortgage Recording Taxes:	$0
Real Property Tax Exemptions:	$0
Other (please specify):	$0

I. INFORMATION CONCERNING THE PROPOSED OCCUPANT OF THE PROJECT (HEREINAFTER, THE "COMPANY").

A. Identity of Company:

1. Company Name: Albany Port District Commission (APDC)

   Present Address: 106 Smith Boulevard

   Town/City: Albany State: NY Zip Code: 12202

   Employer's ID No.: 14-6002520

   Phone: 518-463-8763 Fax: 518-463-8767 Email: cstuto@portofalbany.us mdaly@portofalbany.us

2. If the Company differs from the Applicant, give details of relationship:

3. Indicate type of business organization of Company:
   APDC is a New York State Authorized Public Authority

   a. ☐ Corporation. If so, incorporated in what country? __________;

      What State? __________; Date Incorporated: ______;

      Type of Corporation? ________________;

      Authorized to do business in New York? Yes ____; No _____.

   b. ☐ Partnership. If so, indicate type of partnership: __________;

      Number of general partners ___; Number of limited partners ___.

   c. ☐ Limited liability company. If so, formed in what state? ______.

      Date formed _____; Authorized to do business in New York? Yes ___ No ___.

   d. ☐ Sole proprietorship.

4. Is the Company a subsidiary or direct or indirect affiliate of any other organization(s)? If so, indicate name of related organization(s) and relationship:

No.

–

B. Management of Company:

1. List all owners, officers, members, directors and partners (complete all columns for each person):

Name and Home Address	Office Held	Other Principal Business
Georgette Steffens	Chairperson	
Joseph E. Coffey, Jr.	Treasurer	
Dominick Tagliento	Secretary	
Michael Cinquanti, Esq.	Assistant Secretary	
Warren W. Abriel, Jr.	Member	
Richard J. Hendrick	Chief Executive Officer	

Megan Daly, Chief Commerce Officer; Patrick K. Jordan, General Counsel; Christine Stuto, Chief Financial Officer

2. Is the Company or management of the Company now a plaintiff or a defendant in any civil or criminal litigation? Yes _____; No X____.

3. Has any person listed above ever been convicted of a criminal offense (other than a minor traffic violation)? Yes _____; No X____.

4. Has any person listed above or any concern with whom such person has been connected ever been in receivership or been adjudicated bankrupt? Yes _____; No X____.

5. Has the company been cited by any regulatory authority for environmental violations? Yes _____; No X____.

6. If the answer to any of questions 2 through 5 is yes, please furnish details in a separate attachment.

C. Principal Owners of Company:

1. Is the Company publicly held? Yes _____; No X____. If yes, please list exchanges where stocks are traded:

____

____

2. If no, list all stockholders having a 5% or more interest in the Company:

Name	Address	Percentage of Holding
N/A		

D. Company's principal bank(s) of account:

KeyBank NA

E. Please attach copies of the company's financial statements (audited preferred) for the last four years.

F. Please attach your Company's business plan; including projected financial statements for the next three years.

Note: For items E and F, confidentiality may be maintained upon your specific request.

II. DATA REGARDING PROPOSED PROJECT.

A. Description of the Project: (Please provide a brief narrative description of the Project.)

Development of previously disturbed and industrial zoned property into a port terminal with specialized infrastructure capable of supporting a new manufacturing operation. This will the result in the first offshore wind tower manufacturing operation in the US. The project will fully develop the site, including a new bridge span connecting to the existing port, site civil infrastructure, new heavy capacity wharf and new manufacturing buildings.

B. Location of the Project:

1. Street Address: River Road / Route 144
2. City of:
3. Town of: Bethlehem
4. Village of:
5. County of: Albany

C. Description of the Project site:

1. Approximate size (in acres or square feet) of the Project site: 81 acres. Is a map, survey or sketch of the Project site attached? Yes X; No ___.

2. Are there existing buildings on the Project site? Yes ___; No X.

   a. If yes, indicate the number of buildings on the site: ___________. Also, please briefly identify each existing building and indicate the approximate size (in square feet) of each such building:

   N/A

b. Are the existing buildings in operation? Yes ___; No ___. If yes, describe present use of present buildings:

N/A

c. Are the existing buildings abandoned? Yes _____; No _____. About to be abandoned? Yes _____; No _____. If yes, describe:

N/A

d. Attach photograph of any existing buildings. N/A

3. Utilities serving the Project site:

Water-Municipal:	Currently no utilities. Project will build and
Other (describe)	provide all necessary utilities to the site.
Sewer-Municipal	
Other (describe)	
Electric-Utility	
Other (describe)	
Heat-Utility	
Other (describe)	

4. Present legal owner of the Project site:

Albany Port District Commission

a. If the Company owns the Project site, indicate date of purchase: November 29, 2018, 20__; purchase price $5,310.359.

b. If Company does not own the Project site, does Company have an option signed with the owner to purchase the Project site? Yes _____; No _____. If yes, indicate date option signed with the owner: ________________, 20__; and the date the option expires: ________________, 20__.

c. If the Company does not own the Project site, is there a relationship legally or by common control between the Company and the present owner of the Project site? Yes _____; No _____. If yes, describe:

N/A

5. a. Zoning District in which the Project is located: Industrial.

b. Are there any variances or special permits affecting the Project site? Yes _____; No _____. If yes, list below and attach copies of all such variances or special permits:

Please see attached SEQRA approval

D. <u>Description of Proposed Construction</u>:

1. Does part of the Project consist of the acquisition or construction of a new building or buildings? Yes X; No _____. If yes, indicate number and size of new buildings:

4 buildings totalling aproximately 560,000 square feet.

2. Does part of the Project consist of additions and/or renovations to existing buildings located on the Project site? Yes _____; No X. If yes, indicate the buildings to be expanded or renovated, the size of any expansions and the nature of expansion and/or renovation:

3. Describe the principal uses to be made by the Company of the building or buildings to be acquired, constructed or expanded:

Operations will produce offshore wind tower components and ship them via the Hudson River.

E. Description of the Equipment:

1. Does a part of the Project consist of the acquisition or installation of machinery, equipment or other personal property (the "Equipment")? Yes ____; No X ____. If yes, describe the Equipment:

2. With respect to the Equipment to be acquired, will any of the Equipment be Equipment which has previously been used? Yes ____; No ____. If yes, please provide detail:

N/A

3. Describe the principal uses to be made by the Company of the Equipment to be acquired or installed:

N/A

F. Project Use:

1. What are the principal products to be produced at the Project?

Manufactured offshore wind towers that will ship via the Hudson River.

2. What are the principal activities to be conducted at the Project?

Manufacturing of offshore wind towers and shipping and handling.

3. Does the Project include facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities? Yes _____; No X____. If yes, please provide detail:

4. If the answer to question 3 is yes, what percentage of the cost of the Project will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project? N/A %.

5. If the answer to question 3 is yes, and the answer to question 4 is more than 33.33%, indicate whether any of the following apply to the Project:

   a. Will the Project be operated by a not-for-profit corporation? Yes _____; No _____. If yes, please explain:

   N/A

   b. Is the Project likely to attract a significant number of visitors from outside the economic development region in which the Project will be located? Yes _____; No _____. If yes, please explain:

   N/A

   c. Would the Project occupant, but for the contemplated financial assistance from the Agency, locate the related jobs outside the State of New York? Yes _____; No _____. If yes, please explain:

   N/A

   d. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to the residents of the city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services? Yes _____; No _____. If yes, please provide detail:

   N/A

e. Will the Project be located in one of the following: (i) an area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; or (ii) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (x) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of households receiving public assistance, and (y) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates? Yes _____; No _____. If yes, please explain:

N/A

6. If the answers to any of subdivisions c. through e. of question 5 is yes, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? Yes _____; No _____. If yes, please explain:

N/A

7. Will the completion of the Project result in the removal of a plant or facility of the Company or another proposed occupant of the Project (a "Project Occupant") from one area of the State of New York to another area of the State of New York? Yes _____; No X_____. If yes, please explain:

8. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Company located in the State of New York? Yes _____; No X_____. If yes, please provide detail:

9. If the answer to either question 7 or question 8 is yes, indicate whether any of the following apply to the Project:

   a. Is the Project reasonably necessary to preserve the competitive position of the Company or such Project Occupant in its industry? Yes _____; No _____. If yes, please provide detail:

   N/A

   b. Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York? Yes _____; No _____. If yes, please provide detail:

   N/A

10. Will the Project be owned by a not-for-profit corporation? Yes _____; No X_____. If yes, please provide detail:

    Project will be owned by a public authority.

11. If the answer to 10 is yes, is the corporation exempt from taxation under Section 501(c) of the Internal Revenue Code of 1986, as amended? Yes _____; No _____. If yes, please indicate details and which subsection of Section 501(c). N/A

12. If the answer to question 10 is yes, indicate whether any of the following apply to the Project:

    a. Is the Project a housing facility primarily designed to be occupied by individuals 60 years of age or older? Yes _____; No _____. If yes, please explain:

    N/A

b. Is the Project a dormitory for an educational institution? Yes _____; No _____. If yes, please explain:

N/A

c. Is the Project a facility as defined in Article 28 of the Public Health Law? Yes _____; No _____. If yes, please explain:

N/A

13. If the answer to any of the questions contained in question 12 is yes, indicate whether the cost of the Project will exceed $20 million. Yes _____; No _____. If yes, please provide detail:

N/A

14. Will the Project be sold or leased to a municipality? Yes _____; No X____. If yes, please provide detail:

G. <u>Other Involved Agencies</u>:

1. Please indicate all other local agencies, boards, authorities, districts, commissions or governing bodies (including any city, county and other political subdivision of the State of New York and all state departments, agencies, boards, public benefit corporations, public authorities or commissions) involved in approving or funding or directly undertaking action with respect to the Project. For example, do you need a municipal building permit to undertake the Project? Do you need a zoning approval to undertake the Project? If so, you would list the appropriate municipal building department or planning or zoning commission which would give said approvals.

The project has received SEQRA approval; the project is applying for site plan approval and SEQRA compliance through the Town of Bethlehem; the site plan indicates all involved agencies

2. Describe the nature of the involvement of the federal, state or local agencies described above:

Town of Bethlehem Planning Board must approve site plan. Army Corp of Engineering must approve the project application and the application is underway. All of which is detailed in the SEQRA and site plan documents currently with the town.

H. Project Status:

1. If the Project includes the acquisition of any land or buildings, have any steps been taken toward acquiring same? Yes _____; No _____. If yes, please discuss in detail the approximate stage of such acquisition.

N/A

2. If the Project includes the acquisition of any Equipment, have any steps been taken toward acquiring same? Yes _____; No X____. If yes, please discuss in detail the approximate stage of such acquisition:

3. If the Project involves the construction or reconstruction of any building or other improvement, has construction or reconstruction work on any such building or improvement begun? Yes _____; No X____. If yes, please discuss in detail the approximate extent of construction or reconstruction and the extent of completion. Indicate in your answer whether such specific steps have been completed as site clearance and preparation; completion of foundations, installation of footings; etc.:

4. Please indicate amount of funds expended on the Project by the Company in the past three (3) years and the purposes of such expenditures:

Purchase of land - $5,310,359; Other costs $1,958,000

5. Please indicate the date the applicant estimates the Project will be completed: June 2024.

6. Please describe the projected timeframe for the creation of any new jobs with respect to the undertaking of the Project:

Construction jobs to begin in 2022 through early 2024. Operation jobs are expected to start in 2023 and ramp up through 2026.

I. Agent Status (for sales tax purposes) (See also question A.3 in Part VI below):

1. If the Agency approves the Project, there are two methods that may be used to undertake the Project. The applicant can undertake the Project privately and sell the Project to the Agency upon completion. Alternatively, the applicant can request to be appointed as "agent" of the Agency for purposes of constructing the project, which request, if approved, will result in the applicant constructing the project as "agent" of the Agency, in which case certain laws applicable to public construction may apply to the Project. Does the applicant wish to be designated as "agent" of the Agency for purposes of undertaking the Project?
Yes X; No _____.

2. If the answer to question 1 is yes, does the applicant desire such "agent" status prior to the closing date of the financing? Yes _____; No _____. N/A

III. INFORMATION CONCERNING LEASES OR SUBLEASES OF THE PROJECT. (PLEASE COMPLETE THE FOLLOWING SECTION IF THE COMPANY INTENDS TO LEASE OR SUBLEASE ANY PORTION OF THE PROJECT).

There will be an operating Agreement with Marmen Welcon JV

A. Does the Company intend to lease or sublease more than 10% (by area or fair market value) of the Project? Yes X; No _____. If yes, please complete the following for each existing or proposed tenant or subtenant:

1. Sublessee Name: Operating Agreement with Marmen Welcon

Present Address: JV557, rue des Erables

City: Trois-Rivieres State: Quebec, CA Zip: G8T 8Y8

Employer's ID No.: Pending

Sublessee Is: Joint Venture Corporation: ___ Partnership: ___ Sole Proprietorship: ___

Relationship to Company: N/A

Percentage of Project to be leased or subleased: 100% Operating Agreement

Use of Project intended by Sublessee: Manufacturing, storage, Maritime

Date of lease or sublease to Sublessee: Operating term is to begin 2023

Term of lease or sublease to Sublessee: 30 years

Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes _____; No X____. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.

Please provide on a separate attachment answers to questions II(F)(7) and (8) with respect to such sublessee. N/A

2. Sublessee Name: N/A

Present Address: ____________________

City: ____________________ State: __________ Zip: __________

Employer's ID No.: ____________________

Sublessee Is: ___ Corporation: ___ Partnership: ___ Sole Proprietorship:___

Relationship to Company: ____________________

Percentage of Project to be leased or subleased: ____________________

Use of Project intended by Sublessee: ____________________

Date of lease or sublease to Sublessee: ____________________

Term of lease or sublease to Sublessee: ____________________

Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes _____; No _____. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.

Please provide on a separate attachment answers to questions II(F)(7) and (8) with respect to such sublessee.

3. Sublessee Name: N/A

Present Address: ____________________

City: ____________________ State: __________ Zip: __________

Employer's ID No.: ____________________

Sublessee Is: ___ Corporation: ___ Partnership: ___ Sole Proprietorship: ___

Relationship to Company: ____________________

Percentage of Project to be leased or subleased: ____________________

Use of Project intended by Sublessee: ______________________

Date of lease or sublease to Sublessee: ______________________

Term of lease or sublease to Sublessee: ______________________

Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes _____; No _____. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.

Please provide on a separate attachment answers to questions II(F)(7) and (8) with respect to such sublessee.

B. What percentage of the space intended to be leased or subleased is now subject to a binding written lease or sublease?

Full project is subject to tri-party MOU and pre-development funding agreement.

IV. EMPLOYMENT IMPACT.

A. Indicate the number of people presently employed at the Project site and the **additional** number that will be employed at the Project site at the end of the first and second years after the Project has been completed, using the tables below for (1) employees of the Applicant, (2) independent contractors, and (3) employees of independent contractors. (Do not include construction workers). Also indicate below the number of workers employed at the Project site representing newly created positions as opposed to positions relocated from other project sites of the applicant. Such information regarding relocated positions should also indicate whether such positions are relocated from other project sites financed by obligations previously issued by the Agency.

N/A	**TYPE OF EMPLOYMENT Employees of Applicant**				
	Professional or Managerial	Skilled	Semi-Skilled	Un-Skilled	Totals
Present Full Time	The port currently does	not empl	oy people at this	location, emplo	ymnet will
Present Part Time	be part of the operating	scope an	d will begin after	2 years.	
Present Seasonal					

First Year Full Time					
First Year Part Time					
First Year Seasonal					
Second Year Full Time					
Second Year Part Time					
Second Year Seasonal					

TYPE OF EMPLOYMENT
Independent Contractors

	Professional or Managerial	Skilled	Semi-Skilled	Un-Skilled	Totals
Present Full Time					
Present Part Time					
Present Seasonal					
First Year Full Time					
First Year Part Time					
First Year Seasonal					
Second Year Full Time					
Second Year Part Time					

Second Year Seasonal					

TYPE OF EMPLOYMENT Employees of Independent Contractors					
	Professional or Managerial	Skilled	Semi-Skilled	Un-Skilled	Totals
Present Full Time					
Present Part Time					
Present Seasonal					
First Year Full Time					
First Year Part Time					
First Year Seasonal					
Second Year Full Time					
Second Year Part Time					
Second Year Seasonal					

B. Indicate below the number of people presently employed at the Project site and the **additional** number that will be employed at the Project site at the end of the first and second years after the Project has been completed. (Do not include construction workers). Also indicate below the number of workers employed at the Project site representing newly created positions as opposed to positions relocated from other project sites of the applicant. Such information regarding relocated positions should also indicate whether such positions are relocated from other project sites financed by obligations previously issued by the Agency.

The project will not directly create long term employment, but is creating an environment for the operator to create direct employment at the end of 2023 and ramping up over the next three years. The operator is expected to hire jobs in welding, fabricating, assembly, painting, engineering and administrative work. Salaries and skills are expected to range, including skilled and unskilled salaries set by the employer which is not the applicant.

RELATED EMPLOYMENT INFORMATION				
	Professional or Managerial	Skilled	Semi-Skilled	Un-Skilled
Estimated Salary and Fringe Benefit Averages or Ranges				
Estimated Number of Employees Residing in the Capital District Economic Development Region[1]	It is expected that the majority of the positions will be filled by regional residents.			

C. Please prepare a separate attachment describing in detail the types of employment at the Project site. Such attachment should describe the activities or work performed for each type of employment.

V. PROJECT COSTS AND FINANCING SOURCES.

A. Anticipated Project Costs. State the costs reasonably necessary for the acquisition of the Project site, the construction of the proposed buildings and the acquisition and installation of any machinery and equipment necessary or convenient in connection therewith, and including any utilities, access roads or appurtenant facilities, using the following categories:

Description of Cost	Amount
Land	$
Buildings	$ 128,058,656
Machinery and equipment costs	$
Utilities, roads and appurtenant costs Includes Wharf and Bridge	$ 107,154,990
Architects and engineering fees	$

[1] The Capital District Economic Development Region consists of the following counties: Albany, Schenectady, Rensselaer, Greene, Columbia, Saratoga, Warren and Washington.

Costs of Bond Issue (legal, financial and printing)	$ N/A
Construction loan fees and interest (if applicable)	$
Other (specify)	
	$
	$
	$
TOTAL PROJECT COSTS	$ 235,213,646

B. Anticipated Project Financing Sources. State the sources reasonably necessary for the financing of the Project site, the construction of the proposed buildings and the acquisition and installation of any machinery and equipment necessary or convenient in connection therewith, and including any utilities, access roads or appurtenant facilities, using the following categories:

Description of Sources	**Amount**
Private Sector Financing	$
Public Sector	
Federal Programs	$
State Programs	$ 5,000,000 (NYS ESD)
Local Programs	$
Applicant Equity	$

Other (specify)	
Partnership Equity (includes support from NYSERDA to the partnership)	$ 230,213,646
	$
	$
TOTAL AMOUNT OF PROJECT FINANCING SOURCES	$ 235,213,646

C. Have any of the above expenditures already been made by the applicant? Yes _____; No X____. If yes, indicate particulars.

D. Amount of loan requested: $N/A_______________;

Maturity requested: N/A______years.

E. Has a commitment for financing been received as of this application date, and if so, from whom?

Yes N/A; No _____. Institution Name: ____________________

Provide name and telephone number of the person we may contact.

Name: ____________________ Phone: ____________________

F. The percentage of Project costs to be financed from public sector sources is estimated to equal the following: 12__________%

G. The total amount estimated to be borrowed to finance the Project is equal to the following: $ N/A______________

VI. FINANCIAL ASSISTANCE EXPECTED FROM THE AGENCY.

A. Financing

1. Is the applicant requesting that the Agency issue bonds to assist in financing the project? Yes ____; No X___. If yes, indicate:

   a. Amount of loan requested: _____Dollars;
   b. Maturity requested: _____Years.

2. Is the interest on such bonds intended to be exempt from federal income taxation? Yes ____; No N/A.

3. If the answer to question 2 is yes, will any portion of the Project be used for any of the following purposes: N/A

   a. retail food and beverage services: Yes____; No____
   b. automobile sales or service: Yes____; No____
   c. recreation or entertainment: Yes____; No____
   d. golf course: Yes____; No____
   e. country club: Yes____; No____

f. massage parlor: Yes____; No____
g. tennis club: Yes____; No____
h. skating facility (including roller skating, skateboard and ice skating):Yes____; No____
i. racquet sports facility (including handball and racquetball court):Yes____; No____
j. hot tub facility: Yes____; No____
k. suntan facility: Yes____; No____
l. racetrack: Yes____; No____

4. If the answer to any of the above questions contained in question 3 is yes, please furnish details on a separate attachment.

5. Is the Applicant requesting the Agency to issue federally tax exempt Enterprise Zone bonds? Yes____; No X____.

B. Tax Benefits.

1. Is the applicant requesting any real property tax exemption in connection with the Project that would not be available to a project that did not involve the Agency? Yes _____; No X____.

2. Is the applicant expecting that the financing for the Project will be secured by one or more mortgages? Yes _____; No X_____. If yes, what is the approximate amount of financing to be secured by mortgages? $N/A________________.

3. Is the applicant expecting to be appointed agent of the Agency for the purpose of qualifying for exemption from N.Y.S. Sales Tax or Compensating Use Tax? Yes _____; No X_____. If yes, what is the approximate amount of purchases which the applicant expects to be exempt from the N.Y.S. Sales and Compensating Use Taxes? $ N/A________.

4. What is the estimated value of each type of tax-exemption being sought in connection with the Project? Please detail the type of tax-exemption and value of each exemption.

a. N.Y.S. Sales and Compensating Use Taxes: $ 0____________

b. Mortgage Recording Taxes: $ 0____________

c. Real Property Tax Exemptions: $ 0____________

d. Other (please specify):

______________________ $ 0

______________________ $ 0

5. Are any of the real property tax exemptions being sought inconsistent with the Agency's Uniform Tax Exemption Policy? Yes _____; No X____. If yes, please explain how the request of the applicant differs from the Agency's Uniform Tax Exemption Policy:

____

____

____

____

6. Is the Project located in the Town's state designated Empire Zone? Yes____; No X___.

C. Project Benefit Information. Using the attached template, provide the Agency with information so that the Agency can perform a cost/benefit analysis of undertaking the Project.

VII. **REPRESENTATIONS BY THE APPLICANT**. The applicant understands and agrees with the Agency as follows:

A. Job Listings: In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project (including any tenants located in the Project) will be listed with (1) the New York State Department of Labor Community Services Division (the "DOL") and (2) the administrative entity of the service delivery area created by the Federal Job Training Partnership Act (P.L. No. 97-300) (the "JTPA Law") in which the Project Facility is located (while currently cited in Section 858-b of the Act, the Federal Job Training Partnership Act was repealed effective June 1, 2000, and has been supplanted by the Workplace Investment Act of 1998 (P.L. No. 105-220)).

B. First Consideration for Employment: In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant (and any tenants located in the Project) will first consider persons eligible to participate in JTPA Law programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the Project.

C. Annual Sales Tax Filings: In accordance with Section 874(8) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the

Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the applicant.

D. Annual Employment Reports: The applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed (including any tenants located in the Project), with the Agency, on an annual basis, reports regarding the number of people employed at the project site.

E. Agency Financial Assistance Required for Project: The Project would not be undertaken but for the Financial Assistance provided by the Agency or, if the Project could be undertaken without the Financial Assistance provided by the Agency, then the Project should be undertaken by the Agency for the following reasons:

The administrative assistance of the IDA is crucial to expedite the project timeline and budget and is requested as a prudent measure to manage the project schedule and budget and overall success.

F. Relocation or Abandonment : The provisions of subdivision one of Section 862 of the General Municipal Law will not be violated if Financial Assistance is provided for the Project.

G. Compliance with Federal, State, and Local Laws: The applicant is in substantial compliance with applicable local, state, and federal tax, worker protection, and environmental laws, rules, and regulations.

H. False or Misleading Information: The applicant understands that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemptions claimed by reason of Agency involvement in the Project.

I. Absence of Conflicts of Interest: The applicant has received from the Agency a list of the members, officers and employees of the Agency. No member, officer or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

N/A

I affirm under penalty of perjury that all statements made on this application are true, accurate and complete to the best of my knowledge.

Richard J Hendrick
Applicant

By: Richard J. Hendrick

Title: Chief Executive Officer

NOTE: APPLICANT MUST COMPLETE THE APPLICABLE VERIFICATION FORM ATTACHED TO THIS APPLICATION BEFORE A NOTARY PUBLIC <u>AND</u> MUST SIGN AND ACKNOWLEDGE THE HOLD HARMLESS AGREEMENT ATTACHED TO THIS APPLICATION.

VERIFICATION

(If Applicant is a Corporation)

STATE OF)
) SS.:
COUNTY OF)

Richard J. Hendrick, deposes and says that he is the
(Name of officer of applicant)

Chief Executive Officer of Albany Port District Commission,
(Title) (Company Name)

the corporation named in the attached application; that he has read the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. Deponent further says that the reason this verification is made by the deponent and not by said Company is because the said Company is a corporation. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from the books and papers of said corporation.

Richard J Hendrick
(Officer of applicant)

Sworn to before me this

13th day of September, 2021.

Patrick K. Jordan
Notary Public

PATRICK K. JORDAN
Notary Public, State of New York
Qualified in Rensselaer County
No. 02JO6140368
Commission Expires Jan. 30, 2022

VERIFICATION

N/A

(If Applicant is a Partnership)

STATE OF)
) SS.:
COUNTY OF)

____, deposes and says that he is one
(Name of individual)

of the members of the firm of ____, the
(Partnership name)

partnership named in the attached application; that he has read the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as a member of and from the books and papers of said partnership.

____
(Partner)

Sworn to before me this

_____ day of __________, 20__.

____
Notary Public

VERIFICATION

(If Applicant is a Limited Liability Company) N/A

STATE OF)
) SS.:
COUNTY OF)

____, deposes and says that he is the
(Name of officer of applicant)

__________________________ of ____,
(Title) (Company Name)

the Company named in the attached application; that he has read the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. Deponent further says that the reason this verification is made by the deponent and not by said Company is because the said Company is a limited liability company. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from the books and papers of said Company.

____
(Officer of applicant)

Sworn to before me this

_____ day of __________, 20__.

____
Notary Public

VERIFICATION

(If Applicant Sole Proprietor) N/A

STATE OF)
) SS.:
COUNTY OF)

____, deposes and says that he has read
(Name individual)

the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application

____
(Proprietor)

Sworn to before me this

_____ day of __________, 20__.

____
Notary Public

HOLD HARMLESS AGREEMENT

Applicant hereby releases the Town of Bethlehem Industrial Development Agency and the members, officers, servants, agents and employees thereof (hereinafter collectively referred to as the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (1) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the application or the project described therein or the issue of bonds requested therein are favorable acted upon by the Agency, and (2) the Agency described therein or the issue of bonds requested therein financing of the project described herein; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to find buyers willing to purchase the total bond issue requested, then, and in that event, upon presentation of any invoice itemizing the same, Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

Richard J Hendrick
(Applicant)

By: Richard J Hendrick

Title: Chief Executive Officer

Sworn to before me this

13th day of September, 2021.

Patrick K. Jordan

PATRICK K. JORDAN
Notary Public, State of New York
Qualified in Rensselaer County
No. 02JO6140368
Commission Expires Jan. 30, 2022

NOTE: THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS THE APPLICANT SIGNS THE HOLD HARMLESS AGREEMENT NOTED ABOVE.

TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
COST / BENEFIT ANALYSIS - PROJECT QUESTIONNAIRE

In order for the Town of Bethlehem Industrial Development Agency (the "Agency") to prepare a Cost/Benefit Analysis for a proposed project (the "Project"), the Applicant must answer the questions contained in this Project Questionnaire (the "Questionnaire") and complete the attached Schedules. This Questionnaire and the attached Schedule will provide information regarding various aspects of the Project, and the costs and benefits associated therewith.

The Questionnaire must be completed before we can finalize the Cost/Benefit Analysis. Please complete the Questionnaire and forward it to us at your earliest convenience.

1. Name of Project Beneficiary ("Company"):	Albany Port District Commission
2. Brief Identification of the Project:	81 acres, Beacon Island
3. Estimated Amount of Project Benefits Sought:	
A. Amount of Bonds Sought:	$ 0
B. Value of Sales Tax Exemption Sought	$0
C. Value of Real Property Tax Exemption Sought	$0
D. Value of Mortgage Recording Tax Exemption Sought	$0

PROJECTED PROJECT INVESTMENT

A.	Land-Related Costs	
1.	Land acquisition	$
2.	Site preparation	$
3.	Landscaping	$
4.	Utilities and infrastructure development	$
5.	Access roads and parking development	$
6.	Other land-related costs (describe)	$ 50,000,000
B.	Building-Related Costs	
1.	Acquisition of existing structures	$
2.	Renovation of existing structures	$
3.	New construction costs	$ 128,000,000
4.	Electrical systems	$
5.	Heating, ventilation and air conditioning	$
6.	Plumbing	$
7.	Other building-related costs (describe)	$

PROJECTED PROJECT INVESTMENT - Continued

C.	Machinery and Equipment Costs	
1.	Production and process equipment	$
2.	Packaging equipment	$
3.	Warehousing equipment	$
4.	Installation costs for various equipment	$
5.	Other equipment-related costs (describe)	$
D.	Furniture and Fixture Costs	
1.	Office furniture	$
2.	Office equipment	$
3.	Computers	$
4.	Other furniture-related costs (describe)	$
Bridge and Wharf		$57,000,000
E.	Working Capital Costs	
1.	Operation costs	$
2.	Production costs	$
3.	Raw materials	$
4.	Debt service	$
5.	Relocation costs	$
6.	Skills training	$
7.	Other working capital-related costs (describe)	$
F.	Professional Service Costs	
1.	Architecture and engineering	$
2.	Accounting/legal	$
3.	Other service-related costs (describe)	$
G.	Other Costs	
1.		$
2.		$
H.	Summary of Expenditures	
1.	Total Land Related Costs	$
2.	Total Building Related Costs	$
3.	Total Machinery and Equipment Costs	$
4.	Total Furniture and Fixture Costs	$
5.	Total Working Capital Costs	$
6.	Total Professional Service Costs	$
7.	Total Other Costs	$

Attachment: APDC Application Signed 9-13-2021-compressed (8165 : Port Application)

PROJECTED CONSTRUCTION EMPLOYMENT IMPACT

I. Please provide estimates of total construction jobs at the Project:

Year	Construction Jobs (Annual wages and benefits $40,000 and under)	Construction Jobs (Annual wages and benefits over $40,000)
Current Year	0	0
Year 1	50	150
Year 2	50	200
Year 3	20	30
Year 4	N/A	N/A
Year 5	N/A	N/A

II. Please provide estimates of total annual wages and benefits of total construction jobs at the Project:

Please see page 11 of attached Camoin Associates

Year	Total Annual Wages and Benefits	Estimated Additional NYS Income Tax
Current Year	$	$
Year 1	$	$
Year 2	$	$
Year 3	$	$
Year 4	$	$
Year 5	$	$

PROJECTED PERMANENT EMPLOYMENT IMPACT

I. Please provide estimates of total existing permanent jobs to be preserved or retained as a result of the Project: N/A. Permanent jobs will be created and fulfilled by the operator, not the project applicant

Year	Existing Jobs (Annual wages and benefits $40,000 and under)	Existing Jobs (Annual wages and benefits over $40,000)
Current Year		
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		

II. Please provide estimates of total new permanent jobs to be created at the Project:

Year	New Jobs (Annual wages and benefits $40,000 and under)	New Jobs (Annual wages and benefits over $40,000)
Current Year		
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		

III. Please provide estimates of total annual wages and benefits of total permanent jobs at the Project:

Year	Total Annual Wages and Benefits	Estimated Additional NYS Income Tax
Current Year	$____________	$____________
Year 1	$____________	$____________
Year 2	$____________	$____________
Year 3	$____________	$____________
Year 4	$____________	$____________
Year 5	$____________	$____________

IV. Please provide estimates for the following:

A. Creation of New Job Skills relating to permanent jobs. Please complete Schedule A.

PROJECTED OPERATING IMPACT

I. Please provide estimates for the impact of Project operating purchases and sales:

Additional Purchases (1st year following project completion)	$________________
Additional Sales Tax Paid on Additional Purchases	$________________
Estimated Additional Sales (1st full year following project completion)	$________________
Estimated Additional Sales Tax to be collected on additional sales (1st full year following project completion)	$________________

II. Please provide estimates for the impact of Project on existing real property taxes and new payments in lieu of taxes ("Pilot Payments"):

Year	Existing Real Property Taxes	New Pilot Payments	Total
Current Year			
Year 1			
Year 2			
Year 3			
Year 4			
Year 5			
Year 6			
Year 7			
Year 8			
Year 9			
Year 10			

III. Please provide estimates for the impact of other economic and local benefits expected to be produced as a result of the Project:

Please see page 13 of attached Camon Associates study

IV. Please provide estimates for the impact of economic and local costs expected to be produced as a result of the Project:

Cost will be very modest. Detailed in attached Camoin Associates

CERTIFICATION

I certify that I have prepared the responses provided in this Questionnaire.

I understand that the foregoing information and attached documentation will be relied upon, and constitute inducement for, the Agency in providing financial assistance to the Project. I certify that I am familiar with the Project and am authorized by the Company to provide the foregoing information, and such information is true and complete to the best of my knowledge. I further agree that I will advise the Agency of any changes in such information, and will answer any further questions regarding the Project prior to the closing.

I affirm under penalty of perjury that all statements made on this application are true, accurate and complete to the best of my knowledge.

Date Signed: September 13 ___, 2021.	**Name of Person Completing Project Questionnaire on behalf of the Company.** Name: Christine Stuto Title: Chief Financial Officer Telephone Number: 518-463-8763 **Signature:** Christine Stuto

SCHEDULE A

CREATION OF NEW JOB SKILLS

Please list the projected new job skills for the new permanent jobs to be created at the Project as a result of the undertaking of the Project by the Company.

New Job Skills	Number of Positions Created	Wage Rate
Site Operator will be creating apro›	250 permanent jobs	

Should you need additional space, please attach a separate sheet.

TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
ANNUAL STATEMENT OF FINANCIAL DISCLOSURE

Project Name: ________________

Project Type: ________________

Total Project Cost: ________________

	Total Year 1	Total Years 2-10	Total Year 10
Part 1: Sources of Tax Savings & Payments			
Estimated Sales Tax Savings:			
Projected Construction Cost	$ -	$ -	$ -
Percent Taxable (Estimated) N/A	0.00%	0.00%	0.00%
Sales Tax Rate	8.25%	8.25%	8.25%
Sales Tax Due	$ -	$ -	$ -
Sales Tax Saved	$ -	$ -	$ -
Estimated Mortgage Tax Savings			
Mortgage Amount	$ -	$ -	$ -
Mortgage Tax Rate	0.75%	0.75%	0.75%
Mortgage Tax Due	$ -	$ -	$ -
Mortgage Tax Saved	$ -	$ -	$ -
Estimated Real Property Tax Savings & Payments: (Schedule A)			
Estimated Assessed Value			
Property Taxes Saved	$ -	$ -	$ -
Property Taxes and PILOT Payments	$ -	$ -	$ -
Total Estimated Net Tax Savings:	$ -	$ -	$ -
Part 2: Community Benefits & New Taxes Produced			
Employment and Wages:			
Number of Existing Jobs	0.00	0.00	0.00
Total Projected New Jobs	0.00	0.00	0.00
Average Annual Wage of New Jobs (Schedule B)	$ -	$ -	$ -
Projected Total Wages of New Jobs (Schedule B)	$ -	$ -	$ -
Income and Sales Taxes:			
Average State Income Tax Rate *	3.50%	3.50%	3.50%
Estimated Total State Income Taxes Paid	$ -	$ -	$ -
Average % of Income Paid as Sales Tax	1.8%	1.8%	1.8%
Sales Tax Rate	8.25%	8.25%	8.25%
Total Sales Tax Paid	$ -	$ -	$ -
Total Income and Sales Taxes Paid	$ -	$ -	$ -
Estimated Indirect Benefits and Taxes			
Estimated Indirect Taxes Paid (ad valorum,fire,etc)	$ -	$ -	$ -
Fee Paid to Agency	$ -	$ -	$ -
Total Indirect Benefits	$ -	$ -	$ -

Total Estimated NYS Taxes and Agency Fee	$ -	$ -	$ -
Total Estimated Net Tax Savings	$ -	$ -	$ -
Projected Net Community Benefits (Loss)	$ -	$ -	$ -

*Average state income tax rate was supplied by the IDA

Part 3: Cost Benefit Analysis

Schedule A - Property Tax Abatement:

N/A

Base Year Annual Taxes	$ -
Estimated Annual Taxes on Improvements	$ -
Taxes Eligible for Abatement	$ -

Year	% Tax Due	Tax Due	Tax Savings
Year 1		$ -	$ -
Year 2		$ -	$ -
Year 3		$ -	$ -
Year 4		$ -	$ -
Year 5		$ -	$ -
Year 6		$ -	$ -
Year 7		$ -	$ -
Year 8		$ -	$ -
Year 9		$ -	$ -
Year 10		$ -	$ -
Totals		$ -	$ -
Average		$ -	$ -

Schedule B - Calculation of Projected Total Wages for New Hires:

Calculations are included in the Attached Camoin Associates document.

Year	Projected New Hires	Average Annual Wage of New Jobs	Total Annual Wage of New Jobs
Year 1		$ -	$ -
Year 2		$ -	$ -
Year 3		$ -	$ -
Year 4		$ -	$ -
Year 5		$ -	$ -
Year 6		$ -	$ -
Year 7		$ -	$ -
Year 8		$ -	$ -
Year 9		$ -	$ -
Year 10		$ -	$ -
Totals		$ -	$ -
Average		$ -	$ -

PLANNING BOARD
TOWN OF BETHLEHEM
ALBANY COUNTY, NEW YORK

SEQR RESOLUTION
COMPLETION OF FINAL GENERIC ENVIRONMENTAL IMPACT STATEMENT

ALBANY PORT DISTRICT COMMISSION INDUSTRIAL PARK PROJECT (PORT OF ALBANY EXPANSION)
SITE PLAN APPLICATION #19-00100001, FORMERLY 18-00100012

WHEREAS, the Planning Board of the Town of Bethlehem has received a site plan application from the Albany Port District Commission, for the Albany Port District Industrial Park Project to allow the industrial development of 81.57 +/- acres of land located on the east side of Route 144 (River Road) between the Normans Kill and PSEG with the Hudson River located to the east; and,

WHEREAS, the Planning Board has (1) classified the application as a Type 1 action, (2) established itself as Lead Agency, (3) issued a Positive Declaration, (4) determined a Generic Environmental Impact Statement (GEIS) is appropriate for the project, (5) provided notice of said Positive Declaration, (6) received and accepted a Draft GEIS Scope and held a public hearing on March 19, 2019 thereon, (7) adopted the Final Scope for the GEIS; (8) determined Draft GEIS was complete on August 6, 2019, (9) held a public hearing on September 3, 2019, and (10) established a public comment period between August 6, 2019 and September 14, 2019; and,

WHEREAS, during the public comment period, the Planning Board received multiple comments regarding the inclusion of an analysis of the project's potential impacts on the Ezra Prentice Homes in the City of Albany, including but not limited to environmental justice issues and consideration of alternatives to mitigate or eliminate impacts on the Ezra Prentice community. Impacts on the Ezra Prentice community including environmental justice was not an environmental topic identified in the GEIS scope; and,

WHEREAS, the Planning Board (1) on November 19, 2019 issued an amended Positive Declaration requiring a Supplemental Draft GEIS based on a finding that the proposed action has potential to create one or more significant adverse environmental impacts related to the Ezra Prentice community, (2) provided notice of said Positive Declaration (3) determined Supplemental Draft GEIS was complete on December 17, 2019, (4) held a public meeting in close proximity to the Ezra Prentice community on January 6, 2020 at the Albany Housing Authority at 200 South Pearl Street, Albany, and (5) established a public comment period between December 17, 2019 and January 17, 2020; and,

WHEREAS, a draft Final GEIS on the project was prepared by the applicant and submitted to the Planning Board, and said draft Final GEIS contained the comments that were received during the public hearing, public meeting, and public comment periods on the Draft GEIS and Supplemental Draft GEIS, as well as responses to those comments, and all additional studies that were undertaken to respond to those comments; and,

WHEREAS, prior to its final submission to the Planning Board, the draft Final GEIS has been reviewed by the Town's designated engineer for the project, MJ Engineering and Land Surveying, P.C. ("MJ Engineering"), and the Town Staff; and, WHEREAS, the Town's designated engineer, MJ Engineering, having reviewed the Final GEIS advised the Planning Board by letter, dated April 30, 2020, that the Final GEIS was complete and complied with all the requirements of SEQRA, and,

WHEREAS, the Planning Board members both individually and collectively have carefully reviewed and thoroughly considered the Final Generic Environmental Impact Statement including, its summary of comments, responses to comments and additional studies.

NOW, THEREFORE, BE IT RESOLVED, by the Planning Board as follows:

1. that the Final Generic Environmental Impact Statement for the Albany Port District Commission Industrial Park Project (Port of Albany Expansion) is hereby determined to be complete and in full compliance with the requirements of the SEQR regulations, 6 NYCRR Part 617; and,

2. that the Town Department of Economic Development and Planning is hereby directed to (1) file and circulate the Final GEIS to the involved and interested agencies and any person requesting a copy as required by the SEQRA regulations along with the attached Notice of Completion of Final GEIS, and (2) file the Final GEIS at Bethlehem Town Hall – Town Clerk's office, however, due to the COVID-19 pandemic, Town Hall is currently closed to the public; when restrictions are lifted and Town Hall is reopened the Final GEIS will be available to the public; and (3) post the Final GEIS on the Town website (Planning Board May 5, 2020 meeting webpage) to ensure public access to the document; and,

3. that the Planning Board shall allow for a period of time not less than ten days in length, from the date of filing the Notice of Completion, to consider the Final GEIS before issuing its written findings statement.

On a motion by Scott Lewendon, seconded by Brian Gyory, and by a roll call vote of four (4) for, zero (0) against, zero (0) abstained, one (1) recused, and zero (0) absent, this RESOLUTION was adopted on May 5, 2020.

The ENB SEQRA Notice Publication Form - *Please check all that apply*

Reset Form

Deadline: Notices must be received by **6 p.m. Wednesday** to appear in the following Wednesday's ENB

☐ Negative Declaration - Type I

☐ Conditioned Negative Declaration

☐ Positive Declaration

☐ Draft Scope
☐ with Public Scoping Session (optional)

☐ Final Scope

☐ Draft EIS
☐ with Public Hearing
☐ Generic
☐ Supplemental

☑ Final EIS
☑ Generic

☐ Supplemental

DEC Region # 4 County: Albany Lead Agency: Town of Bethlehem Planning Board

Project Title:

Brief Project Description: The action involves . . .

Albany Port District Commission (Port) is proposing to construct an industrial park with 5 conceptual layouts that range from 1.13 million square feet to 160,000 square feet of industrial use facilities (warehouse space and laydown area). Each concept would include associated access roads, employee parking, trailer parking, utility extensions, rail access from the north over Normans Kill and a bulkhead along Hudson River for on and offloading of equipment and materials (wharf).

Project Location (include street address/municipality):

Contact Person: Mr. Robert Leslie, AICP, Director of Planning-Town of Bethlehem

Address: 445 Delaware Avenue City: Delmar State: NY Zip: 12054

Phone: 5184934955 Fax: 5184395808 E-mail: rleslie@townofbethlehem.org

For Conditioned Negative Declaration / Draft Scope / Draft EIS: Public Comment Period ends: ___ / ___ /_____

For Public Hearing or Scoping Session: Date: ____ / ____ / _____ Time: _____:_____ am/pm

Location:

A hard copy of the ~~Draft Scope/Final Scope/DEIS~~/FEIS is available at the following locations:
Bethlehem Town Clerk's Office once Town Hall is reopened (currently closed due to COVID-19 pandemic restrictions).

The online version of the ~~Draft Scope/Final Scope/DEIS~~/FEIS is available at the following publically accessible web site:
Bethlehem Planning Board Meeting webpage found on Town website
http://bethlehemtownny.iqm2.com/Citizens/Detail_Meeting.aspx?ID=1782

For Conditioned Negative Declaration: In summary, conditions include:

Attachment: APDC Application SEQR Approval (8165 : Port Application)

14-12-8 (3/99)-9c

SEQR

State Environmental Quality Review
Notice of Completion of Draft / Final EIS

Project Number ________________ **Date:** 05/06/2020

This notice is issued pursuant to Part 617 of the implementing regulations pertaining to Article 8 (State Environmental Quality Review Act) of the Environmental Conservation Law.

A ☐ Draft or ☑ Final (check one) Environmental Impact Statement has been completed and accepted by the Town of Bethlehem Planning Board as lead agency, for the proposed action described below.

If a Draft EIS: Comments on the Draft EIS are requested and will be accepted by the contact person until____________________________

Name of Action:

Albany Port District Commission Industrial Park Project (Port of Albany Expansion)

Description of Action:

Albany Port District Commission (Port) is proposing to construct an industrial park with 5 conceptual layouts that range from 1.13 million square feet to 160,000 square feet of industrial use facilities (warehouse space and laydown area). Each concept would include associated access roads, employee parking, trailer parking, utility extensions, rail access from the north over Normans Kill and a bulkhead along Hudson River for on and offloading of equipment and materials (wharf).

Location: (Include street address and the name of the municipality/county. A location map of appropriate scale is also recommended.)

Port Road South, Glenmont, NY 12077 (Bethlehem)
East of River Road (NYS Rt. 144) south of Normans Kill and north of PSEG property.
Tax Map Numbers: 98.01-2-1.0 and 98.00-2-10.23

Potential Environmental Impacts:

The project may have significant environmental impacts on the Ezra Prentice Homes including environmental justice, climate and air quality, traffic and transportation, water service (potable and fire protection), sanitary sewer, historical, cultural and archaeological resources, aesthetic and visual resources, land use and zoning, community character and compatibility with comprehensive plan, emergency services, school district, fiscal and economic impact, recreation and open space.

A copy of the Draft / Final EIS may be obtained from:

Contact Person: Robert Leslie, Director of Planning-Dpt. Econ.Devel&Planning

Address: 445 Delaware Avenue, Delmar NY 12054

Telephone Number: 518-439-4955

A copy of this notice must be sent to:

Department of Environmental Conservation, 625 Broadway, Albany, New York 12233-1750

Chief Executive Officer, Town/City/Village of Town of Bethlehem

Any person who has requested a copy of the Draft / Final EIS

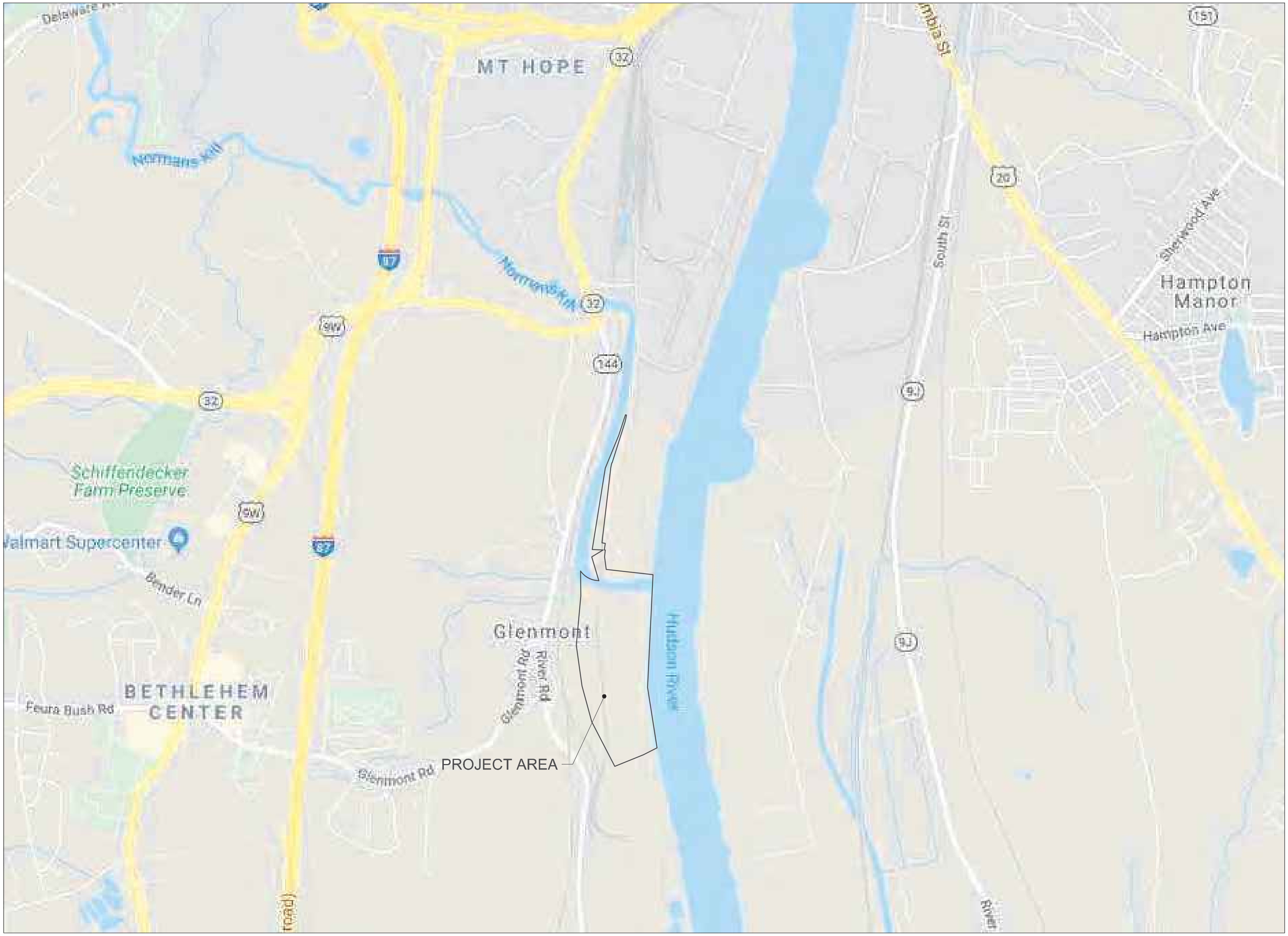
Any other involved agencies

Environmental Notice Bulletin, 625 Broadway, Albany, NY 12233-1750

Copies of the Draft/Final EIS must be distributed according to 6NYCRR 617.12(b).

Attachment: APDC Application SEQR Approval (8165 : Port Application)

Reset



McFarland Johnson
60 RAILROAD PLACE
SUITE 402
SARATOGA SPRINGS, NEW YORK 12866
P:518-580-9380 F:518-580-9383
mjinc.com

PROJECT MILESTONE: CONCEPT DESIGN

NO.	DATE	DESCRIPTION

CLIENT: ALBANY PORT DISTRICT COMMISSION

PROJECT: PORT OF ALBANY EXPANSION
BETHLEHEM, NEW YORK

DRAWN	NSO
DESIGNED	NSO
CHECKED	TCB
SCALE	NOT TO SCALE
DATE	NOVEMBER 2019
PROJECT	18437.00

IT IS A VIOLATION OF LAW FOR ANY PERSON, UNLESS THEY ARE ACTING UNDER THE DIRECT DIRECTION OF A LICENSED PROFESSIONAL ENGINEER, ARCHITECT, LANDSCAPE ARCHITECT, OR LAND SURVEYOR, TO ALTER AN ITEM IN ANY WAY. IF AN ITEM BEARING THE STAMP OF A LICENSED PROFESSIONAL IS ALTERED, THE ALTERING ENGINEER, ARCHITECT, LANDSCAPE ARCHITECT, OR LAND SURVEYOR SHALL STAMP THE DOCUMENT AND INCLUDE THE NOTATION "ALTERED BY" FOLLOWED BY THEIR SIGNATURE, THE DATE OF SUCH ALTERATION, AND A SPECIFIC DESCRIPTION OF THE ALTERATION.

DRAWING TITLE: SITE LOCATION MAP

DRAWING NUMBER: FIGURE 2.1-1

1 OF 1

4.1.b

Attachment: APDC Application SEQR Approval (8165 : Port Application)

Economic & Fiscal Impact

Port of Albany Expansion Project

camoin associates
ECONOMIC DEVELOPMENT

120 West Avenue, Suite 303

Saratoga Springs, NY 12866

518.899.2608

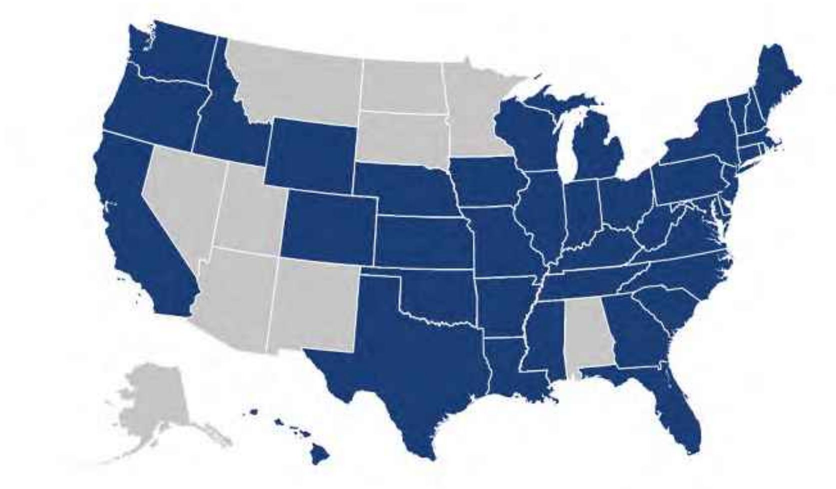
ABOUT CAMOIN 310

Camoin 310 has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 40 states and garnered attention from national media outlets including Marketplace (NPR), Forbes magazine, The New York Times and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at **www.camoinassociates.com**. You can also find us on Twitter **@camoinassociate** and on **Facebook**.

THE PROJECT TEAM

Rachel Selsky, AICP
Project Principal

Daniel Stevens, AICP
Project Manager and Analyst



CONTENTS

EXECUTIVE SUMMARY

The Albany Port District Commission (APDC) recently purchased approximately 81 acres of vacant land in the Town of Bethlehem to expand industrial port operations (referred to as “Port of Albany Expansion Project” or the “Project”). The addition of 81 acres of land, known formally as Beacon Island, increased the size of the port district by 25% and will allow the port, which had been fully built out, to attract new business investment and development. While no specific tenants or projects have been identified to date, APDC has been exploring several development scenarios with project sizes ranging from 1.13 million square-feet to 160,000 square feet. An analysis was conducted by Camoin 310 to estimate the total economic impact and fiscal benefits of developing the site for future industrial operations. The following development scenarios were provided by McFarland Johnson and Camoin 310 did not analyze the market viability of these concepts.

Port Development Concepts		
Concept ID	Total Square Feet	Description
A.	1,130,000	Single 1-Story Industrial Building
B.	900,800	Single Industrial Building With 2-Story Admin
C.	810,000	Four 1-Story Industrial Buildings, Each with 2-Story Admin
D.	160,000	Single 1-Story Industrial Building with 2-Story Admin
D.1	508,000	Single 1-Story Industrial Building with 2-Story Admin

Source: McFarland Johnson

Economic Impact

Based on the economic impact analysis and assumptions developed, the total new jobs, earnings, and sales were calculated for Albany County. Assuming the maximum build out of the property to a 1.13 million square-foot industrial facility, the Port of Albany Expansion Project has the potential to generate approximately 1,670 new jobs in Albany County, with $102 million in new annual earnings for workers, and approximately $295 million in new sales. The total economic impact includes “spinoff” economic activity that occurs in the County. Approximately one-out-of-three permanent jobs generated in the County as a result of annual operations will exist off-site at other businesses in Albany County.

The Project will also have a significant one-time construction impact, with the potential to generate a one-time boost of between $48.1 million and $113 million in sales to the local economy. The total job impact from construction of the project is estimated to range from approximately 470 up to 1,100, including construction jobs and jobs in supporting industries in the local economy during the construction phase.

Port of Albany Expansion Project Economic Impact to Albany County					
	Concept A	Concept B	Concept C	Concept D	Concept D.1
Total One-Time Economic Impact from Construction					
Jobs	1,100	770	715	468	605
Earnings	$ 40,800,000	$ 28,600,000	$ 26,600,000	$ 17,400,000	$ 22,500,000
Sales	$ 113,000,000	$ 79,200,000	$ 73,500,000	$ 48,100,000	$ 62,200,000
Total Annual Economic Impact From Operations					
Jobs	1,670	1,330	1,200	522	1,660
Earnings	$102,000,000	$80,900,000	$72,800,000	$48,100,000	$153,000,000
Sales	$295,000,000	$235,000,000	$211,000,000	$145,000,000	$459,000,000

Source: Camoin 310

Fiscal Benefits

The analysis examined the local fiscal benefits that will be generated by the Project, including new property and sales tax revenue. The total annual fiscal benefits of the Project are estimated to range from between $4.65 million to $14.2 million, depending on the development concept selected. The most significant portion of these benefits will be realized by Albany County through new sales tax revenues and property tax revenues (directly from the project itself and new tax revenues generated off-site as a result of the economic impact of the project).

Summary of Annual Fiscal Benefits					
	Concept A	Concept B	Concept C	Concept D	Concept D.1
County Sales Tax Revenue	$ 711,000	$ 566,000	$ 509,000	$ 337,000	$ 1,070,000
County Property Tax Revenue	$ 6,540,000	$ 5,210,000	$ 4,690,000	$ 3,210,000	$ 10,200,000
Bethlehem Central School District Property Tax Revenue	$ 1,570,000	$ 1,330,000	$ 1,310,000	$ 303,000	$ 808,000
Town of Bethlehem and Other Local Property Tax Revenue	$ 4,190,000	$ 3,540,000	$ 3,490,000	$ 806,000	$ 2,150,000
Total Tax Revenues	**$ 13,000,000**	**$ 10,700,000**	**$ 10,000,000**	**$ 4,650,000**	**$ 14,200,000**

Source: Camoin 310

Fiscal Costs (Municipal Services)

The potential increase in fiscal costs was examined, including potential cost increases for municipal service providers. Representatives of the Bethlehem Police Department, the Selkirk Fire Department, and Delmar-Bethlehem EMS were interviewed. Based on the input provided, minor new costs are expected for the Bethlehem Police Department and Delmar-Bethlehem EMS, as follows:

Summary: Annual Municipal Service Cost Impacts (Concept A)		
Service Provider	Type of Impact	Estimated Annual Cost Increase
Bethlehem Police Department	Increased overtime expenditures associated with incremental call volume	$ 15,743
Delmar-Bethlehem EMS	Incremental net increase in staffing costs associated with incremental call volume	$ 2,558
Total		**$ 18,302**

Source: EMSI; Camoin 310

School District Impact

The impacts to the Bethlehem Central School District (the "District") were studied to understand potential new revenue and new costs the District could expect as a result of the Project. As a purely industrial development, the Project will not directly generate any new school aged children who will be enrolled in the District and therefore no new costs to the district attributable to the Project are anticipated.

As a result, the District will therefore experience a net fiscal benefit from the Project due to an influx of new property tax revenue and no new costs. The initial annual estimated new property tax revenues from the Property are expected to total between $806,000 and $4.2 million, depending on the development concept. A 10-year projection of the property tax revenue generated by the Project for the District indicates the potential for between $4.0 million and $21 million in new property tax revenue for the district over 10 years.

Estimated School District Tax Revenues (10-Years)					
	Concept A	Concept B	Concept C	Concept D	Concept D.1
10-Year Total	$21,000,000	$17,800,000	$17,500,000	$4,040,000	$10,800,000
10-Year Average	$ 5,250,000	$ 4,440,000	$ 4,380,000	$1,010,000	$ 2,690,000

1. INTRODUCTION

The Albany Port District Commission (APDC) recently purchased approximately 81 acres of vacant land in the Town of Bethlehem to expand industrial port operations (The "Port of Albany Expansion Project" or the "Project"). The addition of the land, known formally as Beacon Island, increased the size of the port district by 25% and will allow the port, which had been fully built out, to attract new business and development. While no specific tenants or projects have been identified to date, APDC has been exploring what future development may occur on the property by identifying several development concepts ranging from 1.13 million square feet to 160,000 square feet.

McFarland Johnson is working with the Port to prepare a Draft Generic Environmental Impact Statement as part of the State Environmental Quality Review (SEQR) process for future development of the property. McFarland Johnson commissioned Camoin 310 to complete an economic and fiscal impact study to address the local fiscal and economic impact of the project and any potential impacts to the Bethlehem Central School District.

Specifically, the following analyses are included in this report:

ECONOMIC IMPACT

- One-time economic impact from construction of new facilities
- Annual economic from new industrial business operations

FISCAL IMPACT

- New local fiscal revenues including property tax revenue and sales tax revenue
- New municipal service delivery costs to local government (emergency services and highway maintenance)

SCHOOL DISTRICT IMPACT

- Identification of new costs to the school district
- Estimated new school district property tax revenues

1.2 Development Scenarios

A total of five port development concepts were prepared by McFarland Johnson, as shown in the table below. The property is currently zoned as Heavy Industrial (HI) and it is anticipated that any new development will be consistent with the allowable industrial uses within the district. As no specific types of industrial uses have been identified (e.g., manufacturing, warehousing), this analysis assumes "general" industrial development will occur. Specific methodologies are detailed further in Section 2. No market analysis was conducted as part of this report to determine the viability of these concepts.

Concept A, consisting of a 1.13 million square foot two-story industrial use facility represents the maximum development potential of the site based on existing zoning and site capacity and is the focus of this analysis as the "preferred alternative." The economic and fiscal impacts are also presented for the alternative concepts.

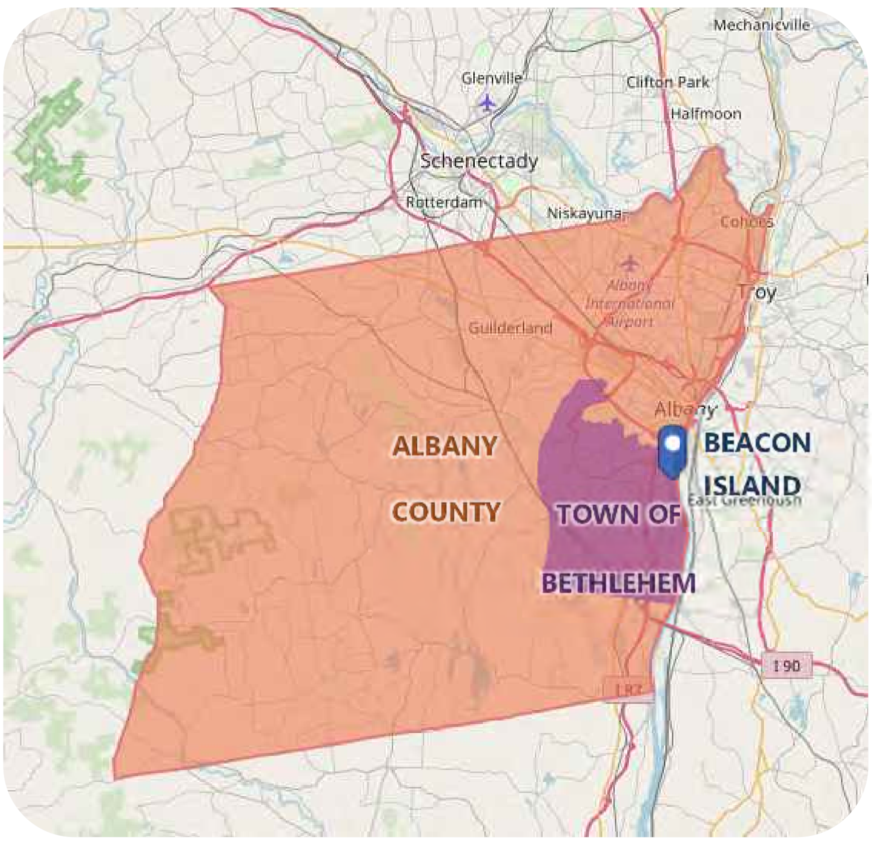
Port Development Concepts		
Concept ID	Total Square Feet	Description
A.	1,130,000	Single 1-Story Industrial Building
B.	900,800	Single Industrial Building With 2-Story Admin
C.	810,000	Four 1-Story Industrial Buildings, Each with 2-Story Admin
D.	160,000	Single 1-Story Industrial Building with 2-Story Admin
D.1	508,000	Single 1-Story Industrial Building with 2-Story Admin

Source: McFarland Johnson

1.3 Analysis Geographies

The economic impact analysis considers the new economic activity generated by the Project within Albany County. As such, results are reported as new jobs, wages, and sales generated countywide.

Fiscal impacts are examined at each local level where substantial effects would be expected, including Albany County, the Town of Bethlehem, and relevant local taxing jurisdictions. The following reference map shows the geographies of Albany County, the Town of Bethlehem, and the location of the subject property (Beacon Island).

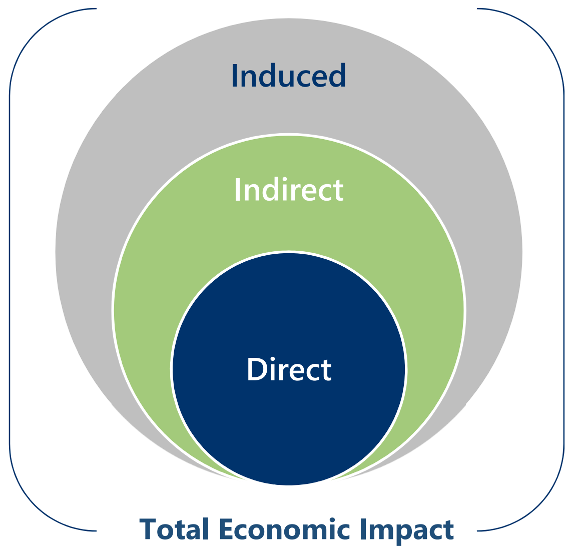


2. ECONOMIC IMPACT

Methodology

The economic impact includes not only the "direct" economic impacts, such as on-site jobs, but also the secondary economic impacts that are generated throughout the economy through the economic "ripple" effect. The three specific types of impacts considered in the analysis include:

Measuring the Total Economic "Ripple Effect"



- **Direct:** The most immediate impacts, which include the jobs at new businesses that locate on the site and the local spending on goods and services by those new businesses.
- **Indirect:** Indirect effects occur at businesses within Albany County that supply goods and services to new businesses on Beacon Island and re-spend a portion of that revenue. In other words, for every dollar spent by a new Beacon Island business at a local supplier, a portion of that dollar will again be spent on goods and services at other businesses in the county. This is considered the indirect effect.
- **Induced:** Another "ripple" effect that occurs is when workers at both directly impacted businesses and indirectly impacted businesses spend a portion of their wages at businesses within Albany County for things such as retail goods and services. The portion of the spending by new businesses on Beacon Island that is paid to workers and re-spent in the county economy is consdiered the induced impact.

The sum of the direct, indirect, and induced impacts equals the total economic impact of new industrial development. The EMSI Input-Output model is used to calculate the total economic impact, including the three different types of impacts.

Economic Impact of Construction

Estimated Construction Costs

Preliminary order of magnitude construction cost estimates were provided by McFarland Johnson for each of the development scenarios. The costs range from a high of $200 million (Concept A) to a low of $85 million (Concept D). The costs include new building construction, site work, bridge construction, rail extensions, and a wharf.

Due to the fact that no specific development proposals currently exist, it is not possible to know the proportion of construction spending on labor and materials that will be sourced from within Albany County. To estimate the impact specific to Albany County, the portion of construction services sourced from within Albany County (contractors based in the county) was estimated by determining the number of existing industrial building and heavy civil engineering construction jobs in Albany County relative to the Capital Region as a whole. Albany County's proportion of these jobs was found to be approximately 42%. Therefore, the analysis assumes that 42% of construction spending will occur within Albany County.

The estimated construction cost for each concept is shown in the following chart along the with estimated portion of that cost that will be spent within Albany County.

Estimated Construction Costs			
Concept ID	Total Square Feet	Estimated Construction Cost	Est. Construction Spending in Albany County
A.	1,130,000	$ 200,000,000	$ 84,000,000
B.	900,800	$ 140,000,000	$ 58,800,000
C.	810,000	$ 130,000,000	$ 54,600,000
D.	160,000	$ 85,000,000	$ 35,700,000
D.1	508,000	$ 110,000,000	$ 46,200,000

Source: McFarland Johnson; Camoin 310

Construction Impact Analysis

The results of the analysis are shown below for each of the concepts. Note that "induced" impacts are included in the "indirect" impacts reported below.

One-Time Construction Economic Impact: Scenario A			
	Direct	Indirect	Total
Jobs	932	168	1,100
Earnings	$ 31,182,429	$ 9,666,553	$ 40,848,982
Sales	$ 84,000,000	$ 29,139,130	$ 113,139,130

Source: EMSI; Camoin 310

One-Time Construction Economic Impact: Scenario B			
	Direct	Indirect	Total
Jobs	653	117	770
Earnings	$ 21,827,700	$ 6,766,587	$ 28,594,287
Sales	$ 58,800,000	$ 20,397,391	$ 79,197,391

Source: EMSI; Camoin 310

One-Time Construction Economic Impact: Scenario C			
	Direct	Indirect	Total
Jobs	606	109	715
Earnings	$ 20,268,579	$ 6,283,259	$ 26,551,838
Sales	$ 54,600,000	$ 18,940,435	$ 73,540,435

Source: EMSI; Camoin 310

One-Time Construction Economic Impact: Scenario D			
	Direct	Indirect	Total
Jobs	396	71	468
Earnings	$ 13,252,532	$ 4,108,285	$ 17,360,817
Sales	$ 35,700,000	$ 12,384,130	$ 48,084,130

Source: EMSI; Camoin 310

One-Time Construction Economic Impact: Scenario D.1			
	Direct	Indirect	Total
Jobs	513	92	605
Earnings	$ 17,150,336	$ 5,316,604	$ 22,466,940
Sales	$ 46,200,000	$ 16,026,522	$ 62,226,522

Source: EMSI; Camoin 310

Economic Impact of Operations

Estimated On-Site Jobs

The first step to understanding the total annual economic impact of each development concept is to estimate the number of on-site (direct) jobs that can be expected. The number of jobs at industrial facilities is closely correlated with the size and type of facility. Typically, industrial facilities employ one worker per 500 to 1,500 square feet with higher intensity operations such as manufacturing employing a greater number of workers per square foot compared to a use such as warehousing and distribution. The square feet per job ratio can even vary within categories. For example, a traditional warehouse may employ one worker per 1,500 square feet or greater, while on average a large-scale e-fulfillment center requires one employee per 700 to 1,000 square feet of space.[1]

Square Feet of Industrial Space per Worker		
Square feet per Worker	Space Type	Source
527	General Industrial	BOMA
2,000	Regional Warehouse	URS
2,000	Refrigerated Distribution	URS
500	Flex	URS
781	Warehousing/Storage	ITE
535	Manufacturing	ITE
549	General Light Industrial	ITE
549	Heavy Industrial	ITE
500	Industrial Park	ITE
535	Manufacturing	ITE
781	Warehousing/Storage	ITE
850	Warehousing/Storage	NAIOP
900	General Industrial	NAIOP
1,572	Warehousing/Storage	U.S. EIA
2,114	Warehousing/Storage	USDOE

Sources:

BOMA	Building Owners and Managers Association
URS	URS Community Planning & Urban Design Group
ITE	Institute of Transportation Engineers
NAIOP	Commercial Real Estate Development Association
U.S. EIA	U.S. Energy Information Administration
USDOE	U.S. Department of Energy

Development concepts A, B, and C do not assume any particular type of industrial space or business. Therefore, the analysis examined the range of industrial jobs to square feet ratios to determine an appropriate value to utilize in estimating the number of on-site jobs.

The table to the right provides several estimates for industrial square feet per worker ranging from 500 to approximately 2,100. The average of the identified values

[1] NAIOP Commercial Real Estate Development Association. "E-Commerce is Growing, and So is Demand for Warehouse Labor." 2017.

is 980, which is in line with the industry standard approach of 1,000 square feet of industrial space per worker. **Therefore, the 1,000 SF/worker ratio ("employment ratio") is used for the analysis for Concepts A, B, and C.**

Concepts D and D.1 anticipate industrial activity related specifically to the off-shore wind generation industry. Specifically, they were designed with more job intensive activities in mind, including manufacturing and assembly activities such as the assembly of towers for wind turbines. The square feet per worker for manufacturing space is typically less than other uses such as warehousing/storage. **Therefore, based on the research shown in the table above and generally acceptable industry standards, the ratio of 500SF/worker is used in the analysis for Concepts D and D.1**

As shown in the table to the right, the employment ratio is applied to the total (gross) square footage of each of the development concepts to estimate the total number of on-site jobs. The estimated on-site jobs range from a high of 1,130 (Concept A) to a low of 320 (Concept D).

Estimated Jobs: Annual Operations			
Concept ID	Total Square Feet	Employment Ratio (SF per worker)	Estimated Permanent On-Site Jobs
A.	1,130,000	1,000	1,130
B.	900,800	1,000	901
C.	810,000	1,000	810
D.	160,000	500	320
D.1	508,000	500	1,016

Source: Camoin 310

Ongoing Operations Impact Analysis

The on-site jobs for each concept, calculated in the previous section, represent the "direct" jobs and were used as the input for the economic impact model. It is assumed that these jobs are "net new" to Albany County. In other words, without the Project, these jobs would not be created elsewhere in the County. This assumption is reasonable based on the unique nature of the port development site and lack of comparable sites in Albany County.

Several industrial sectors were selected as the modeling parameters to account for differences in the impact multipliers across different industrial sectors. This was done to ensure the results represent an average across multiple industry sectors because no specific industries or businesses have been identified for the property yet. The following industry sectors were used to provide a cross-section of industries that best align with the types of operations most likely to occupy the property in the future. Note that Concepts D and D.1 were modeled only with the industry "All Other Miscellaneous Manufacturing" due to their expected manufacturing uses.

Industry Modeling Parameters		
NAICS	Industry Description	Applied to Concepts
339999	All Other Miscellaneous Manufacturing	A, B, C, D, D.2
423990	Other Miscellaneous Durable Goods Merchant Wholesalers	A, B, C
488310	Port and Harbor Operations	A, B, C
488320	Marine Cargo Handling	A, B, C
493110	General Warehousing and Storage	A, B, C

Source: Camoin 310

The results of the analysis are shown below for each of the concepts. Note that "induced" impacts are included in the "Indirect" impacts reported below.

Annual Economic Impact to Albany County: Concept A			
	Direct	Indirect	Total
Jobs	1,130	540	**1,670**
Earnings	$ 72,502,223	$ 29,000,889	**$ 101,503,112**
Sales	$ 211,502,675	$ 83,477,244	**$ 294,979,919**

Source: EMSI; Camoin 310

Annual Economic Impact to Albany County: Concept B			
	Direct	Indirect	Total
Jobs	901	430	**1,331**
Earnings	$ 57,796,462	$ 23,118,585	**$ 80,915,047**
Sales	$ 168,603,194	$ 66,545,400	**$ 235,148,594**

Source: EMSI; Camoin 310

Annual Economic Impact to Albany County: Concept C			
	Direct	Indirect	Total
Jobs	810	387	**1,197**
Earnings	$ 51,970,620	$ 20,788,248	**$ 72,758,868**
Sales	$ 151,608,112	$ 59,837,671	**$ 211,445,783**

Source: EMSI; Camoin 310

Annual Economic Impact to Albany County: Concept D			
	Direct	Indirect	Total
Jobs	320	202	**522**
Earnings	$ 36,435,634	$ 11,659,403	**$ 48,095,037**
Sales	$ 110,759,560	$ 33,959,135	**$ 144,718,694**

Source: EMSI; Camoin 310

Annual Economic Impact to Albany County: Concept D.1			
	Direct	Indirect	Total
Jobs	1,016	643	**1,659**
Earnings	$ 115,683,139	$ 37,018,604	**$ 152,701,743**
Sales	$ 351,661,602	$ 107,820,252	**$ 459,481,855**

Source: EMSI; Camoin 310

Development Concept Comparison

The following tables provides a comparison of the total annual economic impact of each concept resulting from ongoing operations on the property. Concept A has the greatest countywide economic impact with approximately 1,670 jobs generated along with $102 million in annual earnings and a total annual economic output of $295 million.

Annual Economic Impact to Albany County: Concept Comparison					
	Concept A	Concept B	Concept C	Concept D	Concept D.1
Jobs	1,670	1,330	1,200	236	751
Earnings	$ 102,000,000	$ 80,900,000	$ 72,800,000	$ 14,400,000	$ 45,600,000
Sales	$ 295,000,000	$ 235,000,000	$ 211,000,000	$ 41,800,000	$ 133,000,000

Source: EMSI; Camoin 310

Note: Figures rounded

3. FISCAL IMPACTS

Property Tax Revenue Analysis

The Project will add new taxable valuation to the Town of Bethlehem and Albany County, resulting in new property tax revenues for local municipalities and taxing jurisdictions. APDC currently owns the property after purchasing the two parcels in November 2018 from a private owner. As a result, the land is currently wholly exempt from property taxes. While APDC intends to retain ownership of the land, the area of future building will be leased to a private entity. Therefore, a private entity will own any buildings constructed on the property and pay property taxes on the assessed value of any new building(s).

On-Site Property Tax Revenue Generation

The property tax revenue analysis considers the potential new building assessed value for each of the five development concepts. The future assessed value of new industrial buildings is estimated using a cost approach that is based on the cost to build or replace a structure (including hard and soft costs) and is typically used by assessors to value industrial properties.

The following table shows the estimated Full Market Value (FMV) of future buildings based on their estimated construction cost (see section 2. Economic Impacts). The corresponding Assessed Value (AV) of new building(s) for each concept is also shown based on the local Town of Bethlehem equalization rate[2] of 95%.

Estimated Increase in Valuation (Building Only)		
Concept ID	Est. Increase in Full Market Value*	Est. Increase in Assessed Value**
A.	$ 78,000,000	$ 74,100,000
B.	$ 66,000,000	$ 62,700,000
C.	$ 65,000,000	$ 61,750,000
D.	$ 15,000,000	$ 14,250,000
D.1	$ 40,000,000	$ 38,000,000

** Based on estimated construction costs*

*** Based on equalization rate of 95%*

Source: McFarland Johnson; Camoin 310

The following table indicates the various property taxes that future taxable buildings will be subject to and the associated annual property tax revenue estimates for each development concept. The analysis assumes that the Town of Bethlehem Water District will be expanded to encompass the property. It is expected that Albany County will provide sewer service to the development. The results of the analysis show that Concept A will generate an estimated $2.22 million in annual property tax revenues with $1.57 million of that revenue going to the Bethlehem Central School District. The other four concepts are estimated to generate between approximately $427,000 and $1.88 million in total new property tax revenues.

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[2] An equalization rate is New York State's measure of a municipality's level of assessment. An equalization rate of 100% means that the Town is assessing property at 100% of market value. The rate is used to account for account for the differences in how individual municipalities assess property.

Estimated Net Increase in Annual Property Tax Revenue (On-Site)						
Property Tax Type	Tax Rate*	Concept A	Concept B	Concept C	Concept D	Concept D.1
Albany County	*3.797886*	$ 281,423	$ 238,127	$ 234,519	$ 54,120	$ 144,320
Town of Bethlehem (General Fund)	*0.87704*	$ 64,989	$ 54,990	$ 54,157	$ 12,498	$ 33,328
Highway Tax	*1.710737*	$ 126,766	$ 107,263	$ 105,638	$ 24,378	$ 65,008
Ambulance/EMS	*0.317667*	$ 23,539	$ 19,918	$ 19,616	$ 4,527	$ 12,071
Selkirk Fire Dept.	*1.490534*	$ 110,449	$ 93,456	$ 92,040	$ 21,240	$ 56,640
Town Water District	*0.526999*	$ 39,051	$ 33,043	$ 32,542	$ 7,510	$ 20,026
Bethelehem Central School District	*21.25*	$ 1,574,625	$ 1,332,375	$ 1,312,188	$ 302,813	$ 807,500
Total	***29.970863***	**$ 2,220,841**	**$ 1,879,173**	**$ 1,850,701**	**$ 427,085**	**$ 1,138,893**

*per 1,000 taxable assessed valuation (2019 rates)

Source: Town of Bethlehem; Camoin 310

Assumes Sewer Service Provided by Albany County and not Town of Bethlehem

Off-Site Property Tax Revenue Generation

In addition to the property tax revenue generated directly from new industrial development, new property tax revenue will also be generated throughout Albany County as a result of the economic impact of new business activity on the property. As economic activity increases, so do property values, and therefore, property tax revenue.

To estimate the portion of property tax revenue in the county that can be attributed to future development of the site, the ratio of total sales associated with each development to the Gross Regional Product of Albany County is used (representing the total economic activity in the county). The new sales generated by development of the Project will account for approximately 0.13% to 0.89% of the county's Gross Regional Product. This is, in effect, the increase in the property tax base that will result from the economic activity generated by future development. This ratio is applied to total property tax levies by the county's various taxing jurisdictions (counties, cities, villages, towns, and school districts).

The on-site property tax revenue, calculated previously, is subtracted from this total to estimate the off-site countywide property tax revenue benefits as a result of the Project. The off-site property tax revenue benefits are estimated to range from $2.8 million to $9.0 million, depending on the development concept. The following table shows how these figures were calculated.

Potential Net Increase in Annual Property Tax Revenue (Off-Site)					
Property Tax Type	Concept A	Concept B	Concept C	Concept D	Concept D.1
A. Total Sales Attributable to Project[1]	$ 294,979,919	$ 235,148,594	$ 211,445,783	$ 144,718,694	$ 459,481,855
B. Gross Regional Product (Albany County)[2]	$ 33,203,710,232	$ 33,203,710,232	$ 33,203,710,232	$ 33,203,710,232	$ 33,203,710,232
C. Percent Increase in GRP from Project (A*B)	0.89%	0.71%	0.64%	0.44%	1.38%
D. Total Annual County Property Tax Levy[3]	$ 735,713,142	$ 735,713,142	$ 735,713,142	$ 735,713,142	$ 735,713,142
E. Property Tax Revenue Increase Attributable to Project (C*D)	$ 6,536,035	$ 5,210,319	$ 4,685,122	$ 3,206,613	$ 10,180,996
F. On-Site Property Tax Revenue[4]	$ 2,220,841	$ 1,879,173	$ 1,850,701	$ 427,085	$ 1,138,893
G. Off-Site (Countywide) Property Tax Revenue Benefit (E-F)	**$ 4,315,194**	**$ 3,331,146**	**$ 2,834,421**	**$ 2,779,528**	**$ 9,042,103**

1. Based on calculated total economic impact to Albany County
2. 2018 GRP. Source: EMSI
3. Includes all taxing jurisdictions w ithin Albany County. Source: NYS Comptroller
4. Represents property tax payments from new on-site tenant(s)

Sales Tax Revenue Analysis

Sales Tax Revenue – One-Time Construction Phase

The one-time construction phase earnings generated by the economic impact of constructing new industrial facilities (described in section 2. Economic Impacts) would lead to additional sales tax revenue for Albany County. For the purposes of this analysis, it is assumed that 50% of construction phase earnings (earnings earned as a result of the construction phase) would be spent within Albany County and that 25% of those purchases would be taxable. As a result of the construction phase employment, the County would receive between $87,000 (Concept D) and $204,000 (Concept A) in new sales tax revenues from the one-time economic impacts of project construction. The estimated one-time county sales tax revenue from construction for each concept is shown below.

One-Time County Sales Tax Revenue from Construction					
	Concept A	Concept B	Concept C	Concept D	Concept D.1
Total New Earnings	$ 40,848,982	$ 28,594,287	$ 26,551,838	$ 17,360,817	$ 22,466,940
Earnings Spent in County (50%)	$ 20,424,491	$ 14,297,144	$ 13,275,919	$ 8,680,409	$ 11,233,470
Spending Subject to Sales Tax (25%)	$ 5,106,123	$ 3,574,286	$ 3,318,980	$ 2,170,102	$ 2,808,368
County Sales Tax Revenue (4%)	**$ 204,245**	**$ 142,971**	**$ 132,759**	**$ 86,804**	**$ 112,335**

Source: Camoin 310

Sales Tax Revenue – Ongoing Industrial Operations

The additional earnings generated in Albany County as a result of the economic impact of ongoing operations of future industrial businesses on the property would lead to additional sales tax revenue for the county. It is assumed that 70% of the earnings would be spent within Albany County and that 25% of those purchases would be taxable. Under these assumptions, Albany County would receive between $336,665 (Concept D) and

$710,522 (Concept A) in sales tax proceeds. As previously noted, the County distributes a portion of this revenue to its municipalities.

Albany County Annual Sales Tax Revenue					
	Concept A	Concept B	Concept C	Concept D	Concept D.1
New Annual Earnings	$ 101,503,112	$ 80,915,047	$ 72,758,868	$ 48,095,037	$ 152,701,743
Earnings Spent in County (70%)	$ 71,052,178	$ 56,640,533	$ 50,931,208	$ 33,666,526	$ 106,891,220
Spending Subject to Sales Tax (25%)	$ 17,763,045	$ 14,160,133	$ 12,732,802	$ 8,416,631	$ 26,722,805
County Sales Tax Revenue (4%)	**$ 710,522**	**$ 566,405**	**$ 509,312**	**$ 336,665**	**$ 1,068,912**

Source: Camoin 310

Municipal Services Costs

The Project has the potential to result in increased municipal service costs. The costs examined in this analysis include emergency medical services (EMS), fire department, police, and Town Highway. These service types are those with the greatest potential for adverse impacts, although there may be other minor municipal costs incurred not considered in this analysis.

Emergency Medical Services (EMS)

The Delmar-Bethlehem EMS provided input as to the anticipated impacts of the Project to their capacity and expenses. Overall, the Project is not expected to significantly increase costs. EMS anticipates an incremental increase in call volumes and associated costs but does not foresee a need to hire additional personnel or purchase new equipment as a result of the Project.

The estimated increase in costs for EMS is based only the new staffing costs that won't be recovered by EMS billing. In other words, a large portion of the new costs to EMS will be recovered by insurance and patient billing and therefore do not represent "true" net costs to EMS or Albany County. While annual staffing costs are approximately $500,000, approximately 80% of those costs are assumed to be covered by billing (based on EMS currently receiving approximately 80% of its revenue from billing).

The increase in costs associated with an incremental increase in call volume was estimated based on the incremental change in the daytime population in the Town of Bethlehem. In other words, it is assumed that the number of calls received correlates with the number of people in the Town. The staffing expenses (not covered by billing) associated with daytime calls were estimated based on the percentage of calls that are received during daytime hours. It is assumed that the Project will result almost entirely in new daytime calls rather than overnight calls. The daytime population of the Town is expected to grow by approximately 3.9% as a result of on-site employment. Therefore, it is assumed that the EMS calls during the daytime will increase roughly proportional to this increase. When the 3.9% factor is applied to the costs attributable to daytime calls, it provides an estimate of approximately $2,560 in new annual costs to the Delmar-Bethlehem EMS. The analysis is presented in the table below.

Annual Estimated Fiscal Impact to EMS (Concept A)		
A. Net Staffing Costs*	$	100,000
B. Percent of Calls During Day**		65%
C. Costs Attributable to Daytime Calls (A*B)	$	65,100
D. Current Town Daytime Population		28,753
E. Increase in Daytime Population from Project		1,130
F. Percent Increase (E/D)		3.9%
Incremental Annual Increase in Costs (C*F)	**$**	**2,558**

**Costs are those staffing costs not covered by billing*

***6:00 AM to 6:00 PM*

Source: Delmar-Bethlehem 2018 EMS Response Report; ESRI Business Analyst; Camoin 310

Police Services

The Town of Bethlehem Police Department was contacted to determine the potential impacts of the Project on departmental capacity and expenses. Representatives of the police department reported that:

- Overall, the Department does not anticipate that development of the property for future industrial use will directly result in the need to hire new personnel or purchase new equipment.
- However, the Project will result in more resources being allocated to address the increased need for police services due to the Project, which will restrain the Department's existing resources. An increase in expenses associated with responding to an increased number of calls is likely, including overtime expenditures.
- The Project, along with the continued population and commercial growth in the Town of Bethlehem, will draw the Department closer to the point where it will be required to expand its capacity through new personnel and equipment.

Based on the input received from the Police Department, the increased costs associated with the increase in call volumes was estimated. For the purposes of this analysis, it is assumed that overtime costs will increase proportional to the overall growth of the Town of Bethlehem due to the project. Based on the expected increase in assessed value of the Project (Concept A), the Town's total assessed value will increase by approximately 4.5%. When this factor is applied to the department's current police personnel overtime expenditures of approximately $348,000, it results in an estimated increase of $15,743 in new annual expenses to the department due to the Project.

Annual Estimated Fiscal Impact to Police Department		
Total Town Assessed Value	$	4,193,752,400
Est. Project Assessed Value	$	190,000,000
Percent Increase		4.5%
Current Police Overtime Costs	$	347,493
Incremental Annual Increase	**$**	**15,743**

Source: Town of Bethlehem 2019 Budget; Camoin 310

Fire Department

The Selkirk Fire Department, which will serve the Project, was contacted to understand the potential impacts of the Project on the Fire Department. The anticipated impact of the Project on fire services is highly dependent on the scale and type of industrial facility located on the site. The Fire Department provided input based upon a build-out scenario of a 1.13 million square foot industrial warehouse facility (Concept A). In the event that future industrial uses differ from this scenario, the Department should be consulted for an updated understanding of impacts.

Based on Concept A, the Department does not expect to incur significant new costs. The Department, currently all-volunteer, will not need to hire paid firefighters as a result of the Project. The Department also has heavy rescue equipment and does not foresee the need to purchase additional equipment. There may be other nominal new costs for the Department associated with an incremental increase in call volumes and providing additional training for water/boat-related call responses. It should be noted that the Department has an existing aerial truck but depending on the exact height and footprint of future development a new larger truck may be necessary. As there are a number of large footprint buildings and industrial facilities, it is assumed for this analysis that the existing aerial truck will be able to serve the Project.

Highway Department[3]

Potential impacts on the cost of services provided by the Bethlehem Highway Department were considered in the analysis. The Project will not feature any new public roads that will require construction, maintenance, or plowing. Therefore, no significant fiscal impacts are expected for the town's highway department.

There may be minor increased "wear and tear" on the local road network that may affect the maintenance schedule of local roads; however, the area already has a number of industrial facilities that generate truck traffic. The Draft Traffic Impact Study (TIS) that was completed was reviewed to understand the potential costs associated with increased maintenance costs. The TIS found that the Project will generate a maximum of 465 trips at peak time in the morning and 529 trips during the PM peak hour. The proposed development was estimated to increase the number of trucks on the surrounding roadway network from 8% to 27% during the peak truck timeframe (Midday). The Study states that "the increase in truck traffic is only a fraction of the existing truck traffic within the study area." As such, the new truck traffic is not expected to significantly impact the maintenance schedule of existing roadways.

DGEIS Section 3.17 Fiscal and Economic Impact

SECTION 3.17.1 ENVIRONMENTAL SETTING

Sections 1, 2, and 3 of this report are presented herein to serve as Section 3.17.1

SECTION 3.17.2 POTENTIAL IMPACTS

Sections 3 of this report is presented herein to serve as Section 3.17.2.

SECTION 3.17.3 MITIGATION MEASURES

No mitigation measures are required pursuant to section 3.17 of the DGEIS.

[3] The Highway Department was contacted several times to provide input for this analysis but no feedback was received.

4. SCHOOL DISTRICT IMPACTS

The subject property is located in the Bethlehem Central School District and future development of Beacon Island was analyzed to determine potential impacts to the District pursuant to DGEIS Section 3.16 School District.

School District Revenues (DGEIS Section 3.16.1 Environmental Setting)

As previously discussed, the development of the property will result in new taxable valuation that will be subject to the Bethlehem Central School District property tax. As of the 2019-2020 School Year, the property tax rate for the school district is $21.25. Based on this rate, future industrial port development of the property will result in between approximately $303,000 and $1.6 million in annual property tax revenue for the School District. Over ten years, beginning with the first year of full taxation, the Project is estimated to generate between $3.1 million and $16.1 million for the School District, depending on the development concept.

Estimated School District Tax Revenues (10-Years)						
Year	Est. Tax Rate*	Concept A	Concept B	Concept C	Concept D	Concept D.1
1	21.25	$ 1,574,625	$ 1,332,375	$ 1,312,188	$ 302,813	$ 807,500
2	21.36	$ 1,582,515	$ 1,339,052	$ 1,318,763	$ 304,330	$ 811,546
3	21.46	$ 1,590,445	$ 1,345,762	$ 1,325,371	$ 305,855	$ 815,613
4	21.57	$ 1,598,415	$ 1,352,505	$ 1,332,013	$ 307,388	$ 819,700
5	21.68	$ 1,606,425	$ 1,359,283	$ 1,338,687	$ 308,928	$ 823,808
6	21.79	$ 1,614,475	$ 1,366,094	$ 1,345,396	$ 310,476	$ 827,936
7	21.90	$ 1,622,565	$ 1,372,940	$ 1,352,137	$ 312,032	$ 832,085
8	22.01	$ 1,630,696	$ 1,379,819	$ 1,358,913	$ 313,595	$ 836,254
9	22.12	$ 1,638,867	$ 1,386,734	$ 1,365,722	$ 315,167	$ 840,445
10	22.23	$ 1,647,079	$ 1,393,683	$ 1,372,566	$ 316,746	$ 844,656
10-Year Total		**$ 16,106,108**	**$ 13,628,245**	**$ 13,421,756**	**$ 3,097,328**	**$ 8,259,542**
10-Year Average		**$ 1,610,611**	**$ 1,362,824**	**$ 1,342,176**	**$ 309,733**	**$ 825,954**

**Year 1 Tax Rate based on 2019-2020 tax rate. Assumes an average tax rate increase of 0.5% based on most recent 5-year annual average.*

Source: Camoin 310

School District Costs (DGEIS Section 3.16.2 Potential Impacts)

Major development projects can potentially result in increased costs to local school districts associated with an increase in school aged children; however, the future development of Beacon Island will be entirely industrial in nature. The property is zoned for Heavy Industrial and the Port of Albany is pursuing industrial developers and tenants for the site. No residential development is anticipated. Therefore, the Bethlehem Central School District is not anticipated to incur any increased costs associated with increased enrollment of students as a direct result of future industrial development on the property. No potential significant adverse impacts on the School District are found.

Mitigation Measures (DGEIS Section 3.16.3)

No mitigation measures are necessary due to the finding of no potential significant adverse impacts on the School District.

APPENDIX A: WHAT IS AN ECONOMIC IMPACT ANALYSIS?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial “change in final demand”. To understand the meaning of “change in final demand”, consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells $1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is $1 million because dollars are flowing in from outside the United States and are therefore “new” dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the “Direct Effects” of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer’s vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will “leak out”. What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of industry-to-industry purchases. Finally, the widget manufacturer has employees who will naturally spend their wages. Again, those wages spent will either be for local goods and services or will “leak” out of the economy. The purchases of local goods and services will then stimulate other local economic activity. Together, these effects are referred to as the “Indirect Effects” of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial $1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects. The ratio of Total Effects to Direct Effects is called the “multiplier effect” and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar ($1) of change in final demand, an additional $1.40 of indirect economic activity occurs for a total of $2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the $1 million of widgets being purchased by Canadians is not causing total North American demand to increase by $1 million. Presumably, those Canadian purchasers will have $1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many “new” dollars the producer would be causing to occur domestically.

APPENDIX B: WHAT IS A FISCAL IMPACT ANALYSIS?

Fiscal impact analysis is a tool that compares, for a given project or policy change, changes in governmental costs against changes in governmental revenues. For example, a major residential development project in Town A will mean new residents that require new services and facilities such as fire and police protection, libraries, schools, parks, and others. At the same time, Town A will receive new revenues from the project in the form of property tax revenues, local sales tax revenue, and other taxes and fees. A fiscal impact analysis compares the total expected costs to the total expected revenues to determine the net fiscal impact of the proposed development on Town A.

Typical revenues and costs in a fiscal impact analysis include (but are not limited to) the following:

- Property tax
- Sales tax
- Income tax
- Other local taxes
- Water and sewer fees
- One-time construction-related fees
- Impact fees
- Miscellaneous fees
- Increased staffing costs
- Water and sewer and other infrastructure costs
- Road maintenance costs
- Public school costs
- Police and fire protection costs
- New parks and recreation facilities
- Miscellaneous costs

There are several standard methodologies that can be employed in a fiscal impact analysis. The two general approaches to fiscal impact analysis are *average* costing and *marginal* costing:

- **Average Costing:** This method establishes an existing average cost per unit of service. So for example, to understand new road maintenance costs in Town A, this methodology would calculate the average cost per road-mile in the town currently. This average cost would then be multiplied by the number of new road miles added to the Town because of the development.

  Similar to the average costing approach is the "Proportional Evaluation Method" that uses the proportion of local property the development comprises (typically measured by assessed value.) For example, if the development in Town A increases the town's total assessed value by 1%, then under this method it is assumed that the town's costs and revenues will increase by 1%. This 1% factor is only applied to those costs and revenues likely to be affected by the Project.

- **Marginal Costing (Case Study):** The marginal approach addresses the Town's *capacity* to deliver services. For example, If Town A does not have the equipment or manpower to maintain the new roads, then additional costs will be incurred to purchase new equipment and hire additional staff. Conversely, a school district may have excess space due to historically declining enrollments, obviating the need to build new schools for an influx of new residents.

  This approach involves case studies and interviews with local officials and experts. It takes a more detailed look at the deficient (or excess) capacity to deliver services by getting more precise estimates of how different government bodies will be affected by a given development.

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ALBANY PORT DISTRICT COMMISSION

PORT OF ALBANY

SINGLE AUDIT REPORT

December 31, 2017

ALBANY PORT DISTRICT COMMISSION

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ALBANY PORT DISTRICT COMMISSION
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" or the "Port") is offered as an introduction and overview of the financial statements of APDC for the fiscal year ended December 31, 2017, with comparative data for the fiscal year ended December 31, 2016. 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 review 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 the APDC's financial position and performance. Additionally, 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"). Additionally, upon achieving certain gross revenue thresholds, FMT is also obligated to pay a 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, driving 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 a global economic influence.

Major initiatives undertaken during 2016 continued in 2017. These initiatives will generate new investment in APDC facilities, expand the APDC through property acquisition and identify business opportunities for the future. Additionally, in 2017 certain operating enhancements were developed to address key elements of the APDC's mission.

ENVIRONMENTAL STEWARDSHIP

The APDC views its commitment to the environment as among its most mission-critical endeavors. Demonstrating this commitment to reducing its environmental footprint, in 2015, the APDC became the first port in New York State to join Green Marine, a transparent and metric-driven environmental certification program for the maritime industry. During 2017, following a third-party review, the APDC proudly received Green Marine's certification demonstrating a commitment to the continual, rigorous and measureable improvement in environmental safety practices.

INFRASTRUCTURE INVESTMENT

Following the selection and engagement of a construction firm and an engineering firm during the first quarter of 2017, construction began on the reconstruction of approximately 840 feet of the southern wharf on the western side of the facility. When complete, the wharf will feature a roll-on, roll-off ramp ("RoRo"). The RoRo will create greater capacity for the movement of heavy lift/project cargo and over-dimensional cargo; possibly reducing cargo transport via rail or road. This feature coupled with the enhanced weight capacity of the new wharf has been designed with the APDC's manufacturing customers in mind to ensure the facility remains world-class and ready to accommodate customers' needs.

Construction has commenced on a climate-controlled, secure and modern facility comprised of approximately 45,000 square feet. This facility will meet the current and anticipated logistics and storage needs of heavy lift/project cargo manufacturers and shippers. The facility is anticipated to be placed into service during the second quarter of 2018.

In August 2016, the APDC was awarded nearly $18 million of funding through the Transportation Investment Generating Economic Recovery ("TIGER") program. This program, administered by the United States Department of Transportation ("USDOT"), will provide funding to support strategic maritime terminal improvements. During the second quarter of 2017, the APDC executed a grant agreement to facilitate grant funding under this program.

By successfully attracting federal and state sources these new infrastructure and facility investments will result in approximately $50 million of planned new construction over the next three years. This represents a level of investment and construction activity not seen since the June 1932 dedication of the Port by Governor Franklin D. Roosevelt. Upon completion this will result in an updated facility designed to meet the needs of current and future customers.

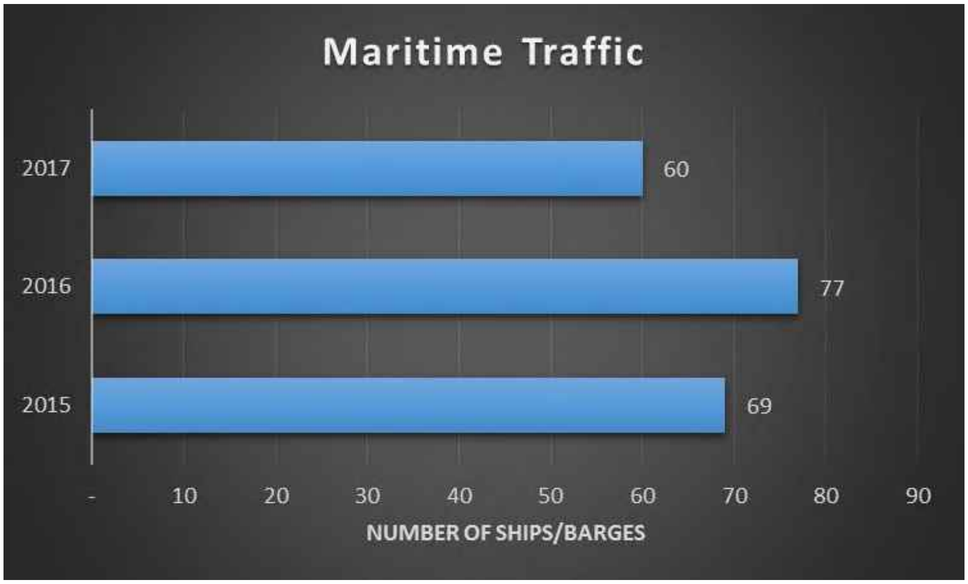
STEVEDORING

Since the mid-1990s FMT has served as the stevedore at the APDC and with their experience and expertise they are a valued partner of the APDC. During 2017, the APDC and FMT undertook negotiations with the intention of entering into a new long-term agreement. The goal of the agreement is to develop updated financial and operational terms that reflect not only the two-decade plus partnership but also the millions of dollars of investment in APDC facilities.

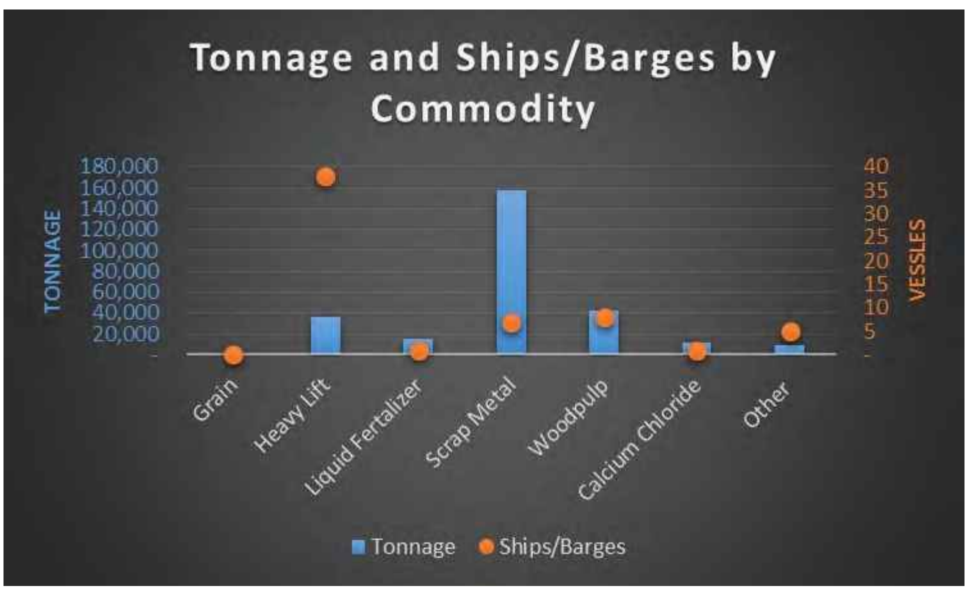
EXPANSION

The APDC has identified an 80-acre site adjacent to the Port's southeastern border in the town of Bethlehem, NY for a possible expansion opportunity. Through an RFP, an engineering firm was selected and completed initial due diligence on the site during the first half of 2017 at a cost of approximately $145,000. Subsequently, an offer to purchase the site for $5.25 million was accepted. When closed, this acquisition will increase the APDC's acreage by more than 25% to nearly 400 acres located in three municipalities.

MARITIME-RELATED ACTIVITY



- During 2017, fewer ships and barges called on the Port of Albany (a 22% decrease from 2016); however, on a per vessel basis, longshore hours worked increased by 78%. This metric is important as it demonstrates the economic value and job opportunities created by the Port's activity.

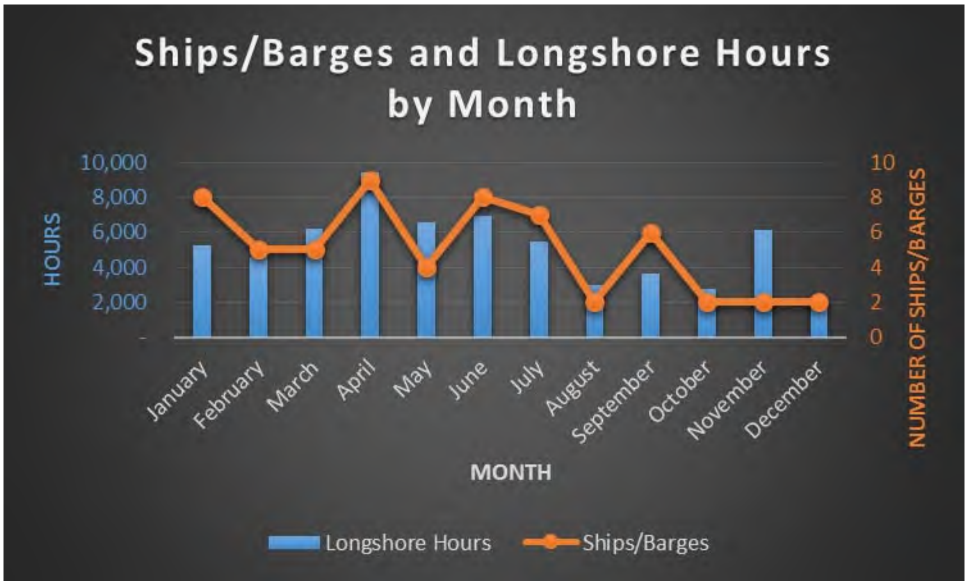


- In 2017, scrap metal was the highest-volume commodity in terms of tonnage by a substantial margin, representing almost 60% of total tonnage for the year. Although seven vessels called on the Port to load scrap metal for export, the per vessel tonnage is substantially higher than the other categories of commodities. Scrap metal shipments yielded an average tonnage per vessel of just over 22,500 tons, over four times the average tonnage for woodpulp.

ALBANY PORT DISTRICT COMMISSION
Management's Discussion and Analysis

- Heavy lift activity represents approximately 13% (36,000 tons) of 2017 tonnage. As a function of ship/barge traffic; however, 63% of all cargo-carrying ship and barge calls in 2017 fell into this category.

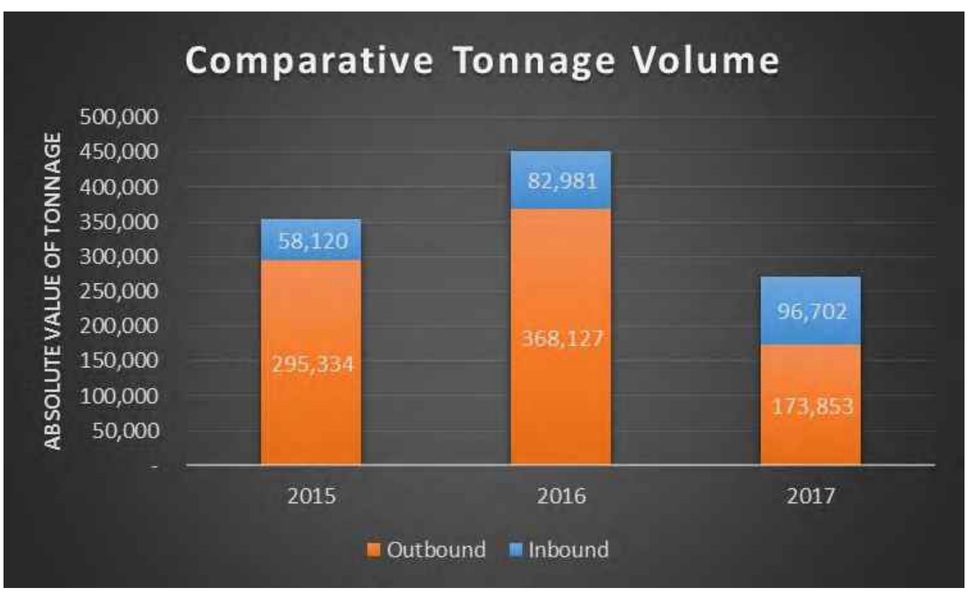
- Longshore hours worked in 2017 exceed the number of hours worked in 2016 by over 17,000 hours; an increase of almost 40%.



Graphical representations of the APDC's tonnage and longshore hours through December 31, 2015, 2016, and 2017 is shown below:

- Although overall tonnage experience a decline from 2016, inbound cargo tonnage in 2017 represents a 3-year high and is an approximately 17% increase over 2016.

- The most significant decrease in tonnage for 2017 was grain. During 2017, there was a precipitous drop in grain exporting activity resulting in no ships or tonnage during the year.



ALBANY PORT DISTRICT COMMISSION
Management's Discussion and Analysis

FINANCIAL OPERATIONS HIGHLIGHTS

A condensed summary of revenues and expenses for the years ended December 31, 2017 and 2016 is shown below.

	2017	2016
OPERATING REVENUES		
Property and equipment rentals	$ 3,692,105	$ 3,373,543
Maritime-related	1,335,224	1,058,472
Security	508,573	390,409
Other operating revenues	186,870	206,550
Total operating revenues	5,722,772	5,028,974
OPERATING EXPENSES		
Payroll and related expenses	2,633,068	2,614,316
Maintenance and material handling	361,818	267,119
Professional services	489,801	668,512
Other operating expenses	491,556	429,129
Total operating expenses	3,976,243	3,979,076
OPERATING INCOME	1,746,529	1,049,898
Depreciation and other items	(2,281,042)	(2,681,901)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	(534,513)	(1,632,003)
Capital grant funding	7,836,141	610,591
INCREASE (DECREASE) IN NET POSITION	7,301,628	(1,021,412)
Total net position, beginning of year	44,031,496	45,052,908
Total net position, end of year	$ 51,333,124	$ 44,031,496

Attachment: APDC Application Audited Financial Statements (8165 : Port Application)

ALBANY PORT DISTRICT COMMISSION
Management's Discussion and Analysis

Operating Revenue increased by approximately $700,000 or 14% from 2016.

The increase in 2017 operating revenues is primarily the result of additional revenue generated from FMT's utilization of the APDC's mobile harbor cranes, stevedore activity and security fees. Property rental revenue was virtually flat from 2016 as certain available parcels remained vacant in 2017. As a category, in 2017 property rentals comprise 65% of APDC's operating revenue and acts as a stabilizing revenue source to offset the variability within the other sectors.

- Dockage Fees are charged for vessels that are utilizing berths and are based upon either the length or net registered tonnage of the vessel. Fees for dockage increased by approximately $24,000 or 6%. Although the number of ship and barge calls decreased from 2016 to 2017 in nearly every commodity category, the increase in dockage revenue is noteworthy, particularly within the heavy lift/project cargo category. Despite this category experiencing nine fewer ship and barge calls in 2017, revenue from dockage fees increased by approximately $121,000. This increase is attributable to several heavy lift/project cargo vessels for certain calls having a higher NRT that that which is typical for vessels in this commodity category in concert with longer calls for certain vessels.

- Wharfage Fees decreased by $31,000 or 7% from 2016. Grain underperformed in 2017 as compared to 2016, generating approximately $84,000 less wharfage revenue. This decrease was partially offset by increases in wharfage fees generated by heavy lift/project cargo and scrap metal. These categories exceeded 2016 by 23% and 22%, respectively. Calcium Chloride generated almost $20,000 in wharfage fees during 2017 as compared to $0 in 2016.

- Stevedore Fees more than doubled from $150,000 in 2016 to $367,000 in 2017. Revenue Share Payments received from FMT increased by just over $217,000. Although not captured in the APDC's financial performance, a corollary to this increase is evidenced by the number of longshore hours worked in 2017 as compared to 2016. Longshore hours worked increased by over 17,000 hours; from 45,000 hours in 2016 to 62,000 hours in 2017.

- Revenue derived from crane and equipment rentals increased by $307,000 from $175,000 in 2016 to $482,000 in 2017. This is attributable to an increase of approximately 878 hours of crane utilization by FMT in 2017 for maritime terminal operations. APDC charges an hourly rate to FMT for crane usage.

- 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 $509,000 in 2017 as compared to $390,000 in 2016; an increase of $118,000 or 30%.

Operating expenses in 2017 overall remained virtually flat from 2016; however, certain categories have significant variances.

- Professional and Consulting Fees were approximately $173,000 (41%) lower in 2017 as compared to 2016.

- Maintenance Expense increased by $62,000 (37%) to $231,000 from $169,000 in 2016. This increase is driven primarily by an escalation of the service contract used to support the Port's security technology.

- Material Handling increased by $33,000 or 33%. Expenses for parts and supplies of the Port's fork truck fleet increased by approximately $14,000 and repairs related to the two mobile harbor cranes increased by $5,500.

- Other Operating Expenses increased by just under $62,500.

ALBANY PORT DISTRICT COMMISSION
Management's Discussion and Analysis

A condensed summary of APDC's net position at December 31, 2015, 2016, and 2017 is shown below:

Total net position has increased by approximately $7.3 million from December 31, 2016 to December 31, 2017.

	2015	2016	2017
Assets and Deferred Outflows of Resources			
Current and other assets	$ 5,535,455	$ 6,137,429	$ 12,715,759
Capital assets	44,766,415	42,937,259	48,953,855
Deferred outflows of resources	251,527	594,722	238,854
Total assets and deferred outflows of resources	$ 50,553,397	$ 49,669,410	$ 61,908,468
Liabilities			
Current liabilities	$ 1,124,733	$ 901,157	$ 2,666,962
Long-term liabilities	4,375,756	4,661,543	7,848,105
Deferred inflows of resources	-	75,214	60,277
	$ 5,500,489	$ 5,637,914	$ 10,575,344
Net Position			
Invested in capital assets, net of related debt	$ 42,209,673	$ 40,823,615	$ 43,254,662
Unrestricted	2,843,235	3,207,881	8,078,462
Total net position	$ 45,052,908	$ 44,031,496	$ 51,333,124

CURRENT KNOWN FACTS, DECISIONS OR CONDITIONS

- During the second quarter of 2018, a request-for-proposals ("RFP") will be issued for demolition of a transit shed and design and construction of a new 58,000 square foot warehouse.
- Moffatt and Nichol were selected during Q4 of 2017 to develop an implementation plan to comprehensively coordinate projects and construction activity. Work under this engagement commenced during the first quarter of 2018.
- A new $4 million sub-lease under the existing master lease with Bank of America was executed in November 2017. This sub-lease carries a seven-year term and a fixed rate of 2.72%. Certain APDC-owned equipment assets will serve as collateral under the terms of the sub-lease.
- An engineering and consulting firm was selected during Q1 of 2018 to continue pre-development analysis of the Bethlehem site. Among the deliverables for this engagement is a feasibility study and other related tasks. The cost of the engagement is not expected to exceed $200,000.
- Federal and state funding opportunities will continue to be pursued to address not only existing infrastructure needs but also to develop new infrastructure in response to emerging trends within the maritime and transportation logistics industries.

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 financial condition. Questions concerning the information provided in this report may be addressed in writing to:

Albany Port District Commission
106 Smith Boulevard
Albany, NY 12202

UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Albany Port District Commission

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, 2017 and 2016, 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, 2017 and 2016, 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.

UHY LLP Certified Public Accountants

Other Matters

Required Supplementary Information: Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 9 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The Schedules of Payroll and Related Costs and Other Operating Expenses and the schedule of expenditures of federal awards 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 March 26, 2018 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
March 26, 2018

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF NET POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	**$ 4,804,608**	$ 2,371,583
Investments	**3,320,703**	3,296,761
Accounts receivable	**254,373**	321,459
Grants receivable	**4,109,759**	113,622
Other current assets	**226,316**	34,004
Total current assets	**12,715,759**	6,137,429
NET PROPERTY AND EQUIPMENT	**48,953,855**	42,937,259
Total assets	**61,669,614**	49,074,688
DEFERRED OUTFLOWS OF RESOURCES	**238,854**	594,722
	$ 61,908,468	$ 49,669,410
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Current maturities of long-term debt	**$ 805,266**	$ 452,527
Deferred revenue	**62,685**	24,749
Accounts payable	**1,482,092**	91,594
Accrued expenses	**239,919**	255,287
OPEB obligation, current portion	**77,000**	77,000
Total current liabilities	**2,666,962**	901,157
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	**4,893,927**	1,661,117
Security deposits	**127,099**	127,098
OPEB obligation, net of current portion	**2,475,472**	2,238,790
Net pension liability	**351,607**	634,538
Total long-term liabilities	**7,848,105**	4,661,543
Total liabilities	**10,515,067**	5,562,700
DEFERRED INFLOWS OF RESOURCES	**60,277**	75,214
NET POSITION		
Net investment in capital assets	**43,254,662**	40,823,615
Unrestricted	**8,078,462**	3,207,881
Total net position	**51,333,124**	44,031,496
	$ 61,908,468	$ 49,669,410

See notes to financial statements.

Attachment: APDC Application Audited Financial Statements (8165 : Port Application)

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
Years ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Property rentals	**$ 3,210,155**	$ 3,198,858
Dockage fees	**438,410**	414,772
Wharfage fees	**400,746**	432,107
Stevedore fees	**496,068**	211,593
Crane/equipment rentals	**481,950**	174,685
Security fees	**508,573**	390,409
Storage and other services	**186,870**	206,550
Total operating revenues	**5,722,772**	5,028,974
OPERATING EXPENSES		
Payroll and related benefit costs	**2,633,068**	2,614,316
Maintenance expense	**230,651**	168,559
Material handling	**131,167**	98,560
Insurance	**239,073**	245,166
Professional and consulting fees	**250,728**	423,346
Other operating expenses	**491,556**	429,129
Total operating expenses	**3,976,243**	3,979,076
OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS	**1,746,529**	1,049,898
DEPRECIATION AND OTHER ITEMS		
Depreciation	**(2,008,017)**	(2,018,463)
Waterfront development costs	**(250,256)**	(243,168)
Municipal support agreement costs	**-**	(400,000)
Interest income	**30,645**	29,398
Interest expense	**(53,414)**	(49,668)
Net depreciation and other items	**(2,281,042)**	(2,681,901)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	**(534,513)**	(1,632,003)
Capital grant funding	**7,836,141**	610,591
CHANGE IN NET POSITION	**7,301,628**	(1,021,412)
Total net position, beginning of the year	**44,031,496**	45,052,908
Total net position, end of year	**$ 51,333,124**	$ 44,031,496

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rentals	**$ 3,700,129**	$ 3,382,243
Cash received for facility usage	**1,431,480**	1,096,661
Cash received from other services	**695,443**	596,959
Cash payments to employees and professionals	**(2,556,928)**	(2,505,438)
Cash payments for materials and maintenance	**(429,931)**	(198,846)
Cash payments for insurance	**(440,694)**	(41,829)
Cash payments for other expenses	**(494,803)**	(425,137)
Net cash provided by operating activities	**1,904,696**	1,904,613
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash payments for municipal support agreement costs and waterfront development costs	**(250,256)**	(243,168)
Net cash used in noncapital financing activities	**(250,256)**	(243,168)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash payments for capital assets	**(6,598,704)**	(564,115)
Cash received from capital grant funding	**3,840,004**	506,969
Interest expense	**(52,893)**	(48,550)
Cash received from long-term debt and other obligations	**4,000,000**	-
Cash payments on long-term debt and other obligations	**(414,451)**	(443,098)
Net cash used in capital and related financing activities	**773,956**	(548,794)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest	**28,571**	30,210
Cash paid for purchase of investments	**(4,296,869)**	(1,836,878)
Cash received from sale of investments	**4,272,927**	1,808,204
Net cash provided by investing activities	**4,629**	1,536
Net change in cash	**2,433,025**	1,114,187
Cash, beginning of year	**2,371,583**	1,257,396
Cash, end of year	**$ 4,804,608**	$ 2,371,583
RECONCILIATION OF OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income, before depreciation and other items	**$ 1,746,529**	$ 1,049,898
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in:		
Accounts receivable	**67,086**	42,106
Other assets	**(190,238)**	201,592
Accounts payable	**(35,411)**	37,947
Accrued expenses	**(15,888)**	63,944
Deferred revenue	**37,936**	4,783
OPEB obligation	**236,682**	263,739
Net pension related accounts	**58,000**	240,604
Total adjustments	**158,167**	854,715
Net cash provided by operating activities	**$ 1,904,696**	$ 1,904,613

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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, 2017 and 2016.

- *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.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Accounting (Continued): The operations of the Commission are reported as a proprietary fund and, as such, are accounted for on a flow of economic resources measurement focus under the accrual basis of accounting. Within this measurement focus, all assets and liabilities associated with operations are included on the balance sheet with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

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

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

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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 was a party to certain agreements which, in prior years, provided payments for municipal support to the cities of Albany and Rensselaer for certain fire protection costs and other services provided by the two municipalities (see Note 11).

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

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

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

Subsequent Events: For purposes of preparing the financial statements, the Commission has considered events through March 26, 2018, the date the financial statements were available to be issued.

Reclassifications: Certain 2016 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 consist of the following at December 31:

	2017		2016	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Deposit accounts	$ 4,804,608	$ 4,959,759	$ 2,371,583	$ 2,401,641

At December 31, 2017 and 2016, the Commission's cash and deposits were covered by FDIC insurance or otherwise collaterally secured through its principal financial institution, KeyBank.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 4 — INVESTMENTS

At December 31, 2017, 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	Adjusted Cost
Federal Home Loan Mortgage Corp				
Note (1%)	$ 150,000	6/29/2018	$ 149,565	$ 150,003
Federal National Mortgage Assn Note (1.05%)	500,000	2/27/2018	499,745	499,600
Federal Home Loan Banks Bond (1%)	370,000	9/6/2018	368,180	368,376
United States Treasury Bill (zero coupon)	150,000	3/1/2018	149,693	149,526
United States Treasury Note (2.625%)	350,000	1/31/2018	350,380	350,420
United States Treasury Note (1.5%)	100,000	12/31/2018	99,684	99,244
United States Treasury Note (1.125%)	300,000	1/15/2019	297,819	298,172
United States Treasury Note (1.5%)	250,000	10/31/2019	248,283	249,102
United States Treasury Note (1.125%)	100,000	6/30/2021	96,844	99,424
Ally Bank (CD; 1.05%)	120,000	4/2/2018	119,892	119,820
Bank of the West (CD; 1.45%)	245,000	5/21/2018	244,976	245,000
Citizens Bank (CD; 1.35%)	200,000	2/2/2018	200,018	200,000
Comenity Capital Bank (CD; 1.1%)	63,000	7/2/2018	62,842	62,953
Comenity Capital Bank (CD; .95%)	150,000	3/6/2018	149,865	149,550
Synchrony Bank (CD; 1%)	42,000	1/8/2018	41,997	41,962
Wells Fargo Bank (CD; 1.1%)	241,000	3/1/2018	240,920	241,000
	$ 3,331,000		$ 3,320,703	$ 3,324,152

(a) The adjusted cost basis reflects any cumulative original issue discount, premium, or acquisition premium (including any year-to-date amount). The amounts were amortized or accrued from the acquisition date through the disposition date. Premium amortization was calculated using the yield-to-maturity method. Acquisition premium was calculated using the ratable accrual method. Any market discount accretion for this position was calculated using the straight-line method and, if applicable, recognized upon disposition.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

***NOTE 4 — INVESTMENTS** (Continued)*

At December 31, 2016, 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	Adjusted Cost
Federal Home Loan Mortgage Corp Note (1%)	$ 150,000	6/29/2018	$ 149,763	$ 150,007
United States Treasury Note (.625%)	80,000	2/15/2017	80,019	80,002
United States Treasury Note (.75%)	150,000	3/15/2017	150,086	149,295
United States Treasury Note (.875%)	290,000	5/15/2017	290,296	289,987
United States Treasury Note (2.625%)	350,000	1/31/2018	356,220	355,217
United States Treasury Note (1.5%)	100,000	12/31/2018	100,582	99,244
United States Treasury Note (1.125%)	100,000	6/30/2021	96,785	99,424
Ally Bank (CD; 1%)	115,000	7/14/2017	115,258	115,074
Ally Bank (CD; .95%)	62,000	2/27/2017	62,037	61,926
American Express Federal Savings Bank (CD; 1.2%)	90,000	7/24/2017	90,104	90,159
Beal Bank USA (CD; .85%)	42,000	8/23/2017	42,005	41,959
Capital One Bank (CD; 1.2%)	152,000	8/7/2017	152,257	152,339
Comenity Capital Bank (CD; 1.1%)	63,000	7/2/2018	62,846	62,953
Comenity Capital Bank (CD; .95%)	150,000	3/6/2018	149,547	149,550
Compass Bank (CD; 1.15%)	200,000	11/30/2017	200,298	199,241
Discover Bank (CD; 1.75%)	170,000	5/2/2017	170,547	170,185
Discover Bank (CD; 1.75%)	80,000	5/9/2017	80,326	80,265
First General Bank (CD; .90%)	125,000	7/31/2017	125,228	125,072
Goldman Sachs Bank USA (CD; 1.6%)	50,000	9/26/2017	50,258	50,053
Goldman Sachs Bank USA (CD; 1.75%)	200,000	5/4/2017	200,720	200,228
Goldman Sachs Bank USA (CD; 1%)	75,000	2/27/2017	75,050	75,000
Kaw Valley Bank (CD; 2.7%)	54,000	7/24/2017	54,704	54,512
Peoples United Bank (CD; .55%)	235,000	1/20/2017	235,002	234,866
Sallie Mae Bank (CD; 1.7%)	145,000	8/22/2017	145,903	145,144
ZB Bank NA (CD; .75%)	61,000	8/25/2017	60,920	60,970
	$ 3,289,000		$ 3,296,761	$ 3,292,672

Investments and Fair Value Measurements

Investments are carried at fair value on a recurring basis, based on current market prices. GASB No. 72, *Fair Value Measurement and Application*, establishes the fair value hierarchy, defines the requirements on how fair value should be measured and which assets should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2017 and 2016, all investments measured at fair value were considered Level 1 investments under the fair value hierarchy.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 5 — PROPERTY AND EQUIPMENT

At December 31, 2017 property and equipment is comprised of the following:

	December 31 2016	Additions	Deletions	December 31 2017
Port marine facilities	$ 96,727,231	$ 91,858	$ -	$ 96,819,089
Transportation, equipment and furniture	1,356,136	174,959	36,870	1,494,225
Construction in process	748,246	7,757,796	-	8,506,042
Total	98,831,613	8,024,613	36,870	106,819,356
Less accumulated depreciation	55,894,354	2,008,017	36,870	57,865,501
Net property and equipment	$ 42,937,259	$ 6,016,596	$ -	$ 48,953,855

At December 31, 2016 property and equipment is comprised of the following:

	December 31 2015	Additions	Deletions	December 31 2016
Port marine facilities	$ 96,984,043	$ 443,188	$ 700,000	$ 96,727,231
Transportation, equipment and furniture	1,301,641	72,681	18,186	1,356,136
Construction in process	374,808	749,032	375,594	748,246
Total	98,660,492	1,264,901	1,093,780	98,831,613
Less accumulated depreciation	53,894,077	2,018,463	18,186	55,894,354
Net property and equipment	$ 44,766,415	$ (753,562)	$ 1,075,594	$ 42,937,259

Depreciation expense was $2,008,017 and $2,018,463 for the years ended December 31, 2017 and 2016, respectively.

NOTE 6 — LONG-TERM DEBT

Long-term debt is comprised of the following:

	December 31 2016	Debt Issued	Debt Payments	December 31 2017
Bank of America master lease obligation	$ 2,113,644	$ 4,000,000	$ 414,451	$ 5,699,193
Less current maturities	452,527			805,266
	$ 1,661,117			$ 4,893,927

The Commission is a party to a master lease agreement with Bank of America. In June 2014, under the first draw of the agreement, the Commission borrowed $3,000,000 to retire another Commission obligation and to acquire certain Port related facility equipment. This agreement requires monthly payments of approximately $41,000, including interest at approximately 2.1%, with final maturity in June 2021.

In November 2017, under the second draw, of the agreement, the Commission borrowed $4,000,000 to fund certain construction projects. This agreement requires interest only payments of approximately $9,100 per month through May 2018, and monthly payments of approximately $52,300, including interest at approximately 2.7%, beginning in June 2018, with final maturity in May 2025.

The Bank of America master lease obligation is collateralized by certain Commission assets.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

***NOTE 6 — LONG-TERM DEBT** (Continued)*

At December 31, 2017, long-term debt maturities were comprised of the following:

Year Ending	Principal	Interest	Total
2018	$ 805,266	$ 131,355	$ 936,621
2019	1,006,301	114,726	1,121,027
2020	1,031,088	89,938	1,121,026
2021	809,028	65,616	874,644
2022	579,709	48,553	628,262
thereafter	1,467,801	50,487	1,518,288
	$ 5,699,193	$ 500,675	$ 6,199,868

Interest expense was $53,414 and $49,668 for 2017 and 2016, 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 2017, these rates ranged from 9.3% - 19.8% 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, 2017, the Commission reported a liability of $351,607 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2017, and the total pension liability was determined by an actuarial valuation as of April 1, 2016, with updated procedures used to roll forward the total pension liability to March 31, 2017. 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, 2017 measurement date, the Commission's proportion was 0.003742%.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

***NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS** (Continued)*

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

At December 31, 2016, the Commission reported a liability of $634,538 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2016, and the total pension liability was determined by an actuarial valuation as of April 1, 2015, with updated procedures used to roll forward the total pension liability to March 31, 2016. 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, 2016 measurement date, the Commission's proportion was 0.0039534%.

For the year ended December 31, 2017, the Commission recognized net pension expense of $215,484 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	$ 8,811	$ 53,393
Changes in assumptions	120,122	-
Net difference between projected and actual earnings on pension plan investments	70,230	6,884
Changes in proportion and differences between Commission contributions and proportionate share of contributions	39,691	-
Commission contributions subsequent to measurement date	-	-
	$ 238,854	$ 60,277

For the year ended December 31, 2016, the Commission recognized net pension expense of $240,605 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	$ 3,206	$ 75,214
Changes in assumptions	169,212	-
Net difference between projected and actual earnings on pension plan investments	376,443	-
Changes in proportion and differences between Commission contributions and proportionate share of contributions	45,861	-
Commission contributions subsequent to measurement date	-	-
	$ 594,722	$ 75,214

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS *(Continued)*

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

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 Outflows and Inflows of Resources
2018	$ 80,628
2019	80,628
2020	64,314
2021	(46,993)
	$ 178,577

Actuarial Assumptions

For ERS, the actuarial assumptions used in the April 1, 2016 valuation, with update procedures used to roll forward the total pension liability to March 31, 2017, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%
Salary increases – 3.8%
Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation
Mortality – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014
Discount rate – 7.0%

The actuarial assumptions used in the April 1, 2015 valuation, with update procedures to roll forward the total pension liability to March 31, 2016, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%
Salary increases – 3.8%
Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation
Mortality – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014
Discount rate – 7.0%

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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	36%	4.55%
International equities	14%	6.35%
Private equities	10%	7.75%
Real estate	10%	5.80%
Absolute return strategies	2%	4.00%
Opportunistic portfolio	3%	5.89%
Real assets	3%	5.54%
Bonds and mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-Indexed bonds	4%	1.50%
	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 7.0% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	7.0%	1.0% Increase
Commission's proportionate share of the ERS net pension liability (asset)	$ 1,122,963	$ 351,607	$ (300,573)

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

Other Information

Other information on the Commission's net pension liability is as follows:

	2017	2016	2015
Commission's proportion of the System's net pension liability	0.003742%	0.0039534%	0.0037280%
Commission's proportionate share of the System's net pension liability	$ 351,607	$ 634,538	$ 125,953
Commission's covered-employee payroll	$ 997,333	$ 1,000,106	$ 1,018,736
Commission's proportionate share of the System's net pension liability as a percentage of its covered-employee payroll	35.25%	63.45%	12.36%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%

Actuarial data prior to 2015 is unavailable.

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

March 31	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 157,484	$ 186,364	$ 234,306	$ 180,550	$ 151,392	$ 119,125	$ 111,408	$ 20,025
Contribution in relation to the contractually required contribution	(157,484)	(186,364)	(234,306)	(180,550)	(151,392)	(119,125)	(111,408)	(20,025)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commission's covered-employee payroll	$ 997,333	$ 1,000,106	$ 1,018,746	$ 861,386	$ 726,234	$ 711,985	$ 739,670	$ 544,045
Contributions as a percentage of covered-employee payroll	15.79%	18.63%	23.00%	20.96%	20.85%	16.73%	15.06%	3.68%

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 established 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 $75,900 and $48,400 for current premiums in 2017 and 2016, 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, 2016, the most recent valuation date, with estimated liability and other information provided as of December 31, 2017 and December 31, 2016, as applicable. Valuations are currently prepared every three years, as required by GASB 45.

	2017	**2016**
Actuarial Accrued Liability (AAL)		
Currently retired	$ 3,027,117	$ 3,003,101
Active employees	1,548,629	1,536,343
Actuarial accrued liability	4,575,746	4,539,444
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	$ 4,575,746	$ 4,539,444
Funded ratio	0%	0%
Normal cost	$ 122,208	$ 120,906

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

	2017	**2016**
UAAL	$ 4,575,746	$ 4,539,444
Amortization period (years)	30	30
Amortization discount rate	2.50%	2.50%
Present value factor	17.18	17.77
UAAL amortization amount	$ 266,271	$ 255,521

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

***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:

	2017	2016
Normal cost	$ 122,208	$ 120,906
Amortization of UAAL	266,271	255,521
ARC	388,479	376,427
Interest on OPEB obligation	57,175	51,358
Adjustment to ARC	(133,086)	(115,635)
OPEB expense	$ 312,568	$ 312,150

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

	2017	2016
Net OPEB obligation at beginning of year	$ 2,315,790	$ 2,052,051
Annual OPEB expense	312,568	312,150
Annual OPEB contributions	(75,886)	(48,411)
Net OPEB obligation at end of year	2,552,472	2,315,790
Less: estimated current portion of OPEB obligation	77,000	77,000
Estimated long-term portion of OPEB obligation	$ 2,475,472	$ 2,238,790
Percentage of expense contributed	24.3%	15.5%

Trend Information

Year Ended	Beginning OPEB Obligation	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2015	$ 1,761,997	$ 333,322	$ 43,268	13.0%	$ 2,052,051
12/31/2016	2,052,051	312,150	48,411	15.5%	2,315,790
12/31/2017	2,315,790	312,568	75,886	24.3%	2,552,472

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

***NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS** (Continued)*

Actuarial Methods and Assumptions (Continued)

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, 2016 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
2018	5.90%
2019	5.60%
2020	5.30%
2021	5.30%
2022	5.29%
2023	5.29%
2024	5.29%
2025	5.29%
2030	5.29%
2040	5.29%
2050	4.91%
2060	4.73%
2070	4.21%
2080+	3.94%

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, 2017 were as follows:

2018	$ 2,563,000
2019	2,347,000
2020	2,321,000
2021	2,168,000
2022	1,843,000
Thereafter	7,925,000
	$ 19,167,000

NOTE 10 — WATERFRONT DEVELOPMENT COSTS

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 1.18%, 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 $190,000 in 2018 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
2018	$ 190,000
2019	200,000
2020	210,000
2021	220,000
2022	225,000
Thereafter	495,000
	$ 1,540,000

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 2017 and 2016, the Commission's total lease cost, project improvement cost, and other operating expenses related to the waterfront development project approximated $250,000 and $243,000, respectively. These costs are included in the statements of revenues and expenses.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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

In 2015, the Commission entered into Memorandums of Understanding (MoU) with the City of Albany and the City of Rensselaer under which the Commission agreed to fund certain firefighting, emergency response, and other municipal support services provided by the two cities through August 31, 2016. The expense associated with the MoU's in the amounts of $400,000 for 2016 and are included in the statements of revenues and expenses. The Commission incurred no support agreement costs subsequent to August 31, 2016.

Federal and State Grants

The Commission is currently undertaking a series of projects to finalize maritime infrastructure improvements which will enhance the Port's heavy lift and project cargo handling capabilities. The total projects are estimated to cost approximately $49,630,000. As part of the project, the Commission has secured federal grant funding of approximately $17,630,000 and state grant funding of approximately $19,000,000. Federal grant revenue of approximately $1,226,000 was earned in 2017 (none in 2016). State grant revenue of approximately $6,610,000 and $627,000 was in earned in 2017 and 2016, respectively. These grant revenues are included in capital grant funding in the statements of revenues and expenses and changes in net position. The projects are expected to be completed in 2021.

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

ALBANY PORT DISTRICT COMMISSION
SCHEDULES OF PAYROLL AND RELATED COSTS AND OTHER OPERATING EXPENSES
Years ended December 31, 2017 and 2016

	2017	2016
PAYROLL AND RELATED COSTS		
Administrative	**$ 912,314**	$ 936,721
Maintenance crews and supervisor	**379,792**	344,028
Security	**388,855**	331,911
Pension and other benefit costs	**513,314**	566,078
OPEB expense	**312,568**	312,150
Payroll taxes	**126,225**	123,428
Total payroll and related costs	**$ 2,633,068**	$ 2,614,316
OTHER OPERATING EXPENSES		
Security	**$ 30,349**	$ 43,880
Utilities	**49,122**	54,710
City water	**8,075**	7,135
Advertising and promotion	**74,310**	75,603
Office supplies and expenses	**75,879**	74,345
Telephone	**26,841**	24,057
Snow removal	**8,848**	2,164
Equipment operating expense	**97,549**	64,127
Other expenses	**120,583**	83,108
Total other operating expenses	**$ 491,556**	$ 429,129

UHY LLP
Certified Public Accountants

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, 2017, and have issued our report thereon dated March 26, 2018.

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.*

UHY LLP Certified Public Accountants

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Albany, New York
March 26, 2018

UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Commissioners
Albany Port District Commission

Report on Compliance for Each Major Federal Program

We have audited Albany Port District Commission's ("the Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2017. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Commission's compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

UHY LLP Certified Public Accountants

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

UHY LLP

Albany, New York
March 26, 2018

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2017

Federal Grantor Program Title	Grant Number	Catalog of Federal Domestic Assistance Number	Program Award Amount	2017 Expenditures
U.S. Department of Transportation				
Direct Programs:				
National Infrastructure Investments Program	DTMA91G1600008	20.933	17,629,800	$ 1,225,699
Total Expenditures of Federal Awards				$ 1,225,699

See notes to Schedule of Federal Awards.

ALBANY PORT DISTRICT COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2017

NOTE 1 — BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Albany Port District Commission, an entity as defined in the basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 — BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 — INDIRECT COST RATES

The Albany Port District Commission has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2017

Section I – Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ______ Yes __X__ No
- Significant deficiencies identified? ______ Yes __X__ None Reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified? ______ Yes __X__ None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes __X__ No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
90.233	National Infrastructure Investments Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? _____ Yes __X__ No

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – Status of Prior Year Findings

No report required.

ALBANY PORT DISTRICT COMMISSION

PORT OF ALBANY

SINGLE AUDIT REPORT

December 31, 2018

UHY LLP
Certified Public Accountants

ALBANY PORT DISTRICT COMMISSION

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ALBANY PORT DISTRICT COMMISSION
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" or the "Port") is offered as an introduction and overview of the financial statements of APDC for the fiscal year ended December 31, 2018, with comparative data for the fiscal year ended December 31, 2017. 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 review 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 the APDC's financial position and performance. Additionally, 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"). Additionally, upon achieving certain gross revenue thresholds, FMT is also obligated to pay a 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, driving 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 a global economic influence.

INFRASTRUCTURE INVESTMENT

The guiding principal for Port infrastructure investment is to create an environment which enhances supply chain performance and promotes the efficient movement of cargo between the Port and customer markets. Significant resources are allocated by the APDC to develop projects, identify funding opportunities and perform grant administration related to infrastructure investments. These investments will assist in retaining and attracting customers as the Port develops into a regional logistics hub.

ALBANY PORT DISTRICT COMMISSION
Management's Discussion and Analysis

As previously reported, the Port has engaged in a multi-year, multi-project initiative to ensure the Port's capacity is aligned with anticipated market demand. Upon completion in 2020, this initiative will have created over $40 million in mission-critical capital improvements. Nearly $18 million of funding for this work is through the Transportation Investment Generating Economic Recovery ("TIGER") program. This program, administered by the United States Department of Transportation ("USDOT"), will provide funding to support strategic maritime terminal improvements. Grants totaling $19 million from New York State are funding new and replacement infrastructure. During 2018 the capital investment related to new/replacement Port infrastructure was approximately $21 million. Of this amount, 65% was funded from Federal and New York State sources.

Beginning in 2017 and continuing into 2018, projects have been undertaken to grow the Port's storage and transportation capacity for manufactured products. Demonstrating the inter-relationship between maritime activity and upland development, these projects will result in new assets both within the maritime terminal and on underutilized land adjacent to the terminal. The Port has leveraged these projects to establish a competitive advantage to pursue business and cargo capture.

The reconstruction of approximately 840 feet of the southern wharf on the western side of the facility that began in 2017 has continued and is expected to be completed during 2019. The area of the wharf being replaced dates back to the Port's original construction. Design elements of the wharf will feature a roll-on, roll-off ramp ("RoRo") and an enhanced weight capacity to accommodate the anticipated needs of the APDC's current and future manufacturing customers.

LEASING

During 2018 new long-term leases were executed between the APDC and two businesses. This allows for the leveraging of APDC-owned assets and public funding to induce business development and investment at the Port. This development allows the Port to create value-added supply chain solutions for new and existing customers.

During the fourth quarter, the APDC executed a lease with a trucking and logistics company for a newly constructed 45,000 square foot climate-controlled warehouse. This warehouse features a clear-span design with an enhanced floor weight capacity. These design elements have been incorporated specifically to accommodate the next generation of energy generating infrastructure components and to attract/retain heavy lift/project cargo manufacturing customers. The initial annual rent is $450,000 with an initial term running through 2028. The tenant has the option for two additional 5-year terms following the expiration of the initial term.

The 13-million bushel capacity grain elevator dates back to the Port's original construction and for several decades was the largest grain elevator east of the Mississippi River. Since it was put into service it had been leased to one of the Port's original tenants. A new lease for 12.5 acres of land (which includes the grain elevator) executed between the APDC and an existing tenant commenced on July 1, 2018 with an initial 20-year term with two 5-year options. This transaction is expected to generate economies of scale within the tenant's supply chain and represents an opportunity for future investment which could include utilization of maritime assets currently under construction.

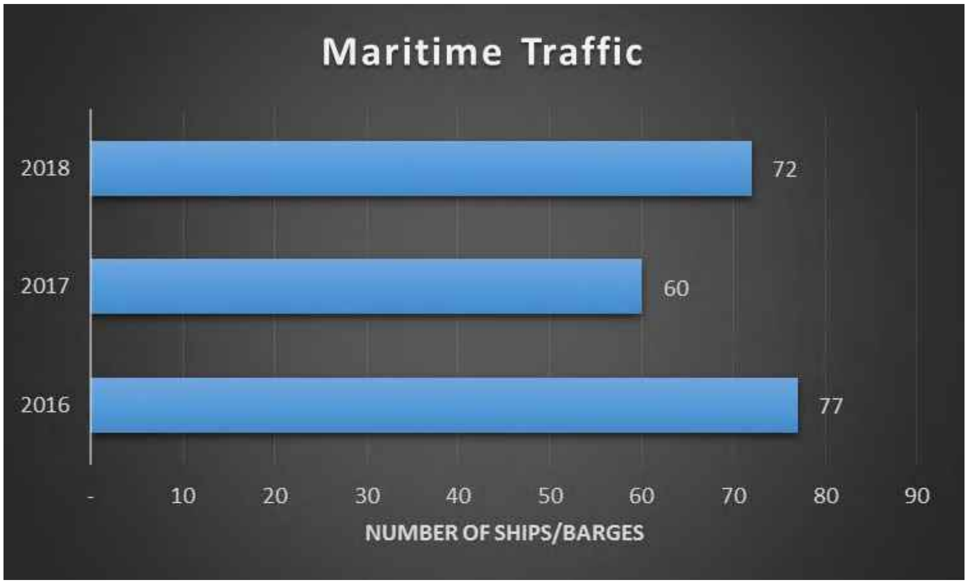
EXPANSION

In 1932, President (then Governor of New York) Franklin Delano Roosevelt presided over the Port's dedication ceremony and highlighted the colossal engineering feat that established the Port. At that time, it could not have been known that nearly 85 years later, the APDC Board of Commissioners would guide the Port through a land acquisition that will result in the first significant physical expansion of the Port.

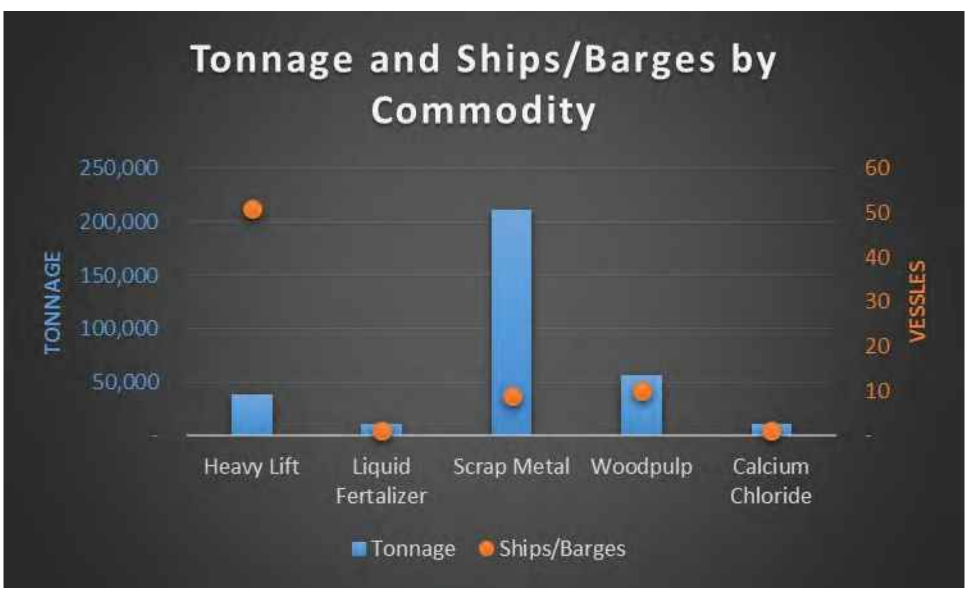
During the fourth quarter, the APDC closed on the $5.25 million purchase of an 80-acre site adjacent to the Port's southeastern border in the town of Bethlehem. This acquisition has increased the size of the Port by 25% to nearly 400 acres. To fund this purchase, the Port utilized a portion of the investment portfolio and executed an additional $2.5 million sub-lease under an existing master lease with Bank of America.

Various pre-development activities have commenced and the required permitting process for the site is underway. Full permitting is anticipated to take approximately 12 months after which core infrastructure construction will begin. Upon completion, the site could feature as much as 1,000,000 square feet of warehouse space or serve as an assembly facility for off-shore wind energy development activities.

MARITIME-RELATED ACTIVITY



- As compared to 2017, calls to the Port increased by twelve ships/barges overall during 2018. The primary driver of this increase is within the heavy lift/project cargo category, which saw a 33% increase. More modest increases also occurred in the scrap metal and wood pulp categories.
- One of the Port's major manufacturing customers continued its role in two significant electrical generating projects during 2018. These projects, which have a reported combined cost of approximately $2 billion, drove significant inbound calls with the cargo being transported from the Port to project sites within New York State and Pennsylvania.

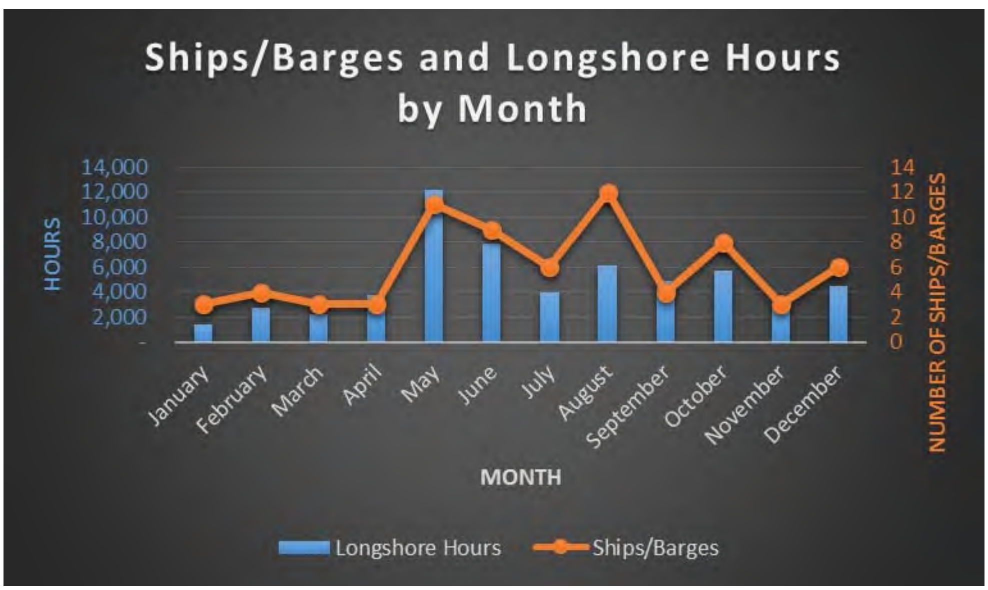


ALBANY PORT DISTRICT COMMISSION
Management's Discussion and Analysis

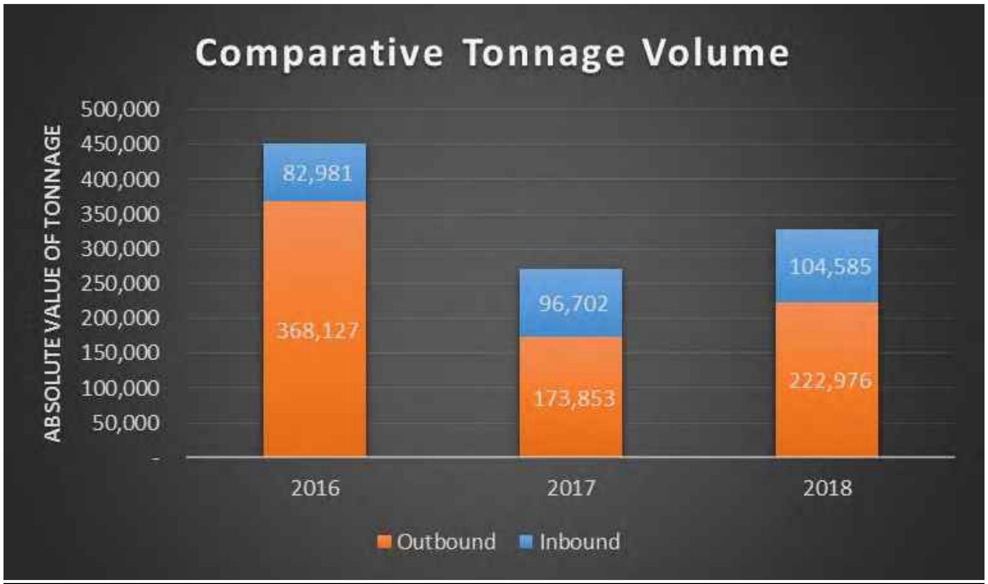
- Scrap metal remains the highest-volume commodity in terms of tonnage by a substantial margin. Scrap metal represents almost 65% of total tonnage for the year. Wood pulp which yields the second highest volume of tonnage (17% of total tonnage in 2018). On a per vessel basis, average tonnage for scrap metal was about 23,500 tons, which is a modest increase (roughly 5%) over 2017.

- Although heavy lift/project cargo represents a relatively modest amount of total 2018 tonnage (approximately 12% or 38,000 tons), almost 70% of all cargo-carrying ship and barge calls in 2018 fell into this category.

- The number of longshore hours worked is one of the Port's key indicators and is discussed in detail with the Board of Commissioners on a monthly basis. This metric is important as it demonstrates the economic value and job opportunities created by the Port's activity.



- More than 12,000 longshore hours were worked during May 2018, which is a record for the number of hours worked during a single month. To provide some context, in 2014 (the year the Port set a record for the most longshore hours worked in a year at just under 82,000 hours), the average number of hours worked in a month was 6,800. Over the previous four years, the monthly average longshore hours worked was 5,195.



- Overall tonnage has increased from 2017 by 21%. While still below the tonnage handled in 2016, inbound cargo tonnage in 2018 represents a 3-year high and is a 26% increase over 2016.

- Excluding non-reoccurring inbound cargo handling that occurred in 2017, the year-over-year inbound tonnage increase is 19%. That increase is primarily driven by the increase in wood pulp vessels. Wood pulp tonnage handled in 2018 increased just over 14,000 or 34%.

- Outbound tonnage increased by 49,000 tons or 28%. Although heavy lift/project cargo tonnage decreased by 30% (4,500 tons), scrap iron tonnage increased by over 53,000 tons mitigating the decrease.

FINANCIAL OPERATIONS HIGHLIGHTS

A condensed summary of revenues and expenses for the years ended December 31, 2018 and 2017 is shown below.

	2018	2017
OPERATING REVENUES		
Property and equipment rentals	$ 3,696,220	$ 3,692,105
Maritime-related	1,644,058	1,335,224
Security	550,843	508,573
Other operating revenues	181,309	186,870
Total operating revenues	6,072,430	5,722,772
OPERATING EXPENSES		
Payroll and related expenses	2,497,721	2,633,068
Maintenance and material handling	666,165	397,507
Professional services	470,579	489,801
Other operating expenses	330,321	455,867
Total operating expenses	3,964,786	3,976,243
OPERATING INCOME	2,107,644	1,746,529
Depreciation and other items	(2,466,285)	(2,281,042)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	(358,641)	(534,513)
Capital grant funding	14,437,332	7,836,141
INCREASE (DECREASE) IN NET POSITION	14,078,691	7,301,628
Total net position, beginning of year, unadjusted	51,333,124	44,031,496
Prior period adjustment (Note 2)	(2,023,274)	-
Total net position, beginning of year, adjusted	49,309,850	44,031,496
Total net position, end of year	$ 63,388,541	$ 51,333,124

Income generated from operations has increased by $361,000 (21%) over 2017. This increase is primarily attributable to the year-over-year growth in operating revenue.

Operating Revenue increased by $350,000 or 6% from 2017. Non maritime-related revenue was virtually flat as compared to 2017; increasing by under 1%. Maritime-related revenue; however, increased by over 23% ($309,000).

- Dockage Fees are charged for vessels that are utilizing berths and are based upon either the length or net registered tonnage ("NRT") of the vessel. Overall, revenue derived from this category increased by $54,000 or 12%. Most of this increase ($52,000) was driven by activity within the heavy lift/project cargo category. In 2018 several heavy lift/project cargo calls utilized vessels that are approximately three-times larger (based on NRTs) than those used in the past to transport this cargo.
- Revenue derived from wharfage increased significantly in 2018; by $274,000 or 68%. The increase in driven in part by a higher volume of ship/barge traffic and also by the manner in which customer wharfage charges are assessed. Specifically, cargo for the manufacturing projects mentioned previously was billed based on volume (as opposed to weight).
- Effective January 1, 2018 a restructured TOA took effect. The fixed payment component was increased and the revenue share component was recalibrated to invert the revenue threshold amount and percentages to incentivize increased activity. The amount received under the new TOA is just under $67,000 higher (18%) over 2017.
- Revenue generated from utilization of the APDC's two Liebherr mobile harbor cranes decreased modestly by about 2% ($80,000) as compared to 2017. The revenue generated in 2018 equates to 1,149 hours of use by FMT for maritime terminal operations. Although crane utilization was lower in 2018 it should be noted that those hours were generated primarily by only one of the cranes; as the other crane was out of service for most of the year. That crane is anticipated to be placed back in service during Q1 of 2019.

Operating expenses in 2018 overall remained virtually flat from 2017 (decrease was less than 1%). This continues a trend from 2016 as operating expenses are contained while significant capital improvements are undertaken.

- Payroll and related expenses have decreased by just over 5% or $135,000 from 2017. A primary driver being a reduction of the expense recognized under GASB 75 as compared to the expense recognized under GASB 45 in 2017. (The notes to the financials cover GASB 75 activity in detail.) Additionally, employee benefits decreased by 8% ($41,000). APDC's share of employee retirement contributions decreased by just under $41,000 (18%). These decreases are offset by modest (less than 3%) increases in administrative and maintenance salary expense.
- Professional services decreased overall by 4% ($19,000) from 2017. Premiums for property and liability insurance coverage decreased by $24,000. This reduction was offset by a $7,000 increase in various professional fees paid. Non-capitalized expense related to engineering services increased by $70,000 as evaluations of Port-owned property continued in 2018. This is almost entirely offset by a $69,000 decrease in expense related to consultants.
- Material Handling increased by $64,000 or 48%. Parts and repairs related to one of the Port's mobile harbor cranes increased by $78,000. This is offset by an approximately $10,000 reduction in expenses related to the Port's fork truck fleet as older assets are taken out of service and replaced. Related to the mobile harbor crane being out of service, equipment leasing increased significantly ($210,000) which was the cost incurred for replacement crane services on an as needed basis to supplement the crane that remained in service.

ALBANY PORT DISTRICT COMMISSION
Management's Discussion and Analysis

- Maintenance expense increased by $31,000 or 13%. Although expense related to service contracts increased by $58,000 this is primarily due to the reclassification of expenses that had in prior periods been captured as other operating expenses. Reclassifying this activity allows for enhanced reporting service contract cost and evaluation of contractor performance when necessary. This activity was offset by a net decrease across several different activities captured within this category.

- Other operating expenses decreased by 28% ($126,000). In addition to the reclassification mentioned above, fuel expense decreased by $70,000 mostly due to one of the mobile harbor cranes being out of service.

A condensed summary of APDC's net position at December 31, 2016, 2017, and 2018 is shown below:

Total net position has increased by over $12 million (24%) from December 31, 2017 to December 31, 2018.

	2016	2017	2018
Assets and Deferred Outflows of Resources			
Current and other assets	$ 6,137,429	$ 12,715,759	$ 9,565,316
Capital assets	42,937,259	48,953,855	68,506,233
Deferred outflows of resources	594,722	238,854	356,838
Total assets and deferred outflows of resources	$ 49,669,410	$ 61,908,468	$ 78,428,387
Liabilities			
Current liabilities	$ 901,157	$ 2,666,962	$ 3,638,990
Long-term liabilities	4,661,543	7,848,105	9,687,290
Deferred inflows of resources	75,214	60,277	1,713,566
Total liabilities and deferred inflows of resources	$ 5,637,914	$ 10,575,344	$ 15,039,846
Net Position			
Invested in capital assets, net of related debt	$ 40,823,615	$ 43,254,662	$ 61,112,306
Unrestricted	3,207,881	8,078,462	2,276,235
Total net position	$ 44,031,496	$ 51,333,124	$ 63,388,541

CURRENT KNOWN FACTS, DECISIONS OR CONDITIONS

- A $2.5 million sub-lease under the existing master lease with Bank of America was executed during November 2018. This sub-lease carries a seven-year term and a fixed rate of 4.09%. Certain APDC-owned equipment assets serve as collateral under the terms of the sub-lease.

- Construction will be completed on the Big Lift Maritime Warehouse and full operations will occur during the first quarter of 2019.

- Next phase of TIGER projects will continue:

  - On December 5, 2018, the Board of Commissioners authorized the execution of a contract with a consultant for construction management advisory services related to the construction of a new warehouse within the maritime terminal and related terminal roadway improvements. Work under this engagement will commence during the first quarter of 2019.

  - During the first quarter of 2019, a request-for-proposals ("RFP") will be issued for design of a new 60,000 square foot warehouse within the existing maritime terminal.

- An RFP will be issued in February 2019 for the disposition via lease of an approximately 2 acre site adjacent to the wharf in the city of Rensselaer. Previously this site had been leased to a bulk cargo handler.

- Federal and state funding opportunities will continue to be pursued to address not only existing infrastructure needs but also to develop new infrastructure in response to emerging trends within the maritime and transportation logistics industries.

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 financial condition. Questions concerning the information provided in this report may be addressed in writing to:

Albany Port District Commission
106 Smith Boulevard
Albany, NY 12202

UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Albany Port District Commission

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, 2018 and 2017, 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, 2018 and 2017, 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.

UHY LLP Certified Public Accountants

Other Matters

Required Supplementary Information: Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 9 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The Schedules of Payroll and Related Costs and Other Operating Expenses and the schedule of expenditures of federal awards 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 March 27, 2019 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
March 27, 2019

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF NET POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	**$ 2,991,608**	$ 4,804,608
Investments	**738,184**	3,320,703
Accounts receivable	**545,416**	254,373
Grants receivable	**5,045,828**	4,109,759
Other current assets	**244,280**	226,316
Total current assets	**9,565,316**	12,715,759
NET PROPERTY AND EQUIPMENT	**68,506,233**	48,953,855
Total assets	**78,071,549**	61,669,614
DEFERRED OUTFLOWS OF RESOURCES	**356,838**	238,854
	$ 78,428,387	$ 61,908,468
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Current maturities of long-term debt	**$ 1,188,439**	$ 805,266
Deferred revenue	**54,288**	62,685
Accounts payable	**1,792,703**	1,482,092
Accrued expenses	**603,560**	239,919
OPEB obligation, current portion	**-**	77,000
Total current liabilities	**3,638,990**	2,666,962
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	**6,205,488**	4,893,927
Security deposits	**116,111**	127,099
OPEB obligation, net of current portion	**3,236,517**	2,475,472
Net pension liability	**129,174**	351,607
Total long-term liabilities	**9,687,290**	7,848,105
Total liabilities	**13,326,280**	10,515,067
DEFERRED INFLOWS OF RESOURCES	**1,713,566**	60,277
NET POSITION		
Net investment in capital assets	**61,112,306**	43,254,662
Unrestricted	**2,276,235**	8,078,462
Total net position	**63,388,541**	51,333,124
	$ 78,428,387	$ 61,908,468

See notes to financial statements.

Attachment: APDC Application Audited Financial Statements (8165 : Port Application)

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
Years ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Property rentals	**$ 3,294,070**	$ 3,210,155
Dockage fees	**492,596**	438,410
Wharfage fees	**675,067**	400,746
Stevedore fees	**476,395**	496,068
Crane/equipment rentals	**402,150**	481,950
Security fees	**550,843**	508,573
Storage and other services	**181,309**	186,870
Total operating revenues	**6,072,430**	5,722,772
OPERATING EXPENSES		
Payroll and related benefit costs	**2,497,721**	2,633,068
Maintenance expense	**471,112**	266,340
Material handling	**195,053**	131,167
Insurance	**212,344**	239,073
Professional and consulting fees	**258,235**	250,728
Other operating expenses	**330,321**	455,867
Total operating expenses	**3,964,786**	3,976,243
OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS	**2,107,644**	1,746,529
DEPRECIATION AND OTHER ITEMS		
Depreciation	**(1,952,562)**	(2,008,017)
Waterfront development costs	**(270,648)**	(250,256)
Municipal support agreement costs	**(145,013)**	-
Interest income	**51,712**	30,645
Interest expense	**(149,774)**	(53,414)
Net depreciation and other items	**(2,466,285)**	(2,281,042)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	**(358,641)**	(534,513)
Capital grant funding	**14,437,332**	7,836,141
CHANGE IN NET POSITION	**14,078,691**	7,301,628
Total net position, beginning of the year, unadjusted	**51,333,124**	44,031,496
Prior period adjustment (Note 2)	**(2,023,274)**	-
Total net position, beginning of year, adjusted	**49,309,850**	44,031,496
Total net position, end of year	**$ 63,388,541**	$ 51,333,124

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rentals	$ 3,670,331	$ 3,700,129
Cash received for facility usage	1,361,127	1,431,480
Cash received from other services	732,152	695,443
Cash payments to employees and professionals	(2,738,684)	(2,556,928)
Cash payments for materials and maintenance	(610,743)	(429,931)
Cash payments for insurance	(243,153)	(440,694)
Cash payments for other expenses	(331,923)	(494,803)
Net cash provided by operating activities	1,839,107	1,904,696
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash payments for municipal support agreement costs and waterfront development costs	(415,661)	(250,256)
Net cash used in noncapital financing activities	(415,661)	(250,256)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash payments for capital assets	(20,926,712)	(6,598,704)
Cash received from capital grant funding	13,501,263	3,840,004
Interest expense	(151,413)	(52,893)
Cash received from long-term debt and other obligations	2,500,000	4,000,000
Cash payments on long-term debt and other obligations	(805,266)	(414,451)
Net cash (used in) received from capital and related financing activities	(5,882,128)	773,956
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest	63,163	28,571
Cash paid for purchase of investments	(3,563,429)	(4,296,869)
Cash received from sale of investments	6,145,948	4,272,927
Net cash provided by investing activities	2,645,682	4,629
Net change in cash	(1,813,000)	2,433,025
Cash, beginning of year	4,804,608	2,371,583
Cash, end of year	$ 2,991,608	$ 4,804,608
RECONCILIATION OF OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income, before depreciation and other items	$ 2,107,644	$ 1,746,529
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in:		
Accounts receivable	(291,043)	67,086
Other assets	(29,415)	(190,238)
Accounts payable	(5,358)	(35,411)
Accrued expenses	92,033	(15,888)
Deferred revenue	(8,397)	37,936
OPEB obligation and net pension liability related accounts	(26,357)	294,682
Total adjustments	(268,537)	158,167
Net cash provided by operating activities	$ 1,839,107	$ 1,904,696

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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, 2018 or 2017.

- *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.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Accounting (Continued): The operations of the Commission are reported as a proprietary fund and, as such, are accounted for on a flow of economic resources measurement focus under the accrual basis of accounting. Within this measurement focus, all assets and liabilities associated with operations are included on the balance sheet with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

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

Investments: New York State statutes and guidelines, and the Commission's own investment policies, limit the investment of funds to obligations of the U.S. Government and its agencies, certificates of deposit, and obligations of the State of New York. This limitation effectively minimizes the Commission's investment related risk and returns. The Commission's investments, which are managed by an independent investment advisor, 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 Federal and State 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 paid 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.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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 an agreement with the City of Albany which provides payments for municipal support for certain costs and services provided by the municipality (see Note 11).

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

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

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

Subsequent Events: For purposes of preparing the financial statements, the Commission has considered events through March 27, 2019, the date the financial statements were available to be issued.

Reclassifications: Certain 2017 financial statement line items have been reclassified to conform with the current year's presentation.

Change in Accounting Principle: Effective January 1, 2018, the Commission adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement also requires various note disclosures.

Effective January 1, 2018, the Commission also adopted GASB Statement No. 85, *Ominbus 2017*, which amends certain requirements of GASB 75.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of adopting GASB 75, the 2018 beginning of year net position has been restated as follows:

Net position previously reported, January 1, 2018	$ 51,333,124
Net OPEB liability	(2,023,274)
Net position as restated, January 1, 2018	$ 49,309,850

NOTE 3 — CASH AND CASH EQUIVALENTS

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

	2018		2017	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Deposit accounts	$ 2,991,608	$ 3,114,523	$ 4,804,608	$ 4,959,759

At December 31, 2018 and 2017, the Commission's cash and deposits were covered by FDIC insurance or otherwise collaterally secured through its principal financial institution, KeyBank.

NOTE 4 — INVESTMENTS

At December 31, 2018, 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	Adjusted Cost (a)
Federal National Mortgage Assn Note (1.25%)	$ 220,000	2/26/2019	$ 219,598	$ 218,537
United States Treasury Bill (zero coupon)	260,000	2/21/2019	259,147	257,812
United States Treasury Bill (zero coupon)	263,000	7/18/2019	259,439	258,234
	$ 743,000		$ 738,184	$ 734,583

(a) The adjusted cost basis reflects any cumulative original issue discount, premium, or acquisition premium (including any year-to-date amount). The amounts were amortized or accrued from the acquisition date through the disposition date. Premium amortization was calculated using the yield-to-maturity method. Acquisition premium was calculated using the ratable accrual method. Any market discount accretion for this position was calculated using the straight-line method and, if applicable, recognized upon disposition.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 4 — INVESTMENTS *(Continued)*

At December 31, 2017, 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	Adjusted Cost (a)
Federal Home Loan Mortgage Corp Note (1%)	$ 150,000	6/29/2018	$ 149,565	$ 150,003
Federal National Mortgage Assn Note (1.05%)	500,000	2/27/2018	499,745	499,600
Federal Home Loan Banks Bond (1%)	370,000	9/6/2018	368,180	368,376
United States Treasury Bill (zero coupon)	150,000	3/1/2018	149,693	149,526
United States Treasury Note (2.625%)	350,000	1/31/2018	350,380	350,420
United States Treasury Note (1.5%)	100,000	12/31/2018	99,684	99,244
United States Treasury Note (1.125%)	300,000	1/15/2019	297,819	298,172
United States Treasury Note (1.5%)	250,000	10/31/2019	248,283	249,102
United States Treasury Note (1.125%)	100,000	6/30/2021	96,844	99,424
Ally Bank (CD; 1.05%)	120,000	4/2/2018	119,892	119,820
Bank of the West (CD; 1.45%)	245,000	5/21/2018	244,976	245,000
Citizens Bank (CD; 1.35%)	200,000	2/2/2018	200,018	200,000
Comenity Capital Bank (CD; 1.1%)	63,000	7/2/2018	62,842	62,953
Comenity Capital Bank (CD; .95%)	150,000	3/6/2018	149,865	149,550
Synchrony Bank (CD; 1%)	42,000	1/8/2018	41,997	41,962
Wells Fargo Bank (CD; 1.1%)	241,000	3/1/2018	240,920	241,000
	$ 3,331,000		$ 3,320,703	$ 3,324,152

Investments and Fair Value Measurements

Investments are carried at fair value on a recurring basis, based on current market prices. GASB No. 72, *Fair Value Measurement and Application*, establishes the fair value hierarchy, defines the requirements on how fair value should be measured and which assets should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2018 and 2017, all investments measured at fair value were considered Level 1 investments under the fair value hierarchy.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 5 — PROPERTY AND EQUIPMENT

At December 31, 2018 property and equipment is comprised of the following:

	December 31 2017	Additions	Deletions	December 31 2018
Port marine facilities	$ 96,819,089	$ 5,632,601	$ -	$ 102,451,690
Transportation, equipment and furniture	1,494,225	37,114	47,251	1,484,088
Construction in process	8,506,042	15,835,225	-	24,341,267
Total	106,819,356	21,504,940	47,251	128,277,045
Less accumulated depreciation	57,865,501	1,952,562	47,251	59,770,812
Net property and equipment	$ 48,953,855	$ 19,552,378	$ -	$ 68,506,233

At December 31, 2017 property and equipment is comprised of the following:

	December 31 2016	Additions	Deletions	December 31 2017
Port marine facilities	$ 96,727,231	$ 91,858	$ -	$ 96,819,089
Transportation, equipment and furniture	1,356,136	174,959	36,870	1,494,225
Construction in process	748,246	7,757,796	-	8,506,042
Total	98,831,613	8,024,613	36,870	106,819,356
Less accumulated depreciation	55,894,354	2,008,017	36,870	57,865,501
Net property and equipment	$ 42,937,259	$ 6,016,596	$ -	$ 48,953,855

Depreciation expense was $1,952,562 and $2,008,017 for the years ended December 31, 2018 and 2017, respectively.

NOTE 6 — LONG-TERM DEBT

Long-term debt is comprised of the following:

	December 31 2017	Debt Issued	Debt Payments	December 31 2018
Bank of America master lease obligation	$ 5,699,193	$ 2,500,000	$ 805,266	$ 7,393,927
Less current maturities	805,266			1,188,439
	$ 4,893,927			$ 6,205,488

The Commission is a party to a master lease agreement with Bank of America. In June 2014, under the first draw of the agreement, the Commission borrowed $3,000,000 to retire another Commission obligation and to acquire certain Port related facility equipment. This agreement requires monthly payments of approximately $41,000, including interest at approximately 2.1%, with final maturity in June 2021.

In November 2017, under the second draw, of the agreement, the Commission borrowed $4,000,000 to fund certain construction projects. This agreement required interest only payments of approximately $9,100 per month through May 2018 and, beginning in June 2018, monthly payments of approximately $52,300, including interest at approximately 2.7%, with final maturity in May 2025.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

***NOTE 6 — LONG-TERM DEBT** (Continued)*

In November 2018, under the third draw of the agreement, the Commission borrowed $2,500,000 to fund certain current construction projects. This agreement requires interest only payments of approximately $8,500 per month through May 2019 and, beginning in June 2019, monthly payments of approximately $34,300, including interest at approximately 4.1%, with final maturity in May 2026.

The Bank of America master lease obligation is collateralized by certain Commission assets.

At December 31, 2018, long-term debt maturities were comprised of the following:

Year Ending	Principal	Interest	Total
2019	$ 1,188,439	$ 215,122	$ 1,403,561
2020	1,353,597	178,737	1,532,334
2021	1,144,978	140,975	1,285,953
2022	929,659	109,911	1,039,570
2023	960,228	79,343	1,039,571
thereafter	1,817,026	66,993	1,884,019
	$ 7,393,927	$ 791,081	$ 8,185,008

Interest expense was $149,774 and $53,414 for 2018 and 2017, 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 2018, these rates ranged from 9.3% - 19.7% for the Commission’s active employees. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

***NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS** (Continued)*

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

At December 31, 2018, the Commission reported a liability of $129,174 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2018, and the total pension liability was determined by an actuarial valuation as of April 1, 2017, with updated procedures used to roll forward the total pension liability to March 31, 2018. 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, 2018 measurement date, the Commission's proportion was 0.0040024%.

At December 31, 2017, the Commission reported a liability of $351,607 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2017, and the total pension liability was determined by an actuarial valuation as of April 1, 2016, with updated procedures used to roll forward the total pension liability to March 31, 2017. 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, 2017 measurement date, the Commission's proportion was 0.003742%.

For the year ended December 31, 2018, the Commission recognized net pension expense of $173,719 from ERS and reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 46,072	$ 38,072
Changes in assumptions	85,653	-
Net difference between projected and actual earnings on pension plan investments	187,615	370,334
Changes in proportion and differences between Commission contributions and proportionate share of contributions	37,498	5,163
Commission contributions subsequent to measurement date	-	-
	$ 356,838	$ 413,569

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, 2017, the Commission recognized net pension expense of $215,484 from ERS and reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,811	$ 53,393
Changes in assumptions	120,122	-
Net difference between projected and actual earnings on pension plan investments	70,230	6,884
Changes in proportion and differences between Commission contributions and proportionate share of contributions	39,691	-
Commission contributions subsequent to measurement date	-	-
	$ 238,854	$ 60,277

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

Years Ending March 31,	Net Deferred Outflows and Inflows of Resources
2019	$ 45,207
2020	28,440
2021	(90,328)
2022	(40,050)
	$ (56,731)

Actuarial Assumptions

For ERS, the actuarial assumptions used in the April 1, 2017 valuation, with update procedures used to roll forward the total pension liability to March 31, 2018, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%
Salary increases – 3.8%
Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation
Mortality – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014
Discount rate – 7.0%

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS *(Continued)*

Actuarial Assumptions (Continued)

The actuarial assumptions used in the April 1, 2016 valuation, with update procedures to roll forward the total pension liability to March 31, 2017, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%
Salary increases – 3.8%
Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation
Mortality – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014
Discount rate – 7.0%

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 the 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	36%	4.55%
International equities	14%	6.35%
Private equities	10%	7.50%
Real estate	10%	5.55%
Absolute return strategies	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real assets	3%	5.29%
Bonds and mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-Indexed bonds	4%	1.25%
	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.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

Discount Rate (Continued)

The following table presents the Commission's proportionate share of its net pension liability calculated using the discount rate of 7.0% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	7.0%	1.0% Increase
Commission's proportionate share of the ERS net pension liability (asset)	$ 977,367	$ 129,174	$ (588,363)

Other Information

Other information on the Commission's net pension liability is as follows:

	2018	2017	2016	2015
Commission's proportion of the System's net pension liability	0.0040024%	0.003742%	0.0039534%	0.0037280%
Commission's proportionate share of the System's net pension liability	$ 129,174	$ 351,607	$ 634,538	$ 125,953
Commission's covered-employee payroll	$ 1,024,804	$ 997,333	$ 1,000,106	$ 1,018,736
Commission's proportionate share of the System's net pension liability as a percentage of its covered-employee payroll	12.60%	35.25%	63.45%	12.36%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

Actuarial data prior to 2015 is unavailable.

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

March 31	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 160,846	$ 157,484	$ 186,364	$ 234,306	$ 180,550	$ 151,392	$ 119,125	$ 111,408	$ 20,025
Contribution in relation to the contractually required contribution	(160,846)	(157,484)	(186,364)	(234,306)	(180,550)	(151,392)	(119,125)	(111,408)	(20,025)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commission's covered-employee payroll	$ 1,024,804	$ 997,333	$ 1,000,106	$ 1,018,746	$ 861,386	$ 726,234	$ 711,985	$ 739,670	$ 544,045
Contributions as a percentage of covered-employee payroll	15.70%	15.79%	18.63%	23.00%	20.96%	20.85%	16.73%	15.06%	3.68%

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 uses GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) to recognize the total OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense, and information about and changes in the total OPEB liability.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Plan Description and Funding Policy

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.

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.

Employees Covered by Benefit Terms

At January 1, 2018, the actuarial valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	15
	21

Total OPEB Liability

The Commission's total OPEB liability of $3,236,517 was measured as of January 1, 2018 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions and other inputs

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 total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate as of January 1, 2018 – 3.44%
Discount rate as of January 1, 2017 – 2.50%
Healthcare cost trend rates – 7.50% for 2018 (decreasing to an ultimate rate of 5.00% by 2023)

The discount rate was based on the Bond Buyer General Obligation 20-year municipal bond index.

Mortality rates were based on the Society of Actuaries' RP-2014 mortality tables with adjustments for mortality improvements based on MP-2014 scales.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 8 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the total OPEB liability

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at January 1, 2017, restated	$ 4,575,746
Changes for the year:	
Service cost	92,495
Interest	113,950
Changes of benefit terms	-
Differences between expected and actual experience	(820,236)
Changes of assumptions or other inputs	(597,433)
Benefit payments	(128,005)
Net changes	(1,339,229)
Balance at January 1, 2018	$ 3,236,517

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1.0% Decrease (2.44%)	Discount Rate (3.44%)	1.0% Increase (4.44%)
Total OPEB Liability	$ 3,806,909	$ 3,236,517	$ 2,796,788

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1.0% Decrease (7% decreasing to 4%)	Discount Rate (8% decreasing to 5%)	1.0% Increase (9% decreasing to 6%)
Total OPEB Liability	$ 2,801,309	$ 3,236,517	$ 3,787,904

NOTE 8 — OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Commission recognized OPEB expense of $88,773. At December 31, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 752,153
Changes of assumptions or other inputs	-	547,844
Expected benefit payments subsequent to the measurement date	137,225	-
Total	$ 137,225	$ 1,299,997

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended August 31,	Deferred Inflows of Resources
2018	$ (117,672)
2019	(117,672)
2020	(117,672)
2021	(117,672)
2022	(117,672)
Thereafter	(711,637)
	$ (1,299,997)

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, 2018 were as follows:

2019	$ 2,880,000
2020	2,865,000
2021	2,808,000
2022	2,572,000
2023	1,867,000
Thereafter	14,916,000
	$ 27,908,000

NOTE 10 — WATERFRONT DEVELOPMENT COSTS

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 1.96%, 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 $200,000 in 2019 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
2019	$ 200,000
2020	210,000
2021	220,000
2022	225,000
2023	240,000
2024	255,000
	$ 1,350,000

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 2018 and 2017, the Commission's total lease cost, project improvement cost, and other operating expenses related to the waterfront development project approximated $271,000 and $250,000, respectively. These costs are included in the Commission's 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

In 2018, the Commission entered into Memorandums of Understanding (MoU) with the City of Albany under which the Commission is required to fund annualized municipal support to the City through December 31, 2021. The 2018 expense associated with the MoU, in the amount of approximately $145,000, is included in the statements of revenues and expenses. The Commission incurred no support agreement costs in 2017. The expense for the municipal support for the remaining term of this agreement has not been determined, but is based on the assessed value of the Commission owned tax-exempt property as determined by the annual assessment roll of the City of Albany.

Federal and State Grants

The Commission is currently undertaking a series of projects to finalize maritime infrastructure improvements which will enhance the Port's heavy lift and project cargo handling capabilities. The total projects are estimated to cost approximately $49,630,000. As part of the project, the Commission has secured federal grant funding of approximately $17,630,000 and state grant funding of approximately $19,000,000. Federal grant revenue of approximately $2,645,000 was earned in 2018 (approximately $1,226,000 in 2017). State grant revenue of approximately $11,792,000 and $6,610,000 was in earned in 2018 and 2017, respectively. These grant revenues are included in capital grant funding in the statements of revenues and expenses and changes in net position. The projects are expected to be completed in 2021.

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.

OTHER INFORMATION

ALBANY PORT DISTRICT COMMISSION
SCHEDULES OF PAYROLL AND RELATED COSTS AND OTHER OPERATING EXPENSES
Years ended December 31, 2018 and 2017

	2018	2017
PAYROLL AND RELATED COSTS		
Administrative	**$ 957,360**	$ 912,314
Maintenance crews and supervisor	**424,872**	379,792
Security	**422,374**	388,855
Pension and other benefit costs	**472,033**	513,314
OPEB expense	**88,773**	312,568
Payroll taxes	**132,309**	126,225
Total payroll and related costs	**$ 2,497,721**	$ 2,633,068

	2018	2017
OTHER OPERATING EXPENSES		
Security	**$ 22,540**	$ 30,349
Utilities	**32,697**	49,122
City water	**8,812**	8,075
Advertising and promotion	**46,813**	74,310
Office supplies and expenses	**71,570**	75,879
Equipment operating expense	**27,446**	97,549
Other expenses	**120,443**	120,583
Total other operating expenses	**$ 330,321**	$ 455,867

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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, 2018, and have issued our report thereon dated March 27, 2019.

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.*

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Albany, New York
March 27, 2019

UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Commissioners
Albany Port District Commission

Report on Compliance for Each Major Federal Program

We have audited Albany Port District Commission's ("the Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2018. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Commission's compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

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Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

UHY LLP

Albany, New York
March 27, 2019

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2018

Federal Grantor Program Title	Grant Number	Catalog of Federal Domestic Assistance Number	Program Award Amount	2018 Expenditures
U.S. Department of Transportation				
Direct Programs:				
National Infrastructure Investments Program	DTMA91G1600008	20.933	17,629,800	$ 2,645,165
Total Expenditures of Federal Awards				$ 2,645,165

See notes to Schedule of Federal Awards.

ALBANY PORT DISTRICT COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2018

NOTE 1 — BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Albany Port District Commission, an entity as defined in the basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 — BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 — INDIRECT COST RATES

The Albany Port District Commission has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2018

Section I – Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ______ Yes __X__ No
- Significant deficiencies identified? ______ Yes __X__ None Reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified? ______ Yes __X__ None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes __X__ No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
90.233	National Infrastructure Investments Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? _____ Yes __X__ No

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – Status of Prior Year Findings

None reported.

ALBANY PORT DISTRICT COMMISSION

PORT OF ALBANY

SINGLE AUDIT REPORT

December 31, 2019

UHY LLP
Certified Public Accountants

ALBANY PORT DISTRICT COMMISSION

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UHY LLP
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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Albany Port District Commission

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, 2019 and 2018, 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, 2019 and 2018, 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.

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Other Matters

Required Supplementary Information: Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and other required supplementary information on pages 31 through 33 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The Schedules of Payroll and Related Costs and Other Operating Expenses and the schedule of expenditures of federal awards 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 March 25, 2020 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
March 25, 2020

ALBANY PORT DISTRICT COMMISSION
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" or the "Port") is offered as an introduction and overview of the financial statements of APDC for the fiscal year ended December 31, 2019, with comparative data for the fiscal year ended December 31, 2018. 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 review 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 the APDC's financial position and performance. Additionally, 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 400 acres within three 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"). Additionally, upon achieving certain gross revenue thresholds, FMT is also obligated to pay a 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, driving 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 a global economic influence.

INFRASTRUCTURE INVESTMENT

The guiding principal for Port infrastructure investment is to create an environment which enhances supply chain performance and promotes the efficient movement of cargo between the Port and customer markets. Significant resources are allocated by the APDC to develop projects, identify funding opportunities and perform grant administration related to infrastructure investments. These investments will assist in retaining and attracting customers as the Port develops into a regional logistics hub.

As previously reported, the Port has engaged in a multi-year, multi-project initiative to ensure the Port's capacity is aligned with anticipated market demand. Upon completion in 2023, this initiative will have created over $40 million in mission-critical capital improvements. Nearly $18 million of funding for this work is through the Transportation Investment Generating Economic Recovery ("TIGER") program. This program, administered by the United States Department of Transportation ("USDOT"), will provide funding to support strategic maritime terminal improvements. Grants totaling $19 million from New York State have funded new and replacement infrastructure. During 2019 the capital investment related to new/replacement Port infrastructure was approximately $5 million. Of this amount, 31% was funded from Federal and New York State sources.

Beginning in 2017 and continuing into 2019, projects have been undertaken to grow the Port's storage and transportation capacity for manufactured products. Demonstrating the inter-relationship between maritime activity and upland development, these projects will result in new assets both within the maritime terminal and on underutilized land adjacent to the terminal. The Port has leveraged these projects to establish a competitive advantage to pursue business and cargo capture.

The reconstruction of approximately 840 feet of the southern wharf on the western side of the facility that began in 2017 was completed during 2019. The area of the wharf being replaced dates to the Port's original construction. Design elements of the wharf feature a roll-on, roll-off ramp ("RoRo") and an enhanced weight capacity to accommodate the anticipated needs of the APDC's current and future manufacturing customers.

LEASING AND DISPOSITION

During 2019, the APDC Board of Commissioners authorized a 15-year lease of an approximately 2-acre site adjacent to the wharf in the City of Rensselaer to an existing tenant. Previously this site had been used for APDC stevedoring purposes and was also leased to a bulk cargo handler for a short term project. The lease is being negotiated and will be executed in 2020 and is intended to expand the current operating area for a long-term existing tenant business facility.

The APDC Board of Commissioners authorized the sale of an approximately 9 acre site exterior to the south entrance to the Port of Albany. The property was not serving mission centered activity and was approved for sale at market value. The sale is expected to be closed in 2020.

The APDC Board authorized an expansion to the FMT operating agreement to include an additional 25% of marine terminal operating area. This includes area that was improved with TIGER and state funding support and will be put into active use. The agreement is expected to be executed in 2020.

In 2019, the Port team negotiated with NYS OGS for renewal of the DEC field office lease, including approximately 26,000 square feet of admin, lab and garage space plus parking. The agreement has been accepted by NYS OGS and is expected to be executed in 2020.

EXPANSION

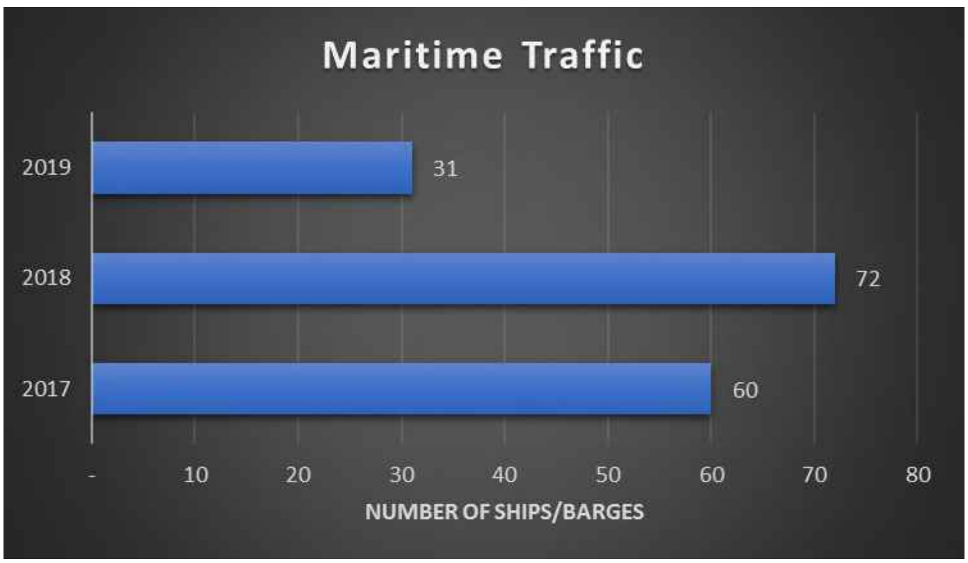
In 1932, President (then Governor of New York) Franklin Delano Roosevelt presided over the Port's dedication ceremony and highlighted the colossal engineering feat that established the Port. At that time, it could not have been known that nearly 85 years later, the APDC Board of Commissioners would guide the Port through a land acquisition that will result in the first significant physical expansion of the Port.

At the end of 2018 APDC closed on the $5.25 million purchase of an 80-acre site adjacent to the Port's southeastern border in the town of Bethlehem. This acquisition has increased the size of the Port by 25% to nearly 400 acres. To fund this purchase, the Port utilized a portion of the investment portfolio and executed an additional $2.5 million sub-lease under an existing master lease with Bank of America.

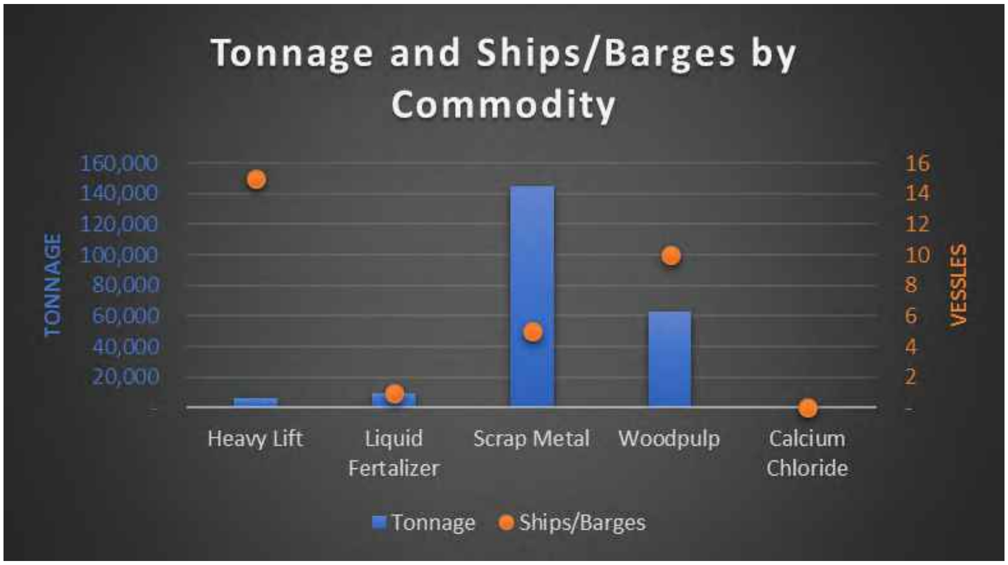
Pre-development activities continue and the required permitting process for the site is underway. All necessary environmental, transportation and infrastructure studies have been completed. Full local generic permitting is anticipated to be completed in the first quarter of 2020 after which core infrastructure construction will begin. In 2019, the ADPC Board of Commissioners approved a contract for an engineering firm to complete the construction engineering and design for all infrastructure, access roadways, bridge and necessary permitting. This will fully prepare the site for business investment and location. Upon completion, the site could feature as much as 1,000,000 square feet of warehouse space by virtue of zoning. However, the Port is most aggressively pursuing business development for the site for the offshore wind supply chain activity which could include a manufacturing or assembly facility for off-shore wind energy development activities.

In the first quarter of 2020, the ADPC Board of Commissioners will execute a contract for an engineering firm to begin the first phase of engineering for wharf construction on the expansion site. The APDC team is aggressively pursuing grant and other economic development resources to support the project.

MARITIME-RELATED ACTIVITY



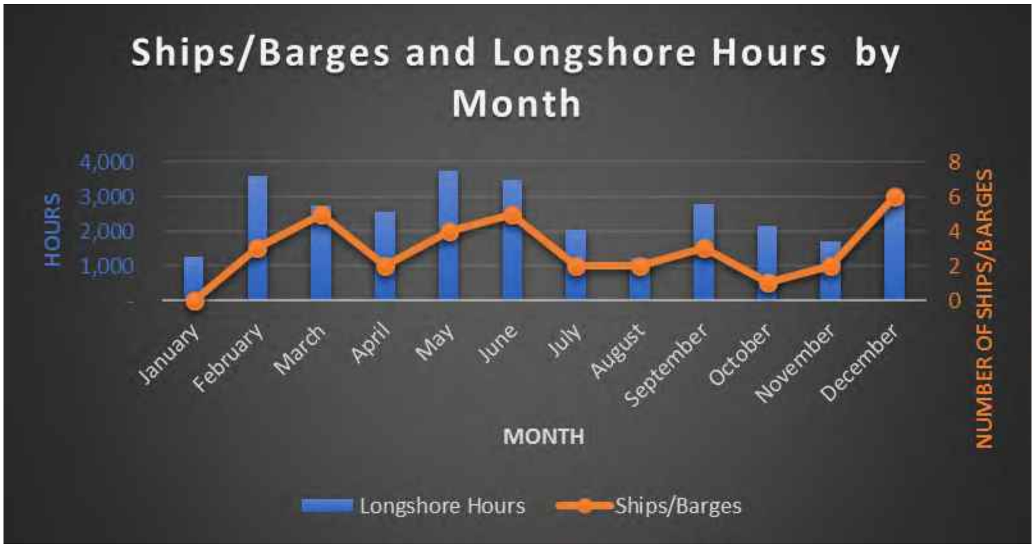
- As compared to 2018, calls to the Port decreased by 41 ships/barges overall during 2019. The primary driver of this decrease is within the heavy lift/project cargo category, which saw a 71% decrease. A decrease also occurred in the scrap metal, which saw a 44% decrease.



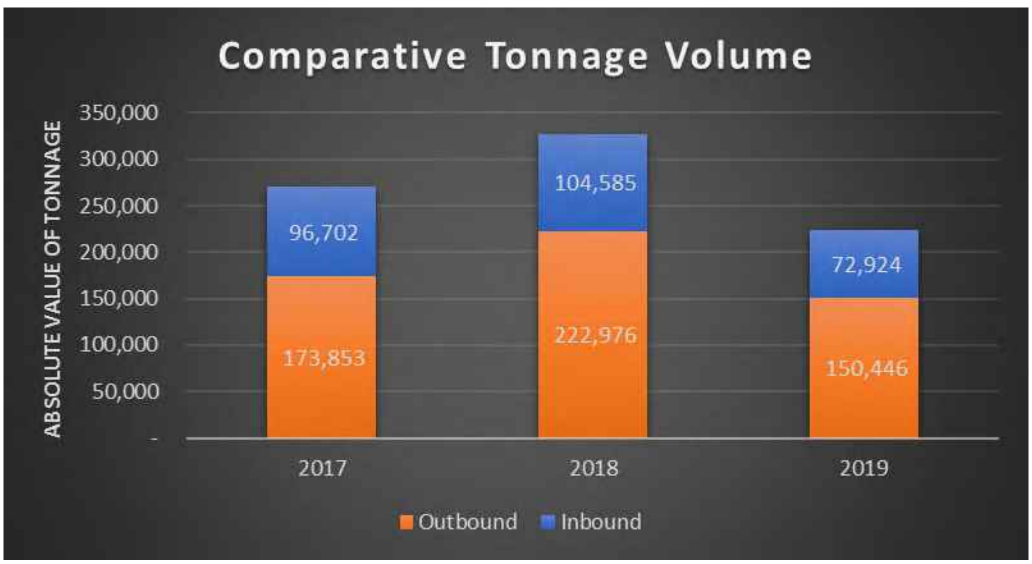
- Scrap metal remains the highest-volume commodity in terms of tonnage by a substantial margin. Scrap metal represents almost 65% of total tonnage for the year. Wood pulp which yields the second highest volume of tonnage (28% of total tonnage in 2019). On a per vessel basis, average tonnage for scrap metal was about 28,900 tons, which is an increase (roughly 23%) over 2018.

- Although heavy lift/project cargo represents a relatively modest amount of total 2019 tonnage (approximately 3% or 6,215 tons), almost 50% of all cargo-carrying ship and barge calls in 2019 fell into this category.

- The number of longshore hours worked is one of the Port's key indicators and is discussed in detail with the Board of Commissioners on a monthly basis. This metric is important as it demonstrates the economic value and job opportunities created by the Port's activity. In 2019 labor hours were down due to a variety of national and international factors, including decline in project cargo. The Port is expecting increased hours in 2020 based on project tracking and is working to add and diversify business and customer opportunities.



The monthly average longshore hours worked fell from a five-year average of 5,516 to 2,506 in 2019.



- Overall tonnage has decreased from 2018 by 32%. This decrease is consisted with the trends seen in Longshore hours and the number of ships and barges.
- The year-over-year inbound tonnage decrease is 30%. Outbound tonnage decreased by 72,000 tons or 33%. These decreases in tonnage occurred across all commodities.

ALBANY PORT DISTRICT COMMISSION
Management's Discussion and Analysis

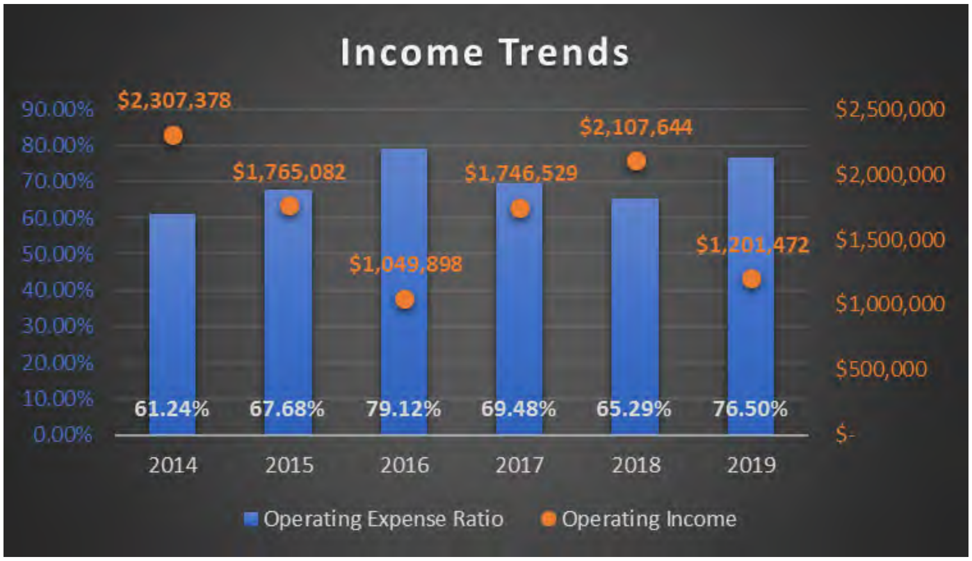
FINANCIAL OPERATIONS HIGHLIGHTS

A condensed summary of revenues and expenses for the years ended December 31, 2019 and 2018 is shown below.

	2019	2018
OPERATING REVENUES		
Property and equipment rentals	$ 3,652,320	$ 3,696,220
Maritime-related	905,921	1,644,058
Security	370,103	550,843
Other operating revenues	185,477	181,309
Total operating revenues	5,113,821	6,072,430
OPERATING EXPENSES		
Payroll and related expenses	2,228,915	2,497,721
Maintenance and material handling	755,887	666,165
Professional services	537,228	470,579
Other operating expenses	390,319	330,321
Total operating expenses	3,912,349	3,964,786
OPERATING INCOME	1,201,472	2,107,644
Depreciation and other items	(2,737,323)	(2,466,285)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	(1,535,851)	(358,641)
Capital grant funding	1,606,697	14,437,332
INCREASE IN NET POSITION	70,846	14,078,691
Total net position, beginning of year, unadjusted	63,388,541	51,333,124
Prior period adjustment (Note 2)	-	(2,023,274)
Total net position, beginning of year, adjusted	63,388,541	49,309,850
Total net position, end of year	$ 63,459,387	$ 63,388,541

Income generated from operations has decreased by $906,000 (43%) over 2018. This decrease is primarily attributable to the decrease in Maritime Revenue. The decline is a national trend that the ADPC and their partners are strategizing to mitigate. The Port is expecting a moderate improvement in Maritime Revenue in 2020 and is working to make further improvements for the following years.

Attachment: APDC Application Audited Financial Statements (8165 : Port Application)



Operating Revenue decreased by $959,000 or 16% from 2018. Non maritime-related revenue saw a change compared to 2018; decreasing by 5%. This decrease was primarily in Security revenue, which is driven by Maritime activity. Maritime-related revenue decreased significantly, at 45% ($738,000).

- Dockage Fees are charged for vessels that are utilizing berths and are based upon either the length or net registered tonnage ("NRT") of the vessel. Overall, revenue derived from this category decreased by $254,000 or 53%. Most of this decrease was driven by decreased activity within the heavy lift/project cargo category.

- Revenue derived from wharfage also decreased significantly in 2019; by $243,000 or 37%. The decrease in driven by the volume of ship/barge traffic.

- Revenue generated from utilization of the APDC's two Liebherr mobile harbor cranes decreased *70*% ($279,000) as compared to 2018. The revenue decrease reflects hours of use by FMT for maritime terminal operations.

Operating expenses in 2019 overall remained virtually flat from 2018 (decrease was less than 1%). This continues a trend from 2016 as operating expenses are contained while significant capital improvements are undertaken.

- Payroll and related expenses have decreased by 11% or $269,000 from 2018. Overall salary expense decreased by $199,000 in 2019; this decrease is a combination of vacancies, retirements, and new hires. Additionally, employee benefits decreased by 16% ($99,000). APDC's share of employee retirement contributions increase by just under $29,000 (15%).

- Professional services increased overall by 14% ($67,000) from 2018. Premiums for property and liability insurance coverage increased by $22,000. Also adding to this increase were a $8,000 increase in various professional fees paid and $37,000 in additional consultant expenses.

- Maintenance and material handling increased by 13% or $90,000 from 2018. This increase is primarily related to parts and repairs related to one of the Port's mobile harbor cranes increased by $156,000 offset by a decrease in the use of equipment rental in 2019.
- Other operating expenses increased by 18% ($60,000). This increase is due to a one time property tax payment for the newly acquired land in Bethlehem ($24,000) and bad debt expense ($23,000) for items aged over four years.

A condensed summary of APDC's net position at December 31, 2017, 2018, and 2019 is shown below:

Total net position has increased by over $12 million (24%) from December 31, 2017 to December 31, 2019. The net position increase from December 31, 2018 to December 31, 2019 was $71,000.

	2017	2018	2019
Assets and Deferred Outflows of Resources			
Current and other assets	$ 12,715,759	$ 9,565,316	$ 5,371,917
Capital assets	48,953,855	68,506,233	70,195,131
Deferred outflows of resources	238,854	356,838	289,331
Total assets and deferred outflows of resources	$ 61,908,468	$ 78,428,387	$ 75,856,379
Liabilities			
Current liabilities	$ 2,666,962	$ 3,638,990	$ 2,560,657
Long-term liabilities	7,848,105	9,687,290	8,558,622
Deferred inflows of resources	60,277	1,713,566	1,277,713
Total liabilities and deferred inflows of resources	$ 10,575,344	$ 15,039,846	$ 12,396,992
Net Position			
Invested in capital assets, net of related debt	$ 43,254,662	$ 61,112,306	$ 63,989,643
Unrestricted	8,078,462	2,276,235	(530,256)
Total net position	$ 51,333,124	$ 63,388,541	$ 63,459,387

CURRENT KNOWN FACTS, DECISIONS OR CONDITIONS

- A $2.5 million sub-lease under the existing master lease with Bank of America was executed during November 2018. This sub-lease carries a seven-year term and a fixed rate of 4.09%. Certain APDC-owned equipment assets serve as collateral under the terms of the sub-lease.
- Construction was completed on the Big Lift Maritime Warehouse and full operations began during the second quarter of 2019.

During the year ended December 31, 2019 certain phases of the TIGER project were completed including:

- At the March 2019 Board of Commissioners meeting, authorization was provided for the execution of a contract with a consultant for construction engineering and design services related to the new 60,000 square foot warehouse within the maritime terminal and related terminal roadway improvements. Work under this engagement commenced during the first quarter of 2019.
- In 2020, a request for bids will be issued for construction services of the new 60,000 square foot warehouse within the existing maritime terminal.

- In November 2019 the second component of the TIGER project which includes reconstruction of 840 linear feet of wharf and construction of a new roll on roll off system was complete, under budget and ahead of schedule.

- In 2019, authorization was provided by the Board of Commissioners to expand the terminal operating agreement with FMT to add another approximately 7 acres to the marine terminal working area. The area expands the maritime operating area to include land where a former underutilized building was removed in late 2019. This overall activity increases maritime capacity at the Port of Albany.

Next phase of TIGER projects will continue:

- A request for bids will be issued in the first quarter of 2020 for construction services of the new 60,000 square foot warehouse within the existing maritime terminal. Work is expected to include the full span of 2020.

- In 2020 final design of both the reconstruction of Smith Blvd and the reconstruction of the marine terminal are expected to be complete in preparation of construction bid.

- In the first quarter of 2020, a feasibility review of the Port's oldest marine terminal building, Shed 1, will be conducted to see if repairs and upgrades could be made to accommodate increased timber and paper pulp cargo at the Port. This analysis will be conducted to consider repairs versus demolition of the structure.

- The APDC is currently negotiating a 15-year lease of an approximately 2-acre site adjacent to the wharf in the City of Rensselaer to an existing tenant. Previously this site had been used for APDC stevedoring purposes and was also leased to a bulk cargo handler for a short term.

- Federal and state funding opportunities will continue to be pursued to address not only existing infrastructure needs but also to develop new infrastructure in response to emerging trends within the maritime and transportation logistics industries.

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 financial condition. Questions concerning the information provided in this report may be addressed in writing to:

Albany Port District Commission
106 Smith Boulevard
Albany, NY 12202

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF NET POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	**$ 2,061,320**	$ 2,991,608
Investments	**1,497,240**	738,184
Accounts receivable	**364,866**	545,416
Grants receivable	**1,251,836**	5,045,828
Other current assets	**196,655**	244,280
Total current assets	**5,371,917**	9,565,316
NET PROPERTY AND EQUIPMENT	**70,195,131**	68,506,233
Total assets	**75,567,048**	78,071,549
DEFERRED OUTFLOWS OF RESOURCES	**289,331**	356,838
	$ 75,856,379	$ 78,428,387
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Current maturities of long-term debt	**$ 1,353,597**	$ 1,188,439
Deferred revenue	**51,547**	54,288
Accounts payable	**913,189**	1,792,703
Accrued expenses	**242,324**	603,560
Total current liabilities	**2,560,657**	3,638,990
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	**4,851,891**	6,205,488
Security deposits	**110,801**	116,111
OPEB obligation	**3,311,957**	3,236,517
Net pension liability	**283,973**	129,174
Total long-term liabilities	**8,558,622**	9,687,290
Total liabilities	**11,119,279**	13,326,280
DEFERRED INFLOWS OF RESOURCES	**1,277,713**	1,713,566
NET POSITION		
Net investment in capital assets	**63,989,643**	61,112,306
Unrestricted	**(530,256)**	2,276,235
Total net position	**63,459,387**	63,388,541
	$ 75,856,379	$ 78,428,387

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
Years ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Property rentals	**$ 3,529,295**	$ 3,294,070
Dockage fees	**226,797**	492,596
Wharfage fees	**411,647**	675,067
Stevedore fees	**267,477**	476,395
Crane/equipment rentals	**123,025**	402,150
Security fees	**370,103**	550,843
Storage and other services	**185,477**	181,309
Total operating revenues	**5,113,821**	6,072,430
OPERATING EXPENSES		
Payroll and related benefit costs	**2,228,915**	2,497,721
Maintenance expense	**373,737**	471,112
Material handling	**382,150**	195,053
Insurance	**234,689**	212,344
Professional and consulting fees	**302,539**	258,235
Other operating expenses	**390,319**	330,321
Total operating expenses	**3,912,349**	3,964,786
OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS	**1,201,472**	2,107,644
DEPRECIATION AND OTHER ITEMS		
Depreciation	**(2,124,235)**	(1,952,562)
Waterfront development costs	**(268,550)**	(270,648)
Municipal support agreement costs	**(157,466)**	(145,013)
Interest income	**27,202**	51,712
Interest expense	**(214,274)**	(149,774)
Net depreciation and other items	**(2,737,323)**	(2,466,285)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	**(1,535,851)**	(358,641)
Capital grant funding	**1,606,697**	14,437,332
CHANGE IN NET POSITION	**70,846**	14,078,691
Total net position, beginning of the year, unadjusted	**63,388,541**	51,333,124
Prior period adjustment (Note 2)	**-**	(2,023,274)
Total net position, beginning of year, adjusted	**63,388,541**	49,309,850
Total net position, end of year	**$ 63,459,387**	$ 63,388,541

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rentals	**$ 3,696,982**	$ 3,670,331
Cash received for facility usage	**1,025,883**	1,361,127
Cash received from other services	**555,580**	732,152
Cash payments to employees and professionals	**(2,748,328)**	(2,738,684)
Cash payments for materials and maintenance	**(616,914)**	(610,743)
Cash payments for insurance	**(187,513)**	(243,153)
Cash payments for other expenses	**(382,438)**	(331,923)
Net cash provided by operating activities	**1,343,252**	1,839,107
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash payments for municipal support agreement costs and waterfront development costs	**(426,016)**	(415,661)
Net cash used in noncapital financing activities	**(426,016)**	(415,661)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash payments for capital assets	**(5,114,601)**	(20,926,712)
Cash received from capital grant funding	**5,400,689**	13,501,263
Interest expense	**(214,274)**	(151,413)
Cash received from long-term debt and other obligations	**-**	2,500,000
Cash payments on long-term debt and other obligations	**(1,188,439)**	(805,266)
Net cash used in capital and related financing activities	**(1,116,625)**	(5,882,128)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest	**28,157**	63,163
Cash paid for purchase of investments	**(1,486,183)**	(3,563,429)
Cash received from sale of investments	**727,127**	6,145,948
Net cash (used in) provided by investing activities	**(730,899)**	2,645,682
Net change in cash	**(930,288)**	(1,813,000)
Cash, beginning of year	**2,991,608**	4,804,608
Cash, end of year	**$ 2,061,320**	$ 2,991,608
RECONCILIATION OF OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income, before depreciation and other items	**$ 1,201,472**	$ 2,107,644
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in:		
Accounts receivable	**180,551**	(291,043)
Other assets	**46,670**	(29,415)
Accounts payable	**159,695**	(5,358)
Accrued expenses	**(104,288)**	92,033
Deferred revenue	**(2,741)**	(8,397)
OPEB obligation and net pension liability related accounts	**(138,107)**	(26,357)
Total adjustments	**141,780**	(268,537)
Net cash provided by operating activities	**$ 1,343,252**	$ 1,839,107

See notes to financial statements.

Attachment: APDC Application Audited Financial Statements (8165 : Port Application)

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, 2019 or 2018.

- *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.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued): The operations of the Commission are reported as a proprietary fund and, as such, are accounted for on a flow of economic resources measurement focus under the accrual basis of accounting. Within this measurement focus, all assets and liabilities associated with operations are included on the balance sheet with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

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

Investments: New York State statutes and guidelines, and the Commission's own investment policies, limit the investment of funds to obligations of the U.S. Government and its agencies, certificates of deposit, and obligations of the State of New York. This limitation effectively minimizes the Commission's investment related risk and returns. The Commission's investments, which are managed by an independent investment advisor, are stated in the statements of net position at fair 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 Federal and State 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 paid 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 an agreement with the City of Albany which provides payments for municipal support for certain costs and services provided by the municipality (see Note 11).

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

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

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

Subsequent Events: For purposes of preparing the financial statements, the Commission has considered events through March 25, 2020, the date the financial statements were available to be issued.

Reclassifications: Certain 2018 financial statement line items have been reclassified to conform with the current year's presentation.

Change in Accounting Principle: Effective January 1, 2018, the Commission adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement also requires various note disclosures.

Effective January 1, 2018, the Commission also adopted GASB Statement No. 85, *Omnibus 2017*, which amends certain requirements of GASB 75.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of adopting GASB 75, the 2018 beginning of year net position has been adjusted as follows:

Net position, January 1, 2018, unadjusted	$ 51,333,124
Net OPEB liability	(2,023,274)
Net position, January 1, 2018, adjusted	$ 49,309,850

NOTE 3 — CASH AND CASH EQUIVALENTS

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

	2019		2018	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Deposit accounts	$ 2,061,320	$ 2,124,017	$ 2,991,608	$ 3,114,523

At December 31, 2019 and 2018, the Commission's cash and deposits were covered by FDIC insurance or otherwise collaterally secured through its principal financial institution, KeyBank.

NOTE 4 — INVESTMENTS

At December 31, 2019, investments, which are stated on the statements of net position at fair value, are comprised of U.S. Government agency obligations, as follows:

Investment Rate	Par Amount	Maturity	Fair Value	Adjusted Cost (a)
United States Treasury Bill (zero coupon)	$ 500,000	1/9/2020	$ 499,865	$ 496,249
United States Treasury Bill (zero coupon)	500,000	2/13/2020	499,135	495,306
United States Treasury Bill (zero coupon)	500,000	3/26/2020	498,240	494,628
	$ 1,500,000		$ 1,497,240	$ 1,486,183

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4 — INVESTMENTS (Continued)

At December 31, 2018, investments, which are stated on the statements of net position at fair value, were comprised of U.S. Government agency obligations, as follows:

Investment Rate	Par Amount	Maturity	Fair Value	Adjusted Cost (a)
Federal National Mortgage Assn Note (1.25%)	$ 220,000	2/26/2019	$ 219,598	$ 218,537
United States Treasury Bill (zero coupon)	260,000	2/21/2019	259,147	257,812
United States Treasury Bill (zero coupon)	263,000	7/18/2019	259,439	258,234
	$ 743,000		$ 738,184	$ 734,583

(a) The adjusted cost basis reflects any cumulative original issue discount, premium, or acquisition premium (including any year-to-date amount). The amounts were amortized or accrued from the acquisition date through the disposition date. Premium amortization was calculated using the yield-to-maturity method. Acquisition premium was calculated using the ratable accrual method. Any market discount accretion for this position was calculated using the straight-line method and, if applicable, recognized upon disposition.

Investments and Fair Value Measurements

Investments are carried at fair value on a recurring basis, based on current market prices. GASB No. 72, *Fair Value Measurement and Application*, establishes the fair value hierarchy, defines the requirements on how fair value should be measured and which assets should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2019 and 2018, all investments measured at fair value were considered Level 1 investments under the fair value hierarchy.

NOTE 5 — PROPERTY AND EQUIPMENT

At December 31, 2019 property and equipment is comprised of the following:

	December 31 2018	Additions	Deletions	December 31 2019
Port marine facilities	$ 102,451,690	$ 26,681,339	$ -	$ 129,133,029
Transportation, equipment and furniture	1,484,088	130,792	162,765	1,452,115
Construction in process	24,341,267	3,651,966	26,650,964	1,342,269
Total	128,277,045	30,464,097	26,813,729	131,927,413
Less accumulated depreciation	59,770,812	2,124,235	162,765	61,732,282
Net property and equipment	$ 68,506,233	$ 28,339,862	$ 26,650,964	$ 70,195,131

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 5 — PROPERTY AND EQUIPMENT (Continued)

At December 31, 2018 property and equipment is comprised of the following:

	December 31 2017	Additions	Deletions	December 31 2018
Port marine facilities	$ 96,819,089	$ 5,632,601	$ -	$ 102,451,690
Transportation, equipment and furniture	1,494,225	37,114	47,251	1,484,088
Construction in process	8,506,042	15,835,225	-	24,341,267
Total	106,819,356	21,504,940	47,251	128,277,045
Less accumulated depreciation	57,865,501	1,952,562	47,251	59,770,812
Net property and equipment	$ 48,953,855	$ 19,552,378	$ -	$ 68,506,233

Depreciation expense was $2,124,235 and $1,952,562 for the years ended December 31, 2019 and 2018, respectively.

NOTE 6 — LONG-TERM DEBT

Long-term debt is comprised of the following:

	December 31 2018	Debt Issued	Debt Payments	December 31 2019
Bank of America master lease obligation	$ 7,393,927	$ -	$ 1,188,439	$ 6,205,488
Less current maturities	1,188,439			1,353,597
	$ 6,205,488			$ 4,851,891

The Commission is a party to a master lease agreement with Bank of America. In June 2014, under the first draw of the agreement, the Commission borrowed $3,000,000 to retire another Commission obligation and to acquire certain Port related facility equipment. This agreement requires monthly payments of approximately $41,000, including interest at approximately 2.1%, with final maturity in June 2021.

In November 2017, under the second draw, of the agreement, the Commission borrowed $4,000,000 to fund certain construction projects. This agreement required interest only payments of approximately $9,100 per month through May 2018 and, beginning in June 2018, monthly payments of approximately $52,300, including interest at approximately 2.7%, with final maturity in May 2025.

In November 2018, under the third draw of the agreement, the Commission borrowed $2,500,000 to fund certain current construction projects. This agreement required interest only payments of approximately $8,500 per month through May 2019 and, beginning in June 2019, monthly payments of approximately $34,300, including interest at approximately 4.1%, with final maturity in May 2026.

The Bank of America master lease obligation is collateralized by certain Commission assets.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 6 — LONG-TERM DEBT (Continued)

At December 31, 2019, long-term debt maturities were comprised of the following:

Year Ending	Principal	Interest	Total
2020	$ 1,353,597	$ 178,737	$ 1,532,334
2021	1,144,978	140,975	1,285,953
2022	929,659	109,911	1,039,570
2023	960,228	79,343	1,039,571
2024	991,843	47,726	1,039,569
thereafter	825,183	19,268	844,451
	$ 6,205,488	$ 575,960	$ 6,781,448

Interest expense was $214,274 and $149,774 for 2019 and 2018, 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 2019, these rates ranged from 9.3% - 19.6% for the Commission’s active employees. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

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

At December 31, 2019, the Commission reported a liability of $283,973 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2019, and the total pension liability was determined by an actuarial valuation as of April 1, 2018, with updated procedures used to roll forward the total pension liability to March 31, 2019. 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, 2019 measurement date, the Commission's proportion was 0.0040079%.

At December 31, 2018, the Commission reported a liability of $129,174 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2018, and the total pension liability was determined by an actuarial valuation as of April 1, 2017, with updated procedures used to roll forward the total pension liability to March 31, 2018. 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, 2018 measurement date, the Commission's proportion was 0.0040024%.

For the year ended December 31, 2019, the Commission recognized net pension expense of $205,730 from ERS and reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 55,920	$ 19,063
Changes in assumptions	71,379	-
Net difference between projected and actual earnings on pension plan investments	-	72,883
Changes in proportion and differences between Commission contributions and proportionate share of contributions	26,975	3,442
Commission contributions subsequent to measurement date	-	-
	$ 154,274	$ 95,388

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, 2018, the Commission recognized net pension expense of $173,719 from ERS and reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 46,072	$ 38,072
Changes in assumptions	85,653	-
Net difference between projected and actual earnings on pension plan investments	187,615	370,334
Changes in proportion and differences between Commission contributions and proportionate share of contributions	37,498	5,163
Commission contributions subsequent to measurement date	-	-
	$ 356,838	$ 413,569

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

Years Ending March 31,	Net Deferred Outflows and Inflows of Resources
2020	$ 68,715
2021	(50,212)
2022	138
2023	40,245
	$ 58,886

Actuarial Assumptions

For ERS, the actuarial assumptions used in the April 1, 2018 valuation, with update procedures used to roll forward the total pension liability to March 31, 2019, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%

Salary increases – 4.2%

Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation

Mortality – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014

Discount rate – 7.0%

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the April 1, 2017 valuation, with update procedures to roll forward the total pension liability to March 31, 2018, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%

Salary increases – 3.8%

Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation

Mortality – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014

Discount rate – 7.0%

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 the 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	36%	4.55%
International equities	14%	6.35%
Private equities	10%	7.50%
Real estate	10%	5.55%
Absolute return strategies	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real assets	3%	5.29%
Bonds and mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-Indexed bonds	4%	1.25%
	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.

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

Discount Rate (Continued)

The following table presents the Commission's proportionate share of its net pension liability calculated using the discount rate of 7.0% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	7.0%	1.0% Increase
Commission's proportionate share of the ERS net pension liability (asset)	$ 1,241,574	$ 283,973	$ (520,480)

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 uses GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) to recognize the total OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense, and information about and changes in the total OPEB liability.

Plan Description and Funding Policy

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.

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.

Employees Covered by Benefit Terms

At January 1, 2018, the actuarial valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	15
	21

Total OPEB Liability

At December 31, 2019 and 2018, the Commission reported a liability of $3,311,957 and $3,236,517, respectively. The total OPEB liability as of December 31, 2019 was measured as of January 1, 2019 and was determined by an actuarial valuation as of January 1, 2018. The total OPEB liability as of December 31, 2018 was measured as of January 1, 2018 and was determined by an actuarial valuation as of January 1, 2018.

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

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 total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate used in January 1, 2019 measurement – 4.09%

Discount rate used in January 1, 2018 measurement – 3.44%

Healthcare cost trend rates used in January 1, 2019 measurement – 7.00% for 2019 (decreasing to an ultimate rate of 5.00% by 2023)

Healthcare cost trend rates used in January 1, 2018 measurement – 7.50% for 2018 (decreasing to an ultimate rate of 5.00% by 2023)

The discount rate was based on the Bond Buyer General Obligation 20-year municipal bond index.

Mortality rates were based on the Society of Actuaries' RP-2014 mortality tables with adjustments for mortality improvements based on MP-2014 scales.

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Beginning balance	$ 3,236,517
Changes for the year:	
Service cost	97,120
Interest	110,729
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	(132,409)
Net changes	75,440
Ending balance	$ 3,311,957

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1.0% Decrease	Discount Rate	1.0% Increase
Total OPEB Liability	$ 3,895,645	$ 3,311,957	$ 2,861,979

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1.0% Decrease	Discount Rate	1.0% Increase
Total OPEB Liability	$ 2,866,605	$ 3,311,957	$ 3,876,197

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019 and 2018, the Commission recognized OPEB expense of $90,177 and $88,773. At December 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 684,070
Changes of assumptions or other inputs	-	498,254
Expected benefit payments subsequent to the measurement date	135,057	-
Total	$ 135,057	$1,182,324

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 752,153
Changes of assumptions or other inputs	-	547,844
Expected benefit payments subsequent to the measurement date	-	-
Total	$ -	$1,299,997

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended December 31	Deferred Inflows of Resources
2019	$ (117,672)
2020	(117,672)
2021	(117,672)
2022	(117,672)
2023	(117,672)
Thereafter	(593,964)
	$ (1,182,324)

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, 2019 were as follows:

2020	$ 3,162,000
2021	2,920,000
2022	2,680,000
2023	1,934,000
2024	1,934,000
Thereafter	11,148,000
	$ 23,778,000

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 10 — WATERFRONT DEVELOPMENT COSTS

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 1.098%, 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 $210,000 in 2020 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
2020	$ 210,000
2021	220,000
2022	225,000
2023	240,000
2024	255,000
	$ 1,150,000

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 2019 and 2018, the Commission's total lease cost, project improvement cost, and other operating expenses related to the waterfront development project approximated $269,000 and $271,000, respectively. These costs are included in the Commission's statements of revenues and expenses.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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

In 2018, the Commission entered into Memorandums of Understanding (MoU) with the City of Albany under which the Commission is required to fund annualized municipal support to the City through December 31, 2021. The 2019 and 2018 expense associated with the MoU, in the amount of approximately $157,000 and $145,000, respectively, is included in the statements of revenues and expenses. The expense for the municipal support for the remaining term of this agreement has not been determined, but is based on the assessed value of the Commission owned tax-exempt property as determined by the annual assessment roll of the City of Albany.

Federal and State Grants

The Commission is currently undertaking a series of projects to finalize maritime infrastructure improvements which will enhance the Port's heavy lift and project cargo handling capabilities. The total projects are estimated to cost approximately $45,950,000. As part of the project, the Commission has secured federal grant funding of approximately $17,630,000 and state grant funding of approximately $19,000,000. Federal grant revenue of approximately $1,350,000 was earned in 2019 (approximately $2,645,000 in 2018). State grant revenue of approximately $11,792,000 was in earned in 2018 (none in 2019). These grant revenues are included in capital grant funding in the statements of revenues and expenses and changes in net position. The projects are expected to be completed in 2023.

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.

NOTE 12 — RISKS AND UNCERTAINTIES

Global and domestic responses to the coronavirus disease (COVID-19) outbreak continue to rapidly evolve. The initial effect, which centered around global financial markets, has since spread to all businesses. Management is monitoring the spread of COVID-19, however at this time has not observed significant impact on our critical business or our tenants. As the situation continues to unfold, management will need to find ways to continue to address the disruption of business operations that has resulted or will result from the virus' spread. The spread of COVID-19 may result in our employees being forced to work from home or missing work if they or a member of their family contract COVID-19. At this point, the extent to which COVID-19 will impact our business is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM

As of the measurement date of March 31,	2019	2018	2017	2016	2015
Commission's proportion of the net pension liability	0.0040079%	0.0040024%	0.003742%	0.0039534%	0.0037280%
Commission's proportionate share of the net pension liability	$ 283,973	$ 129,174	$ 351,607	$ 634,538	$ 125,953
Commission's covered-employee payroll	$ 1,015,123	$ 1,024,804	$ 997,333	$ 1,000,106	$ 1,018,736
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.97%	12.60%	35.25%	63.45%	12.36%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%

Data prior to 2015 is unavailable.

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF COMMISSION CONTRIBUTIONS
NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM

March 31,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 166,548	$ 160,846	$ 157,484	$ 186,364	$ 234,306	$ 180,550	$ 151,392	$ 119,125	$ 111,408	$ 20,025
Contribution in relation to the contractually required contribution	(166,548)	(160,846)	(157,484)	(186,364)	(234,306)	(180,550)	(151,392)	(119,125)	(111,408)	(20,025)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commission's covered-employee payroll	$ 1,015,123	$ 1,024,804	$ 997,333	$ 1,000,106	$ 1,018,736	$ 861,386	$ 726,234	$ 711,985	$ 739,670	$ 544,045
Contributions as a percentage of covered-employee payroll	16.41%	15.70%	15.79%	18.63%	23.00%	20.96%	20.85%	16.73%	15.06%	3.68%

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF CHANGES IN THE COMMISSION'S TOTAL OPEB LIABILITY

	2019	2018
Total OPEB liability		
Service cost	$ 97,120	$ 92,495
Interest	110,729	113,950
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(820,236)
Change of assumptions or other inputs	-	(597,433)
Benefit payments	(132,409)	(128,005)
Net change in total OPEB liability	75,440	(1,339,229)
Total OPEB liability - beginning	3,236,517	4,575,746
Total OPEB liability - ending	$ 3,311,957	$ 3,236,517

Notes to Schedule:

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 8 to the financial statements.

OTHER INFORMATION

ALBANY PORT DISTRICT COMMISSION
SCHEDULES OF PAYROLL AND RELATED COSTS AND OTHER OPERATING EXPENSES
Years ended December 31, 2019 and 2018

	2019	2018
PAYROLL AND RELATED COSTS		
Administrative	**$ 892,564**	$ 957,360
Maintenance crews and supervisor	**406,018**	424,872
Security	**340,336**	422,374
Pension and other benefit costs	**373,426**	472,033
OPEB expense	**90,177**	88,773
Payroll taxes	**126,394**	132,309
Total payroll and related costs	**$ 2,228,915**	$ 2,497,721
OTHER OPERATING EXPENSES		
Security	**$ 43,093**	$ 22,540
Utilities	**34,089**	32,697
City water	**6,206**	8,812
Advertising and promotion	**35,826**	46,813
Office supplies and expenses	**66,499**	71,570
Equipment operating expense	**18,871**	27,446
Property taxes	**23,991**	-
Bad debt	**22,565**	-
Other expenses	**139,179**	120,443
Total other operating expenses	**$ 390,319**	$ 330,321

UHY LLP
Certified Public Accountants

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, 2019, and have issued our report thereon dated March 25, 2020.

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.*

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Albany, New York
March 25, 2020

UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Commissioners
Albany Port District Commission

Report on Compliance for Each Major Federal Program

We have audited Albany Port District Commission's ("the Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2019. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Commission's compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

UHY LLP Certified Public Accountants

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

UHY LLP

Albany, New York
March 25, 2020

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2019

Federal Grantor Program Title	Grant Number	Catalog of Federal Domestic Assistance Number	Program Award Amount	2019 Expenditures
U.S. Department of Transportation				
Direct Programs:				
National Infrastructure Investments Program	DTMA91G1600008	20.933	17,629,800	$ 1,350,391
Total Expenditures of Federal Awards				$ 1,350,391

See notes to Schedule of Federal Awards.

ALBANY PORT DISTRICT COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2019

NOTE 1 — BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Albany Port District Commission, an entity as defined in the basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 — BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 — INDIRECT COST RATES

The Albany Port District Commission has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2019

Section I – Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

• Material weaknesses identified?	______ Yes	__X__ No
• Significant deficiencies identified?	______ Yes	__X__ None Reported
Noncompliance material to financial statements noted?	______ Yes	__X__ No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	______ Yes	__X__ No
• Significant deficiency(ies) identified?	______ Yes	__X__ None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____ Yes	__X__ No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
20.933	National Infrastructure Investments Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	__X__ Yes	_____ No

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – Status of Prior Year Findings

None reported.

ALBANY PORT DISTRICT COMMISSION

PORT OF ALBANY

SINGLE AUDIT REPORT

December 31, 2020

UHY LLP
Certified Public Accountants

ALBANY PORT DISTRICT COMMISSION

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Albany Port District Commission

We have audited the accompanying financial statements of Albany Port District Commission (the "Commission") (a component reporting unit of the City of Albany) as of and for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, 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.

UHY LLP Certified Public Accountants

Other Matters

Required Supplementary Information: Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and other required supplementary information on pages 29 through 31 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The Schedules of Payroll and Related Costs and Other Operating Expenses and the schedule of expenditures of federal awards 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 March 24, 2021 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
March 24, 2021

ALBANY PORT DISTRICT COMMISSION
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" or the "Port") is offered as an introduction and overview of the financial statements of APDC for the fiscal year ended December 31, 2020, with comparative data for the fiscal year ended December 31, 2019. 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 review 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 the APDC's financial position and performance. Additionally, 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 400 acres within three 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"). Additionally, upon achieving certain gross revenue thresholds, FMT is also obligated to pay a 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, driving 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 a global economic and industry influence.

INFRASTRUCTURE INVESTMENT

The guiding principle for Port infrastructure investment is to create an environment which enhances supply chain performance and promotes the efficient movement of cargo between the Port and customer markets. Significant resources are allocated by the APDC to develop projects, identify funding opportunities, and perform grant administration related to infrastructure investments. These investments will assist in retaining and attracting customers as the Port develops into a regional logistics hub.

As previously reported, the Port has engaged in a multi-year, multi-project initiative to ensure the Port's capacity is aligned with anticipated market demand. Upon completion in 2023, this initiative will have created over $40 million in mission-critical capital improvements. Nearly $18 million of funding for this work is through the Transportation Investment Generating Economic Recovery ("TIGER") program. This program, administered by the United States Department of Transportation ("USDOT"), will provide funding to support strategic maritime terminal improvements. Grants totaling $19 million from New York State have funded new and replacement infrastructure. During 2020 the capital investment related to new/replacement Port infrastructure was approximately $5.8 million. Of this amount, 64% was funded from Federal sources.

Beginning in 2017 and continuing into 2020, projects have been undertaken to grow the Port's maritime storage and transportation capacity for manufactured products. Demonstrating the inter-relationship between maritime activity and upland development, these projects will result in new assets both within the maritime terminal and on underutilized land adjacent to the terminal. The Port has leveraged these projects to establish a competitive advantage to pursue business and cargo capture.

The construction of a 60,000 square foot maritime warehouse at the southern portion of the upland terminal area began in 2020 and was completed in the first quarter of 2021. The location of the new building is adjacent to the new roll on roll off ramp ("ro-ro") and wharf area, which was completed in late 2019. This additional warehouse space will be a major upgrade for the Port of Albany and will increase cargo handling and storage capacity that will be absorbed by other big lift / special cargo handling areas. The intention with the new construction is to increase storage and handling capacity in covered space with a floor capacity of 1,000 pounds per square foot and with modern style column span spacing with the intent to have as much clear span as possible.

Adjacent to this area, the Port created an expanded outdoor maritime laydown and cargo handling area where a former underutilized and deteriorated vacant building was demolished. This area was cleared, improved, and securely fenced in 2020 – enabling a nearly 25% larger FMT maritime operating area adjacent to the newly reconstructed wharf and ro-ro.

LEASING AND DISPOSITION

A 15-year lease of an approximately 2-acre site adjacent to the wharf in the City of Rensselaer to an existing tenant was executed in 2020. Previously this site had been used for APDC stevedoring purposes and was also leased to a bulk cargo handler for a short-term project. The APDC Board of Commissioners had authorized this lease in 2019, intended to expand the current operating area for a long-term existing tenant business facility.

The APDC Board of Commissioners had authorized in 2019 the sale of an approximately 9-acre site exterior to the south entrance to the Port of Albany. The property was not serving mission centered activity and was approved for sale at market value. The sale of this property closed in October 2020 and the Port realized approximately a $1 million gain on the transaction.

The APDC Board had authorized in 2019 an expansion to the FMT operating agreement to include an additional 25% of marine terminal operating area. This includes area that was improved with TIGER and state funding support and will be put into active use. The area was cleared, fenced, and put into service in the third quarter of 2020.

In 2019, the Port team negotiated with NYS OGS for renewal of the DEC field office lease, including approximately 26,000 square feet of admin, lab, and garage space plus parking. The agreement had been accepted by NYS OGS and was executed in October 2020. The Port is working with NYS OGS to make the updates outlined in the lease agreement. It is expected these updates will be completed in the second quarter of 2021.

EXPANSION

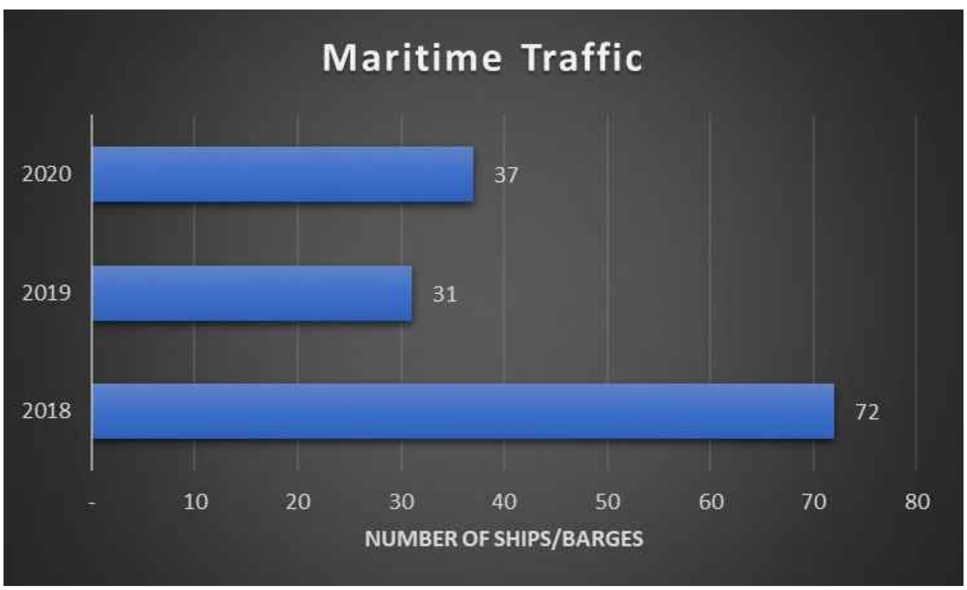
In 1932, President (then Governor of New York) Franklin Delano Roosevelt presided over the Port's dedication ceremony and highlighted the colossal engineering feat that established the Port. At that time, it could not have been known that nearly 85 years later, the APDC Board of Commissioners would guide the Port through a land acquisition that will result in the first significant physical expansion of the Port.

At the end of 2018 APDC closed on the $5.25 million purchase of an 80-acre site adjacent to the Port's southeastern border in the town of Bethlehem. This acquisition has increased the size of the Port by 25% to nearly 400 acres. To fund this purchase, the Port utilized a portion of the investment portfolio and executed an additional $2.5 million sub-lease under an existing master lease with Bank of America.

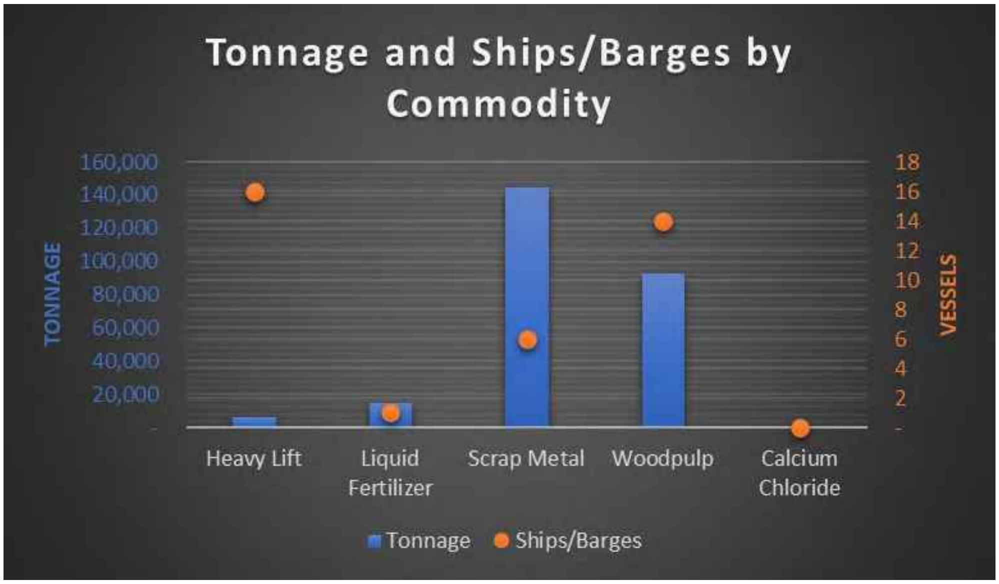
In 2020, the Port completed the SEQRA and GEIS process with the Town of Bethlehem and received approval in May 2020. In the summer of 2020, the Port joined forces with Offshore Wind Industry developers to compete for the NYSERDA second round procurement and Port Infrastructure Investment Program. The Port of Albany was selected, together with Equinor and Marmen Welcon to develop the first of its kind wind tower manufacturing facility in the United States. Pre-development activities, including design engineering and specific site plan permitting applications will be done in 2021 with plans for major construction activity in 2022 and 2023. The Port expansion site will host over 600,000 square feet of production facilities and a high capacity – heavy lift custom designed maritime operation. The partnership will also utilize at least 14 acres in the Port's existing district for supply activities which is expected to generate rail and maritime activity.

In the first quarter of 2021, the ADPC Board of Commissioners will execute contracts for engineering and design for the next level of civil, infrastructure and structural engineering to fulfill the expansion site plans. The APDC team's aggressive pursuit of partners has resulted in world class industry partners and the team will continue to pursue related industry economic development opportunities.

<u>MARITIME-RELATED ACTIVITY</u>

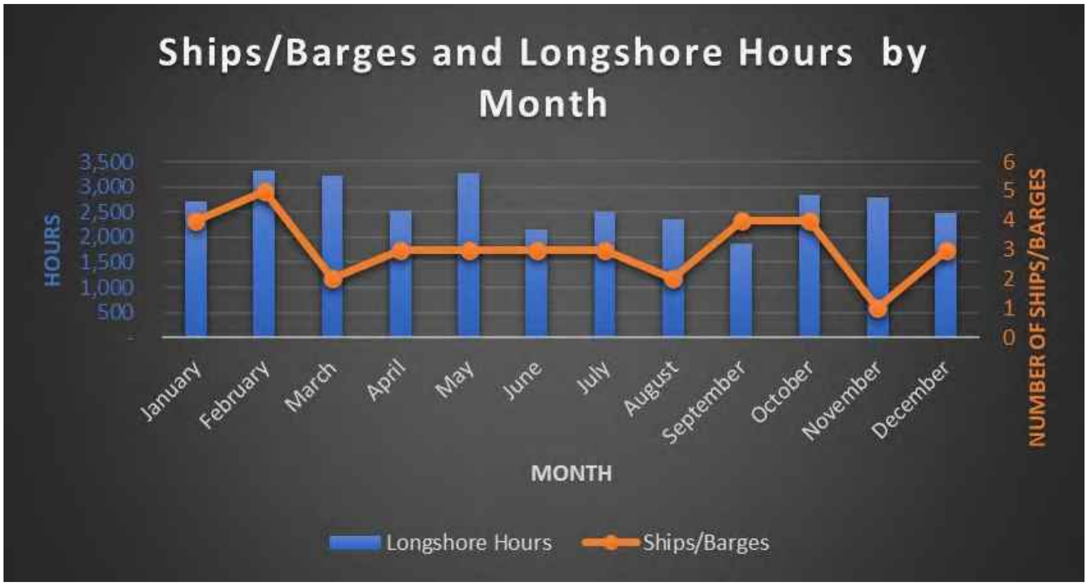


- As compared to 2019, calls to the Port increased by 6 ships/barges overall during 2020. The primary driver of this increase is within the Wood pulp category, which saw a 40% increase. An increase also occurred in the scrap metal, which saw a 20% increase in vessels.

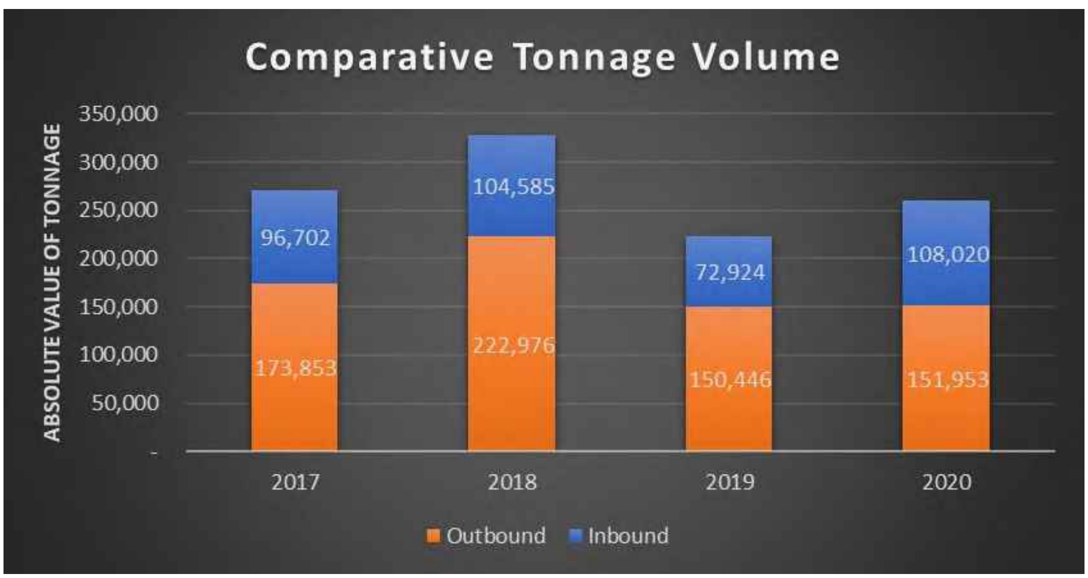


- Scrap metal remains the highest-volume commodity in terms of tonnage by a substantial margin. Scrap metal represents 56% of total tonnage for the year. On a per vessel basis, average tonnage for scrap metal was about 25,000 tons.
- Wood pulp continues to yield the second highest volume of tonnage (36% of total tonnage in 2020, up from 28% in 2019).
- Although heavy lift/project cargo represents a relatively modest amount of total 2020 tonnage, 43% of all cargo-carrying ship and barge calls in 2020 fell into this category.

- The number of longshore hours worked is one of the Port's key indicators and is discussed in detail with the Board of Commissioners monthly. This metric is important as it demonstrates the economic value and job opportunities created by the Port's maritime activity. The Port saw an increase of labor hours in 2020 due to its project tracking and efforts to diversify business and customer opportunities in an effort to offset a decline in project cargo.



The monthly average longshore hours increased to 2,668 in 2020, which is a slight increase from 2,506 in 2019.



- Overall tonnage has increased from 2019 by 15%. This increase is consistent with the trends seen in Longshore hours and the number of ships and barges.

- The year-over-year inbound tonnage increase is 30%. This increase in tonnage occurred in Wood Pulp and Molasses/ Fertilizer. Outbound tonnage remained the same

ALBANY PORT DISTRICT COMMISSION
Management's Discussion and Analysis

FINANCIAL OPERATIONS HIGHLIGHTS

A condensed summary of revenues and expenses for the years ended December 31, 2020 and 2019 is shown below.

	2020	2019
OPERATING REVENUES		
Property and equipment rentals	$ 3,670,855	$ 3,652,320
Maritime-related	950,613	905,921
Security	372,218	370,103
Other operating revenues	173,278	185,477
Total operating revenues	5,166,964	5,113,821
OPERATING EXPENSES		
Payroll and related expenses	2,531,458	2,228,915
Maintenance and material handling	448,642	755,887
Professional services	445,196	537,228
Other operating expenses	222,477	390,319
Total operating expenses	3,647,773	3,912,349
OPERATING INCOME	1,519,191	1,201,472
Depreciation and other items	(2,188,743)	(2,737,323)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	(669,552)	(1,535,851)
Capital grant funding	4,339,705	1,606,697
INCREASE IN NET POSITION	3,670,153	70,846
Total net position, beginning of year	63,459,387	63,388,541
Total net position, end of year	$ 67,129,540	$ 63,459,387

Income generated from operations has increased by approximately $318,000 (26%) over 2019. This increase is primarily attributable to the decrease in operating expenses. Additionally, the Port was able to maintain overall operating revenue at approximately $5.1 million. The Port saw a moderate improvement in Maritime Revenue in 2020 ($45,000 or 5%) and is working to make further improvements for the following years.

ALBANY PORT DISTRICT COMMISSION
Management's Discussion and Analysis

Operating Revenue increased by approximately $53,000 or 10% from 2019. Non-maritime related revenue was consistent with the prior year. Maritime-related revenue increased slightly, by 5% ($45,000).

- Dockage Fees are charged for vessels that are utilizing berths and are based upon either the length or net registered tonnage ("NRT") of the vessel. Overall, revenue derived from this category increased by $34,000 or 15%.
- Revenue generated from utilization of the APDC's two Liebherr mobile harbor cranes increased 46% ($57,000) as compared to 2019. The revenue decrease reflects hours of use by FMT for maritime terminal operations.

Operating expenses in 2020 saw a decrease from 2019 of approximately $265,000 or 7%. This continues the trend from 2016 as operating expenses are contained while significant capital improvements are undertaken.

- Payroll and related expenses have increased by 14% or $303,000 from 2019. Overall salary expense decreased slightly ($9,000) in 2020. Employee benefits have increased $312,000 primarily due to adjustments made for pension and other post-employment benefit liabilities activity. These adjustments were approximately $202,000 and $27,000, respectively.
- Professional services decreased overall by 32% ($97,000) from 2019. This decrease is from a decreased use of outside consultants in 2020.
- Maintenance and material handling decreased by 41% or $307,000 from 2019. This decrease is primarily related to parts and repairs related to one of the Port's mobile harbor cranes in 2019, which totaled $286,000 compared to 2020 crane repairs of $24,000.
- Other operating expenses decreased by 43% ($168,000). This decrease is due to a one-time property tax payment for the newly acquired land in Bethlehem ($24,000) that was paid in 2019, a decrease in bad debt expense ($18,000), office supply decrease ($39,000) and a decrease in advertising ($18,000).

A condensed summary of APDC's net position at December 31, 2018, 2019, and 2020 is shown below:

The net position increase from December 31, 2019 to December 31, 2020 was $3.6 million.

	2018	2019	2020
Assets and Deferred Outflows of Resources			
Current and other assets	$ 9,565,316	$ 5,371,917	$ 4,006,246
Capital assets	68,506,233	70,195,131	75,562,834
Deferred outflows of resources	356,838	289,331	896,815
Total assets and deferred outflows of resources	$ 78,428,387	$ 75,856,379	$ 80,465,895
Liabilities			
Current liabilities	$ 3,638,990	$ 2,560,657	$ 3,885,925
Long-term liabilities	9,687,290	8,558,622	8,222,028
Deferred inflows of resources	1,713,566	1,277,713	1,228,402
Total liabilities and deferred inflows of resources	$ 15,039,846	$ 12,396,992	$ 13,336,355
Net Position			
Invested in capital assets, net of related debt	$ 61,112,306	$ 63,989,643	$ 70,710,943
Unrestricted	2,276,235	(530,256)	(3,581,403)
Total net position	$ 63,388,541	$ 63,459,387	$ 67,129,540

CURRENT KNOWN FACTS, DECISIONS OR CONDITIONS

- A $3 million sub-lease under the existing master lease with Bank of America was executed during February of 2021. This sub-lease carries a four-year term and a fixed rate of 1.76%. Certain APDC-owned equipment assets serve as collateral under the terms of the sub-lease.
- Construction was completed on the new 60,000 SF Maritime Warehouse and it will be in full operations during the second quarter of 2021.
- Pre-development activities, including design engineering and specific site plan permitting applications will be done in 2021 for the Port Expansion for the development of the first of its kind wind tower manufacturing facility together with Equinor and Marmen Welcon.

During the year ended December 31, 2020 certain phases of the TIGER project were completed including:

- In April 2020, a request for bids was issued for construction services of the new 60,000 square foot warehouse within the existing maritime terminal.
- The APDC Board of Commissioners approved the individual contracts for the construction of the new warehouse in May of 2020.
- Construction of the new 60,000 square foot warehouse began in June of 2020.

Next phase of TIGER projects will continue:

- Construction of the new 60,000 square foot warehouse within the existing maritime terminal concluded in the first quarter of 2021.
- In 2021 final design of both the reconstruction of Smith Blvd and the reconstruction of the marine terminal are expected to be complete in preparation of construction bid.
- The Port will finalize plans to make repairs and upgrades to the Port's oldest marine terminal building, Shed 1, to accommodate increased timber and paper pulp cargo at the Port. This is based on a feasibility review that was conducted in 2020 to consider repairs versus demolition of the structure.
- Federal and state funding opportunities will continue to be pursued to address not only existing infrastructure needs but also to develop new infrastructure in response to emerging trends within the maritime and transportation logistics industries.

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 financial condition. Questions concerning the information provided in this report may be addressed in writing to:

Albany Port District Commission
106 Smith Boulevard
Albany, NY 12202

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	**$ 919,559**	$ 2,061,320
Investments	**499,970**	1,497,240
Accounts receivable	**490,396**	364,866
Grants receivable	**2,045,672**	1,251,836
Other current assets	**50,649**	196,655
Total current assets	**4,006,246**	5,371,917
NET PROPERTY AND EQUIPMENT	**75,562,834**	70,195,131
Total assets	**79,569,080**	75,567,048
DEFERRED OUTFLOWS OF RESOURCES	**896,815**	289,331
	$ 80,465,895	$ 75,856,379
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Current maturities of long-term debt	**$ 1,144,978**	$ 1,353,597
Deferred revenue	**52,048**	51,547
Accounts payable	**830,856**	913,189
Accrued expenses	**1,858,043**	242,324
Total current liabilities	**3,885,925**	2,560,657
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	**3,706,913**	4,851,891
Security deposits	**108,201**	110,801
OPEB obligation	**3,249,549**	3,311,957
Net pension liability	**1,157,365**	283,973
Total long-term liabilities	**8,222,028**	8,558,622
Total liabilities	**12,107,953**	11,119,279
DEFERRED INFLOWS OF RESOURCES	**1,228,402**	1,277,713
NET POSITION		
Net investment in capital assets	**70,710,943**	63,989,643
Unrestricted	**(3,581,403)**	(530,256)
Total net position	**67,129,540**	63,459,387
	$ 80,465,895	$ 75,856,379

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
Years ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Property rentals	**$ 3,490,535**	$ 3,529,295
Dockage fees	**260,935**	226,797
Wharfage fees	**368,634**	411,647
Stevedore fees	**321,044**	267,477
Crane/equipment rentals	**180,320**	123,025
Security fees	**372,218**	370,103
Storage and other services	**173,278**	185,477
Total operating revenues	**5,166,964**	5,113,821
OPERATING EXPENSES		
Payroll and related benefit costs	**2,531,458**	2,228,915
Maintenance expense	**338,892**	373,737
Material handling	**109,750**	382,150
Insurance	**240,155**	234,689
Professional and consulting fees	**205,041**	302,539
Other operating expenses	**222,477**	390,319
Total operating expenses	**3,647,773**	3,912,349
OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS	**1,519,191**	1,201,472
DEPRECIATION AND OTHER ITEMS		
Depreciation	**(2,649,939)**	(2,124,235)
Gain on sale of property and equipment	**1,035,246**	-
Waterfront development costs	**(244,114)**	(268,550)
Municipal support agreement costs	**(159,616)**	(157,466)
Interest income	**7,378**	27,202
Interest expense	**(177,698)**	(214,274)
Net depreciation and other items	**(2,188,743)**	(2,737,323)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	**(669,552)**	(1,535,851)
Capital grant funding	**4,339,705**	1,606,697
CHANGE IN NET POSITION	**3,670,153**	70,846
Total net position, beginning of the year	**63,459,387**	63,388,541
Total net position, end of year	**$ 67,129,540**	$ 63,459,387

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rentals	**$ 3,670,956**	$ 3,696,982
Cash received for facility usage	**821,048**	1,025,883
Cash received from other services	**545,496**	555,580
Cash payments to employees and professionals	**(2,529,694)**	(2,748,328)
Cash payments for materials and maintenance	**(525,107)**	(616,914)
Cash payments for insurance	**(89,035)**	(187,513)
Cash payments for other expenses	**(220,642)**	(382,438)
Net cash provided by operating activities	**1,673,022**	1,343,252
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash payments for municipal support agreement costs and waterfront development costs	**(403,730)**	(426,016)
Net cash used in noncapital financing activities	**(403,730)**	(426,016)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash payments for capital assets	**(7,009,614)**	(5,114,601)
Cash received from sale of property and equipment	**1,579,339**	-
Cash received from capital grant funding	**3,545,869**	5,400,689
Interest expense	**(177,698)**	(214,274)
Cash payments on long-term debt and other obligations	**(1,353,597)**	(1,188,439)
Net cash used in capital and related financing activities	**(3,415,701)**	(1,116,625)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest	**7,378**	28,157
Cash paid for purchase of investments	**(2,013,919)**	(1,486,183)
Cash received from sale of investments	**3,011,189**	727,127
Net cash provided by (used in) investing activities	**1,004,648**	(730,899)
Net change in cash	**(1,141,761)**	(930,288)
Cash, beginning of year	**2,061,320**	2,991,608
Cash, end of year	**$ 919,559**	$ 2,061,320
RECONCILIATION OF OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income, before depreciation and other items	**$ 1,519,191**	$ 1,201,472
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in:		
Accounts receivable	**(125,530)**	180,551
Other assets	**146,006**	46,670
Accounts payable	**(72,406)**	159,695
Accrued expenses	**51,071**	(104,288)
Deferred revenue	**501**	(2,741)
OPEB obligation and net pension liability related accounts	**154,189**	(138,107)
Total adjustments	**153,831**	141,780
Net cash provided by operating activities	**$ 1,673,022**	$ 1,343,252

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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, 2020 or 2019.

- *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.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued): The operations of the Commission are reported as a proprietary fund and, as such, are accounted for on a flow of economic resources measurement focus under the accrual basis of accounting. Within this measurement focus, all assets and liabilities associated with operations are included on the balance sheet with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

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

Investments: New York State statutes and guidelines, and the Commission's own investment policies, limit the investment of funds to obligations of the U.S. Government and its agencies, certificates of deposit, and obligations of the State of New York. This limitation effectively minimizes the Commission's investment related risk and returns. The Commission's investments, which are managed by an independent investment advisor, are stated in the statements of net position at fair 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 Federal and State 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 paid 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.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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 an agreement with the City of Albany which provides payments for municipal support for certain costs and services provided by the municipality (see Note 11).

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

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

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

Subsequent Events: For purposes of preparing the financial statements, the Commission has considered events through March 24, 2021, the date the financial statements were available to be issued.

Reclassifications: Certain 2019 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 consist of the following at December 31:

	2020		2019	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Deposit accounts	$ 919,559	$ 967,294	$ 2,061,320	$ 2,124,017

At December 31, 2020 and 2019, the Commission's cash and deposits were covered by FDIC insurance or otherwise collaterally secured through its principal financial institution, KeyBank.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4 — INVESTMENTS

At December 31, 2020, investments, which are stated on the statements of net position at fair value, are comprised of U.S. Government agency obligations, as follows:

Investment Rate	Par Amount	Maturity	Fair Value	Adjusted Cost (a)
United States Treasury Bill (zero coupon)	$ 500,000	2/11/2021	$ 499,970	$ 499,818
	$ 500,000		$ 499,970	$ 499,818

At December 31, 2019, investments, which are stated on the statements of net position at fair value, were comprised of U.S. Government agency obligations, as follows:

Investment Rate	Par Amount	Maturity	Fair Value	Adjusted Cost (a)
United States Treasury Bill (zero coupon)	$ 500,000	1/9/2020	$ 499,865	$ 496,249
United States Treasury Bill (zero coupon)	500,000	2/13/2020	499,135	495,306
United States Treasury Bill (zero coupon)	500,000	3/26/2020	498,240	494,628
	$ 1,500,000		$ 1,497,240	$ 1,486,183

(a) The adjusted cost basis reflects any cumulative original issue discount, premium, or acquisition premium (including any year-to-date amount). The amounts were amortized or accrued from the acquisition date through the disposition date. Premium amortization was calculated using the yield-to-maturity method. Acquisition premium was calculated using the ratable accrual method. Any market discount accretion for this position was calculated using the straight-line method and, if applicable, recognized upon disposition.

Investments and Fair Value Measurements

Investments are carried at fair value on a recurring basis, based on current market prices. GASB No. 72, *Fair Value Measurement and Application*, establishes the fair value hierarchy, defines the requirements on how fair value should be measured and which assets should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2020 and 2019, all investments measured at fair value were considered Level 1 investments under the fair value hierarchy.

NOTE 5 — PROPERTY AND EQUIPMENT

At December 31, 2020 property and equipment is comprised of the following:

	December 31 2019	Additions	Deletions	December 31 2020
Port marine facilities	$ 129,133,029	$ 91,567	$ 884,808	$ 128,339,788
Transportation, equipment and furniture	1,452,115	23,537	-	1,475,652
Construction in process	1,342,269	8,446,633	-	9,788,902
Total	131,927,413	8,561,737	884,808	139,604,342
Less accumulated depreciation	61,732,282	2,649,939	340,713	64,041,508
Net property and equipment	$ 70,195,131	$ 5,911,798	$ 544,095	$ 75,562,834

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 5 — PROPERTY AND EQUIPMENT (Continued)

At December 31, 2019 property and equipment is comprised of the following:

	December 31 2018	Additions	Deletions	December 31 2019
Port marine facilities	$ 102,451,690	$ 26,681,339	$ -	$ 129,133,029
Transportation, equipment and furniture	1,484,088	130,792	162,765	1,452,115
Construction in process	24,341,267	3,651,966	26,650,964	1,342,269
Total	128,277,045	30,464,097	26,813,729	131,927,413
Less accumulated depreciation	59,770,812	2,124,235	162,765	61,732,282
Net property and equipment	$ 68,506,233	$ 28,339,862	$ 26,650,964	$ 70,195,131

Depreciation expense was $2,649,939 and $2,124,235 for the years ended December 31, 2020 and 2019, respectively.

NOTE 6 — LONG-TERM DEBT

Long-term debt is comprised of the following:

	December 31 2019	Debt Issued	Debt Payments	December 31 2020
Bank of America master lease obligation	$ 6,205,488	$ -	$ 1,353,597	$ 4,851,891
Less current maturities	1,353,597			1,144,978
	$ 4,851,891			$ 3,706,913

The Commission is a party to a master lease agreement with Bank of America. In June 2014, under the first draw of the agreement, the Commission borrowed $3,000,000 to retire another Commission obligation and to acquire certain Port related facility equipment. This agreement requires monthly payments of approximately $41,000, including interest at approximately 2.1%, with final maturity in June 2021.

In November 2017, under the second draw, of the agreement, the Commission borrowed $4,000,000 to fund certain construction projects. This agreement required interest only payments of approximately $9,100 per month through May 2018 and, beginning in June 2018, monthly payments of approximately $52,300, including interest at approximately 2.7%, with final maturity in May 2025.

In November 2018, under the third draw of the agreement, the Commission borrowed $2,500,000 to fund certain current construction projects. This agreement required interest only payments of approximately $8,500 per month through May 2019 and, beginning in June 2019, monthly payments of approximately $34,300, including interest at approximately 4.1%, with final maturity in May 2026.

The Bank of America master lease obligation is collateralized by certain Commission assets.

Attachment: APDC Application Audited Financial Statements (8165 : Port Application)

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6 — LONG-TERM DEBT (Continued)

At December 31, 2020, long-term debt maturities were comprised of the following:

Year Ending	Principal	Interest	Total
2021	$ 1,144,978	$ 140,975	$ 1,285,953
2022	929,659	109,911	1,039,570
2023	960,228	79,343	1,039,571
2024	991,843	47,726	1,039,569
2025	655,555	17,529	673,084
thereafter	169,628	1,739	171,367
	$ 4,851,891	$ 397,223	$ 5,249,114

Interest expense was $177,698 and $214,274 for 2020 and 2019, 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 2020, these rates ranged from 9.3% - 19.5% for the Commission’s active employees. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

ALBANY PORT DISTRICT COMMISSION
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December 31, 2020 and 2019

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

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

At December 31, 2020, the Commission reported a liability of $1,157,365 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2020, and the total pension liability was determined by an actuarial valuation as of April 1, 2019, with updated procedures used to roll forward the total pension liability to March 31, 2020. 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, 2020 measurement date, the Commission's proportion was 0.0043706%.

At December 31, 2019, the Commission reported a liability of $283,973 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2019, and the total pension liability was determined by an actuarial valuation as of April 1, 2018, with updated procedures used to roll forward the total pension liability to March 31, 2019. 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, 2019 measurement date, the Commission's proportion was 0.0040079%.

For the year ended December 31, 2020, the Commission recognized net pension expense of $407,354 from ERS and reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 68,116	$ -
Changes in assumptions	23,304	20,122
Net difference between projected and actual earnings on pension plan investments	593,322	-
Changes in proportion and differences between Commission contributions and proportionate share of contributions	33,434	1,721
Commission contributions subsequent to measurement date	-	-
	$ 718,176	$ 21,843

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, 2019, the Commission recognized net pension expense of $205,730 from ERS and reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 55,920	$ 19,063
Changes in assumptions	71,379	-
Net difference between projected and actual earnings on pension plan investments	-	72,883
Changes in proportion and differences between Commission contributions and proportionate share of contributions	26,975	3,442
Commission contributions subsequent to measurement date	-	-
	$ 154,274	$ 95,388

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

Years Ending March 31,	Net Deferred Outflows and Inflows of Resources
2021	$ 121,788
2022	176,713
2023	220,761
2024	177,071
	$ 696,333

Actuarial Assumptions

For ERS, the actuarial assumptions used in the April 1, 2019 valuation, with update procedures used to roll forward the total pension liability to March 31, 2020, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%

Salary increases – 4.2%

Investment rate of return – 6.8% compounded annually, net of investment expense, including inflation

Mortality – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018

Discount rate – 6.8%

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the April 1, 2018 valuation, with update procedures to roll forward the total pension liability to March 31, 2019, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%

Salary increases – 4.2%

Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation

Mortality – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014

Discount rate – 7.0%

The long-term expected rate of return on the System's pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

The System's best estimate of the arithmetic real rates of return for each major asset class and the System's target asset allocations as of March 31, 2020 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	36%	4.05%
International equities	14%	6.15%
Private equities	10%	6.75%
Real estate	10%	4.95%
Absolute return strategies	2%	3.25%
Opportunistic portfolio	3%	4.65%
Real assets	3%	5.95%
Bonds and mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-Indexed bonds	4%	0.50%
	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.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

Discount Rate (Continued)

The following table presents the Commission's proportionate share of its net pension liability calculated using the discount rate of 6.8% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	6.8%	1.0% Increase
Commission's proportionate share of the ERS net pension liability (asset)	$ 2,124,092	$ 1,157,365	$ 267,006

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 uses GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) to recognize the total OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense, and information about and changes in the total OPEB liability.

Plan Description and Funding Policy

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.

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.

Employees Covered by Benefit Terms

At January 1, 2020, the actuarial valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	13
	22

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

At December 31, 2020 and 2019, the Commission reported a liability of $3,249,547 and $3,311,957, respectively. The total OPEB liability as of December 31, 2020 was measured as of January 1, 2020 and was determined by an actuarial valuation as of January 1, 2020. The total OPEB liability as of December 31, 2019 was measured as of January 1, 2019 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and Other Inputs

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 total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate used in January 1, 2020 measurement – 2.74%

Discount rate used in January 1, 2019 measurement – 3.44%

Healthcare cost trend rates used in January 1, 2020 measurement – 6.50% for 2020 (decreasing to an ultimate rate of 4.5% by 2023)

Healthcare cost trend rates used in January 1, 2019 measurement – 7.00% for 2019 (decreasing to an ultimate rate of 5.00% by 2023)

The discount rate was based on the Bond Buyer General Obligation 20-year municipal bond index.

Mortality rates were based on the Society of Actuaries' RP-2014 mortality tables with adjustments for mortality improvements based on MP-2014 scales.

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Beginning balance for year end December 31, 2018	$ 3,236,517
Changes for the year:	
Service cost	97,120
Interest	110,729
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	(132,409)
Net changes	75,440
Ending balance for year end December 31, 2019	$ 3,311,957
Changes for the year:	
Service cost	139,111
Interest	113,649
Changes of benefit terms	-
Differences between expected and actual experience	97,674
Changes of assumptions or other inputs	(257,320)
Benefit payments	(155,522)
Net changes	(62,408)
Ending balance for year end December 31, 2020	$ 3,249,549

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1.0% Decrease	Discount Rate	1.0% Increase
Total OPEB Liability	$ 3,821,746	$ 3,249,549	$ 2,809,016

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1.0% Decrease	Discount Rate	1.0% Increase
Total OPEB Liability	$ 2,813,080	$ 3,249,549	$ 3,803,051

ALBANY PORT DISTRICT COMMISSION
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December 31, 2020 and 2019

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020 and 2019, the Commission recognized OPEB expense of $117,350 and $90,177, respectively. At December 31, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 529,166
Changes of assumptions or other inputs	-	677,393
Expected benefit payments subsequent to the measurement date	178,639	-
Total	$ 178,639	$1,206,559

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 684,070
Changes of assumptions or other inputs	-	498,254
Expected benefit payments subsequent to the measurement date	135,057	-
Total	$ 135,057	$1,182,324

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended December 31	Deferred Inflows of Resources
2020	$ (135,410)
2021	(135,410)
2022	(135,410)
2023	(135,410)
2024	(135,410)
Thereafter	(529,509)
	$ (1,206,559)

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, 2020 were as follows:

2021	$ 3,314,000
2022	3,194,000
2023	3,103,000
2024	2,307,000
2025	2,296,000
Thereafter	11,662,000
	$ 25,876,000

NOTE 10 — WATERFRONT DEVELOPMENT COSTS

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 0.23%, 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 $220,000 in 2021 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
2021	$ 220,000
2022	225,000
2023	240,000
2024	255,000
	$ 940,000

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 10 — WATERFRONT DEVELOPMENT COSTS (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 2020 and 2019, the Commission's total lease cost, project improvement cost, and other operating expenses related to the waterfront development project approximated $244,000 and $269,000, respectively. These costs are included in the Commission's 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

In 2018, the Commission entered into Memorandums of Understanding (MoU) with the City of Albany under which the Commission is required to fund annualized municipal support to the City through December 31, 2021. The 2020 and 2019 expense associated with the MoU, in the amount of approximately $160,000 and $157,000, respectively, is included in the statements of revenues and expenses. The expense for the municipal support for the remaining term of this agreement has not been determined, but is based on the assessed value of the Commission owned tax-exempt property as determined by the annual assessment roll of the City of Albany.

Federal and State Grants

The Commission is currently undertaking a series of projects to finalize maritime infrastructure improvements which will enhance the Port's heavy lift and project cargo handling capabilities. The total projects are estimated to cost approximately $45,950,000. As part of the project, the Commission has secured federal grant funding of approximately $17,630,000 and state grant funding of approximately $19,000,000. Federal grant revenue of approximately $4,276,000 was earned in 2020 (approximately $1,350,000 in 2019). No state grant revenue was earned in 2020 or 2019. These grant revenues are included in capital grant funding in the statements of revenues and expenses and changes in net position. The projects are expected to be completed in 2023.

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.

NOTE 12 — RISKS AND UNCERTAINTIES

Global and domestic responses to the coronavirus disease (COVID-19) outbreak continue to rapidly evolve. The initial effect, which centered around global financial markets, has since spread to all businesses. Although there has been no significant impact on the Commission's critical business or tenants in current year, management is closely monitoring the current status of COVID-19. As the situation continues to unfold, management may need to find ways to continue to address the potential disruption of business operations as a result of COVID-19. At this point, the full extent to which COVID-19 will impact our business remains uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM

As of the measurement date of March 31,	2020	2019	2018	2017	2016	2015
Commission's proportion of the net pension liability	0.0043706%	0.0040079%	0.0040024%	0.003742%	0.0039534%	0.0037280%
Commission's proportionate share of the net pension liability	$ 1,157,365	$ 283,973	$ 129,174	$ 351,607	$ 634,538	$ 125,953
Commission's covered-employee payroll	$ 1,134,059	$ 1,015,123	$ 1,024,804	$ 997,333	$ 1,000,106	$ 1,018,736
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	102.06%	27.97%	12.60%	35.25%	63.45%	12.36%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Data prior to 2015 is unavailable.

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF COMMISSION CONTRIBUTIONS
NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM

March 31,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 171,407	$ 166,548	$ 160,846	$ 157,484	$ 186,364	$ 234,306	$ 180,550	$ 151,392	$ 119,125	$ 111,408
Contribution in relation to the contractually required contribution	(171,407)	(166,548)	(160,846)	(157,484)	(186,364)	(234,306)	(180,550)	(151,392)	(119,125)	(111,408)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commission's covered-employee payroll	$ 1,134,059	$ 1,015,123	$ 1,024,804	$ 997,333	$ 1,000,106	$ 1,018,736	$ 861,386	$ 726,234	$ 711,985	$ 739,670
Contributions as a percentage of covered-employee payroll	15.11%	16.41%	15.70%	15.79%	18.63%	23.00%	20.96%	20.85%	16.73%	15.06%

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF CHANGES IN THE COMMISSION'S TOTAL OPEB LIABILITY

	2020	2019
Total OPEB liability		
Service cost	$ 139,111	$ 97,120
Interest	113,649	110,729
Changes of benefit terms	-	-
Differences between expected and actual experience	97,674	-
Change of assumptions or other inputs	(257,320)	-
Benefit payments	(155,524)	(132,409)
Net change in total OPEB liability	(62,410)	75,440
Total OPEB liability - beginning	3,311,957	3,236,517
Total OPEB liability - ending	$ 3,249,547	$ 3,311,957

Notes to Schedule:

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 8 to the financial statements.

OTHER INFORMATION

ALBANY PORT DISTRICT COMMISSION
SCHEDULES OF PAYROLL AND RELATED COSTS AND OTHER OPERATING EXPENSES
Years ended December 31, 2020 and 2019

	2020	2019
PAYROLL AND RELATED COSTS		
Administrative	**$ 848,641**	$ 892,564
Maintenance crews and supervisor	**437,591**	406,018
Security	**349,614**	340,336
Pension and other benefit costs	**658,274**	373,426
OPEB expense	**117,350**	90,177
Payroll taxes	**119,988**	126,394
Total payroll and related costs	**$ 2,531,458**	$ 2,228,915
OTHER OPERATING EXPENSES		
Security	**$ 44,357**	$ 43,093
Utilities	**28,791**	34,089
City water	**4,618**	6,206
Advertising and promotion	**17,650**	35,826
Office supplies and expenses	**27,795**	66,499
Equipment operating expense	**6,693**	18,871
Property taxes	**-**	23,991
Bad debt	**4,435**	22,565
Other expenses	**88,138**	139,179
Total other operating expenses	**$ 222,477**	$ 390,319

UHY LLP
Certified Public Accountants

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, 2020, and have issued our report thereon dated March 24, 2021.

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.*

UHY LLP
Certified Public Accountants

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Albany, New York
March 24, 2021

UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Commissioners
Albany Port District Commission

Report on Compliance for Each Major Federal Program

We have audited Albany Port District Commission's ("the Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2020. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Commission's compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

UHY LLP Certified Public Accountants

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

UHY LLP

Albany, New York
March 24, 2021

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2020

Federal Grantor Program Title	Grant Number	Catalog of Federal Domestic Assistance Number	Program Award Amount	2020 Expenditures	Expenditures to Subrecipients
U.S. Department of Transportation					
Direct Programs:					
National Infrastructure Investments Program	DTMA91G1600008	20.933	$ 17,629,800	$ 4,275,744	$ -
Total Expenditures of Federal Awards				$ 4,275,744	$ -

See notes to Schedule of Federal Awards.

ALBANY PORT DISTRICT COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2020

NOTE 1 — BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Albany Port District Commission, an entity as defined in the basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 — BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 — INDIRECT COST RATES

The Albany Port District Commission has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2020

Section I – Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ______ Yes __X__ No
- Significant deficiencies identified? ______ Yes __X__ None Reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified? ______ Yes __X__ None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes __X__ No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
20.933	National Infrastructure Investments Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? __X__ Yes _____ No

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – Status of Prior Year Findings

None reported.

Budgeted Revenues, Expenditures, and Changes in Current Net Assets
Albany Port District Commission

	Last Year (Actual) 2019	Current Year (Estimated) 2020	Next Year (Adopted) 2021	Proposed 2022	Proposed 2023	Proposed 2024
	View	View	View	View	View	View
Revenue & Financial Sources						
Operating Revenues						
Charges for Services	1,584,525.00	1,580,787.00	1,630,977.00	1,700,000.00	1,700,000.00	1,700,000.00
Rentals & Financing Income	3,529,295.00	3,478,535.00	3,564,757.00	3,600,000.00	3,600,000.00	3,600,000.00
Other Operating Revenues	0	0	0	0	0	0
Non-Operating Revenues						
Investment Earnings	22,339.00	7,832.00	10,000.00	10,000.00	10,000.00	10,000.00
State Subsidies / Grants	0	0	0	0	0	0
Federal Subsidies / Grants	0	0	0	0	0	0
Municipal Subsidies / Grants	0	0	0	0	0	0
Public Authority Subsidies	0	0	0	0	0	0
Other Non-Operating Revenues	0	0	0	0	0	0
Proceeds from the Issuance of Debt	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Revenues & Financing Sources	$5,136,159.00	$5,067,154.00	$5,205,734.00	$5,310,000.00	$5,310,000.00	$5,310,000.00
Expenditures						
Operating Expenditures						
Salaries and Wages	1,765,311.00	1,771,496.00	1,959,036.00	2,000,000.00	2,000,000.00	2,000,000.00
Other Employee Benefits	404,555.00	665,461.00	820,152.00	720,000.00	720,000.00	720,000.00
Professional Services Contracts	764,927.00	765,811.00	767,000.00	800,000.00	800,000.00	800,000.00
Supplies and Materials	261,823.00	241,463.00	283,265.00	290,000.00	290,000.00	290,000.00
Other Operating Expenditures	640,702.00	302,036.00	307,500.00	310,000.00	310,000.00	310,000.00
Non-Operating Expenditures						
Payment of Principal on Bonds and Financing Arrangements	0	0	0	0	0	0
Interest and other Financing Charges	233,943.00	183,635.00	210,975.00	211,000.00	211,000.00	211,000.00
Subsidies to Other Public Authorities	248,882.00	258,982.00	284,750.00	290,000.00	290,000.00	290,000.00
Capital Asset Outlay	0	0	0	0	0	0
Grants and Donations	0	0	0	0	0	0
Other Non-Operating Expenditures	2,371,878.00	3,133,594.00	3,307,760.00	3,500,000.00	3,500,000.00	3,500,000.00
Total Expenditures	$6,692,021.00	$7,322,478.00	$7,940,438.00	$8,121,000.00	$8,121,000.00	$8,121,000.00
Capital Contributions	$1,606,697.00	$4,952,224.00	$10,000,000.00	$10,000,000.00	$10,000,000.00	$10,000,000.00
Excess (Deficiency) of Revenues and Capital Contributions Over Expenditures	$50,835.00	$2,696,900.00	$7,265,296.00	$7,189,000.00	$7,189,000.00	$7,189,000.00

Attachment: APDC Application Projected Financial Statements (8165 : Port Application)

PUBLIC HEARING RESOLUTION
ALBANY PORT DISTRICT COMMISSION PROJECT

A regular meeting of Town of Bethlehem Industrial Development Agency (the "Agency") was convened in public session at the Town of Bethlehem Town Hall located at 445 Delaware Avenue in the Town of Bethlehem, Albany County, New York on September 24, 2021 at 8:00 o'clock a.m., local time.

The meeting was called to order by the Chair of the Agency and, upon roll being called, the following members of the Agency were:

PRESENT:

Victoria Storrs	Chair
Catherine Hedgeman	Vice Chair/Assistant Secretary
Tim Maniccia	Secretary
Richard Kotlow	Treasurer
David Kidera	Member
Jared Finke	Member

Each of the members present participated in the meeting virtually pursuant to the signing into law on September 2, 2021 of Chapter 417 of the Laws of 2021.

ABSENT:

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Thomas P. Connolly, Esq.	Executive Director, Assistant Secretary and Agency Counsel
Allen F. Maikels	Treasurer, Chief Financial Officer and Contracting Officer
Robin Nagengast	Assistant to the Executive Director
Robert Leslie	Director, Department of Economic Development & Planning
A. Joseph Scott, III, Esq.	Agency Bond/Agency Special Counsel

The following resolution was offered by ____________________, seconded by ____________________, to wit:

Resolution No. 0921-___

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OF TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY TO HOLD A PUBLIC HEARING REGARDING A PROPOSED PROJECT TO BE UNDERTAKEN FOR THE BENEFIT OF ALBANY PORT DISTRICT COMMISSION.

WHEREAS, Town of Bethlehem Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 582 of the 1973 Laws of New York, as amended, constituting Section 909-b of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more "projects" (as defined in the Act) or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, Albany Port District Commission, a State of New York public benefit corporation (the "APDC"), has submitted an application (the "Application") to the Agency, a copy of which Application is on file at the office of the Agency, requesting that the Agency consider undertaking a project (the "Project") for the benefit of the APDC, said Project consisting of the following: (A) (1) the acquisition of an interest in two (2) parcels of land containing in the aggregate approximately 81 acres located on Port Road South (tax map number 98.01-2-1) and East of River Road (NYS Rt. 144) south of Normans Kill and north of PSEG property (tax map number 98.00-2-10.23) in the Town of Bethlehem, Albany County, New York (collectively, the "Land"), (2) the construction on the Land of four (4) buildings containing in the aggregate approximately 560,000 square feet of space, a bridge, related parking and various infrastructure improvements (collectively, the "Facility") and (3) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other tangible personal property (collectively, the "Equipment") (the Land, the Facility, and the Equipment being collectively hereinafter referred to as the "Project Facility"), all of the foregoing to constitute an industrial/manufacturing facility to be owned by the APDC and operated by a joint venture third party operator as a wind tower manufacturing and shipping facility and any other directly and indirectly related activities; (B) the granting of certain potential "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes (the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the APDC or such other person as may be designated by the APDC and agreed upon by the Agency; and

WHEREAS, pursuant to Section 859-a of the Act, prior to the Agency providing any potential "financial assistance" (as defined in the Act) of more than $100,000 to any project, the Agency, among other things, must hold a public hearing pursuant to Section 859-a of the Act with respect to said project; and

WHEREAS, the Agency desires to provide for compliance with the provisions of Section 859-a of the Act with respect to the Project;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY, AS FOLLOWS:

Section 1. The Agency hereby authorizes the Executive Director of the Agency, after consultation with the members of the Agency and Agency Special Counsel, (A) to establish the time, date and place for a public hearing of the Agency to hear all persons interested in the Project (the "Public Hearing"); (B) to cause the Public Hearing to be held in a city, town or village where the Project Facility is or is to be located, and to cause notice of such Public Hearing to be given to the public by publishing a notice or notices of such Public Hearing in a newspaper of general circulation available to the residents of the governmental units where the Project Facility is or is to be located, such notice or notices to comply with the requirements of Section 859-a of the Act; (C) to cause notice of the Public Hearing to be given to the chief executive officer of the county and of each city, town, village and school district in which the

Project Facility is or is to be located to comply with the requirements of Section 859-a of the Act; (D) to conduct such Public Hearing; (E) to cause a report of the Public Hearing fairly summarizing the views presented at such Public Hearing (the "Report") to be prepared; and (F) to cause a copy of the Report to be made available to the members of the Agency.

Section 2. The law firm of Hodgson Russ LLP of Albany, New York is hereby appointed Special Agency Counsel to the Agency with respect to all matters in connection with the Project. The Agency has been informed that Hodgson Russ LLP has acted as special counsel to the APDC on prior matters, and will act as special counsel to the APDC on this Project. The Agency will be also be represented by Thomas P. Connolly, Agency Counsel, in connection with the Project. The Agency hereby waives any potential conflict resulting from Hodgson Russ LLP acting as special counsel to the APDC in connection with this matter, and authorizes the Chair to execute any document or documents evidencing such waiver. Special Agency Counsel is hereby authorized, at the expense of the APDC, to work with the APDC and others to prepare for submission to the Agency, all documents necessary to effect the closing of this matter.

Section 3. The Chair, Vice Chair and/or Executive Director of the Agency is hereby authorized and directed to distribute copies of this Resolution to the APDC and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 4. All action taken by the Executive Director of the Agency in connection with the Public Hearing with respect to the Project prior to the date of this Resolution is hereby ratified and confirmed.

Section 5. All commitments of the Agency hereunder are subject to the condition that the following events shall have occurred not later than one (1) year from the date hereof (or such other date as shall be mutually satisfactory to the Agency and the APDC):

(A) The Agency and the APDC shall have agreed on mutually acceptable terms and conditions of the agreements to be entered into with respect to the Project; and

(B) All necessary governmental approvals shall be obtained.

Section 6. If the events set forth in Section 5 hereof do not take place within the time set forth in said Section 5, or any extension thereof, or if the APDC provides written notice of its intent to not proceed with the Project upon thirty (30) days prior written notice to the Agency, the APDC agrees that it will promptly reimburse the Agency (and its officers, members, agents or employees) for all reasonable and necessary direct out-of-pocket expenses (including legal fees and expenses) which the Agency (and its officers, members, agents or employees) may incur with respect to the Project.

Section 7. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

Victoria Storrs	VOTING	________
Catherine Hedgeman	VOTING	________
Tim Maniccia	VOTING	________
Richard Kotlow	VOTING	________
David Kidera	VOTING	________
Jared Finke	VOTING	________

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) SS.:
COUNTY OF ALBANY)

I, the undersigned (Assistant) Secretary of Town of Bethlehem Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY that I have compared the foregoing annexed extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on September 24, 2021 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution contained therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Chapter 417 of the Laws of 2021 (the "2021 Laws"), said meeting was open to the general public, and due notice of the time and place of said meeting was duly given in accordance with such 2021 Laws; and (D) there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this _____ day of September, 2021.

____
(Assistant) Secretary

(SEAL)

BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
August 31, 2021

	August 31,2021
ASSETS	
Current Assets	
Checking/Savings	
200.04 Cash-M&T Bank Agency Account	413,301.49
Total Checking/Savings	413,301.49
Other Current Assets	
380 Fee Receivable	28,114.81
480 Prepaid Expense	1,646.72
Total Other Current Assets	29,761.53
Total Current Assets	443,063.02
TOTAL ASSETS	443,063.02
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
601 Accrued Expenses	15,537.12
Total Current Liabilites	15,537.12
Total Liabilities	15,537.12
Equity	
924 Net Assets	
924.3 Net Assets-Unassigned	427,525.90
Total 924 Net Assets	427,525.90
Total Equity	427,525.90
TOTAL LIABILITIES & EQUITY	443,063.02

BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUE AND EXPENSES
August 31, 2021

ORDINARY INCOME/EXPENSE	
Income	
2116 FEE INCOME	16,743.35
2116.1 PSEG ENERGY REIMB	67,838.64
Total Income	84,581.99
Expenses	
6460.1 Salaries and Wages	32,378.72
6460.4 Contractual Expenses	47,664.76
6460.8 Employee Benefits	5,410.00
Total Expenses	85,453.48
NET ORDINARY INCOME	-871.49
Other Income/Expense	
Other Income	
2401 Interest Income	61.63
6460.8 Grants for Economic Dev	-500.00
Total Other Income	-438.37
NET INCOME	-1,309.86

BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
BUDGET VS ACTUAL
August 31, 2021

	Aug-21	YTD Budget	Variance	Annual Budget
Ordinary Income/Expense				
Income				
2116 Fee Income	16,743.35	35,162.66	-18,419.31	52,744.00
2106.1 PSEG Energ Reimb	67,838.64	25,333.35	42,506.29	38,000.00
Total Income	84,581.99	60,496.01	24,085.98	90,744.00
Expenses				
6460.1 Salaries and Wages	32,378.72	32,378.66	0.06	48,568.00
6460.4 Contractual Expenses	47,664.76	50,066.66	-2,401.90	75,100.00
6460.8 Employee Benefits	5,410.00	5,410.00	0.00	8,115.00
Total Expenses	85,453.48	87,855.32	-2,401.84	131,783.00
Net Ordinary Income	-871.49	-27,359.31	26,487.82	-41,039.00
Other Income/Expense				
2401 Interest Income	61.63	800.00	-738.37	1,200.00
6460.8 Grants for Economic Dev	-500.00	-13,000.00	-12,500.00	19,500.00
Total Other Income	-438.37	-12,200.00	11,761.63	-18,300.00
Net Income	-1,309.86	-39,559.31	38,249.45	-59,339.00

TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
BY-LAWS

Pursuant to the authority contained in Section 858, Title 1 of Article 18-a of the General Municipal Law, as set out in Chapter 1030 of the Laws of 1969, and Section 909-b of the General Municipal Law, as set out in Chapter 582 of the Laws of 1973 of the State of New York, the Town of Bethlehem Industrial Development Agency hereby approves the following By-Laws for the regulation of its activities.

ARTICLE I

NAME, SEAL

Section l. NAME. The name of the Agency shall be the "Town of Bethlehem Industrial Development Agency."

Section 2. SEAL. The official seal of the Agency shall be in a design circular in form bearing the words and dates as follows:

TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY, NEW YORK
CORPORATE SEAL
1980

Section 3. OFFICE. The office of the Agency shall be at 445 Delaware Avenue, Delmar, New York 12054.

ARTICLE II

MEMBERS

Section 1. Members. The members of the Agency shall be appointed by the Town Board of the Town of Bethlehem, and shall serve at the pleasure of the Town Board.

Section 2. Number of Members. The members of the Agency shall consist of not less than three nor more than seven members.

Section 3. Responsibility of Members. It is the policy of the Agency that board members commit themselves to acting in accordance with accepted principles of good corporate governance. Board members have a duty to be informed, knowledgeable and engaged in the activities of the Agency and to actively exercise oversight of Agency management. If a board member is unable to fulfill these commitments, it is the duty of the board member to resign from the Agency board.

ARTICLE III

OFFICERS

Section 1. OFFICERS. The officers of the Agency shall be a Chair, Vice-Chair, Treasurer, Secretary (each of whom shall be members), Assistant Secretary and such other officers as it may determine, who shall have such duties, powers and functions as hereinafter provided, all of whom shall be elected by the members of the Agency. Such officers shall be elected at the annual meeting of the Agency in each fiscal year.

ARTICLE IV

TENURE OF OFFICE

Section 1. Each officer of the Agency shall hold office for one year and each member shall continue to hold office until his successor is appointed or elected and qualifies in his stead. If the term of an Agency member should terminate, his term of office as an officer shall also terminate and at the regular meeting next succeeding such termination the members of the Agency shall elect from among their number a successor who shall serve until the next annual meeting of the Agency.

Section 2. Each member shall continue to hold office as a member until his successor is appointed or elected and qualifies in his stead.

ARTICLE V

DUTIES OF OFFICERS

Section 1. CHAIRMAN. The Chairman shall preside at all meetings of the Agency. He shall sign and execute on behalf of the Agency all contracts, notes, bonds, trust indentures or other evidences of indebtedness when so authorized by the Agency, and shall perform such other duties as may be prescribed for him by law or by Agency. The Chairman shall submit to the Agency such recommendations and information as he may consider proper concerning the business, affairs, and policies of the Agency.

Section 2. SECRETARY. The Secretary shall record all the votes and record the minutes of the Agency in a journal to be kept for that purpose; attend to the serving of notice of all meetings when required; shall keep in safe custody the seal of the Agency and shall have power to affix such seal to all papers or other documents as may be required; shall attend to such correspondence as may be assigned; shall perform all duties as the Agency may designate.

Section 3. TREASURER. The treasurer shall oversee the financial management procedures and systems implemented by the Agency. This includes coordinating the financial reporting and the budgeting process with the Agency's management, committees, and the Members.

Section 4. ADDITIONAL DUTIES. The officers of the Agency shall perform such other duties and functions as may from time to time be required by the Agency, by the By-Laws of the Agency, or by the rules and regulations of the Agency.

Section 5. REMOVAL, RESIGNATION, SALARY, ETC. Any officer elected or appointed by the Agency may be removed by the Agency with or without cause. In the event of the death, resignation or removal of an officer, the Agency in its discretion may elect a successor to fill the unexpired term at the next regular meeting of the Agency. All officers who are members of the Agency shall serve without compensation.

Section 6. ADDITIONAL PERSONNEL. The Agency may appoint such other officers and employees including a Chief Executive Officer and a Chief Financial Officer, as the Agency may require for the performance of its duties. The Agency may also appoint Counsel and may retain and employ private consultants for professional and technical assistance and advice. The appointment duties and compensation of all personnel shall be determined by the Agency subject to the laws of the State of New York.

Section 7. BONDING OF OFFICERS. The Chairman, the Treasurer, and such other officers as the Agency may require, shall execute bonds conditioned upon the faithful performance of the duties of their offices, the amount and sufficiency of which shall be specified by the Agency and the premiums thereof shall be paid by the Agency.

ARTICLE VI

GENERAL PROVISIONS

Section 1. FISCAL YEAR. The fiscal year of the Agency shall begin on January 1.

Section 2. ANNUAL MEETING. The annual meeting of the Agency shall be held in February each year at the regular meeting place of the Agency in conjunction with the Regular Meeting for February.

Section 3. REGULAR MEETINGS. Regular meetings of the Agency shall take place at a time and manner approved by the Agency at its annual meeting. Regular meetings may be adjourned to any other place at the will of a majority of the members of the Agency present and voting at such meeting.

Section 4. SPECIAL MEETINGS. The Chairman of the Agency may, when he deems it desirable, and shall, upon the formal request of two members of the Agency, call a special meeting of the Agency for the purpose of transacting any business designated in the notice of such meeting. The notice of such meeting shall be served on each member of the Agency by delivery or mail received by each such member at least 24 hours prior to the date of such meeting. Pursuant to Section 94 of the Public Officers Law, notice of such special meeting shall be given to news media at the same time.

Section 5. EXECUTIVE SESSIONS. When determined by the Agency that any matter pending before it is confidential in nature it may, in accordance with the laws of the State of New York, establish an executive session and exclude non-members from such session.

Section 6. QUORUM. At all meetings of the Agency, a majority of the members of the Agency then in office shall constitute a quorum and the vote of a majority of the members present and voting at a meeting of the Agency shall be deemed the act of the Agency. A majority of the members present whether or not a quorum is present may adjourn any meeting to another time and place.

Section 7. ORDER OF BUSINESS. The order of business at regular meetings shall be:

(a) Roll call. Determination of quorum.
(b) Reading of minutes of previous meeting.
(c) Approval of the minutes of previous meeting.
(d) Reports of Committees.
(e) Communications.
(f) Unfinished business.
(g) New business.
(h) Adjournment.

Section 8. MANNER OF VOTING. The voting on all questions coming before the Agency shall be by the recorded vote of its members, and the yeas and nays shall be entered in the minutes of each meeting, except in the case of appointment when the vote may be by ballot.

Section 9. COMMITTEES. The Chairman, Vice Chairman and members of all committees shall be appointed by the chairman of the Agency who shall be an ex officio member of each committee. A quorum of any committee shall consist of a majority of members of that committee.

Section 10. EXECUTION OF INSTRUMENTS. All Agency instruments and documents shall be signed or countersigned, executed, verified or acknowledged by such officer or officials or other person or persons as provided in these By-Laws or as the Agency may from time to time designate.

ARTICLE VII

AMENDMENTS

Section 1. AMENDMENTS TO BY-LAWS. The By-Laws of the Agency shall be amended only with the approval of at least a majority of all of the members of the Agency at a regular or a special meeting, but no such amendment shall be adopted unless at least seven days written notice thereof has been previously given to all members of the Agency.