

SOUTH JERSEY PORT CORPORATION



BOARD OF DIRECTORS MEETING OCTOBER 25, 2016

THE CHAIRMAN COMMENCES MEETING WITH PLEDGE OF ALLEGIANCE AND ROLL CALL:

- 1. APPROVAL OF MINUTES**
Regular Meeting September 26, 2016
Closed Meeting September 26, 2016
- 2. APPROVAL OF OPERATING BILLS**
RESOLUTION 2016-10-0082
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST**
RESOLUTION 2016-10-0083
- 4. APPROVAL OF CREDITS**
RESOLUTION 2016-10-0084
- 5. APPROVAL OF CHANGE ORDERS – 1**
RESOLUTION 2016-10-0095 - Change Order #1 – Reading Crane
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS**
RESOLUTION 2016-10-0085
- 7. RECEIPT OF TREASURER’S REPORT**
- 8. RECEIPT OF COUNSEL’S REPORT**
- 9. RECEIPT OF EXECUTIVE DIRECTOR’S REPORT**



10. ADDITIONAL AGENDA ITEMS REQUIRING BOARD ACTION

- A. RESOLUTION 2016-10-0086:** APPROVAL OF QUOTATION TO REQUEST FROM PRE-QUAL MARINE ENGINEERS – BERTH 1 STABILIZATION PROJECT
- B. RESOLUTION 2016-10-0087:** AUTHORIZATION TO AMEND PSE&G EASEMENT AGREEMENT – CLINTON STREET AND APPROVE TWO NEW GAS/ELECTRIC PSE&G EASEMENT AGREEMENTS
- C. RESOLUTION 2016-10-0088:** APPROVAL OF CHANGE ORDER WITH EPORATION FOR WIFI/SERVER COMPONENTS FOR THE CARGO BARCODE TRACKING SYSTEM
- D. RESOLUTION 2016-10-0089:** APPROVAL OF CAMDEN IRON & METAL LEASE RENEWAL
- E. RESOLUTION 2016-10-0090:** APPROVAL OF PROPERTY, CRIME, STORAGE TANK POLLUTION, AND CYBER LIABILITY INSURANCE POLICY RENEWALS
- F. RESOLUTION 2016-10-0091:** APPROVAL OF MID-ATLANTIC SALT LEASE RENEWAL
- G. RESOLUTION 2016-10-0092:** APPROVAL OF PIER 5 BROADWAY TS-1 WAREHOUSE TEMPERATURE CONTROLLED SYSTEM REPAIR WITH CAMDEN WATERFRONT DEVELOPMENT
- H. RESOLUTION 2016-10-0093:** APPROVAL OF TERMINATION OF LEASE WITH STANDARD MERCHANDISING COMPANY
- I. RESOLUTION 2016-10-0094:** APPROVAL OF TWO COLLECTIVE BARGAINING AGREEMENTS BETWEEN SJPC AND COMMUNICATION WORKERS OF AMERICA
- J. RESOLUTION 2016-10-0096:** APPROVAL OF SIDETRACK AGREEMENT WITH CONRAIL FOR THE PAULSBORO MARINE TERMINAL

11. SUPPLEMENTAL BOARD INFORMATION

- K. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- L. PORT SECURITY UPDATE**
- M. PAULSBORO MARINE TERMINAL PROJECT UPDATES**
- N. 2016 DRAFT RATE STUDY**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

A. RESOLUTION 2016-10-0086: APPROVAL OF QUOTATION FROM PRE-QUALIFIED MARINE ENGINEERS – BERTH 1 STABILIZATION PROJECT

Based on observations during the Balzano Marine Terminal Pier Inspection and Conditions Survey recently conducted by S. T. Hudson Engineers, their structural assessment of the collapsed Berth #1 (circa 2001), and, specifically, the contiguous and evolving gradient degradation and sustained stability for Transit shed #1 now presents serious concerns.

Due to the emergent situation, staff requested quotations/proposals from the eighteen (18) pre-qualified Marine Engineering firms for their individual and complete Project and Construction Initiatives for providing least-cost measures to ensure the riparian and subsequent building integrity for consideration and implementation. The following three (3) quotations were received Friday, October 21, 2016:

Firm	Quote
McLaren Engineering Group, New York, NY	\$54,900.00
S.T. Hudson Engineers, Cherry Hill, NJ	\$59,000.00
Urban Engineers, Philadelphia, PA	\$225,300.00

Staff and Board will discuss the methodology and approach for each proposal to determine a recommendation for selection.

RECOMMENDATION:

Staff recommends Board consideration of the quotations from the pre-qualified Marine Engineers for services regarding the Berth 1 Stabilization Project at the Balzano Terminal.



ACTION ITEM:

B. RESOLUTION 2016-10-0087: AUTHORIZATION TO AMEND PSE&G RIGHT-OF-WAY AGREEMENT – CLINTON STREET EASEMENT AND APPROVE TWO NEW GAS/ELECTRIC PSE&G EASEMENT AGREEMENTS

Staff is requesting authorization to amend the existing 1977 PSE&G Right-of-Way agreement on the Clinton Street easement to permit PSE&G to extend the existing natural gas pipeline an additional 200 feet on SJPC easement property to the Battleship NJ Museum and Memorial. The Battleship is installing a natural gas heater on the pier to heat the ship to replace the existing inefficient electric heating system.

There is no cost to SJPC regarding this amendment to the right-of-way or the work that will be performed for the benefit of the museum and memorial.

Additionally, staff is requesting approval of two new PSE&G easements pertaining to the Holtec development at the Broadway Terminal for electric and gas.

RECOMMENDATION:

Staff recommends Board's authorization to execute an amendment to the existing PSE&G easement agreement regarding Clinton Street and the new gas and electric PSE&G easements at the Broadway Terminal / Holtec area.



C. RESOLUTION 2016-10-0088: APPROVAL OF CHANGE ORDER WITH EPORTATION FOR WIFI/SERVER COMPONENTS FOR THE CARGO BARCODE TRACKING SYSTEM

With nearly 4 years of experience using the Pass & Stow Cargo Barcode Tracking System, there has been a considerable effort to improve the cellular data connections to the handheld scanners used throughout the Balzano Terminal, including the installation of five booster antennas. The cellular data services through Verizon and AT&T at the terminal have experienced outages and brown outs impacting the production of ship cargo discharge and truck/rail loading operations.

The original ePortation, Inc. proposal approved for the barcode system included an alternate option to provide a dynamic router WiFi network and local server. Staff is recommending the Board to approve a change order in the amount of \$56,129.72 for ePortation to provide, setup and maintain the WiFi network and local Pass & Stow Server. Physical installation will be performed by SJPC. A local WiFi network would stream data to an on-premise server and then port the data through the existing SJPC broadband data connection to the ePortation Cloud service. The operations would no longer have to rely solely on cellular data connections. It would also provide local survivability if there were any internet services interruptions.

RECOMMENDATION:

Staff recommends Board approval of the change order to the ePortation agreement to provide for a dynamic router WiFi system and local server at the Balzano Terminal to enhance and support the Cargo Barcode Tracking System.



D. RESOLUTION 2016-10-0089: APPROVAL OF CAMDEN IRON & METAL LEASE RENEWAL

Camden Iron and Metal Co.; dba EMR USA, has petitioned the Port to exercise their available Five (5) year Lease option specifically for the ~ 4.0 acre “open area” site adjoining the Balzano Terminal. This lease extension will commence on December 1st, 2016, until November 30th, 2021, and conclude the existing terms and conditions set forth in the present lease agreement.

Current monthly and annual incomes are \$8,952.00 and \$107,424.00 respectively, with annual CPI review.

RECOMMENDATION:

Staff recommends Board approval of the Camden Iron & Metal lease renewal.



E. RESOLUTION 2016-10-0090: APPROVAL OF PROPERTY, CRIME, STORAGE TANK POLLUTION AND CYBER LIABILITY INSURANCE POLICIES

South Jersey Port Corporation's Primary Property (Including Equipment Breakdown), Excess Property, Crime, Network Privacy & Security Liability, and Storage Tank Pollution Legal Liability policies will renew on 12/15/2016.

Primary Property (Including Equipment Breakdown) & Excess Property: The Port's current insurance carrier for the Primary Property is Underwriters at Lloyds London (Lloyds) with a loss limit of \$25,000,000. For the Excess Property, RSUI Indemnity Company provides a limit of \$30,000,000, which is excess of the Underwriters at Lloyds London \$25,000,000 limit. Additionally, Underwriters at Lloyds London (Lloyds) also writes a standalone policy covering Property losses resulting from an act of Terrorism with a \$55,000,000 loss limit. The total expiring premium is \$720,002, inclusive of New Jersey surcharges, for the Primary and Excess Property policies as well as the standalone Terrorism policy. These expiring policies were underwritten using total values of \$202,502,722.

The Property (including Equipment Breakdown) renewal quote from Underwriters at Lloyds London (Lloyds) for the 12/15/2016-2017 policy term is \$601,600, based on \$201,211,765 of total values. Note that there will not be any New Jersey surcharges at renewal as Underwriters at Lloyds London (Lloyds) is a non-admitted insurance company in the State of New Jersey (AM Best Rating A; XV). RSUI Indemnity Company's renewal quote for the 12/15/2016-2017 policy term is \$68,107, including New Jersey surcharges, based on \$201,211,765 of total values. We have also obtained an option for increased limits through RSUI Indemnity, as described in our proposal. The standalone Terrorism renewal quote from Underwriters at Lloyds London (Lloyds) is \$9,000. Similar to the Property policy, Underwriters at Lloyds London (Lloyds) is a non-admitted insurance company in the State of New Jersey (AM Best Rating A; XV), so New Jersey surcharges will not apply at renewal.

The total renewal premium for all three of these policies is \$678,707 with coverages, terms and conditions as described in our proposal. Conner Strong & Buckelew recommends that South Jersey Port Corporation place the primary \$25,000,000 limit policy with Underwriters at Lloyds London (Lloyds), the excess \$30,000,000 limit policy with RSUI Indemnity Company, and the standalone Terrorism policy with Underwriters at Lloyds London (Lloyds) for a total cost reduction of \$41,295 when compared to the expiring program.

Crime: The Port's current insurance carrier is National Union Fire Insurance Company of Pittsburgh, PA (AIG) and their policy provides a \$500,000 limit with a \$10,000 deductible. The expiring premium is \$10,201, including New Jersey surcharges. The National Union Fire Insurance Company of Pittsburgh, PA renewal quote for the 12/15/2016-2017 policy term is \$9,765, including TRIA and New Jersey surcharges. We also pursued quotes from other markets on your behalf, and the results of our marketing effort are included in our proposal. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with National Union Fire Insurance Company of Pittsburgh, PA.

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Privacy & Security / Cyber Liability: The Port's current insurance carrier is ACE American Insurance Company and their policy provides a \$1,000,000 Privacy Liability limit and a \$100,000 Data Breach limit (notification and credit monitoring expenses) subject to a \$25,000 Each Claim Retention. The expiring premium is \$10,060, inclusive of TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2016-2017 policy term is \$10,463, including TRIA and New Jersey surcharges. Additional limits are available through ACE American Insurance Company for additional premiums. We also pursued quotes from other markets on your behalf, and the results of our marketing effort are included in our proposal. After consultation with Port Corp staff, Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with ACE American Insurance Company.

Storage Tank Pollution Legal Liability: The Port's current insurance carrier is ACE American Insurance Company and their policy provides a \$1,000,000 per Storage Tank Incident Limit / \$6,000,000 Total Policy Aggregate Limit subject to a \$5,000 deductible per Storage Tank incident (4 aboveground storage tanks). The expiring premium is \$2,913, including TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2016-2017 policy term is \$3,021, including TRIA and New Jersey surcharges. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with ACE American Insurance Company.

STAFF RECOMMENDATION:

Staff recommends Board consideration of the Conner Strong & Buckelew recommendations for insurance renewals.



F. RESOLUTION 2016-10-0091: APPROVAL OF MID-ATLANTIC SALT LEASE RENEWAL

The SJPC Board of Directors at the March 2015 meeting approved a staff recommendation for rental abatement of the Mid-Atlantic Salt lease because the leasehold was within the Holtec development area and would need to be moved to another location. The abatement would continue until staff could develop a new location for the leasehold to host the tenant's salt pad.

A satisfactory site has been identified in an area adjacent to the Broadway Terminal. Mid-Atlantic Salt and staff are requesting consideration for a new 6-year lease with five, 3-year options for 32,860 sq.ft. of open space at a rate of \$0.65 per sq.ft. The tenant has improved the area and installed an asphalt ground cover. In light of the tenant's improvements, there will be no CPI applied. The lease carries a minimum tonnage guarantee of 60,000 tons every three years for import salt. After every three years, if the tonnage guarantee is not met, the tenant will pay a penalty of \$2.45 per ton for each ton short of the guarantee. The new lease would commence on January 1, 2017. Additionally, if and when the leasehold area is expanded through a future addendum, the tonnage guarantee would increase.

RECOMMENDATION:

Staff recommends Board's consideration of the lease renewal with Mid-Atlantic Salt as presented.



G. RESOLUTION 2016-10-0092: APPROVAL TO AUTHORIZE
CAMDEN WATERFRONT DEVELOPMENT PIER 5
BROADWAY TENANT TO REPAIR/MODIFY THE
TEMPERATURE CONTROL SYSTEM IN TS-1 WAREHOUSE

Staff will present for discussion in Closed Session a proposal from Camden Waterfront Development (Holt) to make repairs/modifications to the temperature control system in TS-1 warehouse.



H. RESOLUTION 2016-10-0093: APPROVAL TERMINATION OF LEASE WITH STANDARD MERCHANDISING COMPANY

Staff is presenting a recommendation to approve the termination of lease agreement entered into on October 21, 2015 with Standard Merchandising Company for the property at 1535 Broadway. The termination does meet the lease agreements requirements for terminating the lease. General Counsel has reviewed the termination agreement and finds it to be in order.

RECOMMENDATION:

Staff recommends Board's approval of the termination of lease agreement between South Jersey Port Corporation and Standard Merchandising Company.



I. RESOLUTION 2016-10-00943: APPROVAL OF THE COLLECTIVE BARGAINING AGREEMENTS BETWEEN SJPC AND THE COMMUNICATION WORKERS OF AMERICA

The proposed two collective bargaining agreements between SJPC and the Communication Workers of America for supervisory and nonsupervisory employees will be presented for discussion in Closed Session.

RECOMMENDATION:

Staff recommends Board's consideration of the proposed agreements.



J. RESOLUTION 2016-10-0096: APPROVAL OF SIDETRACK AGREEMENT WITH CONRAIL FOR THE PAULSBORO MARINE TERMINAL

Staff is presenting a recommendation to approve the a sidetrack agreement with Conrail that addresses the existing industrial sidetrack with a point of switch located at Paulsboro Industrial Track, LC 10-9920, Milepost 1.0. The agreement establishes the terms and conditions relating to construction, use, maintenance and operation of the industrial rail track SJPC owns and is responsible to maintain and the section of rail track Conrail owns and is responsible for maintaining at the main rail connection into the Paulsboro Marine Terminal.

RECOMMENDATION:

Staff recommends Board approval of the Sidetrack Agreement with Conrail as presented.



INFORMATION ITEM:

K. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT

PHOENIX STRATEGIES/ARTLIP COMMUNICATIONS REPORT ATTACHED.



INFORMATION ITEM:

L. SECURITY UPDATE

The security update is prepared by Mr. Jay Jones.

NJ OFFICE OF HOMELAND SECURITY – DHS RAPID SURVEY TOOL: SJPC and the NJ Office of Homeland Security & Preparedness have partnered to implement the Rapid Survey Tool (RST) for the Balzano and Broadway Terminals. The RST is a data collection capability that examines the most critical aspects of a facility's security and resilience posture with efficient, baseline questions. It is a shorter survey that allows assessors to gather the general status of a facility before deciding whether an in-depth survey is required. The Web-based Rapid Survey Tool, available through the Infrastructure Protection Gateway (IP Gateway), captures a facility's physical and operational security and resilience data. The data are then analyzed to determine the facility's relative security and resilience in comparison to the national average for similar facilities. The resulting analysis is used to develop a Rapid Survey Information Center that equips owners and operators with knowledge to detect and prevent physical, cyber, and natural threats and respond to, recover from, and remain resilient against all hazards.

The results of the Balzano and Broadway Terminal RSTs were presented. Overall scores place both terminals ahead of 10 comparative facilities. SJPC would significantly improve the overall resiliency with developing a continuity of operations plan.

DHS REGIONAL RESILIENCY ASSESSMENT PROGRAM: On Monday, October 17, 2016, representatives from the Department of Homeland Security and the NJ Office of Homeland Security and Preparedness, presented the initial results from the Regional Resiliency Assessment Program that began more than a year ago to assess the regional port complex including NJ, PA and DE. DHS is planning to complete all the NJ facilities by the end of the year and will provide SJPC with a RRAP tool kit. Staff will make arrangements for DHS to present the RRAP to the SJPC Board at a future date.

CYBER SECURITY - DHS CYBER HYGIENE PROGRAM: The Cyber Hygiene (CH) Program Cyber Hygiene is a technical assessment encompassing scanning of stakeholders' internet accessible systems for known vulnerabilities and configuration errors. Based on findings, remediation and mitigation recommendations are made, allowing the stakeholder to improve their cyber security posture. SJPC, along with DHS and the NJOHSP, will be participating in this free program.



INFORMATION ITEM:

M. PAULSBORO MARINE TERMINAL PROJECT UPDATES

The Paulsboro Marine Terminal Project updates are provided by the Gloucester County Improvement Authority. See the attached monthly report.

CHANGE ORDERS/CONTRACTS

CH2M Change Order #17: Due to the expiration of AECOM Construction services contract on September 30, 2016, the Paulsboro Marine terminal project being in need of continued Construction and Engineering services for work associated with the Wharf, Rail and electrical projects. CH2M will provide these services for a sum of \$44,000.

Lump Sum this Change Order: \$44,000.00

Revised Contract Sum:	\$5,483,543.00
Change Order #17:	\$44,000.00
New Contract Sum:	\$5,527,943.00

Greyhawk Construction Managers Contract - Scheduler: Due to Weeks Marine Inc.'s PMT contract, Weeks retained an outside consulting firm to ascertain the total quantity of time they feel they are due for additional work associated with the Wharf Project. The GICIA is in need for a scheduler that is familiar with and has worked on the project. Greyhawk will provide these services for a sum of \$4,000.00.

Lump Sum this Contract: \$4,000.00

Greyhawk Construction Managers Contract – Construction/Engineering Services: Due to the expiration of AECOM Construction services contract on September 30, 2016, the Paulsboro Marine terminal project being in need of continued Construction and Engineering services for work associated with the Wharf, Rail and electrical projects. Greyhawk will provide these services for a sum of \$32,400.

Lump Sum this Contract: \$32,400.00

Kyle Conti Construction Inc. Change Order #2 (PMT-016):

Perform the work in accordance with the following:

- 1) Relocate Transformer 6 (TX-6) and Load Panel (LP-6) and delete Mini Power Zone 6 (MPZ-6) from the PMT-016 Contract's scope of work in accordance with the Owner's Proposal Request 007 and the Contractor's COR-009, both of which are attached.
- 2) Relocate Structure Group 109 and 109A in accordance with the Engineer's response to RFI-010 and the Contractor's COR-011, both of which are attached.

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- 3) Install one additional Medium Voltage Manhole and one additional Communication Manhole in accordance with Proposal Request 010 and the Contractor's COR-012, both of which are attached.
- 4) Install a cable fault detection system in accordance with the Engineer's response to RFI-040, RFI-040.1 and the Contractor's COR-013, all of which are attached.
- 5) Install two added breakers to Load Panel 11 in accordance with the Engineer's review comments on Submittal 626 and the Contractor's COR-014, all of which are attached.
- 6) Install the gondola camera system addressed by Proposal Request 008 and the Contractor's COR-015R1, both attached.
- 7) Install two bridge clearance gauges supplied by the Owner on the new bridge over Mantua Creek in accordance with Proposal Request 009R1 and the Contractor's COR-016, both attached.

See attached memorandum for details.

Lump Sum for this Change Order:		\$254,191.84
Original Contract Sum:	\$	6,360,600.00
Change Order #10:	\$	254,191.84
New Contract Sum:	\$	6,766,297.13

Weeks Marine Change Order #10 (PMT-008M): Perform the work in accordance with the following:

- 1) Install 123 pile extensions in accordance with the revised detail provided in the Contractor's COR-008R2 (attached).
- 2) Cut off and preserve Pile 85J for the Owner in accordance with Proposal Request 016 and the Contractor's COR-020R1 (both attached).
- 3) Revise the utility pits and the utility pit hatch covers in accordance with the Engineer's response to RFI-088, the Engineer's response to RFI-092 and the Contractor's COR-025R2 (all attached).
- 4) Provide a credit for the deletion of the static testing of the two test piles called for in Contingent Work Line Items #1 and #2 in accordance with Proposal Request 017 and the Contractor's COR-030 (both attached)

See attached memorandum for details.

Lump Sum for this Change Order:		-\$76,499.99
Original Contract Sum:	\$	46,558,765.00
Change Order #10:	\$	-76,499.99
New Contract Sum:	\$	46,802,605.04



INFORMATION ITEM:

N. 2016 DRAFT RATE STUDY

As required by our Bond Covenants on an annual basis the South Jersey Port is required to do a rate study that evaluates our rates, fees and tariffs compared to our competitors in the region. The draft 2016 report prepared by S.T. Hudson is presented for the Board's review. The draft report concluded significant increases in rates, fees, and charges at this time to meet the required 1:1 ratio of net revenue to debt services are not necessary.

Following the Board's review, the 2016 Rate Study will be presented to the Board for adoption at the December 2016 meeting.



MATTERS INVOLVING LITIGATION, PERSONNEL & SPECIAL MATTERS

The subject matter is covered by one or more of the following legal exemptions:

- Matters made confidential by state, federal law or rule by court.
- Disclosure would result in an unwarranted invasion of individual privacy, unless the person affected consents in writing.
- Disclosure would impair the body's right to receive federal or state funds.
- Collective bargaining.
- Lease or acquisition of property, setting of banking rates, investment of public funds if disclosure would harm the public interest.
- Investigations into violations of law.
- Strategies to protect public security.
- Pending, ongoing or anticipated litigation or contract negotiation, including attorney-client privilege. The threat of litigation must be more than theoretical for this exemption to apply.
- Personnel matters affecting employees of the public bodies, unless all parties request or consent to a public hearing. Prior to discussion of personnel, affected employees must be given notice, known as a Rice notice, which gives the employee the right to request a public hearing.
- Proceedings that could result in a suspension, civil penalty, or loss of a license or permit.

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- 1. COUNSEL'S REPORT**
 - 2. HOLTEC – Demand for Final Payment**
 - 3. BROADWAY PIER 5 – Camden Waterfront Development**
 - 4. PAULSBORO MARINE TERMINAL: Terminal Operator Tenant – Camden Waterfront Development/Holt: Shop Construction Proposal**
 - 5. PERSONNEL**
 - a. Local 18 Collective Bargaining Agreement**
 - b. Local 169 Collective Bargaining Agreement**
 - c. CWA Supervisory and Non Supervisory Collective Bargaining Agreements**
 - d. Administrative**
 - 6. BROADWAY SPRINKLER SYSTEM**
 - 7. MAINTENANCE DREDGING**