

SOUTH JERSEY PORT CORPORATION



BOARD OF DIRECTORS MEETING JANUARY 31, 2017

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

- 1. APPROVAL OF MINUTES**
Regular Meeting December 13, 2016
Closed Meeting December 13, 2016
Regular Special Meeting January 9, 2017
- 2. APPROVAL OF OPERATING BILLS
RESOLUTION 2017-1-0003**
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST
RESOLUTION 2017-1-0004**
- 4. APPROVAL OF CREDITS
RESOLUTION 2017-1-0005**
- 5. APPROVAL OF CHANGE ORDERS – None**
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS
RESOLUTION 2017-1-0006**
- 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 2017-1-0007: 2017 STATE PENSION LIABILITY**
- B. RESOLUTION 2017-1-0008: SELECTION OF PROFESSIONAL SERVICES APPOINTMENTS FOR GENERAL COUNSEL, LABOR COUNSEL, BOND COUNSEL, MARITIME COUNSEL, FINANCIAL ADVISOR, MARKETING CONSULTANT AND INSURANCE BROKER**
- C. RESOLUTION 2017-1-0009: SELECTION OF PRE-QUALIFIED ENGINEERING FIRMS FOR MARINE ENGINEERING, CIVIL ENGINEERING, CONSTRUCTION MANAGEMENT, GEO-TECH AND CERTIFIED DIVERS**
- D. RESOLUTION 2017-1-0010: INSURANCE RENEWALS – GENERAL LIABILITY, COMMERCIAL AUTO, HULL & MACHINERY, POLLUTION LIABILITY – BARGE, AND PUBLIC OFFICIALS LIABILITY / EMPLOYMENT PRACTICES LIABILITY**
- E. RESOLUTION 2017-1-0011: CENTRAL METALS LEASE RENEWAL**
- F. RESOLUTION 2017-1-0012: HARRY WILSON WELDING LEASE RENEWAL**
- G. RESOLUTION 2017-1-0013: CHAMPION SERVICE INC LEASE RENEWAL**
- H. RESOLUTION 2017-1-0014: CAMDEN PLANT HOLDINGS LEASE RENEWAL**
- I. RESOLUTION 2017-1-0015: TRI-STATE BULK HANDLING LEASE RENEWAL**
- J. RESOLUTION 2017-1-0016: SELECTION OF VENDOR FOR 4G CONVERSION OF FIRE PROTECTION PANELS – BALZANO TERMINAL**
- K. RESOLUTION 2017-1-0017: DESIGNATION OF PUBLIC AGENCY COMPLIANCE OFFICER – EEO CONTRACT COMPLIANCE**
- L. RESOLUTION 2017-1-0018: CATHODIC PROTECTION REPAIR QUOTATION – CORRPRO**
- M. RESOLUTION 2017-1-0019: APPROVAL OF ADMINISTRATIVE STAFF COMPENSATION RECOMMENDATIONS**
- N. RESOLUTION 2017-1-0020: LETTER OF INTENT WITH NFI REAL ESTATE LLC. – 1535 BROADWAY PROPERTY**
- O. RESOLUTION 2017-1-0021: APPROVAL OF COLLECTIVE BARGAINING AGREEMENT - LOCAL 18, I.F.P.T.E.**
- P. RESOLUTION 2017-1-0022: APPROVAL OF PACECO CRANE OVERLOAD SYSTEM REPLACEMENT PROPOSAL FROM READING CRANE**

11. SUPPLEMENTAL BOARD INFORMATION

- Q. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- R. PORT SECURITY UPDATE**
- S. PAULSBORO MARINE TERMINAL PROJECT UPDATES**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

A. RESOLUTION 2017-1-0007: 2017 PENSION LIABILITY

Staff presents the Employer’s Liability Annual Pension Contribution Invoice for the Public Employee’s Retirement System (PERS) for calendar year 2017. The total amount of \$826,127.00 is due on April 1, 2017. The total amount due includes the Employer’s Contribution for 2017 and early retirement costs. The plan is summarized below.

Normal Costs represents the present value of benefits that have accrued on behalf of the members during the valuation year. The employers’ contribution covers not only the basic pension allowance it also covers the future cost-of-living adjustment along with the premium for group life insurance.

Normal Contribution **\$ 111,843.00**

Employer Accrued Liability and/or Pension system unfunded actuarial liability contribution consists of the employer’s share of the pension system total unfunded actuarial liability amortized over time (30 to 40 years). **The unfunded actuarial liability of a retirement system is the excess of the system’s actuarial liability over the value of its assets.**

Accrued Liability **\$ 569,179.00**

Non-Contributory Group Life Insurance **\$ 33,989.00**

Long Term Disability **\$ 10,774.00**

Accrued Liability-Early Retirement Incentive-ERI-3: The State of New Jersey Division Pension and Benefits prepared the Schedule of payments for the Early Retirement Incentive.

Accrued Liability-Early Retirement Incentive-ERI-3: **\$ 100,342.00**

Total Amount Due all Categories **\$ 826,127.00**

RECOMMENDATION:

Staff Recommends approval by the Board for the 2016 Pension Liability as presented.

	<u>2016</u>	<u>2017</u>	<u>Variance</u>
Normal Contribution	\$91,739.00 -	\$111,843.00 =	\$20,104.00
Accrued Liability	\$422,609.00 -	\$569,179.00 =	\$146,570.00
Non-Contributory Group Life Insurance	\$27,539.00 -	\$33,989.00 =	\$6,450.00
Long Term Disability	\$ -0-	\$10,774.00 =	\$10,774.00
Accrued Liability- ERI	\$97,420.00 -	\$100,342.00 =	\$2,922.00
Total Amount Due all Categories	\$ 639,307.00 - \$826,127.00 = \$186,820.00 (increase)		



ACTION ITEM:

B. RESOLUTION 2017-1-0008: SELECTION OF PROFESSIONAL SERVICES APPOINTMENTS FOR GENERAL COUNSEL, LABOR COUNSEL, BOND COUNSEL, MARITIME COUNSEL, FINANCIAL ADVISOR, MARKETING CONSULTANT AND INSURANCE BROKER

Proposals for the Request for Qualifications and Cost Proposals for Professional Services including General Legal Counsel, Labor Counsel, Maritime Counsel, Bond Counsel, Marketing Consultant, General Health and Insurance Broker and Financial Advisor were received on December 8, 2016 at 3:00 p.m.

The Board Review Committee will present recommendations for the appointments. The professional services agreements will be for a term of one year beginning March 1, 2017 with a one year option exercised at the prerogative of the Board.

Below is a list of the firms who submitted packages in the seven categories:

GENERAL LEGAL COUNSEL

Zane & Lafferty
Dilworth Paxson
Lauletta Bimbaum

LABOR COUNSEL

Brown & Connery
Dilworth Paxson
Long Marmero & Associates

MARITIME COUNSEL

Mattioni, LTD.

MARKETING CONSULTANT

Phoenix Strategies & Artlip Communications
Performance Marketing

BOND COUNSEL

Capehart & Scatchard
McManimon, Scotland & Baumann

FINANCIAL ADVISOR

GB Associates
NW Financial Group
Phoenix Advisors
Acacia Financial Group

GENERAL HEALTH & INSURANCE BROKER

Conner Strong & Buckelew

RECOMMENDATION:

The Board Review Committee was present recommendations made for the appointments for General Counsel, Labor Counsel, Maritime Counsel, Bond Counsel, Marketing Consultant, Financial Advisor and General Health and Insurance Broker.



ACTION ITEM:

C. RESOLUTION 2017-1-0009: SELECTION OF PREQUALIFIED ENGINEERING FIRMS

Staff advertised the Request for Qualifications for Engineering Services in five different categories, including Marine Engineer, Civil Engineer, Construction Management, Geo-Technical, and Certified Diver. The current select of pre-qualified engineering firms, that carried a three-year term, expires on February 28, 2017. Qualification packages were due on Tuesday, December 15, 2016. We received 60 qualification packages in total; 12 for Marine Engineer, 18 for Civil Engineer, 14 for Construction Management, 3 for Certified Divers and 13 for Geo-Technical Services.

The Board Review Committee is evaluating the qualifications and will present a recommendation to the Board approve the slate of pre-qualified firms for a term of three (3) years in each of the five disciplines. Every year staff will issue an RFQ to allow for any new firms to be considered. Firms selected to be on the pre-qualified list are eligible to participate in future requests for proposals to perform engineering services as required from project to project.

RECOMMENDATION:

The Board Review Committee will present their recommendation for the selection of pre-qualified engineering firms.



ACTION ITEM:

D. RESOLUTION 2017-1-0010: INSURANCE RENEWALS – GENERAL LIABILITY, COMMERCIAL AUTO, HULL & MACHINERY, POLLUTION LIABILITY – BARGE, AND PUBLIC OFFICIALS LIABILITY / EMPLOYMENT PRACTICES LIABILITY

SJPC's Insurance Broker, Conner Strong is presenting recommendations to renew South Jersey Port Corporation's Marine Terminal Operators General Liability / Bumpershoot Liability, Commercial Automobile, Hull & Machinery/Protection and Indemnity (P&I) - 1959 Spud Barge, Pollution Liability - 1959 Spud Barge and Public Officials and Employment Practices Liability on 03/01/2017.

Marine Terminal Operators General Liability / Bumpershoot Liability: Your current (3/1/2016 – 3/1/2017) Marine Terminal Operators General Liability / Bumpershoot Liability program provides a \$21,000,000 Occurrence / \$21,000,000 General Aggregate Limit through National Union Fire Insurance Company of Pittsburgh, PA (\$1,000,000 Per Occurrence / \$2,000,000 Aggregate Limit), Travelers Property Casualty Company of America (\$10,000,000 part of \$20,000,000 Limit excess of \$1,000,000 Underlying), and XL Specialty Insurance Company (\$10,000,000 part of \$20,000,000 Limit excess of \$1,000,000 Underlying). The total expiring premium is \$208,901 (including TRIA and New Jersey surcharges) based on Gross Receipts of \$21,192,293.

For the 3/1/2017 – 3/1/2018 policy term, the South Jersey Port Corporation provided a Gross Receipts estimate of \$21,616,139, as expiring. Conner Strong & Buckelew negotiated a renewal cost of \$194,251, which represents a premium decrease of approximately 7% (rate decrease of 9%). The coverages, terms, and conditions are the same as expiring, except as described in our proposal. Conner Strong & Buckelew pursued other insurance carriers on your behalf, and the results of our marketing effort are discussed further in our proposal. After consultation with staff, Conner Strong & Buckelew recommends that South Jersey Port Corporation renew their Marine Terminal Operators General Liability / Bumpershoot Liability program with National Union Fire Insurance Company of Pittsburgh, PA, Travelers Property Casualty Company of America, and XL Specialty Insurance Company.

Commercial Automobile: Your current program with Chubb Insurance Company of New Jersey provides a \$1,000,000 Combined Single Limit. Chubb's renewal quote for the 3/1/2017 – 3/1/2018 policy term is \$91,535 (including NJ surcharges). We approached other insurance companies including National Fire Insurance Company of Pittsburgh, PA and Travelers; however, Chubb continues to provide the most competitive program. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with Chubb Insurance Company of New Jersey.

Hull & Machinery/Protection and Indemnity (P&I) - 1959 Spud Barge: Your current program with National Union Fire Insurance Company of Pittsburgh, PA (AIG) provides a

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\$1,000,000 P&I limit and a Hull value of \$200,000. The expiring premium is \$5,775 (including NJ surcharges). AIG has offered a renewal quote for the 3/1/2017 – 3/1/2018 policy term with the same terms and conditions as expiring for a premium of \$5,845 (including NJ surcharges). Please note that this coverage is specifically for your 1959 Spud Barge. At present, Conner

Strong & Buckelew recommends that South Jersey Port Corporation renew the coverage with AIG.

Pollution Liability - 1959 Spud Barge: Your current program with Water Quality Insurance Syndicate (WQIS) provides a \$5,000,000 Limit for a discharge of oil or hazardous substances. WQIS' renewal quote for the 3/1/2017 – 3/1/2018 policy term is \$2,395 (including NJ surcharges), reflecting a flat premium. Please note that this coverage is specifically for your 1959 Spud Barge. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with the Water Quality Insurance Syndicate (WQIS).

Public Officials Liability and Employment Practices Liability Insurance: Your current program with Hiscox Insurance Company provides a \$5,000,000 Limit for Public Officials and Employment Practices Liability claims. The expiring premium is \$57,555 (including NJ surcharges). Hiscox's renewal quote for the 3/1/2017 – 3/1/2018 policy term is \$51,495 (including NJ surcharges). We approached several other insurance companies on behalf of the Port and the results of our marketing effort are discussed in greater detail in our proposal. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew their Public Officials Liability and Employment Practices Liability program with Hiscox Insurance Company.

RECOMMENDATION:

Staff recommends Board approval Insurance Broker's recommendations.



ACTION ITEM:

E. RESOLUTION 2017-1-0011: CENTRAL METALS LEASE RENEWAL

Central Metals has requested to renew their Lease. The term of their lease will duplicate the existing Lease for a period of one (1) year. The leasehold comprises 7,850 sq.' of open ground @ \$0.54/ sq.' generating annual revenue income of \$4,239.00. An annual 1.7 % CPI increase has been applied.

RECOMMENDATION:

Staff recommends Board approval of the proposed lease renewal for Central Metals.



ACTION ITEM:

F. RESOLUTION 2017-1-0012: HARRY WILSON WELDING
LEASE RENEWAL

Harry Wilson Welding has requested a one (1) year Lease renewal for a small storage shed located at the Broadway Terminal. An annual 1.7% CPI increase was applied resulting in a \$5.28/sq.' cost generating annual revenue of \$540.00.

RECOMMENDATION:

Staff recommends Board approval of the proposed lease renewal for Harry Wilson Welding.



ACTION ITEM:

G. RESOLUTION 2017-1-0013: CHAMPION SERVICE INC. LEASE RENEWAL

Champion Service Inc. has requested a one (1) year Lease renewal for their two parcel Leasehold: 3 acres of open ground; a 16,000 sq.' garage type building also located on Second street. The rental rates will increase due to the current CPI index of 1.7 %, and combined will contribute \$66,756.00 in annual revenue.

RECOMMENDATION:

Staff recommends Board approval of the proposed lease renewal for Champion Service Inc.



ACTION ITEM:

H. RESOLUTION 2017-1-0014: CAMDEN PLANT HOLDINGS
LEASE RENEWAL

Camden Plant Holdings, LLC has requested to renew their one (1) year “F” Bld. Leasehold comprised of 5,000 sq.” for supplies storage. An annual income of \$13,416.00 reflects a cost of \$2.68/sq.” with an adjusted CPI increase of 1.7 %.

RECOMMENDATION:

Staff recommends Board approval of the proposed lease renewal for Camden Plant Holdings.



ACTION ITEM:

I. RESOLUTION 2017-1-0015: TRI-STATE BULK HANDLING LEASE RENEWAL

Tri-State Bulk Handling, Inc. has requested the Port's consideration for granting a new Three (3) year Lease for their annual five parcel Leasehold renewal. An annual CPI pricing index will be applied and due on the current annual anniversary date for each parcel. The annual revenue will initially increase by the current CPI index adjustment by 1.7 % to a total of \$40,872.00.

RECOMMENDATION:

Staff recommends Board approval of the lease renewal as presented.



ACTION ITEM:

J. RESOLUTION 2017-1-0016: SELECTION OF VENDOR FOR 4G CONVERSION OF FIRE PROTECTION PANELS AT BALZANO TERMINAL

Pursuant to the Board’s authorization, staff is released a Request for Proposals for Fire Protection System 4G Panel Conversion. The Balzano Terminal facilities are equipped with eighteen (18) fire safety protection panels associated with the sprinkler systems in the facility’s various buildings/warehouses. Eleven (11) of the panels need to be changed to convert the current 2G cellular service to 4G cellular service for alarm annunciation and monitoring. This is required due to the carriers phasing out the 2G service. The remaining seven (7) panels will only require a transmitter upgrade which will be completed over the next few weeks.

The following proposals were received on Thursday, January 26, 2017 at 3:00 p.m.

FIRM	PRICE
FAMCO, Clifton Heights, PA	\$47,300.00
Meridian, Hamilton, NJ	\$89,329.00
General, Aston, PA	\$12,766.00 *

* The proposal submitted by General did not meet the technical specifications.

Staff reviewed the proposals and recommend awarding the project to FAMCO in the amount of \$47,300.00. General Counsel has reviewed the FAMCO proposal.

RECOMMENDATION:

Staff will present a recommendation to award the 4G Conversion of Fire Protection Panels at the Balzano terminal Project to FAMCO in the amount of \$47,300.00.



ACTION ITEM:

K. RESOLUTION 2017-1-0017: DESIGNATION OF PUBLIC AGENCY COMPLIANCE OFFICER FOR EEO CONTRACT COMPLIANCE

In accordance with N.J.A.C. 17:27-3.3, each Public Agency shall designate an individual to serve as its Public Agency Compliance Officer or P.A.C.O. The P.A.C.O. is the liaison between the Division and the Public Agency and is the Public Agency point of contact for all matters concerning implementation and administration of the statute and regulations. The P.A.C.O. is also responsible for administering contracting procedures pertaining to equal employment opportunity regarding both the Public Agency and vendors with public contracts. Vendors shall include but are not limited to goods, professional services and general services; and construction contractors. As such, the P.A.C.O. must have the authority to recommend changes to effectively support the implementation of the statute and its regulations.

Each year, all Public Agencies are required to submit the name, title, address, telephone, number, fax, and email address of the P.A.C.O. designated by the Public Agency. This information must be submitted to the Division no later than January 10th of each year. In addition, it shall be the responsibility of the Public Agency to update the P.A.C.O. designation at any time during the year if any changes are made concerning the designated P.A.C.O.

Staff is proposing to re-designate Bruno Cellucci, Treasurer, to serve as the agency's P.A.C.O. for 2017.

RECOMMENDATION:

Staff recommends Board approval as presented.



ACTION ITEM:

L. RESOLUTION 2017-1-0018: CATHODIC PROTECTION
QUOTATION - CORRPRO

As recommended by S. T. Hudson Engineers within their Balzano Berths 2-4 Inspection report and presentation to the Board at the December 2016 meeting, a meeting was arranged with Corrpro, the proprietary systems manufacturer of the on-site Corrosion Protection equipment, to discuss the observations of the Hudson Engineering report, and to solicit Corrpro's initial involvement to quantify these findings for remedial attention; and to solicit Corrpro's recommended "course of action", and a proposal for the Port's consideration.

Corrpro has since provided a fee based proposal for \$16,612.00 with a recommended Scope of Work to identify, outline, evaluate and quantify the necessary remedial activities. The proposal and scope of work has been reviewed by S.T. Hudson and is acceptable.

RECOMMENDATION:

Staff recommends Board approval of the quotation from Corrpro in the amount of \$16,612.00



ACTION ITEM:

M. RESOLUTION 2017-1-0019: APPROVAL OF ADMINISTRATIVE STAFF COMPENSATION ADJUSTMENTS

Recommendations for administrative staff compensation adjustments will be presented for consideration.

RECOMMENDATION:

Board consideration of the administrative staff compensation adjustment recommendations.



ACTION ITEM:

N. RESOLUTION 2017-1-0020: LETTER OF INTENT – NFI REAL ESTATE, LLC. – 1535 BROADWAY PROPERTY

The staff will present in Closed Session a proposed Letter of Intent (LOI) with NFI Real Estate, LLC. (NFIRE) regarding a potential lease for property at 1535 Broadway in Closed Session. Board may consider approval of the LOI.

RECOMMENDATION:

Staff recommends Board consideration of a proposed Letter of Intent with NFI Real Estate, LLC.



ACTION ITEM:

O. RESOLUTION 2017-1-0021: APPROVAL OF COLLECTIVE BARGAINING AGREEMENT – LOCAL 18, I.F.P.T.E.

The Board will discuss a proposed collective bargaining agreement renewal proposal with the International Federation of Professional and Technical Engineers, Local 18, in closed session. Local 18 represents SJPC's labor. Following closed session, a proposal may be presented for approval.

RECOMMENDATION:

Staff recommends Board consideration of a proposed CBA with Local 18, I.F.P.T.E.



ACTION ITEM:

P. RESOLUTION 2017-1-0022: APPROVAL OF PACECO CRANE OVERLOAD SYSTEM REPLACEMENT PROPOSAL FROM READING CRANE

Staff is presenting a quotation from Reading Crane and Engineering Company to provide and install a new overload system (load cell) on the Paceco Crane. The overload system protects the operator and the crane from picking a load that exceeds the capacity of the crane system. An overload alert will signal the operator they are above the crane's rating, thus preventing further operation. The current system is inoperable.

Due to the age of the Paceco Crane, locating the parts and a reputable company to install and replacement systems has been challenging. Reading Crane has routinely been a source of reliable and responsive support for SJPC's cranes and they have been able to develop a proposal in the amount of \$36,000 to install this critically important system on the crane.

RECOMMENDATION:

Staff recommends Board approval of the proposal from Reading Crane and Engineering Company, in the amount of \$36,000 to provide and install a new Overload System on the Paceco Crane at the Balzano Terminal.



INFORMATION ITEM:

Q. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT

PHOENIX STRATEGIES/ARTLIP COMMUNICATIONS REPORT ATTACHED.



INFORMATION ITEM:

R. SECURITY UPDATE

The security update is prepared by Mr. Jay Jones.

U.S. NATIONAL MARITIME ADVISORY SYSTEM: The Coast Guard announced on January 30th the launch of the new U.S. Maritime Advisory System, which represents the most significant update since 1939 to the U.S. government process for issuing maritime security alerts and advisories. The new system establishes a single federal process to expeditiously provide maritime threat information to maritime industry stakeholders including vessels at sea. In response to valuable feedback from stakeholders, the Maritime Advisory System was developed to streamline, consolidate, and replace maritime threat information previously disseminated in three separate government agency instruments: Special Warnings, MARAD Advisories, and global maritime security related Marine Safety Information Bulletins.

The U.S. Maritime Advisory System includes two types of notifications: A U.S. Maritime Alert and a U.S. Maritime Advisory. Maritime Alerts quickly provide basic threat information to the maritime industry. When amplifying information is available, a more detailed U.S. Maritime Advisory may be issued on a threat and could include recommendations and identify available resources. U.S. Maritime Alerts and U.S. Maritime Advisories will be broadcast by the National Geospatial-Intelligence Agency, emailed to maritime industry stakeholders, and posted to the Maritime Security Communications with Industry (MSCI) web portal, at www.marad.dot.gov/MSCI.

The U.S. Maritime Advisory System is a whole-of-government notification mechanism. The Departments of State, Defense, Justice, Transportation, and Homeland Security, and the intelligence community, supported the development of this new system in coordination with representatives from the U.S. maritime industry through the Alerts, Warnings and Notifications Working Group.

U.S. COAST GUARD – CG-5P POLICY LETTER 08-16: The Coast Guard Commandant recently published CG-5P Policy Letter 08-16: Reporting Suspicious Activity and Breaches of Security, which outlines the criteria and process for suspicious activity (SA) and breach of security (BoS) reporting. As such, an owner or operator of a vessel or facility that is required to maintain an approved security plan in accordance with parts 104, 105 or 106 of Title 33, Code of Federal Regulations, Subchapter H shall, without delay, report activities that may result in a transportation security incident (TSI) to the National Response Center (NRC), including BoS and SA. This policy letter also covers reporting requirements and guidance on reporting cybersecurity related events to Department of Homeland Security National Cyber Security and Communications Integration Center (NCCIC). Operators of vessels and facilities regulated by the MTSA may use this policy letter when evaluating SA and BoS incidents.

SJPC will be incorporating the updated requirements and guidance on reporting BoS and SA into our FSP and general policies as necessary.



U.S. COAST GUARD AREA MARITIME SECURITY COMMITTEE (AMSC): Sector Delaware Bay provided a report on 2017 Cyber Security Predictions.

1. Ransomware subsides in the second half of 2017: The scourge of hospitals, government agencies, transit organizations and others, ransomware may be leveling off, with the widespread media attention expected to spur solutions, McAfee predicts. Special interest organizations have done a good job of raising awareness, and companies have taken up the call to find answers.

2. “Dronejacking” places threats in the sky: Consumer drones sold with open ports and weak authentication create opportunities for attackers to take control of unmanned systems. Although vulnerabilities can often be fixed with a software update, “this requires the manufacturer to release a patch,” the report said. Expensive, high-end drones will get patched quickly, but hobbyist drones may fly a long time before a patch is even available. That means exploit kits for unsecured drones will become available, and dronejacking via laptops with directional antennas may emerge. Unsecured drones open up risks for package delivery, aerial photography and law enforcement surveillance. Besides the danger to the devices themselves, look for drones that land on buildings and attempt to hack into the wireless networks inside, McAfee warns.

3. Takedown operations put a dent in cybercrime: Increased cooperation among law enforcement, industry and security vendors will help shut down criminal operations. The report warns, however, that cybercriminals will begin to challenge the relationship between private vendors and law enforcement agencies, so all parties should prepare for legal ramifications of cooperation.

4. Threat intelligence sharing improves: New automated tools will make sharing information easier, and crowd sourced threat intelligence and collaborative analytics help security analysts “connect the dots.” Legislation like the Cybersecurity Information Sharing Act will help overcome barriers to sharing by extending liability protection to the sharing entities.

5. Cyberespionage increases in complexity: Former state-sponsored teams will become information brokers in cyberespionage in 2017, providing “access” for money. “Everyone has information that is worth something, but it takes a creative mind to profit from it,” McAfee says. Additionally, advanced attackers are accessing networks by attacking firewalls, giving them “a great way to fly below the security radar.”

6. Cyber and physical systems merge: The separation between the physical and digital world could begin its erosion in 2017, making the security of one dependent on the security of the other. McAfee predicts that the physical and cybersecurity industries will begin hardening security products and that cybersecurity solution providers will begin to service and support physical security.

U.S. DHS – REGIONAL RESILIENCY ASSESSMENT OF DELAWARE RIVER PORTS: The U.S. Department of Homeland Security, Office of Infrastructure Protection, in partnership with state and local homeland security offices, conducted a Regional Resiliency Assessment Program (RRAP) along the Delaware River. The RRAP is multi-state, focusing in Delaware, Pennsylvania, and New Jersey at port terminal facilities and the supporting key transportation, energy and information technology infrastructures. This integrated maritime system is a critical

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regional and national economic engine and transportation hub. The RRAP assessed the resilience of critical lifeline infrastructures supporting terminal operations within the Delaware River Ports of Camden, Philadelphia and Wilmington. Also, the RRAP assessed the power and communications/information technology systems supporting the inter-modal distribution networks they rely on to move goods to markets.

We have arranged for the NJ Protective Security Advisor from DHS to present the assessment as it relates to SJPC facilities at the February SJPC Board meeting. The presentation will be made in Closed session as the assessment has not yet been vetted for public distribution.



INFORMATION ITEM:

S. PAULSBORO MARINE TERMINAL PROJECT UPDATES

The Paulsboro Marine Terminal Project updates are provided by the Gloucester County Improvement Authority.



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. DRPA CAPITAL LEASE – ELECTRICAL SUBSTATION**
 - 3. HOLTEC**
 - a. Demand for Final Payment**
 - 4. UNDERWATER PIERS/BERTHS SURVEY REPORT**
 - a. Transit Shed #1 Condition Report (Balzano)**
 - 5. LETTER OF INTENT WITH NFI REAL ESTATE LLC. – LIEDTKA PROPERTY**
 - 6. SPRINKLER SYSTEM – BROADWAY TERMINAL**
 - 7. MAINTENANCE DREDGING**
 - 8. PROPOSED BOND RESOLUTION/ISSUANCE**
 - 9. PERSONNEL:**
 - a. Administrative Employees**
 - b. Local 18, I.F.P.T.E.**