



SOUTH JERSEY PORT CORPORATION
OFFICIAL BOARD OF DIRECTORS MEETING MINUTES
BROADWAY TERMINAL
CAMDEN, NEW JERSEY
January 31, 2017
12:30 p.m.

| | | |
|---------------------------|------------------------|-----------------------------------|
| Directors Present: | Richard Alaimo | Chairman |
| | Chad Bruner | Director |
| | Robert DeAngelo | Director |
| | Jonathan Gershen | Director ☎ |
| | Joseph Maressa, Jr. | Director |
| | Sheila Roberts | Director |
| | Robert Tighue | State Treas. Designee |
| | | |
| Directors Absent: | Eric Martins | Director |
| | Carl Styles | Director |
| | | |
| In Attendance: | Tom Huth | Governor's Authorities Unit |
| | Raymond Zane, Esq. | Gen. Counsel – Zane & Lafferty |
| | Kevin Castagnola | Executive Director & CEO |
| | Jay Jones | Dep. Exec. Dir. / Board Secretary |
| | George Englehardt | Facilities Engineer |
| | Neil Grossman | Financial Advisor – GBA |
| | Dennis Culnan, Jr. | Marketing Consultant – PS&AC |
| | Dennis Culnan | Marketing Consultant – PS&AC |
| | Linda Artlip | Marketing Consultant – PS&AC |
| | Michael Baker | Conner Strong & Buckelew |
| | Michael Fasnacht | S.T. Hudson Engineers |
| | Mario Christina | GCIA |
| | John Burzichelli, Asm. | GCIA |

The Chairman opened the meeting at 12:30 p.m. with the following statement:

Pursuant to the provisions of the Open Public Meetings Act, Chapter 231, Public laws of 1975, adequate notice of this meeting has been provided. On January 3, 2017, the Secretary of the Corporation sent a legal notice with a schedule of Regular Meetings to be held by the South Jersey Port Corporation's Board of Directors, during the calendar year 2017, indicating the time and place to the following newspapers: Courier-Post, Gloucester County Times and the Burlington County Times.

In addition, the meeting schedule was posted at the Port Corporation's designated Bulletin Board at the main entrance to the Broadway Terminal, its official place for posting and maintaining a schedule of the monthly Board of Director's Meetings for 2017. The meeting schedule was also placed on the Port Corporation's website at www.southjerseyport.com.

Roll call was taken and recorded. [PLEDGE OF ALLEGIANCE RECITED.](#)

[PRESENTATION OF REGULAR MEETING MINUTES - DECEMBER 13, 2016](#)

The minutes for the South Jersey Port Corporation Board of Directors meeting held on December 13, 2016, were presented for approval.

A motion was made to approve the December 13, 2016 Board of Directors Regular Meeting Minutes as presented.

Moved by: C. Bruner
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

[PRESENTATION OF CLOSED MEETING MINUTES – DECEMBER 13, 2016](#)

The minutes for the South Jersey Port Corporation Board of Directors closed meeting session held on December 13, 2016, were presented for approval.

A motion was made to approve the December 13, 2016 Board of Directors Closed meeting minutes, as presented, with the condition that any matters contained in the closed session minutes may be withheld and not disclosed to the public until the need for the closed session has passed.

Moved by: C. Bruner
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

[PRESENTATION OF SPECIAL MEETING MINUTES - JANUARY 10, 2017](#)

The minutes for the South Jersey Port Corporation Board of Directors special teleconference meeting held on January 10, 2017, were presented for approval.

A motion was made to approve the January 10, 2017 Board of Directors Special Meeting Minutes as presented.

Moved by: R. DeAngelo
Seconded by: J. Maressa, Jr.

Voting for motion: All
Voting against motion: None

OPERATING BILLS

The Operating Unpaid Bill list for the period 12/1/2016 to 1/18/2017 was presented for approval.

A motion was made to adopt Resolution 2017-2-0003 for the approval of the Operating Unpaid Bill list for the period 12/1/2016 to 1/18/2017.

Moved by: J. Maressa, Jr.
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

ADVANCE PAYMENT LIST

The Advance Payment Bill List for the period 12/1/2016 to 1/18/2017 was presented for approval. The Board Audit Committee reviewed the AMEX statement.

A motion was made to adopt Resolution 2017-1-0004 for the approval of the Advance Payment Bills for the period 12/1/2016 to 1/18/2017.

Moved by: R. DeAngelo
Seconded by: J. Maressa, Jr.

Voting for motion: All
Voting against motion: None

CREDIT LIST

The Credit List for the period ended January 31, 2017, containing two (2) credits for a total amount of \$855.50 was presented for approval.

A motion was made to adopt Resolution 2017-1-0005 for the approval of the Credit List for the period ended December 13, 2016 in the amount of \$2,117.60.

Moved by: S. Roberts
Seconded by: C. Bruner

Voting for motion: All
Voting against motion: None

CONSTRUCTION FUND REQUISITIONS

Staff presented four (4) advance construction fund requisitions in the amount of \$899,575.43 and ten (10) unpaid construction fund requisitions in the amount of \$92,765.93.

A motion was made to adopt Resolution 2017-1-0006 for the approval of the fourteen (14) Construction Fund Requisitions totaling \$922,341.36; as presented.

Moved by: R. DeAngelo
Seconded by: C. Bruner

Voting for motion: All
Voting against motion: None

TREASURER'S REPORT

Staff presented the Treasurer's Report for the period ending December 31, 2016. The net income before interest, depreciation and amortization is \$801,608 versus the budgeted amount of \$698,477 for the month. This is a deviation of \$103,131 better than budget. For the YTD, net income before interest, depreciation and amortization is \$2,806,705 versus the budgeted amount of \$2,881,729. This is a deviation of (\$75,024) worse than budget. The interest on investments and the accounts receivables reports were also presented.

A motion was made to accept the Treasurer's Report as presented.

Moved by: J. Maressa, Jr.
Seconded by: S. Roberts

Voting for motion: All
Voting against motion: None

COUNSEL'S REPORT

The Counsel's Report will be discussed in closed session.

EXECUTIVE DIRECTOR'S REPORT

The Executive Director reported the SJPC facilities handled 229,405 s/tons of cargo during the month of December 2016; an improvement of 4% over the same period in 2015. The 2016 year-to-date tonnage total is 2,293,657 s/tons; -10% behind 2015. He explained that the dip in tonnage is due the Port of Salem tenant who temporarily suspended operations to make enhancements to the facility. Cargo operations have since commenced at Salem.

The Executive Director announced that the planned grand opening of the Paulsboro Marine Terminal will be postponed 2-3 weeks due to an issue the tenant has with moving the two cranes from their Gloucester facility to the new facility. A new date for the event will be determined and all will be notified.

The report was received and filed.

RESOLUTION 2017-1-0007: 2017 PENSION LIABILITY

Staff presented the NJ 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.

A motion was made to approve Resolution 2017-1-0007 authorizing payment of the NJ Employer's Liability Annual Pension invoice in the amount of \$826,127.

Moved by: J. Maressa, Jr.
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

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

The approval of the Professional Services firms for General Legal Counsel, Labor Counsel, Maritime Counsel, Bond Counsel, Marketing Consultant, General Health and Insurance Broker and Financial Advisor was tabled until the February Board meeting. The Board Review Committee will provide recommendations for the appointments for the February Board Meeting agenda. The current professional services agreements expire February 28, 2017. As such, the current agreements need to be extended one month to March 31, 2017.

A motion was made to approve Resolution 2017-1-0008 to extend the current Professional Services agreements one (1) month to March 31, 2017 for General Legal Counsel, Labor Counsel, Maritime Counsel, Bond Counsel, Marketing Consultant, General Health and Insurance Broker and Financial Advisor.

Moved by: S. Roberts
Seconded by: C. Bruner

Voting for motion: All
Voting against motion: None

RESOLUTION 2017-1-0009: SELECTION OF PRE-QUALIFIED ENGINEERING SERVICES FOR MARINE ENGINEER, CIVIL ENGINEER, CONSTRUCTION MANAGEMENT, GEO-TECH SERVICES, AND CERTIFIED DIVERS

The approval of the pre-qualified engineering firms for Marine Engineering, Civil Engineering, Construction Management, Geo-Tech Services and Certified Divers will be tabled until the February Board Meeting. The current list of pre-qualified engineering firms expire February 28, 2017. As such, the qualifications need to be extended one month to March 31, 2017.

A motion was made to approve Resolution 2017-1-0009 to extend the pre-qualifications engineers in the categories of Marine Engineer, Civil Engineer, Construction Management, Geo-Tech Services, and Certified Divers for one (1) month to March 31, 2017.

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| Moved by: | C. Bruner |
| Seconded by: | J. Maressa, Jr. |
| Voting for motion: | All |
| Voting against motion: | None |

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

Mr. Michael Baker, representing Conner Strong and Buckelew presented recommendations to renew South Jersey Port Corporation's Marine Terminal Operators General Liability / Bumbershoot 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 / Bumbershoot Liability: Your current (3/1/2016 – 3/1/2017) Marine Terminal Operators General Liability / Bumbershoot 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 / Bumbershoot 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 \$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.

A motion was made to approve Resolution 2017-1-0010 approving the recommendations for insurance renews for Marine Terminal Operators General Liability / Bumbershoot 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 in the amount of \$345,521.

Moved by: J. Maressa, Jr.
Seconded by: S. Roberts

Voting for motion: All
Voting against motion: None

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.

A motion was made to approve Resolution 2017-1-0011 approving the lease renewal with Central Metals as presented.

Moved by: C. Bruner
Seconded by: R. Tighue

Voting for motion: All
Voting against motion: None

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.

A motion was made to approve Resolution 2017-1-0012 approving the lease renewal with Harry Wilson Welding as presented.

Moved by: J. Maressa, Jr.
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

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.

A motion was made to approve Resolution 2017-1-0013 approving the lease renewal with Champion Service Inc. as presented.

Moved by: R. DeAngelo
Seconded by: S. Roberts

Voting for motion: All
Voting against motion: None

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 %.

A motion was made to approve Resolution 2017-1-0014 approving the lease renewal with Camden Plant Holdings as presented.

Moved by: J. Maressa, Jr.
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

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.

A motion was made to approve Resolution 2017-1-0015 approving the lease renewal with Tri-State Bulk Handling as presented.

Moved by: C. Bruner
Seconded by: S. Roberts

Voting for motion: All
Voting against motion: None

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 were to be completed by the end of December.

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.

A motion was made to approve Resolution 2017-1-0016 awarding the 4G Fire Protection System Panel Conversation Project to FAMCO at a cost of \$47,300.

Moved by: R. DeAngelo
Seconded by: J. Maressa, Jr.
Voting for motion: All
Voting against motion: None

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

A motion was made to approve Resolution 2017-1-0017 appointing Bruno Cellucci to serve as the Public Agency Compliance Officer (P.A.C.O) in accordance with N.J.A.C. 17:27-3.3 for 2017.

Moved by: R. Tighue
Seconded by: C. Bruner
Voting for motion: All
Voting against motion: None

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

As recommended by S. T. Hudson Engineers within their Balzano Berths 2-4 Inspection report and as presented 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.

A motion was made to approve Resolution 2017-1-0018 approving the quotation from Corrpro in the amount of \$16,612 to identify, outline, evaluate and quantify the necessary remedial actions to repair the Cathodic Projection System at the Balzano Terminal.

Moved by: C. Bruner
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

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

Staff is presented 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.

A motion was made to approve Resolution 2017-1-0022 approving the quotation from Reading Crane and Engineering Company in the amount of \$36,000 to provide and install a new overload system on the Paceco Crane.

Moved by: C. Bruner
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

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

The approval of the Collective Bargaining Agreement between SJPC and I.F.P.T.E., Local 18, has been tabled for further negotiations.

INFORMATION ITEMS:

MARKETING REPORT - PHOENIX STRATEGIES / ARTLIP COMMUNICATIONS

Mr. Dennis Culnan presented the Marketing Report. He reported they are assisting Mr. Jay Jones with the next edition of the Port-O-Call magazine which is expected to be completed following the opening of the Paulsboro Marine Terminal which is slated to be the lead story. They have assisted in the preparation of the video script for a video produced by Stokes Creative Group and have been recently trained to assist in website content management.

Mr. Jay Jones added three weeks ago we have started publishing a weekly electronic SJPC News Digest based on the Meltwater news service. Director Maressa inquired if other companies can be added to the distribution. Mr. Jones advised that we can expand the distribution and will add contacts as requested.

The report was received and filed.

PORT SECURITY UPDATE

Mr. Jay Jones, Deputy Executive Director / Facility Security Officer, presented the Security Update.

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 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.

The report was received and filed.

PAULSBORO MARINE TERMINAL PROJECT UPDATE

The Executive Director discussed that Phase One of the Paulsboro Marine Terminal project is complete and to cargo operations will begin once the tenant has moved the two mobile harbor cranes to the new terminal. There are a few outstanding contract issues including the Weeks Marine contracts disputes, which are being addressed by the GCIA as the SJPC's construction agent on the project. Staff continues to work with the State on the funding for the Phase Two of the terminal project.

PUBLIC COMMENTS

The Chairman asked if there were any public comments.

Hearing none, he asked for a motion to adjourn the regular session meeting and enter closed session.

A motion was made to adjourn the Regular Open Meeting.

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| Moved by: | R. DeAngelo |
| Seconded by: | S. Roberts |
| Voting for motion: | All |
| Voting against motion: | None |

At 1:00 p.m. the regular open session was adjourned.

I certify that this is a true copy of the Minutes of the South Jersey Port Corporation's Regular Open Session of the Board of Director's Meeting held Tuesday, January 31, 2017.

Jay Jones,
Board Secretary

At 1:25 p.m., following the closed session, the regular, open session was resumed.

RESOLUTION 2017-1-0020: LETTER OF INTENT WITH NFI REAL ESTATE, LLC. FOR 1535 BROADWAY

Staff presented a proposed Letter of Intent with NFI Real Estate, LLC. regarding their interest to lease the 1535 Broadway property for use to setup an indoor, vertical hydroponics farm for leafy greens. The company has already received EDA funding approval and there is an existing, successful hydroponics facility, Aerofarms, in New York. The LOI is for a period of 6 months, at which time they will make a final decision to pursue a lease.

A motion was made to approve Resolution 2017-1-0020 to approve the Letter of Intent with NFI Real Estate, LLC., regarding interest in leasing the 1535 Broadway property for a indoor, vertical hydroponics farm.

Moved by: R. DeAngelo
Seconded by: S. Roberts

Voting for motion: All
Voting against motion: None

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

Following review and evaluation, and in concert with recent CBAs, a recommendation was made to approve a 1.75 % compensation adjustment effective January 1, 2017 and a 1.50% compensation adjustment effective January 1, 2018 for the five non-union employees, including Executive Director, Deputy Executive Director, Treasurer, Facilities Engineer and Security Manager.

A motion was made to approve Resolution 2017-1-0019 to approve recommendation for a 1.75% compensation adjustment effective January 1, 2017 and a 1.50% compensation adjustment effective January 1, 2018 for the five non-union employees, including Executive Director, Deputy Executive Director, Treasurer, Facilities Engineer and Security Manager.

Moved by: J. Maressa, Jr.
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

The Chairman asked if there was any other business for open session. Hearing none, he asked for a motion to adjourn the meeting.

A motion was made to adjourn the Regular Open Meeting.

Moved by: J. Maressa, Jr.
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

At 1:28 p.m. the regular open session was adjourned.

I certify that this is a true copy of the Minutes of the South Jersey Port Corporation's Regular Open Session of the Board of Director's Meeting held Tuesday, January 31, 2017.

Jay Jones,
Board Secretary