

SOUTH JERSEY PORT CORPORATION



BOARD OF DIRECTORS MEETING OCTOBER 30, 2018

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

- 1. APPROVAL OF MINUTES**
Regular Meeting April 24, 2018
Closed Meeting April 24, 2018
Special Meeting June 26, 2018
Regular Meeting September 25, 2018
Closed Meeting September 25, 2018
Special Meeting October 9, 2018
- 2. APPROVAL OF OPERATING BILLS**
RESOLUTION 2018-10-0048
- 3. APPROVAL OF ADVANCE PAYMENT BILLS**
RESOLUTION 2018-10-0049
- 4. APPROVAL OF CREDITS**
RESOLUTION 2018-10-0050
- 5. APPROVAL OF CHANGE ORDERS – Two**
RESOLUTION 2018-10-0051: HARRING FIRE PROTECTION
RESOLUTION 2018-10-0052: T&M ASSOCIATES
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS**
RESOLUTION 2018-10-0053
- 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 2018-10-0056: ACCEPTANCE OF THE 2017 AUDIT REPORT**
- B. RESOLUTION 2018-10-0057: REQUEST FOR PROPOSALS FOR EMERGENCY LIGHTING PROJECT – AWARD OF PROJECT**
- C. RESOLUTION 2018-10-0058: APPROVAL OF LEASE EXTENSION FOR CAMDEN INTERNATIONAL COMMODITIES TERMINAL**
- D. RESOLUTION 2018-9-0059: APPROVAL OF SUPPORT OF THE DELAWARE RIVER AND BAY PHYSICAL OCEANOGRAPHIC REAL-TIME SYSTEM (PORTS)**
- E. RESOLUTION 2018-10-0060: RENEWAL OF LETTER OF INTENT WITH NFI**
- F. RESOLUTION 2018-10-0061: APPROVAL OF RENEWAL FOR PRIMARY PROPERTY, EXCESS PROPERTY, CRIME, NETWORK PRIVACY & SECURITY LIABILITY, & STORAGE TANK POLLUTION LEGAL LIABILITY POLICIES**

11. SUPPLEMENTAL BOARD INFORMATION

- G. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- H. PORT SECURITY UPDATE**
- I. PAULSBORO MARINE TERMINAL PROJECT UPDATE**
- J. E.O. 122 AUDIT COMMITTEE – RFP FOR AUDITING SERVICES**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

A. RESOLUTION 2018-10-0056: 2017 AUDIT PRESENTATION AND CERTIFICATION

Brent W. Lee & Company, LLC, prepared the completed 2017 Financial Audit Report. As required under Executive Order #122, our Board's Audit Committee has received and reviewed the draft 2017 Financial Audit Report.

SJPC falls under the requirements of the Governmental Accounting Standards Board pronouncement number 68 (GASB 68) whereby the State of NJ transfers each portion of pension liability from its financial statements to each state agencies' financial statements. The State did not have this information available in order for SJPC to complete the 2017 financial statement audit in time to meet the statute's requirement to make available to the Governor and Legislator the audit report on or before April 30. This delay was reported to the State accordingly.

The auditors have issued what is equivalent to an unmodified opinion for the 2017 Audit Report for fiscal year ending December 31, 2017.

The Board Audit Committee and Staff recommends acceptance of the 2017 Financial Audit and approval of the resolution certifying that each member of the SJPC Board of Directors has reviewed the audit report and specifically the sections entitled "General Comments" and Recommendations" resulting from such audit.

RECOMMENDATION:

Staff recommends Board acceptance and certification of the 2017 Financial Audit as reviewed by the SJPC Board Audit Committee and as presented by Brent W. Lee & Company.



ACTION ITEM:

B. RESOLUTION 2018-10-0057: REQUEST FOR PROPOSALS FOR EMERGENCY LIGHTING PROJECT – AWARD OF PROJECT

The Board of Directors' awarded the Emergency Lighting Project to Liberty Construction & Investment Group in the amount of \$153,170.00 at the April 24, 2018 Board meeting. Prior to issuing a notice to proceed, Liberty Construction was unable to provide the required performance bond. As such, staff and General Counsel concurred that a recommendation is in order to the Board to reject the proposal from Liberty Construction and award the project to the next lowest, responsive proposal. Any proposal that fails to conform to the essential requirements of the invitation for proposals shall be rejected. The bond is required prior to the issuing of a contract.

Staff and General Counsel reviewed the proposal from Facility Solutions Group and find that the proposal and all required documents, as well as the bond, are in order. The proposal from Facility Solutions Group is in the amount of \$156,397.94. This is only a difference of \$3,227.94 compared to the rejected proposal. Funding is available for this project. The project is related to the NJDCA agreement to make certain fire code improvements.

Funding for this project is available from the Construction Fund – Bond.

RECOMMENDATION:

Staff recommends the Board to reject the proposal from Liberty Construction and Investment Company and award the Emergency Lighting Project to Facility Solutions Group in the amount of \$156,397.94.



ACTION ITEM:

C. RESOLUTION 2018-10-0058: APPROVAL OF LEASE EXTENSION FOR CAMDEN INTERNATIONAL COMMODITIES TERMINAL

Camden International Commodities Terminal (CICT) has requested the addition of two 5 year extensions to the current lease for the H, F1 and F2 buildings, a total of 254,000 sq. ft., used for the purpose of the importation of cocoa beans. The current lease has a term through 2020 with a 5 year option that extends the term to 2025. The two additional options would extend the term to 2030 and 2035 respectively, and is being requested to satisfy requirements from their lending institutions.

CICT has requested that the rent increases for the additional options are limited to no more than 1.5% or CPI, whichever is less. It is SJPC's standard practice to apply CPI to lease rent.

RECOMMENDATION:

Staff recommends Board consideration of the Camden International Commodities Terminal request to add two 5 year options to the existing lease.



ACTION ITEM:

D. RESOLUTION 2018-10-0059: APPROVAL OF SUPPORT OF THE NATIONAL OCEANIC ATMOSPHERIC ADMINISTRATION PHYSICAL OCEANOGRAPHIC REAL TIME SYSTEM (PORTS®) FOR THE DELAWARE RIVER AND BAY

Staff is requesting approval of the continued funding for the Delaware River and Bay National Oceanic Atmospheric Administration (NOAA) Physical Oceanographic Real Time (PORTS®) system in the amount of \$27,113.33. SJPC has provided the NJ funding share of the PORTS® since 2013. SJPC provided \$100,000 each year from 2013 – 2016. No funding was needed in 2017. Pennsylvania, Delaware and NJ share the cost to support this vital system.

PORTS® is a critical tool for vessel navigation, which affects both the safety of our tri-state waterway and the economic health of the commercial port. PORTS® is a decision support tool that improves the safety and efficiency of maritime commerce and coastal resource management through the integration of real-time environment observations, forecasts and other geospatial information.

Further, though initially installed to assist with safe navigation of commercial cargo ships, PORTS is also critical in the preparation for and response to natural and man-made disasters, environmental protection, recreational boating, and all manner and means of scientific research. PORTS is also vital for coastal resource protection, emergency preparedness and response for both natural and man-made disasters, as well as municipal and county waterway planning and the monitoring of municipal drinking water resources.

Funding for this project is available from the Operating Fund.

RECOMMENDATION:

Staff recommends Board approval of the PORTS® funding in the amount of \$27,113.33.



ACTION ITEM:

E. RESOLUTION 2018-10-0060: LETTER OF INTENT – NFI REAL ESTATE, LLC. – 1535 BROADWAY PROPERTY

The SJPC Board approved a Letter of Intent (LOI) with NFI Real Estate, LLC. (NFIRE) regarding a potential lease for property at 1535 Broadway in Closed Session at the January 2017 Board meeting. NFIRE has requested to renew the Letter of Intent for a potential lease of 1535 Broadway property (8 acres). The LOI renewal is for six (6) months commencing upon execution of the LOI with two 3-month extensions.

RECOMMENDATION:

Staff recommends Board approval of the Letter of Intent Agreement with NFIRE for 1535 Broadway.



ACTION ITEM:

F. RESOLUTION 2018-10-0061: APPROVAL OF RENEWAL FOR PRIMARY PROPERTY, EXCESS PROPERTY, CRIME, NETWORK PRIVACY & SECURITY LIABILITY, & STORAGE TANK POLLUTION LEGAL LIABILITY 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 12/15/2018.

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 (Lloyds) \$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 bound premium on 12/15/2017 was \$783,988, inclusive of New Jersey surcharges, for the Primary and Excess Property policies as well as the standalone Terrorism policy.

The Primary Property (including Equipment Breakdown) renewal quote from Underwriters at Lloyds London (Lloyds) for the 12/15/2018-2019 policy term is \$696,000, based on \$249,064,562 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). The Excess Property renewal quote from RSUI Indemnity Company for the 12/15/2018-2019 policy term is \$86,712, including New Jersey surcharges, based on \$249,064,562 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 \$10,500. Similar to the Property policy, 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).

The total renewal premium for all three of these policies is \$793,212 with coverages, terms and conditions as described in our proposal. While this represents an overall increase of 0.31% (\$2,432) over the adjusted expiring pricing, it is important to note the expectation set forth by the carriers going into this renewal was for a 5-10% rate increase due to the increasingly changing marketplace made by the impact of multiple hurricanes and weather events in 2017 as well as Hurricanes Florence and Michael in 2018. We also pursued quotes from thirty seven (37) other markets on your behalf, and the results of our marketing effort are included in our proposal. After consultation with SJPC's staff, 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 annual renewal cost of \$793,212.

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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 \$8,938, including New Jersey surcharges. The National Union Fire Insurance Company of Pittsburgh, PA renewal quote for the 12/15/2018-2019 policy term is \$8,948, including New Jersey surcharges. TRIA is not available under a Commercial Crime Policy. 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 SJPC's staff, Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with National Union Fire Insurance Company of Pittsburgh, PA.

Privacy & Security / Cyber Liability: The Port's current insurance carrier is ACE American Insurance Company (Chubb) and their policy provides a \$1,000,000 Privacy Liability limit subject to a \$25,000 Each Claim Retention and a separate \$500,000 Data Breach limit (notification and credit monitoring expenses) if using a provider from ACE's Cyber Incident Response Team. The expiring premium is \$8,851, inclusive of TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2018-2019 policy term is \$8,267, including TRIA and New Jersey surcharges. This represents a 7% (\$584) decrease against expiring pricing. Additional limits are available through ACE American Insurance Company for additional premiums as detailed in our proposal. 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 SJPC's 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 (Chubb) 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 \$3,264, including TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2018-2019 policy term is \$2,604, including TRIA and New Jersey surcharges. This represents a 20% (\$660) decrease against expiring pricing. After consultation with SJPC's staff, Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with ACE American Insurance Company.

RECOMMENDATION:

Staff recommends Board consideration to approve the recommendations from Conner Strong & Buckelew to renew the Port Corporation's Primary Property (Including Equipment Breakdown), Excess Property, Crime, Network Privacy & Security Liability, and Storage Tank Pollution Legal Liability policies on 12/15/2018.



INFORMATION ITEM:

G. MARKETING COMMITTEE REPORT

Phoenix/Artlip Communications will present the Marketing Report.



INFORMATION ITEM:

H. SECURITY UPDATE

The security update is prepared by Mr. Jay Jones, Deputy Executive Director / Facility Security Officer.

FACILITY SECURITY PLAN – MTSA 33CFR105: We continue work on modifications/revisions to the SJPC's Facility Security Plan. A revised FSP will be submitted to the U.S. Coast Guard COTP pre the guidance in the regulation.



INFORMATION ITEM:

I. PAULSBORO MARINE TERMINAL PROJECT UPDATE

Updates for the Paulsboro Marine Terminal project are provided by the Gloucester County Improvement Authority.



INFORMATION ITEM:

J. E.O. 122 –AUDIT COMMITTEE – RFP FOR AUDITING SERVICES

The auditing contract to conduct the 2013 – 2017 audit reports is concluded. Pursuant to Executive Order #122, the Board Audit Committee shall direct the Evaluation (Review) Committee, draft a request for proposal (RFP) for auditing services, solicit responses to such RFP, accept and evaluate proposals, and provide a final written report to the Audit Committee. The Audit Committee shall make a recommendation to the Board for award of an audit contract.

As such, the Request for Proposals for Auditing Services has been prepared and will be released.



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.

1. COUNSEL'S REPORT

2. NFI REAL ESTATE – RENEWAL OF LETTER OF INTENT