

# **SOUTH JERSEY PORT CORPORATION**



## **BOARD OF DIRECTORS MEETING OCTOBER 31, 2017**

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

- 1. APPROVAL OF MINUTES**  
Regular Meeting September 26, 2017  
Closed Meeting September 26, 2017
- 2. APPROVAL OF OPERATING BILLS**  
**RESOLUTION 2017-10-0086**
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST**  
**RESOLUTION 2017-10-0087**
- 4. APPROVAL OF CREDITS**  
**RESOLUTION 2017-10-0088**
- 5. APPROVAL OF CHANGE ORDERS – None**
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS**  
**RESOLUTION 2017-10-0089**
- 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 2017-10-0090:** SELECTION OF ENGINEER FOR HYDROGRAPHIC SURVEYS
- B. RESOLUTION 2017-10-0091:** APPROVAL OF REVISED INSURANCE RENEWAL FOR WORKERS' COMP AND EMPLOYER'S LIABILITY POLICY
- C. RESOLUTION 2017-10-0092:** APPROVAL OF INSURANCE POLICY RENEWALS FOR PRIMARY PROPERTY, EXCESS PROPERTY, CRIME, CYBER AND STORAGE TANK POLLUTION LIABILITY
- D. RESOLUTION 2017-10-0093:** APPROVAL OF MEMORANDUM OF UNDERSTANDING BETWEEN SJPC AND PAULSBORO FOR THE WATER FACILITIES GRANT PROJECT
- E. RESOLUTION 2017-10-0094:** APPROVAL OF GUY WIRE EASEMENT WITH THE COUNTY OF CAMDEN
- F. RESOLUTION 2017-10-0095:** AUTHORIZATION TO RELEASE REQUEST FOR QUALIFICATIONS FOR ENGINEERS SERVICES

**11. SUPPLEMENTAL BOARD INFORMATION**

- G. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- H. PORT SECURITY UPDATE**
- I. PAULSBORO MARINE TERMINAL PROJECT UPDATE**
- J. ANNUAL STATE ETHICS TRAINING**
- K. GOVERNOR'S AUTHORITIES UNIT ANNUAL ASSESSMENT – FY18**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

**12. CLOSED SESSION AND/OR ADJOURNMENT**



**ACTION ITEM:**

**A. RESOLUTION 2017-10-0090: SELECTION OF ENGINEER FOR MULTI-BEAM HYDROGRAPHIC SURVEYS**

Pursuant to the Board’s authorization, staff is requested Board quotations from the pre-qualified Marine Engineering firms to perform Multi-beam Hydrographic surveys at both the Balzano and Broadway Terminal “pier-head” approaches, and the adjoining Federal Anchorage areas. The Army Corps of Engineers (ACOE) is requiring marine terminals to perform such surveys and provide the results to them on an annual basis in order for the ACOE to observe and mitigate any potential adverse impacts to navigation within the approaches and anchorages.

This new requirement is promulgated based on measures deemed necessary resulting from the November 26, 2004 incident when the single-hulled tanker *Athos I* unknowingly struck a large anchor submerged in the Delaware River while preparing to dock at a refinery just outside Philadelphia, Pennsylvania. The impact punctured the tanker's hull, and it began leaking more than 263,000 gallons of heavy oil into the tidal waters of this busy East Coast shipping route.

The following quotations were received:

<b>FIRM</b>	<b>QUOTE</b>
WBCM *	\$10,890.00
Advance GEO Services *	\$10,500.00 plus additional costs
Bergmann *	\$10,900.00
WSP *	\$12,020.00
Hudson Engineers	\$24,000.00

\*Firms list Gahagan & Bryant Associates, Inc. as the subconsultant to perform the survey tasks.

Following review of the quotations, staff’s recommendation is to award the project to WBCM at a cost of \$10,890.00.

**RECOMMENDATION:**

Staff recommends Board approval of the quotation from WBCM with their subconsultant Gahagan & Bryant at a lump sum cost of \$10,890.00 to perform the Multi-Beam Hydrographic Surveys at the Balzano and Broadway Terminals.



**ACTION ITEM:**

**B. RESOLUTION 2017-10-0091: APPROVAL OF REVISED INSURANCE POLICY RENEWAL FOR WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY**

SJPC's Workers' Compensation & Employer's Liability policy renews November 4, 2017. Staff recommended Board Approval of the recommendation from Conner Strong & Buckelew to approve the Workers' Compensation & Employer's Liability Policy with New Jersey Casualty Insurance Company, a member of New Jersey Manufacturers Insurance Company, through the New Jersey Compensation Rating & Inspection Bureau's Assigned Risk Plan, at a cost of \$757,624. This was presented and discussed at the Board Meeting on September 26, 2017. Upon completion of the Board Meeting, Conner Strong and Buckelew was presented with a quote from New Jersey Manufacturer's Insurance Company (NJM) at a cost of \$624,250, through NJM's Voluntary Market. As NJM does not provide commission to brokers, this figure does not include Conner Strong & Buckelew's Service Fee of \$29,672, reflecting the standard commission amount that would be received in the marketplace for placement of this policy on behalf of South Jersey Port Corporation.

A big portion of the cost differential is due to the removal of the Plan Premium Adjustment (\$122,657) which reflects the surcharges for the New Jersey Compensation Rating & Inspection Bureau's Assigned Risk Program.

Conner Strong & Buckelew had approached NJM prior to the September 26 Board Meeting allowing NJM an opportunity to provide a Voluntary Market alternative, however no response was provided in time as this required NJM's management approval. Upon receipt of the NJM option, the proposal from NJM included a potential dividend return of up to 15% of the total premium excluding state surcharges. Typically a dividend is paid out upon completion of a policy audit. Dividends are also never guaranteed as dividends are subject to declaration by an insurance company's Board of Directors. As a show of good faith, NJM has agreed to provide 10% (\$58,850) of the overall 15% potential dividend upfront by lowering the premium installment payments made by South Jersey Port Corporation. Additional details are provided within our proposal addendum.

The NJM Voluntary Risk renewal cost of \$595,072, factors the policy cost of \$624,250, Conner Strong & Buckelew's Service Fee of \$29,672 and up front Dividend of 10% (\$58,850) is a decrease of \$179,220 compared to last year's cost of \$774,292 in the Assigned Risk Plan. In addition, South Jersey Port Corporation is eligible for an additional 5% Dividend upon completion of the policy audit in 2018. Conner Strong & Buckelew recommends that SJPC move their Workers' Compensation and Employer's Liability Coverage to New Jersey Manufacturers Insurance Company Voluntary Market at an estimated annual cost of \$595,072 effective November 4, 2017.

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**STAFF RECOMMENDATION:**

Staff recommends Board Approval of the recommendation from Conner Strong & Buckelew to approve the Workers' Compensation & Employer's Liability Coverage renewal placement from New Jersey Casualty Insurance Company to New Jersey Manufacturers Insurance Company at an estimated annual cost of \$595,072.



**ACTION ITEM:**

**C. RESOLUTION 2017-10-0092: APPROVAL OF INSURANCE POLICY RENEWALS FOR PRIMARY PROPERTY, EXCESS PROPERTY, CRIME, CYBER AND STORAGE TANK POLLUTION LIABILITY**

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 12/15/2017.

**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 12/15/2016 was \$678,706, inclusive of New Jersey surcharges, for the Primary and Excess Property policies as well as the standalone Terrorism policy. This figure does not include the pro-rated cost for adding the Paulsboro Marine Terminal to the program effective 01/26/2017. Adding the Paulsboro Marine Terminal increased the Total Insured Values from \$201,211,765 to \$246,211,765. This also increased the expiring cost from \$678,706 to \$783,948 as the additional pro-rated premium for adding the Paulsboro Marine Terminal to the program mid-term was \$105,242.

The Property (including Equipment Breakdown) renewal quote from Underwriters at Lloyds London (Lloyds) for the 12/15/2017-2018 policy term is \$690,000, based on \$246,995,308 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 12/15/2017-2018 policy term is \$83,488, including New Jersey surcharges, based on \$246,995,308 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, 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 \$783,988 with coverages, terms and conditions as described in our proposal. While this represents a \$40 increase over your expiring premium, including Paulsboro Marine Terminal, of \$783,948, it is important to recall the expiring premium does not include the full term cost for Paulsboro Marine Terminal. The total cost for the program, had Paulsboro been added effective 12/15/2016 instead of 01/26/2017 and based on the renewal Total Insured Values provided by South Jersey Port Corporation staff, would have been \$833,119 instead of \$783,948. Conner Strong & Buckelew recommends that

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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 \$783,988.

**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 \$9,765, including New Jersey surcharges. The National Union Fire Insurance Company of Pittsburgh, PA renewal quote for the 12/15/2017-2018 policy term is \$8,938, including New Jersey surcharges. TRIA is not available under a Commercial Crime Policy. This represents a savings of 8% (\$827) over the expiring premium. 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 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 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 \$10,452, inclusive of TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2017-2018 policy term is \$8,851, including TRIA and New Jersey surcharges. This represents a savings of 15% (\$1,601) over the expiring cost. 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 \$3,021, including TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2017-2018 policy term is \$3,264, including TRIA and New Jersey surcharges. This represents an increase of 8% (\$243) which is primarily due to the age of some of the tanks. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with ACE American Insurance Company.

**Overall Pricing Summary:** The overall renewal cost of \$805,041 represents a 6% (\$49,131) rate-reduction against the adjusted expiring premium and a true cost savings of \$2,145 when compared to the overall expiring pricing of \$807,186 (including Paulsboro Marine Terminal).

### **STAFF RECOMMENDATIONS:**

Staff recommends Board Approval of the recommendations from Conner Strong & Buckelew for the above insurance renewals.



**ACTION ITEM:**

**D. RESOLUTION 2017-10-0093: APPROVAL OF MEMORANDUM OF UNDERSTANDING BETWEEN SJPC AND PAULSBORO FOR THE WATER FACILITIES GRANT PROJECT**

Staff is requesting Board approval of a Memorandum of Understanding between SJPC and Paulsboro for the Water Facilities Grant Project. Pursuant to a Redevelopment Plan for the Rehabilitation Area, the Borough of Paulsboro and SJPC will pursue USEDA and USDA grants to finance the installation of upgraded water lines from the Borough of Paulsboro water tower, down Beacon Street, to the Paulsboro Marine Terminal.

The Borough will apply for a grant with United States Department of Commerce – Economic Development Administration and to assist in the financing of the Water Main Project. The Borough of Paulsboro will also apply for a grant with United States Department of Agriculture Water & Waste Disposal Program for a grant to assist in the financing of the Water Main Project. SJPC will serve as the fiduciary agent and provide for the financing of the grant costs and the financing of the water project through grant programs.

**RECOMMENDATION:**

Staff recommends Board approval of the Memorandum of Understanding between SJPC and Paulsboro for the Water Facilities Project.



**ACTION ITEM:**

**E. RESOLUTION 2017-10-0094: APPROVAL OF GUY WIRE EASEMENT WITH THE COUNTY OF CAMDEN**

Camden County has requested certain rights of easement possession and use over, under and across SJPC's property at the Broadway Terminal relating to the realignment of the South Broadway roadway. The property is described as two (2) parcels, one measuring approximately twenty feet (20') wide and forty-one feet (40') in length, and a second parcel measuring approximately twenty feet (20') wide and forty-one feet (41') in length. The County wishes to utilize this portion of land for the purposes of anchoring guy wires needed to secure utility poles which were installed within the County's Right of Way Easement as part of the Realignment of South Broadway.

**RECOMMENDATION:**

Staff recommends Board approval of the Guy Wire Easement with the County of Camden as presented.



**ACTION ITEM:**

**F. RESOLUTION 2017-10-0095: AUTHORIZATION TO RELEASE REQUEST FOR QUALIFICATIONS FOR ENGINEERING SERVICES**

Staff is requesting authorization to release a Request for Qualifications (RFQ) for Engineering Services for each of the following categories:

- Civil Engineer
- Certified Diver
- Construction Management
- Geo-technical Services
- Marine Engineer

The RFQ will seek qualification proposals from qualified engineering firms, in accordance with the terms, conditions, and specifications contained in the (RFQ), to be considered pre-qualified for the opportunity to submit cost proposals for future projects. The qualification will carry a term of two (2) years, commencing on March 1, 2018 and expiring on February 28, 2020.

We have firms already pre-qualified for the initial term of three years and they do not need to re-submit. Each year during the three year term, the Board will consider additional engineering firms to the qualified list for the remaining term through a RFQ process.

The results of the RFQ will be reviewed by the SJPC Board Review Committee and the committee will present a recommendation to the full Board to be considered by the Board prior to the March 1<sup>st</sup> commencement.

**RECOMMENDATION:**

Staff recommends Board authorization to prepare and advertise the Request for Qualifications for Engineering Services.



**INFORMATION ITEM:**

**G. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**

PHOENIX STRATEGIES/ARTLIP COMMUNICATIONS REPORT ATTACHED.



## **INFORMATION ITEM:**

### **H. SECURITY UPDATE**

The security update is prepared by Mr. Jay Jones.

**U.S. COAST GUARD HOMEPORT 2.0:** The USCG Homeport Internet Portal (HIP) was established in 2005 to facilitate compliance with the requirements set forth in the Maritime Transportation Security Act (MTSA) of 2002, by providing secure information dissemination, advanced collaboration, electronic submission and approval for vessel and facility security plans, and complex electronic and telecommunication notification capabilities.

Since its inception, HIP has been expanded to provide additional support such as Transportation Worker Identification Card New Hire; Electronic Vessel Response Plan; Marine Event Permit Process; Port Status Indicator; Merchant Mariner Licensing and Documentation; Marine Training and Assessment Data (training documentation); Merchant Mariner Certificate; Sea Service Calculator; Merchant Mariner Verification of Certificates; and Merchant Mariner Credential Survey.

The Coast Guard recently launched Homeport 2.0 in order to provide a better user experience and improve the security of user information. Upgrades include fewer site navigation menus and more efficient and secure search functions. The new platform has been having some issues with commercial certificates used by some browsers. This issue is caused by a conflict between the military certificates used by the system and the commercial certificates used by some browsers.

**SJPC CYBER SECURITY AWARENESS TRAINING SYSTEM:** SJPC will be implementing the KnowBe4 cyber security awareness training system for employees. The system will provide baseline testing to assess the Phish-prone percentage of your users through a simulated phishing, vishing (phone phishing) or smishing (SMS phishing) attack. The training will use the world's largest library of security awareness training content; including interactive modules, videos, games, posters and newsletters. Automated training campaigns will be administered with scheduled reminder emails for each employee. All training and testing will be documented for the MTSA 33CFR105 record-keeping requirements.



**INFORMATION ITEM:**

**I. PAULSBORO MARINE TERMINAL PROJECT UPDATES**

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



**INFORMATION ITEM:**

**J. ANNUAL STATE ETHICS TRAINING**

Pursuant to State of New Jersey Conflicts Law, the State Ethics Commission (SEC) promulgated a uniform ethics code to govern and guide the conduct of State officers and employees and special State officers and employees in State agencies in the Executive Branch. This code conforms to the general standards set forth in section 23 of the Conflicts Law and is the primary code of ethics for State agencies. Per the New Jersey Uniform Code of Ethics, ethics training is mandatory on an annual basis.

A memorandum, dated October 20, 2017, from Mr. John Spinello, Director of the Governor's Authorities Unit (GAU) was sent to each Board member regarding the 2017 training. The deadline to complete the online training is November 10, 2017. The link for the online training is <http://www.nj.gov/ethics/training>.

Board members are asked to forward their training confirmation to SJPC's Ethics Liaison Officer, Mr. Jay Jones, in order to prepare and submit the compliance letter by November 15, 2017.



**INFORMATION ITEM:**

**K. GOVERNOR'S AUTHORITIES UNIT ANNUAL ASSESSMENT**

Staff received the invoice (attached) for the Governor's Authorities Unit annual assessment for the Fiscal Year 2018 (July 1, 2017 to June 30, 2018) in the amount of \$21,926.31, this is the same amount as the FY2017 and FY2016 assessments. The assessment is to reimburse the Governor's Authorities Unit for advisory services as statutory executor of policy implementation for the Authority.

The Authorities Unit was created in 1987 as the designee for advisory services as statutory executor of policy implementation for the authorities. The Authorities Unit budget is funded through annual assessments of the authorities.



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## **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. COLLECTIVE BARGAINING AGREEMENT**

#### **a. LOCAL 169 (security guards)**