

BOARD OF DIRECTORS MEETING OCTOBER 27, 2015

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

1. APPROVAL OF MINUTES

Regular Meeting September 29, 2015 Closed Meeting September 29, 2015 Regular Special Meeting October 5, 2015

- 2. APPROVAL OF OPERATING BILLS RESOLUTION 2015-10-0091
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST RESOLUTION 2015-10-0092
- 4. APPROVAL OF CREDITS RESOLUTION 2015-10-0093
- 5. APPROVAL OF CHANGE ORDERS None
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS RESOLUTION 2015-10-0094
- 7. RECEIPT OF TREASURER'S REPORT
- 8. RECEIPT OF COUNSEL'S REPORT
- 9. RECEIPT OF EXECUTIVE DIRECTOR'S REPORT

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10. ADDITIONAL AGENDA ITEMS REQUIRING BOARD ACTION

- **A. RESOLUTION 2015-10-0095:** AUTHORIZATION TO REQUEST PROPOSALS FROM PRE-QUALIFIED ENGINEERS TO CONDUCT A CONDITIONS SURVEY OF THE BALZANO TERMINAL BERTHS/PIERS
- **B. RESOLUTION 2015-10-0088:** APPROVAL OF PROFESSIONAL SERVICES OPTION
- C. RESOLUTION 2015-10-0096: ACCEPTANCE OF THE 2015 RATE STUDY
- **D. RESOLUTION 2015-10-0097:** APPROVAL OF PROPERTY INSURANCE POLICY RENEWAL AND CYBER POLICY

11. SUPPLEMENTAL BOARD INFORMATION

- E. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT
- F. PORT SECURITY UPDATE
- G. PAULSBORO MARINE TERMINAL PROJECT UPDATE

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

A. RESOLUTION 2015-10-0095: AUTHORIZATION TO REQUEST PROPOSALS FROM PRE-QUALIFIED ENGINEERS TO CONDUCT CONDITION SURVEY OF THE BALZANO TERMINAL BERTHS

Staff is requesting authorization to request proposals from the pre-qualified engineers to conduct a condition survey of the Balzano Terminal berths. The last general condition survey was conducted in May of 2001 and the cathodic protection system was installed on berth 3 and 4 in 2009. The general condition survey assesses the general overall condition of the berth structures, estimate remaining service life, and determine recommended actions and associated cost.

Proposals received will be evaluated and submitted to the Board for final award. The condition survey report and findings will be presented at the conclusion of the survey.

RECOMMENDATION:

Staff recommends Board approval to request proposals from the pre-qualified engineers to conduct a general condition survey of the Balzano Terminal berths.

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ACTION ITEM:

B. RESOLUTION 2015-10-0088: APPROVAL OF PROFESSIONAL SERVICES OPTION

At the February 3, 2015 Board meeting, action was taken to approve professional services agreements for seven disciplines for a term of one year beginning March 1, 2015 to February 28, 2016 with a one year option exercised at the prerogative of the Board.

- General Counsel Zane & Lozuke
 - O DeCotiis, Fitzpatrick & Cole (conflict)
- Maritime Counsel Mattioni, Ltd.
- Labor Counsel Brown & Connery
 - O Genova, Burns, Giantomasi, Webster (conflict)
- Marketing Consultant Phoenix Strategies/Artlip Communications
- Financial Advisor Goldman Beale
 - O The PFM Group (conflict)
- Insurance Broker Conner Strong & Buckelew
- Bond Counsel Capehart & Scatchard
 - O McManimon, Scotland & Baumann (conflict)

The Board may elect to offer the one (1) option to each administrative services firm at the firm's original contract amount for a period beginning March 1, 2016 to February 28, 2017.

RECOMMENDATION:

Staff is requesting the Board's consideration to exercise the one year option for the current professional services firms per the existing contract terms.



ACTION ITEM:

C. RESOLUTION 2015-10-0096: ACCEPTANCE OF THE 2015 RATE STUDY

As required by our Bond Covenants on an annual basis the South Jersey Port is required to do a rate study that evaluates our rates, fees and tariffs compared to our competitors in the region.

The report prepared by S.T. Hudson concluded significant increases in rates, fees, and charges at this time to meet the required 1:1 ratio of net revenue to debt services are not necessary. However, the SJPC through the Philadelphia Marine Terminal Tariff No. 1400 effective December 1, 2015 will increase certain rates/fees by 3%.

RECOMMENDATION:

Staff recommends Board acceptance of the 2015 Rate Study.



ACTION ITEM:

D. RESOLUTION 2015-10-0097: APPROVAL OF PROPERTY, CRIME, STORGAE TANK POLLUTION AND CYBER LIABILITY INSURANCE POLICIES

South Jersey Port Corporation's Primary Property (Including Equipment Breakdown), Excess Property, Crime and Storage Tank Pollution Legal Liability policies will renew on 12/15/2015.

Primary Property (Including Equipment Breakdown) & Excess Property: The Port's current insurance carrier for the Primary Property is Underwriters at Lloyds London (Lloyds) with a loss limit of \$25,000,000. For the Excess Property, RSUI Indemnity Company provides a limit of \$30,000,000, which is excess of the Underwriters at Lloyds London \$25,000,000 limit. Additionally, Underwriters at Lloyds London (Lloyds) also writes a standalone policy covering Property losses resulting from an act of Terrorism with a \$55,000,000 loss limit. The total expiring premium is \$785,085, inclusive of New Jersey surcharges, for the Primary and Excess Property policies as well as the standalone Terrorism policy. These expiring policies were underwritten using total values of \$209,215,638.

The renewal costs shown on the attached for Primary Property (including Equipment Breakdown), Excess Property, and Terrorism coverage are based on the total values of \$202,502,722.

The Property (including Equipment Breakdown) renewal quote from Underwriters at Lloyds London (Lloyds) for the 12/15/2015-2016 policy term is \$637,500, based on \$202,502,722 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 12/15/2015-2016 policy term is \$73,002, including New Jersey surcharges, based on \$202,502,722 of total values. The standalone Terrorism renewal quote from Underwriters at Lloyds London (Lloyds) is \$9,500. 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 \$720,002 with coverages, terms and conditions as described in our proposal. Conner Strong & Buckelew recommends that South Jersey Port Corporation place the primary \$25,000,000 limit policy with Underwriters at Lloyds London (Lloyds), the excess \$30,000,000 limit policy with RSUI Indemnity Company, and the standalone Terrorism policy with Underwriters at Lloyds London (Lloyds) for a total cost reduction of \$65,083 when compared to the expiring program.

Crime: The Port's current insurance carrier is National Union Fire Insurance Company of Pittsburgh, PA (AIG) and their policy provides a \$500,000 limit with a \$5,000 deductible. The expiring premium is \$8,384, including New Jersey surcharges. The National Union Fire

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Insurance Company of Pittsburgh, PA renewal quote for the 12/15/2015-2016 policy term is \$10,201, including TRIA and New Jersey surcharges. The premium increase is due primarily to the approximately \$230,000 claim that AIG paid for the 2012-2013 policy term. Additionally, AIG will need to increase the Employee Theft deductible from \$5,000 to \$10,000 at renewal. We also pursued quotes from other markets on your behalf, and the results of our marketing effort are included in our proposal. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with National Union Fire Insurance Company of Pittsburgh, PA.

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 and \$5,000 deductible per Storage Tank incident (4 aboveground storage tanks). The expiring premium is \$2,810, including TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2015-2016 policy term is \$2,913, including TRIA and New Jersey surcharges. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with ACE American Insurance Company.

Privacy & Security / Cyber Liability: The Port and Conner Strong & Buckelew agreed that it would be prudent to pursue indications for Privacy & Security / Cyber Liability insurance coverage given the potential exposure. The Port does not currently purchase Privacy & Security / Cyber Liability insurance coverage. A Privacy & Security / Cyber Liability policy protects an insured in the event of a breach of confidential material such as personally identifiable information (an individual's name, social security number, medical or healthcare data, drivers license number, etc.) as well as confidential and protected third party corporate information. Privacy & Security / Cyber Liability policies typically provide coverage for breach-related: liability to a third party, fines, penalties, costs to notify impacted parties, costs to provide mandatory credit monitoring, crisis management and public relations expenses. Additionally, a Privacy & Security / Cyber Liability policy can provide coverage for expenses the Port may incur if a third party threatens a security breach of your network, commonly referred to as Cyber Extortion coverage.

Conner Strong & Buckelew obtained a quote from ACE American Insurance Company to provide a \$1,000,000 Privacy Liability limit and a \$100,000 Data Breach limit (notification and credit monitoring expenses) subject to a \$25,000 Each Claim Retention. ACE American Insurance Company's quoted premium for this coverage is \$10,620, inclusive of TRIA and New Jersey surcharges. Additional limits are available through ACE American Insurance Company for additional premiums. Conner Strong & Buckelew recommends that South Jersey Port Corporation place coverage for Privacy & Security / Cyber Liability through ACE American Insurance Company.

RECOMMENDATION:

Staff recommends Board's consideration of the recommendation presented by Conner Strong & Buckelew for renew the Property, Crime, Storage Tank Pollution, and a Cyber Insurance Policy.



INFORMATION ITEM:

E. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT

PHOENIX STRATEGIES/ARTLIP COMMUNICATIONS REPORT ATTACHED.



INFORMATION ITEM:

F. SECURITY UPDATE

The security update is prepared by Mr. Jay Jones.

FIVE YEAR FACILITY SECURITY PLAN: SJPC requested and was granted a six month extension to June 2015 to submit a new, five-year, Facility Security Plan by the U.S. Coast Guard Sector Delaware Bay COTP. On May 13, 2015, SJPC's FSO submitted to the U.S. Coast Guard Sector Delaware Bay the five-year Facility Security Plan which includes a previously submitted amendment, as well as a new Threat Assessment Report. The USCG provided a sixty day extension for the current FSP to provide them with sufficient time to complete the review.

On August 13, 2015, an email notification was received from the USCG that they have completed two reviews of the FSP and will be issuing a letter to identify requested revisions to be implemented and re-submitted within 30 days.

On September 14, 2015, the USCG FSP Letter and FSP requested changes were received. The FSP modifications were submitted to the USCG on October 13, 2015 and we await the final approval.

ANNUAL FSP AUDIT: The FSO must ensure an audit of the FSP is performed annually, beginning no later than one year from the initial date of approval, and attach a letter to the FSP certifying that the FSP meets the applicable requirements of this part. Personnel conducting internal audits of the security measures specified in the FSP or evaluating its implementation must: (i) Have knowledge of methods for conducting audits and inspections, and security, control, and monitoring techniques; (ii) Not have regularly assigned security duties; and (iii) Be independent of any security measures being audited.

Mr. Jones has requested quotations from qualified security firms to conduct an annual audit of the FSP and program following the USCG approval of the five year plan and conducting per the MTSA 333CFR105 requirements. The estimated cost of the MTSA security audit is \$2,600, below the State quote threshold of \$2,625. We have received one quote less than the threshold.

DHS COMPUTER BASED ASSESSMENT TOOL: Following the Computer Based Assessment Tool (CBAT) data collection conducted in August for the Balzano Marine Terminal, the U.S. Department of Homeland Security will return on November 3rd to conduct the data collection for the Broadway Terminal and to show the draft product developed for the Balzano Marine Terminal.

CBAT is a data collection and presentation medium designed to support critical infrastructure security, special event planning, and response operations. CBAT imagery captures provide immersive video, geospatial, and hypermedia data of critical facilities, surrounding areas, transportation routes, etc. and integrate assessment data from the Enhanced Critical Infrastructure Protection security surveys, Site Assistance Visits, and other relevant materials. The data is used to support the Regional Resiliency Assessment Program.



The CBAT team consists of collection and production specialists who conduct CBAT imagery captures. During a CBAT imagery capture, the CBAT team considers two viewpoints: hostile target and civil response. For the hostile target viewpoint, in which a facility/building is viewed as a tactical objective, the team collects multimedia data to document approach and exit routes, use of lighting, visible and hidden entrances, loading docks, and parking garages. In considering the civil response viewpoint, the team collects data on obstructions/restrictions that would affect the approach of emergency response vehicles and equipment to the site, and street/parking accessibility in proximity to building access points. Additional collected data include significant area assets such as exterior and interior critical support equipment (water valves, electrical shutoff panels, back-up generators, etc.), personnel emergency marshaling points, and control centers. The assessment will be kept confidential and used for internal planning, drills and assessments.



INFORMATION ITEM:

G. PAULSBORO MARINE TERMINAL PROJECT UPDATES

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



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. PERSONNEL

- a. Office/Supervisory Personnel Communication Workers of America (supervisory and non-supervisory)
- b. Local 18, IFPTE Proposal (Port Labor)
- c. Local 169, Teamsters Proposal (Security Guards)
- 3. BROADWAY SPRINKLER SYSTEM
- 4. MAINTENANCE DREDGING
- 5. MARINE REVENUE BOND PAULSBORO