

SOUTH JERSEY PORT CORPORATION



BOARD OF DIRECTORS MEETING APRIL 24, 2018

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

- 1. APPROVAL OF MINUTES**
Regular Meeting March 27, 2018
Closed Meeting March 27, 2018
- 2. APPROVAL OF OPERATING BILLS**
RESOLUTION 2018-4-0032
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST**
RESOLUTION 2018-4-0033
- 4. APPROVAL OF CREDITS**
RESOLUTION 2018-4-0034
- 5. APPROVAL OF CHANGE ORDERS – None**
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS**
RESOLUTION 2018-3-0035
- 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 2018-4-0036: AWARD OF CONTRACT FOR EMERGENCY LIGHTING PROJECT**
- B. RESOLUTION 2018-4-0037: AUTHORIZATION TO REQUEST PROPOSALS FOR ELECTRIC SUBSTATION PREVENTIVE MAINTENANCE SERVICES**
- C. RESOLUTION 2018-4-0038: AUTHORIZATION TO APPLY FOR BONDED WAREHOUSE DESIGNATION WITH U.S. CUSTOMS**
- D. RESOLUTION 2018-4-0039: APPROVAL OF LEASE WITH CAMDEN YARDS STEEL**
- E. RESOLUTION 2018-4-0040: APPROVAL OF INSURANCE RENEWAL FOR PUBLIC OFFICIAL'S AND EMPLOYMENT PRACTICES LIABILITY POLICY**
- F. RESOLUTION 2018-4-0041: APPROVAL OF PROPOSAL FOR MIGRATION OF FINANCIAL MANAGEMENT SOFTWARE**
- G. RESOLUTION 2018-4-0042: APPROVAL OF SIGNATURES FOR TD BANK ACCOUNT**

11. SUPPLEMENTAL BOARD INFORMATION

- H. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- I. PORT SECURITY UPDATE**
- J. PAULSBORO MARINE TERMINAL PROJECT UPDATE**
- K. 2017 AUDIT REPORT UPDATE**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

A. RESOLUTION 2018-4-0036: AWARD OF CONTRACT FOR EMERGENCY LIGHTING PROJECT

Pursuant with the Board of Directors' authorization to release the Request for Proposals for the Emergency Lighting Project, the solicitation was duly advertised and proposals received on April 11th, 2018. The project is for the complete purchase and installation of the DCA required Emergency Lighting systems throughout the ten (10) Balzano Terminal warehouses.

The following proposals were received:

COMPANY	AMOUNT
Liberty Construction & Investment Group 2001 S. 6 th . Street, Camden, NJ	\$169,070.00 \$15,900.00 (rebate) \$153,170.00 Total
Greentech Energy Services 122 E. Kings Hwy, Maple Shade, NJ	\$199,038.00 \$7,950.00 (rebate) \$191,088.00 Total
Vanguard Bldg. Solutions 620 Derr Road, Cherry Hill, NJ	\$193,597.36 \$6,375.00 (rebate) \$187,222.36 Total
Facility Solutions Group 224 Washington Street, Perth Amboy, NJ	\$163,072.94 \$6,675.00 (rebate) \$156,397.94 Total

The lowest qualified proposal is from Liberty Construction and Investment Group of Camden NJ in the total Lump Sum amount of \$153,170.00. General Counsel has reviewed the RFP and the proposal.

RECOMMENDATION:

Staff recommends the Board to award the Emergency Lighting Project to Liberty Construction and Investment Company, in the amount of \$153,170.00.



ACTION ITEM:

B. RESOLUTION 2018-4-0037: AUTHORIZATION TO REQUEST PROPOSALS FOR ELECTRIC SUBSTATION PREVENTIVE MAINTENANCE SERVICES

Staff is requesting Board authorization to release a Request for Proposals for Electrical Substation Maintenance Services. Installed in 2001, SJPC owned and PSE&G operated 26 KV High Voltage sub-station supplies electricity to the entire Broadway Terminal and the various tenant leaseholds, with the one exception being the Holtec campus.

Prudent maintenance best-practices require a thorough inspection and a series of preventative maintenance procedures be performed on this type of complex and assorted electrical equipment on a routine five (5) year basis. The preventative maintenance has not been performed since the equipment was installed.

RECOMMENDATION:

Staff recommends Board authorization to release the Request for Proposals for Electrical Sub-Station Maintenance Services.



ACTION ITEM:

C. RESOLUTION 2018-4-0038: AUTHORIZATION TO APPLY FOR BONDED WAREHOUSE DESIGNATION WITH U. S. CUSTOMS

As a result of the pending Steel and Aluminum Tariffs announced, importers around the country have been looking at Bonded Warehouses to offer duty deferral. Our largest steel importer has also inquired if SJPC could provide this service. Staff has met with U.S. Customs and Border Protection and we have assembled the application components required to have CBP approve Building "A" (up to 40,000 sq. ft.) at the Balzano Terminal to be a Bonded Warehouse.

The application would require a Custodial Bond (Customs Bond form 301) in the amount of \$100,000. The cost to SJPC to provide the bond is \$1,000. To operate the Bonded Warehouse, only key employees who are vetted by the CBP would have access to the warehouse, only certain cargo would be permitted into the warehouse, and CBP would perform facility inspections.

Staff would not submit the application unless the importer commits to the use of the Bonded Warehouse. Because there is a three month process for CBP to consider the application, it is prudent to get the authorization in advance. General Counsel will review the final application prior to submission.

RECOMMENDATION:

Staff recommends Board to authorize staff to submit an application for a Bonded Warehouse at the Balzano Terminal pending General Counsel review and a commitment from the importer(s).



ACTION ITEM:

D. RESOLUTION 2018-4-0039: APPROVAL OF LEASE WITH CAMDEN YARDS STEEL

Camden Yards Steel, a tenant at the Broadway Terminal, has requested a new lease agreement, to accommodate the requirements of a NJ State Economic Development Authority approved incentives program that will allow the tenant to upgrade its equipment and facility and add up to 8 new jobs. Their existing lease expires in 2021 and which also carries four (4) 5-Year options.

Staff and General Counsel have prepared a new lease with an initial base term of 15 years with two (2) 5-Year options. The lease is for the current 111,137 sq.' combined within Bldg. "E"; with a base annual revenue (rent) \$308,412.00 (\$2.78 sq.') plus annual CPI review.

All other covenants and language of the new Lease remain as previously approved with the exception of the following language inclusion: Tenant agrees to pay a \$150,000.00 contribution towards the cost of the new Sprinkler System at the time when the Building "E" system installation Contract is awarded by SJPC.

RECOMMENDATION:

Staff recommends Board consideration of the proposed new lease with Camden Yards Steel



ACTION ITEM:

E. RESOLUTION 2018-4-0040: APPROVAL OF INSURANCE RENEWAL FOR PUBLIC OFFICIAL'S AND EMPLOYMENT PRACTICES LIABILITY POLICY

Conner Strong & Buckelew, SJPC's Insurance Broker, has prepared a recommendation to renew South Jersey Port Corporation's Public Officials and Employment Practices Liability Policy on 06/01/2018.

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 a \$5,000,000 Limit for Employment Practices Liability claims. The expiring premium is \$51,495 (including NJ surcharges) and was based on a policy term of March 1, 2017 to March 1, 2018. This policy was then extended from March 1, 2018 to June 1, 2018 for an additional premium of \$12,982. Hiscox provided a renewal quote for the 6/1/2018 – 6/1/2019 policy term at a premium of \$60,379 (including NJ surcharges); however, there is an increase in the Employment Practices Liability Self Insured Retention from, \$50,000 to \$200,000.

Conner Strong & Buckelew approached several other insurance companies on behalf of the Port. Full results of our marketing effort are discussed in greater detail in our proposal. Navigators Insurance Company put forth an alternate quote, which provides similar terms and conditions as the expiring Hiscox Insurance Company policy for an annual premium of \$50,466 (including NJ surcharges). The Navigators Insurance Company program will retain your expiring Public Officials Liability Self Insurance Retention structure; however, it will provide an Employment Practices Self Insured Retention of \$100,000.

RECOMMENDATION:

Conner Strong & Buckelew recommends that South Jersey Port Corporation renew their Public Officials Liability and Employment Practices Liability program with Navigators Insurance Company, effective June 1, 2018.



ACTION ITEM:

F. RESOLUTION 2018-4-0041: APPROVAL OF PROPOSAL TO MIGRATE THE FINANCIAL MANAGEMENT SOFTWARE

SJPC has utilized the Traverse Accounting software through Open Systems as its financial management system for the past 23 years. The software was proven to meet the needs of the SJPC through its open source for customization and intuitive functionality.

The current version of Traverse uses outdated operating systems and desktop office applications that will no longer be supported in near term. This will be the third version update in 23 years for this application. Modifications we have made within the software, including those requirements from the State such as EO08, will need to be re-programmed in the new version.

We are also planning in the migration to move it from a client/server deployment to a Cloud-based platform, which will eliminate the need for premise-based servers, client and server software and backup procedures.

This project is certified as a sole source vendor project. The attached proposal from Open Systems includes preparing the new version of the Traverse software (v11), update all our customized functionality, installation, testing and training. The proposal is for an estimate between \$19,000 and \$23,800 due to the programming nature of the project. Staff requests the Board approval of the proposal in the amount not-to-exceed \$23,800.

RECOMMENDATION:

Staff recommends Board approval of the proposal from Open Systems to migrate the Traverse Financial Management Software for an amount not to exceed \$23,800.



ACTION ITEM:

G. RESOLUTION 2018-4-0042: AUTHORIZATION TO UPDATE SJPC SIGNATORIES ON TD BANK ACCOUNT

Staff is requesting Board approval of a resolution updating and authorizing certain SJPC staff to be signatories for an existing TD Bank account. The account is used as the Port's operating account. The staff signatories are George W. Jones, Deputy Executive Director; and Bruno Cellucci, Treasurer/CFO. The bank requires a resolution from the governing Board authorizing the signatories to accompany the new signature cards.

RECOMMENDATION:

Staff recommends Board approval of the update of the SJPC signatories on the TB Bank Account.



INFORMATION ITEM:

H. MARKETING COMMITTEE REPORT

Phoenix/Artlip Communications will present the Marketing Report.



INFORMATION ITEM:

I. SECURITY UPDATE

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

MTSA ANNUAL AUDIT: Per 33CFR105.415, 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. Ronin Security has conducted and completed the audit. They have issued the audit letter to the COTP and to SJPC's FSO.

USCG MTSA105: The USCG conducted the annual MTSA105 inspection on April 18th for the Balzano and Broadway Terminals.

The USCG facility inspectors examined:

- Compliance Documentation
- Waivers & Equivalents
- Maritime Security (MARSEC) Directives
- Facility Security Officer Knowledge and Training
- Facility Personnel With Security Duties Training
- Facility Personnel Without Security Duties Training
- Drill & Exercise Requirements
- Facility Recordkeeping Requirements
- MARSEC Level Coordination and Implementation
- Communications
- Declaration of Security
- Security Systems and Equipment Maintenance
- Security Measures for Access Control
- Security Measures for Newly-Hired Employees
- Security Measures for Restricted Areas
- Security Measures for Handling Cargo
- Security Measures for Delivery of Vessel Stores and Bunkers
- Security Measures for Monitoring
- Security Incident Procedures

TSA agents accompanied the USCG facility inspectors who conducted in the field TWIC checks. The inspectors performed spot checks of TWIC Escort performance, gate and vessel operations and knowledge of personnel within each facility of the basic security requirements. The inspection found Camden Yards Steel not meeting the TWIC escort requirements. The issue was corrected on the spot. SJPC's program is in compliance with the federal 33 CFR 105.



INFORMATION ITEM:

J. PAULSBORO MARINE TERMINAL PROJECT UPDATE

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

Paulsboro Marine Terminal Permitting

Applications for US Army Corps and NJDEP permits for the wharf extensions have been submitted and public notice has been provided.

Paulsboro Marine Terminal Phase II Wharf Construction (PMT-020)

The Bid Documents for the construction of all remaining wharf were posted on April 9. The prebid meeting is on April 25th, and Bids are due on June 20, 2018. As of April 20, 24 firms have picked up bid documents.

Paulsboro Marine Terminal Temporary Utilities Connections Project (PMT-018):

Notice-to-proceed was provided to Wyndham Construction for the Temporary Utility Connections Project on April 10, 2018. Construction Completion is expected on July 13, 2018.

Paulsboro Marine Terminal Sound Wall Project (PMT-019):

Award to Wyndham was confirmed by GCIA Board on 4/19/2018. Notice-of-award will be provided this week, and NTP will be scheduled thereafter.



INFORMATION ITEM:

K. 2017 AUDIT REPORT

As has been in effect since 2015, 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 amount for each agency, including the amount for SJPC, is being calculated and the SJPC will be mandated to publish that number.

The State does not yet have this information available in order for SJPC to complete the 2017 financial statement audit. As such, the SJPC auditor cannot opine on the statements until this number is provided to us. This delay may impact our ability to meet our statute's requirement to make available to the Governor and Legislator the audit report on or before April 30.

Treasury has not yet released the number for the auditor to complete the audit 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.

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- 1. COUNSEL'S REPORT**
 - 2. CAMDEN YARDS STEEL TENANT**
 - 3. PERSONNEL**
 - a. Local 1040**
 - b. Executive Director & CEO Position**