

SOUTH JERSEY PORT CORPORATION



BOARD OF DIRECTORS MEETING APRIL 28, 2015

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

- 1. APPROVAL OF MINUTES**
Regular Meeting March 31, 2015
Closed Meeting March 31, 2015
- 2. APPROVAL OF OPERATING BILLS**
RESOLUTION 2015-4-0037
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST**
RESOLUTION 2015-4-0038
- 4. APPROVAL OF CREDITS**
RESOLUTION 2015-4-0039
- 5. APPROVAL OF CHANGE ORDERS – None**
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS**
RESOLUTION 2015-4-0040
- 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 2015-4-0041: 2014 AUDIT PRESENTATION AND CERTIFICATION**
- B. RESOLUTION 2015-4-0042: "E" BUILDING SIDING - CAMDEN YARDS STEEL**
- C. RESOLUTION 2015-4-0043: TRI-STATE BULK HANDLING LEASE RENEWALS (Open Space, X-1, & D-1)**
- D. RESOLUTION 2015-4-0044: HOLTEC WATER TOWER PAINTING AGREEMENT**
- E. RESOLUTION 2015-4-0045: AUTHORIZATION TO REQUEST QUOTATIONS FROM PRE-QUALIFIED ENGINEERS FOR SPRINKLER SYSTEM PHASE 1 PROJECT**
- F. RESOLUTION 2015-4-0046: ENVIRONMENTAL PROTECTION AGREEMENT – HOLTEC INTERNATIONAL**

11. SUPPLEMENTAL BOARD INFORMATION

- G. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- H. PORT SECURITY UPDATE**
- I. PAULSBORO MARINE TERMINAL PROJECT UPDATES**
- J. ETHICS UPDATES – AGENCY COMPLIANCE REVIEW AND ANNUAL FDS FILING**
- K. NJDOT RAIL FREIGHT ASSISTANCE GRANT UPDATE**
- L. CAPITAL PROJECT – PHASE 1 SPRINKLER SYSTEM – BROADWAY TERMINAL**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

A. RESOLUTION 2015-4-0041: 2014 AUDIT PRESENTATION AND CERTIFICATION

Brent W. Lee & Company, LLC, will present the completed 2014 Financial Audit Report. As required under Executive Order #122, our Board's Audit Committee has received and reviewed the draft 2014 Financial Audit Report.

The auditors have issued what is equivalent to an unqualified opinion for the 2014 Audit Report for fiscal year ending December 31, 2014.

The Board Audit Committee and Staff recommends acceptance of the 2014 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:

The Board Audit Committee will be presenting their recommendation regarding the 2014 Financial Audit.



ACTION ITEM:

B. RESOLUTION 2015-4-0042: “E” BUILDING IMPROVEMENTS – CAMDEN YARD STEEL

Camden Yards Steel, a tenant at the Broadway Terminal, is proposing to perform infrastructure improvements to the leasehold on behalf of SJPC and have the cost of the improvements reimbursed through a rental abatement program. A final proposal will be presented.

RECOMMENDATION:

Staff recommends Board consideration of the proposal from Camden Yards Steel.



ACTION ITEM:

C. RESOLUTION 2015-4-0043: TRI-STATE BULK HANDLING LEASE RENEWALS

Staff received lease renewals from this existing tenant. Renewals are approximately 16,920 square feet of open space , approximately 6,755 square feet of X-1 Building, and 1600 square feet of D-1 Building at the Broadway Terminal for a (1) year term. Current lease expires on April 30, 2015. New lease will start May 1, 2015.

AREA	CURRENT ANNUAL RENTAL	NEW ANNUAL RENTAL
Open Space	\$6,516.00	\$6,612.00
X-1 Building	\$23,800.00	\$24,240.00
D-1 Building	\$6,625.00	\$6,720.00

RECOMMENDATION:

Staff recommends Board approval to renew the parking agreement with the Home Port Alliance as presented.



ACTION ITEM:

D. RESOLUTION 2015-4-0044: WATER TOWER PAINTING
AGREEMENT WITH HOLTEC

Holtec International, a tenant at the Broadway Terminal, has proposed to share the cost to cleanup, paint and install the Holtec name/logo on the water tower at the Broadway Terminal. A revised proposal will be presented for consideration.

RECOMMENDATION:

Staff recommends Board consideration of the proposal. .



ACTION ITEM:

E. RESOLUTION 2015-4-0045: AUTHORIZATION TO REQUEST QUOTATIONS FROM PRE-QUALIFIED ENGINEERS FOR PHASE 1 SPRINKLER SYSTEM PROJECT - BROADWAY TERMINAL

Staff is requesting Board authorization to request quotations from the pre-qualified list of Civil engineers to develop the specifications for an upcoming bid for the Phase 1 Sprinkler System Project at the Broadway Terminal. This project has been delayed for several years due to funding. As such, we will segment the project into several phases based on the available funding, beginning with lease proceeds from the Holtec ground lease.

The results of the quotations will be presented to the Board at the June meeting for consideration.

RECOMMENDATION:

Staff recommends Board authorization to request quotations from the pre-qualified engineers to prepare bid specifications for Phase 1 of the Broadway Terminal Sprinkler System Project.



ACTION ITEM:

F. RESOLUTION 2015-4-0046: ENVIRONMENTAL PROTECTION AGREEMENT – HOLTEC INTERNATIONAL

As a component of the Broadway Terminal ground lease with Holtec International, an Environmental Protection Agreement has been developed for consideration.

RECOMMENDATION:

Staff recommends Board consideration to approve the Environmental Protection Agreement with Holtec International.



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.

FACILITY SECURITY PLAN AMENDMENT: SJPC submitted an Facility Security Plan amendment to the U.S. Coast Guard, Sector Delaware Bay for approval. The amendment addresses the need to change the designation of the Restricted and Secure areas for tenant area currently within the Balzano Marine Terminal. Upon approval of the amended FSP by the COTP, staff will take the necessary steps to implement the change.

REGIONAL RAIL RESPONSE CAMDEN TTX EXERCISE: SJPC will be participating in the Regional Rail Response Camden TTX Exercise on May 21, 2015, hosted by the NJ Office of Homeland Security & Preparedness and Camden County. This is a no fault exercise that will examine procedures, resources and methods to prepare for, react to and recover from a freight train derailment involving Bakken Crude Oil. Participants (players, staff, and observers) will include representatives from the First Responder Community, State, County and Local Offices of Emergency Management, NJ State Police, Department of Environmental Protection, Division of Fire Safety, Department of Transportation, freight railroad representatives, as well as many other private and public sector organizations.

FEMA NOTICES OF FUNDING OPPORTUNITY: On April 2, 2015, the Federal Emergency Management Agency (FEMA), a component of the Department of Homeland Security, announced the availability of the Fiscal Year (FY) 2015 Notices of Funding Opportunity. Included in opportunity is the next round of the Port Security Grants. The deadline is no later than 11:59 p.m. EDT, May 19, 2015.

FEMA Information Bulletin #403 provides details on the available FY 2015 preparedness grant programs. The Notices of Funding Opportunity represent \$1,267,000,000 in available FY 2015 federal assistance and are available online at <http://www.fema.gov/grants> and at <http://www.grants.gov>.

Notices of Funding Opportunity are available for the following programs:

Homeland Security Grant Program (HSGP) – The HSGP is one tool among a comprehensive set of measures authorized by Congress and implemented by the Administration to help strengthen the Nation against risks associated with acts of terrorism and other catastrophic events. The HSGP is comprised of the following three related grant programs:

1. State Homeland Security Program (SHSP) – In FY 2015, the SHSP provides \$402,000,000.
2. Urban Area Security Initiative (UASI) – In FY 2015, the UASI program provides \$587,000,000.
3. Operation Stonegarden (OPSG) – In FY 2015, OPSG provides \$55,000,000.

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Tribal Homeland Security Grant Program (THSGP) – In FY 2015, the THSGP provides up to \$10,000,000 to directly eligible tribes to support the building, sustainment, and delivery of core capabilities to enable Tribes to strengthen their capacity to prevent, protect against, mitigate, respond to, and recover from potential terrorist attacks and other hazards.

Nonprofit Security Grant Program (NSGP) – In FY 2015, the NSGP provides \$13,000,000 in funding support for hardening and other physical security enhancements to nonprofit organizations that are at high risk of terrorist attack and located within one of the specific UASI-eligible Urban Areas. The program seeks to integrate the preparedness activities of nonprofit organizations that are at high risk of terrorist attack with broader state and local preparedness efforts. The NSGP also serves to promote coordination and collaboration in emergency preparedness activities among public and private community representatives as well as state and local government agencies.

Intercity Bus Security Grant Program (IBSGP) – In FY 2015, the IBSGP provides \$3,000,000 to owners and operators of intercity bus systems located within one of the specific UASI-eligible Urban Areas, to protect critical surface transportation infrastructure and the traveling public from acts of terrorism and to increase the resilience of transit infrastructure.

Intercity Passenger Rail (IPR) – National Passenger Railroad Corporation (Amtrak) Program – In FY 2015, the IPR Program provides \$10,000,000 to the Amtrak to protect critical surface transportation infrastructure and the traveling public from acts of terrorism and to increase the resilience of the Amtrak rail system.

Port Security Grant Program (PSGP) – In FY 2015, the PSGP provides \$100,000,000 to directly support maritime transportation infrastructure security activities. PSGP is one tool in the comprehensive set of measures authorized by Congress and implemented by the Administration to strengthen the Nation's critical infrastructure against risks associated with potential terrorist attacks. FY 2015 PSGP funds are intended to improve port-wide maritime security risk management, enhance maritime domain awareness, support maritime security training and exercises, and to maintain or reestablish maritime security mitigation protocols that support port recovery and resiliency capabilities. PSGP investments must address U.S. Coast Guard-identified vulnerabilities in port security and support the prevention, protection, response, and recovery from attacks involving improvised explosive devices and other non-conventional weapons.

Transit Security Grant Program (TSGP) – In FY 2015, the TSGP provides \$87,000,000 to support transportation infrastructure security activities. TSGP is one tool in the comprehensive set of measures authorized by Congress and implemented by the Administration to strengthen the Nation's critical infrastructure against risks associated with potential terrorist attacks. TSGP provides funds to eligible publicly owned operators of public transportation (which include intra-city bus, commuter bus, ferries, and all forms of passenger rail) to protect critical surface transportation infrastructure and the traveling public from acts of terrorism and to increase the resilience of transit infrastructure.

In response to feedback from our stakeholders, the period of performance for these programs has been increased to thirty-six (36) months for FY 2015 awards. This change does not apply to

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grants made in FY 2014 or earlier. This change also does not apply to the Emergency Management Performance Grant Program or the Assistance to Firefighters Grant Programs.



INFORMATION ITEM:

I. PAULSBORO MARINE TERMINAL PROJECT UPDATES

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



INFORMATION ITEM:

J. ETHICS UPDATES

STATE ETHICS COMMISSION COMPLIANCE REVIEW:

On February 10, 2015, the NJ State Ethics Commission (SEC) conducted an ethics compliance review of the South Jersey Port Corporation. Since May 2006, the State Ethics Commission has been conducting ethics compliance reviews of all Executive branch agencies. The primary purpose of the Commission's compliance reviews is to ensure that State agencies are meeting reporting, training and other requirements of the State's ethics laws and regulations. The compliance review process is also designed to determine whether State agencies have implemented needed procedures and practices that will prevent and detect ethics violations.

During the compliance review, the Ethics Compliance Officer and the agency Ethics Liaison Officer will discuss the agency's ethics program. The Ethics Compliance Officer will review agency practices and procedures for compliance with the State ethics laws, regulations, and Executive Orders. At the completion of the review, a report will be issued evaluating the agency's compliance and identifying both best practices and areas in need of improvement.

Beginning in 2012, the Commission established the requirement that all Executive Branch agencies must be in substantial compliance with ethics requirements. If an agency is not in substantial compliance at the time of the review, the agency Ethics Liaison Officer and the agency head will be notified in writing and will be given a time frame to remedy deficiencies cited in the review.

The compliance review conducted by the SEC on February 10, 2015 with SJPC's Ethics Liaison Officer, Mr. Jay Jones, found no deficiencies. Attached are the Commission's letter and the review checklists.

ANNUAL MANDATORY FINANCIAL DISCLOSURE STATEMENTS:

Public disclosure of the personal financial interests of public officials and employees serves to maintain the public's faith and confidence in its governmental representatives and guards against conduct violative of the public trust. Accordingly, on April 27, 2010, Governor Christie issued Executive Order No. 24 requiring the annual filing of Financial Disclosure Statements ("FDS") by certain designated State employees.

On March 23, 2015, the Governor's Authorities Unit issued the guidance (attached) outlining the 2015 requirement and deadline. Pursuant to Executive Order No. 24, your FDS must be filed on or before **May 15, 2015**, or 120 days after you were appointed to your State position, whichever occurs later.

The FDS form is available in a fillable PDF format, with instructions, on the NJ State Ethics Commission's website, ww.nj.gov/ethics. Board members and select SJPC staff must file their FDS electronically and filers must retrieve an authentication code from the Commission's website authentication code. If you are unable to file electronically, please contact the SEC or Mr. Jay

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Jones, SJPC's Ethics Liaison Officer as soon as possible. Please be aware that your FDS will be posted on the SEC website, as required by N.J.S.A. 52:13D-21(n).

Pursuant to N.J.S.A. 52:13D-21(i), a \$50 per day late filing fee will be assessed for late filing of the FDS, and may be collected in a summary proceeding pursuant to the Penalty Enforcement Law of 1999, P.L. 1999, c.274.



INFORMATION ITEM:

K. NJDOT RAIL FREIGHT ASSISTANCE GRANT UPDATE

SJPC was awarded a \$10 million grant for rail improvements of which \$2 million is for SJPC's Camden Broadway Terminal and \$8 million is for SJPC's Paulsboro Marine Terminal (PMT) through the State of New Jersey Department of Transportation Rail Freight Assistance Program Agreement. The Rail Freight Assistance Program Agreement will expend up to \$1,111,111.11 in local match, which is the equivalent of 10% of the \$10 million NJDOT Rail Freight Assistance grant amount. The revenue source for the \$1,111,111.11 local match will be the PMT 2009 Series P Bond. A corresponding line item is included in the Budget Summary portion of the Paulsboro Monthly Progress Report.

The Paulsboro Marine Terminal component of the NJDOT rail grant is part of the overall rail infrastructure program for the Phase 1 PMT construction, which has three funding sources. In addition to the NJDOT grant, the rail project is partly funded by a U.S. Department of Transportation Grant known as TIGER Discretionary Grants (TIGER III), as well as the SJPC PMT project bonds. The Gloucester County Improvement Authority has released the bid opportunity for the rail project and issued a public notice that sealed bids will be received on Thursday, May 28, 2015 (see attached notice) for the rail component at Paulsboro. SJPC will have an opportunity to review the bids and then the GCIA will make an award.

The second portion of the NJDOT rail grant is related to the Holtec development at the Broadway Terminal. The program is to relocate the marine terminal's main rail track spur and internal running track. The specifications are being prepared and the bids will be presented to the SJPC Board for consideration and award in the near term.



INFORMATION ITEM:

L. CAPITAL PROJECT FUNDING – PHASE 1 SPRINKLER SYSTEM – BROADWAY TERMINAL

The first of the lease payments from the Holtec International ground lease agreement will be utilized to fund the sprinkler system Phase 1 project at the Broadway Terminal. Holtec is paying SJPC the present value of its 50 year lease. The proceeds will be credited to a deferred rent account and will be recognized as income for each of the next 50 years on a straight-line basis. The proceeds will be deposited and invested in SJPC's cash management accounts in a separate sub-account and will earn interest. This account will be handled in the identical manner to all other SJPC construction accounts.

Requests for disbursements will be submitted to the Board for approval. As such, the work will be accounted for as a capital project and the fixed asset ledger will provide all pertinent details upon request.



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. HOLTEC INTERNATIONAL**
 - a. Environmental Protection Agreement**
 - b. Broadway Water Tower Painting Project**
 - 3. PERSONNEL**
 - a. Office/Supervisory Personnel Communication Workers of America**
 - b. Local 18, IFPTE Proposal**
 - 4. BROADWAY SPRINKLER SYSTEM**
 - 5. MAINTENANCE DREDGING**
 - 6. CITY OF SALEM / SALEM PORT AUTHORITY**
 - 7. CAMDEN YARDS STEEL – PROPOSAL FOR BUILDING IMPROVEMENTS – RENTAL ABATEMENT**
 - 8. HOLCIM – SALE TO ESSROC/ITALCEMENTI GROUP**
 - a. Assignment and Assumption Agreement**
 - 9. MOODY'S DOWNGRADE OF STATE CREDIT RATING - Continuing Disclosure Agreements Notice**