

SOUTH JERSEY PORT CORPORATION



BOARD OF DIRECTORS MEETING October 28, 2014

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

- 1. APPROVAL OF MINUTES**
Regular Meeting September 29, 2014
Closed Meeting September 29, 2014
- 2. APPROVAL OF OPERATING BILLS
RESOLUTION 2014-10-0091**
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST
RESOLUTION 2014-10-0092**
- 4. APPROVAL OF CREDITS
RESOLUTION 2014-10-0093**
- 5. APPROVAL OF CHANGE ORDERS - None**
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS
RESOLUTION 2014-10-0094**
- 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 2014-10-0095: RENEWAL OF PROPERTY, CRIME AND STORAGE TANK POLLUTION INSURANCE POLICIES**
- B. RESOLUTION 2014-10-0096: AUTHORIZATION TO RELEASE REQUEST FOR PROPOSALS FOR RAIL TRACK REPLACEMENT AND ASPHALT PROJECT**
- C. RESOLUTION 2014-10-0097: CAMDEN COUNTY LEASE RENEWAL – BROADWAY TERMINAL**
- D. RESOLUTION 2014-10-0098: PAULSBORO MARINE TERMINAL – PMT-004 DIFFERING SITE CONDITIONS CLAIM SETTLEMENT WITH WEEKS MARINE**

11. SUPPLEMENTAL BOARD INFORMATION

- E. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- F. PORT SECURITY UPDATE**
- G. PAULSBORO MARINE TERMINAL PROJECT UPDATES**
- H. ANNUAL MANDATORY STATE ETHICS TRAINING**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

A. RESOLUTION 2014-10-0095: RENEWAL OF THE PROPERTY, CRIME AND STORAGE TANK POLLUTION 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 12/15/2014.

Primary Property (Including Equipment Breakdown) & Excess Property: Your current insurance carrier for the Primary Property is Federal Insurance Company (Chubb) with a loss limit of \$25,000,000 and for Excess Property is RSUI Indemnity Company with a limit of \$30,000,000, which is excess of the Federal Insurance Company (Chubb) \$25,000,000 limit. The total expiring premium is \$926,683 for both the Primary and Excess Property policies, including TRIA and New Jersey surcharges, based on \$210,704,928 of total values.

The renewal costs shown on the attached for Primary Property, Excess Property, and Equipment Breakdown are based on the total values of \$209,215,638.

The Federal Insurance Company (Chubb) advised in advance of renewal that they would be reducing the loss limit to \$10,000,000 in lieu of the \$25,000,000 primary limit provided previously. As such, Conner Strong & Buckelew marketed the program, and we have obtained a competitive quote from Underwriters at Lloyds London (Lloyds) for the full \$25,000,000 primary limit. The quote from Lloyds for the 12/15/2014-2015 policy term is \$705,500, including TRIA, based on \$209,215,638 of total values.

Note that there will not be any NJ surcharges at renewal as 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 12/15/2014-2015 policy term is \$86,495, including TRIA and NJ surcharges, based on \$209,215,638 of total values.

The total renewal premium for both of these policies is \$791,995 with coverages, terms and conditions as described in our proposal. Based on this analysis, Conner Strong & Buckelew recommends that South Jersey Port Corporation place the primary \$25,000,000 limit policy with Underwriters at Lloyds London (Lloyds), and the excess \$30,000,000 limit policy with the incumbent RSUI Indemnity Company for a total cost reduction of \$134,688 when compared to the expiring program. A full summary of our marketing effort, including a discussion on the quote from Chubb, is also included in our proposal.

Crime: Your 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 \$3,621, including NJ surcharges. The National Union Fire Insurance Company of Pittsburgh, PA renewal quote for the 12/15/2014-2015 policy term is \$8,384, including TRIA and

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NJ surcharges. The premium increase is due to the approximately \$250,000 claim that AIG is presently adjusting. Conner Strong & Buckelew obtained an optional quote from AIG with an increased deductible of \$10,000 at a premium savings of approximately \$2,000. We also pursued quotes from other markets on your behalf, and we did receive an alternative from Zurich American Insurance Company with a \$10,000 deductible.

A full summary of our marketing effort, including a discussion on the quote from Zurich, is 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: Your current insurance carrier is ACE American Insurance Company and has 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 \$1,815, including TRIA and NJ surcharges. ACE American Insurance Company's renewal quote for the 12/15/2014-2015 policy term is \$2,810, including TRIA and NJ surcharges. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with ACE American Insurance Company.

RECOMMENDATION:

Staff recommends Board consider the recommendation from Conner Strong Buckelew to renew the Primary Property & Excess Property, Crime and Storage Tank Pollution Legal Liability policies.



ACTION ITEM:

B. RESOLUTION 2014-10-0096: AUTHORIZATION TO RELEASE REQUEST FOR PROPOSALS FOR RAIL TRACK REPLACEMENT AND ASPHALT PROJECT

Staff is requesting authorization to prepare the “Scope of Work” and to advertise for a contractor to remove approximately 300 feet of straight rail, related railroad ties and excavation located on Front Street at the Joseph A. Balzano Terminal. Replace railroad with 130# rail with required ballast and new industrial grade ties., clean up and asphalt an area of approximately 440 square feet in length and approximately average width of 35 feet with two sets of straight rail along the Balzano Marine Terminal. The work will require a modified base course, along with (2) inches of I-5 Heavy Density.

This area along the rail track has deteriorated and needs to be improved before the busy winter steel season arrives in Lat December.

RECOMMENDATION:

Staff requests Board approval top prepare the specification and release the Request for Proposals.



ACTION ITEM:

**C. RESOLUTION 2014-10-0097: CAMDEN COUNTY
CORRECTIONS LEASE RENEWAL – BROADWAY TERMINAL**

Camden County Corrections has requested a renewal of their lease for the 4500 square foot cubical A-3 part of A-1 Building at the Broadway Terminal. The renewal will be on a Month –to-Month basis per their request. The current lease expires on November 30, 2014 at an annual rate of \$12,840.00. The annual rate will increase to \$13,092.00 on December 1, 2014 with CPI increase annually effective every December 1, as long as they occupy this area.

RECOMMENDATION:

Staff recommends Board approval of the Camden County Corrections lease renewal as presented.



ACTION ITEM:

D. RESOLUTION 2014-10-0098: PAULSBORO MARINE
TERMINAL PMT-004 DIFFERING SITE CONDITIONS CLAIM
SETTLEMENT WITH WEEKS MARINE

Staff and counsel have been negotiating a settlement regarding Weeks Marine's differing site conditions claim regarding the PMT-004 contract for work performed for the Paulsboro Marine Terminal project. Following closed session, a recommendation will be made for the Board's consideration.

RECOMMENDATION:

Staff recommends Board consideration of a proposed settlement with Weeks Marine regarding the "Differing Site Conditions" claim under the PMT-004 contract work for the Paulsboro Marine Terminal project.



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, Deputy Executive Director / Facility Security Officer.

FACILITY SECURITY PLAN – MTSA 33CFR105: Mr. Jones has submitted a formal request to the USCG Captain of the Port for an extension to submit a revised Facility Security Plan from December 2014 to June 2015 due to the significant changes occurring to the Broadway Terminal as a result of the Holtec International lease and terminal redevelopment. An initial meeting was held with USCG representatives to layout the schedule for FSP amendments and the finally submission of a fully revised FSP. The approval is pending.

USCG MTSA SPOT INSPECTION: On Saturday, October 11, 2014, the USCG performed routine MTSA security spot inspections at the Broadway Terminal and the Balzano Terminal. There were no deficiencies found at the Broadway Terminal. The USCG did find deficiencies at the Camden Iron & Metal lease hold and gate where upon the CIM guard had permitted a CIM employee to enter with an expired TWIC. SJPC submitted to the USCG on Friday, October 17, 2014 a report detailing the corrective actions taken. SJPC has also submitted an amendment to the FSP regarding the CIM leasehold area. Details will be provided in closed session

USCG EXERCISE: On Thursday, October 16, 2014, Mr. Jones participated in a river wide exercise conducted by the USCG that addressed alert notifications.

USCG PRE-SEASON ICE CONFERENCE: Mr. Jones is scheduled to attend the USCG 2014-2015 Delaware River and Bay - C&D Canal Pre-season Ice Conference on November 20, 2014. The NWS will be providing detailed forecasts for the winter season weather and predictions of ice formation on the Delaware River and C&D Canal. The USCG will provide details of the assets for ice breaking and buoy-tending for the coming season.

USCG – EBOLA VIRUS PRECAUTIONS: The USCG has provided two Maritime Safety Information Bulletins (attached) regarding the global Ebola virus issue. As such, the USCG advises.

- Vessel representatives are required to report sick or deceased crew or passengers within the last 15 days to the CDC under 42 CFR 71.21. **Regional CDC quarantine station points of contact can be found at:**
<http://www.cdc.gov/quarantine/QuarantineStationContactListFull.html>
- The Coast Guard will review all Notice of Arrivals to determine if a vessel has visited a country impacted by Ebola virus outbreak within its last five ports of call.
- Vessel masters should inform any Coast Guard boarding teams of any ill crewmembers on board.
- Local industry stakeholders, in partnership with their Coast Guard Captain of the Port, should review and be familiar with section 5310 Procedures for Vessel Quarantine and

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Isolation, and Section 5320 Procedures for security segregation of Vessels in their Area Maritime Security Plan.

- Local industry stakeholders, in partnership with their Coast Guard Captain of the Port, should review and be familiar with their Marine Transportation System Recovery Plan.

SJPC will continue to monitor this issue and we are coordinating with the USCG as we prepare for vessels arriving from Africa in the near future.



INFORMATION ITEM:

G. PAULSBORO MARINE TERMINAL PROJECT UPDATES

The Paulsboro Marine Terminal Project updates, provided by the Gloucester County Improvement Authority, are contained in the attached report.



INFORMATION ITEM:

H. ANNUAL MANDATORY STATE ETHICS TRAINING

Per Executive Order #41, Board and Commission members of the State's independent authorities, commissions and public corporations must complete training on government ethics and proper fiscal practices annually.

On October 6, 2014, a memorandum (attached) from Regina Egea, the Governor's Authorities Unit director, was distributed to SJPC Board members providing the guidance and deadline for the 2012 training. All Board members are requested to complete the on-line training by November 10, 2014 and to forward a copy of their training confirmation to the SJPC ELO. The on-line training modules can be found at <http://www.nj.gov/ethics/training>. Board members are to select the "Special State Officer Training Module."

Staff will submit all the Board training confirmations to the Governor's Authorities Unit by November 24, 2014 as requested.



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. PAULSBOR MARINE TERMINAL PROJECT**
 - a. PMT-004 Differing Site Conditions Claim – Weeks Marine**
 - 2. BROADWAY TERMINAL – SPRINKLER SYSTEM ISSUE**
 - 3. MAINTENANCE DREDGING**
 - 4. SJPC FACILITY SECURITY PLAN AMENDMENT**