

SOUTH JERSEY PORT CORPORATION



BOARD OF DIRECTORS MEETING August 26, 2014

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

- 1. APPROVAL OF MINUTES**
Regular Meeting July 29, 2014
Closed Meeting July 29, 2014
- 2. APPROVAL OF OPERATING BILLS**
RESOLUTION 2014-8-0070
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST**
RESOLUTION 2014-8-0071
- 4. APPROVAL OF CREDITS**
RESOLUTION 2014-8-0072
- 5. APPROVAL OF CHANGE ORDERS – 1**
RESOLUTION 2014-8-0073
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS**
RESOLUTION 2014-8-0074
- 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 2014-8-0075: ADOPTION OF THE EMERGENCY OPERATIONS PLAN AND EVACUATION PLAN ANNEX**
- B. RESOLUTION 2014-8-0076: PAULSBORO MARINE TERMINAL – 3rd AMENDMENT TO PORT ESSEX GROUND LEASE**
- C. RESOLUTION 2014-8-0077: PAULSBORO MARINE TERMINAL – 1st AMENDMENT TO AGREEMENT OF SALE - CONRAIL**
- D. RESOLUTION 2014-8-0078: AUTHORIZATION TO RELEASE REQUEST FOR PROPOSALS FOR PROFESSIONAL SERVICES**
- E. RESOLUTION 2014-8-0079: AUTHORIZATION TO RELEASE REQUEST FOR QUALIFICATION FOR ENGINEERING SERVICES**
- F. RESOLUTION 2014-8-0080: APPROVAL OF NJDOT RAIL GRANT AGREEMENT**

11. SUPPLEMENTAL BOARD INFORMATION

- G. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- H. PORT SECURITY UPDATE**
- I. PAULSBORO MARINE TERMINAL PROJECT UPDATES**
- J. TIGER III GRANT – AMENDEMENT TO REAUTHORIZATION PROJECT SAVINGS**
- K. REVERSE AUCTION FOR ELECTRICAL SUPPLY**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

A. RESOLUTION 2014-8-0075: ADOPTION OF THE EMERGENCY OPERATIONS PLAN AND EVACUATION PLAN ANNEX

SJPC received three FEMA Technical Assistance Grants through the NJ Office of Homeland Security & Preparedness (OHSP) and FEMA. The Technical Assistance (TA) Program, through the U.S. Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), National Preparedness Directorate (NPD) and Grant Programs Directorate (GPD), seeks to build and sustain capabilities through specific services and analytical capacities across two primary functional areas: 1) Preparedness TA activities in support of the four homeland security mission areas (prevention, protection, response, and recovery) and 2) Homeland security program management. SJPC received technical assistance to enhance our planning and documentation for the following three areas: 1) Emergency Operations Plan, 2) Continuity of Operations Plan and 3) Evacuation Plan. The NJOHSP approved the applications at the state level and the requests were approved by FEMA.

The FEMA Team and staff have prepared the draft Emergency Operations Plan and Evacuation Annex. The FEMA Team was onsite for two weeks conducting meetings, compiling data and conducting interviews. A kickoff meeting with SJPC, our tenants and partners was held on Tuesday, May 20, 2014 laying out the planning objectives and assembling the stakeholder team for the Emergency Operations Plan and the Evacuation Plan development. The FEMA team returned for the week on Monday, June 2, 2014 and an EOP stakeholder meeting was held and various meetings and working sessions with SJPC and our tenants and partners were held in developing the draft EOP. The Evacuation Plan development will began on Monday, June 9, 2014, with a stakeholder group kickoff meeting and then the FEMA team.

The stakeholder team was comprised of SJPC staff, Camden Iron & Metal, Delaware River Stevedores, Camden Waterfront Development (Holt), Joseph Oat Corporation, Camden Yards Steel, Camden International Commodities Terminal, Susquehanna Center, Battleship NJ, City of Camden Office of Emergency Management, Camden County Office of Emergency Management, the City of Camden Fire Department, and NJ Office of Homeland Security and Preparedness.

The South Jersey Port Corporation's Emergency Operations Plan provides a comprehensive framework for emergency management for Balzano and Broadway Marine Terminals. The plan addresses the roles and responsibilities of SJPC employees and tenants and provides a link to local, state, Federal, and private organizations and resources that may be activated to address disasters and emergencies in the South Jersey Port Corporation. The EOP ensures consistency with current policy guidance and describes the interrelationship with other levels of response. The plan will continue to evolve, responding to lessons learned from actual disaster and emergency experiences, ongoing planning efforts, training and exercise activities, and Federal guidance

The Emergency Operations Plan and Evacuation Plan Annex, along with recommendations in support of implementing the plan is presented for adoption. General Counsel will evaluate

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revising our standard lease agreement to include a provision for tenants about their responsibility to follow the SJPC EOP/EP. Following adoption, the plan will be distributed to SJPC tenants and partners for implementation, as well as in support of the SJPC Facility Security Plan. The EOP/EP will be evaluated annually for any required updates. The Continuity of Operations Plan development is ongoing.

RECOMMENDATION:

Staff recommends Board adoption of the Emergency Operations Plan and the Evacuation Annex, and the associated recommendations in support of the instituting the EOP.



ACTION ITEM:

**B. RESOLUTION 2014-8-0076: PAULSBORO MARINE TERMINAL
3rd AMENDMENT TO PORT ESSEX GROUND LEASE**

In August 2009, the Borough of Paulsboro and the SJPC executed the original Port Essex Project Site Ground Lease for the 45-acre parcel of real property, which when combined with the 130-acre BP parcel created the Paulsboro Marine Terminal footprint. An approximately 15-acre portion of the Essex Parcel that contains a NJDEP closed landfill was not included within the original terminal footprint.

Subsequent to the Original Port Essex Ground Lease, the Borough and SJPC entered into a First Amendment to Port Essex Project Site Ground Lease in September 2011, wherein the “Swindell” properties were acquired by the Borough in fee title and integrated into the Port Essex Ground Lease. Subsequent to the Original Ground Lease and the First Amendment, the Borough and SJPC entered into a Second Amendment to Port Essex Project Site Ground Lease in August 2013 wherein approximately 1.95 acres of Conrail property were purchased by the Borough from Conrail via an Agreement of Sale and incorporated into the Port Essex Ground Lease.

In connection with the First Amendment to the Agreement of Sale, an additional 0.19 acre parcel of property (“Additional Conrail Property”), as shown on the plan attached hereto as Exhibit A, is required from Conrail to accommodate a new switch, which will enable a full loop-track within the Paulsboro Marine Terminal. Through an Amendment to the Agreement of Sale with Conrail and a corresponding Third Amendment to the Port Essex Ground Lease, the additional 0.19 acres will be integrated into the Original Port Essex Ground Lease.

RECOMMENDATION:

Staff requests Board approval for the Executive Director and SJPC legal counsel to finalize and execute a 3rd Amendment to the Port Essex Ground Lease between the Borough of Paulsboro and SJPC.



ACTION ITEM:

**C. RESOLUTION 2014-8-0077: PAULSBORO MARINE TERMINAL
1st AMENDEMENT TO AGREEMENT OF SALE - CONRAIL**

As detailed in the attached First Amendment to the Agreement of Sale, an additional 0.19 acre parcel of property (“Additional Conrail Property”), as shown on the plan attached hereto as Exhibit A, is required from Conrail to accommodate a new switch, which will enable a full loop-track within the Paulsboro Marine Terminal. Through an Amendment to the Agreement of Sale with Conrail and a corresponding Third Amendment to the Port Essex Ground Lease, the additional 0.19 acres will be integrated into the Original Port Essex Ground Lease. The original 1.93 parcel was appraised at \$30,000. Since the additional acreage is approximately 1/10 the size, Conrail and the SJPC agree that an equitable cost for the 0.19 acre parcel is \$3,000.00.

RECOMMENDATION:

Staff requests Board approval for the Executive Director and SJPC legal counsel to finalize and execute (1) an Acknowledgement and Agreement page of the First Amendment to the Agreement of Sale, which is by and between Conrail and the Borough of Paulsboro



ACTION ITEM:

D. RESOLUTION 2014-8-0078: AUTHORIZATION TO RELEASE REQUEST FOR PROPOSALS FOR PROFESSIONAL SERVICES

Staff is requesting authorization to prepare and advertise a Request for Qualifications/Proposals for seven (7) professional services. Staff will have General Counsel review the RFQ/P documents. The legal notices will be posted with a deadline to submit packages in November. The current contracts will expire at the end of February 2015. All contracts carried a term of one year with a one year option at the prerogative of the Board.

- General Legal
- Maritime Counsel
- Bond Counsel
- Labor Counsel
- Financial Advisor
- General Health and Insurance Broker
- Marketing Consultant

The packages received will be provided to the Board Review Committee and recommendations will be provided to the Board at the January 2015 Board meeting for consideration.

RECOMMENDATION:

Staff recommends Board authorization to prepare and advertise the Request for Qualifications/Proposals for Professional Services.



ACTION ITEM:

E. RESOLUTION 2014-8-0079: AUTHORIZATION TO RELEASE REQUEST FOR QUALIFICATIONS FOR ENGINEERING SERVICES

Staff is requesting authorization to release the Request for Qualifications for Engineering Services for the following categories:

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

At the February 2014 meeting, the Board took action to approve the results from a Request for Qualifications for Professional Services for prequalification of engineering firms for a period of three (3) years, with a term of March 1, 2014 through February 28, 2017. Each year, the Board considers additional engineering firms to the prequalified list for the remaining term. This request would be to pre-qualify additional engineers to the current list for a period of two (2) years, aligning all pre-qualified engineering firms to expire in February 2017.

The results of the Request for Qualification will be reviewed by the Board Review Committee and the committee will present a recommendation to the full Board to be considered by the Board prior to the March 1st commencement.

RECOMMENDATION:

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



ACTION ITEM:

F. RESOLUTION 2014-8-0080: APPROVAL OF NJDOT RAIL GRANT

In the summer of 2012, staff with support from the GCIA began discussions with the NJDOT regarding opportunities to enhance rail service to its marine terminals in southern New Jersey. In November 2012, NJDOT Division of Multimodal Services requested statewide applications in response to its Rail Freight Assistance Program. In December 2012, SJPC submitted an application that requested \$17.875 million for freight rail related infrastructure improvements. In April 2013, NJDOT announced that SJPC was awarded a \$10 million grant for rail improvements of which \$1.5 million is for Camden facilities and \$8.5 million is for the Paulsboro facility. The grant proceeds will be available in four equally funded fiscal year installments. SJPC will receive \$2.5 million per year over 4 years for freight rail infrastructure improvements.

RECOMMENDATION:

Staff requests Board approval for authorization to enter into a State of New Jersey Department of Transportation Rail Freight Assistance Program Agreement between NJDOT and SJPC subject to the execution of the Holtec for Broadway Terminal and CWD/Holt Logistics for Paulsboro Marine Terminal leases. In compliance with the terms and conditions of the draft grant agreement, staff requests Board approval to 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.



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, Deputy Executive Director / Facility Security Officer.

USCG MTSA SPOT INSPECTIONS: The U.S. Coast Guard conducted two, unannounced, Maritime Transportation Security Act spot inspections at the Balzano Terminal and the Broadway terminal on August 11, 2014. No discrepancies were found.

FACILITY SECURITY PLAN – MTSA/33CFR105: Mr. Jones will be submitting an updated Security/Threat Analysis, CG-6025 Forms and Facility Security Plan to the U.S. Coast Guard Sector Delaware Bay for the five year approval.

15th BIENNIAL HARBOR SAFETY AND AREA MARITIME COMMITTEE CONFERENCE: Mr. Jay Jones will be participating in the 15th Biennial Harbor Safety Committee and Area Maritime Security Committee Conference: *Partnering for Safe, Secure, and Resilient Port Operations* which will be conveniently held in Philadelphia this year on August 25-27, 2014. The conference will focus on best practices of Harbor Safety Committees (HSCs) and Area Maritime Security Committees (AMSCs) as well as new ideas and technology to address critical safety and security issues.



INFORMATION ITEM:

I. PAULSBORO MARINE TERMINAL PROJECT UPDATES

The Paulsboro Marine Terminal Project updates will be provided by Mr. Marlin Peterson, Gloucester County Improvement Authority.

CHANGE ORDERS

None for presentation at this time although we are processing the following changes.

- CO-04 to GBA - Continued involvement with defense of DSC claim requires additional funding. 80 hrs for M. Snow (Dredging Works Mgr) at current rate = not-to-exceed cost of \$12,000.
- CO-012 to CH2MHILL – Part time Resident Design Liaison (RDL) extension from August 2014 through the end of the PMT-008M Wharf contract, which is forecast to be March 2016. Total not-to-exceed cost is \$200,000.
- PMT-009 / CO-004: Roadway restoration to include additional sidewalk, handicap ramp, curb & existing gas line protection @ intersection leading to Billingsport Park. Lump sum cost to be finalized - approximately +\$30,000.
- PMT-009 / CO-005: Additional fill material to achieve complete sub-grade across the site. 25,000 cyds @ \$20/cyd (15 + 5) = \$500,000.

CONSTRUCTION UPDATE: PMT-003: The project is substantially complete. Work on remaining punch list items and project close-out continues.

PMT-005: The project is substantially complete.

PMT-006: Final survey has been received; project close-out continues.

PMT-007: The project is substantially complete. Two remaining monitoring wells will be lowered to final design height once the existing surcharge stockpile has been relocated as part of the PMT-009 project. This work has commenced and is scheduled through August 2014.

PMT-008TP: The project is substantially complete. Project close-out continues.

PMT-008M: Modified Phase I Wharf Construction: The Phase I Wharf contract was awarded to Weeks Marine and a Notice-To-Proceed was furnished August 6, 2014. Based on the original contract duration, substantial completion is scheduled for February 6, 2016. A kick-off meeting is scheduled for August 18, 2014.

PMT-009 Imported Fill & Select Utilities: Select demolition, storm water pipe, sanitary sewer connections and electrical ductbank installation continue. Monitoring of surcharge indicates that primary settlement has abated. Fill material hauling is approximately 96% complete. Relocation of surcharge fill material hauling resumed in May 2014 and will continue into September 2014.

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Additional importing of fill material resumed in August 2014, with earthwork to complete in October 2014. Substantial completion is targeted for November 2014.

PMT-015: Woodland Habitat Mitigation: The Woodland Habitat Mitigation contract with Turf Construction has been executed. A kick-off meeting is scheduled for late August 25, 2014. Plantings in PA-1 (Little Mantua Creek location) are targeted for fall 2014 and for PA-2 (Mantua Creek location) in Spring 2014.

PMT-S02: Expanded perimeter landscaping and lawn maintenance, which includes the new linear esplanade areas and along the access road alignment commenced in June 2014 and will continue through years 2014 and 2015.

Traffic Signal Warrant Study

A kick-off meeting for the traffic signal warrant study with Shropshire Associates was held July 17, 2014. Initial findings are scheduled to be available in October 2014.

PROCUREMENT UPDATE: PMT-010: Terminal Civil Works. Based on available funding, completion of import fill to achieve subgrade and NJDEP utility connection approvals, the balance of phase I civil works has been rescheduled such that public advertisement is targeted for 4th quarter 2014. This contract is expected to follow after the completion of the PMT-009 fill material hauling activities.

PMT-013: Stage I (TIGER III) Upland Rail Works. Based upon USDOT's categorical exception (CE) for the rail components of the Paulsboro Marine Terminal, completion of Conrail's review for design compliance and completion of the PMT-009 fill material placement, public advertisement is targeted for late 4th quarter 2014.

PMT-014: Stage II (NJDOT) Upland Rail Works. Following execution of a NJDOT Rail Freight Assistance Grant agreement and completion of the PMT-009 fill material placement, public advertisement is planned for 1st quarter of 2015.

PMT-012: Esplanade and Kayak Launch. Based on available funding and construction schedule, public advertisement is slated for late 1st quarter 2015.

Refer to the enclosed Paulsboro Marine Terminal & Access Road and Bridge July 2014 Monthly Progress Reports, which include an Executive Summary, Critical Issues Identification, Construction Activities Update, OCIP, Project Budget Summary, Project Schedule, Construction Photographs and Submittal Logs for further details.

ACCOUNTING RECONCILIATION: A 1st Quarter 2014 accounting reconciliation meeting between representatives of the GCIA and SJPC was conducted June 13, 2014. Based on the results of this meeting, no outstanding or unresolved accounting issues have been identified. A 2nd quarter 2014 reconciliation meeting is scheduled for the week of August 25th 2014 or September 2nd, 2014.



INFORMATION ITEM:

J. TIGER III GRANT – AMENDMENT TO REAUTHORIZATION
PROJECT SAVINGS

Currently, the TIGER III grant between the SJPC, Conrail, Salem County and USDOT totals \$44,139,010, which is comprised of \$23,869,010 of TIGER Discretionary grant funds and \$20,270,000 in non-Federal local funds. This total is derived from the Original Grant plus Amendment No. 1.

Conrail’s Delair Bridge Span Replacement is the primary project within the grant. Per Conrail, the Delair project is projected to complete approximately 1 year early. In addition, other Conrail projects contained within Amendment No. 1 were undertaken without federal funding assistance due to delays in receiving NEPA authorization. The net result is that the TIGER grant is likely to have remaining available federal cost-share dollars totaling slightly more than \$8,000,000. Since the Original Grant and its Amendment No. 01 addressed only a portion of the entire program of freight rail improvements proposed for funding within the Southern New Jersey port district, the SJPC and its partners will be requesting that the savings be reallocated to projects described in the initial grant application but were not funded in either the Original Grant or its 1st Amendment. A proposed reallocation of the federal cost-share savings is presented below.

Total Federal Cost-Share Savings		\$8,094,010	
Project	Federal Cost Share	Local Match	Total
Delair Bridge Wire Ropes	\$3,000,000	\$3,000,000	\$6,000,000
Penns Grove Secondary Rail	\$2,100,000	\$2,100,000	\$4,200,000
Salem Running Track	\$1,000,000	\$1,000,000	\$2,000,000
PMT Storage, Loading & Switching Track	\$1,994,010	\$1,994,010	\$3,988,020

The funding for the Local Match portion of the proposed Paulsboro Marine Terminal (PMT) Storage, Loading & Switching Track is provided by 2009 Series P Bond.



INFORMATION ITEM:

K. ELECTRICAL SUPPLY REVERSE AUCTION

On August 5, 2014 SJPC conducted a reverse auction for electric supply using World Energy Solutions, Inc. online auction services. Jeff Lenetsky of World Energy, Ray Pasteris of Pasteris Energy, Inc. and Hank D'Andrea coordinated and observed the auction in the SJPC offices.

Six (6) auctions were conducted seeking fixed electric price contracts of 12, 24 and 36 months with and without 10% green energy with a delivery start in January 2015 when the current contract expires with Direct Energy. The SJPC annual electric consumption is 10.1 Million kWh.

Thirteen (13) different electric suppliers participated in the bidding with greater than 122 bids received during the six auctions conducted. This is considered excellent market participation.

The winning supplier was Constellation with a 24 month fixed price of \$0.08435/kWh with 10% green. In this auction the electric prices for 10% green energy were the same prices as 100% brown energy. Accordingly, no premium will be paid for green energy.

Constellation's price for a 12 month contract with 10% green was \$0.08485/kWh and for a 36 month contract with 10% green was \$0.08508/kWh. Both prices are higher than the 24 month fixed price of \$0.08435/kWh which formed the primary basis for selecting the 24 month contract. The current market price to compare at the time of the auction was \$0.09048/kWh for a 24 month contract so the competitive bidding environment of the online auction resulted in a lower price representing \$62,000 annually.

Per the Board's authorization, a supply contract was executed with Constellation that same day following phone approvals from the Executive Director and Board Chairman.



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. PAULSBORO MARINE TERMINAL

a. Personnel

b. Paulsboro Marine Terminal - PMT-004: Differing Site Condition (DSC) Claim

c. Paulsboro Marine Terminal & Access Road and Bridge - PMT-003: GCIA v. GRD Condemnation Matter - Property Valuation

3. HOLTEC

4. HOLT LOGISTICS

5. BROADWAY TERMINAL – SPRINKLER SYSTEM ISSUE

6. MAINTENANCE DREDGING