



SOUTH JERSEY PORT CORPORATION
OFFICIAL BOARD OF DIRECTORS MEETING MINUTES
BROADWAY TERMINAL
CAMDEN, NEW JERSEY
September 26, 2016
12:30 p.m.

Directors Present:	Richard Alaimo	Chairman
	Chad Bruner	Director ☎
	Robert DeAngelo	Director
	Eric Martins	Director ☎
	Joseph Maressa, Jr.	Director ☎
	Carl Styles	Director
	Robert Tighue	State Treas. Designee
Directors Absent:	Jonathan Gershen	Director
	Sheila Roberts	Director
In Attendance:	Michael Collins	Governor's Authorities Unit ☎
	Raymond Zane, Esq.	Gen. Counsel – Zane & Lafferty
	Kevin Castagnola	Executive Director & CEO
	Jay Jones	Dep. Exec. Dir. / Board Secretary
	Bruno Cellucci	Treasurer
	George Englehardt	Facilities Engineer
	Neil Grossman	Financial Advisor – GBA
	Dennis Culnan, Jr.	Marketing Consultant – PS&AC
	Darryl Eng	AECOM
	Mario Christina	GCIA
	Michael Baker	Conner Strong & Buckelew
	Missy Williamson	Conner Strong & Buckelew
Tom Hastie, Esq.	Bond Counsel – C&S	
Craig Remington	Former SJPC Board Member	

The Chairman opened the meeting at 12:30 p.m. with the following statement:

Pursuant to the provisions of the Open Public Meetings Act, Chapter 231, Public laws of 1975, adequate notice of this meeting has been provided. On September 2, 2016, the Secretary of the Corporation sent a legal notice with a notice to change the schedule of the Regular Meeting in September 2016 to be held by the South Jersey Port Corporation's Board of Directors, to advise the meeting date change, indicating the time and place to the following newspapers: Courier-Post, Gloucester County Times and the Burlington County Times.

In addition, the meeting date change notice was posted at the Port Corporation's designated Bulletin Board at the main entrance to the Broadway Terminal, the official place for posting and maintaining a schedule of the monthly Board of Director's Meetings for 2016. The meeting schedule and the September meeting date change were placed on the Port Corporation's website at www.southjerseyport.com.

Roll call was taken and recorded. [PLEDGE OF ALLEGIANCE RECITED.](#)

PRESENTATION OF REGULAR MEETING MINUTES - AUGUST 30, 2016

The minutes for the South Jersey Port Corporation Board of Directors meeting held on August 30, 2016, were presented for approval.

A motion was made to approve the August 30, 2016 Board of Directors Regular Meeting Minutes as presented.

Moved by:	R. DeAngelo
Seconded by:	C. Styles
Voting for motion:	All
Voting against motion:	None
Abstaining:	Chairman R. Alaimo Director Maressa, Jr. Designee R. Tighue

PRESENTATION OF CLOSED MEETING MINUTES – AUGUST 30, 2016

The minutes for the South Jersey Port Corporation Board of Directors closed meeting session held on August 30, 2016, were presented for approval.

A motion was made to approve the August 30, 2016 Board of Directors Closed meeting minutes, as presented, with the condition that any matters contained in the closed session minutes may be withheld and not disclosed to the public until the need for the closed session has passed.

Moved by:	C. Styles
Seconded by:	R. DeAngelo
Voting for motion:	All
Voting against motion:	None
Abstaining:	Chairman R. Alaimo Director Maressa Designee R. Tighue

OPERATING BILLS

The Operating Unpaid Bill list for the period 8/18/2016 to 9/14/2016 was presented for approval.

A motion was made to adopt Resolution 2016-9-0074 for the approval of the Operating Unpaid Bill list for the period 8/18/2016 to 9/14/2016.

Moved by: R. DeAngelo
Seconded by: C. Styles

Voting for motion: All
Voting against motion: None

ADVANCE PAYMENT LIST

The Advance Payment Bill List for the period 8/18/2016 to 9/14/2016 was presented for approval. The Board Audit Committee reviewed the AMEX statement.

A motion was made to adopt Resolution 2016-9-0075 for the approval of the Advance Payment Bills for the period 8/18/2016 to 9/14/2016.

Moved by: C. Styles
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

CREDIT LIST

The Credit List for the period ended September 26, 2016, containing two (2) credits for a total amount of \$2,616.53 was presented for approval.

A motion was made to adopt Resolution 2016-9-0076 for the approval of the Credit List for the period ended September 26, 2016 in the amount of \$2,616.53.

Moved by: R. DeAngelo
Seconded by: C. Styles

Voting for motion: All
Voting against motion: None

CONSTRUCTION FUND REQUISITIONS

Staff presented five (5) construction fund requisitions in the amount of \$939,253.82.

A motion was made to adopt Resolution 2016-9-0077 for the approval of the five (5) Construction Fund Requisitions totaling \$939,253.82; as presented.

Moved by: C. Styles
Seconded by: J. Maressa, Jr.

Voting for motion: All
Voting against motion: None
Abstaining on #1: E. Martins

TREASURER'S REPORT

The Treasurer, Mr. Bruno Cellucci, presented the Treasurer's Report. He presented the report for the period ending August 31, 2016. He reported that the net income before interest, depreciation and amortization is \$166,349 versus the budgeted amount of \$198,477 for the

month. This is a deviation of <\$32,128> worse than budget. For the YTD, net income before interest, depreciation and amortization is \$1,914,342 versus the budgeted amount of \$1,587,819. This is a deviation of \$326,522 better than budget. The interest on investments and the accounts receivables reports were also presented.

A motion was made to accept the Treasurer's Report as presented.

Moved by:	C. Styles
Seconded by:	C. Bruner
Voting for motion:	All
Voting against motion:	None

COUNSEL'S REPORT

The Counsel's Report will be discussed in closed session.

EXECUTIVE DIRECTOR'S REPORT

The Executive Director reported we handled 214,017 s/tons for cargo during the month of August 2016. The August 2016 year-to-date total is 1,653,108 s/tons; -4% behind 2015. Steel is behind the record levels set the past two years, but the activity remains significant. Wood products is down. Bulk cargoes, including recycled metals, cement and Gramcem®, remain strong. Bulk cargoes are ahead of 2015 by 22%.

The Executive Director commented on a number of port outreach initiatives. He and the Deputy Executive Director (DED) will be headed to Houston, TX tomorrow for the 2016 Breakbulk Americas Conference and Exhibition that will run through the week. SJPC will be an exhibitor. He commented that he and the DED presented information about SJPC's mission and activity at the recent Philadelphia Urban Land Institute meeting. He mentioned the DED presented at the National Maritime Safety Association's conference in Philadelphia. He added that he will be presenting at the NJ Alliance for Action's "Where the Work Is" event on October 5th.

The Executive Director reported the State Auditors are onsite and he presented the engagement letter. It has been approximately 11 years since the NJ Office of the State Auditor has reviewed SJPC.

A motion was made to accept the Executive Director's Report as presented.

Moved by:	R. DeAngelo
Seconded by:	E. Martins
Voting for motion:	All
Voting against motion:	None

RESOLUTION 2016-9-0078: HONORING CRAIG F. REMINGTON FOR SERVICE AS A MEMBER OF THE SJPC BOARD OF DIRECTORS

A resolution was presented to recognize Craig F. Remington for his 16 years of service as a member of the South Jersey Port Corporation Board of Directors. The Executive Director read aloud the resolution. The Chairman and the Executive Director presented the framed resolution to Mr. Craig Remington. Mr. Remington commented that it has been a great experience

serving on the Board. He extended thanks to Chairman Alaimo for providing insight and guidance and to the Board and staff. It has been a pleasure to work with the Board, the staff and the state in a team atmosphere. The SJPC has accomplished great things including the new Paulsboro Marine Terminal. The Board and Mr. Remington exchanged best wishes.

A motion was made to approve Resolution 2016-8-0068 honoring Craig F. Remington's service as a member of the SJPC Board of Directors.

Moved by: R. DeAngelo
Seconded by: C. Styles

Voting for motion: All
Voting against motion: None

RESOLUTION 2016-9-0079: APPROVAL OF THE FINANCIAL AUDIT SERVICES AGREEMENT 2-YEAR OPTION

At the October 2013 SJPC Board of Directors meeting, the Board approved the recommendation of the Board Audit Committee, following the provisions of Executive Order #122, to select Brent W. Lee and Co. LLC. to perform the annual financial audits for the years 2013 for a fee of \$39,000; 2014 for a fee of \$40,000; and 2015 for a fee of \$41,000 with an option to extend the agreement for the 2016 and 2017 audits to be determined by the Board at the end of the 2015 engagement. The rates for the 2016 and 2017 are \$42,000 and \$43,000 respectively.

A motion was made to approve Resolution 2016-9-0079 approving the 2-year option financial audit services agreement with Brent W. Lee & Co. LLC. for the 2016 and 2017 audit reports in the amount of \$42,000 and \$43,000 respectively.

Moved by: R. DeAngelo
Seconded by: C. Styles

Voting for motion: All
Voting against motion: None

RESOLUTION 2016-9-0080: AUTHORIZATION TO RELEASE REQUEST FOR PROPOSALS FOR FIRE PROTECTION ANNUNCIATION SYSTEM MAINTENANCE

Staff is requested authorization to release a Request for Proposals for Fire Protection Annunciation System Maintenance and Support Services. The current vendor's contract will expire at the end of December 2016. Staff has elected not to pursue the two 1-year options to extend the contract with the current vendor.

The scope includes inspection, repair and remote "call center" monitoring services for the fifty fire annunciation (alarm) panels associated with the dry sprinkler system pump houses at the Balzano (17) and Broadway Terminal (33).

A motion was made to approve Resolution 2016-9-0080 authorizing staff to release the Request for Proposals for Fire Protect Annunciation System Maintenance and Support Services.

Moved by: R. DeAngelo
Seconded by: C. Styles

Voting for motion: All
Voting against motion: None

RESOLUTION 2016-9-0081: APPROVAL OF WORKERS COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE RENEWAL

Mr. Michael Baker, with Conner Strong and Buckelew, presented a recommendation for renewal of SJPC's Workers Compensation & Employers Liability policy on November 4, 2016. The present carrier, New Jersey Casualty Insurance Company, has quoted a renewal cost at \$781,060 (subject to audit). The renewal cost increased this year over last year primarily due to three factors: an increase in SJPC's Experience Modification Factor from .928 on the expiring policy to 1.035 for the renewal policy (representing approximately \$55,980 of the total premium increase); an increase to estimated payroll from the expiring term to the renewal term (representing approximately \$37,273 of the total premium increase); and the Plan Premium Adjustment surcharge for the Assigned Risk Program in New Jersey has been raised from 17% to 20% for the renewal (representing approximately \$27,572 of the total premium increase). SJPC staff anticipates that the upcoming Workers Compensation payroll audit for the 2015-2016 policy term will result in lower actual payrolls than were audited for the 2014-2015 policy term. These three items were partially offset by changes in the New Jersey Workers Compensation Classification Rates and Second Injury Fund Surcharge Rate issued by the New Jersey Compensation Rating and Inspection Bureau (representing approximately \$7,303 in decreased premium).

The renewal cost of \$781,060 is an increase of \$113,522 compared to last year's cost. Conner Strong & Buckelew, SJPC's Insurance Broker, recommends that SJPC renew with New Jersey Casualty Insurance Company at an estimated annual renewal cost of \$781,060.

A motion was made to approve Resolution 2016-9-0081 to renew the Workers' Compensation & Employers Liability Policy with New Jersey Casualty Insurance Company at a cost of \$781,060 as presented by Conner Strong & Buckelew.

Moved by: C. Styles
Seconded by: J. Maressa, Jr.

Voting for motion: All
Voting against motion: None

INFORMATION ITEMS:**MARKETING REPORT - PHOENIX STRATEGIES / ARTLIP COMMUNICATIONS**

Mr. Dennis Culnan, Jr. presented the Marketing Report. He reported they are assisting Mr. Jay Jones on the next edition of the Port-O-Call magazine, the video script for a video produced by Stokes Creative Group, a number of updated marketing materials and a press release regarding the reverse auction bidding for electrical energy and the Bond refinancing. They are also assisted with the preparation for the Breakbulk Americas Conference and Exhibition.

The report was received and filed.

PORT SECURITY UPDATE

Mr. Jay Jones, Deputy Executive Director / Facility Security Officer, presented the Security Update.

U.S. COAST GUARD AMSC GRANT SUBCOMMITTEE WORKING GROUP:

Mr. Jones is participating in the USCG Sector Delaware AMSC's grant subcommittee working group to develop a presentation on best practices and guidance in writing FEMA Port Security Grant applications. The subcommittee will host a meeting to present the presentation in November to a regional audience.

DHS/NJOHSP – RAPID SURVEY TOOL: Mr. Jones has partnered with the NJ Office of Homeland Security and Preparedness to initiate the DHS Rapid Survey Tool (RST). RTS is a non-regulatory data collection capability that examines the most critical aspects of a facility's security and resilience posture with efficient, baseline questions. The process captures a facility's physical and operational security and resilience data. The data are then analyzed to determine the facility's relative security and resilience in comparison to the national average for similar facilities. The resulting analysis is used to develop a Rapid Survey Information Center that equips owner/operator with knowledge to detect and prevent physical, cyber, and natural threats and respond to, recover from, and remain resilient against all hazards.

The data collection was performed on Wednesday, September 14, 2016 and the results will be forthcoming. All data and the tool are kept confidential to SJPC.

FAA DRONE/UNMANNED AERIAL SYSTEMS REGULATIONS: The increasing popularity of drone aircraft for domestic, commercial, and military uses has introduced a whole host of new security concerns. As a matter of security surveillance of our terminals, we need to be vigilant in identifying potential threats associated with drones/UAS aircraft. We continue to monitor changes to state and federal regulations pertaining to the use of drones.

The FAA has updated drone/UAS regulations for commercial drones weighing less than 55 lbs:

- Authorized additional/flight missions for drones (research, SAR, surveys, etc.)
- Commercial drones can only be flown in line-of-sight operation
- Less requirements to obtain a commercial drone pilot license (now just a written test and a \$150 license fee)

Drones/UAS will be a topic for the next USCG AMSC meeting in November.

U.S. DHS / CYBER SECURITY: Mr. Jones reported there is a scheduled conference call with the U.S. Department of Homeland Security, Office of Infrastructure Protection, to review a number of cyber security products offered by DHS that will enhance SJPC’s data protection measures.

The report was received and filed.

PAULSBORO MARINE TERMINAL PROJECT UPDATE

Mr. Daryl Eng with AECOM provided updates on the overall Paulsboro Marine Terminal project and provided a PowerPoint presentation containing photos highlighting the progress of the current construction activities.

The Executive Director discussed the following change orders:

CHANGE ORDERS

AP Construction Change Order #8 (PMT-003) – Owner-Controlled Insurance Program (OCIP): This reflects the negotiated OCIP deduction for the bridge contract (AP).

Agreed Upon Compensation: \$160,640.58 with no time extension.

Lump Sum this Change Order	\$ 160,640.58
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Original Contract Sum.....	\$ 15,737,722.00
Net change by previously authorized Change Orders	\$ 815,685.81
Contract Sum prior to this Change Order was.....	\$ 16,553,407.81
Contract Sum will be increased by this Change Order in the amount of	
.....	\$ 160,640.58
New Contract Sum including this Change Order will be.	\$ 16,714,048.39

Original Contract Completion Date	Nov. 30, 2012
Net Contract Time adjustments by prior Change Orders	474 Days
Contract Time adjustment as provided by this Change Order	0 Days
Current Adjusted Contract Completion Date.	April 30, 2014

Kyle Conti Construction Inc. Change Order #2 (PMT-016):

Change Order #2 is to raise camera bridge foundation lengths due to ground conditions, install photocells on high mast lights, a change in transformer specs resulted in additional cost, the relocation of electrical substation.

Agreed Upon Compensation: \$101,120.11. Any time extensions associated with this change will be addressed by a separate COR and change order.

Lump Sum this Change Order\$107,584.26

Original Contract Sum.....	\$ 6,360,600.00
Net change by previously authorized Change Orders.....	\$ 17,018.58
Contract Sum prior to this Change Order was.....	\$ 6,377,618.58
Contract Sum will be increased/decreased by this Change Order in the amount of.....	\$ 107,584.26
New Contract Sum including this Change Order will be	\$ 6,485,202.84

Original Contract Completion Date.....	October 15, 2016
Net Contract Time adjustments by prior Change Orders.....	0 Days
Contract Time adjustment as provided by this Change Order.....	0 Days
Current Adjusted Contract Completion Date.....	October 15, 2016

Kyle Conti Construction Inc. Change Order #3 (PMT-016):

Change Order # 3 is to relocate control panels which required cable upsizing. The train rail switch control panels were originally located directly adjacent to the rail switches in the middle of the wharf. In order to alleviate potential future maintenance issues in this high traffic area and maximize the amount of usable space on the wharf, the control panels were relocated to be along the edge barrier adjacent to the wharf high mast light between the eastern and western approaches. The relocation of the control panels required revisions to the cabling and upsizing the breakers and MPZ-11.

Agreed Upon Compensation: \$26,902.45 with no time extension.

Lump Sum this Change Order\$26,902.45

Original Contract Sum	\$ 6,360,600.00
Net change by previously authorized Change Orders.....	\$ 124,602.84
Contract Sum prior to this Change Order was.....	\$ 6,485,202.84
Contract Sum will be increased/decreased by this Change Order in the amount of	\$ 26,902.45
New Contract Sum including this Change Order will be	\$ 6,512,105.29

Original Contract Completion Date.....	October 15, 2016
Net Contract Time adjustments by prior Change Orders.....	0 Days
Contract Time adjustment as provided by this Change Order.....	0 Days
Current Adjusted Contract Completion Date.....	October 15, 2016

The report was received and filed.

REVERSE AUCTION BIDDING – ELECTRICAL POWER

Staff presented the results from the reverse auction bidding for electrical power. At the August 2016 SJPC Board of Director meeting, a resolution was approved to participate in a reverse auction bidding process to secure the lowest available electrical “supply” market pricing for the next purchasing period. The Board had previously authorized a reverse auction bid for electrical supply in June 2014 for the current pricing which expires January 1, 2017.

The reverse auction was performed on Tuesday, September 20th, 2016. There were a total of 129 bids submitted for 12, 24 and 36 term offerings. The best bid was received from Constellation, the incumbent, for a term of 36 months with 10% green at a rate of \$0.07033 per KWH. The new rate will be effective January 2017 and is \$0.01402 less than the current electrical power rate. The new rate is approximately 17% less than the current rate and will achieve an annual savings of \$158,484 and a total savings over the three year term of \$475,452. The various Broadway Terminal tenants to whom we resell electrical power to will also benefit from the electrical service savings.

The Executive Director consulted with the Chairman prior to executing the new agreements.

PAULSBORO MARINE TERMINAL PROJECT FUNDING

The Treasurer discussed funding for the Paulsboro Marine Terminal project. The SJPC Board recently approved construction fund requisitions in the amount of \$3,645,000.62 at their August 30, 2016 Board Meeting for Paulsboro Marine Terminal expenditures. Bond Series P-3 was identified and approved as the funding source.

The receipt of monies needed to replenish the Series P-3 account have been delayed. One delay is the federal TIGER III Grant and the other is New Jersey’s Transportation Trust Fund program freeze impacting our Rail Freight Assistant Grant. The federal funding delay is due to the nature in which they process payments and their slow protocol. The state funding delay is temporary until a funding resolution for the TTF. The amount from P-3 that fell short was \$1,331,746.69.

As such, and as discussed with the SJPC Financial Advisor, a decision was made to utilize funds from the following bond accounts in lieu of Series P-3. The other bond funding sources identified meet the requirements and their resolutions each support the Paulsboro Marine Terminal Project expenditures.

We will allocate the following amounts from the Bond sources to fund the current requisitions:

- Bond Series N \$164,847.42
- Bond Series O-1 \$399,899.45
- Bond Series P-2 \$766,999.82
- Total \$1,331,746.69

BOND REFINANCING

Mr. Neil Grossman, SJPC’s financial advisor, reported to the Board that we have refinanced multiple bond series which will generate approximately \$2.9 million in new capital funding for tax-exempt projects. The debt service going ahead will remain neutral and will not increase any burden on the State. He extended thanks to all including the SJPC staff, the Raymond James,

Tom Hastie and the State for cooperation to get the refinancing completed within the window of time allotted. The closing is scheduled for Thursday, September 29, 2016 at which time the new funding will be deposited in a new 2016 Capital Projects account.

PUBLIC COMMENTS

The Chairman asked if there were any public comments.

Hearing none, he asked for a motion to adjourn the regular session meeting and enter closed session.

A motion was made to adjourn the Regular Open Meeting.

Moved by:	R. DeAngelo
Seconded by:	C. Styles
Voting for motion:	All
Voting against motion:	None

At 1:20 p.m. the regular open session was adjourned.

I certify that this is a true copy of the Minutes of the South Jersey Port Corporation's Regular Open Session of the Board of Director's Meeting held Monday, September 26, 2016.

Jay Jones,
Board Secretary

At 1:45 p.m., following the closed session, the regular, open session was resumed.

The Chairman asked if there was any other business for open session. Hearing none, he asked for a motion to adjourn the meeting.

A motion was made to adjourn the Regular Open Meeting.

Moved by: J. Maressa, Jr.
Seconded by: R. DeAngelo

Voting for motion: All
Voting against motion: None

I certify that this is a true copy of the Minutes of the South Jersey Port Corporation's Regular Open Session of the Board of Director's Meeting held Monday, September 26, 2016.

Jay Jones,
Board Secretary