



SOUTH JERSEY PORT CORPORATION
OFFICIAL BOARD OF DIRECTORS MEETING MINUTES
BROADWAY TERMINAL
CAMDEN, NEW JERSEY
July 25, 2017
12:30 p.m.

Directors Present:	Richard Alaimo	Chairman
	Chad Bruner	Director
	Christopher Chianese	State Treas. Designee
	Robert DeAngelo	Director
	Jonathan Gershen	Director ☎
	Joseph Maressa	Director ☎
	Eric Martins	Director ☎
	Sheila Roberts	Director
	Carl Styles	Director ☎

Directors Absent: None

In Attendance:	Tom Huth	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
	Tom Hastie, Esq.	Bond Counsel
	Dennis Culnan	Marketing Consultant – PS&AC
	Dennis Culnan, Jr.	Marketing Consultant – PS&AC
	Paul Breeman	Holt Logistics

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 January 3, 2017, the Secretary of the Corporation sent a legal notice with a schedule of Regular Meetings to be held by the South Jersey Port Corporation's Board of Directors, during the calendar year 2017, indicating the time and place to the following newspapers: Courier-Post, Gloucester County Times and the Burlington County Times.

In addition, the meeting schedule was posted at the Port Corporation’s designated Bulletin Board at the main entrance to the Broadway Terminal, its official place for posting and maintaining a schedule of the monthly Board of Director’s Meetings for 2017. The meeting schedule was also 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 - June 13, 2017

The minutes for the South Jersey Port Corporation Board of Directors meeting held June 13, 2017 were presented for approval.

A motion was made to approve the June 13, 2017 Board of Directors Regular Meeting Minutes as presented.

Moved by:	C. Bruner
Seconded by:	S. Roberts
Voting for motion:	All
Voting against motion:	None
Abstaining:	E. Martins

PRESENTATION OF CLOSED MEETING MINUTES – June 13, 2017

The minutes for the South Jersey Port Corporation Board of Directors closed meeting session held on June 13, 2017, were presented for approval.

A motion was made to approve the June 13, 2017 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. Bruner
Seconded by:	S. Roberts
Voting for motion:	All
Voting against motion:	None
Abstaining:	E. Martins

OPERATING BILLS

The Operating Unpaid Bill list for the period 6/1/2017 to 7/12/2017 was presented for approval.

A motion was made to adopt Resolution 2017-7-0053 for the approval of the Operating Unpaid Bill list for the period 6/1/2017 to 7/12/2017.

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

ADVANCE PAYMENT LIST

The Advance Payment Bill List for the period 6/1/2017 to 7/12/2017 was presented for approval. The Board Audit Committee reviewed the AMEX statement and approved an expense report in the amount of \$142.09.

A motion was made to adopt Resolution 2017-7-0054 for the approval of the Advance Payment Bills for the period 6/1/2017 to 7/12/2017.

Moved by: S. Roberts
Seconded by: C. Bruner

Voting for motion: All
Voting against motion: None

CREDIT LIST

The Credit List for the period ended July 25, 2017, containing three (3) credits for a total amount of \$59.44 was presented for approval.

A motion was made to adopt Resolution 2017-7-0055 for the approval of the Credit List for the period ended July 25, 2017 in the amount of \$59.44.

Moved by: C. Chianese
Seconded by: C. Bruner

Voting for motion: All
Voting against motion: None

CONSTRUCTION FUND REQUISITIONS

Staff presented two (2) advance construction fund requisitions in the amount of \$108,772.00 and seven (7) unpaid construction fund requisitions in the amount of 300,592.79.

A motion was made to adopt Resolution 2017-6-0048 for the approval of the five (11) Construction Fund Requisitions totaling \$2,287,552.55; as presented.

Moved by: J. Gershen
Seconded by: J. Maressa, Jr.

Voting for motion: All
Voting against motion: None

Director Styles arrived to the meeting at this time.

TREASURER'S REPORT

The Treasurer presented the Treasurer's Report for the period ending June 30, 2017. For June 2017, the net income before interest, depreciation and amortization is \$239,398 versus the budgeted amount of \$406,760 for the month. This is a deviation of \$167,362 worse than budget. For the year-to-date period through June 30, 2017, the net income before interest, depreciation and amortization is \$,056,489 versus the budgeted amount of \$1,220,279 for the period. This is

a deviation of \$836,209 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:	S. Roberts
Seconded by:	C. Chianese
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 & CEO for the South Jersey Port Corporation reports cargo tonnage for June 2017 was 342,379 s/tons; a 171% change compared to June 2016. Through the 2nd quarter of 2017, total tonnage reached 2,153,946 s/tons; a 76% change compared to the same period in 2016. Breakbulk tonnage activity for June 2017 totaled 215,316 s/tons; a change of 284% compared to June 2016. For the June YTD 2017, breakbulk tonnage totaled 1,274,876 s/tons; a change of 158%. Steel imports led the way with a 335% increase last month compared to June of 2016. The year to date total is up 181% with 1,112,524 s/tons which includes 705,336 s/tons of Russian steel unloaded at Paulsboro Marine Terminal. Along with our cocoa bean warehouseman, Camden International Commodities, saw cocoa bean imports for the first two quarters of 2017 grow 140%. Import wood products are up 35% over 2016 for the same period.

Bulk activity for June 2017 reached 127,062 s/tons; a change of 81% compared to June 2016. For the 2nd quarter of 2017, we collectively handled 879,069 s/tons of bulk cargoes; a 20% change compared to the same period in 2016. Essroc's cement activity at the Broadway Terminal has also grown with imports up 30% and Gramcem® exports up 5% since the beginning of the year. In June, 65,109 short tons of cement moved through the SJPC's terminals. At the Port Salem, sand exports through Eastern Cement, grew 336% in the first half of 2017

Overall, there were 147 ships handled at the SJPC's terminal since January 1st; a 45% increase from 102 to 147 ships compared to a year ago. In June 2017, SJPC terminals docked 20 ships; a 25% increase versus 16 ships for June 2016. Ship days, the number of days a ship is at berth for loading/unloading, was 50 ship days for June 2017 versus 26 in 2016. The year-to-date total through June 2017 ship days is 389 versus 238 for the same period in 2016.

The report was received and filed.

RESOLUTION 2017-7-0057: SELECTION OF MARINE ENGINEER FOR MAINTENANCE DREDGING PERMITS SERVICES

Staff presented the quotations from our Pre-Qualified Marine Engineering firms for Consulting Engineering Services to obtain maintenance repair permits, from the New Jersey Department of Environmental Protection (NJDEP) for the Broadway and Balzano Terminals.

The requests are consistent with the Regulatory Requirements associated with the pre-construction maintenance activities for the berths/piers of both the Broadway and Balzano Terminals.

The quotations received are as follows:

Vendor	Quotation
JMT	\$217,000.00
WBCM	\$86,210.00
S.T. Hudson	\$35,000.00
Advanced Geo Services	\$24,300.00 (plus T&M)

It was recommended to award the Maintenance Repair Permits project to S.T. Hudson in the lump sum amount of \$35,000.

A motion was made to approve Resolution 2017-7-0057 to award the Maintenance Dredging Permits Project to S.T. Hudson in the amount of \$35,000.

Moved by: C. Chianese
Seconded by: J. Maressa, Jr.
Voting for motion: All
Voting against motion: None

RESOLUTION 2017-7-0058: SELECTION OF MARINE ENGINEER FOR MAINTENANCE REPAIRS PERMITS SERVICES

Staff presented quotations from our Pre-Qualified Marine Engineering firms to provide Consulting Engineering Services for obtaining maintenance dredging permits from the New Jersey Department of Environmental Protection (NJDEP) for the Broadway and Balzano Terminals.

The request is consistent with the Regulatory Requirements associated with the maintenance dredging activities for the berths/piers and riparian necessities of both the Broadway and Balzano Terminals.

The quotations received are as follows:

Vendor	Quotation
Advanced Geo Services	\$215,000.00
JMT	\$188,900.00
AECOM	\$139,000.00
WBCM	\$98,060.00
S.T. Hudson	\$81,000.00

It is recommended to award the Maintenance Dredging Permits project to S.T. Hudson in the lump sum amount of \$81,000.

A motion was made to approve Resolution 2017-7-0058 to award the Maintenance Repair Permits Project to S.T. Hudson in the amount of \$81,000.

Moved by: C. Bruner
Seconded by: C. Chianese

Voting for motion: All
Voting against motion: None

RESOLUTION 2017-7-0060: AMENDMENT TO THE EMR/CAMDEN IRON & METAL LEASE

Staff presented a request to amend the “J” building lease with Camden Iron & Metal (CIM) to include the entire building leasehold. Currently, “J” building is divided into two leaseholds, separated for Delaware Ship Supply and Camden Iron & Metal uses. Delaware Ship Supply has provided SJPC a letter notifying us they will relinquish their leasehold of “J” building in order for the entire leasehold to be transferred to Camden Iron & Metal.

An amendment to the CIM “J” building lease has been prepared by General Counsel. The lease rate for the 27,500 sq.ft. will remain the same at a rate of \$3.99 per sq.ft. for a monthly rent of \$9,135. A security deposit of one month’s rent will be secure. The term of the lease for the additional space will be concurrent with the balance of the term, until November 30, 2030 with two 5 year options. A CPI relative to the additional space will be applied annually beginning December 1, 2018.

A motion was made to approve Resolution 2017-7-0060 to approve the proposed amendment to the EMR/Camden Iron & Metal Lease to incorporate the entire “J” Building into the lease and to permit Delaware Ship Supply to vacate the lease with no penalty.

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

Voting for motion: All
Voting against motion: None

RESOLUTION 2017-7-0061: ACQUISITION OF USED EQUIPMENT – DUMP TRUCK

Staff is requested approval to purchase a used dump truck. SJPC is currently renting a dump truck to accommodate the various necessary uses to support the maintenance and operation activities at the Balzano and Broadway Terminal.

Staff acquired the following quotes for like dump truck vehicles:

Vendor	Description	Price
United Rentals	2009 Ford F750 Dump Truck 5-yard, diesel. Mileage: 22,434	\$43,000.00
Vail Automotive	2004 Ford F750 Dump Truck 5-yard, diesel.	\$42,900.00

	Mileage: 98,562	
Bobby Gerhart’s Truck World	2007 Ford F750 Dump Truck 5-yard, diesel Mileage: 45,270	\$49,995.00

SJPC’s mobile equipment maintenance foreman has evaluated the vehicles, Staff is recommending approval to purchase the 2009 Ford F750 from United Rentals in the amount of \$43,000 based on variety of factors including year, mileage, and condition.

A motion was made to approve Resolution 2017-7-0061 to purchase the 2009 Ford F750 Dump Truck from United Rentals in the amount of \$43,000.

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

Voting for motion: All
Voting against motion: None

RESOLUTION 2017-7-0062: BROADWAY PIER 5 WAREHOUSE REPAIRS – CAMDEN WATERFRONT DEVELOPMENT/HOLT

Pursuant to the Board’s previous authorization to permit SJPC to setup an escrow account for Camden Waterfront Development / Holt leasehold payments for the Broadway Terminal Pier 5 leasehold to provide funding for repairs to the temperature control system on TS1 – Transit Shed 1 based on an estimate of \$500,000, we have reviewed, along with our consultant, Mr. John Kemp, the final invoices and quotations for the remain work in the amount of \$165,942. This will bring the total cost of the repairs to \$622,396.95. There are sufficient funds in the escrow account.

Staff requested the Board to increase the original authorization which was based on an estimate, from \$500,000 up to not-to-exceed \$625,000.

A motion was made to approve Resolution 2017-7-0062 to authorize expenditure not-to-exceed \$625,000 from the Holt escrow account for the repairs to TS1 warehouse at the Broadway Pier 5 leasehold.

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

Voting for motion: All
Voting against motion: None

RESOLUTION 2017-7-0063: FOREIGN TRADE ZONE REVENUE SHARING AGREEMENT WITH CITY OF SALEM

Staff presented a proposed agreement to share 50% of the existing Foreign Trade Zone sub-zone revenue, in the amount of \$22,500, with the City of Salem on an annual basis.

A motion was made to approve Resolution 2017-7-0063 to approve the Foreign Trade Zone #142 Revenue Sharing Agreement with the City of Salem.

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

RESOLUTION 2017-7-0064: APPROVAL OF THE SUBORDINATE MARINE TERMINAL REVENUE BOND RESOLUTION

Mr. Tom Hastie, SJPC's Bond Counsel, presented the Subordinated Marine Terminal Revenue Bond Resolution. The resolution provides the aggregate principal amount of \$255,000,000 for the purpose of financing the 2017 Capital Projects. "2017 Capital Projects" shall mean all or a portion of (i) Phase II of the Paulsboro Marine Terminal as described in the studies on file in the Corporation's records and (ii) improvements to or for the benefit of the Broadway and Balzano Terminals, including but not limited to maintenance dredging, environmental remediation projects, capital maintenance and upgrading of existing facilities and the repair and replacement of fire suppression systems and underground utilities, as may be modified in a Series Certificate. The resolution was developed with the assistance of SJPC's bond counsel and financial advisor with NJ Treasurer's Office and the NJ Attorney General's office.

A motion was made to approve Resolution 2017-7-0064 to approve Subordinate Marine Terminal Revenue Bond Resolution subject to the inclusion of the amendments from the NJ Attorney General's Office.

Moved by:	R. DeAngelo
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. The draft of the 2016 Annual Report was presented. The Port-O-Call magazine is being finalized for printing and distribution, and they have been working on other port promotions tasks including print media advertisements, trade show exhibit, professional photographer services, Stokes video, and brochures/maps.

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 SUB-COMMITTEE: Mr. Jay Jones is participating as a member of the USCG Sector Delaware Bay AMSC Grant subcommittee to review and score the FEMA 2017 Port Security Grant applications for the COTP. There are 24 applications with 44 Investment Justifications to score. The committee is meeting on Tuesday, July 18th, to finalize the initial ranking of the grant applications. There is \$100 million available nationally. Following the subcommittee's

review, the COTP will make the final local assessment before sending the ranking to FEMA who will make the final selections.

CYBER SECURITY – AWARENESS TRAINING: Cyber security was always a significant concern for SJPC and is a key component to the IT processes and policies. With the advent of the cyber security becoming a major item with the USCG and their recent directive requiring MTSA regulated facilities to report suspicious activity and breaches of security related to cyber, the FSO is working on additional cyber security awareness training. We also took measures to ensure our systems were updated with Microsoft patches.

Maersk (A.P. Moller-Maersk), who ships one out of every seven containers shipped globally, experienced a Petya cyber attack across their servers in Europe and India in June. Petya is a form of ransomware. The malware is spreading using vulnerability in Microsoft Windows that the software Microsoft patched in March 2017. Computers and servers that did not update the patch remained vulnerable to the virus.

The IT breakdown at Maersk affected all of their business units including container shipping, port and tug boat operations, oil and gas production, drilling services and oil tankers. The cyber attack is expected to cost Maersk approximately \$25 million.

USCG DRAFT NVIC NO. 05-17: USCG has issued a draft Navigation and Vessel Inspection Circular (NVIC) No. 05-17 with respect to guidelines for addressing cyber risks at Maritime Transportation Security Act Regulated Facilities. This NVIC proposes to clarify the existing requirements under MTSA to incorporate analysis of computer and cyber risks and guidance for addressing those risks. This NVIC would provide guidance on incorporating cybersecurity risks into an effective Facility Security Assessment (FSA), as well as additional recommendations for policies and procedures that may reduce cyber risk to operators of maritime facilities. Operators may use this document as a benchmark to develop and implement measures and activities for effective self-governance of cyber risks.

This NVIC is in accordance with the Federal Register Notice of Availability and Request for Comments dated July 12, 2017. Coast Guard request that comments be submitted to the online docket via <http://www.regulations.gov>, or reach the Docket Management Facility, on or before September 11, 2017.

The report was received and filed.

PAULSBORO MARINE TERMINAL PROJECT UPDATE

The Executive Director reported on four change orders on the remaining tasks to finalize the Phase One of the PMT development.

PMT SHOP BUILDING PROJECT:

The Gloucester County Improvement Authority received the following three (3) bids on July 13, 2017, for the shop building at the PMT facility:

Vendor	Price
Kyle Conti Construction, LLC.	\$1,238,933.00
Fred M. Shiavone Construction, Inc.	\$1,144,200.00
Wyndham Construction, LLC.	\$1,094,850.00

The GCIA will formally approve a bid at their meeting on Thursday, July 20th. The formal award decision will be provided to the Board following the GCIA meeting.

The report was received and filed.

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:	C. Styles
Seconded by:	J. Gershen
Voting for motion:	All
Voting against motion:	None

At 12:54 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 Tuesday, July 25, 2017.

Jay Jones,
Board Secretary

At 12:56 p.m., the regular session was reopened.

RESOLUTION 2017-7-0059: SELECTION OF VENDOR FOR TRASH REMOVAL SERVICES

Staff released a Request for Proposals for Trash Removal Services for the Balzano and Broadway Terminals. Proposals were due on Thursday, July 13, 2017 at 3:00 p.m.

Four (4) proposals were received. Staff and General Counsel reviewed the proposals and determined that the specifications were unclear. A recommendation was made to reject the bids, recast the specifications and request for new proposals.

A motion was made to approve Resolution 2017-7-0059 to reject the trash removal services bids, extend the current agreement one month with Waste Management, and authorize staff to revise the specifications, release a new Request for Proposals for Trash Removal Services.

Moved by: S. Roberts
Seconded by: J. Gershen

Voting for motion: All
Voting against motion: None

The Chairman asked if there were any additional items for open session. Hearing none, he asked for a motion to adjourn the regular session meeting.

A motion was made to adjourn the Regular Open Meeting.

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

Voting for motion: All
Voting against motion: None

At 12:57 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 Tuesday, July 25, 2017.

Jay Jones,
Board Secretary