

SOUTH JERSEY PORT CORPORATION



BOARD OF DIRECTORS MEETING October 26, 2021

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

- 1. APPROVAL OF MINUTES**
Regular Open Meeting September 28, 2021
Closed Session Meeting September 28, 2021
- 2. APPROVAL OF OPERATING BILLS
RESOLUTION 2021-10-0098**
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST
RESOLUTION 2021-10-0099**
- 4. APPROVAL OF CREDITS-NONE**
- 5. APPROVAL OF CHANGE ORDERS - NONE**
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS
RESOLUTION 2021-10-0100**
- 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:**



ACTION ITEMS

- A. RESOLUTION 2021-10-0101: ACCEPTANCE OF THE 2021 RATE STUDY**
- B. RESOLUTION 2021-10-0102: 2022 SJPC ANNUAL BUDGET**
- C. RESOLUTION 2021-10-0103: APPROVAL TO AWARD BID FOR CARGO HANDLING EQUIPMENT LEASE-TO-OWN**
- D. RESOLUTION 2021-10-0104: APPROVAL TO ALLOW ASSIGNMENT OF CAMDEN YARDS STEEL LEASE**
- E. RESOLUTION 2021-10-0105: APPROVAL OF PORT OF CAMDEN TERMINAL TARIFF 300 UPDATE**
- F. RESOLUTION 2021-10-0106: APPROVAL TO SOLICIT BIDS FROM THE QUALIFIED CATHODIC PROTECTION FIRMS FOR REPAIRS OF THE EXISTING BALZANO AND PIER 5 TERMINAL CATHODIC PROTECTION SYSTEMS**
- G. RESOLUTION 2021-10-0107: DEBT SERVICE RESERVE & TAX RESERVE CERTIFICATION LETTER**
- H. RESOLUTION 2021-10-0108: APPROVAL TO ISSUE AN RFP FOR HUMAN RESOURCES, PAYROLL, AND TIMEKEEPING SOFTWARE**
- I. RESOLUTION 2021-10-0109: APPROVAL OF SOUTH JERSEY PORT CORPORATION'S PRIMARY PROPERTY, EXCESS PROPERTY, STANDALONE TERRORISM, CRIME, NETWORK PRIVACY & SECURITY LIABILITY, ABOVE GROUND STORAGE TANK POLLUTION LEGAL LIABILITY POLICIES**



J. RESOLUTION 2021-10-0110: APPROVAL TO SIGN AND EXECUTE AGREEMENT WITH VERIZON WIRELESS

11. SUPPLEMENTAL BOARD INFORMATION:

- K. EASTERN METAL RECYCLING (EMR)**
- L. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- M. PORT SECURITY UPDATE**
- N. PAULSBORO MARINE TERMINAL PROJECT UPDATES**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

A. RESOLUTION 2021-10-0101: ACCEPTANCE OF THE 2021 RATE STUDY

REQUEST

Staff is requesting Board acceptance of the 2021 Rate Study.

BACKGROUND

As required by our Bond Covenants, on an annual basis the South Jersey Port Corporation is required to conduct a study that evaluates our rates, fees and tariffs as compared to our regional competitors. The 2021 Rate Study was prepared by S.T. Hudson and is presented for acceptance. The report determined no significant rate increases are required or recommended at this time.

The report determined that significant additional increases in rates and charges would not be necessary to meet the required 1.1 ratio of net revenue to debt service. A comprehensive analysis, beyond the scope of the report, needs to be conducted to determine if rate increases could be implemented without affecting the Port's ability to attract cargoes and remain competitive.

RECOMMENDATION:

Staff requests Board acceptance of the 2021 Rate Study.



ACTION ITEM:

B. RESOLUTION 2021-10-0102: 2022 SJPC ANNUAL BUDGET

REQUEST

Staff is requesting Board approval of the Port's operating budget for the 2022 fiscal year.

BACKGROUND

The South Jersey Port Corporation's (SJPC) bond covenants require that not less than 45 days prior to the beginning of each calendar year, the SJPC shall adopt an annual budget for the ensuing calendar year. Staff is proposing to the Board to adopt the attached operating budget for the 2022 fiscal year.

The proposed budget follows state prescribed guidelines limiting overall year to year increases in expenses to two percent. Of particular note, this budget includes \$1 million for life-safety repairs and \$200,000 for the purchase of replacement vehicles for use in operations.

RECOMMENDATION:

Staff recommends Board approval of the proposed 2022 SJPC budget.



ACTION ITEM:

C. RESOLUTION 2021-10-0103: APPROVAL TO AWARD BID FOR CARGO HANDLING EQUIPMENT LEASE-TO-OWN

REQUEST

Staff is requesting Board approval to award the bid for one (1) 30,000 lb. Diesel Forklift and one (1) 55,000 lb. Diesel Forklift via a 60-month lease-to-own option for each.

BACKGROUND

On September 30, 2021, the following bids for both forklifts were received:

Bidder Name and Address	Amount
<p align="center">Equipment Depot 823 East Gate Drive, Suite 5 Mount Laurel, NJ 08054</p>	<p>30k lb. Forklift (Hoist PV300-24) Outright Purchase – \$225,494.79 60 month LTO- \$4,205.77/mo.</p> <p>55k lb. Forklift (Hoist P550-48) Outright Purchase – \$466,713.68 60 month LTO- \$8,702.82/mo.</p>
<p align="center">Eastern Lift Truck Co., Inc. Route 73 and East Linwood Ave Box 307 Maple Shade, NJ 08052-0307</p>	<p>30k lb. Forklift (Hyster PG-300): Outright Purchase – \$317,161.00 60 month LTO- \$5,769.80/mo.</p> <p>55k lb. Forklift (Hyster H550XD48) Outright Purchase - \$438,354.00 60 month LTO- \$7,975.54/mo.</p>

Upon review, staff found that Equipment Depot’s proposal for the 30,000 lb. forklift did not meet our bid specifications. However, the Eastern Lift Truck Co. Inc. proposal met all our requirements for both forklifts.

Monthly rental rates for the equipment have been quoted at \$6,750.00 per month for the 30,000 lb. forklift and \$12,500.00 for the 50,000 lb. forklift vs. lease-to-own pricing of \$5,769.80 per month for the 30,000 lb. machine and \$7,975.54 for the 55,000 lb. machine.

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RECOMMENDATION:

Staff therefore recommends Board approval to award the contract for the lease-to-own option for both pieces of equipment to Eastern Lift Truck Co., Inc.



ACTION ITEM:

D. RESOLUTION 2021-10-0104: APPROVAL TO ALLOW ASSIGNMENT OF CAMDEN YARDS STEEL LEASE

Request

Staff is requesting Board approval for the Executive Director & CEO to execute documents necessary to effectuate the assignment of the Camden Yards Steel lease to Kloeckner Metals Corporation (KMC)

Background

Camden Yards Steel has been a tenant of SJPC at Broadway Terminal Building E since 2002, where they are engaged in metal manufacturing and fabrication. Camden Yards Steel is selling its business to KMC, with US headquarters in Roswell Georgia, which is a subsidiary of Kloeckner Metals of Duisberg Germany. KMC intends to continue the manufacturing and fabrication operations in Camden currently undertaken by Camden Yards Steel, albeit with the intent to import substantially more steel by ship through SJPC's Camden terminals.

Key terms of the current lease with Camden Yards Steel would continue under the assigned lease:

- SJPC has sole discretion to approve any lease assignment
- Lease term expires on May 31, 2033, with tenant right to exercise two additional 5-year options
- Premises includes approximately 111,137 square feet
- Rental is currently \$334,920 per year, with an annual CPI rent escalation provision.

RECOMMENDATION:

Staff accordingly recommends Board approval for the Executive Director & CEO to execute documents necessary to effectuate the assignment of the Camden Yards Steel lease to Kloeckner Metals Corporation.



ACTION ITEM:

E. RESOLUTION 2021-10-0105: APPROVAL OF PORT OF CAMDEN TERMINAL TARIFF 300 UPDATE

Request

Staff is requesting Board approval to update SJPC's Port of Camden Terminal Tariff 300, with the intent to become effective January 1, 2022.

Background

SJPC's Terminal Tariff 300 governs the conditions and rates associated with the provision of various terminal handling, storage, equipment rental, and other services provided by SJPC to users of Camden's Balzano and Broadway terminals, and which are not otherwise provided for either by various customer contracts, or by the Port of Philadelphia Marine Terminal Association (PPMTA) Tariff Schedule 1600. SJPC's Terminal Tariff 300 was last updated in 2020, but prior to that had not been updated for many years. The intent is to update the tariff annually to incorporate changes in cost of labor, fuel, CPI increases, and changes in the provision of equipment and/or services.

Requested Tariff Update Key Items

- Equipment rental and labor rates in most cases increased by 3%, the exception being gantry crane rental rates increased by 5%, as it was determined that SJPC gantry crane rental rates are still substantially below market.
- Storage rates increased by \$0.01 per 100 lbs., with additional rate increases at 90 days, 180 days and 360 days to encourage inventory turnover and adequate terminal handling capacity.
- After the updated tariff has been approved, it will be filed with the Federal Maritime Commission (FMC)

RECOMMENDATION:

Staff recommends Board approval to accordingly update the Port of Camden Terminal Tariff 300.



ACTION ITEM:

F. RESOLUTION 2021-10-0106 APPROVAL TO SOLICIT BIDS FROM THE QUALIFIED CATHODIC PROTECTION FIRMS FOR REPAIRS OF THE EXISTING BALZANO AND PIER 5 TERMINAL CATHODIC PROTECTION SYSTEMS

Request

Staff is requesting Board Approval to solicit bids from the Qualified Cathodic Protection Firms to complete the remaining cathodic protection repairs, as discovered since the last inspection in 2017, at the Balzano Marine Terminal.

Background

Based on the findings of a previous conditional maintenance survey, significant damage had occurred to the water borne wiring apparatus in addition to the degradation of the sacrificial anode assemblies necessary for the corrosion protection of the berths.

The Board advised that the SJPC should seek the services of a qualified cathodic protection system firm. A motion was made to adopt Resolution 2018-4-0044 to authorize staff to issue a Request for Proposals.

With Board Approval, Proposal # SJPC CPR 07-07-2020 was awarded to Atlantic Sub-Sea of Bridgeton, New Jersey with the work now complete per the Original Scope of Work.

RECOMMENDATION:

Staff is requesting Board Approval to issue a new Request for Proposals to complete the repairs of the newly found damage at the Balzano and Pier 5 Terminals since the inspection completed in 2017.

The estimated costs to finalize the repairs are approximately \$250,000, exceeding the threshold for a previous Change Order consideration.



ACTION ITEM:

G. RESOLUTION 2021-10-0107: DEBT SERVICE RESERVE & TAX RESERVE CERTIFICATION LETTER

REQUEST

Staff is requesting Board approval of the Debt Service Reserve and Tax Reserve Certification Letter to Governor Murphy.

BACKGROUND

The Certification Letter to the Governor for the Debt Service Reserve and Tax Reserve Fund Requirements has been prepared (attached). In summary, for the year ending December 31, 2021, State appropriations of **\$16,925,000** for the Senior Lien Bonds and **\$12,710,000** for the Subordinated Bonds are necessary to restore the South Jersey Port Corporation's reserve funds to the amount of the debt service required per the provisions of N.J.S.A. 12:11A-14 and certifies that the sum of **\$5,100,224.37** is required to be appropriated by the State of New Jersey to fund the Property Tax Reserve Fund for the Corporation's FY2022 tax payment obligations, which consist of payment in lieu of tax (PILOT) payments to the Local Governments.

RECOMMENDATION:

Staff recommends Board approval of the Debt Service Reserve and Tax Reserve Certification Letter to Governor Murphy.



ACTION ITEM:

H. RESOLUTION 2021-10-0108: APPROVAL TO ISSUE AN RFP FOR HUMAN RESOURCES, PAYROLL, AND TIMEKEEPING SOFTWARE

REQUEST

Staff is requesting Board approval to issue an RFP to solicit bids for software to replace the current outdated Human Resources, Payroll, and Timekeeping programs and services.

BACKGROUND

SJPC currently uses two different software programs to conduct human resources, payroll, and timekeeping. These software programs are not integrated, which often leads to duplicate, time-consuming work, and data entry. Supervisors rely on weekly and monthly reports on matters such as paid leave balances, equipment training hours, and probation, to name a few, and these reports require tedious manual updating.

With staff spread out over two terminals and four union contracts, plus non-represented staff, and with some overtime-earning staff on 24-hour rotations, timekeeping is very complicated and time-consuming.

Staff is seeking an integrated software suite that will seamlessly provide information to both management and employees, such as:

- a. Payroll
- b. Time and attendance
- c. Benefits Administration
- d. Recruiting / Applicant Tracking
- e. Onboarding
- f. Position Management
- g. Performance Management
- h. Compensation Management
- i. Learning Management
- j. Expense Management
- k. Reporting & Analytics
- l. Compliance
- m. Employee Engagement
- n. Mobile

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Staff estimates that the cost of these services should not exceed \$40,000 annually.

RECOMMENDATION:

Staff recommends Board approval to issue an RFP to solicit bids for integrated software to replace the current outdated Human Resources, Payroll, and Timekeeping programs and services.



ACTION ITEM:

I. RESOLUTION 2021-10-0109: APPROVAL OF SOUTH JERSEY PORT CORPORATION'S PRIMARY PROPERTY, EXCESS PROPERTY, STANDALONE TERRORISM, CRIME, NETWORK PRIVACY & SECURITY LIABILITY, ABOVE GROUND STORAGE TANK POLLUTION LEGAL LIABILITY POLICIES

Primary Property (Including Equipment Breakdown), Excess Property & Standalone Terrorism: The Port's current insurance carrier for the Primary Property is Underwriters at Lloyds London (Lloyds) with a loss limit of \$25,000,000. For the Excess Property, RSUI Indemnity Company provides a limit of \$30,000,000, which is excess of the Underwriters at Lloyds London (Lloyds) \$25,000,000 limit. Additionally, Underwriters at Lloyds London (Lloyds) also writes a standalone policy covering Property losses resulting from an act of Terrorism with a \$55,000,000 loss limit. The total expiring bound premium on 12/15/2020 was \$1,184,793 inclusive of New Jersey surcharges, for the Primary and Excess Property policies as well as the standalone Terrorism policy. This was based on \$326,899,082 of total insured values.

At the time of this Action Plan, Conner Strong & Buckelew is still in negotiation for the entire Property Renewal. Given the current state of the challenging Property market and recently reported loss activity, it is difficult to obtain renewal quotes more than 30 days in advance. As such, we are presenting what we believe to be "not to exceed" pricing based on our discussions with the markets to date. We will update South Jersey Port Corp with firm renewal quotations as soon as possible. For the Primary Property (including Equipment Breakdown), a "not to exceed" pricing renewal quote from Underwriters at Lloyds London (Lloyds) for the 12/15/2021-2022 policy term is \$1,204,060, based on \$325,572,165 of total insured values. Note that there will not be any New Jersey surcharges at renewal as Underwriters at Lloyds London (Lloyds) is a non-admitted insurance company in the State of New Jersey (AM Best Rating A; XV). The Excess Property "not to exceed" pricing renewal quote from RSUI Indemnity Company for the 12/15/2021-2022 policy term is \$167,794, including New Jersey surcharges, based on \$325,572,165 of total insured values. The standalone Terrorism "not to exceed" pricing renewal quote from Underwriters at Lloyds London (Lloyds) is \$14,628. Similar to the Property policy, there will not be any New Jersey surcharges at renewal as Underwriters at Lloyds London (Lloyds) is a non-admitted insurance company in the State of New Jersey (AM Best Rating A; XV).

The total renewal premium for all three of these policies is \$1,386,481 with coverages, terms and conditions as described in our proposal. This represents an overall increase of 17% (+\$206,497) over the adjusted expiring pricing. Increased pricing is due to the changing property marketplace made by the impact of multiple hurricanes, severe weather and fire events over the past several

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years. It is also due to 5 years of rate reductions (2012-2017) which has led insurance carriers to continue reexamining their books, appetites and underwriting. We pursued quotes from over 40 other markets/programs on your behalf, and the results of our marketing effort are included in our proposal. After consultation with SJPC's staff, Conner Strong & Buckelew recommends that South Jersey Port Corporation place the primary \$25,000,000 limit policy with Underwriters at Lloyds London (Lloyds), the excess \$30,000,000 limit policy with RSUI Indemnity Company, and the standalone Terrorism policy with Underwriters at Lloyds London (Lloyds) for a total annual renewal cost of \$1,386,481. As discussed above, we will let South Jersey Port Corporation know the final results of our efforts as soon as possible. We also anticipate the Property carriers will put a disclosure on their quotations that pricing will be based on no new claims between now and the binding of renewal coverage.

Crime: The Port's current insurance carrier is National Union Fire Insurance Company of Pittsburgh, PA (AIG) and their policy provides a \$500,000 limit with a \$10,000 deductible. The expiring premium is \$6,307, including New Jersey surcharges. Following our negotiations, AIG's renewal quote for the 12/15/2021-2022 policy term is \$6,824, including New Jersey surcharges. This represents a \$300 increase against the adjusted expiring pricing. TRIA is not available under a Commercial Crime Policy. We also pursued quotes from other markets on your behalf, and the results of our marketing effort are included in our proposal. After consultation with SJPC's staff, Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with National Union Fire Insurance Company of Pittsburgh, PA.

Privacy & Security / Cyber Liability: The Port's current insurance carrier is through a quota-share placement with North American Capacity Ins. Co., providing 45%, Arch Specialty Ins. Co., providing 30% and Peleus Ins. Co., providing 25% of the overall limits of liability. Each carrier provides the respective percentage of the overall \$1,000,000 Privacy Liability limit (a separate and in addition to \$1,000,000 limits applies to Breach Response), subject to a \$10,000 Each Claim Retention. The expiring premium is \$5,045, inclusive of TRIA and New Jersey surcharges. The renewal quote for the 12/15/2021-2022 policy term is \$11,719, including TRIA and New Jersey Surplus Lines tax. Recall that last year, as a result of Conner Strong & Buckelew's Marketing effort, the decision was made to move the Cyber coverage from ACE/Chubb to this quota share placement, for a savings of \$3,161. The results of this year's renewal are largely due to the nature of the Cyber Insurance marketplace which, due to the increase of ransomware claims over the past 12+ months, Cyber insurance renewals are now subject to extensive assessment of the strength of each policyholder's cybersecurity controls. After consultation with SJPC's staff, Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with the incumbent quota-share placement. Please note that due to the evolving Cyber Liability market landscape, this quote offering is subject to change between now and the time of binding, especially if a loss is suffered by the Port.

Storage Tank Pollution Legal Liability: The Port's current insurance carrier is ACE American Insurance Company (Chubb) and their policy provides a \$1,000,000 per Storage Tank Incident Limit / \$6,000,000 Total Policy Aggregate Limit subject to a \$5,000 deductible per Storage Tank

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incident (4 aboveground storage tanks). The expiring premium is \$2,604, including TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2021-2022 policy term is \$2,680, including TRIA and New Jersey surcharges. This represents a 3% (+\$76) increase against expiring pricing which is strictly due to aging of the tanks. After consultation with SJPC's staff, Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with ACE American Insurance Company.

RECOMMENDATION:

Staff recommends Board Approval of the recommendations from Conner Strong & Buckelew for the above insurance renewals.



ACTION ITEM:

J. RESOLUTION 2021-10-0110: APPROVAL TO SIGN AND EXECUTE AGREEMENT WITH VERIZON WIRELESS

REQUEST

Staff requests Board approval to authorize the Executive Director and CEO to sign and execute an agreement with Verizon Wireless.

BACKGROUND

Verizon Wireless is the SJPC provider of mobile services. Verizon Wireless has asked the Port to sign the attached agreement as a participating entity to ensure the continued ability to acquire wireless, data, voice and accessories at very favorable rates.

RECOMMENDATION

Staff recommends Board approval to authorize the Executive Director & CEO to sign the agreement with Verizon Wireless to acquire wireless goods and services for use in the business activities of the SJPC.



INFORMATION ITEM:

K. EASTERN METAL RECYCLING (EMR)

Eastern Metal Recycling (EMR), AKA Camden Iron and Metal, has notified SJPC of their intent to exercise their 3rd and final 5-year lease term extension option. The term extension will be effective on December 1, 2021, and run through November 30, 2026. EMR's operations at and near Balzano Terminal generate approximately \$3.1 million in annual revenue for SJPC, of which \$850,464 is fixed leasehold rental. The remainder is variable operating revenue.

We can expect that sometime during the lease term that EMR will wish to negotiate a new long-term lease.



INFORMATION ITEM:

L. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT

PHOENIX STRATEGIES/ARTLIP COMMUNICATIONS REPORT ATTACHED.

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INFORMATION ITEM:

M. SECURITY UPDATE:



INFORMATION ITEM:

N. PAULSBORO MARINE TERMINAL PROJECT UPDATES

The Paulsboro Marine Terminal Project updates are provided by the Gloucester County Improvement Authority.



MATTERS INVOLVING LITIGATION, PERSONNEL MATTERS & 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