

# **SOUTH JERSEY PORT CORPORATION**



## **BOARD OF DIRECTORS MEETING October 25, 2022**

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

**1. APPROVAL OF MINUTES**

Regular Open Meeting September 26, 2022  
Closed Session Meeting September 26, 2022

**2. APPROVAL OF OPERATING BILLS  
RESOLUTION 2022-10-0118**

**3. APPROVAL OF ADVANCE PAYMENT BILL LIST  
RESOLUTION 2022-10-0119**

**4. APPROVAL OF CREDITS-NONE**

**5. APPROVAL OF CHANGE ORDERS (ONE)**

**RESOLUTION 2022-10-0120: CHANGE ORDER NO. 1 ASPHALT  
PAVING AND MAINTENANCE SERVICES AT BALZANO AND  
BROADWAY TERMINALS**

**6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS  
RESOLUTION 2022-10-0121**

**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 2022-10-0122: APPROVAL AUTHORIZING THE SALE OF SURPLUS PROPERTY**
- B. RESOLUTION 2022-10-0123: APPROVAL TO ISSUE AN RFP FOR DESIGN SERVICES TO REPLACE UNDERGROUND FIRE MAIN SYSTEM PIPING AT BROADWAY MARINE TERMINAL**
- C. RESOLUTION 2022-10-0124: APPROVAL TO REVISE SJPC'S MISSION STATEMENT**
- D. RESOLUTION 2022-10-0125: APPROVAL TO ISSUE AN RFP FOR SERVICES TO UPDATE SJPC WEBSITE**
- E. RESOLUTION 2022-10-0126: ACCEPTANCE OF THE 2022 RATE STUDY**
- F. RESOLUTION 2022-10-0127: APPROVAL OF PORT OF CAMDEN TERMINAL TARIFF 300 UPDATE**
- G. RESOLUTION 2022-10-0128: DEBT SERVICE RESERVE & TAX RESERVE CERTIFICATION LETTER**
- H. RESOLUTION 2022-10-0129: 2023 SJPC ANNUAL BUDGET**
- I. RESOLUTION 2022-10-0130: APPROVAL OF SOUTH JERSEY PORT CORPORATION'S PRIMARY PROPERTY (INCLUDING EQUIPMENT BREAKDOWN), EXCESS PROPERTY, STANDALONE TERRORISM, CRIME, NETWORK PRIVACY &**



**SECURITY LIABILITY AND ABOVE GROUND STORAGE**  
**TANK POLLUTION LEGAL LIABILITY POLICIES WILL**  
**RENEW ON 12/15/2022**

**11. SUPPLEMENTAL BOARD INFORMATION:**

- J.    MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP  
      COMMUNICATIONS REPORT**
- K.    PORT SECURITY UPDATE**
- L.    PAULSBORO MARINE TERMINAL PROJECT UPDATES**

**PUBLIC SESSION FOR QUESTIONS / COMMENTS**

**12. CLOSED SESSION AND/OR ADJOURNMENT**



**ACTION ITEM:**

**A. RESOLUTION 2022-10-0122: APPROVAL AUTHORIZING THE SALE OF SURPLUS PROPERTY**

**REQUEST**

Staff is requesting Board approval to sell surplus property through an online auction platform.

**BACKGROUND**

The South Jersey Port Corporation (hereinafter the “SJPC”) is the owner of certain surplus property, as listed below, which is no longer needed for use and is desirous of selling said surplus property in an “as is, where is” condition without express or implied warranties.

The sale of surplus property shall be conducted pursuant to N.J.S.A. 12:11A-6 (j) and through GovDeals or any other auction platform where it would be permissible to sell excess/surplus SJPC equipment/items, subject to review and approval by counsel

A notice of sale will be published in the Courier Post, South Jersey Times, and Burlington County Times.

The surplus property identified shall be sold in an “as is, where is” condition without express or implied warranties with the successful bidder required to execute a Hold Harmless and Indemnification Agreement concerning use of said property.

The SJPC reserves the right to accept or reject any bid submitted.

SJPC Surplus Property to be sold:

- 1959 Todd Shipbuilding Spud Barge
- 1990 Ford L9000 Sewer Vac Truck
- 1979 Case W14H Wheel Loader
- 1992 Michigan L320 Front End Loader
- 1985 Dynapac CC21A Roller
- 1988 Ford F800 Water Truck

**RECOMMENDATION:**

Staff recommends Board approval to sell the above surplus property through an online auction platform.



**ACTION ITEM:**

**B. RESOLUTION 2022-10-0123: APPROVAL TO ISSUE AN RFP FOR DESIGN SERVICES TO REPLACE UNDERGROUND FIRE MAIN SYSTEM PIPING AT BROADWAY MARINE TERMINAL**

**REQUEST**

Staff is requesting Board approval to issue an RFP to the list of prequalified civil engineering firms to perform design services to replace the underground fire main system piping at the Broadway Marine Terminal in Camden, NJ.

**BACKGROUND**

The existing underground fire main system at the Broadway Marine Terminal is original back to the property's ship building days and, due to age and deterioration, has experienced multiple pipe breaks and joint leakage with time. This piping system provides water to the valve rooms for distribution to the fire sprinkler system zones in the various buildings. When a section of fire main is out of service to repair a pipe break, the fire sprinkler systems in buildings can be compromised. The replacement underground fire piping will be sized properly for port facilities and the piping materials will be improved as compared to the 100-year-old system. The system leakage causes the fire pump booster pumps to cycle on/off more often to maintain system pressure as well as excessive water loss. The State of New Jersey has provided \$15 million in funds toward the execution of this work. Budget estimating for the entire project is approximately \$22 million, therefore a phasing plan will be developed during the design.

**RECOMMENDATION:**

Staff recommends Board approval to issue a request for proposals to perform design services for the replacement of the fire main piping system at the Broadway Marine Terminal.



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**ACTION ITEM:**

**C. RESOLUTION 2022-10-0124: APPROVAL TO REVISE SJPC'S MISSION STATEMENT**

**REQUEST**

Staff is requesting Board approval to update SJPC's Mission Statement by including the following wording in the Mission Statement "**...through revenue generation in a financially and environmentally sustainable manner to support facility, staffing, and infrastructure reinvestment...**" so that the revised Mission Statement reads as follows (added wording in bold):

"The South Jersey Port Corporation (SJPC) provides world-class facilities and beneficial services which support and accommodate the transportation of goods and commodities, both by water and by land. It is the mission of the SJPC to foster regional economic development **through revenue generation in a financially and environmentally sustainable manner to support facility, staffing, and infrastructure investment** for the benefit of our Port District, including the cities of Camden, Paulsboro, and Salem, New Jersey."

**BACKGROUND**

The current Mission Statement does not make any reference to the need for revenue generation, which potentially limits staff's ability to negotiate commercially acceptable agreements with customers, nor does it address the importance of generating revenue to assist in meeting financial targets and for the port to meet environmental requirements, goals and objectives. The addition of the requested wording addresses these concerns.

**RECOMMENDATION:** Staff is therefore requesting Board approval to update SJPC's Mission Statement by inclusion of the following wording in the Mission Statement "**...through revenue generation in a financially and environmentally sustainable manner to support facility, staffing, and infrastructure reinvestment...**" so that the revised Mission Statement reads as follows (added wording in bold):

"The South Jersey Port Corporation (SJPC) provides world-class facilities and beneficial services which support and accommodate the transportation of goods and commodities, both by water and by land. It is the mission of the SJPC to foster regional economic development **through revenue generation in a financially and environmentally sustainable manner to support facility, staffing, and infrastructure investment** for the benefit of our Port District, including the cities of Camden, Paulsboro, and Salem, New Jersey."



**ACTION ITEM:**

**D. RESOLUTION 2022-10-0125: APPROVAL TO ISSUE AN RFP FOR SERVICES TO UPDATE SJPC WEBSITE**

**REQUEST**

Staff is requesting Board approval to issue an RFP for consultant services to update SJPC's website

**BACKGROUND**

SJPC's website is approximately 13 years old, and it was basically a "read only" site that allowed minimal interaction until it was updated in 2015. Although it has been serviceable since then, it has several deficiencies that have diminished its utility over time:

- The organization of information is not uniformly user friendly or logical
- There is a lot of unneeded content and duplication
- The website photos and other graphics need updating

**RECOMMENDATION:**

Staff is therefore requesting Board approval to issue an RFP for consultant services to update SJPC's website



**ACTION ITEM:**

**E. RESOLUTION 2022-10-0126: ACCEPTANCE OF THE 2022 RATE STUDY**

**REQUEST**

Staff is requesting Board acceptance of the 2022 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 2022 Rate Study was prepared by S.T. Hudson and is presented for acceptance. The report indicates current rates are in line with local competitors. Rate increases would need to be substantial and potentially uncompetitive in order to materially affect SJPC's debt service coverage.

**RECOMMENDATION:**

Staff requests Board acceptance of the 2022 Rate Study.





**ACTION ITEM:**

**F. RESOLUTION 2022-10-0127: 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, 2023.

**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 effective January 1, 2022. 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**

- General rate increases of 8%, consistent with US Bureau of Labor Statistics CPI-U increase for Philadelphia - Camden -Wilmington DE
- Provisions for monthly increases in storage rates to keep the Camden terminals congestion-free
- 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, to become effective January 1, 2023



**ACTION ITEM:**

**G. RESOLUTION 2022-10-0128: 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, 2022, State appropriations of **\$12,000,000** 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 **\$5,318,373.05** is required to be appropriated by the State of New Jersey to fund the Property Tax Reserve Fund for the Corporation's FY2023 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 2022-10-0129: 2023 SJPC ANNUAL BUDGET**

**REQUEST**

Staff is requesting Board approval of the Port's operating budget for the 2023 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 2023 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 expected increases in health insurance (24%), property and liability insurance (30%), workers compensation insurance (10%) and an increase in administrative labor costs to reflect the addition of the Director of Legal and Regulatory Affairs position.

**RECOMMENDATION:**

Staff recommends Board approval of the proposed 2023 SJPC annual budget.



**ACTION ITEM:**

**I. RESOLUTION 2022-10-0130: APPROVAL OF SOUTH JERSEY PORT CORPORATION'S PRIMARY PROPERTY (INCLUDING EQUIPMENT BREAKDOWN), EXCESS PROPERTY, STANDALONE TERRORISM, CRIME, NETWORK PRIVACY & SECURITY LIABILITY AND ABOVE GROUND STORAGE TANK POLLUTION LEGAL LIABILITY POLICIES WILL RENEW ON 12/15/2022.**

**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 12/15/2021 was \$1,537,522 inclusive of New Jersey surcharges, for the Primary and Excess Property policies as well as the standalone Terrorism policy. This was based on \$405,872,165 of total insured values, which reflects the addition of the Paulsboro Terminal "Up River" project at 12/15/2021.

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, which has been recently upset by the destruction caused from Hurricane Ian, 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 12/15/2022-2023 policy term is \$1,595,761, based on \$407,291,408 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 12/15/2022-2023 policy term is \$227,452, including New Jersey surcharges, based

# SOUTH JERSEY PORT CORPORATION

## Board of Directors Meeting – October 25, 2022

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on \$407,291,408 of total insured values. The standalone Terrorism “not to exceed” pricing renewal quote from Underwriters at Lloyds London (Lloyds) is \$17,979. Like 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 \$1,841,193 with coverages, terms, and conditions as described in our proposal. This represents an overall increase of 19% (+\$297,973) 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 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 many 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 \$1,841,193. As discussed above, we will let South Jersey Port Corporation know the results of our efforts as soon as possible. Like last year, we 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 as well as no critical loss control recommendations because of recent carrier inspections at various terminals.

**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 \$6,824, including New Jersey surcharges. Following our negotiations, AIG’s renewal quote for the 12/15/2022-2023 policy term is one dollar less than the expiring price, at \$6,823, including New Jersey surcharges. TRIA is not available under a Commercial Crime Policy. 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 \$3,000,000 Privacy Liability limit (a separate and in addition to \$3,000,000 limits applies to Breach Response), subject to a \$10,000 Each Claim Retention, except for Business Interruption which has an 8-hour waiting period and Reputational Harm which has a 14-hour waiting

# SOUTH JERSEY PORT CORPORATION

## Board of Directors Meeting – October 25, 2022

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period). The expiring premium is \$22,137, inclusive of TRIA and New Jersey surcharges. At the time of this Action Plan, Conner Strong & Buckelew is still in negotiation for the entire renewal quote for the 12/15/2022-2023 policy term. As such, we are presenting what we believe to be “not to exceed” pricing based on our discussions with the markets to date. The “not to exceed” pricing is \$43,930, inclusive of TRIA and New Jersey Surplus Line Tax. 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 incident (4 aboveground storage tanks). The expiring premium is \$2,680, including TRIA and New Jersey surcharges. ACE American Insurance Company’s renewal quote for the 12/15/2022-2023 policy term is \$2,754, including TRIA and New Jersey surcharges. This represents a 3% (+\$74) 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.

### **STAFF RECOMMENDATIONS:**

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



**INFORMATION ITEM:**

**J. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**

PHOENIX STRATEGIES/ARTLIP COMMUNICATIONS REPORT ATTACHED.

**SOUTH JERSEY PORT CORPORATION**  
**Board of Directors Meeting – October 25, 2022**

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**INFORMATION ITEM:**

**K. SECURITY UPDATE:**





**INFORMATION ITEM:**

**L. 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**