

SOUTH JERSEY PORT CORPORATION



BOARD OF DIRECTORS MEETING SEPTEMBER 26, 2016

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

- 1. APPROVAL OF MINUTES**
Regular Meeting August 30, 2016
Closed Meeting August 30, 2016
- 2. APPROVAL OF OPERATING BILLS**
RESOLUTION 2016-9-0074
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST**
RESOLUTION 2016-9-0075
- 4. APPROVAL OF CREDITS**
RESOLUTION 2016-9-0076
- 5. APPROVAL OF CHANGE ORDERS – None**
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS**
RESOLUTION 2016-9-0077
- 7. RECEIPT OF TREASURER'S REPORT**
- 8. RECEIPT OF COUNSEL'S REPORT**
- 9. RECEIPT OF EXECUTIVE DIRECTOR'S REPORT**

SOUTH JERSEY PORT CORPORATION
Board of Directors Meeting – AUGUST 30, 2016



10. ADDITIONAL AGENDA ITEMS REQUIRING BOARD ACTION

- A. RESOLUTION 2016-9-0078:** HONORING CRAIG F. REMINGTON FOR SERVICE AS A MEMBER OF THE SJPC BOARD OF DIRECTORS
- B. RESOLUTION 2016-9-0079:** APPROVAL OF FINANCIAL AUDITOR SERVICES AGREEMENT 2-YEAR OPTION
- C. RESOLUTION 2016-9-0080:** AUTHORIZATION TO RELEASE REQUEST FOR PROPOSALS FOR FIRE PROTECTION ANNUNCIATION SYSTEM MAINTENANCE AND SUPPORT
- D. RESOLUTION 2016-9-0081:** APPROVAL OF WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE RENEWAL
- E. RESOLUTION 2016-9-0082:** APPROVAL OF PIER 5 BROADWAY TEMPERATURE CONTROL SYSTEM REPAIR/MODIFICATION PROJECT IN TS-1 WAREHOUSE WITH CAMDEN WATERFRONT DEVELOPMENT/HOLT

11. SUPPLEMENTAL BOARD INFORMATION

- F. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- G. PORT SECURITY UPDATE**
- H. PAULSBORO MARINE TERMINAL PROJECT UPDATES**
- I. REVERSE AUCTION BIDDING – ELECTRICAL POWER**
- J. PAULSBORO MARINE TERMINAL PROJECT FUNDING**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

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

A resolution will be presented to recognize Craig F. Remington for his 16 years of service as a member of the South Jersey Port Corporation Board of Directors.

RECOMMENDATION:

Board approval of the Resolution honoring Craig F. Remington for 16 years of service to the South Jersey Port Corporation as a member of the Board of Directors.



ACTION ITEM:

B. RESOLUTION 2016-9-0079: APPROVAL OF THE FINANCIAL AUDITOR 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.

RECOMMENDATION:

The Board Audit Committee recommends Board approval of the two-year option for Brent W. Lee & Co., LLC. to perform the 2016 financial audit report for a fee of \$42,000 and the 2017 financial audit report for a fee of \$43,000.



C. RESOLUTION 2016-9-0080: AUTHORIZATION TO RELEASE REQUEST FOR PROPOSALS FOR FIRE PROTECTION ANNUNCIATION SYSTEM MAINTENANCE AND SUPPORT SERVICES

Staff is requesting 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) systems associated with the dry sprinkler system pump houses at the Balzano (17) and Broadway Terminal (33).

RECOMMENDATION:

Staff recommends Board approval to release the Request for Proposals for Fire Protection Annunciation System Maintenance and Support Services.



D. RESOLUTION 2016-8-0081: APPROVAL OF WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE RENEWAL

SJPC's Workers Compensation & Employers Liability policy renews 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.

RECOMMENDATION:

Staff recommends Board approval of the recommendation from Conner Strong & Buckelew to approve the Workers Compensation & Employers Liability Policy renewal policy with New Jersey Casualty Insurance Company at a cost of \$781,060.



E. RESOLUTION 2016-8-0082: APPROVAL TO AUTHORIZE
CAMDEN WATERFRONT DEVELOPMENT PIER 5
BROADWAY TENANT REPAIRS/MODIFICATIONS TO THE
TEMPERATURE CONTROL SYSTEM IN TS-1 WAREHOUSE

Staff will present for discussion in Closed Session a proposal from Camden Waterfront Development (Holt) to make repairs/modifications to the temperature control system in TS-1 warehouse.



INFORMATION ITEM:

F. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT

PHOENIX STRATEGIES/ARTLIP COMMUNICATIONS REPORT ATTACHED.



INFORMATION ITEM:

G. SECURITY UPDATE

The security update is prepared by Mr. Jay Jones.

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.



INFORMATION ITEM:

H. PAULSBORO MARINE TERMINAL PROJECT UPDATES

The Paulsboro Marine Terminal Project updates are provided by the Gloucester County Improvement Authority. See the attached monthly report.

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

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

SOUTH JERSEY PORT CORPORATION

Board of Directors Meeting – AUGUST 30, 2016



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



INFORMATION ITEM:

I. REVERSE AUCTION BIDDING – 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.

TOP BIDS FOR EACH CATEGORY

RFP ID	Description	Delivery Start	Term	Term kWh	PTC	Total Bid	Bidder	Savings PTC vs Bid (\$/kWh)	Annual Savings (\$)	Term Savings (\$)
34081	All-In - Fixed	Jan-17	12	11,304,145	\$0.08435	\$0.07256	Talen Energy Marketing, LLC	\$0.01179	\$133,276	\$133,276
34082	All-In - Fixed	Jan-17	24	22,608,290	\$0.08435	\$0.07160	Talen Energy Marketing, LLC	\$0.01275	\$144,128	\$288,256
34083	All-In - Fixed	Jan-17	36	33,912,435	\$0.08435	\$0.07034	South Jersey	\$0.01401	\$158,371	\$475,113
54683	All-In (10% Green) - Fixed - 10% Green	Jan-17	12	11,304,145	\$0.08435	\$0.07360	Talen Energy Marketing, LLC	\$0.01075	\$121,520	\$121,520
54684	All-In (10% Green) - Fixed - 10% Green	Jan-17	24	22,608,290	\$0.08435	\$0.07187	South Jersey	\$0.01248	\$141,076	\$282,151
54685	All-In (10% Green) - Fixed - 10% Green	Jan-17	36	33,912,435	\$0.08435	\$0.07033	Constellation	\$0.01402	\$158,484	\$475,452



INFORMATION ITEM:

J. PAULSBORO MARINE TERMINAL PROJECT FUNDING

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



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.

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- 1. COUNSEL'S REPORT**
 - 2. HOLTEC – Demand for Final Payment**
 - 3. BROADWAY PIER 5 LEASE – Camden Waterfront Development**
 - 4. PAULSBORO MARINE TERMINAL: Terminal Operator Tenant – Camden Waterfront Development/Holt: Shop Construction Proposal**
 - 5. PERSONNEL**
 - a. Local 18 Collective Bargaining Agreement**
 - b. Local 169 Collective Bargaining Agreement**
 - c. CWA Supervisory and Non Supervisory Collective Bargaining Agreements**
 - d. Administrative**
 - 6. BROADWAY SPRINKLER SYSTEM**
 - 7. MAINTENANCE DREDGING**