



SOUTH JERSEY PORT CORPORATION
OFFICIAL BOARD OF DIRECTORS MEETING MINUTES
BROADWAY TERMINAL
CAMDEN, NEW JERSEY
October 29, 2019
12:30 p.m.

Directors Present:	Richard Alaimo	Chairman
	Eric Martins	Director ☎
	Christopher Chianese	State Treasurer Designee
	Robert DeAngelo	Director
	Joe Maressa	Director
	Sheila Roberts	Director
Directors Absent:	Jonathan Gershen	Director
	Chad Bruner	Director
	Carl Styles	Director
In Attendance:	Craig Ambrose	Governor's Authorities Unit
	Raymond Zane, Esq.	General Counsel – Zane & Assoc.
	Andrew Saporito	Executive Director & CEO
	Bruno Cellucci	AssistantED/CFO/Acting Board Sec.
	George Englehardt	Facilities Engineer
	Neil Grossman	GB Associates – FA ☎
	Dennis Culnan, Sr.	Marketing Consultant – PS&AC
	Dennis Culnan, Jr.	Marketing Consultant – PS&AC
	Dan Bontempo	Stantec
	Chris Lawrence	Jacobs
	Mario Christina	Gloucester County Imp. Authority
	John Linden	Conner Strong & Buckelew
	Chuck O'Leary	Security Manager/FSO
	Victoria D'Amico	Executive Administrative Assistant
	Patricia Clayton	Senior Advisor

The Acting Board Secretary 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 17, 2019, 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 2019, indicating the time and place to the County Clerks within the seven counties of the Port District and the Secretary of State. A legal notice was sent to the following newspapers: Courier-Post, South Jersey 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 2019. 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 – September 24, 2019

The minutes for the South Jersey Port Corporation Board of Directors regular session meeting held on September 24, 2019 were presented for approval.

A motion was made to approve the September 24, 2019 Board of Directors Regular Open Session Meeting Minutes as presented.

Moved by:	J. Maressa
Seconded by:	R. DeAngelo
Voting for motion:	All
Voting against motion:	None
Abstaining:	None

PRESENTATION OF CLOSED MEETING MINUTES – September 24, 2019

The minutes for the South Jersey Port Corporation Board of Directors closed session meeting held on September 24, 2019 were presented for approval.

A motion was made to approve the September 24, 2019 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:	J. Maressa
Seconded by:	R. DeAngelo
Voting for motion:	All
Voting against motion:	None
Abstaining:	None

OPERATING BILLS

The Operating Unpaid Bill list for the period 9/11/2019 – 10/14/2019 were presented for approval.

A motion was made to adopt Resolution 2019-10-0074 for the approval of the Operating Unpaid Bill list for the period 9/11/2019 – 10/14/2019.

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

Voting for motion: All
Voting against motion: None

ADVANCE PAYMENT LIST

The Advance Payment Bill List for the period 9/11/2019 – 10/14/2019 was presented for approval. The AMEX statement was reviewed by the Audit Committee and signed by the Chairman.

A motion was made to adopt Resolution 2019-10-0075 for the approval of the Advance Payment Bills for the period 9/11/2019 – 10/14/2019.

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

Voting for motion: All
Voting against motion: None

CREDIT LIST

No credits were presented.

CHANGE ORDERS

No change orders were presented.

CONSTRUCTION FUND REQUISITIONS

Staff presented two (2) advance construction fund requisitions in the amount of \$7,448,089.00 and five (5) unpaid construction fund requisitions in the amount of \$666,721.91.

A motion was made to adopt Resolution 2019-10-0076 for the approval of Construction Fund Requisitions presented for the period ending October 29, 2019 as presented.

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

Voting for motion: All
Voting against motion: None

TREASURER'S REPORT

The Assistant Executive Director / CFO presented the Treasurer's Report for the period ending September 30, 2019. Net income from operations before interest, depreciation and amortization for the month of September 2019 is \$651,655, versus the budget for the same period of \$212,584. Year to date net income from operations before interest, depreciation and

amortization compared to the actual budget is higher by \$1,614,718 compared to our YTD budget figure of \$1,913,253. Income on investments for the month of September 2019 is \$176,501.57 and the YTD Total is \$1,325,061.89. The accounts receivable aging reports, which include tenant and trade customers, are attached for review.

COUNSEL'S REPORT

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

EXECUTIVE DIRECTOR'S REPORT

The Executive Director for the South Jersey Port Corporation reports total tonnage for September 2019 is 385,812 s/tons; a 5.7% decrease compared to September 2018. However, year-to-date tonnage through September 2019 is 3,211,138 s/tons, which represents a 6.6% decrease when compared to the same period during 2018. Breakbulk tonnage for September 2019 is down 39.9% and steel is down 8% for the year. Scrap metal was up 25.9%; cement decreased 7.4% compared to 2018. Export Grancem increased 5.6% versus 2018 and increased 8.5% year-to-date. SJPC's marine terminals handled 23 ships in September down from 25 in September of 2018. YTD we have handled 551 ship days as compared to 622 days in 2018.

In addition, the Executive Director updated and informed the Board of his and Douglas Miller's attendance at the Breakbulk Americas Convention in Houston, TX from Tuesday, October 8, 2019 through Thursday, October 10, 2019.

The Executive Director also informed the Board of the Port's ongoing work and efforts towards:

- Potential new business opportunities;
- Respectful workplace training;
- Port property clean-up;;
- Negotiations with all Unions to renegotiate all expired collective bargaining agreements.

RESOLUTION 2019-10-0077 EMERGENCY REPLACEMENT OF THE C-1 CONVEYOR BELT

Staff requested authorization for the emergency replacement of the C-1 Conveyor belt as authorized for re-bid (*Resolution 2018-6-0055 to reject the bids received and to re-advertise the Request for Proposals for Conveyor Belts Replacement Project*). The second RFP solicited no bidders.

As the C-1 belt was advertised once, the Chairman asked that the C-1 belt be re-advertised a second time. Staff will prepare an RFP for advertisement.

A motion was made to approve Resolution 2019-10-0077 to RFP for the provision and installation of the C-1 belt.

Moved by:
Seconded by:

J. Maressa
C. Chianese

Voting for Motion:	All
Voting Against Motion:	None

RESOLUTION 2019-10-0078 NEW LEASE WITH THE DELAWARE RIVER STEVEDORES (DRS)

Upon the conclusion of the August 13, 2019 property closing on the property located at 551 South 2nd Street, Camden, NJ, an inspection of the property was conducted to facilitate the adoption of a new lease with Delaware River Stevedores (DRS) located at 441 N. 5th Street, Philadelphia, PA 19123. DRS has utilized the property for approximately 25 years under a lease agreement with the previous property owner and also during the tax sale phase when the City of Camden owned the property. The annual rent DRS was paying was \$46,800.00.

Staff investigated prevailing market lease rates for similar properties within Camden City proper and the surrounding municipalities. While there were not many properties available for lease, staff learned that the annual rent being paid to the previous owner was undervalued by a significant amount as far as values are concerned within Camden City proper.

Based upon these and other factors, it was determined the Port had the most accurate information regarding any consideration of prevailing lease rates appropriate to the requirements of the tenant. Staff successfully negotiated the creation of a specific one (1) year lease generating an annual revenue stream of \$70,560.00. This is new revenue to the Port.

A motion was made to approve Resolution 2019-10-0078 to approve the adoption of the lease between Delaware River Stevedores and the South Jersey Port Corporation

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

Voting for Motion:	All
Voting Against Motion:	None

RESOLUTION 2019-10-0079 DEBT SERVICE RESERVE & TAX RESERVE CERTIFICATION LETTER

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, 2019, State appropriations of **\$17,000,000** for the Senior Lien Bonds and **\$11,375,275** 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 FY2020 tax payment obligations, which consist of payment in lieu of tax payments (PILOT) to the Local Governments.

A motion was made to approve Resolution 2019-10-0079 approving the Certification Letter to the Governor.

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

Voting for Motion: All
Voting Against Motion: None

RESOLUTION 2019-10-0080 ACCEPTANCE OF THE 2019 RATE STUDY

Staff is presenting the 2019 Rate Study. As required by our Bond Covenants, on an annual basis the South Jersey Port Corporation is required to do a rate study that evaluates our rates, fees and tariffs compared to our competitors in the region. The 2019 Rate Study was prepared by S.T. Hudson and is presented for acceptance. The report determined no rate increases are recommended at this time.

A motion was made to approve Resolution 2019-10-0080 approving the acceptance of the 2019 Rate Study.

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

Voting for Motion: All
Voting Against Motion: None

RESOLUTION 2019-10-0081 SUBSTITUTION OF THE PROJECTS PURSUANT TO SECTION 208 OF THE BOND RESOLUTION

The SJPC has unexpended proceeds from its 2008 Series O-3 Bonds, originally earmarked for the Skylights Project and certain Building Projects that are no longer needed for those purposes.

The SJPC also has a need to purchase certain dump trucks, snow removal equipment, and other vehicles and equipment necessary for the support of Port operations. Pursuant to the Bond Resolution, the SJPC Board can reallocate funds from one project to another. The total amount that will be allocated to the new projects is not-to-exceed \$270,000.00.

A motion was made to approve Resolution 2019-10-0081 approving the Substitution of Projects Pursuant to Section 208 of the Bond Resolution

Moved by: S. Roberts
Seconded by: R. DeAngelo

Voting for Motion: All
Voting Against Motion: None

RESOLUTION 2019-10-0082 2020 SJPC ANNUAL BUDGET

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 2020 fiscal year. In early 2020, after final results have been evaluated, a revised 2020 budget may be presented to the Board for approval.

A motion was made to approve Resolution 2019-10-0082 approving the 2020 SJPC Annual Budget

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

Voting for Motion: All
Voting Against Motion: None

RESOLUTION 2019-10-0083 APPROVAL OF RENEWAL FOR PRIMARY PROPERTY, EXCESS PROPERTY, CRIME, NETWORK PRIVACY & SECURITY LIABILITY & STORAGE TANK POLLUTION LEGAL LIABILITY POLICIES

Mr. John Linden, with Conner Strong & Buckelew, SJPC's insurance broker, presented a recommendation to renew the Primary Property, Excess Property, Crime, Network Privacy & Security Liability & Storage Tank Pollution Legal Liability Policies. These policies renew on December 15, 2019.

Primary Property (Including Equipment Breakdown) & Excess Property: 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 12/15/2018 was \$794,634 inclusive of New Jersey surcharges, for the Primary and Excess Property policies as well as the standalone Terrorism policy. This was based on \$249,573,562 of total insured values.

The Primary Property (including Equipment Breakdown) renewal quote from Underwriters at Lloyds London (Lloyds) for the 12/15/2019-2020 policy term is \$745,000, based on \$249,838,946 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 renewal quote from RSUI Indemnity Company for the 12/15/2019-2020 policy term is \$95,382, including New Jersey surcharges, based on \$249,838,946 of total insured values. We have also obtained an option for increased limits through RSUI Indemnity, as described in our proposal. The standalone Terrorism renewal quote from Underwriters at Lloyds London (Lloyds) is \$10,500, the same price as expiring. 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 \$850,882 with coverages, terms and conditions as described in our proposal. While this represents an overall increase of 6.93% (+\$55,147) over the adjusted expiring pricing, it is worth noting the expectation set forth by the carriers going into this renewal was for a 15-20% increase. Increased pricing is due to the changing property marketplace made by the impact of multiple hurricanes, severe weather and fire events in 2017, 2018 and 2019. It is also due to 5 years of rate reductions (2012-2017) which has led insurance carriers to reexamine their books, appetites and underwriting. We pursued quotes from fifty-four (54) 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 \$850,882.

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 \$8,948, including New Jersey surcharges. The National Union Fire Insurance Company of Pittsburgh, PA renewal quote for the 12/15/2019-2020 policy term is \$8,769, including New Jersey surcharges. This represents a 2% (\$179) decrease against 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 ACE American Insurance Company (Chubb) and their policy provides a \$1,000,000 Privacy Liability limit subject to a \$10,000 Each Claim Retention and a separate \$1,000,000 Data Breach limit (notification and credit monitoring expenses) if using a provider from ACE's Cyber Incident Response Team. The expiring premium is \$6,747, inclusive of TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2019-2020 policy

term is \$6,655, including TRIA and New Jersey surcharges. This represents a 1% (\$92) decrease against expiring pricing. Additional limits are available through ACE American Insurance Company for additional premiums as detailed in our proposal. 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 ACE American Insurance Company.

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 \$2,604, including TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2019-2020 policy term is \$2,526, including TRIA and New Jersey surcharges. This represents a 3% (\$78) decrease against expiring pricing. After consultation with SJPC's staff, Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with ACE American Insurance Company.

The total renewal cost for all of the above policies renewing December 15, 2019 amounts to \$868,832. This represents a \$54,798 increase in cost or 6.73% as compared to last year's renewals. Conner Strong & Buckelew, SJPC's Insurance Broker, performed an extensive marketing effort on behalf of the Port and the results of their efforts are included within the Proposal.

A motion was made to approve Resolution 2019-10-0083 to approve the recommendation from Conner Strong & Buckelew to renew the Port's Primary Property, Excess Property, Crime, Network Privacy & Security Liability & Storage Tank Pollution Legal Liability Policies at a cost of \$868,832.

Moved by:
Seconded by:

J. Maressa
C. Chianese

Voting for Motion:
Voting Against Motion:

All
None

INFORMATION ITEMS:

RFP FOR PURCHASE OF FORKLIFTS

The Board discussed the purchase of forklifts utilizing the proceeds of a grant from the State of New Jersey, Department of Environmental Protection. The grant funds need to be expended and forklifts identified for replacement need to be decommissioned on or before March 1, 2020.

It is anticipated that the SJPC will be able to comply with the prescribed deadline by posting an RFP on or about November 1, 2019.

MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT

Mr. Dennis Culnan, Jr. presented the marketing report. The report was received and filed.

PORT SECURITY UPDATE

Mr. Chuck O'Leary presented the security report. The report was received and filed.

PAULSBORO MARINE TERMINAL PROJECT UPDATE

Mr. Dan Bontempo, Stantec Services, presented the update on the Paulsboro Marine Terminal project. The Spine Road Project is scheduled for completion in November 2019. The Paulsboro Wharf Phase II Construction shall continue for the next year, with completion anticipated by December 2021. The water main design work continues with bidding after the new year and construction beginning in the spring of 2020.

The report was received and filed.

PUBLIC COMMENTS

The Chairman asked if there were any public comments.

Hearing none, the Acting Chairman 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:	J. Maressa
Seconded by:	S. Roberts
Voting for motion:	All
Voting against motion:	None

At 1:19 p.m. the regular open session was adjourned.

Following closed session, the Regular Session was reopened at 1:45 PM.

A motion was made to adjourn the Regular Open Meeting at 1:46 PM.

Moved by:	J. Maressa
Seconded by:	S. Roberts
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 Tuesday, October 29, 2019.

Bruno Cellucci
Acting Board Secretary