

SOUTH JERSEY PORT CORPORATION



BOARD OF DIRECTORS MEETING DECEMBER 12, 2017

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

- 1. APPROVAL OF MINUTES**
Regular Meeting October 31, 2017
Closed Meeting October 31, 2017
- 2. APPROVAL OF OPERATING BILLS**
RESOLUTION 2017-12-0096
- 3. APPROVAL OF ADVANCE PAYMENT BILL LIST**
RESOLUTION 2017-12-0097
- 4. APPROVAL OF CREDITS**
RESOLUTION 2017-12-0098
- 5. APPROVAL OF CHANGE ORDERS - None**
- 6. APPROVAL OF CONSTRUCTION FUND REQUISITIONS**
RESOLUTION 2017-12-0099
- 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 – December 12, 2017



10. ADDITIONAL AGENDA ITEMS REQUIRING BOARD ACTION

- A. RESOLUTION 2017-12-0100:** 2018 BOARD OF DIRECTORS MEETING SCHEDULE
- B. RESOLUTION 2017-12-0101:** 2018 HOLIDAY SCHEDULE
- C. RESOLUTION 2017-12-0102:** 2018 PILOT AGREEMENTS WITH CITY OF CAMDEN, CAMDEN COUNTY & CITY OF SALEM
- D. RESOLUTION 2017-12-0103:** DEBT SERVICE RESERVE & TAX RESERVE FUND CERTIFICATION LETTER
- E. RESOLUTION 2017-12-0104:** 2018 SJPC ANNUAL BUDGET
- F. RESOLUTION 2017-12-0105:** 2018/19 SALEM PORT AUTHORITY BUDGET
- G. RESOLUTION 2017-12-0106:** ACCEPTANCE OF THE 2017 RATE STUDY
- H. RESOLUTION 2017-12-0107:** SELECTION OF VENDOR FOR THE FIRE PROTECTION SPRINKLER SYSTEM REPAIRS PROJECT
- I. RESOLUTION 2017-12-0108:** LEASE RENEWAL - HARRY WILSON WELDING
- J. RESOLUTION 2017-12-0109:** LEASE RENEWAL – CENTRAL METALS
- K. RESOLUTION 2017-12-0110:** LEASE RENEWAL – CHAMPION TRUCKING
- L. RESOLUTION 20 17-12-0111:** SELECTION OF VENDOR FOR CLAMSHELL BUCKET
- M. RESOLUTION 2017-12-0112:** APPROVAL OF COLLECTIVE BARGAINING AGREEMENT BETWEEN SJPC AND LOCAL 169 TEAMSTERS (GUARDS)
- N. RESOLUTION 2017-12-0113:** UPDATE TO THE CHAPTER 48, P.L. 1999, EMPLOYEES' HEALTH BENEFITS PROGRAM RESOLUTION ADDENDUM FOR SJPC

11. SUPPLEMENTAL BOARD INFORMATION

- O. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT**
- P. PORT SECURITY UPDATE**
- Q. PAULSBORO MARINE TERMINAL PROJECT UPDATES**
- R. SALE OF SUBORDINATED MARINE TERMINAL REVENUE BONDS**

PUBLIC SESSION FOR QUESTIONS / COMMENTS

12. CLOSED SESSION AND/OR ADJOURNMENT



ACTION ITEM:

A. RESOLUTION 2017-12-0100: 2018 BOARD OF DIRECTORS MEETING SCHEDULE

Staff is presenting the official schedule of Board meetings for the calendar year 2018. The schedule below will be placed in the three designated newspapers, posted on the bulletin board at the Broadway Terminal and sent to the County Clerks in all seven Port District Counties and the NJ Secretary of State via certified mail.

DATE	MEETING	TIME
Tuesday, January 30, 2018	Regular	12:30 P.M.
Tuesday, February 27, 2018	Regular	12:30 P.M.
Tuesday, March 27, 2018	Regular	12:30 P.M.
Tuesday, April 24, 2018	Regular	12:30 P.M.
Tuesday, June 12, 2018	Regular	12:30 P.M.
Tuesday, July 31, 2018	Regular	12:30 P.M.
Tuesday, August 28, 2018	Regular	12:30 P.M.
Tuesday, September 25, 2018	Regular	12:30 P.M.
Tuesday, October 30, 2018	Regular	12:30 P.M.
Tuesday, December 11, 2018	Regular	12:30 P.M.

RECOMMENDATION:

Staff recommends Board approval of the proposed 2018 SJPC meeting schedule.



ACTION ITEM:

B. RESOLUTION 2017-12-0101: 2018 HOLIDAY SCHEDULE

The 2018 union (Local 18 and Local 1040) and nonunion holiday schedule is presented for approval. It is proposed to also include the five nonunion administrative management employees to receive the Day after Thanksgiving holiday.

HOLIDAY	DATE
New Year's Day	Monday, January 1, 2018
Martin Luther King Day	Monday, January 15, 2018
President's Day	Monday, February 19, 2018
Good Friday	Friday, March 30, 2018
Memorial Day	Monday, May 28, 2018
Independence Day	Wednesday, July 4, 2018
Labor Day	Monday, September 3, 2018
Veteran's Day	Monday, November 12, 2018
Thanksgiving Day	Thursday, November 22, 2018
Day After Thanksgiving Day	Friday, November 23, 2018
Christmas Eve	Monday, December 24, 2018
Christmas Day	Tuesday, December 25, 2018

RECOMMENDATION:

Staff requests Board approval of the 2018 Holiday Schedule.



ACTION ITEM:

C. RESOLUTION 2017-12-0102: 2018 PILOT AGREEMENTS WITH CITY OF CAMDEN, CAMDEN COUNTY & CITY OF SALEM

SJPC's General Counsel will present the 2018 pilot agreements.

The **Camden County 2018 calendar year PILOT agreement** is the same amount as last years pilot payment at \$419,000.00.

The **City of Salem 2018 calendar year PILOT agreement** is the same amount as last years pilot payment at \$31,224.37.

The **City of Camden 2018 fiscal year pilot agreement** is the same amount as last years pilot payment at \$4,000,000.00.

RECOMMENDATION:

Staff recommends Board approval for the 2018 Pilot Agreements with the County of Camden, City of Salem and the City of Camden.



ACTION ITEM:

D. RESOLUTION 2017-12-0103: 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, 2017, a State appropriation of **\$17,650,000** is necessary to restore the South Jersey Port Corporation's reserve fund 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 FY2018 tax payment obligations, which consist of tax payments to the Local Governments.

RECOMMENDATION:

Staff recommends Board approval of the Certification Letter to the Governor.



ACTION ITEM:

E. RESOLUTION 2017-12-0104: 2018 SJPC ANNUAL BUDGET

The SJPC's 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 2018 fiscal year. In early 2018, after final figures have been evaluated, a revised 2018 budget may be presented to the Board for approval.

RECOMMENDATION:

Staff recommends Board approval of the proposed 2018 SJPC Preliminary Budget.



ACTION ITEM:

F. RESOLUTION 2017-12-0105: 2017/2018 SALEM PORT
AUTHORITY BUDGET

The 2018/2019 Salem Port Authority Budget is presented for approval. In summary, the proposed budget for 2018/2019 totals \$60,344.00 as compared to last year's total of \$59,552.00.

- increase of \$484 to salaries and wages (1.75%)
- increase of \$38 to social security/medicare expense
- increase of \$270 to PERS expense

The net effect is an increase to last year's budget in the amount of \$792.00, or 1.33% overall.

RECOMMENDATION:

Staff recommends Board approval of the Salem Port Authority 2018/2019 Budget as presented.



ACTION ITEM:

G. RESOLUTION 2017-12-0106: ACCEPTANCE OF THE 2017 RATE STUDY

As required by our Bond Covenants, on an annual basis the South Jersey Port is required to do a rate study that evaluates our rates, fees and tariffs compared to our competitors in the region. The 2017 Rate Study, was prepared by S.T. Hudson and is presented for acceptance.

RECOMMENDATION:

Staff recommends Board to accept the 2017 Rate Study as prepared by S.T. Hudson.



ACTION ITEM:

H. RESOLUTION 2017-12-0107: SELECTION OF FIRE PROTECTION SPRINKLER SYSTEM REPAIRS PROJECT

Pursuant to the Board's authorization to prepare and release a Request for Proposals to repair the deficiencies within the Balzano Fire Sprinkler Systems: An RFP was prepared and released which entails remedial piping repairs to various buildings within the Fire Sprinkler Systems of the Balzano Terminal, and the associated Dry- Valve system equipment.

This action is in response to the Port's receipt of numerous citations due to the noted operational deficiencies and Fire Code violations throughout the complex with the primary cause related to age and the subsequent component corrosion within the systems.

A Pre-Bid meeting was held on November 8th, with five (5) contractors in attendance to review the specific deficiencies of the Request for Proposal; and an alternate pricing schedule, as requested, for known, but presently undocumented deficient equipment.

On November 30th, three (3) contractors submitted proposals for the both the Base and Alternate bids that were consistent with the Engineer's initial cost assessment of ~ \$250,000.00. The results are as follows:

Vendor	Price
Harring Fire Protection Co., Williamstown, NJ	Base Bid: \$234,275.00 Alternates: \$62,000.00 Total: \$296,275.00
Affordable Fire Protection Co., Linwood, NJ	Base Bid: \$312,000.00 Alternates: \$143,000.00 Total: \$455,000.00
ABJ Sprinkler Co., Glassboro, NJ	Base Bid: \$198,500.00 Alternates: \$62,000.00 Total: \$260,500.00

The recommendation is to accept both the Base and Alternate bids from ABJ Sprinkler Co. for a total project price of \$260,500.00. The proposal from ABJ Sprinkler Co. was reviewed by General Counsel.

RECOMMENDATION:

Staff recommends Board award the Fire Protection Sprinkler System Repair Project to ABJ Sprinkler Co., for the base bid of \$198,500 and the alternates for \$62,000 for a total of \$260,000.



ACTION ITEM:

I. RESOLUTION 2017-12-0108: LEASE RENEWAL – HARRY WILSON WELDING

Harry Wilson Welding has requested a one (1) year Lease renewal for a small storage shed located at the Broadway Terminal. A 2.0% CPI increase was applied resulting in a \$5.52/sq.' cost generating annual revenue of \$552.00. The new one-year lease will commence on February 1, 2018.

RECOMMENDATION:

Staff recommends approval of the lease renewal with Harry Wilson Welding.



ACTION ITEM:

J. RESOLUTION 2017-12-0109: LEASE RENEWAL – CENTRAL METALS

Central Metals has requested to renew their Lease. The Term of their lease will duplicate the existing Lease for a period of one (1) year and expire on January 31, 2019. The Leasehold comprises 7,850 sq.' of open ground @ \$0.55/ sq' generating an annual revenue income of \$4,320.00. A 2.0 % CPI increase was applied.

RECOMMENDATION:

Staff recommends Board approval of the lease renewal with Central Metals.



ACTION ITEM:

K. RESOLUTION 2017-12-0110: LEASE RENEWAL – CHAMPION TRUCKING

Champion Service Inc. has requested a one (1) year Lease renewal for the current 16,000 sq.' garage type building located on Second street; and a revised to a Month-to- Month Lease agreement for the 3 acres of open ground. Commencing on February 1st, 2018, both rental rates will increase due to a 2.0% increase in the CPI index, and combined will generate \$68,088.00 in annual revenue.

RECOMMENDATION:

Staff recommends Board approval of the lease renewals with Champion Truckling as presented.



ACTION ITEM:

L. RESOLUTION 2017-12-0111: SELECTION OF VENDOR FOR CLAMSHELL BUCKET

Pursuant to the Board's authorization, staff re-released the Request for Proposals for Clamshell Bucket, due to receiving only one incomplete proposal from the first offering. The new clamshell bucket for the Broadway Terminal Kocks Crane will replace the current equipment. The 24 yard clamshell bucket currently in use has been frequently repaired over its 17 year life and is now approaching end of life. The bucket is used to support the Lehigh Cement bulk cargo, as well as other dry bulk cargoes handled at Pier 1A Broadway. Acquiring a new bucket is financially and operationally prudent.

Proposals are due Thursday, December 7, 2017 at 3:00 p.m. The results of the RFP and staff's recommendation will be presented to the Board.

RECOMMENDATION:

Staff recommends consideration of staff's recommendations regarding the responses to the Request for Proposals for Clamshell Bucket.



ACTION ITEM:

M. RESOLUTION 2017-12-0111: APPROVAL OF COLLECTIVE BARGAINING AGREEMENT BETWEEN SJPC AND LOCAL 169 TEAMSTERS (GUARDS)

Proposed terms to renew the Collective Bargaining Agreement between SJPC and Local 196, International Brotherhood of Teamsters (Guards), will be discussed in Closed Session. If no further negotiations are necessary, the Board will consider approval of the proposal. The new agreement, representing 25 guard employees, would be for the period of January 1, 2010 through December 31, 2018.

RECOMMENDATION:

Staff recommends Board consideration of the proposed terms to renew the CBA with Local 169.



ACTION ITEM:

N. RESOLUTION 2017-12-0111: UPDATE TO THE CHAPTER 48, P.L. 1999, EMPLOYEES' HEALTH BENEFITS PROGRAM RESOLUTION ADDENDUM FOR SJPC

Staff reviewed with SJPC's Insurance Broker, Conner Strong & Buckelew, updating the SJPC's 2014 resolution addendum for the Chapter 48, P.L. 1999, Employee's Health Benefits Program as it pertains to retirees. The original resolution from 2014, does not reflect the current class of employees. The proposed updated resolution addendum would include Local 1040, in addition to Local 18, Local 169 and the non-aligned class of employees. Additionally, we would change the number of years of service with employer from 10 to 5 years. This is an additional requirement to the State's requirement of a minimum of 25 years of service and the requirement to have 15 years of service with employer for retirees of 62 or older. Conner Strong and Buckelew have reviewed the updates and find everything is in order.

RECOMMENDATION:

Staff recommends Board consideration of the updated addendum resolution relating to the State Health Benefits Program – Chapter 48, P.L. 1999



INFORMATION ITEM:

O. MARKETING COMMITTEE REPORT & PHOENIX/ARTLIP COMMUNICATIONS REPORT

PHOENIX STRATEGIES/ARTLIP COMMUNICATIONS REPORT ATTACHED.



INFORMATION ITEM:

P. SECURITY UPDATE

The security update is prepared by Mr. Jay Jones.

USCG DELAWARE BAY AMSC MEETING: Mr. Jones attended the USCG Delaware Bay Area Maritime Security Committee meeting on Friday, December 1, 2017.

Highlights include:

- COPT Anderson advised **IT/Cyber** is not a support function, but an operation of marine terminals and systems; and thus should be given due attention and resources.
- **Soft Target Attack Indicators** provided by Special Agent Joseph Metzinger, FBI Philadelphia. Marine facilities are hard targets, but vigilance is necessary. Exposures include fixed schedules, defined and unchanged routes, minimal screening and passenger vessels and traffic areas where large number of people congregate. Information theft is also conducted by inside threat (i.e. disgruntled employee).
- **See Something, Say Something** is emphasized at all levels. Due diligence is necessary in noting personal identification information and other details when reporting suspicious activity.
- **Unidentified Aerial Systems** (i.e. drones) remain a challenge for the maritime industry. There is ongoing research to determine when is it illegal to operate a drone over or near port operations. The USCG stressed the importance of reporting when a drone is observed in or near a facility. There have been a few local incidents with drones. Drones have been weaponized in other parts of the world.
- Discussion of the impact of the **Delaware River Channel Deepening** with the advent of **larger ships** calling the East Coast as a result of the expansion of the Panama Canal. The original contain ships in 1968 carried 500 TEUs. As of 2015, the largest container ships can carry more than 19,000 TEUs. As those larger ships begin call NY/NJ terminals, the landside infrastructure will be stressed and there is no immediate plans for automation. Larger ships will also impact how many ships can be docked at the terminals. There is a reason to believe those container ships will be reloaded with a complement of empty containers, raising the vessel's draft and would call on Delaware River ports once the channel deepening to 45 feet is completed in October 2018. USCG is looking at the potential impacts including vessel draft, air draft, navigation/vessel traffic, anchoring, pier space, facility throughput, and the push for automation. The USCG did not have information on how many Delaware River terminals have the capacity for 45 feet and how many will be deepened to 45 feet.

MTSA EXERCISE: The FSO administered a security exercise on November 21, 2017 at both the Balzano and Broadway Terminals in compliance to 33FCFR105. The exercise was based on access control procedures and TWIC. In conjunction to the exercise, the FSO prepared and directed the distribution of a TWIC requirement notice.



INFORMATION ITEM:

Q. PAULSBORO MARINE TERMINAL PROJECT UPDATES

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

CHANGE ORDER:

Wyndham Construction LLC Change Order #1 (PMT-017) Shop Building - In accordance with the Gloucester County Improvement Authority Board of Commissioners pending action at the 12/21/17 meeting, a Change Order No. 1 will be presented for approval. This Change Order pertains to the PMT-017 contract. It has been determined that Change Order #1 to the regular contract with Wyndham Construction LLC is needed in order to address the Borough's Construction Official's comment in review of the original bid drawings and to obtain the construction permit, additional mechanical equipment and associated additional electrical equipment was required to be installed. The additional mechanical and electrical equipment and work was not included in the original contract documents. As such, it is a change for which the Contractor is entitled to compensation.

Lump Sum this Change Order	\$112,761.34
Original Contract Sum	\$1,094,850.04
Net change by previously authorized Change Orders	\$0.00
Contract Sum prior to this Change Order was	\$1,094,850.04
Contract Sum will be increased by this Change Order in the amount of	\$112,761.34
New Contract Sum including this Change Order will be	\$1,207,611.38
Original Contract Completion Date:	April 11, 2018
Net Contract Time adjustments by prior Change Orders:	0 Days
Contract Time adjustment as provided by this Change Order:	TBD
Current Adjusted Contract Completion Date:	April 11, 2018



INFORMATION ITEM:

R. SALE OF SUBORDINATED MARINE TERMINAL REVENUE BONDS

On July 25, 2017 the Board approved the Subordinated Marine Terminal Bond Resolution (and subsequently approved the First Amendment to the same on August 29, 2017). This Bond Resolution authorized the issuance of up to \$255 million in bonds to finance Phase II of the Paulsboro Marine Terminal, as well as various capital projects at the Corporation's facilities in Camden.

After a presentation and numerous and lengthy discussions with Moody's Investors Service (involving Corporation staff, State officials, Citigroup and the Corporation's Financial Advisor and Bond Counsel), the bonds were rated Baa1 – the same level as the Corporation's Senior Lien Bonds. This (and the affirmation of the rating on the Senior Lien Bonds) significantly aided the marketability of the bonds.

On November 16, 2017, the Corporation sold \$255,000,000 Subordinated Marine Terminal Revenue Bonds, utilizing Citigroup Global Markets as the senior underwriter. The sale was monitored by the Corporation's Financial Advisor and representatives of the State Department of Treasury; this included fielding questions from potential investors prior to and during the order period

The bonds were extremely well-received by the investor community, with more the \$3 billion of orders placed at the initial offering price. This high demand allowed Citigroup to lower the interest rates by approximately .10% versus initial indications.

As a result, at closing, **the Corporation received \$234,978,000 in proceeds into its 2017 Project Fund.** The bond proceeds also funded the required deposit to the Debt Service Reserve Fund and all costs of issuance, as well as providing sufficient funds to pay debt service through and including January 1, 2019.



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.

1. COUNSEL'S REPORT

2. PERSONNEL

a. Local 169 Collective Bargaining Agreement