



SOUTH JERSEY PORT CORPORATION
OFFICIAL BOARD OF DIRECTORS MEETING MINUTES
BROADWAY TERMINAL
CAMDEN, NEW JERSEY
October 27, 2015
12:30 p.m.

Directors Present:	Richard Alaimo	Chairman
	Chad Bruner	Director ☎
	Christopher Chianese	State Treas. Designee
	Joseph Maressa, Jr.	Director ☎
	Craig Remington	Director
	Sheila Roberts	Director
	Carl Styles	Director ☎
Directors Absent:	Robert DeAngelo	Director
	Jonathan Gershen	Director
	Eric Martins	Director
In Attendance:	Christopher Howard	Governor's Authorities Unit ☎
	Raymond Zane, Esq.	Gen. Counsel – Zane & Lafferty
	Kevin Castagnola	Executive Director & CEO
	Jay Jones	Dep. Exec. Dir. / Board Secretary
	Bruno Cellucci	Treasurer
	George Englehardt	Facilities Engineer
	Neil Grossman	Financial Advisor - GBA
	Dennis Culnan, Jr.	Marketing Consultant – PS&AC
	Darryl Eng	AECOM
	Phil Girandola	AECOM
	Mario Christina	Glouc.Cty. Improvement Authority
	Michael Baker	Conner Strong & Buckelew
	Tom Nolan	Conner Strong & Buckelew
	Ray Heinzlemann	Gahagan & Bryant

The Chairman 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 5, 2015 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 2015, indicating the time and place to the following newspapers: Courier-Post, Gloucester County Times and the Burlington County Times.

In addition, the meeting was posted at the Port Corporation's designated the Bulletin Board at its main entrance of the Broadway Terminal, its official place for posting and maintaining a schedule of the monthly Board of Director's Meetings for 2015. The meeting schedule was also placed of 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 29, 2015](#)

The minutes for the South Jersey Port Corporation Board of Directors held on September 29, 2015 were presented for approval.

A motion was made to approve the September 29, 2015 Board of Directors Regular Meeting Minutes as presented.

Moved by:	C. Remington
Seconded by:	C. Chianese
Voting for motion:	All
Voting against motion:	None

[PRESENTATION OF CLOSED MEETING MINUTES – September 29, 2015](#)

The minutes for the South Jersey Port Corporation Board of Directors closed meeting session held on September 29, 2015 were presented for approval.

A motion was made to approve the September 29, 2015 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:	C. Remington
Seconded by:	C. Chianese
Voting for motion:	All
Voting against motion:	None

PRESENTATION OF SPECIAL MEETING MINUTES - OCTOBER 5, 2015

The minutes for the South Jersey Port Corporation Board of Directors special teleconference open session meeting held on October 5, 2015 were presented for approval.

A motion was made to approve the October 5, 2015 Board of Directors Special Teleconference Meeting Minutes as presented.

Moved by:	C. Remington
Seconded by:	C. Chianese
Voting for motion:	All
Voting against motion:	None
Abstaining:	J. Maressa, Jr. S. Roberts

OPERATING BILLS

The Operating Unpaid Bill list for the period 9/17/2015 to 10/14/2015 was presented for approval.

A motion was made to adopt Resolution 2015-10-0091 for the approval of the Operating Unpaid Bill list for the period 9/17/2015 to 10/14/2015.

Moved by:	C. Chianese
Seconded by:	C. Remington
Voting for motion:	All
Voting against motion:	None

ADVANCE PAYMENT LIST

The Advance Payment Bill List for the period 9/17/2015 to 10/14/2015 was presented for approval.

A motion was made to adopt Resolution 2015-10-0092 for the approval of the Advance Payment Bills for the period 9/17/2015 to 10/14/2015.

Moved by:	C. Remington
Seconded by:	J. Maressa, Jr.
Voting for motion:	All
Voting against motion:	None

CREDIT LIST

The Credit List for the period ended October 27, 2015, containing fifteen (15) credits for a total amount of \$2,342.72 was presented for approval.

A motion was made to adopt Resolution 2015-10-0093 for the approval of the Credit List for the period ended October 27, 2015 in the amount of \$2,342.72.

Moved by: C. Chianese
Seconded by: C. Remington

Voting for motion: All
Voting against motion: None

CONSTRUCTION FUND REQUISITIONS

Staff presented nine (9) construction fund requisitions in the amount of \$10,553,580.57. There are two requisitions, totaling \$10,000,000, for Paulsboro Marine Terminal project contracts as those components are billed through the Gloucester County Improvement Authority.

A motion was made to adopt Resolution 2015-10-0094 for the approval of the nine (9) Construction Fund Requisitions totaling \$10,553,580.57 as presented.

Moved by: C. Remington
Seconded by: C. Chianese

Voting for motion: All
Voting against motion: None

TREASURER'S REPORT

The Treasurer, Mr. Bruno Cellucci, presented the Treasurer's Report. He presented the report for the period ending September 30, 2015. He reported that the net income before interest, depreciation and amortization totaling \$298,739 versus the budgeted amount of \$240,207. This is a deviation of \$58,533 better than budget. For the year-to-date, net income before interest, depreciation and amortization is \$2,876,023. This is \$714,165 better than budget. The interest on investments and the accounts receivables reports were also presented.

A motion was made to accept the Treasurer's Report as presented.

Moved by: C. Remington
Seconded by: C. Styles

Voting for motion: All
Voting against motion: None

COUNSEL'S REPORT

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

EXECUTIVE DIRECTOR'S REPORT

The Executive Director reported on port activity through September 2015. Cargo tonnage for September 2015 was 230,420 s/tons and is 58% ahead of September 2014. Total tonnage for the year-to-date through September 2015 is 1,946,855 s/tons. Total cargo tonnage is 15% ahead of 2014 on the year.

The Executive Director reported on the FTZ subzone application for Nine West Holdings, Inc. The National FTZ Board has issued the public notice for comments and assigned a docket number. The final approval is pending.

He reported on SJPC participating at the Breakbulk Conference in Houston, presenting at the DVRPC Freight Advisory Committee meeting and participating as a panelist at the Northeast Association of Rail Shippers conference.

A motion was made to accept the Executive Director's Report as presented.

Moved by:	S. Roberts
Seconded by:	C. Chianese
Voting for motion:	All
Voting against motion:	None

RESOLUTION 2015-10-0095: AUTHORIZATION TO REQUEST PROPOSALS FROM PRE-QUALIFIED ENGINEERS TO CONDUCT CONDITION SURVEY OF THE BALZANO MARINE TERMINAL BERTHS

Staff requested authorization to request proposals from the pre-qualified engineers to conduct a condition survey of the Balzano Terminal berths. The last general condition survey was conducted in May of 2001 and the cathodic protection system was installed on berth 3 and 4 in 2009. The general condition survey assesses the general overall condition of the berth structures, estimate remaining service life, and determine recommended actions and associated cost.

Proposals received will be evaluated and submitted to the Board for final award. The condition survey report and findings will be presented at the conclusion of the survey.

A motion was made to approve Resolution 2015-10-0095 to authorize staff to release the Request for Qualifications for Engineering Services.

Moved by:	C. Chianese
Seconded by:	S. Roberts
Voting for motion:	All
Voting against motion:	None

RESOLUTION 2015-10-0088: APPROVAL OF PROFESSIONAL SERVICES OPTION

At the February 3, 2015 Board meeting, action was taken to approve professional services agreements for seven disciplines for a term of one year beginning March 1, 2015 to February 28, 2016 with a one year option exercised at the prerogative of the Board. A recommendation was made for the Board to exercise the one (1) option for each of the seven professional services firm's agreements at the firm's original contract fee for a period beginning March 1, 2016 to February 28, 2017.

The firms for each category are:

- General Counsel – Zane & Lozuke
 - DeCotiis, Fitzpatrick & Cole (conflict)
- Maritime Counsel – Mattioni, Ltd.
- Labor Counsel – Brown & Connery

- o Genova, Burns, Giantomasi, Webster (conflict)
- Marketing Consultant – Phoenix Strategies/Artlip Communications
- Financial Advisor – Goldman Beale
 - o The PFM Group (conflict)
- Insurance Broker – Conner Strong & Buckelew
- Bond Counsel – Capehart & Scatchard
 - o McManimon, Scotland & Baumann (conflict)

A motion was made to approve Resolution 2015-10-0088 to approve the one (1) year option for the professional services agreements for General Counsel, Maritime Counsel, Labor Counsel, Marketing Consultant, Financial Advisor, Insurance Broker and Bond Counsel at the current rates for a term of March 1, 2016 to February 28, 2017.

Moved by: C. Chianese
Seconded by: S. Roberts

Voting for motion: All
Voting against motion: None

RESOLUTION 2015-10-0096: ACCEPTANCE OF THE 2015 RATE STUDY

Staff presented the 2-15 Rate Study prepared by S.T. Hudson. As required by our Bond Covenants on an annual basis the South Jersey Port must prepare a rate study that evaluates the agency's rates, fees and tariffs compared to the competitors in the region.

The 2015 report concluded significant increases in rates, fees, and charges at this time to meet the required 1:1 ratio of net revenue to debt services are not necessary. However, the SJPC through the Philadelphia Marine Terminal Tariff No. 1400 effective December 1, 2015 will increase certain rates/fees by 3%.

A motion was made to approve Resolution 2015-10-0096 to accept the 2015 Rate Study prepared by S.T. Hudson Engineers.

Moved by: C. Remington
Seconded by: S. Roberts

Voting for motion: All
Voting against motion: None

RESOLUTION 2015-10-0097: APPROVAL OF PROPERTY, CRIME, STORAGE TANK POLLUTION AND PRIVACY/CYBER LIABILITY INSURANCE POLICIES

Mr. Mike Baker with Conner String & Buckelew, presented the recommendation for the South Jersey Port Corporation's Primary Property (Including Equipment Breakdown), Excess Property, Crime and Storage Tank Pollution Legal Liability policies renewals and a recommendation to add a Privacy & Security/Cyber Liability Policy. The current policies expire on 12/15/2015.

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 \$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 premium is \$785,085, inclusive of New Jersey surcharges, for the Primary and Excess Property policies as well as the standalone Terrorism policy. These expiring policies were underwritten using total values of \$209,215,638.

The renewal costs shown on the attached for Primary Property (including Equipment Breakdown), Excess Property, and Terrorism coverage are based on the total values of \$202,502,722.

The Property (including Equipment Breakdown) renewal quote from Underwriters at Lloyds London (Lloyds) for the 12/15/2015-2016 policy term is \$637,500, based on \$202,502,722 of total 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). RSUI Indemnity Company's renewal quote for the 12/15/2015-2016 policy term is \$73,002, including New Jersey surcharges, based on \$202,502,722 of total values. The standalone Terrorism renewal quote from Underwriters at Lloyds London (Lloyds) is \$9,500. Similar to the Property policy, Underwriters at Lloyds London (Lloyds) is a non-admitted insurance company in the State of New Jersey (AM Best Rating A; XV), so New Jersey surcharges will not apply at renewal.

The total renewal premium for all three of these policies is \$720,002 with coverages, terms and conditions as described in our proposal. 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 cost reduction of \$65,083 when compared to the expiring program.

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 \$5,000 deductible. The expiring premium is \$8,384, including New Jersey surcharges. The National Union Fire Insurance Company of Pittsburgh, PA renewal quote for the 12/15/2015-2016 policy term is \$10,201, including TRIA and New Jersey surcharges. The premium increase is due primarily to the approximately \$230,000 claim that AIG paid for the 2012-2013 policy term. Additionally, AIG will need to increase the Employee Theft deductible from \$5,000 to \$10,000 at renewal. We also pursued quotes from other markets on your behalf, and the results of our marketing effort are included in our proposal. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with National Union Fire Insurance Company of Pittsburgh, PA.

Storage Tank Pollution Legal Liability: The Port's current insurance carrier is ACE American Insurance Company and their policy provides a \$1,000,000 per Storage Tank Incident Limit / \$6,000,000 Total Policy Aggregate Limit and \$5,000 deductible per Storage Tank incident (4 aboveground storage tanks). The expiring premium is \$2,810, including TRIA and New Jersey surcharges. ACE American Insurance Company's renewal quote for the 12/15/2015-2016 policy term is \$2,913, including TRIA and New Jersey surcharges. Conner Strong & Buckelew recommends that South Jersey Port Corporation renew with ACE American Insurance Company.

Privacy & Security / Cyber Liability: The Port and Conner Strong & Buckelew agreed that it would be prudent to pursue indications for Privacy & Security / Cyber Liability insurance coverage given the potential exposure. The Port does not currently purchase Privacy & Security / Cyber Liability insurance coverage. A Privacy & Security / Cyber Liability policy protects an insured in the event of a breach of confidential material such as personally identifiable information (an individual's name, social security number, medical or healthcare data, drivers license number, etc.) as well as confidential and protected third party corporate information. Privacy & Security / Cyber Liability policies typically provide coverage for breach-related: liability to a third party, fines, penalties, costs to notify impacted parties, costs to provide mandatory credit monitoring, crisis management and public relations expenses. Additionally, a Privacy & Security / Cyber Liability policy can provide coverage for expenses the Port may incur if a third party threatens a security breach of your network, commonly referred to as Cyber Extortion coverage.

Conner Strong & Buckelew obtained a quote from ACE American Insurance Company to provide a \$1,000,000 Privacy Liability limit and a \$100,000 Data Breach limit (notification and credit monitoring expenses) subject to a \$25,000 Each Claim Retention. ACE American Insurance Company's quoted premium for this coverage is \$10,620, inclusive of TRIA and New Jersey surcharges. Additional limits are available through ACE American Insurance Company for additional premiums. Conner Strong & Buckelew recommends that South Jersey Port Corporation place coverage for Privacy & Security / Cyber Liability through ACE American Insurance Company.

The rates for the renewal and new policy recommendations total \$743,737, which is a reduction of 4% in cost between the expiring rates and the renewal rates and the new policy.

A motion was made to approve Resolution 2015-10-0097 to approve the insurance broker's recommendations to renew the insurance policies for Primary Property/Excess Property, Crime, Storage Tank Pollution Liability, and to approve a Privacy/Security and Cyber Liability Policy for a total cost of \$743.737.

Moved by:	C. Remington
Seconded by:	S. Roberts

Voting for motion:	All
Voting against motion:	None

INFORMATION ITEMS:

MARKETING REPORT - PHOENIX STRATEGIES / ARTLIP COMMUNICATIONS

Ms. Linda Artlip presented the Marketing Report. She presented the 2014 Annual Report in printed form. An electronic version is available on the SJPC website. We are now planning the 2015 annual report production.

She displayed one of the promotional products the SJPC used at the recent Breakbulk conference and discussed the marketing brochure updates made. We will also be looking into updating the promotional video produced by CH2Mhill that features the new Paulsboro Marine Terminal. The recast video will include more overview of the port's operations and the update images for

the PMT. She added that they continue to assist Mr. Jones with the ongoing web development task with Stokes Creative Group.

The report was received and filed.

PORT SECURITY UPDATE

The security update is prepared by Mr. Jay Jones.

FIVE YEAR FACILITY SECURITY PLAN: SJPC requested and was granted a six month extension to June 2015 to submit a new, five-year, Facility Security Plan by the U.S. Coast Guard Sector Delaware Bay COTP. On May 13, 2015, SJPC's FSO submitted to the U.S. Coast Guard Sector Delaware Bay the five-year Facility Security Plan which includes a previously submitted amendment, as well as a new Threat Assessment Report. The USCG provided a sixty day extension for the current FSP to provide them with sufficient time to complete the review.

On August 13, 2015, an email notification was received from the USCG that they have completed two reviews of the FSP and will be issuing a letter to identify requested revisions to be implemented and re-submitted within 30 days.

On September 14, 2015, the USCG FSP Letter and FSP requested changes were received. The FSP modifications were submitted to the USCG on October 13, 2015 and we await the final approval.

ANNUAL FSP AUDIT: The FSO must ensure an audit of the FSP is performed annually, beginning no later than one year from the initial date of approval, and attach a letter to the FSP certifying that the FSP meets the applicable requirements of this part. Personnel conducting internal audits of the security measures specified in the FSP or evaluating its implementation must: (i) Have knowledge of methods for conducting audits and inspections, and security, control, and monitoring techniques; (ii) Not have regularly assigned security duties; and (iii) Be independent of any security measures being audited.

Mr. Jones has requested quotations from qualified security firms to conduct an annual audit of the FSP and program following the USCG approval of the five year plan and conducting per the MTSA 333CFR105 requirements. The estimated cost of the MTSA security audit is \$2,600, below the State quote threshold of \$2,625. We have received one quote less than the threshold.

DHS COMPUTER BASED ASSESSMENT TOOL: Following the Computer Based Assessment Tool (CBAT) data collection conducted in August for the Balzano Marine Terminal, the U.S. Department of Homeland Security will return on December 4th to conduct the data collection for the Broadway Terminal and to show the draft product developed for the Balzano Marine Terminal.

CBAT is a data collection and presentation medium designed to support critical infrastructure security, special event planning, and response operations. CBAT imagery captures provide immersive video, geospatial, and hypermedia data of critical facilities, surrounding areas, transportation routes, etc. and integrate assessment data from the

Enhanced Critical Infrastructure Protection security surveys, Site Assistance Visits, and other relevant materials. The data is used to support the Regional Resiliency Assessment Program.

The CBAT team consists of collection and production specialists who conduct CBAT imagery captures. During a CBAT imagery capture, the CBAT team considers two viewpoints: hostile target and civil response. For the hostile target viewpoint, in which a facility/building is viewed as a tactical objective, the team collects multimedia data to document approach and exit routes, use of lighting, visible and hidden entrances, loading docks, and parking garages. In considering the civil response viewpoint, the team collects data on obstructions/restrictions that would affect the approach of emergency response vehicles and equipment to the site, and street/parking accessibility in proximity to building access points. Additional collected data include significant area assets such as exterior and interior critical support equipment (water valves, electrical shut-off panels, back-up generators, etc.), personnel emergency marshaling points, and control centers. The assessment will be kept confidential and used for internal planning, drills and assessments.

The report was received and filed.

PAULSBORO MARINE TERMINAL PROJECT UPDATE

The Monthly PMT Project Report for August 2015 was presented. Mr. Daryl Eng with AECOM provided additional updates on the Paulsboro Marine Terminal project and provided a PowerPoint containing photos highlighting the current construction activities.

The report was received and filed.

PUBLIC COMMENTS

The Chairman asked if there were any public comments. Hearing none, he 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:	C. Remington
Seconded by:	C. Chianese

Voting for motion:	All
Voting against motion:	None

At 1:08 p.m. the regular open session was adjourned.

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 27, 2015.

Jay Jones, Board Secretary

Following the Closed Session, the regular open session was reopened and the Chairman asked for a motion to adjourn the meeting.

A motion was made to adjourn the Regular Open Meeting.

Moved by:	C. Remington
Seconded by:	J. Maressa, Jr.
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 27, 2015.

Jay Jones, Board Secretary