

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, MARCH 4, 2015**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA” or “the Authority”) was held on Wednesday, March 4, 2015 at 9:00 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman
Maureen Hassett (NJEDA)
Kevin Luckie (DCA)
Matthew Murray (Treasury)
Bernard Piaia (DOE)
Kevin Egan
Lester Lewis-Powder
Michael Maloney
Joseph McNamara
Mario Vargas

being a quorum of the Board.

At the Chairman’s request, Charles McKenna, chief executive officer; Jason Ballard, chief of staff; Jane F. Kelly, vice president & assistant secretary; Donald Guarriello, vice president and chief financial officer; Raymond Arcario, vice president; Albert Barnes, chief counsel; and Sean Murphy director of the SDA, attended the meeting. Andrew Yosha, executive vice president of the SDA and Michael Collins of the Governor’s Authorities Unit participated in the meeting by teleconference.

The meeting was called to order by the Chairman of the Board, Mr. Walsh, who requested that Ms. Kelly read the requisite notice of the meeting. Ms. Kelly announced that the meeting notice had been sent to the *Trenton Times* and *Star-Ledger* at least 48 hours prior to the meeting, and had been duly posted on the Secretary of State's bulletin board at the State House in Trenton, New Jersey.

Approval of Meeting Minutes

Mr. Walsh presented for consideration and approval the Minutes of the February 4, 2015 Open Session meeting. A copy of the minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Ms. Hassett and seconded by Mr. Vargas, the Open Session minutes of the February 4, 2015 meeting were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Resolution 3a*.

Authority Matters

CEO Report

Mr. Walsh asked Mr. McKenna to discuss recent SDA activities. Mr. McKenna provided the Members with an update regarding the Trenton Central High School (TCHS) project. He informed the Members that SDA and the Department of Environmental Protection met on February 24, 2015 to establish an approach to finalize the EO 215. He noted that finalization is underway. Next, Mr. McKenna reported that the demolition solicitation was advertised in December and bids were received on February 3, 2015. He said that price proposals were opened and USA Environmental Management, Inc. and Luzon, Inc., JV, is the highest ranked responsive bidder for asbestos abatement and demolition services. Mr. McKenna added that the prospective awardee was the highest technically ranked company and that their bid was

\$8,496,870, which is approximately a million dollars under the second highest bid. He noted that this matter is on today's agenda. Mr. McKenna informed the Members that, with Board approval, the Notice to Proceed (NTP) is anticipated to be issued April 9. He said that SDA continues to work with the District in the development of schematic design documents, including the site plan, schematic floor plans, detailed room layout, and educational specifications. Mr. McKenna then advised the Board that the SDA Design Studio hosted a meeting for grade school students from the Trenton School District to explore their ideas for design of the new high school. He also reported that SDA staff and Trenton district representatives visited the new Union City and New Brunswick High School facilities on January 28 and 30 respectively to inform the development of room layouts at the new TCHS.

With regards to the Bridgeton Buckshutem ES project, Mr. McKenna said the building is partially enclosed with temporary heat. He added that roofing installation is underway. He noted that, once the weather gets better, there will be a topping off ceremony on the steel for the Buckshutem and the Quarter Mile Schools.

Turning to the Garfield James Madison ES No. 10 demolition project, Mr. McKenna said that the building is down, the site has been graded and the fence is being installed.

Mr. McKenna then reported that the design-builder continues with the design phase and is anticipated to submit the first design package in April for the Gloucester ES/MS project. He said that a construction NTP is anticipated for July 2015.

In continuing, Mr. McKenna informed the Members that a meeting was held with the District on February 5 to initiate SDA in-house design of the Harrison New PK-1 ES project.

With regard to the Jersey City No. 3 project, Mr. McKenna reported that the design-builder's final design phase documents are under review by both the SDA and Department of Community Affairs (DCA).

Next, Mr. McKenna said that foundation and footing work is ongoing for the Keansburg Caruso ES project.

Mr. McKenna then provided a status update on projects in the Newark School District. With regard to the Elliot Street project, Mr. McKenna reported that interior masonry work is approximately 80% complete. He said that, as weather permits, exterior masonry veneer is progressing and roof installation work continues. Mr. McKenna noted that the rooftop HVAC units have been set in place on the Oliver Street ES project. He added that masonry work continues as weather permits. Turning to the South Street ES project, Mr. McKenna advised the Members that early site package work is substantially complete and punch list and close out activities are underway. He noted that the District has selected a conceptual plan and that schematic design is underway.

With regard to the Passaic Henry Street ES project, Mr. McKenna said that construction progress continues in all areas of the building. He advised the Members that the contractor has been using the neighboring Leonard Place property for staging and trailers. He said that, as of February 23, the trailers and stored materials have been relocated so that the environmental study work necessary for the Leonard Place School can be completed.

Mr. McKenna then discussed ongoing activity at the Paterson Marshall Street ES project. He reported that masonry work is ongoing in all exterior and interior areas. He added that the facing brick will be erected in the spring. Mr. McKenna said that mechanical, electrical and

plumbing (MEP) trades are working on rough-in work. He advised the Members that the pedestrian bridge fabrication is ongoing and that the bridge will be set in the spring.

In continuing, Mr. McKenna gave an update regarding the Phillipsburg HS project. He said that the steel erection is complete, masonry work is ongoing in the interior areas, and MEP work continues. Mr. McKenna noted that, when the weather permits, the contractor will commence exterior column fireproofing and masonry enclosures.

Next, Mr. McKenna reported that design procurement for addition and renovation services for the Orange HS project was advertised on December 30 and technical and price proposals were received from 16 firms.

Mr. McKenna then gave an update on the Orange Cleveland ES project. He said that 3 properties need to be acquired and advised the Board that the task order list for real estate appraisers which the Board approved last month will be utilized so that the Authority can move forward with the acquisition of the property.

Mr. McKenna then provided the Members with an update regarding SDA's procurement activity. He advised the Members that the design procurement for the Denbo-Crichton School Facility Project in Pemberton was advertised on February 6. He said that technical and price proposals are due on March 19.

Mr. McKenna reported that the construction procurement for roof, HVAC and masonry repairs for the Irvington HS project was advertised on February 11 and price proposals are due on March 19.

In continuing, Mr. McKenna said that procurement for State-Wide Property Management and Maintenance Services was advertised on February 26. He advised the Board that technical and price proposals are due on March 25.

Next, Mr. McKenna provided a status with regard to events, outreach and other activities. He informed the Members that Communications staff is working on the scheduling of a beam signing ceremony for PS 16 in Paterson. He also said that beam signing ceremonies for the Buckshutem and Quarter Mile Lane Schools in Bridgeton have been scheduled for the end of March.

Mr. McKenna then reported that the SDA began its fifth offering of the Small Minority and Women Business Enterprise (SMWBE) contractor training program with an orientation that was held on February 18. He said classes are underway at both SDA offices in Newark and in Trenton and the program will conclude with a graduation/networking event on April 29.

Following up on his earlier reference to this event, Mr. McKenna said that SDA hosted a design charrette for the Trenton District students with the Design Studio. He said that it appears that the students want a clock incorporated in some way into the new school design and that this will be on the Design Studio's agenda.

Mr. McKenna then noted that, in 2014, SDA held Board Meetings in Paterson and Union City. He said that SDA plans to continue holding Board meetings in SDA Districts. He added that the April or May 2015 SDA meeting may be held in the southern part of the state.

Audit Committee Report

Mr. Walsh noted that the Audit Committee Chairman was unable to participate in today's meeting and advised that he would provide the report of the Audit Committee. Mr. Walsh then reported that the Audit Committee met in February. He said that Management had provided the Committee with the January 2015 New Funding Allocation and Capital Plan Update. He said that there were no changes in commitments reported in the Unforeseen Events Reserve or in the 2008 and 2011 Capital Plan Emergent Project Reserve balances during the reporting period. He

advised the Board that there was a \$1.6 million decrease in commitments in the Planning Reserve balance due to the Board-approved revised Preliminary Project Charter for the Millville High School Addition and Renovation Project.

Mr. Walsh then reported that the reserve balance for the Regular Operating Districts (“RODs”) increased by \$1.6 million during the reporting period.

Next, Mr. Walsh reported that Management had provided the Committee with the results of the State Ethics Commission’s audit of SDA’s ethics program. He explained that the State Ethics Commission periodically audits the ethics programs of state agencies, authorities and commissions and that the Commission had completed its review of SDA’s ethics program in the fall of 2014. He said that the Commission had determined that the Authority’s program is in substantial compliance with all relevant laws, executive orders and regulations and that no deficiencies were identified. He added that the Commission had highlighted 8 areas in particular that are being handled by SDA in an exemplary manner.

In continuing, Mr. Walsh advised the Board that the Committee was provided with the December 2014 Monthly Financial Report. He reported that Management advised the Committee that, as of December 2014, the Authority’s operating expenditures totaled \$17.4 million which is \$3.1 million lower than the operating budget for the corresponding period. He said that this is a \$2.7 million decrease from actual expenses for the corresponding period in the prior year. He advised that the decrease largely is due to lower monthly rent expenses and lower personnel costs. He then reported that, as of December 2014, year to date project expenditures are \$288.9 million, down \$53.2 million as compared to the 2014 Capital spending forecast for the corresponding period. He then reported that year to date project expenditures, actual vs. the prior year actual, have increased approximately \$77 million as compared to actual expenses in

the corresponding prior year. He noted that, while the expenditures show that SDA activity has increased in actual volume compared to the corresponding prior year, the increased figure is lower than the forecasted budget. Mr. Walsh asked for an explanation of the difference between the actual and the forecasted budget numbers. Mr. Voronov noted that the variance is due in part to a decrease in expenditures related to the grant program. Mr. Walsh inquired as to what percentage the ROD grant program contributes to the year to date expenditures of \$288.9 million. Mr. Voronov said that he did not have that figure on-hand. Mr. McKenna said that the figure would be provided to the Board. Mr. Walsh requested that the dollar amounts spent on construction and the forecasted expenditures for 2015 be provided at the next Board meeting. At this time Mr. Lewis-Powder noted he had joined the meeting.

School Review Committee

Approval of Award - Package No. WT-0022-N01 – Trenton Central High School – Abatement and Demolition

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie informed the Members that the Committee met on February 17, 2015 and discussed Management's recommended abatement and demolition award for the TCHS project. He reported that, in October 2014, the Members of the Authority approved a revised preliminary project charter for the TCHS project. Mr. Luckie said that the project charter identified the project scope as a complete demolition of the existing school and construction of an approximately 350,000 square feet high school. He noted that the scope of work in this contract includes significant asbestos abatement throughout the existing structure prior to demolition. Mr. Luckie informed the Members that the package for demolition services was publicly advertised on December 19, 2014 as a price and other factors solicitation with a CCE of

\$9,394,717. He said that Management is recommending the award of the contract to the highest ranked bidder, a joint venture of USA Environmental Management, Inc. and Luzon, Inc., in the amount of \$8,496,870. He added the amount is approximately \$900,000 less than the CCE. Mr. Luckie advised the Members that the proposed awardee has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. He noted that the funding requested for the abatement and demolition services is included in the Board approved revised preliminary project charter. Finally, Mr. Luckie reported that, prior to execution of the contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

A resolution pertaining to the abatement and demolition award had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. McNamara, and seconded by Ms. Hassett, the resolution attached hereto as *Exhibit 6a*. was unanimously approved by the Board.

Mr. McKenna then advised the Board that Mr. Guarriello had provided him with some general calculations regarding the issue raised earlier in the meeting regarding project expenditures. He said that 2014 project expenditures were \$288 million, with construction for SDA District projects totaling \$167 million and ROD grants comprising \$67 million. He added that, compared to the prior year, construction expenditures for the SDA Districts increased by over \$75 million in 2014, while ROD grant disbursements showed a decrease of approximately \$33 million as had been explained by Mr. Voronov.

Next, the Chairman asked about the close out of projects. Mr. Ballard informed the Board that staff has closed out the legacy project for the Gloucester Middle/Senior High School and continues to work on the demonstration project audit.

Public Comments

On March 2, 2014, Mr. Joel Torres, a member of the Jersey City Board of Education and Chairman of the BOE's Facilities Committee, had forwarded comments via the SDA Website for inclusion in the meeting record. Mr. Torres' formal written comments, which were provided to the Members of the Authority in advance of the meeting, follow:

"Good morning Chairman Walsh, members of the SDA board, CEO Charles McKenna, and members of the public. My name is Joel Torres and I am a board member on the Jersey City Board of Education. I am here to speak with you today about Jersey City Public Schools severe need for support, and more importantly funding, from the School Development Authority to deal with the district's long-term facilities needs.

A few weeks ago, Jersey City Board of Education members received a summary report on the Evaluation of the Trailers located at school sites throughout the entire district. The evaluation gave details on the age, structural stability, and other information regarding the 98 trailers that are used to educate over 1,500 students throughout the district. Most of these trailers have already been in use past their life expectancy of 15 years, with the oldest being 37 years old. Along with this, data collected by our district for a report to the State Board of Education shows that most of our school buildings are over 50 years old, with some being over 80 and 100 years old.

As mentioned in the report, five sites in particular are congested with trailers that take up space that could be used for outdoor play space, lead to possible security risks because they are detached from the main facility, and decrease the cohesiveness of a school community by having a section of children and educators who are disconnected from the main school building.

Jersey City is currently going through a major development boom throughout the entire city. Recent reports state that there are currently 6,000 units under construction and 18,000 others in development. In addition, there are more residents moving into existing homes and apartments throughout the city. The current and eventual increase in occupancy will lead to more students occupying space within our already overcrowded schools.

Due to the development boom and our district's aging infrastructure, it is imperative for the School Development Authority to work with the Jersey City Public School District in developing and funding new school construction and additions and alterations to current school buildings. We must focus on the benefits of accommodating our children with facilities that will provide long-term stability to our district rather than short-term, temporary replacements that will cost our children and taxpayers in more in future repair, maintenance, and replacement costs.

With this in mind, when will Jersey City, an Abbott District, get additional funding from the SDA to provide the long-term stability? In addition, what other funding mechanisms are available for our district to use in order to address the items that were sent to the Department of Education in 2014? You can find these items in the Introduction section of the district's CAFRA ending June 30, 2014."

The Chairman asked if any member of the public was present and wished to address the Board. At the Chairman's request, Mr. Torres addressed the Members.

Mr. Torres expanded upon his written comments to emphasize the condition of the trailers, express the security concerns presented, seek assistance in identifying funding sources and to further describe the increase in development pressures in the district. He expressed his interest in working with the SDA to address these issues.

Mr. McKenna responded by emphasizing the need to include the Department of Education (DOE) in any discussion between the district and SDA as DOE is the agency that actually determines district facilities needs and generally directs those projects that the SDA advances. He noted that, given the nature of some of the development in the district and the availability of charter schools and other alternatives, it will be important that an assessment be conducted to determine the actual impact of the development on the public school system. Mr. McKenna and Mr. Torres agreed to communicate regarding the issues raised moving forward.

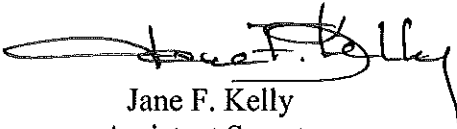
Next, at the Chairman's request, Gina Verdibello, a parent from Jersey City addressed the Members. Mr. Verdibello referenced an assessment that was conducted on the Jersey City School trailers that currently house the district's Pre-K students. She noted that the oldest trailer in use is 37 years old. She said that trailers were introduced as a "temporary solution" but that the situation is not so temporary anymore. She discussed overcrowding in the district, noting that the last of her three children is now attending class in a trailer. She inquired as to how a solution might be reached for the overcrowding situation in Jersey City. Ms. Verdibello noted that she also has testified before the DOE and expressed these same concerns. She also noted the assessment's findings regarding asbestos and mold in the trailers. She advised the Board that Queens and Seattle are two cities that are eliminating the use of school trailers and asked why Jersey City cannot do the same. She expressed her fear that the trailers simply will be rotated throughout the city in place of the building of new schools. She asked for an end to this "temporary solution". Ms. Verdibello then described the new high rises being built and the greatness of Jersey City. She said that she wants to have pride in her city and in the facilities that are provided for its students. She also noted her support of public education. Mr. McKenna said that he had toured PS 27 and is aware of the trailers that are located there. He advised that he has

had a discussion with the DOE concerning the trailers. He then discussed the Long Range Facilities Plan (LRFP) process that districts conduct to assess their entire facilities needs. He said that the DOE informed him that, while there are schools that experience overcrowding in Jersey City, the District overall is not particularly overcrowded. Mr. McKenna explained that there are other schools in the district that the children can be moved to, adding that he recognizes that this is not the answer that people want to hear. He emphasized that this is not an SDA issue, but a district issue. A discussion ensued regarding parents' desire to have their children attend their local schools rather than be bused out of their neighborhoods.

Mr. McKenna then explained the process by which the SDA receives projects for advancement from the DOE. Ms. Verdibello asked what more she can do. Mr. McKenna suggested that she meet with the Jersey City Committee responsible for the LRFP to make sure that the result of the LRFP is that the DOE acknowledges the need. Mr. McKenna thanked Ms. Verdibello for her comments.

With no other member of the public there to address the Board, Mr. Walsh asked for a motion to adjourn the meeting. Upon motion and with unanimous consent, the meeting was adjourned.

Certification: The foregoing represents a true and complete summary of the actions taken by the Board of the New Jersey Schools Development Authority at its March 4, 2015 meeting.



Jane F. Kelly
Assistant Secretary