

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, SEPTEMBER 2, 2015**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA” or “the Authority”) was held on Wednesday, September 2, 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
Matthew Murray (Treasury)
Maureen Hassett (NJEDA)
Bernard Piaia (NJDOE)
Kevin Egan
Loren Lemelle
Michael Maloney
Joseph McNamara
Robert Nixon
Mario Vargas

being a quorum of the Board. Mr. Walsh, Ms. Hassett, Mr. Maloney and Mr. Murray participated in the meeting by teleconference.

At the Chairman’s request, Charles McKenna, chief executive officer; Andrew Yosha, executive vice president; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Raymond Arcario, vice president; Albert Barnes, chief counsel; and (by teleconference) Manuel Da Silva, director of the SDA participated in the meeting. Michael Collins of the Governor’s Authorities Unit also 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 Board's August 5, 2015 Open and Executive Session meetings. A copy of both meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Piaia and seconded by Ms. Lemelle, the Open and Executive Session minutes of the August 5, 2015 meeting were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Resolution 3a/3b*.

Authority Matters

CEO Report

The Chairman requested that Mr. McKenna provide the report of the Chief Executive Officer. At the outset, Mr. McKenna informed the Board that the Authority has received \$500 million in new bond money through an issuance by the state Economic Development Authority. He then discussed recent progress on the Authority's Trenton Central HS (TCHS) project. He said that three sections of the facility have been abated, final utility shutoff work is complete and demolition activity has started on the three abated sections. He also advised the Board that SDA is positioned to receive Department of Education (DOE) approval of its schematic design submission within the next month. He said that the SDA Design Studio is preparing bridging documents and that documents have been submitted to the Office of State Comptroller (OSC).

He added that the Authority anticipates advertising in September for design-build services for the new high school.

Turning to other projects, Mr. McKenna advised the Board that mechanical, electrical and plumbing rough-in and drywall work is ongoing on both the Bridgeton Buckshutem ES and Quarter Mile Lane ES projects. He said that damp proofing, roofing, and masonry work continues on the Quarter Mile Lane project.

Next, Mr. McKenna reported that the Design Ideas Group (DIG) was issued a Notice of Award for pre-design services for the Camden HS project. He said that, on the Elizabeth Academic HS project, work continues on the building enclosure and all major trade work continues in the building interior. He reported that he recently visited the building and that the project is moving along well.

Mr. McKenna said that, for the Elizabeth New ES project, the design-builder's final design submission was resubmitted and is being reviewed. He added that the design-builder's underground utilities, footings and foundations package is under review by Department of Community Affairs (DCA).

Mr. McKenna said that technical and price proposals for construction services are due this month for the Garfield James Madison ES #10 project. He also reported that, on the Gloucester ES/MS project, structural steel erection, underground utility, footings and foundations installation work has commenced.

Mr. McKenna then discussed the status of the Harrison New PK-1 ES project. He advised the Board that SDA anticipates advertising the early site package for this project in October. He noted that land acquisition activities continue for three residential properties, a matter which is on the Board agenda today.

Mr. McKenna then reported that SDA will be advertising for early site construction/demolition services this month for the Irvington Madison Avenue ES project.

Turning to Jersey City PS 20, he said that the project is approximately 80% complete and that interior work is ongoing. He reported that, last month, he toured the project site with Senator Cunningham and that she was pleased with the progress being made. Mr. McKenna then advised the Board that steel erection work commenced mid-August on the Jersey City ES No. 3 project and that footing and foundation work is ongoing there.

Mr. McKenna next reported that concrete slab, masonry, roof installation, HVAC, plumbing, and electrical work are continuing on the Keansburg Caruso ES project. He said that, on the Millville HS addition and renovation project, SDA's bridging design consultant, RSC, has commenced the schematic design phase.

In continuing, Mr. McKenna said that a contract award for design-build services for the New Brunswick Paul Robeson ES project is on today's agenda. He said that staff will discuss this later in the meeting.

Mr. McKenna said that work continues on both the Newark Elliott Street ES and Oliver Street ES projects. With respect to the Newark South Street ES project, he reported that, in order to provide the respondents sufficient time to address the RFP addenda, the response due date was extended. He said that technical and price proposals for design-build services are due September 16. He noted that management anticipates presenting a contract award to the Board in October.

Mr. McKenna advised the Board that pre-design services are on-going on the Orange HS project. With regard to the Orange Cleveland ES project, he advised that, following the Board's approval in August, management awarded a contract to LAN Associates to provide pre-design phase services.

Reporting on the Passaic Henry Street ES project, Mr. McKenna advised the Board that all inspections are completed and the application for a temporary certificate of occupancy (TCO) has been submitted to DCA. He then described certain ongoing discussions with Public Service Electric & Gas Company relevant to the project.

In continuing, Mr. McKenna reported that the OSC review is complete and management advertised for design-build services on August 13 for the Passaic Leonard Place ES project. He said that the SDA Design Studio has completed the bridging documents and that they were released to the bidders. He added that the pre-bid meeting was held and 9 bidders attended. Mr. McKenna noted that a number of the bidders were companies that have not recently bid on SDA projects which is a positive sign. He said that the team is preparing to respond to certain requests for information that were submitted.

Turning to the Paterson Marshall Street ES project, Mr. McKenna reported that the building will be weather-tight by the end of September. He added that the contractor has commenced interior finish work and all mechanical electrical and plumbing (MEP) trade work is progressing well. He said that site work continues.

With respect to the Paterson PS 16 project, Mr. McKenna advised the Board that block back-up wall installation is nearing completion and brick veneer installation will follow. He said that MEP work is progressing well.

Next, Mr. McKenna reported that pre-design phase services are underway on the Pemberton Denbo Crichton ES project. He also advised the Board that SDA anticipates advertising in September for design-build services for the Perth Amboy Seaman Avenue ES project.

Turning to the Phillipsburg HS project, Mr. McKenna reported that building envelope work continues with the objective of ensuring that the building is weather tight by fall of 2015.

He said that permanent water service work is complete and that site work, including final grading, curbs, base course asphalt for the main service roads and parking lots, is progressing well.

Mr. McKenna then advised the Board that staff anticipates advertising for design-build services in September for the Vineland New MS project.

Turning to the Authority's procurement activity, Mr. McKenna said that, in addition to the New Brunswick Paul Robeson ES project that is on the meeting agenda, currently underway are procurements for the: Garfield James Madison ES #10 project; Newark South Street ES project; Passaic Leonard Place ES project; furniture, fixtures and equipment term contract and for legal services.

Reporting on events, outreach and other activities, Mr. McKenna advised the Board that, as he mentioned earlier, Senator Sandra Cunningham joined him for a tour of the ongoing construction at PS 20 in Jersey City.

He also advised the Board that, on August 19, he was joined by Senator Rice, Assemblywoman Tucker, Mayor Vauss and Irvington School District officials for a tour of the \$6.5 million emergent repair project ongoing at the Irvington HS. He explained that the roof and existing HVAC units are being replaced on this 226,000 square foot building.

Mr. McKenna reported that staff has scheduled a tour of the new Passaic Henry Street ES so that the Board Members can see the Authority's work first-hand. He said that the tour is scheduled for the following day (September 3) at 10 AM. He noted that staff also is working on scheduling a ribbon cutting event for the new school toward the end of this month. He said that staff will advise the Members once that date has been set.

Mr. McKenna then reminded the Members that live ethics training is being provided by Margaret Cotoia of the State Ethics Commission immediately following the Board meeting.

Finally, Mr. McKenna reminded the Members that, at the last Board meeting, the Chairman had asked that some photos and an update be provided at this meeting regarding the Phillipsburg HS project. He noted that he will be going to the Phillipsburg HS site with Press on September 10 to tour the progress on the job. He then provided the Board with a power point presentation pertaining to the Phillipsburg HS project which consisted of eight current photographs of the ongoing construction at the site and a description of what was depicted in each.

Audit Committee

The Chairman then requested that Mr. Nixon provide the report of the Audit Committee. Mr. Nixon reported that the Audit Committee met on August 17, 2015. He said that management had provided the Committee with the July 2015 New Funding Allocation and Capital Plan Update. He said that management reported that there was a change in only one of the reserve balances for SDA Districts. Specifically, he advised that there was a decrease of \$205,000 in the 2011 Capital Plan Emergent Projects Reserve balance due to an increase in commitments associated with the Board-approved masonry repairs emergent project for the Hoboken Brandt ES based upon district receipt of competitive bids for construction.

Mr. Nixon added that the reserve balance for the Regular Operating Districts ("RODs") increased by \$2.8 million during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon reported that SDA's internal auditors presented the Committee with the results of one statutorily required audit along with observations/recommendations. He advised that the Audit determined that state funds were expended in accordance with the grant agreement, applicable laws and regulations. He further advised that management had projected a year-end timeframe for the completion of the remaining historic project audits.

Next, Mr. Nixon reported that the Committee was provided with the July 2015 Monthly Financial Report. He said that, year-to-date, the Authority's operating expenditures total \$11.1 million which is \$2.1 million lower than the operating budget for the corresponding period. He reported that, as of July 2015, year-to-date project expenditures are \$249 million, down \$2.3 million as compared to the 2015 Capital spending forecast for the corresponding period and \$97.4 million higher as compared to actual expenses in the corresponding prior year. He said that this is largely attributable to a \$46.4 million increase in spending for construction activity, \$13.2 million in grant activity, and \$6.2 million in project insurance (including the \$5 million down payment for the three-year OCIP renewal), along with \$27.4 million in property acquisition costs (including the \$30 million payment for the Paterson Catholic HS) and \$4.2 million related to other project costs.

Mr. Nixon reported that management had presented the Committee with the SDA's 2015 budget reforecast. He noted that the 2015 reforecast is \$33.4 million, which is \$2.6 million lower than the approved 2015 Annual Budget. He said that the reduced spending projections are primarily attributable to 22 fewer full time employees (FTE's) resulting in salary and benefit cost savings of \$2.4 million.

Mr. Nixon advised the Board that, since program inception, 72% of the funds authorized for the SDA districts have been disbursed. He reported that 96% of all SDA disbursements relate to school facilities projects and 4% relate to program administrative and general expenses. Mr. Nixon reported that the estimated value of current school facilities project activity is approximately \$2.2 billion.

School Review Committee

Design-Build Award and Approval of Final Project Charter – New Brunswick School District – Paul Robeson Community Theme School of the Arts

In Mr. Luckie's absence, Mr. Walsh asked Mr. McNamara to provide the report of the School Review Committee. Mr. McNamara discussed management's request that the Board approve a contract award for design build services and the final project charter for the New Brunswick Paul Robeson Community Theme School of the Arts addition and renovation project. He noted that this project was included in the SDA's 2012 Capital Plan. He said that a Working Group comprised of district, DOE and SDA staff convened to review and validate current district needs and discuss the proposed project, consisting of a 60,500 square foot facility with selective renovations to the existing 59,400 square foot facility, which will educate 823 students in grades Pre-K through 5. He reported that the Working Group concluded that the project would effectively address the district's overcrowding issue and recommended its advancement.

Mr. McNamara said that it was determined that advancing the project utilizing a design-build approach would result in the greatest efficiencies in regard to both cost and schedule. He advised the Board that a revised project charter recommending this approach was approved by the SDA CEO in November 2013. He reported that a package for design-build services was advertised on April 22 with price comprising 60% of the overall weight and all non-price factors having a combined weight of 40%. He added that, upon completion of the review process, management recommends that the Board approve award of a contract for design-build services in the amount of \$31,993,000 to Hall Construction Company, Inc., the highest ranked bidder, both on a technical and price basis. Mr. McNamara said that Hall Construction Company, Inc. has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents.

In concluding, Mr. McNamara said that the Committee recommends that the Board approve award of a design-build contract in the amount of \$31,993,000 to Hall Construction Company, Inc. for the New Brunswick Paul Robeson Community Theme School of the Arts addition and renovation project along with the project's final project charter. Mr. Egan then announced that he is recused from participating in deliberations on this proposed award.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas seconded by Mr. Piaia and with Mr. Egan recused and abstaining, the recommended design-build services contract award to Hall Construction Company, Inc. and final project charter for the Paul Robeson Theme School of the Arts addition and renovation project were approved with the Board's nine member vote in favor of *Resolution 6a*.

Public Comments

The Chairman then opened the Public Comments portion of the meeting. He asked if any member of the public was present who wished to address the Board. Ms. Kelly then called on Mr. Frank Faras of Trenton.

Mr. Faras said that he is seeking to obtain a copy of a feasibility study done in connection with the TCHS project. He asked for the Board's assistance in this regard. Mr. McKenna advised Mr. Faras to submit an Open Public Records Act (OPRA) request for the document. Mr. Faras replied that he had already done so without success as he did not have available to him the specific identifying information regarding the report he was seeking. Mr. McKenna advised him to submit another request and that he will endeavor to ensure that staff provides him with the document he is seeking.

Ms. Kelly then asked Mr. Billy Hayes of Trenton to address the Board. Mr. Hayes advised the Board that he resides in the vicinity of the TCHS project site. He said that he is very

concerned about the noise level at the site, noting that construction had begun that morning at 6:30AM. Mr. McKenna said that he understood the concern and would check into the parameters established by Trenton for daily construction start times. Mr. Hayes then requested information regarding the status of permits needed in connection with the project. Mr. McKenna and Mr. Da Silva provided details regarding the several permits that have been issued and/or are anticipated to be issued for various sections of the building.

Mr. Hayes then inquired as to whether any problems have been encountered with air quality in the vicinity of the site to date. Mr. McKenna indicated that air quality is being continually monitored on the project and no problems have been identified to date. He said that he would look into potentially posting the results on the SDA website. Following Mr. Hayes' remarks, no other member of the public indicated a desire to address the Board.

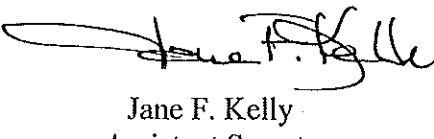
Noting that the report of the Real Estate Committee will be provided in Executive Session, Mr. Walsh then asked for a motion to adjourn the Open Session meeting into Executive Session. Ms. Kelly announced that, in the Executive Session, the Members will be discussing management's request for real property acquisition in connection with the New Elementary School in the Harrison School District. Thereafter, upon motion and with unanimous consent, the meeting adjourned into Executive Session.

Following discussion in Executive Session, the Board returned to Open Session.

A resolution pertaining to the proposed real property acquisition in connection with the New Elementary School in the Harrison School District had been provided to the Members in advance of the meeting. Upon a motion by Mr. Egan and seconded by Ms. Lemelle, the resolution attached hereto as *Exhibit A1*. was unanimously approved by the Board.

Mr. Walsh then asked for a motion to adjourn the meeting. Upon motion by the Chairman 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 September 2, 2015 meeting.

A handwritten signature in black ink, appearing to read "Jane F. Kelly". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Jane F. Kelly
Assistant Secretary