

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING  
WEDNESDAY, JANUARY 6, 2016**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA” or “the Authority”) was held on Wednesday, January 6, 2016 at 9:15 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 (NJDCA)  
Bernie Piaia (NJDOE)  
Michael Capelli  
Kevin Egan  
Loren Lemelle  
Lester Lewis-Powder  
Michael Maloney  
Joseph McNamara  
Robert Nixon  
Mario Vargas

being a quorum of the Board. Mr. Egan, Ms. Lemelle, Mr. Lewis-Powder and Mr. Piaia participated in the meeting by teleconference.

At the Chairman’s request, Charles McKenna, chief executive officer; Jason Ballard, chief of staff; 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 Manuel Da Silva, program director, of the SDA participated in the meeting. Michael Collins of the Governor’s Authorities Unit also participated in the meeting.

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 December 2, 2015 Open and Executive Session meeting minutes. 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. Vargas and seconded by Mr. Nixon, the Open and Executive Session meeting minutes of the December 2, 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 asked Mr. McKenna to provide the report of the Chief Executive Officer. Mr. McKenna began his report by offering an update on the Trenton Central HS (TCHS) project. He advised the Board that all sections of the facility have now been abated; that the demolition of wing A is on-going and that demolition is complete in all other wings. He said that foundation crushing and backfill operations continue and that addenda have been issued to participating design builders, with bids due on January 21, 2016.

Turning to other projects, Mr. McKenna reported that, for the Bridgeton Buckshutem Road ES project, the Temporary Certificate of Occupancy (TCO) for the addition was issued and the addition was turned over to the district for student occupancy this month. He noted that the students are occupying the addition. He said that renovation work will now begin on the existing

school building. Mr. McKenna said that work is proceeding well on the Quarter Mile Lane ES project and that there are no major changes to report.

Mr. McKenna advised the Board that the Design Ideas Group (DIG) is actively working on the site feasibility investigation for the Camden HS project. He said that all major trades continue to work well and interior finishes are ongoing at the Elizabeth Academic HS project. He said that student occupancy is scheduled for September 2016 there. He reported that earthwork activities have begun for the Elizabeth New ES project. He noted that a groundbreaking recently was held at the school.

Turning to projects in the Garfield School District, Mr. McKenna said that the Authority, its general contractor, Brockwell & Carrington, and construction manager (CM) The McCloud Group have begun the constructability review process for the James Madison ES No. 10 project which was the subject of demolition activities eight months ago. He also advised the Board that construction work continues to progress well on the Gloucester ES/MS project.

Mr. McKenna reported that the early site work package was advertised in November for the Harrison New ES. He said that a pre-bid meeting was held on November 24 and the bid opening is scheduled for today. He advised the Board that management expects to present a recommendation for award at the February Board meeting.

In continuing, Mr. McKenna said that the early site package was advertised on November 19 with bids due January 12, 2016 for the Irvington Madison Avenue ES project. He said that management expects that a recommendation for award will be forthcoming, again, at the February Board meeting.

Turning to projects in the Keansburg School District, Mr. McKenna said that exterior and interior masonry work, roof installation, HVAC, plumbing, and electrical work continues on the Caruso ES project. With respect to the Keansburg Port Monmouth Road ES project, he reported

that design services technical and price proposals were received from 12 architectural firms on December 15 and that the selection committee is reviewing the technical proposals. He said that price proposals are scheduled to be opened on January 8, with management expecting to present a recommendation for award at the February Board meeting.

Next, Mr. McKenna discussed projects in the Jersey City School District. He said that work is progressing well; that all construction trailers have been removed; and final site work is underway on the PS 20 project. He said that exterior masonry work is progressing well on the ES No. 3 project.

In regard to the Millville HS addition/renovation project, Mr. McKenna said that RSC, the bridging design consultant, is finalizing the schematic design submission. Next, Mr. McKenna advised the Board that Hall Construction, the design-builder on the New Brunswick Paul Robeson ES project, has begun the preliminary design phase.

With respect to projects in the Newark School District, Mr. McKenna said that a TCO was issued in late December as anticipated for the Newark Elliott Street ES project. He said that the district and SDA are coordinating move-in logistics in preparation for district occupancy on February 16. He then advised the Board that staff anticipates substantial completion of the Newark Oliver Street ES in February and move-in by the district in March. In regard to the South Street ES project, Mr. McKenna said that Ernest Bock & Sons (EBS, Inc.), the design-builder, has commenced the preliminary design phase.

With regard to projects in the Orange School District, Mr. McKenna reported that pre-design services are on-going and staff continues to work closely with the district to develop the preferred conceptual plan for the Orange HS project. He said that pre-design services are on-going and project deliverable submittals are on schedule for the Orange Cleveland ES project. He said SDA staff is working on acquiring the third of the three related properties.

In the Passaic School District, Mr. McKenna said that the design-builder and SDA are completing the punch list and preparing a request to the Department of Community Affairs for issuance of the Certificate of Occupancy for the Passaic Henry Street ES. He noted that a TCO has been obtained. He said that the Board approved the award for design-build services to Dobco, Inc. for the Passaic Leonard Place ES project at the December Board meeting. He added that SDA staff anticipates issuing the Notice To Proceed (NTP) this month.

Turning to projects in the Paterson School District, Mr. McKenna said that contractor EBS, Inc. is progressing well with all finishes and completion of the Paterson Marshall Street ES project. With respect to the Paterson PS 16 project, he said that the design-builder, Hall Construction, has begun installation of permanent windows to make the building weather tight. He also reported that exterior masonry is 80% complete.

Mr. McKenna said that pre-design services, including options development, are on-going on the Pemberton Denbo Crichton ES project. He said that, on the Phillipsburg HS project, exterior masonry is 95% complete which will facilitate interior construction throughout the winter; curtain wall installation is ongoing; and boiler breeching and piping will be complete for boiler start-up in February 2016. He said that the school opening is anticipated for September 2016.

Turning to the Vineland New MS project, Mr. McKenna said that a recommendation of award for design-build services is on today's agenda. He said that there are no changes to report on the Perth Amboy Seaman Avenue ES project where early work activity is ongoing. In regard to the West New York Harry L. Bain PS No. 6 project, he said that a recommendation of award for construction management services is on today's agenda.

Turning to the Authority's ongoing procurement activity, Mr. McKenna said that, in addition to the design-build services award for the Vineland MS No. 2 project and the

construction management services award for the West New York Harry L. Bain PS No. 6 project, other activity currently underway includes procurements for design-build services for the TCHS project; construction services for the West New York Harry L. Bain PS No. 6 project; demolition services for the Harrison New ES project; demolition services for the Irvington Madison Avenue ES project; design services for the Keansburg Port Monmouth Road School project and professional staffing services.

Mr. McKenna then discussed SDA events, outreach and other activities. He said that Lt. Governor Guadagno joined SDA for a groundbreaking ceremony on December 3 to start the construction of the new Halloran ES in Elizabeth. He advised the Board that, on December 9, SDA Managing Director Ritchard Sherman presented at an event sponsored by the Southern New Jersey Chapter of the United States Green Building Council's "Green Building in K-12 and Colleges/Universities" and he discussed SDA's efforts to design and construct high performance schools.

Mr. McKenna then discussed the participation of SDA staff in the Governor's Season of Service program, which included their volunteering at the Food Bank of South Jersey in Pennsauken on December 11 and the Community Food Bank of New Jersey in Hillside on December 17. He also reported that the Authority's Biannual Report was delivered to the Governor and Legislature on December 29. He said that he hopes that the Members have had a chance to review the Biannual Report.

Mr. McKenna said that Communications staff is working to schedule a ribbon cutting ceremony for the addition at the Bridgeton Buckshutem Road School and, in the next couple of weeks, SDA staff will hold the formal opening of new Elliott Street School. He said that staff will inform the Members when a date for this event has been determined.

Next, Mr. McKenna informed the Board of a Surplus Properties-Insurance Cost Reduction that has been achieved by the Authority. He said that SDA management determined to make certain internal changes which have resulted in a significant reduction in the Authority's real estate property and liability insurance costs. He explained that SDA divested itself of its Temporary Classroom Units (TCUs); determined not to insure SDA-owned vacant buildings that were slated for demolition; shifted insurance liability costs to third parties when entering into lessee/licensing agreements; prioritized its project close-out initiative which, in addition to reducing insurance costs, has reduced maintenance costs. Mr. McKenna said that this has allowed SDA to achieve a 62% reduction in property related insurance costs from \$457,000 in 2010 to approximately \$181,000 this year. He said that additional activity should further reduce this number in 2016.

Mr. Walsh then advised the Members that he is working on a private school that is utilizing a "building wellness" approach. He explained that this involves a focus on the health and environment of the entire school. He said that he would like to bring in consultants from the Well Building Institute to the January School Review Committee meeting to discuss this approach to building with the Committee and SDA staff.

### ***Audit Committee***

The Chairman then requested that Mr. Nixon provide the report of the Audit Committee. Mr. Nixon said that the Audit Committee met on December 21, 2015. He said that the Committee was provided with the November 2015 New Funding Allocation and Capital Plan Report. He advised the Board that there were no changes in commitments in any of the reserve balances for SDA Districts during the reporting period. He said that the Program Reserve balance for the Regular Operating Districts increased by \$2 million during the reporting period due to reductions in state share for grant projects nearing completion.

Mr. Nixon said that management also provided the Committee with the Authority's 2016 Capital Spending Forecast. He explained that the forecast anticipates expenditures of approximately \$402 million for school facilities projects which represents a decrease of approximately \$6 million over the estimated actual spending in 2015. Mr. Nixon explained that the forecast is based on the Treasury Updated Spending Models which help to ensure that there is an optimum level of cash on hand and that additional funds are appropriately obtained within the State's bonding schedule.

He advised the Board that the results of 5 statutorily required audits were presented following staff's utilization of a revised audit approach. He said that response actions had been forwarded to the Special Projects Cost Recovery Unit (CRU) as deemed appropriate. Additionally, Mr. Nixon shared the results of an informational analysis of project management and construction management fees.

Finally, Mr. Nixon reported that management had provided the Committee with the November 2015 Monthly Financial Report. He said that Year-to-Date Authority Operating Expenses (Actual vs. Budget), at \$15.8 million, are down \$3.5 million as compared to the operating budget for the corresponding period. He explained that this variance is largely attributable to lower salary and benefit costs of \$2.9 million.

In continuing, Mr. Nixon said that Year-to-Date School Facilities Project Expenditures (Actual vs. Forecast), at \$368.9 million, are \$1.6 million lower as compared to the capital spending forecast for the corresponding period. He said that project expenditures (Actual vs. Prior Year Actual) have increased by \$111.3 million as compared to the corresponding prior year. He advised that the variance is due to increased spending of \$49.8 million in construction related activity, \$31.3 million in grant activity, \$7.1 million in project insurance — including the



3 year OCIP renewal agreement — along with property acquisition costs for the Paterson Catholic HS property.

In conclusion, Mr. Nixon advised the Board that, since program inception, 73% of the funds authorized for SDA Districts have been disbursed. Additionally, he said that, since program inception, 96% of all SDA disbursements relate to school facilities projects and 4% relate to Operating expenses. The estimated value of active school facilities projects is approximately \$2.2 billion.

### *School Review Committee*

#### **Construction Manager Award— West New York School District – Harry L. Bain ES – HU-0026-M01; Design-Build Award and Approval of Final Project Charter-Vineland School District—New Middle School No. 2**

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that, in March 2011, the Board approved the Harry L. Bain ES (Bain ES) project in the West New York School District for advancement as a new school. He explained that, after review and analysis performed by the SDA, the Department of Education and the district, it was determined to renovate the existing school facility instead. Mr. Luckie advised the Board that the Bain ES is a 102,335 square foot, three (3) story facility educating 736 students in grades Pre-K through 6. He said that the renovation project involves improvements to the school building's exterior and interior systems and would include restoration of the building's envelope systems and components, replacement of classroom HVAC units, lighting system upgrades, ceiling tile replacement in coordination with HVAC & lighting work, and repairs to interior spaces damaged by water infiltration.

In continuing, Mr. Luckie said that management is seeking Board approval of a contract for construction management (CM) services following a “price (40%) and other factors (60%)” solicitation which commenced on October 6, 2015. He advised the Board that today

management is recommending the award of a contract for construction management services in the amount of \$939,250 to the highest ranked firm, Pinnacle Consulting & Construction Services, Inc. He said that funding for this engagement is available within the project budget, consistent with the most recent preliminary charter for the project approved by the Board in May.

Mr. Luckie said that the Committee recommends that the Board approve the award of a contract in the amount of \$939,250 to Pinnacle Consulting & Construction Services, Inc., for Construction Management Services for the Harry L. Bain ES renovation project in the West New York School District.

At this time, a brief discussion ensued regarding the procurement progress applicable to the hiring of architects vs. that governing the hiring of construction managers.

A resolution pertaining to the award of a contract in the amount of \$939,250 to Pinnacle Consulting & Construction Services, Inc., for construction management services for the Harry L. Bain ES renovation project in the West New York School District had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Ms. Hassett, the recommended contract award was approved with the Board's unanimous vote in favor of *Resolution 6a*.

The Chairman then asked Mr. Luckie to discuss management's recommendation for approval of a design-build award and final project charter in connection with the Vineland New MS No. 2 project in the Vineland School District. Mr. Luckie said that the Vineland New MS No. 2 project will involve construction of an approximately 98,750 SF single-story building to educate approximately 620 students in grades 6 through 8. He said that the Board approved the preliminary charter for advancement of this design-build project in August 2014. He explained that the design-build team will complete the design of the facility using SDA schematic design documents and also will provide construction and construction administration services. He

reported that a package was advertised as a design-build solicitation with “price” weighted as 60% of the overall weight, and “all non-price factors” with a combined weight of 40%. He said that, following the procurement process, management recommends award of a contract for design-build services in the amount of \$36,885,000 to EBS, Inc. for the project along with the final project charter. He noted that the final project budget includes actual dollar values for the award of the design-build contract, current estimates for all project scope elements and other project costs along with SDA staff costs for both design and project management.

Mr. Luckie said that the Committee recommends Board approval of the award of a contract for design-build services in the amount of \$36,885,000 to the highest ranked bidder, EBS, Inc., for the Vineland MS No. 2 project, along with the Final Project Charter.

In response to an inquiry by Mr. Vargas, Mr. McKenna explained that completion of this project will succeed in fully addressing overcrowding issues in the Vineland School District.

A resolution pertaining to the award of a contract in the amount of \$36,885,000 for design-build services to the highest ranked bidder, EBS, Inc., and a final project charter for the Vineland MS No. 2 project in the Vineland School District had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the recommended contract award and final project charter were approved with the Board’s unanimous vote in favor of ***Resolution 6b***.

### ***Public Comments***

The Chairman then opened the Public Comments portion of the meeting. He called upon Mr. Frank Faras of Trenton to address the Board.

Mr. Faras said that he lives across the street from Trenton Central High School (TCHS), which, he said, has had ongoing demolition work. He advised the Board that, last month, he attended a meeting of the Trenton Board of Education (TBOE) at which time he had asked Mr.

McKenna for the raw data collected by the air monitors that are on the site. He said that Mr. McKenna had responded that he does not have that data and therefore could not provide it. Mr. Faras said that he has taken videos that show violations at the site so egregious that they were referenced on the front page of the Trenton Times and featured in a story on an affiliate ABC TV station out of Philadelphia. He referenced families that are affected by cancer and said that asbestos and silica are coming across the street. Mr. McKenna interjected that there is no evidence showing silica or asbestos going across the street. Mr. McKenna explained that the air is tested daily and noted that, following up on Mr. Faras' allegations, the State Department of Environmental Protection (DEP) and other agencies went to the site and found no problems. Mr. Faras said the video showed silica coming across the street in large quantities. Mr. McKenna said that he is aware that on a single day in October there was an incident, which is unacceptable to the Authority. He stressed that this issue, upon its discovery by the Authority was immediately addressed. Mr. Faras asked Mr. McKenna to go to YouTube and witness the violations on several days. Mr. Faras said that at the TBOE meeting Mr. McKenna stated that no issues ever occurred. Mr. McKenna stated, by way of clarification, that he had said that Mr. Faras' statement that "the cloud obliterated the sun" was false. He said he had also objected to Mr. Faras' statement comparing the TCHS situation to "Ground Zero on September 11." Mr. Faras said that he wants to see the raw data or at least the raw data from the day in question to see if the data matched the violation. Mr. McKenna responded that the reports are in the possession of the air monitoring company and that the SDA does not have the raw data. He said that he will contact the monitoring company to see if the raw data exists and is available, emphasizing that the raw data is not a public record. Mr. Faras then stated that, at night, the wind blows the silica sitting on the ground through the neighborhood. Mr. Da Silva advised that the air monitors are on when demolition activities are underway. Mr. Faras questioned why the

air monitors aren't on 24 hours a day. Mr. McKenna said he will contact the air monitoring company and inquire about the potential availability of the raw data that Mr. Faras is seeking.

The Chairman then said that the Board would be adjourning into Executive Session. Ms. Kelly announced that the Board will be discussing one item in Executive Session: the proposed conveyance of SDA owned property in East Orange to the East Orange Board of Education for educational purposes. She said that this is for informational purposes only and will not require formal Board action.

Thereafter, upon motion and with unanimous consent, the meeting adjourned into Executive Session. Following discussion in Executive Session, the Board returned to Open Session.

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 January 6, 2016 meeting.

*/s/ Jane F. Kelly*  
Assistant Secretary