

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS TELECONFERENCE MEETING
WEDNESDAY, SEPTEMBER 7, 2016**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, September 7, 2016 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 (EDA)
Kevin Luckie (DCA)
Bernard Piaia (DOE)
Matthew Spadaccini (Treasury)
Michael Capelli
Kevin Egan
Loren Lemelle
Robert Nixon
Mario Vargas

being a quorum of the Board. Mr. Luckie, Ms. Hassett and Mr. Nixon participated in the meeting in person.

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; Ritchard Sherman, managing director, Gregory Voronov, managing director; Thomas Schrum, director (by teleconference); and

Anthony Gilfillan, director, of the SDA participated in the meeting. Michael Collins of the Governor's Authorities Unit also participated in the meeting in person.

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 3, 2016 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. Luckie and seconded by Mr. Nixon, the August 3, 2016 Open and Executive Session meeting minutes were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 3a/3b***.

Authority Matters

CEO Report

Mr. McKenna began his report with an update on the Trenton Central HS project. He advised the Board that the design-builder, Terminal Construction, continues with the project's design services phase. He said that the stone work operation is complete and staff anticipates issuing a Notice to Proceed (NTP) for footings and foundations this month.

Mr. McKenna gave an update on projects in the Bridgeton School District. In regard to the Buckshutem Road ES project he said that, with the renovation work completed, the district was provided with a new media center and administration area. He added that, following the

installation of playground equipment, an application for a certificate of occupancy (CO) for the school will be submitted to Department of Community Affairs (DCA). He reported that the addition is complete for the Quarter Mile Lane ES project and that DCA issued a temporary certificate of occupancy (TCO) for the school last month. He added that renovation work on the existing school has begun.

Mr. McKenna said that, for Camden HS project, Design Ideas Group is concluding its pre-design phase services. He noted that while there is no item on today's agenda regarding the Camden HS project, management expects to have a recommendation to advance to the Board in October. With respect to the East Orange George Washington Carver ES project, he informed the Board that, on August 4, SDA issued a NTP to Site Enterprises, Inc. for demolition/early site preparation activities. He said that a demolition/early site plan kick-off meeting was held on August 24 and the SDA Design Studio continues to advance the design of the new school.

Turning to projects in the Elizabeth School District, Mr. McKenna said that a TCO was issued for the Academic HS project and the district has taken possession of the building. He noted that Chairman Walsh recently toured the building which will be a great addition to the Elizabeth School District's schools. In regard to the Elizabeth New ES project, he reported that footings and foundations work is complete and other major site-work activities continue to progress well. He said that steel erection work continues and staff anticipates its completion by mid-September.

Mr. McKenna reported that footings and foundations work is ongoing for the Garfield James Madison ES No. 10 project. He said that construction work continues to progress well on the Gloucester ES/MS project. In regard to the Harrison New ES project, he informed the Board

that a procurement for design-build services was advertised in July and price and technical proposals are due September 27.

With respect to the Irvington Madison Avenue ES project, Mr. McKenna said that building demolition is complete and site work is nearing completion. He advised the Board that staff advertised for design-build services the previous month (August) and held the pre-bid meeting on August 30. He said that price and technical proposals are due October 25.

Mr. McKenna then provided an update on projects in the Keansburg School District. He reported that the TCO was issued for the Joseph C. Caruso ES project and that the district has taken possession of the building. He noted that a ribbon cutting event was held the previous day on the first day that students attended their new school. He said that everything was working well and the district was pleased with the new facility. In regard to the Port Monmouth Road ES project, he reported that the design consultant continues work on pre-design phase services. He said that the school is vacant and destructive testing is now being performed.

Turning to projects in the Jersey City School District, Mr. McKenna reported that a TCO was issued for the Jersey City PS 20 project and that the district has taken possession of the building. He noted that this school is opening today. With respect to the Jersey City ES No. 3 project, he said that building enclosure, interior finishes and site work are all progressing well. He said that this school either will open in January 2017 or the following September at the district's option.

Mr. McKenna said that, for the Millville HS addition and renovation project, staff anticipates advertising for design-build services this month.

With respect to the New Brunswick Paul Robeson ES project, Mr. McKenna reported that the DCA released the demolition and footings and foundations plans. He said that a NTP for

selective demolition of the existing building was issued the previous month (August). He noted that abatement and site remediation activities are ongoing.

Mr. McKenna then provided an update on projects in the Newark School District. He said that all punch list items for the Elliott Street ES project have been completed and staff anticipates completion of the punch list at the Oliver Street ES within the next few weeks. He said that students are occupying the school and advised the Board that students from the South Street ES will be occupying the old Oliver Street ES building during construction of their new school. In regard to the South Street ES project, he advised Board that design-builder Ernest Bock & Sons (EBS) is actively working on the final design phase. He said that footings, foundations, and underground utility work is ongoing.

Turning to projects in the Orange School District, Mr. McKenna said that staff issued a NTP last month to the design consultant for schematic design phase services for the Cleveland ES project. In regard to the Orange HS project, he reported that additional investigation activities are ongoing to validate site conditions.

Mr. McKenna advised the Board that the design-builder has completed the footings and foundations design package for the Passaic Leonard Place ES project and submitted it to DCA for review. He said that, on August 8, staff issued a NTP to Epic Management, Inc. (Epic) for construction management (CM) services. He noted that the kick-off meeting is scheduled for this coming Friday (September 9).

In continuing, Mr. McKenna gave an update on projects in the Paterson School District. He said that, in regard to the Marshall Street ES project, the TCO was issued in June and the district has taken possession of the building. He reported that the DCA issued the TCO for the Paterson PS 16 project on August 4 and the district has taken possession of this building as well.

Mr. McKenna noted that, including the Paterson Catholic HS (PCHS) which was purchased and made available, Paterson has recently received three new school facilities from the SDA. He updated the Board regarding the status of the charter school that had previously been located in the PCHS building.

Mr. McKenna then reported that a working group kick-off meeting for design was held on August 22 for the Pemberton Denbo Crichton ES project.

With respect to the Perth Amboy Seaman Avenue ES project, Mr. McKenna reported that an initial project meeting was held last month with the design-builder, Epic, and that design phase services are underway. He informed the Board that price and technical proposals for CM services were received the previous month (August) and staff anticipates making a recommendation of award to the Board in October.

Mr. McKenna reported that a TCO was issued on August 26 for the Phillipsburg HS project and the district has taken possession of the building. He noted that Ms. Lemelle recently participated in a tour of the new school facility. With respect to the Vineland New MS project, he said that design-builder EBS continues with the design services phase and has mobilized to perform site clearing and grading. He added that EBS submitted footings, foundations, and structural steel plans to DCA for review. Referencing the Vineland HS project, Mr. McKenna noted that asbestos has been removed as part of this renovation project and the school is safe for occupancy.

Mr. McKenna advised the Board that asbestos abatement activities are underway for the West New York Harry L. Bain PS No. 6 project renovation project. He then provided a brief update regarding activities ongoing at the Trenton Hedgepeth-Williams emergent project. He said that work will be ongoing there nights and weekends going forward.

Turning to ongoing procurement activity, Mr. McKenna said that, in addition to the award for Network, Hardware and Software Support Services that management will be discussing and recommending later in the meeting, other activity currently underway includes procurements for design-build services for the Harrison New ES and Irvington New Madison Avenue ES projects; and CM services for the Perth Amboy Seaman Avenue ES project.

Reporting on events, outreach and other SDA activities, Mr. McKenna advised the Board that, on August 3, SDA held an event to highlight the demolition work for the Madison Avenue ES project in Irvington. He said that, on August 9, staff held a groundbreaking event to celebrate the start of construction for the new James Madison ES in Garfield. He advised the Board that, on August 10, he attended a Vineland School Board meeting to discuss the status of the emergent project there. He added that, on August 16, staff held a community meeting in East Orange to discuss the George Washington Carver ES project.

Mr. McKenna reminded the Board that, last month (August), staff arranged for the Members to visit a couple of the schools that SDA is opening this week. He thanked the Chairman for joining staff to tour the Academic HS project in Elizabeth and Loren Lemelle for joining staff at the Phillipsburg HS project.

Mr. McKenna said that, the previous day, SDA staff had held a ribbon cutting ceremony in Keansburg for the new Joseph C. Caruso ES. He noted that it was the students' first day of school and served as a great way to kick off a month of celebrating the opening of 7 new or renovated schools.

Mr. McKenna reported that, last week, staff provided the Board with a list of upcoming September ribbon cutting ceremonies. He expressed his hope that the Members' schedules will permit them to join staff at one or more of these upcoming events.

In concluding his CEO report, Mr. McKenna reminded the Board that SDA will be holding a groundbreaking ceremony for the new South Street ES this Friday (September 9).

At the conclusion of his formal report and referencing detailed materials that had been prepared for the Board's review, Mr. McKenna provided the Members with an overview of the six new projects and one renovation project that the Authority is delivering as of September 2016. Specifically, he advised the Board that, this fall, the SDA is providing 8,483 new seats to New Jersey's students throughout the state. He said that this reflects a total State investment of \$549 million. He provided additional detail for each of the seven SDA projects as follows: Bridgeton Buckshutem Road ES, Elizabeth Academic HS/Frank J. Cicarell Academy, Jersey City Public School No. 20, Keansburg Joseph C. Caruso ES, Newark Elliott Street School, Newark Oliver Street School, Paterson Dr. Hani Awadallah ES, Paterson Public School No. 16 and Phillipsburg HS.

Audit Committee

Mr. Walsh asked Mr. Nixon to provide the report of the Audit Committee. Mr. Nixon advised the Board that the Audit Committee met on August 15, 2016. He said that the Committee was provided with the July 2016 New Funding Allocation and Capital Plan Report. He advised that there were no changes in commitments in the 2008 and 2011 Capital Plan Emergent Projects Reserve balances. He reported that there was a \$500,000 decrease in the Unforeseen Events Reserve balance following Board approval of the revised final project charter for the Trenton Central HS. He explained that the decrease reflected the award amount for construction management services and associated contingency. Mr. Nixon advised that there was a \$300,000 increase in the Planning Reserve balance for the Perth Amboy New Seaman Avenue ES project due to the Board's approval of the final project charter, based upon the award

value of the design-build engagement. He then advised the Board that the Program Reserve for the Regular Operating Districts (RODs) experienced a \$100,000 decrease in commitments during the reporting period due to a reduction in state share for grant projects nearing completion.

Mr. Nixon then presented the proposed contract award for Network, Hardware and Software Support Services (the Services) which had been considered and advanced by the Committee. He advised the Members that the Services performed under the proposed contract are required to avoid critical systems failures that lead to excessive network or system outages. He explained that the SDA competitively procured these Services in 2006, 2008 and 2013 and that it is now necessary to again award a contract to ensure that the Authority has continued support available. Mr. Nixon said that a competitive procurement process to obtain the Services was advertised on June 28, 2016. He advised the Board that management recommends award of a contract for the Services to Vinci Systems, Inc. He reported that the total negotiated compensation for the three-year agreement will not exceed \$1,000,000. He noted that the term may be extended for one additional year at the sole discretion of the SDA. Mr. Nixon said that the Committee recommends that the Board approve the contract award to Vinci Systems, Inc. for Network, Hardware and Software Support Services.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Ms. Hassett, the Network, Hardware and Software Support Services Contract was approved with the Board's unanimous vote in favor of ***Resolution 5a***.

Mr. Nixon then discussed the 2016 budget re-forecast which had been presented to the Committee by management. He said that management had reported that the re-forecasted budget is down \$1.5 million as compared to the approved 2016 annual budget. He explained that the

reduced spending projections are primarily attributable to fewer full time employees resulting in salary and benefit cost savings of \$1.3 million.

Mr. Nixon then discussed the July 2016 Monthly Financial Report which had been shared with the Committee by management. He said that Year-to-Date Authority Operating Expenses (Actual vs. Budget), at \$11.3 million, are down \$2 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.

In continuing, Mr. Nixon said that Year-to-Date School Facilities Project Expenditures (Actual vs. Forecast), at \$221.2 million, are \$19.2 million lower as compared to the capital spending forecast for the corresponding period. He noted this variance is due to lower than anticipated expenditures in construction work (\$12.4 million), property acquisitions (\$2.2 million), furniture, equipment and technology (\$2.9 million), and other related project costs (\$1.7 million). Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual) have decreased by \$27.6 million as compared to the corresponding prior year. He advised that the year-over-year variance is attributable to increased construction related activity (\$10.8 million) and school furniture, equipment and technology (\$11.1 million). He advised the Board that this variance is offset by decreased spending for grant activity (\$14.1 million), property acquisition--e.g. the 2015 Paterson Catholic property acquisition (\$30 million), and project insurance--e.g. the 2015 down payment for the OCIP renewal agreement for project insurance (\$4.9 million).

In concluding, Mr. Nixon reported that, at the current time, 75.7% 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. He said that the estimated value of active school facilities projects is approximately \$2.2 billion.

School Review Committee

Preliminary Project Charter – Plainfield Public School District – New Woodland Elementary School

Mr. Walsh asked Ms. Hassett to provide the report of the School Review Committee. Ms. Hassett said that the SDA School Review Committee met on August 15, 2016 at which time management presented a preliminary project charter for the New Woodland ES project in the Plainfield Public School District. She reported that the Department of Education's (DOE) 2013 Educational Facilities Needs Assessment identified Facilities Efficiency Standard (FES) compliance needs in the Plainfield Public School District. She said that specifically identified was localized overcrowding in the district's K to 5 grade levels along with facilities with classrooms that do not meet FES requirements and facilities providing less square feet per student than is prescribed. She informed the Board that following initial discussions between the district and SDA staff, two addition/renovation projects at the district's Woodland and/or Cook Elementary Schools were proposed as the solution to address these needs. Ms. Hassett said that, with Board approval, SDA staff then began validation activities which included a review of the district's Long Range Facilities Plan and identification of the existing and proposed school facilities included in that plan. She explained that a working group (the district, DOE and SDA) examined and validated current district needs and discussed the proposed elementary school project(s)--assessing current and projected district enrollments and existing district educational capacity. She informed the Board that this evaluation confirmed the district-wide overcrowding and FES compliance needs and localized overcrowding in the district's K to 5 grade levels. She said that an evaluation of the schedule and the logistics of undertaking two addition and renovation projects identified the potential complexities of phasing the projects, as well as the

need for temporary space to house the student population during construction of each project. She explained that, after evaluating the options to address the district's needs and after discussion with the district and DOE, SDA management recommends advancement of one new approximately 121,000 square foot replacement school to educate 756 students in grades K to 5. Ms. Hassett explained that advancement of one new school project, as opposed to two addition/renovation projects, would significantly address the district's needs while avoiding the additional cost associated with undertaking the two projects. She advised the Board that it would also provide a modern educational environment better suited to delivering the district's educational programs and eliminate 1) the unforeseen conditions and uncertainty inherent in renovation projects and 2) the existing educational adequacy limitations associated with the existing older facilities. She noted that advancing one project would allow for project delivery approximately one year earlier than proceeding with two addition/renovation projects.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Luckie, the preliminary project charter for the New Woodland ES project in the Plainfield Public School District was approved with the Board's unanimous vote in favor of *Resolution 6a*.

Public Comments

The Chairman then opened the Public Comments portion of the Board Meeting. Ms. Kelly asked Mr. Jerrell Blakeley of the Healthy Schools Now Coalition to address the Board.

Mr. Blakeley introduced himself as the Campaign Organizer for the Healthy Schools Now Campaign. He inquired as to the scope of the domestic water line piping that is being replaced at the Trenton Hedgepeth-Williams School (School). Mr. McKenna explained that the pipes requiring replacement are the copper pipes located in the older buildings on the site, i.e. not

pipes located in the newer (circa. 1960s) addition section on the site. He said that SDA will complete the work in October. Mr. Blakely asked if work will be ongoing while students are in the building. Mr. McKenna assured Mr. Blakely that work would only proceed on nights and weekends when students are not occupying the building. Mr. Blakely then inquired about an article in the Trentonian newspaper pertaining to asbestos abatement at the School. Mr. McKenna noted the routine presence of asbestos in older buildings and explained the asbestos abatement permitting and implementation process. He said that air monitoring equipment continues to be utilized on site and that no issues have been reported to date. He said that the consultant report that is prepared will be provided to the district. Mr. Blakeley requested a copy as well. Mr. Blakeley then inquired as to why the School's teachers met off-site the previous week instead of at the School. Mr. McKenna explained that the decision for the teachers to meet elsewhere was not due to any air quality related concerns but, rather, due to the "mess" typically associated with ongoing construction activities. Mr. Arcario then reiterated that no piping replacement is being conducted in the newer section of the buildings.

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 7, 2016 meeting.

/s/ Jane F. Kelly
Assistant Secretary