

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, SEPTEMBER 6, 2017**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, September 6, 2017 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)

Willem Rijkssen (Treasury)

Kevin Egan

Loren Lemelle

Michael Maloney

Robert Nixon

Mario Vargas

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

At the Chairman's request, Charles McKenna, chief executive officer (by teleconference), Andrew Yosha, executive vice president; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Manuel Da Silva, vice president; Albert Barnes, chief counsel; Sean Murphy, director; and Karon Simmonds, director of the SDA, participated in the meeting. Thomas Huth 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 33 West State Street in Trenton, New Jersey. Ms. Kelly then conducted a roll call and indicated that a quorum of the Members was present.

Approval of Meeting Minutes

Mr. Walsh presented for consideration and approval the minutes of the Board's August 2, 2017 Open and Executive Session meetings. A copy of both meetings' 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. Luckie, the August 2, 2017 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

At the Chairman's request, Mr. Yosha provided the Members with the report of the CEO. Mr. Yosha began his report with an update on the Trenton Central HS (TCHS) project. He said that structural steel installation is nearly complete, and roofing, exterior sheathing and concrete masonry unit installation work is ongoing. He reported that SDA staff has submitted the final building design, incorporating prior Department of Community Affairs (DCA) comments, to DCA. He noted that SDA staff would discuss potential project schedule changes later in the meeting.

With respect to the Bridgeton Buckshutem Road ES and Quarter Mile Lane ES projects, Mr. Yosha said that SDA staff has completed both projects and is currently closing them out. With regard to the Camden HS project, he reminded the Members that the Board approved a demolition services award at the August Board meeting. He said that SDA staff issued a final determination addressing a protest received from another bidder, and issued a notice of award this past Friday (September 1) to USA Environmental Management Inc.

Mr. Yosha reported that the design-builder has initiated the design phase for the East Orange George Washington Carver ES project. With respect to the Elizabeth New ES project, he said that the school would open pursuant to a temporary certificate of occupancy (TCO). He added that the exact date is tied into TCO issuance and that this is expected this week. He noted that the auditorium and three music rooms would be excluded from the TCO and that work will be completed in those spaces by the end of the month.

Next, Mr. Yosha gave an update on the Garfield James Madison ES No. 10 project. He reported that exterior veneer work, mechanical, electrical and plumbing rough-in work and exterior grading work are all approximately 65% complete. He said that preparation work has begun for the installation of the vapor mitigation system and concrete slab on grade. He added that roofing work is scheduled to begin this month.

With respect to the Harrison New ES project, Mr. Yosha informed the Members that Brockwell & Carrington's design for footings and foundation work is under review by DCA. He said that the design for the remainder of the project is under review by the SDA prior to its submission to DCA. With regard to the Irvington Madison Avenue ES project, he reported that design phase services continue. He said that the general contractor has begun construction activities associated with the building's foundation.

Mr. Yosha said that design development phase services are ongoing for the Keansburg Port Monmouth Road ES project. For the addition and renovations project at the Millville HS, he reported that Hall Construction (Hall), the design-builder, continues with on-site investigations to confirm existing conditions. He said that a recommendation of award for construction management (CM) services is on today's agenda.

In continuing, Mr. Yosha reported that, for the New Brunswick Paul Robeson ES project, masonry, HVAC, electrical and plumbing work is ongoing and window installation in the addition is approximately 90% complete. For the Newark South Street ES project, he said that rooftop HVAC, rough electrical and plumbing, roofing, windows and exterior brick installation work is ongoing.

Turning to projects in the Orange School District, Mr. Yosha reported that, for the Cleveland ES project, the design consultant is finalizing the design development phase. He said that the site improvements contractor has completed abatement and demolition work. He noted that remaining site work is ongoing and staff expects it to be complete by the end of the month. He said that the design consultant continues design development work for the Orange HS project.

Next, Mr. Yosha gave an update on projects in the Passaic School District. He reported that, for the Leonard Place ES project, review of final design is nearing completion and SDA staff expects to issue the notice-to-proceed (NTP) for remaining building construction this month. He advised the Board that SDA staff advertised the design-build services package in mid-June for the Dayton Avenue Educational Campus project, adding that interested bidders are submitting questions. Mr. Yosha informed the Members that SDA staff adjusted the due date for

receipt of technical and price proposals to October 5, 2017, an adjustment suited to the complexity of the project.

Mr. Yosha reported that the demolition contractor has begun abatement work for the Paterson Union Avenue MS project (former site of Don Bosco Academy). For the Pemberton Denbo Crichton ES project, he said that temporary space is being readied for the upcoming school year and abatement work has begun. He noted that SDA staff expects to advertise a solicitation for design-build services later this month.

Mr. Yosha informed the Members that, for the Perth Amboy Seaman Avenue ES project, design phase services, site utility, curb installation and dynamic compaction work is ongoing. He added that footings and foundation work is scheduled to start this month. For the Vineland New MS project, he said that masonry, steel erection, roofing, electrical, plumbing, HVAC and site work is ongoing. He added that window installation work has commenced. He said that the West New York Harry L. Bain PS No. 6 project is substantially complete and that SDA staff participated in a ribbon-cutting ceremony the previous day to mark the reopening of the school.

Turning next to ongoing procurement activity, Mr. Yosha said that, later in the meeting, procurement staff would be presenting a construction management services award for the Millville HS project, along with site consultant services task order contract awards, and an OCIP IV broker services award. He said that other activity currently underway includes procurements for design-build services for the Passaic Dayton Avenue Educational Campus project, legal services, and business, real estate property & casualty insurance broker services.

Reporting on events, outreach and other SDA activities, Mr. Yosha again reported that, on September 5, SDA joined the West New York School District for a school re-opening ribbon

cutting ceremony for the Harry L. Bain ES. He said that SDA completed significant rehabilitation work at the school.

Mr. Yosha informed the Members that SDA staff expects to join Jersey City School District officials and students for a ribbon cutting ceremony to celebrate the opening of the new Patricia M. Noonan ES. He said that staff would advise the Members when that event is scheduled. He added that Communications staff is also working to schedule a ribbon cutting ceremony for the new Halloran ES in Elizabeth as well as groundbreaking ceremonies for the Perth Amboy Seaman Avenue School and Irvington Madison Avenue ES.

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 21, 2017. He said that management provided the Committee with the June-July 2017 New Funding Allocation and Capital Plan Update. He advised the Board that the only SDA District Reserve Balance that experienced a change was the 2011 Emergent Projects Reserve Balance which decreased by \$6.9 million due to the release of funds for the Salem City MS structural ceiling repair project and emergent projects at the Paterson New Roberto Clemente ES, Newark Hawthorne Avenue ES, and Plainfield Cook ES. Additionally, he reported that the reserve balance for the Regular Operating Districts (RODs) increased by \$2 million during the reporting period due to reductions in state share for grant projects nearing completion.

Next, Mr. Nixon advised the Members that the Board will be asked to consider and act with respect to one item—a contract award for Owner Controlled Insurance Program (OCIP IV) Broker Services. Mr. Nixon referenced material that previously had been distributed for Board review. He advised that the current OCIP III is due to expire on March 1, 2018. He described

the full range of broker services to be provided as part of the new OCIP program. He said that, if approved, the marketing results and cost of OCIP IV would be presented separately to the Members, and the Authority would then direct the broker to purchase the insurance policies and perform the policy and claim services. Mr. Nixon explained that the RFP was advertised beginning on June 1, 2017 and was based on approximately 13 capital projects with an aggregate construction cost estimate (CCE) of \$845 million, plus another \$25-\$50 million in emergent project work. He reported that the top ranked firm at the completion of the process was Willis Towers Watson/Willis of New York, Inc. (Willis). He said that the award is for the not-to-exceed amount of \$398,315. He said that the Members are requested to approve the contract award to Willis with the engagement to begin upon issuance of the initial NTP for marketing services. He said that the engagement would extend for a period of three (3) additional years from the effective date of the various new OCIP policies or until all obligations of the consultant to deliver services have been performed, whichever occurs later. Mr. Nixon said that if the actual enrolled CCE proves to be 10% greater up to \$1 billion, a negotiated compensation fee has been determined. Accordingly, he said that the Members also are requested to approve a cost not-to-exceed \$40,000 for a policy administration contingency. Ms. Simmonds said that she was pleased with the procurement process and outcome. Mr. Vargas asked if the Authority has ever worked with Willis before. Ms. Simmonds responded that Willis was the broker for the Authority's OCIP I program and that the team servicing this contract is the same team that has been handling the New York construction program for approximately the last fifteen years.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. After discussion, upon motion duly made by Mr. Vargas and seconded by Mr. Hassett,

the contract award for OCIP IV Broker Services to Willis Towers Watson/Willis of New York, Inc. was approved with the Board's unanimous vote in favor of ***Resolution 5a***.

Mr. Nixon reported that, at the Committee's meeting, the Authority's internal auditing unit had presented one audit to the Committee. He then provided the July 2017 Monthly Financial Report. He advised that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$12.3 million, which is down \$1.8 million as compared to the budget for the corresponding period. He explained that the decrease is mainly attributable to lower salary and benefit costs. He said that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total \$215.2 million and are \$14.9 million higher as compared to the capital-spending forecast for the corresponding period. Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual), at \$215.2 million, are \$6 million lower as compared to the corresponding prior year period. He explained that the variance is due to decreased spending on construction-related activity (\$18.7 million), school furniture and equipment (\$2.2 million) and other project related costs (\$2.3 million), offset by an increase in grants (\$19.3 million). Mr. Nixon then reported that, since program inception, approximately 78.4% of the funds allocated for SDA districts have been disbursed. Additionally, he said that, since program inception, 96% of all SDA disbursements relate to school facilities projects, while 4% relate to operating expenses. He advised that the estimated value of current school facilities project activity is approximately \$2.2 billion.

Finally, Mr. Nixon said that management had advised the Committee that the 2017 Budget Reforecast shows a negligible change from the \$22.9 million budget as compared to the approved 2017 Annual Budget. He explained that the two material variances are that: 1) employee salary projections are lower than budgeted due to headcount; and 2) employee benefits

are higher than budgeted due to the accrual portion of future pension expenses necessitated by General Accounting Standards Board (GASB) No. 68.

School Review Committee

Construction Manager Award and Approval of Revised Final Project Charter – Millville School District - Millville High School; Approval of Awards - Site Consultant Services – GP-0243-L01; Change Order: Terminal Construction Corporation

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the Committee met on August 21, 2017. He said that the first matter for Board consideration involves a construction manager award and revised final project charter in connection with the Millville HS project. He advised the Members that the Millville HS project (the Project) includes additions and renovations to the existing Millville HS. He reminded the Members that, on April 5, 2017, the Board had approved the project's final charter and the award of an \$114,453,000 design-build construction contract to Hall. He said that on May 24, 2017 SDA issued Hall a NTP with design phase services. Mr. Luckie said that management now is seeking Board approval to enter into a contract for CM services. He said that the package for CM services was advertised as a "40% price" and "60% other factors" solicitation beginning June 27, 2017. He advised the Board that, upon completion of the procurement process, management recommends award of a contract in the amount of \$3,255,000 for CM services for the Project to GREYHAWK North America (GREYHAWK). He added that management also is seeking approval of a revision to the final project charter to reflect the actual dollar amount of the CM contract and appropriate contingency. He advised that GREYHAWK has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents.

A resolution pertaining to the CM services procurement had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Nixon,

the construction manager award and revised final charter for the Millville HS project was approved with the Board's unanimous vote in favor of ***Resolution 6a***.

Next, at the Chairman's request, Mr. Luckie discussed the recommended awards for site consultant services. He advised the Board that the current task order contracts are due to expire in October 2017. He said that management is seeking Board approval to award contracts to 12 firms, creating a new pool of firms with the experience and qualifications to perform the site consultant services. He noted that each contract would have a three-year term and a not-to-exceed limit of \$3 million. Mr. Luckie said that management's recommendation follows a competitive procurement process, which was described in the memorandum that staff had shared with the Board prior to the meeting. Mr. Murphy briefly discussed the procurement process used and the negotiations that took place with the 12 proposed firms.

A resolution pertaining to the site consultant services procurement had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Walsh, the awards for site consultant services were approved with the Board's unanimous vote in favor of ***Resolution 6b***.

Mr. Luckie then discussed a proposed change order for Terminal Construction Corporation (Terminal) in connection with the TCHS project. He said that the new TCHS would be an approximately 374,000 square-foot facility that will educate 1,850 students in grades ten through twelve. He reminded the Members that, in March 2016, the Board approved the project's final charter and the award of a design-build construction contract to Terminal in the amount of \$115,950,000. He said that the contractual substantial completion date for the project was set at June 2, 2019. Mr. Luckie informed the Members that Change Order No. 3 would support delivery of the high school a full year earlier than originally planned by modifying the

contractual substantial completion date by 291 calendar days. He said that this would adjust the June 2, 2019 substantial completion date to August 15, 2018. He advised the Members that, with Board approval, SDA will provide additional compensation in the amount of \$1 million to Terminal to facilitate this schedule adjustment. Mr. Luckie said that SDA executive leadership (chief executive officer) has advised that acceleration of the construction schedule would allow the TCHS students to occupy the new school earlier than originally planned and learn in an environment that is more conducive to the small learning community structure established by the district. He said that executive leadership has also advised that earlier student occupation of the new facility would result in a favorable impact to the project budget through avoidance of temporary facility lease and CM services costs. Mr. Luckie noted that, prior to final approval of Change Order No. 3, SDA will conduct additional due diligence in an effort to ensure the design-builder's ability to meet the aggressive construction schedule. Mr. McKenna said that the change order would result in savings of approximately \$650,000 through avoidance of swing space lease costs and additional savings through avoidance of CM services costs and furniture storage costs. In terms of potential risk, he said that in February of 2018 the Authority would need to decide whether to renew its swing space leases. He said that if the Authority chooses to go forward with the change order, does not renew the lease and the contractor is late, then SDA will have a high school that is not ready and nowhere to send the children. He also advised the Board that there exists some concern that Hurricane Harvey and the massive Houston rebuilding effort could affect the availability of building materials in a general sense. He also said that staff must engage in additional discussions with the contractor, Terminal, in order to validate its ability to achieve the earlier substantial completion date. He said that such discussions have been held but additional due diligence is required. Mr. Vargas suggested including contingencies or

verbiage about the issues that the Board has discussed in the resolution. Mr. McKenna said that the verbiage should convey that the Authority would relook at this in January 2018 at which time it will be obvious whether sufficient progress has been made such that it can be determined that the earlier substantial completion date truly can be achieved. He said that if Terminal has not met the benchmarks that SDA staff thinks must be met, then the Authority could terminate the change order.

Resolution 6c. pertaining to the TCHS schedule adjustment matter had been provided to the Board in advance of the meeting. With an expectation of revisions to that form of resolution to reflect the Board's discussion of the matter and upon motion duly made by Mr. Vargas and seconded by Mr. Nixon, Change Order No. 3 for Terminal Construction Corporation was approved upon the Board's unanimous vote.

Public Comments

The Chairman asked Mr. Billie Hayes, a Trenton resident, to address the Board. Mr. Hayes said that, while he has not appeared before the Board in some time, something has been bothering him about the TCHS project that he would like to bring to the Board's attention.

He said that he recently had occasion to go the TCHS site and observed dust blowing in the parking lot as kids were leaving football practice. In addition, he said that he had observed rocks in the school parking lot, despite the fact that, during the planning phases, the community was told that the parking lot would not be part of the construction site. He also advised the Board that there is a "bump" in Greenwood Avenue, a street adjacent to the project site, which was not there prior to the start of the project. He also expressed concerns with the weeds he observed growing around the perimeter of the trailers located on the construction site, noting the

potential for ticks and bugs as a result. He said that he is present to ask SDA to address these issues.

Specifically, he said that he is asking that SDA install a gate cover around the entire site, pick up the rocks in the parking lot, have the weeds trimmed and pave the Greenwood Avenue bump.

Mr. McKenna (who was participating in the meeting telephonically) responded that, upon his return to New Jersey, he would go to the project site. He assured Mr. Hayes that he would address those issues that can be addressed and provide an explanation for those issues that cannot be addressed.

Mr. Hayes said that he also is concerned about the change order that the Board had approved earlier in the meeting for the TCHS project. He said that he is not in favor of the new TCHS opening with a TCO but, rather, SDA should stick to the original plan. He said that he supports a smooth transition to the new facility and is encouraging the Board to rescind its approval of the change order. Mr. Walsh said that the change order approved by the Board was simply to move things forward. Mr. Hayes again stated his disagreement.

The Chairman then asked Mr. Frank Faras, a resident of the City of Trenton, to come to the podium. Mr. Faras said that he had recently provided a series of links to YouTube videos. He said that he shared these videos with the Members so that they could view the clouds emanating from the TCHS project site and coming across the street every twenty minutes at least five days per week. He described the content of the videos, noting that even when it rains the particulates are so fine that they travel into the neighborhood. He said that, with the tarp in place, the particulates shoot up higher and come into the neighborhood. He said that the manufacturer of the product has indicated that it is carcinogenic and dangerous. He advised that he is living

across from a place that is trying to make him sick. He suggested that SDA staff move the mixers inside the gym or another enclosed space so that the emissions would not come into his neighborhood. He offered to answer any questions the Board might have regarding the videos.

The Chairman then called upon Jerrell Blakeley of the Healthy Schools Now/Work Environment Council to address the Board. Mr. Blakeley said that the Healthy Schools Now Coalition believes that all students deserve a healthy, safe school environment. He said that, also as a TCHS graduate himself, he believes that the current TCHS students have been split up for too long and denied the normal high school experience, so the sooner that the students are in the new TCHS facility, the better. He expressed his support for an August 2018 substantial completion date. Mr. McKenna expressed again his intent to look into the concerns raised by Mr. Hayes.

Adjournment

There being no further business to come before the Board, Mr. Walsh 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 6, 2017 meeting.

/s/ Jane F. Kelly
Assistant Secretary