

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, NOVEMBER 15, 2017**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, November 15, 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

Juan Burgos (EDA)

Kevin Luckie (DCA)

Bernard Piaia (DOE)

Willem Rijkssen (Treasury)

Kevin Egan

Loren Lemelle

Lester Lewis-Powder

Robert Nixon

Mario Vargas

being a quorum of the Board. Mr. Egan, Ms. Lemelle, Mr. Lewis-Powder, Mr. Nixon, Mr. Piaia, Mr. Rijkssen and Mr. Vargas 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; Manuel Da Silva, vice president; Albert Barnes, chief counsel; Anthony Gilfillan, 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.

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 October 4, 2017 Open Session meeting. A copy of the 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. Piaia, the October 4, 2017 Open Session meeting minutes were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 3a.***

Authority Matters

CEO Report

The Chairman asked Mr. McKenna for the Report of the Chief Executive Officer. Mr. McKenna opened his report with an update on the Trenton Central HS (TCHS) project. He reported that, roofing, exterior sheathing and concrete masonry unit installation work is ongoing. He informed the Members that staff has submitted the final building design to the Department of Community Affairs (DCA) incorporating prior DCA comments and is currently awaiting release of the final building review. He said that interior rough-in HVAC, fire suppression, electric, plumbing and framing is ongoing.

Mr. McKenna reported that for the Camden HS project, SDA staff issued the notice-to-proceed (NTP) with demolition services to USA Environmental Management on September 26. He added that abatement activities are underway and scheduled for completion by January 2018. He provided an update regarding the litigation that has been filed in connection with the project.

With respect to the East Orange George Washington Carver ES project, Mr. McKenna said that design phase services are ongoing and that SDA staff is finalizing preliminary design work. For the Elizabeth New ES project, he reported that, on October 30, DCA issued a temporary certificate of occupancy for the entire building, including spaces that previously had been excluded. He said that the design-builder is addressing punch-list items. He added that staff anticipates applying for a certificate of occupancy by the end of the year.

Mr. McKenna next reported that, for the Garfield James Madison ES No. 10 project, exterior veneer work is complete and mechanical, electrical and plumbing rough-in work is ongoing. He said that roofing work is nearly complete and exterior site work has begun.

With regard to the Harrison New ES project, Mr. McKenna informed the Members that design phase services continue. He said that DCA issued a release for footings, foundations and structural steel work. He added that SDA staff expects construction activities to begin later in the month.

Mr. McKenna reported that, for the Irvington Madison Avenue ES project, design phase services continue and the design builder has begun construction work associated with the building's footings and foundations. For the Keansburg Port Monmouth Road ES project, he said that design phase services continue. With regard to the addition and renovation project at the Millville HS, he advised that design phase services continue and abatement work is ongoing. He

added that SDA staff had issued GREYHAWK North America LLC a limited NTP the previous month for review of the design-builder's proposed construction schedule.

In continuing, Mr. McKenna gave an update on the New Brunswick Paul Robeson ES project. He said that masonry, HVAC, electrical, plumbing and site work is ongoing; window installation in the addition is nearly complete; and structural repair to the existing building is ongoing.

Mr. McKenna reported that, for the Newark South Street ES project, interior partitions, painting, final electrical and plumbing, and final grading work is ongoing. He noted that flooring and bathroom partition installation work has begun.

Mr. McKenna said that design phase service continue on both the Orange Cleveland ES and Orange HS projects. For the Passaic Leonard Place ES project, he reported that SDA staff issued a full construction NTP. He added that exterior/interior masonry is ongoing.

With respect to the Passaic Dayton Avenue Educational Campus project, Mr. McKenna said that a recommendation of award for design-build services is on the meeting agenda. He added that the number one ranked firm is Terminal Construction Corporation (Terminal) and that the number two ranked firm, Dobco, Inc., has filed a bid protest. Reporting on the Paterson Union Avenue MS project (former site of Don Bosco Academy), he said that abatement work is ongoing in the main building and SDA staff has begun demolition of the technical building.

With regard to the Pemberton Denbo-Crichton ES project, Mr. McKenna reported that abatement of the Crichton ES is ongoing. He said that Tricon Enterprises (Tricon) encountered unforeseen asbestos containing material (ACM) and, in order to address it, management will be seeking Board approval later in the meeting to increase the Allowance fund for unforeseen

conditions by \$300,000. He informed the Members that technical and price proposals for the design-build procurement are due November 30.

Mr. McKenna reported that, for the Perth Amboy Seaman Avenue ES project, design phase services continue and site utility curb installation, and footing and foundation work is ongoing. With regard to the Vineland New MS project, he said that masonry, steel erection, roofing, electrical, plumbing, window installation, HVAC and site work is ongoing. He said that interior painting has commenced as well.

Reporting on the Authority's procurement activities, Mr. McKenna said that, later in the meeting, management will be presenting a design-build services award for the Passaic Dayton Avenue Educational Campus project and professional services awards for the Authority's relocation services task order contract; and business, real estate property & casualty insurance broker services. He said that other activity currently underway includes procurements for design-build services and OCIP IV administration services.

Turning to Authority events, outreach and other activities, Mr. McKenna reported that, on October 5, SDA joined Perth Amboy students and district officials for a groundbreaking ceremony celebrating the start of construction of the new Seaman Avenue ES. He said that, on October 12, he attended a groundbreaking ceremony at the Park Avenue ES/Freehold Intermediate School in Freehold. He added that this is a project the SDA is funding through the ROD grant program.

Mr. McKenna informed the Members that, on October 27, staff held a beam signing ceremony for the new TCHS project. He said that SDA staff was happy to have the Chairman and Mr. Maloney in attendance at the event.

Mr. McKenna said that, on November 2, he attended the dedication ceremony for the new Halloran ES in Elizabeth. He added that the ceremony was wonderful and included various student groups.

Mr. McKenna reported that, on November 1, Manuel DaSilva and Greg Voronov presented SDA's 2018 project forecast at the New Jersey Alliance for Action's annual Construction Forecast Seminar.

Mr. McKenna informed the Members that the SDA recently launched a new SDA website. He said that the Authority's Information Systems and Communications staffs worked extremely hard on the new site.

Mr. McKenna reported that the full Board has now completed Ethics Training for 2017. He said that SDA ethics staff appreciates their prompt response.

Audit Committee

Broker Services and Business and Real Estate Property and Casualty Insurance Program – GP-0247-R01

At the Chairman's request, Mr. Nixon reported that the Audit Committee met on October 16, 2017 at which time management provided the Committee with the September 2017 New Funding Allocation and Capital Plan Update. He said that there were no changes in any of the reserve balances for the SDA Districts during the reporting period. Turning to the Regular Operating Districts (RODs), Mr. Nixon reported that the Program Reserve for the RODs increased by \$2 million during the reporting period due to reductions in state share for grant projects nearing completion.

Next, Mr. Nixon reported that management had recommended and the Committee had considered a recommendation for approval of an award for Broker Services for the Authority's

Business and Real Estate Property and Casualty Insurance Program (the Program). He said that a request for quotations was advertised beginning in May 2017. He advised the Board that, upon completion of the procurement process, the top ranked firm was the Safeguard Group. He said that the award is for a not-to-exceed amount of \$1,445,000—\$485,000 annually—for the placement and servicing of the Program for a three (3) year term inclusive of two (2) renewal years. He advised the Board that the proposed annual premiums reflect an approximate 17.9% reduction in costs from the current program. Ms. Simmonds noted that the favorable pricing reflects a decrease in SDA real estate inventory due to the disposition of property and the movement of projects into the SDA's Owners Controlled Insurance Program.

Following discussion, upon motion duly made by Mr. Walsh and seconded by Mr. Luckie, the Board approved the proposed contract award for broker services for the Program with its unanimous vote in favor of ***Resolution 5a***.

Next, Mr. Nixon advised the Board that the internal audit division had presented the Committee the results of an audit of the Matrix East Front Street Operating Company, Inc., LLC Common Area Maintenance Fees.

In continuing, Mr. Nixon reported that management also had shared with the Committee the results of two (2) real-time construction audits. He explained that the audits, presented by SDA's outside consultant, Experis, LLC, were conducted in compliance with the statutory requirement that capital portfolio projects costing over \$10 million be reviewed to assess whether state funds were expended properly utilizing contract terms, SDA practices and state rules and regulations. He reported that the results of the audits were positive.

Next, Mr. Nixon advised the Board that management informed the Committee of the Authority's need to purchase a new construction management software system. He described the

cost impact the expenditure will have on the 2018 budget and subsequent budgets. He explained that the current system is utilized by both internal staff and external contractors. He advised the Board that the current system, purchased in 2006, has reached obsolescence. He explained that the new system would have the functionality of the current system plus additional functionality to support ongoing operations and additional system enhancements. Mr. Nixon explained that staff is employing a multi-step process to select the most suitable replacement system, noting that the addition of new functionality in the replacement system is being investigated. He advised that the cost of software and implementation services for the first year is approximately \$1.5 million and the second year cost for implementation, maintenance and support services is approximately \$1 million. He said that, thereafter, recurring maintenance and support services cost would equal \$300,000 annually. He noted that the cost of purchasing the System would be included in the 2018 budget that the Board will consider in December. He advised that management would present the software purchase to the Board then as well. Mr. Gilfillan provided additional details regarding the current system, a description of the replacement system that is needed and the process staff is employing to obtain the latter. Ms. Kelly said that the matter will be discussed at the November 20 meeting of the Audit Committee and that if any non-Audit Committee Member wishes to participate they are welcome to do so up to a maximum of 7 Member participants.

Next, Mr. Nixon provided the Board with the September 2017 Monthly Financial report. He advised the Board that Year-to-Date Authority Operating Expenses (Actual vs. Budget) at \$15.1 million, are down \$2.3 million as compared to the operating budget for the corresponding period. He explained that this is largely attributable to 33 fewer than anticipated full time employees. In continuing, Mr. Nixon advised the Board that the Authority's year-to date

operating expenses (Actual vs. Prior Year Actual), at \$15.1 million, are \$1.3 million higher as compared to actual expenses for the corresponding period. He said that this variance is due to higher employee benefit costs due primarily to the non-cash accrual for pension expense recorded under General Accounting Standards Board (GASB) No. 68. Mr. Nixon said that year-to-date school facilities project expenditures, at \$274.3 million, are \$9 million higher as compared to the capital spending forecast for the corresponding period. He said that project expenditures (Actual vs. Prior Year Actual) have decreased by \$21 million as compared to the corresponding prior year. He explained that this is largely attributable to decreased spending in construction related activity (\$17.7 million), school furniture, fixtures and equipment (\$13.9 million), property acquisition (\$1.1 million) and other project related costs—offset by a spending increase in grants (\$16.1 million). In concluding his report, Mr. Nixon said that, currently, SDA has disbursed 79.4% of the funds authorized for the SDA Districts. 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 remains at \$2.2B.

School Review Committee

Approval of Award – State-Wide Relocation Consultant Services; Design-Build Award and Approval of Final Project Charter – Passaic Dayton Avenue Educational Campus; Change Order, Tricon Enterprises, Pemberton Denbo Crichton ES project

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie reported that the School Review Committee met on October 16, 2017. He said that the first item the Committee considered is a contract award for statewide relocation consultant services. He reported that the SDA has entered into term contracts for statewide relocation

consultant services since 2003. He advised that the current task order contract would be expiring in December 2017, so management is asking that the Board approve the award of a contract to a firm with the experience and qualifications to provide the required services. Mr. Luckie said that SDA staff conducted a single-step process to procure a relocation services consultant. He said that, upon completion of that process, management recommends that the Board approve a contract award to O.R. Colan Associates to provide state-wide relocation consultant services at the rates listed in the memorandum and for a not-to-exceed amount of \$3,000,000 over the three-year term of the contract.

Following discussion, upon motion duly made by Mr. Burgos and seconded by Mr. Piaia, the Board approved the contract award for statewide relocation consultant services with its unanimous vote in favor of ***Resolution 6a.***

In continuing, Mr. Luckie said that the Committee is advancing for Board approval a design-build award and final project charter for the Passaic Dayton Avenue Educational Campus project (the Project). He reminded the Board that the Authority's 2012 Capital Plan identified the Project for validation and advancement into pre-development. He reminded the Members that, in November 2013, the Board approved advancement of the Project in order to assist the district in addressing its overcrowding problem. He said that the Board also approved a preliminary charter recommending a design-build approach for the Project. Mr. Luckie explained that the Project involves construction of an approximately 448,000 square foot, 4-story educational campus. He added that it includes four school facilities located in a unified structure with shared central facilities and is designed to educate approximately 2,760 Pre-K through 8th grade students. He said that SDA staff advertised a package for design-build services on June 13, 2017 with "price" weighted as 60% of the overall weight and "all non-price factors" having a combined weight of

40%. Mr. Luckie informed the Members that the design-build team will complete the design of the campus facility utilizing SDA-developed schematic design documents and also will provide construction and construction administration services. He reported that, upon completion of the competitive procurement process, management recommends award of a \$163,560,000 contract for design-build services to Terminal for the Project. He said that, at the time of review, Terminal confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. He added that SDA executive management also recommends that the Board approve the Project's final charter.

Following discussion, upon motion duly made by Mr. Burgos and seconded by Mr. Piaia, the Board approved the design-build award and final charter for the Passaic Dayton Avenue Educational Campus project with its unanimous vote in favor of **Resolution 6b**.

Mr. Luckie then discussed a proposed change order for Tricon in connection with the Pemberton Denbo-Crichton ES project. He said that demolition of the Pemberton Crichton ES is necessary in order to prepare the site for SDA's delivery of a new 126,000 square foot, two-story facility that will educate 846 students in grades Pre-K through 5. He reported that, on June 12, 2017, the SDA issued a NTP to Tricon for abatement, demolition and site preparation services to be performed at the Crichton School. He advised the Board that Tricon's contract includes a \$150,000 Allowance for unforeseen conditions to address undisclosed, unforeseen subsurface conditions including asbestos, unidentified underground tanks and unidentified impacted soil. He said that the Allowance is also available to fund certified clean backfill following removal of the subsurface conditions. Mr. Luckie informed the Members that work performed by Tricon has revealed the presence of ACM in areas beyond those identified earlier by an SDA-engaged consultant. He explained that the existing Allowance is insufficient to cover removal of the

material. He said that management now is recommending approval of Change Order No. 4 in the amount of \$300,000. He advised that this would add funds to the Allowance in order 1) to cover removal and disposal costs related to the unanticipated asbestos material; and 2) to address any further unforeseen conditions that may be identified during the demolition of the facility and ancillary structures.

Following discussion, upon motion duly made by Mr. Piaia and seconded by Mr. Burgos, the Board approved Change No. 4 for Tricon Enterprises for the Pemberton Denbo-Crichton ES project with its unanimous vote in favor of *Resolution 6c*.

Public Comments

The Chairman opened the Public Comments portion of the meeting. He asked Frank Faras to address the Board. Mr. Faras said that he is resident of the City of Trenton and resides across the street from the TCHS site. Mr. Faras reminded the Members that at the previous month's Board meeting he had expressed his concerns regarding the location of three mixing stations across the street from his home. He said that Mr. McKenna had said that he would take care of it. He then referenced a picture he had provided and that staff had distributed to the Members in advance of the meeting. He said that the picture was taken one week prior and depicted a "collar" that was put on the side of the mixers but never used. He said that the collar should have been placed on top of the "hole". Mr. McKenna said that he had in fact taken care of relocation of the mixers that Mr. Faras had complained about at the previous meeting. Mr. Faras said that, while the mixers are not there now, they had been located across the street from his home for eight months. He said that during the summer months when windows were open it was possible to taste the material. He advised the Board that it is currently coating the leaves in the area. Mr. Faras again emphasized that the collar was not being used. Mr. Faras said that Mr.

McKenna has previously said that he has trouble hiring qualified engineers, adding that this is likely because these professionals do not want to work for a political hack who is the Governor's best friend. Mr. McKenna said that he has never said that he has trouble hiring qualified engineers and that, with his comments, Mr. Faras has insulted SDA staff. Mr. Faras then referenced the potential for completion of the TCHS project ahead of schedule. He suggested that this is because work on site is beginning at 5:00 AM. He said that this interrupts his mother's sleep. He emphasized that residents have rights too.

The Chairman then asked Gloria Smith to address the Board. Ms. Smith said that she is a resident of the City of Camden and resides across the street from the Camden High School site. She said that she was appearing before the Board "preemptively" in an effort to avoid issues going forward. She advised the Board that certain residents in the area have respiratory, heart and other health problems. She said that residents have recently noticed an increasing problem with rodents. Mr. McKenna said that he would have staff speak to Ms. Smith following the meeting to establish a direct line of communication. He said that he would be available to conduct a community meeting with the residents as well. Ms. Smith asked if a written plan exists addressing project related matters of interest to the community. She also expressed an interest in having health officials speak to the community regarding project related health matters. She asked that the Authority provide the community with a project schedule and logistics plan. In closing, she said that she wishes that the Authority had been able to keep the high school building's façade. Mr. McKenna said that he agrees but that this would have been cost prohibitive.

Adjournment

There being no further business to come before the Board, 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 November 15, 2017 meeting.

/s/ Jane F. Kelly
Assistant Secretary