

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, APRIL 4, 2018**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, April 4, 2018 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 (EDA)

Kevin Luckie (DCA)

Bernard Piaia (DOE)

Michael Kanef (Treasury)

Kevin Egan

Richard Elbert

Michael Maloney

Loren Lemelle

Lester Lewis-Powder

Robert Nixon

Mario Vargas

being a quorum of the Board. Ms. Hassett, Mr. Kanef, and Mr. Lewis-Powder participated in the meeting by teleconference.

At the Chairman's request, Charles McKenna, chief executive officer, Albert Alvarez, chief of staff; 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 (by teleconference); Albert Barnes, chief counsel; and Thomas Schrum,

managing director of the SDA, participated in the meeting. Adam Sternbach 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 then presented for consideration and approval the minutes of the Open and Executive Session meetings of the Board held February 7, 2018 and the minutes of the Open Session meeting of the Board held March 12, 2018. Staff had provided a copy of each set of minutes and resolutions to the Members for review in advance of the meeting. Upon motion duly made by Ms. Lemelle and seconded by Mr. Maloney, the Board approved the February 7, 2018 Open and Executive Session meeting minutes and March 12, 2018 Open Session meeting minutes with its unanimous vote in favor of the resolutions attached hereto as ***Exhibits 3a./3b. and 3c.***

Audit Committee

At the Chairman's request, Mr. Nixon said that the Audit Committee met on March 19, 2018 at which time management provided the Committee with the February 2018 New Funding Allocation and Capital Plan Update. He reported that there were no changes during the reporting period in any of the SDA District reserve balances. He further advised the Board that the reserve

balance for the Regular Operating Districts (RODs) increased by \$600,000 during the reporting period due to reductions in state share for grant projects nearing completion.

Next, Mr. Nixon said that staff provided the Committee with an informational overview of the Authority's cost recovery efforts. He reported that approximately \$3.6 million has been recovered to date through the program.

Mr. Nixon said that staff provided the Committee with the results of two audits conducted by the Internal Auditing Unit in order to comply with the statutory requirement that capital portfolio projects over \$10 million be reviewed to assess whether state funds were expended in accordance with contractual terms, SDA practices and state regulations

Mr. Nixon then provided the Board with the February 2018 Monthly Financial report. He advised the Board that Year-to-Date Authority Operating Expenses (Actual vs. Budget) at \$2.7 million are essentially unchanged as compared to the operating budget for the corresponding period. He said that year-to-date school facilities project expenditures, at \$42.7 million, are \$21.7 million lower as compared to the capital spending forecast for the corresponding period. He explained that this variance is due to lower construction costs and spending decreases in the grants program and in school furniture, fixtures and equipment. He said that project expenditures (Actual vs. Prior Year Actual) have decreased by \$7.6 million as compared to the corresponding prior year. He explained that this variance is due to reduced activity in the grants program and in school furniture, fixtures and equipment, offset by a spending increase in construction costs. In concluding his report, Mr. Nixon said that, currently, SDA has disbursed 80.5% 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 approximately \$2 billion.

School Review Committee

Approval of Change Order No. 3, Release of Funds from Program Contingency Reserve, Revised Final Charter and Reestablishment of Adjusted Construction Contract Value – Newark School District – Science Park High School; Contract Award for Temporary Classroom Units and Revised Preliminary Project Charter – Plainfield School District – New Woodland Elementary School

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the School Review Committee met on March 19, 2018. He advised the Board that the Committee is recommending approval of a Change Order, a release of funds from the program contingency reserve and of a revised final charter in connection with the Newark Science Park HS (High School) project. He said that the Committee also is recommending that the Board authorize reestablishment of an adjusted construction contract value for the project. Mr. Luckie reported that the High School is a 275,000 square foot technology magnet high school educating 1,200 students in grades 7 to 12. He said that the NJEDA initiated delivery of the High School in 2002, that a construction contract was awarded to Hunt Construction, and that a notice-to-proceed was issued in December 2004. He said that the High School project achieved substantial completion and received a temporary certificate of occupancy (TCO) on November 13, 2006. Mr. Luckie informed the Members that, during construction of the High School, the Department of Community Affairs (DCA) determined that the smoke control system (SCS) did not comply with International Building Code. He reminded the Board that the High School currently is occupied pursuant to a TCO but that a certificate of occupancy (CO) will not be issued until modifications are implemented and all identified deficiencies are remedied. He explained that modification of the High School's SCS is the primary element necessary for

completion of the project, issuance of the CO and final transfer of the school to the district. Mr. Luckie said that Change Order No. 3 in the not-to-exceed amount (NTE) of \$375,000 exceeds 10% of the contract value, the release of additional monies in the amount of \$444,705 exceeds 10% of the most recent Board-approved project charter and the revised project budget represents an increase of 16% to the final project charter the Board approved in May 2017. He said that, for these reasons, all actions require Board approval.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Nixon, and with Mr. Lewis-Powder abstaining, the Board approved the proposed Change Order No. 3, release of funds from the program contingency reserve, revised final charter and reestablishment of adjusted construction contract value for the Newark Science Park HS project with its unanimous vote in favor of ***Resolution 5a***.

Next, Mr. Luckie said that the Committee also is recommending a contract award for temporary classroom units (TCUs) and approval of a revised preliminary project charter for the Plainfield New Woodland Elementary School (Woodland ES) project. He reminded the Members that in September 2016 the Board approved a preliminary project charter for a new two-story school facility (the Project) on the Plainfield District-owned Woodland ES site. He said that the Project includes the construction of a new approximately 121,000 square foot facility to educate 756 students in grades Kindergarten to five (5) to serve as a replacement school for the existing Woodland and Frederick W. Cook Elementary Schools. He explained that the preliminary charter currently reflects construction of the new school on open space available on the Woodland ES site, followed by demolition of the existing Woodland School—allowing students to remain in the existing Woodland School until completion of the new school. At this

time, Mr. Kanef joined the call. Mr. Luckie informed the Members that flood plain concerns relating to the portion of the site planned for the new school were identified in July 2017, requiring an adjustment to the sequence of project activities. Specifically, he advised the Board that the demolition of the existing Woodland School must occur first to allow for the new school to be located outside of the flood plain. He said that this change in sequence requires changes in the project's scope, budget and schedule as well as the use of TCUs as temporary space during the demolition of the existing Woodland ES and construction of the New Woodland ES. He explained that these changes require revisions to the preliminary project charter approved by the Board in 2016 to include the costs of the TCUs and to address the budgetary impacts resulting from the change in project sequencing. Mr. Luckie said that management recommends that the Board approve the purchase of the TCUs from Vanguard Modular Building Systems for the NTE amount of \$700,000—representing costs for the TCUs' fabrication, delivery, placement, lease and removal, and inclusive of a contingency for unforeseen conditions. He added that management also recommends that the Members of the Authority approve the revised preliminary project charter as presented. Mr. Schrum said that the TCUs would be one structure with eight classrooms that will house 150 children.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Egan and seconded by Mr. Piaia the contract award for TCUs and approval of a revised preliminary project charter for the Plainfield New Woodland ES project were approved with the Board's unanimous vote in favor of ***Resolution 5b***.

Real Estate Committee

Approval of Awards - Package No. GP-0250-R01 - Term Agreements for Appraisal Services

At the Chairman's, request Mr. Vargas reported that the Real Estate Committee met on March 19. He explained that management is seeking approval to enter into contracts with a

number of real estate appraisal firms in order to utilize their services in connection with land acquisition and potential site divestiture activities. He advised the Board that the SDA previously procured appraisal services in 2003, 2006, 2009 and 2015. He said that these contracts have now expired and management is proposing to establish a new pool of real estate appraisal firms with the experience and qualifications to successfully perform the services. He noted that the specific work assignments under the contracts would be made by way of “task order” assignment on an as needed, rotational basis. He explained that the term of agreement for these contracts is three years and each contract will individually have a NTE value of \$50,000. Mr. Vargas noted that hourly rates and lump sum fees are the same as those of the 2015 appraisal services contracts. He said that the Committee recommends that the Board approve the award of contracts to 27 real estate appraisal firms in order to create a new pool of firms to perform the required services. He noted that the 27 firms have submitted the required documentation to enter into the term agreements.

Following discussion, upon motion duly made by Mr. Nixon and seconded by Mr. Luckie, the Board approved the awards for appraisal services with its unanimous vote in favor of ***Resolution 6a.***

Mr. Vargas announced that in Executive Session just prior to the meeting, the Board had discussed the Committee’s recommendation for approval of a proposed amendment to and extension of the SDA lease for temporary facilities for the Trenton Central High School project. A resolution pertaining to the lease amendment and extension was provided to the Members in advance of the meeting. Upon motion duly made by Mr. Nixon and seconded by Mr. Piaia, the Committee’s recommendation in this matter was approved by the Board with its unanimous vote in favor of ***Resolution A1.***

Authority Matters

CEO Report

Mr. Walsh asked Mr. McKenna for the Report of the Chief Executive Officer. Mr. McKenna opened his report by noting that today marks 50 years since the assassination of Dr. Martin Luther King. He said that when Dr. King accepted his Nobel Peace Prize in Oslo he said, “I have the audacity to believe that peoples everywhere can have three meals a day for their bodies, education and culture for their minds, and dignity, equality and freedom for their spirits”. Mr. McKenna said that he is happy to work for an organization that seeks to further those goals every day.

Mr. McKenna then gave an update on the Trenton Central HS (TCHS) project. He reported that roofing, exterior sheathing and concrete masonry unit installation work is ongoing. He advised that the remainder of building release was issued by the Department of Community Affairs (DCA). He said that interior rough-in HVAC, fire suppression, electric, plumbing and framing work is ongoing and that site work and parking lot curb installation have begun.

With respect to the Camden HS project, Mr. McKenna informed the Members that USA Environmental has started demolition of the 1916 building and site leveling work. He said that staff advertised the solicitation for design-build services last month and bids are due on June 7. For the East Orange George Washington Carver ES project, he reported that the design-builder’s design phase services are ongoing. He said that Dobco, Inc. the design-builder, mobilized on site earlier in the week.

Mr. McKenna said that for the Elizabeth New ES project, design-builder Torcon continues to address punch-list and closeout items. He added that staff expects to file an

application for a certificate of occupancy (CO) by the end of April. With regard to the Garfield James Madison ES No. 10 project, he reported that design-builder Brockwell & Carrington continues with rough interior finish work. He said that all construction activities and trades continue to progress well. He added that staff anticipates a September 2018 school opening.

Mr. McKenna informed the Members that for the Harrison New ES project, design phase services are ongoing. He said that Brockwell & Carrington has mobilized and construction activities have begun. For the Irvington Madison Avenue ES project, he reported that structural steel erection is complete and masonry and concrete work is ongoing. With regard to the Keansburg Port Monmouth Road ES project, he said that LAN Associates continues with design phase services.

Next, Mr. McKenna gave an update on the addition and renovation project at the Millville HS. He said that Hall Construction Co. Inc., the design-builder, continues with design phase services. He reported that Phase I demolition and renovation work is scheduled to begin later in the month and that DCA is reviewing Phase II demolition documents.

Mr. McKenna reported that for the New Brunswick Paul Robeson ES project, site work and interior finish work is ongoing. He added that DCA final inspections are ongoing. He advised the Board that staff anticipates a September 2018 school opening there. For the Newark South Street ES project, he said that interior partitions, painting, final electrical, plumbing, and grading work, ceiling grid installation, flooring and finish work, and site work is ongoing there. He noted that staff also is expecting a September 2018 opening there.

Turning to projects in the Orange School District, Mr. McKenna reported that DCA is currently reviewing construction documents for the Cleveland ES project. He said that design phase services continue for the Orange HS project.

Next, Mr. McKenna gave an update on projects in the Passaic School District. He said that for the Leonard Place ES project, interior rough HVAC, fire suppression, electric, plumbing and framing are ongoing. He added that the school is expected to open in 2019. With regard to the Dayton Avenue Educational Campus project, Mr. McKenna reported that design phase services are ongoing. He said that DCA issued demolition permits for the TCUs and demolition is underway. He noted that staff expects site earthwork activities to begin later in the month.

Mr. McKenna reported that for the Paterson Union Avenue MS project (former site of Don Bosco Academy), demolition of all structures on the site is ongoing. He said that the design studio continues with development of bridging documents for the design-build procurement for the project. He added that the Department of Environmental Protection is currently reviewing the flood hazard application.

Mr. McKenna said that for the Pemberton Denbo-Crichton ES project, demolition activities and design phase services are ongoing. For the Perth Amboy Seaman Avenue ES project, he reported that design phase services, structural steel erection, footings, foundation, site utility and curb installation work is ongoing. He added that exterior building metal framing installation work is underway.

In continuing, Mr. McKenna reported that for Vineland New MS project, final electrical, plumbing, HVAC and site work is ongoing. He said that ceiling grid installation, interior painting, vinyl composition tile and epoxy floor installation also is underway. He added that staff expects a September 2018 opening for the project.

Turning next to procurement activity, Mr. McKenna said that, earlier in the meeting, management presented a construction award for the Plainfield Woodland Avenue ES project and professional services awards for Real Estate Appraisal Services. He said that other activity

currently underway includes procurements for: design-build services for the Camden HS project; demolition services for the Plainfield Woodland Avenue ES project; and construction management services for the Pemberton Denbo-Crichton and Passaic Dayton Avenue Educational Campus project.

Public Comments

Mr. Walsh then opened the Public Comments portion of the meeting. He asked if any member of the public was present who wished to address the Board. No member of the public came forward.

Adjournment

There being no further matters 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 April 4, 2018 meeting.

/s/ Jane F. Kelly
Assistant Secretary