

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING**

**WEDNESDAY, JUNE 6, 2012**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA”, “NJSDA” or “the Authority”) was held on Wednesday, June 6, 2012 at 9:00 A.M. at the offices of the Authority at One West State Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman  
Maureen Hassett (NJEDA)  
Kevin Luckie (NJDCA)  
James Petrino (State Treasury)  
Bernard Piaia (NJDOE)  
Michael Capelli  
Kevin Egan  
Karim Hutson  
Michael Maloney  
Robert Nixon  
Martin Perez  
Mario Vargas

being a quorum of the Board. Mr. Capelli, Mr. Egan, Mr. Hutson, Mr. Petrino, Mr. Piaia, Mr. Perez and Mr. Lewis-Powder participated in the meeting via telephone conference.

At the Chairman’s request, Marc Larkins, chief executive officer; Jason Ballard, chief of staff; Jane Kelly, vice president & assistant secretary; Andrew Yosha, vice president; Donald Guarriello, vice president and chief financial officer; Albert Barnes, senior counsel; Gregory Voronov, director; Anthony Gilfillan and Sean Murphy, director,

of the SDA; and Nicole Crifo of the Governor's Authorities Unit participated in the meeting.

The meeting was called to order by the Chairman of the Board, Mr. Walsh. Mr. Walsh 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 that a meeting notice 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 then presented the minutes of the meetings of the Board held May 2, 2012 for consideration and approval. He noted that presented for Board consideration were the minutes of the Board's May 2, 2012 Open Session meeting. A copy of the minutes and resolutions for Board consideration and approval were provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Nixon, and seconded by Mr. Vargas, the May 2, 2012 Open Session meeting minutes were approved by the Board upon its vote in favor of the resolution attached hereto as ***Exhibit 3a.***

### ***Authority Matters***

#### ***CEO Report***

Mr. Walsh asked Mr. Larkins to provide the report of the CEO. Mr. Larkins reported that there has been activity on projects that are advancing and said that he would speak about some of the high points that have occurred over the last month. Mr. Larkins advised the Board that SDA Communications Director Kristen MacLean recently represented the Authority at a ribbon cutting at the Pemberton New Early Childhood

Center (“PECC”). He said that the ribbon cutting was a very positive event arranged by the district. He reminded the Members that the project was actually completed and opened in September 2011. He reported that, on May 16 he and Jason Ballard and others from the Authority attended a groundbreaking for the New Elizabeth Academic High School. He noted that the district is renaming the school after a former district administrator. He said that Luzon is currently doing the site preparation work for the project and that an advertisement for the construction could happen as early as July 2012. Mr. Larkins stated that, last week, the Authority advertised for the New Brunswick Redshaw project. He said that the school had been torn down a number of years ago. He explained that the students are currently housed in a converted warehouse that was outfitted into school space. He said that this is an exciting project in that it is utilizing the design/build methodology as well as the Kit of Parts (“KOP”) that the Authority has developed. He advised that bids would be due in the next few weeks. Mr. Larkins noted that a couple of other projects were advertised on June 1. He noted that one of the advertisements is for the atrium fix at the Paterson International High School and another is for emergent work at the Wilson School in Newark. He reminded the Members that the Wilson School was one of the schools impacted by Hurricane Irene. He noted that the district endeavored to make the interior of the school habitable and, as part of that arrangement, the Authority agreed to do some exterior structural work to the building costing approximately \$2,500,000 to \$3 million. Mr. Larkins noted upcoming advertisements including the Elementary School # 3 in Jersey City as well as the Oliver and Marshall Street projects. With respect to the emergent projects, Mr. Larkins reported that the present pace of project advancement far exceeds that of past years. He said that

decisions were made earlier this year after a massive effort undertaken last summer. He said that seven (7) projects have been delegated back to the districts to complete the work themselves. He said that a number of emergent projects will be getting underway this summer--either into design or directly into construction. Mr. Larkins then reported that the planning group continues to meet with various districts and noted that he and Jason Ballard continue to try to resolve old problems with contractors and participate in meetings with districts, keeping the work of the Authority moving at a good pace. Mr. Walsh requested an update on Redshaw and the use of the design/build methodology in connection with that project. Mr. Larkins noted that the procurement process utilized involves the price and other factors approach except that the weighting is somewhat different. He said that the next step is the setting of rating limits and the establishment of a schedule for price proposals. Mr. Walsh asked if elevations are given for the proposals. Mr. Yosha interjected that elevations are given and explained other particulars of the package supplied prior to bidding. Mr. Walsh asked if he could see the package. Mr. Murphy offered to provide Mr. Walsh with an electronic disc that contains all the information he is requesting. Mr. Walsh asked if the score card for design/build was different than for price and other factors. Mr. Yosha replied that the score card is quite different and then explained the various similarities and differences. Mr. Murphy noted that the bid process should be finalized for consideration at the September Board Meeting and the Notice to Proceed ("NTP") should occur in mid-October. Mr. Walsh noted that everything was moving ahead well and asked what the organization would look like when full construction is underway. He asked if the SDA was planning to oversee all the projects in-house, hire outside staff to do so or pursue some combination of the two. He

invited Members who have comments or ideas regarding the staffing of projects to call him. He noted that there is money in the budget to hire staff and suggested that the discussion regarding hiring of full time or temporary staff occur in a future SRC meeting. Mr. Walsh then addressed the EPs noting that the SDA is acting as the General Contractor (“GC”) on those projects. Mr. Yosha advised that the SDA was acting as construction manager on EPs and the contractors on the projects would be acting as GC. Ms. Hassett noted that there are service contracts in place for temporary staffing for professional services. Mr. Walsh said that he thought those contracts were for design consultants. Mr. Yosha said he believed that the service contract was broad enough to procure other staffing needs. In conclusion, Mr. Walsh said he would like to have discussions on a two (2) or three (3) year plan for staffing.

### ***Audit Committee Report***

Mr. Walsh then asked for the report of the Audit Committee. Mr. Nixon advised the Members that the Committee met on May 21, 2012. He said that, as part of the April 2012 New Funding Allocation and Capital Program update, management had reported a \$1 million increase in commitments for the Emergent Project Reserve and no change in either the Unforeseen Events or Planning Reserve. He informed the Members that the reserve balance for the Regular Operating Districts (“RODs”) increased by \$1.6 million due entirely to a reduction in state share for projects nearing completion. In continuing, Mr. Nixon reported that management shared the SDA’s response to the Office of State Auditor’s (“OSA”) Compliance Review report released March 27, 2012. He noted that the review was very specific regarding the processing of change orders (“COs”). He explained that OSA requested that independent cost estimates be prepared for every CO

and Amendment which represented a paradigm shift from an earlier State Auditor's Report. He said that a letter drafted to the State Auditor outlined the modifications to the SDA Operating Authority ("OA") requiring that COs greater than \$75,000 be approved and vetted through the Contract Management Division. He reported that the letter also included specifics regarding construction contracts, architectural agreements and contract management agreements, all containing more detailed language regarding COs and Amendments. He stated that many of the COs and Amendments date back to the beginning of the organization and emphasized the impossibility of SDA attempting to audit everything. He noted that the SDA has a very aggressive OA. He said that the Board will receive an update after the Audit Committee receives the State Auditor's response. Next, Mr. Nixon noted that management reported that 110 audits and assessments have been closed since the creation of the Program Development and Assessment Division in July 2010. He advised that a new matrix was presented providing a more streamlined approach to reporting on the status of recommendations. He noted that the division gave an introduction of compliance reviews stating that once a division has acknowledged completion of a recommendation, an assessment based on assigned risk will be undertaken. He further explained that auditors/assessors will then determine if the implementation falls into a "critical improvement" category. He reported that compliance reviews will validate the implementation and that the Audit Committee will be updated on the results of the compliance reviews for each applicable recommendation.

Mr. Nixon said that the Committee had also received the results of an assessment conducted regarding the Thomas G. Connors Elementary School in the Hoboken School

District. He highlighted the assessment's four (4) key points, that: 1) the objective of the assessment was to ensure state funds used for the project were expended appropriately; 2) the scope encompassed 141 invoices totaling over \$8 million from 2001 through 2011; 3) an analysis showed that \$6 million of the \$8 million were spent on health and safety projects providing students with a safe learning environment; and 4) further detailed analysis on both the design contracts and the task order contracts showed that no cost overruns existed.

Mr. Nixon then reported that management is recommending that Board of Directors, by and through the Audit Committee, extend for one (1) year the Ernst & Young ("E&Y") contract at a cost of \$92,900 for independent auditor services. He noted that this one (1) year extension would cover the 2012 financial statement audit. Mr. Vargas asked if the Members would be asked again next year for another extension. Mr. Larkins said that the terms of the original contract provide for the possibility of another extension. Mr. Lewis-Powder noted that the outside auditor is a requirement of Sarbanes Oxley Act and asked if the Members are going to be asked for approval of the last extension on this contract next year. Mr. Larkins replied that it was a bit premature for a commitment to a fifth year but noted that the Authority has been very happy with the services of E&Y. He emphasized that it has been very beneficial to have a major accounting firm auditing the Authority in light of past history. Mr. Ballard added that E&Y was the top ranked accounting firm that bid on the contract and they had the lowest price while having the highest technical ability. Mr. Lewis-Powder said that his concern was not a lack of confidence by rather that, traditionally, what should happen is in the first two (2) years one partner would head up the accounting and then it would rotate to

another partner for years three (3) and four (4). He questioned what would happen if there were to be a fifth year because it's always best to get a new firm in to get a second look at the books after three (3) to four (4) years. He suggested there be a request for proposals ("RFP") for the fifth year in light of the benefits of audit rotation. Mr. Ballard noted that discussions are underway and a formal recommendation will be presented to the Audit Committee.

After discussion, Mr. Walsh asked if there were any further questions regarding the proposed extension. There were none.

A resolution pertaining to the proposed extension for Ernst and Young for independent auditor services had been provided to the Members in advance of the meeting. Upon a motion by Mr. Perez, and seconded by Mr. Vargas, the resolution attached hereto as *Exhibit 5a*, was unanimously approved by the Board.

In continuing, Mr. Nixon reported that management had provided the Committee with the April 2012 Monthly Financial Report. He said that, as of April, 2012, the Authority's operating expenditures were at \$13.1 million, which is \$2 million lower than budget for the period and a \$1.2 million decrease from the corresponding period in the prior year. Mr. Nixon advised the Board that school facilities project expenditures total \$50 million, which is \$17 million lower than spending for the corresponding prior year period due largely to the decrease in construction work and other project costs offset by an increase in grant activity. Mr. Vargas noted that once construction is fully geared-up the numbers for project expenditures will rise.



## *School Review Committee Report*

### **Pre-Development Funding**

Mr. Walsh asked Ms. Hassett to provide the report of the School Review Committee (“SRC”). Ms. Hassett reported that the Committee met on May 21, 2012 and discussed various issues. She said that the Committee was provided with a memorandum regarding pre-development funding. She noted that over time staff has developed a very comprehensive project charter process which governs a project’s scope, milestones and budget. She said that the memo listed fourteen (14) project planning activity needs for consideration at this time. She noted that funding will come out of the 2011 and 2012 Capital Program Plan (“Plan”) for situations where project charters are not currently in place. She explained that the Authority is ready to initiate the activities listed in the memo. Ms. Hassett thanked staff for the comprehensive memo which lists specific schools in some cases and priority needs within a district in others. She explained that funding will be limited to a not-to-exceed amount of \$100,000 per project or activity for a total not-to-exceed amount of \$1.4 million. She noted that the funding has been identified and reserved in the 2011 and/or 2012 Plan. She noted that the activities will include: feasibility studies, cost analyses, planning analyses, site surveys and environmental assessments. Mr. Walsh asked if some of the projects have architects and engineers already assigned from a previous engagement or if we are starting from scratch. Mr. Yosha responded that the projects listed are without charters and work is just beginning on them. Mr. Walsh asked if \$100,000 provides enough funding to get these projects started. Mr. Yosha replied in the affirmative, noting that the funds would allow for the creation of project charters.

After discussion, Mr. Walsh asked if there were any further questions on the pre-development funding. There were none.

A resolution for approval of pre-development funding had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Piaia, and seconded by Mr. Vargas, the request for authorization of pre-development funding was approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Exhibit 6a*.

**Approval of Contract Award – East Camden Middle School EP-0038-C01-RB2- Emergent Project HVAC System Replacement; Jersey City Public School #20 – JE-0010-N01Early Site Package; Harry L. Bain Elementary School – HU-0005-N01-RB1- Demolition**

Ms. Hassett noted that there are three (3) contract awards being presented but that two (2)--the Camden East Middle School (“East Camden MS”) and the Harry L. Bain Elementary School (“Bain ES”)--were under review at the time of the SRC meeting. She advised that there were some differences between the bids and the construction cost estimates which would be discussed by Mr. Murphy during the presentation. She reported that the first award being considered for approval is for East Camden MS in the Camden school district. She noted that the award is for an emergent project—specifically, an HVAC system replacement. She noted that this is a second procurement for a project that goes back several years. She said that when the scope and procurement were originally developed, the difference between the construction cost estimates and the bids that came in varied significantly, which resulted in a comprehensive review by staff and the design team and the development of a new cost estimate. Ms. Hassett said that four (4) responsive bids were received and that the low bidder is GDS Mechanical, Inc.

("GDS"). Ms. Hassett noted that the award is for the complete replacement of the HVAC system at a cost of \$2,679,000. She said that the second part of the approval acknowledges the revised CCE and the release of additional funding from the reserve account in the amount of \$220,336. Mr. Walsh asked if GDS is a company with which the SDA has worked in the past. Mr. Murphy noted that GDS previously has won three (3) awards. Mr. Walsh then referenced the last page of the charter noting the construction administration line item for \$65,000 and asked if some of these funds cover the SDA staff overseeing the project. Mr. Yosha replied that those funds were for the design consultant. Mr. Walsh asked if the SDA was estimating the time/effort it takes for staff to oversee a project. Mr. Yosha said that this is something that will happen in the future. Mr. Walsh asked that cost estimating for staff overseeing projects be added to the list of items to be discussed at a future SRC meeting.

After discussion, Mr. Walsh asked if there were any further questions on the contract award. There were none.

A resolution pertaining to the approval of the contract award had been provided to the Members in advance of the meeting. Upon a motion by Mr. Nixon and seconded by Mr. Luckie, the approval of the proposed contract award and charter for East Camden Middle School, in the Camden school district were unanimously approved by the Board upon its vote in favor of the resolution attached hereto as *Exhibit 6bi*.

Ms. Hassett then reported that the second award being considered for approval is for Jersey City Public School No. 20 ("PS No. 20") in the Jersey School District. She noted that the award is for early site preparation work. Ms. Hassett said three (3) responsive bids were received and that the low bidder is Silverlands Services, Inc.

("Silverlands"). Ms. Hassett noted that the award is in the amount of \$874,444. She explained that this is a project that is being delivered in two (2) phases. She said that the first phase consists of clearing the site, removing sub-surface footings, foundations and underground storage tanks ("USTs") and the importation of clean fill. She noted that Whitman Companies, Inc. is the design consultant on the project but the construction will be self-managed by SDA staff with the expertise to diligently monitor the work. Mr. Walsh asked if there was extra site supervision other than SDA staff. Mr. Yosha noted that the design consultant on the job is an environmental consultant as well and will be providing full time supervision on the project along with SDA staff. Mr. Walsh then asked what the next step on the project would be. Mr. Larkins noted that the project is with the design firm of SSP at the present time and is in the design document stage. Mr. Yosha added that the site work is scheduled to be completed by the time the project is set to advertise. Ms. Hassett then advised that this is one of the projects that had a differential between the CCE and the low bid and noted that the memo reflects the conference that subsequently took place. Mr. Murphy explained that there was a 35% differential between the low bid and the CCE. He noted that a bid breakdown meeting was held to review the differentials. He said that the review determined that the contractor's ability to self-perform the majority of the construction activities, including excavation, demolition and disposal, resulted in pricing lower than the SDA estimate. He also advised that the contractor's included value for the removal of non-hazardous impacted materials was lower than estimated, as was the contractor's value for the purchase, placement and testing of certified clean fill materials. He said that all parties were comfortable that Silverlands could perform and complete the contract for the bid

amount. Mr. Vargas asked if the contract includes language to protect the SDA if the contractor comes back with any unforeseeable conditions. Mr. Walsh stated that for unforeseen conditions the contractor can come back. Mr. Murphy advised that the construction awardee sends the SDA a letter stating that their bid price includes all elements that are contained within the contract documents and that they will not seek change orders for items included with the contract documents.

After discussion, Mr. Walsh asked if there were any further questions on the contract award. There were none. Ms. Kelly noted that Mr. Hutson had asked to abstain from the vote on this issue due to his residency in Jersey City.

A resolution pertaining to the approval of the contract award had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Luckie, and seconded by Mr. Vargas, and with Mr. Hutson abstaining, the approval of a contract award for Jersey City PS No. 20 Elementary School, in the Jersey City school district for early site preparation was approved by the Board upon its vote in favor of the resolution attached hereto as *Exhibit 6bii*.

Ms. Hassett reported that the final award being considered for approval is for West New York (“WNY”) Bain Elementary School (“Bain ES”) in the WNY school district. She said that the award is for demolition services. Ms. Hassett advised that the low bidder is Tricon Enterprises, Inc. (“Tricon”) and the bid amount is \$1,350,000. She noted that the dilapidated condition of the building mandates that the structure be demolished immediately. Mr. Larkins added that, following conversations with the district, it has become clear that a school is no longer needed at this site. He said that this site will fall into the category of sites appropriate for potential disposition. He advised

that the disposition of property is an issue about which the SDA is currently consulting with the Offices of the Treasurer and the Attorney General (“AG”) and others in order to establish a process for the disposition of properties. He also noted that the property was costing significant sums of money in fire watch and for maintenance. He noted that the next step will be to decide what is to be done with the property. Mr. Walsh asked about the time frame for demolishing the building. Mr. Yosha replied that after the veto period, there are various submissions that must be completed before an NTP is set. Mr. Murphy said that an NTP is expected in approximately mid-July.

After discussion, Mr. Walsh asked if there were any further questions on the contract award. There were none.

A resolution pertaining to the approval of an award to Tricon Enterprises, Inc. had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Nixon, and seconded by Mr. Vargas, the contract award for the Harry L. Bain ES in the West New York school district was approved by the Board upon its vote in favor of the resolution attached hereto as *Exhibit 6biii*.

#### **Memorandum of Agreement (“MOA”) – NJSDA and DOE, LRFP Date Base System**

Ms. Hassett then advised the Members that the last item for their consideration is an MOA between the SDA and the DOE regarding the Long Range Facility Plan (LRFP) data base system (“System”). She noted that the data base was developed years ago at the inception of the program. She advised that all school districts in New Jersey are required to submit LRFPS to the DOE. She said that, at inception, a contractor was brought in to develop this data base system which is housed in Massachusetts. She

advised that, with this MOA, there is a shift in ownership of the System from the SDA to the DOE. She noted that the request is in the amount of \$725,000 in order to move the System to New Jersey and develop a new LRFP System. She advised that DOE is working with the State Office of Information Technology (“OIT”) to develop specifications necessary for a new replacement System. She added that any cost above the \$725,000 will be absorbed by the DOE. Mr. Walsh asked if charges are billed on a time and materials basis. Mr. Gilfillan replied that there has been an annual agreement to maintain and host the System which has been in effect for about seven (7) years. Mr. Larkins noted that the \$725,000 consists of different components such as a transportation cost that has to be bid for moving the System. Mr. Gilfillan added that decisions had to be made such as where the System will be housed. He said that the Marie Katzenbach School for the Deaf has been identified as the new location for the System. He also advised that there is a process involved in shutting down the System prior to its transportation to New Jersey and another process for restarting the System, noting that the original vendor that helped set up the System will be involved in the reconditioning of the System. Mr. Nixon stated that this project has always perplexed him as to why this is an SDA expense and that he is very pleased to see it moving in the direction in which it is moving. He also noted that this cost is substantially less than the \$1.2 million included in the budget. Mr. Larkins noted that the \$1.2 million has been carried in the operating budget for approximately two (2) years in anticipation of development of a new System. Ms. Hassett said that she had also questioned why the System is an SDA expense when all districts are required to use the System. Mr. Nixon noted that the purchase of the original System pre-dates a lot of the Members who are now part of the SDA Board. He

also added that the final cost may even be less than the projected \$725,000 amount. Mr. Gilfillan noted that the funds will be handled judiciously. Mr. Larkins added that the good news for the State holistically is that the System will not cost the DOE a significant amount of money to maintain on a go forward basis. Mr. Maloney asked if the space at the Marie Katzenbach School is being leased and whether there are any renovations needed to accommodate the System. Mr. Larkins replied that DOE already has space at the school and that some minor outfitting for the System will need to take place. Mr. Gilfillan added that the school has security and cooling systems in place. He agreed that only minor modifications are needed to accommodate the new System. Mr. Gilfillan also advised that the School is just a temporary housing location for the System during the development stage. He said that he believes the money allocated will amply cover the transportation and development of the System. Mr. Perez asked who has access to this System. Mr. Gilfillan replied that, to his knowledge, the SDA, the school districts and the DOE have access to the System. Mr. Piaia noted that he was abstaining from voting on the MOA due to his involvement, and that of his department, the DOE, in the matter.

After discussion, Mr. Walsh asked if there were any further questions on the MOA. There were none.

A resolution pertaining to the approval of the MOA between the NJSDA and the NJDOE for the transfer of existing LRFP data base system and development of a New LRFP data base system had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Luckie, and seconded by Mr. Vargas, and with Mr. Piaia abstaining, the resolution attached hereto as *Exhibit 6c* was approved



## **Reports**

Mr. Walsh then asked if there were any questions regarding the monthly reports. There were no questions. Mr. Walsh then asked Mr. Ballard for any updates he would like to provide. Mr. Ballard provided the Members with an update regarding the closeout process. He advised that seven (7) emergent projects were closed out last month. He noted that by the end of the year all development grants should be closed out. He said that he and Mr. Yosha are actively working with staff to analyze/review those projects. Additionally, he said that the old Health & Safety project vendors have answered correspondence they received from the SDA regarding the closeout of their contracts which relate to those projects. He noted that more deeds were turned over to the districts, saving the Authority approximately \$13,000. He advised that the Chairman had requested a report regarding insurance matters and said that a memorandum is being presented to the Audit Committee later this month. Lastly, he said that he wanted to update the Members on the cost recovery activity that is underway. He noted that the SDA is actively in negotiations with contractors on potential cost recovery issues relevant to six (6) or seven (7) schools. He advised that it is premature to talk about any dollar amounts that will be recovered but that he anticipates that, over the next few months, some settlement offers will be coming to the Board for approval.

## **Public Comments**

The Chairman, Mr. Walsh, then announced that the Public Comments portion of the meeting would begin. Following review of the Public Comment Sign in Sheet, the Chairman asked Charles Kratovil from New Brunswick, to address the Board.

Mr. Kratovil identified himself as a New Brunswick resident and asked for an update on the Redshaw School project. Mr. Larkins replied that the SDA advertised for the construction contract for the project last week. He advised that a meeting was taking place today to supply any extra information those interested might request. He explained that at today's meeting the SDA will explain when the proposals are due and the process pursuant to which they are reviewed. He said that the construction award ultimately would come back to the Board for approval. He advised that the NTP would most likely not take place until mid-October. Mr. Kratovil then asked if the current site, an industrial warehouse, was owned by the SDA. Mr. Larkins responded that the buildings are leased. Mr. Kratovil then asked about the duration of the lease. Mr. Larkins replied that the lease contains a number of options that currently run through 2015 with the possibility of exercising renewal options after that date. He explained that there are two (2) buildings-- that one is being utilized for the students from Redshaw and the other had been used for other students in the New Brunswick school district for various schools. Mr. Kratovil then asked if the new Redshaw School would be built on the site of the old school and inquired as to who owns that site. Mr. Larkins said that the new school would be built at the old site and that he believes that the school district owns the site. Mr. Kratovil then said that he wished to urge the Board to pursue the building of this school as the kids have been in the warehouse for way too long. He said that he was aware that the City of New Brunswick and SDA worked hard to get the high school built and opined that it was not much use if the children aren't getting a good education before they get to high school. He then asked when construction might begin on the Redshaw School. Mr. Larkins said that construction is predicated on which contractor receives the award and

how quickly they proceed through the design phase as this is a design/build project. He noted that there has been some conversation with DCA on accelerated permitting to allow for some construction work to begin while design work is ongoing. Mr. Larkins said that he believed that construction would begin in early 2013 taking into consideration the NTP date of October and the need for at least a couple of months preparation time for the design phase. Mr. Kratovil thanked the Members for their answers.

Next, Mr. Walsh invited Ms. Moneke Ragsdale from Camden to address the Board. Ms. Ragsdale said that she is a parent from Camden and asked the Board for an update on a letter that was sent to the SDA from the Camden Board of Education. She said that she believed that the letter was originally sent to the wrong party but that the letter had been resent. Mr. Larkins said that he is in receipt of the letter and that the issue is that the superintendent is on her way out of office and the SDA is waiting for the name of her replacement or who will be in charge of the district after she leaves office. He noted the SDA continues to make outreach to the district but that he understands that the district may be focused on other issues at the present time as no response has been forthcoming as a result of SDA outreach. He said that as soon as there is certainty and clarity regarding who is running the district the SDA will sit down with them to discuss district matters. He advised that there is work on-going in Camden, noting that the demolition of the old Morgan Village School has been NTPd. He advised that there will be play space and parking for the teachers constructed at that site. He further noted that there will be demolition work at the old H.B. Wilson School. He also said that preliminary work has been started for future work at the high school. He assured Ms.

Ragsdale that the SDA is continuing to work so that when the new superintendent is named the SDA can “hit the ground running”. Mr. Larkins then said that the letter Ms. Ragsdale referenced had been discussed a few months ago when Wendy Kunz addressed the Board. He noted that the letter addressed many projects in the Camden district and that responses will be forthcoming on those issues for which the SDA can offer a response. Mr. Walsh said that at some point he would like to be included in a meeting with Camden officials once the responsible parties are named. Ms. Ragsdale said that they are looking for a replacement superintendent. Mr. Walsh suggested that the newly appointed superintendent be advised to contact the SDA to set up a meeting. Ms. Ragsdale thanked the Board Members for their time.

Mr. Walsh then requested that the next Camden speaker address the Board. At this time Board Member Loren Lemelle joined the meeting. Mr. Mongaliso Davis introduced himself as a representative of the group “Friends of Lanning Square School”. He said that he couldn’t hear/understand everything that was said previously. He then asked who the Chairman of Board was going to be speaking with in Camden and also, if he understood correctly that no action can be taken on the Lanning Square School (“LSS”) until a new superintendent has been identified. Mr. Walsh said that he wanted to have a conversation with the new Camden superintendent after he or she was appointed. Mr. Davis said that there are people in Camden who have issues with the schools who want to be included in the meeting requested in the letter. Mr. Larkins explained that the letter did not ask for a meeting but rather for the status of some of the projects in Camden. He said that, in fairness to the school district, about four (4) months ago he

received a letter from Mr. Mills, the deputy superintendent, requesting a meeting but that the letter stated “we will contact you to schedule a meeting”. Mr. Larkins noted that, pursuant to that letter, he reached out to the district a couple of times because he never heard from anyone seeking to schedule a meeting. He added that a teleconference took place approximately three (3) to four (4) months ago regarding the status of some Camden schools at which time he was informed that they would be getting back to him which has not happened to date other than the latest letter received. He then noted that at the last Board meeting Wendy Kuntz spoke to the Members indicating that she had sent a letter to Tom Schrum, one of the SDA Directors. He said that Mr. Schrum indicated that he had not received the letter in question, that he (Mr. Larkins) had requested that Ms. Kuntz resend the letter directly to him, and that he subsequently received the letter. He advised that the letter requested a status on some of the projects in the Camden school district and that he will be responding to the letter. Mr. Larkins then stated that he wanted to be very clear about the LSS. He stated that at no time during the present meeting or at last month’s meeting did he indicate that LSS was an active project now or that it would be activated going forward. He said that there is a portfolio of projects, ten (10) that were announced last year and another twenty (20) added this year that are considered active projects. He said that LSS is not among the thirty (30) active projects but is one of one hundred plus projects across the State for which school districts have requested a replacement project. He said that going forward there may be a LSS project but for now there is no LSS project listed for advancement. He then explained that the data at hand does not support the advancement of the LSS. Mr. Larkins noted that he wants to continue conversations with Camden because part of the issue is that Camden

has an excess of capacity which means that there are more seats available than there are students to fill them. He said that he understands that the Camden seats may not be great seats but that there are districts that do not have enough seats for their students. He advised that a conversation needs to take place with the new superintendent, once appointed, to discuss Camden in its entirety but the focus will be on those projects that have been identified to move forward. Mr. Davis then said that Camden has a number of substandard schools that need to be torn down that are a part of the seats counted in Camden. He said that, to his understanding, LSS was on several lists until the last rounds of projects were announced. He asked how the LSS did not make the list when it was listed for a long time as a project that needed to be built. He said very few Camden schools have smart boards and many of the Camden schools pre-date the civil war. He said those schools are not healthy or conducive for learning. He then inquired as to what is actually being discussed regarding the LSS and the other schools that need upgrading or demolition. He noted that he has spoken to a lot of “suits” down in Camden where the elected officials have less say than those not elected, on the comings and goings of what happens. He stated that the politics in South Jersey is brutal. He said that, as a community, Camden residents are not getting the opportunity to ask questions. He then said that even though the superintendent is out sick she did bring in people to run the district and those people have not met the bar of honesty and cannot be left behind after she goes. He said that they are running a scheme on the city of Camden looking at the largest budget in South Jersey and everyone is trying to get a piece of that money since the government took over. He said that the people of Camden did not know that there was such a big problem and that the government had to be surrendered to the State. He

said that he knows this is beyond why he came in today to speak to the Board but he wanted to give the Members a little insight into the concerns of the people in Camden who can't get answers to a lot of their questions from their superintendent. Mr. Davis then said that he doesn't want to wait and see what happens because he believes all the money will then be gone and Camden won't have replacement schools. Mr. Larkins assured Mr. Davis that overall decision making is a collaborative effort between the DOE, SDA and school districts. He then stressed that decisions on which replacement schools will go forward and when they will go forward are driven by the SDA and DOE. Mr. Larkins said that the SDA is responsible for looking at the conditions of schools in thirty-one (31) districts across the State. He stressed that there is a limited amount of funding and the SDA is mandated to look at situations in priority order and to sequence projects with the neediest getting the top priority. Mr. Larkins said that he wanted to make it very clear that the fact that LSS is not an active project has nothing to do with the superintendent situation in Camden. He said that following the review process LSS did not score out as one of the priority schools. He noted that everyone is aware that the facilities in some of the Camden schools are not the best but there are facilities with seats as opposed to districts where children are in trailers. He noted that some people might argue that trailers are better than some of the schools but everyone is going to have a different opinion. Mr. Larkins then explained that, while it is true that LSS was on the previous list to be built, the State Auditor, who works for the State Legislature, came in and looked at how that list was established and determined that it was flawed. He said that the State Auditor found that the whole process that was used to produce the list was problematic. He then explained that new objective criteria had to be developed. He said

that this criteria was evaluated and approved by the State Auditor. He said that the new process did not have LSS scoring high enough to make the current list. He stressed that it still could make the list in the future. Mr. Larkins said that he heard Mr. Davis when he said he didn't want to wait but advised him that there are a lot of people across the State who do not want to wait. Mr. Larkins agreed that not having an open line of communication with the Camden Superintendent makes it a little more difficult for the SDA but stressed that the SDA is working on a project right now in Camden and has delivered five (5) or six (6) new schools to Camden. Mr. Larkins said that he doesn't believe that anyone can say that this organization has ignored Camden because that is just not true. He said that the work on the high school does need collaboration with the superintendent because the SDA has to understand the needs for that school. He said that he understands that Mr. Davis is speaking today on behalf of the LSS but he wanted to make him aware that there is activity in Camden. Mr. Davis said that there are a lot of schools in Camden in need of serious upgrades that are health and safety issues. He said that a lot of those schools have lead pipes running throughout. He stressed that they all need to be pulled out and taken out to the curb. He said that wells are shut down and it's costly for bottled water and this should be a priority as it is a health issue. He said that one school was sitting next to a radon dump and that school was closed but not until a lot of children had impacts from that situation. He asked when those issues will be addressed. Mr. Larkins asked Mr. Davis if he had anything more to say as there were a number of speakers waiting to address the Board. He told Mr. Davis that he would be happy to speak with him "off-line" but explained that health and safety issues are handled through a different process with a separate pot of money. He then explained that the



SDA Board and the Administration afforded \$100,000,000 for that type of work. He noted that the Board just approved an award for an HVAC replacement at the East Camden Middle School. He stressed again that work is happening and no one can say that Camden is being ignored. Mr. Larkins said that there is not enough money to do it all which is part of the problem. He said that he is not suggesting this or advising this but one thing that could be done is outreach to the State Legislature to seek more funding. Mr. Walsh noted that while Mr. Davis may not like the answers he is receiving they are the answers and he commended Mr. Larkins' full explanation of the LSS situation. Mr. Davis said that in his retreat he was not going to "settle for the explanation because we have been sold a bag of worms in terms of the superintendent and as citizens we feel we are getting double talk and no talk". In conclusion, he said that he got more understanding out of the situation talking to the Board today than talking to the suits and dresses down there in Camden.

Mr. Walsh invited the next speaker, Reverend Eddie Torres of Camden, to address the Board. Reverend Torres reminded the Members that he spoke at a previous Board meeting regarding corruption in Camden County and the lack of schools being built for the children of Camden. He noted that, under previous administrations, Camden was slated for \$400 million to build new schools and to upgrade school facilities that had issues. Reverend Torres also noted that there was a state takeover and that the money somehow disappeared. He inquired as to what the Board plans to do about the \$400 million originally slated for Camden schools to be built and upgraded. He threatened that the ELC is currently on standby to sue the SDA on behalf of the Camden Board of

Education (“CBOE”). Reverend Torres also noted that there is a resolution noting that the SDA spent \$11 million on land to build a public school and a resolution noting that no private school was to be built on the property. He asked if the SDA is financing and loaning money to the renaissance schools in Camden instead of giving it to the public entity. Reverend Torres stated that if the SDA dismantles Camden’s public schools, jobs are being eliminated. He said that, if the SDA states that there are enough chairs for students in Camden, why is the SDA approving twelve (12) charter schools in Camden. Reverend Torres said that he is currently litigating against the Camden school district and stated that he does not have a problem taking the SDA to court as well. Reverend Torres ended his comments by saying that it is his hope that the SDA comes to the City of Camden in peace, but that he is willing to fight. He then thanked the Board for allowing him to speak.

Next, Mr. Gary C. Frazier, a Camden resident, addressed the Members. Mr. Frazier said that he wanted to be clear in his understanding of statements made by Mr. Larkins regarding the superintendent and control over school facilities. He said that in 2002 Lanning Square was declared “unsafe” for the students, noting that this was ten (10) years ago. Mr. Frazier inquired as to why the school cannot be placed on a priority list after being deemed unsafe ten (10) years ago, and noted that the school is also in one of the worst areas of the city. He said that the SDA has done some work in the City of Camden, but that it is difficult to understand the data that determines if schools make the priority list. Mr. Frazier reiterated that money in the past was set aside for the LSS to be built. Mr. Frazier noted that the SDA has to put the children’s needs first. He also noted that the last time the residents of Camden attended an SDA Board meeting, they asked for

a meeting with the SDA and that this has not yet transpired. Mr. Frazier reiterated that LSS was on a priority list and that there is no reason the children should not have a replacement school. In closing, Mr. Frazier noted that the Camden district wants the money that was originally set aside for Camden to go back to the district “one way or another” and he also asked for an answer as to what data determines that LSS cannot be built. Mr. Larkins attempted to give Mr. Frazier a resource online that provides the data upon which determinations are made as to which schools advance but Mr. Frazier indicated an unwillingness to go online. He noted that Mr. Larkins has the information and he wanted him to share it at present. Mr. Larkins said that he would have an SDA staffer provide Mr. Frazier with a copy of the 2011 Capital Program Report. He said that he wanted Mr. Frazier to view it for himself. He noted that the report will show him how the LSS scored against other schools. Mr. Walsh suggested that Mr. Frazier review the report and call Mr. Larkins with any questions that he may have.

Next, Wendy Kunz addressed the Members. She noted that she wanted to clarify a few statements made by both the Members and the public speakers. Ms. Kunz began by stating that she, along with the Camden district, knows that the \$400 million that was slated for Camden was a past budgeted number. She said that Dr. Young, Superintendent of the Camden School District, has been in charge for five (5) years, during which time LSS still has not been built and that she will be in her position until June 30, 2012. Ms. Kunz noted that the SDA should feel free to contact Dr. Young. She said that, in Dr. Young’s absence, Ruben Mills, the Deputy Superintendent, is available as well. Ms. Kunz confirmed that there are excess seats for students in the district, but they are in the wrong neighborhoods. She said that children from North Camden should not be bused to

South Camden in order to fill empty seats. She reminded the Members of the structural issues of the old buildings as well as the newer buildings and also about the busing issues that she discussed in previous Board meetings. Ms. Kunz noted that she is aware of the political pressure to have a renaissance school built on the old LSS property and then thanked the Members for their time.

Next, Marie Blistan, an elected official from the New Jersey Education Association (“NJEA”) addressed the Members. She reported that she has been a classroom teacher for over thirty (30) years and that she lived in Camden County for most of her life. Ms. Blistan stated that she currently resides in Gloucester County. She said that she has taught Special Education for most of her teaching career. Ms. Blistan noted that this is her first visit to the SDA and thanked the Members for their willingness to serve on the Board at a time that has been most challenging economically. She commented that the Board’s diversity in both background and careers will serve the Board well. Ms. Blistan further commented that she was most impressed that at one point each Member has been recognized for philanthropy and/or advocacy related to their jobs. She said that the NJEA also shares that type of commitment associated with schools. Ms. Blistan said that NJEA has a Health & Safety Committee (“Committee”) consisting of teachers and support staff from twenty-one (21) counties that meet regularly. She said that their purpose is to advocate, recognize and identify schools in need. Ms. Blistan noted that she could not speak to the Members about construction because it is not her field of expertise, but she can discuss teaching and learning, which is her field of expertise. She said that she could also speak to the benefits of a safe and healthy learning environment and to the disadvantages suffered by schools that do not

enjoy one. Ms. Blistan acknowledged the fact that the DOE “whittled” a list of some seven-hundred (700) schools that needed assistance into seventy (70) plus schools and noted that she would not speak to the chosen schools. Instead, she discussed the Mary Ethel Costello School (“Costello School”) in the Gloucester City district. Ms. Blistan commented that she heard that a representative for the SDA is scheduled to visit the Costello School this week. Ms. Blistan reported that half of the Costello School was built in 1859 and the other half in 1923. She said that although there have been numerous upgrades to the building, it is literally falling apart. Ms. Blistan said that the good news is that the school was placed on the list and approved for a new school, however that approval came close to ten (10) years ago. She said that over \$20 million has already been spent by the federal government to ready the area, another \$12 million has been spent by the SDA to ready the area, and \$300,000 has been spent by the City to ready the area. She said that, despite this, not one shovel has been put in the ground and there has never been a start date announced for construction. In continuing, Ms. Blistan stated that people who owned houses there had lost their homes and businesses were moved in preparation for the school to be built. She also noted that there is also a pest control issue. Ms. Blistan noted other issues, such as electrical problems and boiler issues, technology limitations and difficulty keeping the classrooms comfortable for students. She noted that the leaky roofs present mold, and there are lead pipe and other issues that present health and safety hazards. Ms. Blistan also noted other issues such as black top play spaces and lack of a proper cafeteria. Ms. Blistan offered a partnership between the NJEA and the SDA to speak to whoever is necessary in order to get any money needed for the people who do not have a voice. She said that it is her understanding that the

SDA will be visiting the Costello School for the twentieth time and that it is her hope that it will be the last visit, that shovels go into the ground and that the children will be provided the school for which they have waited ten (10) years. Mr. Walsh asked for Ms. Blistan's contact information and noted that he and Mr. Larkins would contact her. Ms. Blistan thanked the Members for their time.

Lastly, Moriah Kinberg from the New Jersey Work Environment Council read the following statement: "My name is Moriah Kinberg. I am the campaign organizer with the New Jersey Work Environment Council (WEC). "WEC" is an alliance of labor, community, and environmental organizations that advocates for safe, secure jobs and a healthy, sustainable environment. Healthy School Environments is one of WEC's core initiatives. With aging public schools and postponement of preventive maintenance, health and safety dangers often threaten students, teachers, and school staff. WEC is working with a broad coalition of organizations across the state representing teachers, parents and community groups who want healthy public schools now. We are concerned with the lack of progress made to fix "emergent repairs" in the SDA districts. It's been over a year since the SDA and N.J. Department of Education (DOE) asked school districts to identify "emergent repairs" that need to be made. An emergent repair is one defined as "so potentially hazardous that it causes an imminent peril to the health and safety of students or staff." The 31 SDA districts identified 716 of these imminent danger repairs. We've reviewed the initial request letters sent to the DOE and found that at least 102 involve leaking or collapsing roofs, 77 involve non-functioning heating and ventilation systems, 54 jeopardize fire safety, 35 involve unsafe or ineffective boilers, 32 involve structural problems such as collapsing ceilings or floors, as well as other

problems. There are obvious physical hazards related to fire and electricity. Less obvious perhaps, are the air quality issues. Seventy-seven schools report HVAC systems in need of repairs or not functioning at all. Of these, twelve schools report temperature extremes from inadequate heat or air conditioning. In Newark, for example, five schools report HVAC systems failed beyond repair and ranging in age from 21 to 43 years. Schools with inadequate ventilation are likely to suffer from a buildup of pollutants, resulting in any of a host of symptoms, including drowsiness, headaches, irritation of eyes, nose, throat and upper respiratory system, chills, fever, cough, chest tightness, congestion, sneezing, runny nose. In addition, concentration of any of a variety of possible indoor air pollutants may increase because the HVAC system does not dilute them. These may include asbestos, formaldehyde, fiberglass, radon, mold, bacteria, carbon monoxide, particulates, combustion products, vehicle exhaust, pesticides, lab and art materials and other hazards. Large numbers of schools reported roofs in need of repair or replacement, damage to exterior masonry, structural damage and window damage, are all conditions that allow water infiltration or lead to water infiltration. 102 report roofs in need of repair or replacement; 55 exterior masonry damage; 32 structural elements in state of collapse; and 32 damaged windows. Water infiltration may lead to mold growth on walls and ceilings, inside walls, and on other structural elements. Mold allergies may include symptoms similar to those of hay fever, colds or flu. Asthmatics may experience aggravation of their condition by mold. Just this week, a water main leak at Ferris High School in Jersey City raised awareness about a leaky roof they've had for years. The roof was submitted as one of the 716 emergent repair requests to the DOE over a year ago. Pictures of the leak in the Jersey Journal show hallways with puddles of water, missing

tiles exposing electrical cables, and broken ceiling tiles damaged by leaks that run from the roof to as far down as the second floor. The roof was deemed a “potential” emergent project in the last determination letter to the Jersey City district but that does not guarantee a final determination as an emergent project or a date for it to be fixed. WEC and our allies look forward to working with the SDA to ensure that all our students and school staff have healthy school environments. After reading her statement, Ms. Kinberg asked if there is a timeline and completion date set for the emergent projects. She also asked what happens to the other six-hundred forty (640) repairs that were submitted as emergent projects. Ms. Kinberg noted that it has been stated by Mr. Larkins that there is not enough money for all of the emergent projects that were submitted and that outreach be made to legislators for the money. She said that in 2008 the legislature approved \$3.9 billion to the SDA and she asked if all of the money is being used. Mr. Larkins replied in the affirmative as far as the \$3.9 billion being allocated to projects. He said that when he arrived to the organization, the 2008 Capital Plan (“Plan”) anticipated using all of the funds and explained that some of the funding went to Regular Operating Districts (“RODs”). Mr. Larkins said that of the \$3.9 billion, \$1 billion is designated to grant programs. He said that in essence there was over \$2 billion in funding for fifty-two (52) projects in the Plan, which was going to exhaust all of the funding, leaving no money for emergent projects. Mr. Larkins explained that, following SDA’s review and the institution of certain efficiencies and certain changes to the program where appropriate, the SDA is positioned to do more than 52 projects and still have money for emergent projects. He said that \$100 million has been set aside by the Board and the Board and the administration in order to continue the emergent work. Mr. Larkins noted that the \$100



million was not there before. After further explanation and discussion, Mr. Walsh suggested that if Ms. Kinberg had additional questions, she should contact Mr. Larkins or Mr. Ballard directly.

Mr. Walsh asked if there were any other members of the public who wished to address the Board. Hearing none, upon a motion by Mr. Nixon, and seconded by Mr. Vargas, 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 June 6, 2012 meeting.

Jane F. Kelly  
Assistant Secretary