

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

WEDNESDAY, MARCH 6, 2013

A meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA”, “NJSDA” or “the Authority”) was held on Wednesday, March 6, 2013 at 9:00 AM at the offices of the Authority at One West State Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman
Maureen Hassett (NJEDA)
Kevin Luckie (NJCA)
Jennifer D’Autrechy (Treasury)
Bernard Piaia (NJDOE)
Kevin Egan
Karim Hutson
Loren Lemelle
Lester Lewis-Powder
Michael Maloney
Joseph McNamara
Robert Nixon
Martin Perez
Mario Vargas

being a quorum of the Board. Ms. Lemelle, Mr. Nixon, Mr. Lewis-Powder, Mr. Perez, Mr. McNamara, Mr. Hutson and Mr. Piaia 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 and assistant secretary; Andrew Yosha, vice president; Donald Guarriello, vice president and chief financial officer; Albert Barnes, acting chief counsel; James

Adams, program director; and Sean Murphy, director, of the SDA participated in the meeting. Nicole Crifo 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. 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.

Mr. Walsh introduced the new Department of Treasury (Treasury) designee, Jennifer D'Autrechy, to the SDA Board. Mr. Walsh stated that the SDA is happy to have Ms. D'Autrechy on board and is looking forward to working with her as the Treasury representative on the SDA Audit Committee and Board of Directors.

Approval of Meeting Minutes

Mr. Walsh then presented the minutes of the Open and Executive Session meetings of the Board held January 3, 2013 for consideration and approval. A copy of the minutes and resolutions presented had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Vargas, and seconded by Mr. Luckie, the Open and Executive Session meeting minutes were approved by the Board upon its vote in favor of the resolutions attached hereto as ***Exhibit 3a & 3b***.

Authority Matters

CEO Report

Mr. Walsh asked Mr. Larkins to provide the report of the CEO. Mr. Larkins reported that, with regard to SDA events, SDA staff attended the grand opening/dedication ceremony for the new Colin Powell Elementary School (formerly ES # 3/Christopher Columbus Elementary

School) in the Union City School District in early February. He noted that the Governor and City officials also attended the event.

Next, Mr. Larkins reported that, on February 12, the SDA began the third session of its in-house pre-qualifying training for Small Minority and Women Owned Business Enterprises (SMWBE). He said that the SDA has successfully graduated approximately twenty-eight (28) SMWBEs through two sessions of the in-house program and noted that seventeen (17) SMWBEs are enrolled in the current program. Mr. Larkins said that the next graduation will take place in April.

Mr. Larkins then reported that, on February 22, he and Mr. Ballard attended an event in Essex County sponsored by the West Ward Development Corporation. He said that the event was in celebration of the completion, by a number of community high school students and others, of Occupational Safety and Health Association (OSHA) training. Mr. Larkins stated that the goal of the Corporation is to train individuals from the community to do work in the construction trades. He said that the SDA offered the group and other participants the opportunity to get involved in the work of the SDA by visiting the Authority's offices or its construction sites.

In continuing, Mr. Larkins reported that, yesterday, he and staff participated in a hearing held by the Joint Committee on the Public Schools' Facilities Sub-Committee chaired by Senator Norcross. He noted that it was a very dynamic hearing and one that he looks forward to attending because it affords him the opportunity to discuss the work of the SDA and to receive feedback and input on ways that the SDA can improve and be more successful in its work.

With regard to project work, Mr. Larkins reported that a notice to proceed (NTP) was issued to Hall Construction to advance footings and foundations for the A. Chester Redshaw Elementary School (Redshaw) project in the New Brunswick School District.

Mr. Larkins informed the Members that SDA staff had a couple of follow-up meetings with Dobco Inc. (Dobco) regarding the award of the New Henry Street Elementary School (Henry Street) project in the Passaic School District. He said that the meetings were productive for determining the scope of work (SOW) and how it should advance. Mr. Larkins said that the SDA issued a notice of award to Dobco last week and that an NTP will follow.

In terms of procurements, Mr. Larkins reported that the SDA advertised for two (2) construction management (CM) awards in February. He said that the SDA received eight (8) proposals in response to the PS #20 CM advertisement on March 5. Mr. Larkins said that, with regard to the Paterson Marshall Street Elementary School project (Marshall Street), the SDA is expecting CM proposals on March 19. He said that the SDA received seven (7) proposals for the Newark Oliver Street Elementary School (Oliver Street) project. He said that these proposals are currently under review.

Next, Mr. Larkins reminded the Members that the SDA rebid the Phillipsburg High School (Phillipsburg) project following bid protests. He said that the re-advertisement proceeded in February and that proposals are expected on March 15. Mr. Larkins further reported that the SDA advertised the Marshall Street project for construction and noted that eleven (11) bidders attended the pre-bid conference. He said that proposals are due on April 10. He also reported that, in February, the SDA advertised for a new elementary school for ES #3 in the Jersey City School District. Mr. Larkins said that the SDA expects to advertise this month for a general

contractor (GC) award for the PS #20 Elementary School (PS #20) project in the Jersey City School District.

Mr. Larkins informed the Members that the emergent project work is ongoing and is continuing to move along. He noted that a number of emergent projects were awarded and approved last month, and that the issuance of NTPs is pending in order for those projects to advance.

Chairman's Report

Mr. Walsh reported that he and Mr. Larkins met with Dobco, Inc. (Dobco) a few weeks ago to discuss the Henry Street project. He reported that the meeting went well. Mr. Walsh noted that State Department of Education (DOE) staff and Mr. Luckie, representing the State Department of Community Affairs (DCA), also had a successful meeting with Dobco. He said that Dobco was awarded the project and that the Members and management will be keeping a close watch on the project.

Audit Committee Report

The Chairman then requested that Mr. Nixon provide the Board with the Report of the Audit Committee. Mr. Nixon advised the Members that the Audit Committee met on February 19, 2013. He said that management had provided the Committee with the January 2013 New Funding Allocation and Capital Plan Update. He said that management reported a \$2.2 million increase in the Unforeseen Events Reserve balance and no change in either the Planning Reserve or 2008 Capital Plan Emergent Projects Reserve. He reported a \$4.7 million decrease in the 2011 Capital Plan Emergent Projects Reserve balance. Mr. Nixon advised that the reserve balance for the Regular Operating Districts ("RODs") increased by \$100,000 due entirely to a reduction in State Share for projects nearing completion.

Mr. Nixon then reported that management had advised the Committee that the Audit Recommendations Progress matrix has been revised to track and report progress on a “recommendation basis” rather than on an “audit basis”. He explained that this change will eliminate multiple reporting of duplicate and/or similar recommendations. He noted that the program assessment and development staff, in consultation with the Office of the State Comptroller, is developing an audit program for the statutorily required audits in order to address those projects that were occupied by students by December 31, 2008. He added that the new audit program will be a cost review audit focused on the direct costs of the project. Mr. Nixon then outlined the key points of the Pemberton Early Childhood Center No.1 Audit (“Audit”). He said that the Audit was conducted as a statutorily mandated audit of a capital portfolio project over \$10 million. He said that these audits assess whether State funds were expended in accordance with contractual terms, SDA practices and NJ rules and regulations. He explained that the Audit spanned an eleven (11) year period and revealed that 84% of the costs tested were supported, approved and recorded in SDA computer applications. He advised that the Audit noted that the procurement group had refined its processes over the course of the audit. He said that the Audit observations and recommendations were presented to the Committee. Mr. Nixon advised the Board that potential cost recovery items will be forwarded to the Special Projects Division for investigation.

Mr. Nixon said that the Committee was provided with the December 2012 monthly Financial Report with management advising that, as of December 2012, the Authority’s operating expenditures totaled \$34.7 million which is \$4.8 million lower than budget for the period. He noted that this is a \$1 million decrease from the corresponding period in the prior year.

He reported that, as of December 2012, school facilities project expenditures total \$190 million which is \$16 million higher than spending for the corresponding prior year.

Mr. Nixon reported that, since inception, 96% of all SDA disbursements relate to school facilities projects and 4% relate to program administrative and general expenses. In continuing, he said that of current year operating expenses of \$34.7 million, approximately \$15.7 million in personnel costs can be attributed to school facilities projects. He said that the estimated value of current school facilities project activity is approximately \$2.2 billion.

School Review Committee Report

Design-Build Award and Approval of Final Project Charter – Newark School District – Oliver Street Elementary School; Release of Funds From Program Reserve, Award of Contract, and Approval of Final Charter – Newark Public Schools – Sussex Avenue Elementary School – Emergent Project – Boiler Replacement; Design Consultant Services for Emergent Projects, Capital Improvement Projects and Other School Facilities Projects (*Informational Memorandum*)

Mr. Luckie advised the Members that the School Review Committee met on February 19, 2013 and discussed various issues. He said that the Committee was provided with a proposed design-build award and approval of final project charter for the Oliver Street Elementary School project (Oliver Street) in the Newark School District. Mr. Murphy then provided the Members with an update with respect to the project. He noted that an award is being recommended to Epic Management Inc. in the amount of \$40,895,000.00.

A resolution pertaining to the design-build award and final project charter for the Oliver Street project had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Vargas, seconded by Ms. Hassett, and with Mr. McNamara abstaining, the design-build award to Epic Management, Inc. and the final project charter were approved by the Board upon its vote in favor of the resolution attached hereto as *Exhibit 6ai*.

Mr. Murphy then presented his memorandum regarding the release of funds from the Program Reserve, award of contract and approval of the final charter for Sussex Avenue Elementary School (Sussex Ave. ES) in the Newark School District for a boiler replacement emergent project. He explained that the Members are requested to approve the award of a construction contract in the amount of \$452,000 to Amco Enterprises, Inc.; the release of \$652,960 from the Program Reserve to address the emergent project; and the final charter for the boiler replacement emergent project. Mr. Murphy provided the Members with an overview of the project. Mr. Maloney inquired about the large differential in bid amounts. Mr. Murphy noted that the SDA performed a side by side review of Amco's bid and is confident in the numbers. He noted that Amco's bid number is higher than the Authority's Construction Cost Estimate.

A resolution pertaining to the release of funds from the Program Reserve, award of contract to Amco Enterprises, Inc. and approval of the final charter for Sussex Ave. ES in the Newark School District for a boiler replacement emergent project had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Vargas, and seconded by Mr. Piaia, the award, final charter and release of funds were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Exhibit 6aii*.

Mr. Luckie then presented the informational memorandum regarding Design Consultant Services for Emergent Projects, Capital Improvement Projects and Other School Facilities Projects. He reported that, in January, the Members delegated authority to the Chairman of the Board, CEO and SRC Chair for the award of twenty (20) contracts for the Design Consultant Services. He said that the Committee had received a status update from management. Mr. Murphy then referenced his memorandum that was provided to the Members for review and provided an update to the full Board.

Reports

Mr. Walsh asked Mr. Ballard to update the Members regarding Project Closeouts. Mr. Ballard informed the Members that in 2012 Special Projects staff successfully transferred fifteen (15) deeds to the local school districts, thereby eliminating State liability. He noted that the cost recovery team recouped \$87,000.00 in connection with a Manchester High School related settlement matter.

Public Comments

Mr. Walsh announced that the Public Comments portion of the meeting would begin. He requested, whenever possible, that multiple individuals from the same organization or district come up together to offer comments. He advised that the public comment period is to afford citizens the opportunity to comment on matters pertinent to the Authority's business. He requested that those speaking hold their comments to between three (3) and five (5) minutes.

Mr. Walsh then invited those wishing to comment on matters related to the Trenton School District to address the Board. Thirteen (13) members of the public addressed the Board concerning conditions at Trenton Central High School (TCHS). They were: Ms. Tiawanda Terry-Wilson, TCHS Advocate, Better High School Plan for Trenton (BHSPT), Team Trenton, Tupac Organization and Education Advocate; Mr. Andrew Bobbitt, CEO of the Never Give Up Organization, Team Trenton and Graduate of TCHS; Mr. Emerson Simmonds, Education Advocate for the City of Trenton; Ms. Frances Martinez, parent; Mr. James Golden, Trenton citizen and former police director for the City of Trenton; Mr. Patrick Hall, Trenton citizen, declared Trenton Mayoral candidate and graduate of TCHS; Reverend Julio Guzman, Trenton citizen; Mr. Michael Goodman, TCHS PTA President; Ms. Stephanie D. Velasquez, TCHS ninth (9th) grader; Ms. Naomi Johnson-Lafleur, Member, New Jersey Education Association ("NJEA")

and teacher at TCHS; Ms. Janice Williams, teacher at TCHS; Minister Lee Ingram, Trenton citizen; Ms. Denise Millington, mother and grandmother. The speakers reported and discussed deplorable conditions at TCHS citing continued deterioration of the TCHS building; lack of repairs; length of time TCHS has been waiting for repairs and/or rebuilding; water leakage issues; flooring and asbestos issues; urine leaking through ceilings and walls into basement, classrooms and on computers; and ceiling material falling on students and teacher. The Authority was requested to provide asbestos abatement and a timeline for repairs. A question was presented as to how OSHA was able to give TCHS a clean bill of health and why windows would be replaced in a school building that should be condemned. Commenters noted that TCHS issues have spanned five (5) New Jersey governors; that various elected officials have visited TCHS with no positive action taken and that \$8.8 billion dollars were originally set aside for the Abbott School Districts when the State knew the needs were over \$20 billion. Some speakers requested the immediate remediation of conditions at the TCHS while others requested that a new school be built. Concerns were expressed by some Commenters, including a TCHS student and TCHS teachers, regarding health issues occurring as a result of the poor conditions at TCHS--- specifically mold, putrid smells from bathrooms and amputations resulting from the conditions at TCHS. Safety concerns were expressed on the basis that TCHS cannot be locked down if needed. Minister Ingram and Ms. Millington's comments were provided at the end of the public comments period and are recorded below.

Mr. Walsh then invited the public speakers from the City of Paterson to address the Board. The four (4) Paterson Commenters were: Jonathan Hodges, M.D., member of the Paterson Board of Education (PBOE); Ms. Linda Reid, President of the Parents Organization in Paterson; Reverend Corey Teague, PBOE and Ms. Alveria Spencer, parent of a special needs

child. Some Commenters reported that Paterson has the worst conditions in the State and others expressed their serious concern with respect to the conditions at TCHS. Dr. Hodges opined that SDA should fix the TCHS problems first. Commenters requested definitive answers regarding the Don Bosco School site and asked that measures be taken to address overcrowding in the schools. They reported a lack of cafeteria space and the unsatisfactory food served to the children. Paterson Commenters also noted a lack of adequate space and poor conditions affecting the education of special needs children.

Next, Camden residents addressed the Board. Ms. Laverne Harvey, NJEA and Camden Education Association (CEA) member and Reverend Eddie Torres, resident of Camden, spoke to the Members. Issues discussed were the age of the schools in Camden and health concerns for students and staff. Problems were reported with respect to water filtration; air flow, mold, classrooms with no ventilation, irregular heating and cooling systems and the impact of these conditions on human health. Issues regarding asbestos abatement were also raised by the Commenters along with cramped conditions. Complaints were voiced about the cancelation of the Lanning Square School project. Questions were also raised regarding the Camden High School project. The Commenters asked SDA to act on behalf of the Camden children and to start building schools. Concerns were expressed by Reverend Torres regarding political influence in connection with the Lanning Square School project.

Next, Mary Karriem, NJEA, and Mr. Thomas Puryear, President, Orange & Maplewood NAACP, spoke on behalf of the Orange School District. Issues raised were replacement of the Cleveland East School (CES) where lunch is served in the basement due to the lack of a functioning kitchen. Other conditions noted at CES were: flooding, inadequate classroom size, lack of space and overcrowding.

Next, Ms. Eileen Wesley, NJEA member and President of the Irvington Education Association addressed the Board. Issues raised were: the advanced age of schools in the district; repairs promised by one governor and not followed through by his successor; students housed in a condemned building; classrooms with no heat; roofs needing repair. Concerns were raised regarding the ability of children to learn in adverse and unsafe conditions. Requests were made to address all failing schools and adverse conditions in Irvington.

Next, Mr. John Rodden, President of the Gloucester City Education Association and teacher addressed the Board concerning the previously proposed Gloucester Middle School (GMS). He requested that SDA cut red tape and build the GMS. He expressed concerns regarding the ten (10) year span of the project. He described vacant sites where homes had been razed and businesses relocated causing the community a loss of tax ratables. Conditions at the presently occupied middle school described by Mr. Rodden included: asbestos issues; roof leaks requiring buckets in hallways; insect issues; health issues; structural chimney issues and a boiler that has surpassed its life expectancy. Also noted were: the lack of internet service due to poor wiring resulting from ongoing conditions and shared classrooms. The reduction of State aid to the City was also cited. Mr. Rodden said that the children are at a disadvantage when taking standardized tests due to the adverse conditions in the school. He added that numerous robberies involving guns have taken place at a bank across the street from the school, but security measures have not been put in place at the school.

Next Mr. Ronald Greco, NJEA member and teacher at Lincoln High School (LHS) addressed the Members regarding the Jersey City School District. Issues he cited included: the advanced age of schools in the district, including many dating to the 1800's; heating issues; the need to juggle students from classroom to classroom because of adverse conditions; rattling

windows; urine and feces leaking from ceilings; falling bricks and lack of white boards. A plea was made to help the district.

Ms. Marie Blistan, Teacher and Secretary-Treasurer of the NJEA then addressed the Board. She expressed concerns about the willingness of the State to ensure that every child and school employee is provided a safe, healthy school conducive to learning and success. Other comments made pertained to unsafe school buildings, additional school funding set aside in 2008; bureaucratic delays; the stopping and starting of projects and lack or slow activity of the SDA over the last three (3) years. Ms. Blistan requested that projects be approved and started immediately. She requested timelines for completion of all proposed projects.

Next, Mr. Charles Hall, Jr., Chairman of Working Families for New Jersey addressed the Members. He discussed conditions at TCHS; creating a “fair school environment for less advantaged children”; the State budget cuts for education and negative results caused by underfunded schools.

Ms. Deborah Cornavaca spoke on behalf of the Healthy Schools Now organization and addressed the Board. She suggested that the SDA hold their next Board meeting at TCHS. Her comments also focused on: delays; deplorable conditions at schools; adverse learning environments; lack of completion dates and concerns for the wellbeing of the children of New Jersey.

Next, Ms. Liz Munalland, parent and taxpayer, addressed the Board. She commented on: poor school conditions; delays in construction; anger at the lengthy review period taken by the new administration; broken promises to the children of New Jersey and the wasted funds associated with projects ready for construction but not appearing on any of the lists of schools to be constructed.

Mr. Willie Rowe, a resident of Newark, Vice President of the Ivey Hill PTA and various other organizations then addressed the Board. He offered comparisons between the charter schools and public schools; offered concerns regarding students lacking a sense of self-worth and SDA not allowing the use of personal funds to make necessary repairs at that school. He raised questions as to the capacity to complete projects given the shell game that goes on with regard to what projects are on what lists. He noted that although \$3 million in repairs were made to the Wilson School, students had to be housed at an alternate site, causing the students to be a year behind in their education and also creating discipline problems. Other issues discussed were Newark schools slated to be built and ready for construction that were abandoned by the new administration. He raised concerns regarding the housing of students from the 18th Avenue School at the Cleveland School which is in worse condition than the 18th Avenue School. He also discussed existing vacant lots which represent a loss of tax ratables due to demolition of businesses and homes for a proposed school project that has now been abandoned. He noted the lack of a playground at the new Speedway School and expressed dissatisfaction with the slow pace at which corrections are made in response to construction errors.

Next, Mr. Thomas Puryear, President of the Oranges and Maplewood NAACP spoke to the Members regarding the SDA's failure to adhere to its mandate. He cited a failure to provide quality school maintenance and coordinate the proactive construction of schools in SDA communities and expressed concern for the future of the students. He opined that, without outstanding schools, children will fail and pointed to the SDA's slow progress over the last few years. He demanded that SDA respond to the needs of the children; develop a more transparent process and improve its communication with stakeholders; expend dollars to increase the rate of

completion of school projects, and ascertain the amount of money needed to address all of the SDA school districts' capital needs.

Next, Cheryl Y. Skeete, Vice President of the Newark Teachers Union (NTU) and AFT Local 481 spoke to the Members regarding the Newark School District. He extended an invitation to the Members to visit the district and some of the schools during the week. He expressed concerns regarding: wasted space at three (3) of the new schools built in the district along with the lack of input allowed by parents regarding those schools. He also commented on scheduled repairs at the Oliver and Sussex schools and questioned why those schools were approved when other schools in the district are in more dire need of repair. He expressed concerns regarding the future of the hundreds of schools that were not chosen to receive repairs and asked that SDA put the children first and build all of the schools needed for the children of New Jersey.

Next, Minister Lee Ingram, a Trenton school bus driver addressed the Board regarding the Trenton District Schools. He discussed the current TCHS students' likelihood of being diagnosed with asbestos lung cancer twenty (20) years from now; expressed concerns with the violence at TCHS; opined that overcrowding and poor conditions at TCHS are creating delinquent children who now meet on the streets of downtown Trenton to conduct their fights. He also offered that the children of TCHS feel forgotten, lost, and angry and ultimately many ending up incarcerated due to low self-worth.

Mr. Walsh then invited Mr. Ron Berman to address the Members. Mr. Berman asked that the Members consider the history that the SDA has with the One West State Street building when considering the upcoming lease extension. He discussed the history of the building and its historic value. He noted the sunk costs made by the SCC when initially occupying the building.

He requested that the Board take into consideration the likelihood that the building will be vacant for some time if the Authority decides not to exercise its lease option at One West State Street. In closing, Mr. Berman stated that if the SDA does not extend the One West State Street lease, the building will become an eyesore rather than being an icon.

Next, Ms. Denise Millington, a mother and grandmother from the Trenton district addressed the Board. Ms. Millington noted that everything she was going to discuss had already been voiced by other speakers. She asked how the Board members can put their heads on their pillows at night and go to sleep while aware of the deplorable conditions at TCHS. She said that she has been fighting for a new TCHS for thirteen (13) years and pleaded for a new school for her three (3) grandchildren.

Written and photographic material(s) pertaining to facilities in the Camden, Gloucester, Irvington, Maplewood, Newark, Orange, Paterson and Trenton districts were provided for Board review.

Mr. Walsh then asked for approval of a resolution to adjourn into Executive Session to discuss competing lease proposals for future SDA administrative office space and a proposed settlement in a delay claims matter. Upon motion and with unanimous consent, the meeting adjourned into Executive Session.

Following discussion in Executive Session, the Board returned to Open Session. Upon motion duly made by Mr. Egan, seconded by Mr. Perez, and with Mr. Walsh recused from the vote and abstaining, the Board approved the proposed lease extension and modification with Matrix East Front Street Operating Co., LLC with its vote in favor of the resolution attached hereto as *Exhibit A2*.

Mr. Walsh then asked for a motion to adjourn the meeting. Upon motion 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 March 6, 2013 meeting.

Jane F. Kelly
Assistant Secretary