

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, JULY 1, 2015**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA” or “the Authority”) was held on Wednesday, July 1, 2015 at 9:00 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman
Maureen Hassett (EDA)
Bernard Piaia (DOE)
Kevin Egan
Loren Lemelle
Michael Maloney
Joseph McNamara
Robert Nixon
Mario Vargas

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

At the Chairman’s request, Charles McKenna, chief executive officer; Jason Ballard, chief of staff; Andrew Yosha, executive vice president; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Albert Barnes, chief counsel; Ritchard Sherman, managing director; Manuel Da Silva, director; and Sean Murphy, director of the SDA, participated in the meeting. Lisa LeBoeuf 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 the State House in Trenton, New Jersey.

Approval of Meeting Minutes

Mr. Walsh presented for consideration and approval the Minutes of the Board's June 3, 2015 Open Session meeting. A copy of the minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Ms. Lemelle and seconded by Mr. McNamara, the Open Session minutes of the June 3, 2015 meeting were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Resolution 3a*.

Authority Matters

CEO Report

Mr. Walsh asked Mr. McKenna to discuss recent SDA activities. Mr. McKenna provided the Members with an update regarding the Trenton Central HS (TCHS) project. He said that two sections of the facility have been abated and that required documentation will be submitted to the Department of Community Affairs (DCA) seeking issuance of demolition permits for those two sections. Mr. McKenna advised the Members that a permit has been issued for abatement and demolition of the roofs for all wings of the facility. He added that the Department of Environmental Protection (DEP) conditionally approved the EO 215 on May 8. He noted that SDA is positioned to receive Department of Education (DOE) approval of its schematic design submission next month. Mr. McKenna reported that the Trenton Board of Education voted to move forward with one of the three conceptual design options.

Mr. McKenna then gave an update on projects in the Bridgeton School District. He said that ongoing activities for the Buckshutem ES project include installation of exterior brick and

roof, ductwork and HVAC connections. Mr. McKenna said that work on the Quarter Mile Lane ES project is moving along.

In regard to projects in the Elizabeth School District, Mr. McKenna reported that the Elizabeth Academic HS project is moving along. He also reported that the design-builder's final design submission was received and is being reviewed in connection with the Elizabeth New ES project.

Next, Mr. McKenna gave an update on the Garfield James Madison ES No. 10 project. He said that the procurement package for construction management (CM) services was advertised on May 1 with SDA expecting to present an award recommendation at the August Board meeting. He said that SDA advertised in June for construction services for this project.

Mr. McKenna then informed the Members that DCA has issued construction permits for underground utilities, footings, foundations and structural steel, and has issued a limited Notice To Proceed (NTP) to the design builder for the Gloucester ES/MS project. He noted that the surcharge operation to address the geo-technically unsuitable soil is approximately 65% complete.

Next, Mr. McKenna said work is moving along on the Harrison New PK-1 ES project. In regard to the Irvington Madison Avenue ES project, Mr. McKenna said that site investigation activities are ongoing. He added that advertising for procurement of early site construction services/demolition is expected by the end of July.

Mr. McKenna then gave an update on projects in the Jersey City School District. He said that the Jersey City PS 20 project is approximately 74% complete and interior work is ongoing. He advised that work continues on the building footings, foundations, and underground plumbing for the Jersey City ES No. 3 project.

Next, Mr. McKenna reported that work on the Keansburg Caruso ES project is moving along.

Mr. McKenna provided an update on the activities underway at the existing Millville HS. He said that an information memo is being presented to the Board today regarding advancement of bridging design activity.

Turning to projects in the Newark School District, Mr. McKenna said that work on the Elliott Street ES and Oliver Street ES projects is moving along. Mr. McKenna informed the Members that SDA advertised in June for design build services for the South Street ES project.

In continuing, Mr. McKenna gave an update on projects in the Orange School District. He reported that work on the Orange HS project is moving along. In regard to the Cleveland ES project, Mr. McKenna informed the Members that twelve design consultant proposals were received in June and are currently under review. He added that interviews with the short-listed firms are scheduled for July 9.

Next, Mr. McKenna gave an update on projects in the Passaic School District. He said that work is moving along on the Henry Street ES project and that this school will be opening in September 2015. In regard to the Leonard Place ES project, Mr. McKenna reported that the schematic design submission for the project has been completed. He advised the Board that district approval is anticipated within the next month.

Turning to projects in the Paterson School District, Mr. McKenna reported that progress is being made on the Marshall Street ES project. Next, Mr. McKenna said that slab on grade concrete work is being finalized as all underground utilities are being completed for the Paterson PS 16 project. He noted that masonry work continues on both exterior and interior walls. He added that a beam signing ceremony will be held later in the day at the project site.

Mr. McKenna then informed the Members that the district has approved the schematic design submission and SDA is positioned to receive DOE approval within the next month for the Perth Amboy Seaman Avenue ES project.

Next, Mr. McKenna said that work is moving along on both the Phillipsburg HS and Vineland MS projects.

Mr. McKenna then provided an update regarding SDA's current procurement activity. He said that, today, management will be recommending an award to Epic Management, Inc. for construction management services for the Elizabeth New ES project. He said that new activity includes procurements for construction services for the Garfield James Madison ES No. 10 project and design-build services for the Newark South Street ES project. Mr. McKenna said that, as he has previously reported, other procurement activity underway includes procurements for: the Garfield James Madison ES No. 10 project; the New Brunswick Paul Robeson ES project; the Orange Cleveland ES project; the Camden HS project; and a term contract for furniture, fixtures and equipment.

Mr. McKenna then discussed the Authority's upcoming events, outreach and other activity. He said that the SDA's Biannual Report, which was shared with the Board early last month, was delivered to the Legislature on June 10, 2015.

Mr. McKenna also advised the Members that SDA will be holding a beam signing/topping off ceremony for the Paterson PS 16 project at 2:00 PM following today's Board meeting.

In response to an inquiry by Mr. Walsh, Mr. McKenna confirmed that the Passaic Henry Street ES will open in September 2015.

Audit Committee

The Chairman then requested that Mr. Nixon provide the report of the Audit Committee. Mr. Nixon reported that the Audit Committee met on June 15, 2015. He said that management had provided the Committee with the May 2015 New Funding Allocation and Capital Plan Update. He said that management reported that there was no change in the Unforeseen Events Reserve balance and that there was an \$8.8 million decrease in the Planning Reserve balance for the reporting period due to the need for additional funding for the Harry L. Bain ES project in West New York. He explained that the Board-approved funding was needed for the more fully detailed scope of renovations necessary for the school facility. He advised that there was a decrease of \$3.3 million in the 2008 Capital Plan Emergent Projects Reserve balance due to an increase in commitments associated with the Board-approved project charter and funding release for the Irvington HS roof and HVAC emergent project. He then advised that there was a decrease of \$16.5 million in the 2011 Capital Plan Emergent Projects Reserve balance due to an increase in commitments associated with three Board-approved emergent projects. He identified these as the Bridgeton Broad Street ES masonry repairs project; Plainfield HS window replacement project and Vineland HS South HVAC system repair and replacement project.

He added that the reserve balance for the Regular Operating Districts (“RODs”) increased by \$1.6 million during the reporting period due to a reduction in state share for grant projects nearing completion.

Mr. Nixon then reported that SDA’s auditing group and outside auditor, Experis, presented the Committee with the results of two real-time construction audits. He reported that there were two recommendations/observations presented in connection with one audit. He noted that the audits were conducted in compliance with the statutory requirement that capital portfolio projects over \$10 million be reviewed to assess whether State funds were expended in

accordance with contract terms, SDA practices and state rules and regulations. He advised that both audits revealed that State funds utilized for the projects were expended prudently and consistent with legal requirements.

Next, Mr. Nixon reported that the Committee was provided with the May 2015 Monthly Financial Report. He said that, year-to-date, the Authority's operating expenditures total \$8.5 million which is \$1.5 million lower than the operating budget for the corresponding period. He said that this is \$72,000 lower than actual expenses for the corresponding period in the prior year. He reported that, as of May 2015, year-to-date project expenditures are \$173.7 million, down \$31.2 million as compared to the 2015 Capital spending forecast for the corresponding period and \$90.3 million higher as compared to actual expenses in the corresponding prior year. He said that this is largely attributable to a \$27.8 million increase in spending for construction activity, \$25.2 million for grant activity, and \$5.5 in project insurance (including the \$4.9 million down payment for the 3 year OCIP renewal) along with \$28.3 million in property acquisition costs and \$3.5 million related to other project costs.

In concluding, Mr. Nixon noted that, since program inception, 71.7% of the funds authorized for the SDA districts have been disbursed. He reported that 96% of all SDA disbursements relate to school facilities projects and 4% relate to program administrative and general expenses. Mr. Nixon advised the Board that the estimated value of current school facilities project activity is approximately \$2.2 billion.

School Review Committee

Credit Change Orders: Catcord Construction Company, Inc.; Tricon Enterprises, Inc.; Construction Manager Award – Elizabeth Public Schools District- New Elizabeth ES; Notification of Authorization to Proceed with the Next Design Phase for the Millville HS Addition/Renovation Project (Informational)

Mr. Walsh asked Mr. McNamara to provide the report of the School Review Committee in Mr. Luckie's absence. Mr. McNamara informed the Members that the Committee met on June 15, 2015. He then discussed management's request that the Board approve credit change order No. 1 for Catcord Construction Company, Inc. (Catcord) in connection with the Irvington Union Avenue MS project. Mr. McNamara reported that the Union Avenue MS is a 137,467 square foot facility educating 672 students in grades 6 through 8. He said that DOE had identified an emergent condition at the facility related to water infiltration and the SDA addressed that emergent condition. He said that Catcord was issued the NTP to perform the work on June 11, 2013 on a time and material basis with a not-to-exceed (NTE) value of almost \$2.4 million. Mr. McNamara said that the NTE value of the award was based upon the scope of work for the most extensive solution to address the emergent condition including replacement of identified roof sections, masonry repairs, and replacement of 150 window lintels. He explained that the final recommended corrective action for the emergent condition represents a significant reduction in scope from what was represented by the NTE value of the award. He informed the Members that SDA authorized Catcord to proceed with construction activities on March 24, 2014 and construction activities were completed on May 20, 2015. Mr. McNamara said that SDA staff has reviewed the documentation and validated the costs for each invoice submitted by Catcord and found them to be in order. He added that credit change order No. 1, in the amount of \$721,234.37, representing the dollar value of work that was not required to be performed by Catcord, is greater than \$500,000 and 10% of the contract value with the result that management is bringing it to the Board with a recommendation for approval.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Nixon and seconded by Mr. Maloney, credit change order No. 1 in the amount of \$721,234.37 to Catcord Construction Corporation, Inc. for the

Irvington Union Avenue MS project was approved with the Board's unanimous vote in favor of *Resolution 6a1*.

Mr. McNamara then discussed management's request that the Board approve credit change order No. 2 for Tricon Enterprises, Inc. (Tricon) in connection with the Garfield James Madison ES No. 10 project. He said that the New Garfield James Madison ES No. 10 will provide a new 50,328 square foot facility designed to educate 275 students in grades K to 5. He reported that, on June 2, 2014, Tricon was issued a NTP, for demolition and early site plan activities to 1) demolish the existing structure and proceed with the removal and disposal of all subsurface footings, foundations, slabs, and unsuitable soil; and 2) prepare the site for the construction of the project. He added that volumes and weights for the early site preparation package defined by SDA were based upon the prior use of the project site and the anticipation of undocumented unforeseen conditions. Mr. McNamara noted that, throughout advancement of the early site plan work, the defined volumes and weights were less than previously anticipated resulting in the need for this credit change order. He advised the Members that this credit change order, in the amount of \$139,476.40, representing the dollar value of work not required to be performed by Tricon, is the aggregate dollar value of scope that was determined to be unnecessary during the course of performance of the work. He added that Tricon concluded its work on April 1, 2015 and the execution of this change order is necessary to close out the contract.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Nixon and seconded by Mr. Maloney, credit change order No. 2 in the amount of \$139,476.40 to Tricon Enterprises, Inc. for the Garfield James Madison ES No. 10 project was approved with the Board's unanimous vote in favor of *Resolution 6a2*.

As Mr. McNamara is recused from this matter, Mr. Murphy discussed management's request that the Board approve the contract award for the New Elizabeth ES project. Mr. Murphy said that, in November 2014, the Members of the Authority approved the final project charter and award for design-build services to Torcon, Inc. for this project and an NTP to Torcon was issued in December 2014. He explained that before the Board today is the award of a contract for construction management services for that project. He said that this package was advertised as a "price (40%) and other factors (60%)" solicitation. He said that SDA received six responsive proposals. Referencing his memorandum that had been previously provided to the Board, Mr. Murphy then discussed the details of the procurement process that was followed by management. He noted that Epic Management, Inc. (Epic) was the lowest responsive bidder and also the number one ranked technical firm. He said that, upon completion of the procurement process and with Epic having confirmed that its proposal is inclusive of all scope elements, SDA management recommends award of the contract in the amount of \$1,160,134 to Epic for construction management services for the New Elementary School.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made Mr. Piaia, seconded by Mr. Egan, and with Mr. McNamara recused and abstaining, the contract award for construction management services to Epic Management, Inc. for the New Elizabeth ES project in the Elizabeth Public Schools District was approved with the Board's vote in favor of *Resolution 6b*.

At the Chairman's request, Mr. Sherman then provided some background information regarding the Millville HS addition/renovation project. He notified the Members of management's issuance to RSC Architects of an authorization to proceed with the remaining bridging design consultant services for the project. Mr. McKenna explained that, while management is authorized to proceed in this manner, given that the cost, at \$1.7 million, is

substantial, it is appropriate to notify the Board regarding the issuance of the contract. Mr. Yosha provided additional project details.

Public Comments

The Chairman then opened the Public Comments portion of the meeting. Ms. Kelly asked Mr. Frank Faras, a Trenton resident and taxpayer, to address the Board.

Mr. Faras advised the Board that he lives across the street from TCHS. He expressed concern with the SDA's process and proposal for the new TCHS. He stressed that the design of the building proposed to replace the existing school is architecturally inappropriate. He stated that the SDA has not presented the feasibility study that is required by law to determine the actual cost of rehabilitating the existing school. He cited deficiencies with the feasibility study that was presented by the SDA. He suggested that rehabilitation of the existing TCHS may cost less than the building of a new school. He then read an excerpt from the publication "Smart Growth Principles" in furtherance of his point. In conclusion, Mr. Faras asked the Board to reconsider demolishing TCHS.

Next, Darlene Womack, a Trenton resident, addressed the Board. Ms. Womack said that her home backs up to the TCHS site. She advised that her children play outside and noted that her primary concern with the upcoming demolition is with environmental impacts. She specifically asked about the air quality impacts. Mr. McKenna described the air quality controls that are in place at TCHS and advised that there have been no issues to date. He assured Ms. Womack that the community will be informed if an issue with air quality should arise. Mr. Da Silva advised that monitoring is ongoing during the abatement process. Ms. Womack then asked about rodent abatement. Mr. Da Silva explained that there is a pest control provision in the abatement-demolition contract to address the rodent population. Ms. Womack then asked if preliminary assessment reports have been completed. Mr. McKenna advised that under EO215

there is no requirement that SDA prepare an EO215, however, SDA has done so. He then explained that the DEP and Department of Labor (DOL) are also monitoring activities at the site. At Mr. McKenna's request, Ms. Womack was provided with the SDA hot-line telephone number for future inquiries. Mr. McKenna stressed that the SDA is trying to minimize, as much as possible, any inconvenience to those residing in the neighborhood adjacent to the site during construction of the TCHS project.

Ms. Kelly asked Mr. Billie Hayes to address the Board. Mr. Hayes discussed his concerns with certain aspects of the work on the TCHS project. He expressed the desire to speak with the DEP and SDA's environmental consultant to confirm that the work is proceeding in an environmentally acceptable manner. He also expressed his dissatisfaction with the design for the new school facility that has been selected by the Trenton Board of Education. He explained that the neighborhood surrounding the school site is historic and that the selected design does not blend into the neighborhood.

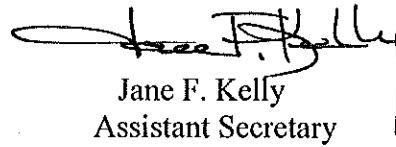
In continuing, Mr. Hayes suggested that the district should be provided with its own project manager for the TCHS project, to be funded by the SDA. He also encouraged the Members to read the environmental reports prepared with respect to the project. Mr. McKenna and Mr. DaSilva responded to the various issues raised by Mr. Hayes.

Mr. Walsh then asked for a motion to adjourn the Open Session meeting into Executive Session. Ms. Kelly announced that the Members would be discussing a matter in Executive Session regarding a request for approval of a real estate acquisition in connection with the Cleveland Street ES project in City of Orange Township School District. Thereafter, upon motion and with unanimous consent, the meeting adjourned into Executive Session.

Following discussion in Executive Session, the Board returned to Open Session.

A resolution regarding the proposed acquisition of real estate in connection with the Cleveland Street ES project in the City of Orange Township School District had been provided to the Members in advance of the meeting. Upon a motion by Mr. Vargas, and seconded by Mr. Walsh, the resolution attached hereto as *Exhibit A1*. was unanimously approved by the Board.

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 July 1, 2015 meeting.



Jane F. Kelly
Assistant Secretary