

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING  
WEDNESDAY, JULY 5, 2017**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, July 5, 2017 at 9:00 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman  
Kevin Luckie (DCA)  
Bernard Piaia (DOE)  
Matthew Spadaccini (Treasury)  
Kevin Egan  
Michael Capelli  
Loren Lemelle  
Lester Lewis-Powder  
Robert Nixon  
Mario Vargas

being a quorum of the Board. Mr. Luckie and Mr. Vargas participated in the meeting in person.

At the Chairman's request, Charles McKenna, chief executive officer; Andrew Yosha, executive vice president; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Manuel Da Silva, vice president; Albert Barnes, chief counsel; and Gregory Voronov, managing director of the SDA participated in the meeting. Thomas Huth of the Governor's Authorities Unit also participated in the meeting by teleconference.

The meeting was called to order by the Chairman of the Board, Mr. Walsh, who requested that Ms. Kelly read the requisite notice of the meeting. Ms. Kelly announced that the meeting notice had been sent to the *Trenton Times* and *Star-Ledger* at least 48 hours prior to the meeting, and had been duly posted on the Secretary of State's bulletin board at 33 West State Street in Trenton, New Jersey. Ms. Kelly then conducted a roll call and indicated that a quorum of the Members was present.

### ***Approval of Meeting Minutes***

Mr. Walsh presented for consideration and approval the minutes of the Board's June 7, 2017 Open and Executive Session meetings. A copy of both meetings' minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Nixon and seconded by Mr. Luckie, the June 7, 2017 Open and Executive Session meeting minutes were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 3a/3b***.

### ***Authority Matters***

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

At the Chairman's request, Mr. McKenna provided the Members with the report of the CEO. Mr. McKenna began the report with an update on the Trenton Central HS (TCHS) project. He reported that the Department of Community Affairs (DCA) reviewed and issued comments on the final building design documents that are being incorporated by the design-builder. He added that a resubmission will be made to DCA within the next few weeks.

Turning to projects in the Bridgeton School District, Mr. McKenna said that for the Buckshutem Road ES and the Quarter Mile Lane ES projects, SDA staff submitted applications for certificates of occupancy (CO) for both projects.

Mr. McKenna reported that for the Camden HS project, SDA staff advertised a demolition package in June and price proposals are due July 25. For the East Orange George Washington Carver ES project, he said that SDA staff issued a notice of award to design-builder Dobco, Inc., on June 23. Mr. McKenna informed the Members that substantial completion is scheduled for the end of this month for the Elizabeth New ES project. He said that furniture, fixtures, equipment and IT work is scheduled to be completed in August for a September opening of the facility.

With respect to the Garfield James Madison ES No. 10 project, Mr. McKenna said that exterior veneer work continues to progress well. For the Harrison New ES project, he reported that SDA staff accepted Brockwell & Carrington's preliminary design submission and it will be submitted to the DCA for review and release. He added that three structures on adjoining sites have been demolished and backfilling activities are underway.

Mr. McKenna said that design phase services continue for the Irvington Madison Avenue ES project and a limited notice to proceed (NTP) was issued June 8 to Epic Management, Inc. for construction management (CM) services. For the Keansburg Port Monmouth Road ES project, he reported that schematic design phase services are complete and design development phase services have initiated.

Mr. McKenna informed the Members that the district is occupying the Jersey City ES No. 3 facility. He added that punch-list and closeout phase work is ongoing. For the addition and renovation project at the Millville HS, he said that Hall Construction is currently performing on-

site investigations to confirm existing conditions. He added that SDA staff advertised for CM services the previous week.

Mr. McKenna reported that for the New Brunswick Paul Robeson ES project, masonry, HVAC, electrical and plumbing work is ongoing. For the Newark South Street ES project, he said that rooftop unit delivery and installation are ongoing and roofing and exterior veneer installation has begun.

Turning to projects in the Orange School District, Mr. McKenna informed the Members that for the Cleveland ES project, the design consultant is finalizing the design development phase. He said that SDA staff issued an NTP for abatement, demolition and site improvements to Yannuzzi Group (Yannuzzi) on June 5. He said that the Yannuzzi will be demolishing the 3 buildings that are adjacent to the Cleveland ES, thus permitting the addition and renovation work to proceed. For the Orange HS project, the design consultant is finalizing the schematic design phase.

In continuing, Mr. McKenna gave an update on projects in the Passaic School District. He said that concrete deck work is progressing for the Leonard Place ES project. With respect to the Dayton Avenue Educational Campus project, he reported that SDA staff advertised the design-build services procurement package for bid on June 13 and held the pre-bid meeting at the site on June 29. He said that technical and price proposals are due September 7.

Mr. McKenna reported that for the Paterson Union Avenue MS project (former site of Don Bosco Academy), SDA staff held the kickoff meeting for demolition services on June 14. He added that the contractor is preparing to mobilize mid-July. For the Pemberton Denbo Crichton ES project, he said that temporary space is being readied for the upcoming school year. He noted that design-build bid documents are being finalized. In regard to the Perth Amboy

Seaman Avenue ES project, he said that design phase services are ongoing and site utility installation has commenced.

With respect to the Vineland New MS project, Mr. McKenna reported that masonry, steel erection, roofing, electrical, plumbing, and HVAC work are all ongoing and site paving, curbing and exterior veneer work has commenced.

In continuing, Mr. McKenna informed the Members that for the West New York Harry L. Bain PS No. 6 project, phased turnover of the facility to the district has begun. He said that the turnover will be complete for a September reopening by the district.

Mr. McKenna then reminded the Members that a classroom ceiling had collapsed at the Salem MS. He said the he and the Senate President are looking at a building run by the diocese to lease, which may offer a better option than utilization of temporary classroom units.

Turning next to ongoing procurement activity, Mr. McKenna said that activity currently underway includes procurements for: design-build services for the Passaic Dayton Avenue Educational Campus project; demolition services for the Camden HS project; CM services for the Millville HS project; site consultant services; legal services; OCIP IV broker services; and business, real estate property & casualty insurance broker services.

Reporting on events, outreach and other SDA activities, Mr. McKenna said that SDA staff held a community meeting in Perth Amboy on June 13 to discuss the start of construction of the new Seaman Avenue School. He added that SDA staff also attended a couple of community meetings in Camden on June 21 to provide an update on the status of the new Camden HS project.

Mr. McKenna informed the Committee that SDA vice president Manny Da Silva received the 2017 Estralas do Condado de Essex at the Annual Essex County Portuguese Heritage Celebration on Wednesday, June 14.

Mr. McKenna said that the SDA had issued its Biannual Report the previous month and noted that it is available for review on the SDA website.

Finally, Mr. McKenna advised the Members that Communications staff is working to schedule a groundbreaking ceremony later in the month for the Perth Amboy Seaman Avenue School project.

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

The Chairman then requested that Mr. Nixon provide the report of the Audit Committee. Mr. Nixon reported that the Audit Committee met on June 19, 2017. He said that management provided the Committee with the May 2017 New Funding Allocation and Capital Plan Update. He advised the Board that only one change had occurred in SDA District Reserve Balances during the reporting period. Specifically, he reported that the 2011 Emergent Projects Reserve experienced a decrease of \$1.9 million due to the release of funds for structural repair work at the Camden Cramer ES. Additionally, he reported that the reserve balance for the Regular Operating Districts (“RODs”) decreased by \$200,000 during the reporting period. He explained that this was due to the release of \$1.3 million to address HVAC corrective work at the Egg Harbor City MS, offset by a \$1.1 million increase due to reductions in state share for grant projects nearing completion.

Next, Mr. Nixon advised the Members that the Board will need to take action in connection with one item. He explained that the Audit Committee is recommending approval of a 2-year contract extension for Ernst & Young (E&Y) for independent auditor services and other

services required by the Committee. Referencing materials that previously had been provided for Board review, he reminded the Board that in 2014, after a competitive procurement process, and in compliance with Executive Order 122, SDA retained E&Y for independent auditor services. He advised that the initial term of the contract is expiring but explained that the contract provides the Authority with the option to extend the agreement for two one-year periods. He said that the cost of the extension years is \$109,500 for 2017 and \$113,500 for 2018. Mr. Nixon said that the Committee believes that exercising the SDA's option to extend is prudent for a number of reasons. He said that the Audit Committee works well with E&Y, that E&Y knows the staff and the organization extremely well and that that E&Y has always provided the services without issues. He said that the Committee has concluded that it would be disruptive at this time to go out to bid. Mr. Nixon said that the Committee is recommending that the Authority exercise its option for both years 2017 and 2018. Mr. Vargas asked if a new bid process will proceed following the 5 year period. Mr. Nixon responded in the affirmative.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. After discussion, upon motion duly made by Mr. Luckie and seconded by Mr. Vargas, the proposed Ernst & Young 2017 and 2018 contract extension for Financial Statement Audit Services was approved with the Board's unanimous vote in favor of ***Resolution 5a***.

In continuing, Mr. Nixon noted that the Authority's internal auditing unit informed the Committee of the closure of more than 60 audit recommendations. He commended the excellent work of the internal auditing unit.

Mr. Nixon then provided the May 2017 Monthly Financial Report. He advised that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$9.7 million, which is down \$1 million as compared to the budget for the corresponding period. He

explained that the decrease is mainly attributable to lower salaries and benefit costs. He said that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total \$157.5 million and are \$17.4 million higher as compared to the capital spending forecast for the corresponding period. Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual), at \$157.5 million, are \$2.2 million higher as compared to the corresponding prior year period. He explained that the variance is due to increased spending on grant activity offset by decreases in construction costs and other project related costs. In conclusion, Mr. Nixon reported that, since program inception, approximately 78.4% of the funds allocated for SDA districts have been disbursed. Additionally, he said that, since program inception, 96% of all SDA disbursements relate to school facilities projects, while 4% relate to operating expenses. He advised that the estimated value of current school facilities project activity is approximately \$2.2 billion.

### ***School Review Committee***

***2012 Capital Plan Amendment – Hoboken School District – Substitution of Project; Release of Funds from Program Reserve – Newark Public Schools District – Hawthorne Avenue Elementary School – Emergent Project – Exterior Masonry and Roof Replacement; Egg Harbor Township High School – Change Order – Delric Construction Company, Inc.***

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the Committee met on June 19, 2017. He said that the first matter for Board consideration is a proposed amendment to the SDA's 2012 Capital Plan whereby one project will be substituted for another project in the Hoboken School District. He reported that the Authority's 2012 Capital Plan included a project to address facilities conditions deficiencies at the Hoboken Thomas G. Connors ES (the Connors School). He said that the Connors School educates 314 students in grades Pre-K through 6. Mr. Luckie explained that, after approval of



the Capital Plan, school district, City, Department of Education (DOE) and SDA staff reviewed and validated district needs. He advised the Members that this process revealed that the Connors School is located entirely within a 100-year floodplain area that has been Federal Emergency Management Agency (FEMA)-designated as a “Special Flood Hazard Area - High Risk”. Mr. Luckie said that the Connors School has experienced flooding in the past and is anticipated to experience such flooding in the future. He reported that regulatory limitations imposed due to the Connors School’s location have negatively affected the value and extent of renovations that can be completed there resulting in a reduction in the School’s educational capacity. He said that the working group concluded that the district’s A.J. Demarest School (Demarest School) is appropriate as a substitute for the Connors School based upon its capacity, core group spaces, facility conditions, cost and FEMA floodplain classification. Mr. Luckie informed the Members that SDA management recommends advancement of a project at the Demarest School to substitute for the previously identified Connors School and is requesting that the Board approve an amendment to the Capital Plan for this reason. He said that the estimated funding necessary to complete the anticipated work at the Demarest facility is consistent with the estimated costs that previously had been allocated for work at the Connors School. Mr. Voronov noted that the Demarest School is actually more spacious than the Connors School and is thus a good choice to substitute for that school.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Piaia, the proposed amendment to the SDA’s 2012 Capital Plan for the Hoboken School District was approved with the Board’s unanimous vote in favor of ***Resolution 6a***.

At the Chairman's request, Mr. Luckie discussed management's recommendation for a release of funds from the program reserve for the Newark Hawthorne Avenue ES emergent project (the Project). He advised the Board that the Hawthorne Avenue ES (Hawthorne School) is an approximately 81,000 square foot facility that educates 390 students in grades Pre-K to 8. He said that following joint site visits by SDA and DOE staff to review the district's potential emergent conditions, DOE issued pre-construction approval in July 2012 for an emergent project to address conditions related to the building's exterior masonry and roofing system. Mr. Luckie informed the Members that, in March 2013, after receipt of pre-construction approval, SDA issued a grant offer to the district to allow for the advancement of the Project by way of SDA delegation for district management. He said that the Project was placed on hold after the grant was executed while the district reviewed and assessed its buildings and planned for their future use. He said that in May 2016, the district advised SDA that it would be continuing to use the Hawthorne School as a school facility for the near future and that the masonry and roof work had to proceed for the continued operation of the school. Mr. Luckie advised that SDA staff has reviewed the Project scope to ensure that it adequately addresses the identified conditions and does not include work above that required to remedy those conditions. He added that staff also reviewed the construction cost estimate and other costs and concluded that the cost of the Project, including appropriate contingency, is \$1,758,000.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Walsh and with Mr. Lewis-Powder recused and abstaining, the release of funds from the program reserve for the Newark Hawthorne Avenue ES emergent project was approved with the Board's unanimous vote in favor of *Resolution 6b*.

At Mr. Walsh's request, Mr. Luckie next discussed management's recommendation for a proposed change order required as the result of a modification to the scope of remedial work to address a roof condition at the Egg Harbor Township HS project (the Project). Mr. Luckie advised the Board that the Committee held a special meeting on June 29, 2017 to consider this matter. He said that in May 2012, SDA completed an 115,000 square foot addition to the existing Egg Harbor Township HS, which included the construction and installation of a standing seam metal roof. He said that, subsequently, the ceilings of upper floor classrooms and other locations at the school exhibited moisture damage due to condensation. He said that it was determined that the condensation problems were the result of design errors and omissions and construction defects, and that litigation ensued. He said that the Authority determined that the underlying condensation condition needed to be remediated while the litigation was pending. Mr. Luckie reported that in August 2016, the Board approved staff's use of the General Construction Services Task Order contract to delineate the existing facilities conditions, to develop and assess corrective options and to advance the most appropriate scope of work to correct the deficiencies. He advised that Delric Construction Company, Inc. (Delric) received the rotational assignment. Mr. Luckie said that site visits were conducted this past December and January to review the building roof and other conditions and to discuss options for performing the corrective work. He informed the Members that Delric provided the SDA with a cost estimate to complete the entirety of the scope of work in the not-to-exceed amount of \$1,141,371 and the Board approved this in March 2017. He explained that, later, SDA received the Final Emergent Conditions Report from Delric outlining three (3) corrective options to remedy the existing roof condition per Delric's scope of work and determined that option No. 2 was the best option to address the roof work. He advised that this final recommended and

accepted option includes additional scope of work beyond the option that Delric had used as the basis for the Project cost proposal. He said that it is necessary to revise the Project's scope and authorize Change Order No. 1 in order to provide additional funds in the amount of \$160,213.49 to advance the Project. He said that Board approval is also being sought to reestablish the construction contract value to equal the contract value inclusive of Change Order No. 1.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Piaia, the Board approved Change Order No. 1 for the Egg Harbor HS emergent project with the Members' unanimous vote in favor of *Resolution 6c*.

### ***Public Comments***

The Chairman then opened the Public Comments portion of the meeting. At the Chairman's request, Ms. Kelly called on Mr. Frank Faras, a resident of the City of Trenton, to address the Board. She said that, prior to the meeting, Mr. Faras had provided a handout that was distributed to the Members. She said that, following the meeting, the handout will be forwarded to those Members who are participating in the meeting telephonically.

Mr. Faras advised the Board that he lives across the street from the TCHS project/demolition site. He referenced the photos (handout) that had been distributed to the Members. He said that the photos depict two concrete towers that had been erected on the project site the previous month and were used to mix cement. He said that the photos also show clouds of material that travel across the street coating his house and his car. He said that on summer mornings it is possible to smell and taste the material. Mr. Faras said that Mr. McKenna has stated that he doesn't believe that the material is carcinogenic or very serious.

Mr. Faras then referenced the particular sheet of the handout which provides safety data prepared by the manufacturer of the concrete material. He said that this data sheet reflects that the material is classified as “1A” which, following testing on human beings, is globally recognized by the federal Environmental Protection Agency, Occupational Safety and Health Administration (OSHA) and state Department of Environmental Protection as carcinogenic for humans. He said that he “wants this stopped”. He said that he has asked repeatedly for this to stop and thought, at first, that SDA’s failure to do so was just “incompetence”. He said that he now believes that it is “gross negligence” on the Authority’s part. He said the Members should understand that the neighborhood does not want this. He asked that the Authority “make it stop today”.

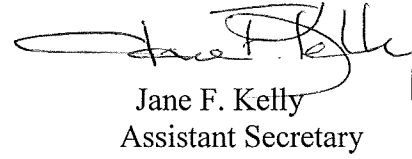
Next, Ms. Kelly asked that Jerrell Blakeley of the Healthy Schools Now Coalition/Work Environment Council approach the podium. Mr. Blakeley said that SDA had reached out to him the previous week to let him know that letters had gone out to the SDA districts to advise them of the determinations that had been made regarding their emergent project submissions. Mr. Blakely said that he had submitted an Open Public Records Act (OPRA) request to SDA seeking information regarding the status of the SDA’s emergent projects program. Mr. Blakeley explained that he is particularly interested in obtaining answers as to what/how many projects were approved to advance; and what percentage the number of approved projects is of the number of total submissions. He said that he also would like the documentation that had been provided by SDA to the districts. Mr. McKenna said that a response to Mr. Blakeley’s OPRA request will be issued today. Mr. Blakeley thanked the Authority for meeting their commitment to advise him when the information became available. Mr. Yosha advised Mr. Blakeley that 15 projects are advancing. Mr. McKenna explained that while there were many more potential

projects submitted by the districts, DOE deemed some paperwork submissions incomplete and concluded that potential project submissions did not meet the criteria applicable to an “emergent project”.

### *Adjournment*

There being no further business to come before the Board, Mr. Walsh asked for a motion to adjourn the meeting. Upon motion by the Chairman and with unanimous consent, the meeting was adjourned.

**Certification:** The foregoing represents a true and complete summary of the actions taken by the Board of the New Jersey Schools Development Authority at its July 5, 2017 meeting.



Jane F. Kelly  
Assistant Secretary