

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, JANUARY 3, 2018**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, January 3, 2018 at 9:15 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman
Maureen Hassett (EDA)
Kevin Luckie (DCA)
Bernard Piaia (DOE)
Shannon McManus (Treasury)
Loren Lemelle
Lester Lewis-Powder
Michael Maloney
Robert Nixon
Mario Vargas

being a quorum of the Board. Ms. Lemelle, Mr. Lewis-Powder, Mr. McManus and Mr. Piaia participated in the meeting by teleconference.

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; and Albert Barnes, chief counsel, of the SDA, participated in the meeting. Tyler Yingling of the Governor's Authorities Unit also participated in the meeting.

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

Authority Matters

CEO Report

The Chairman asked Mr. McKenna for the Report of the Chief Executive Officer. Mr. McKenna began his report with an update on the Trenton Central HS (TCHS) project. He reported that roofing, exterior sheathing and concrete masonry unit installation work is ongoing. He said that the final building design was submitted to Department of Community Affairs (DCA) for release. He added that interior rough-in HVAC, fire suppression, electric, plumbing and framing is ongoing. He said that the school is making great headway and that the work areas have been enclosed.

Mr. McKenna said that, for the Camden HS project, USA Environmental had completed abatement of the annex and circular buildings the previous month and demolition activities are ongoing at those buildings. He added that abatement activities continue in the 1916 building and SDA staff anticipates completion later this month. He said that lawsuits filed in connection with the project have been addressed and the project is moving forward. With regard to the East Orange George Washington Carver ES project, he advised that Dobco Inc., the design-builder, is preparing footings, foundations and structural steel design documents for submission to DCA.

He said that SDA staff advertised for construction management (CM) services the previous month.

With respect to the Elizabeth New ES project, Mr. McKenna informed the Members that Torcon, the design-builder, continues to address punch-list items and closeout activities. He reported that, for the Garfield James Madison ES No. 10 project, Brockwell & Carrington continues with rough interior finish work. He said that the selection of furniture, fixtures and technology is ongoing and all construction activities and trades continue to progress well.

Concerning the Harrison New ES project, Mr. McKenna informed the Members that design phase services continue. He said that SDA staff issued design-builder Brockwell & Carrington the limited notice-to-proceed (NTP) with footings, foundations and under-slab utilities the previous month and construction activities are ongoing.

Mr. McKenna said that, for the Irvington Madison Avenue ES project, Ernest Bock & Sons, Inc. (Bock), the design-builder, continues with design phase services. He added that footings work is complete and foundation work is nearing completion. For the Keansburg Port Monmouth Road ES project, he reported that LAN Associates continues with design phase services there.

Next, Mr. McKenna gave an update on the addition and renovation project at the Millville HS. He said that Hall Construction Co. Inc., the design-builder, continues with design phase services. He added that Phase I abatement is complete and construction documents for Phase I are under review by DCA. For the New Brunswick Paul Robeson ES project, he reported that site work, masonry, HVAC, electrical and plumbing work is ongoing. He noted that structural repairs to the existing building are complete and associated finish work is ongoing.

He reminded the Members that the Board had approved this work when problems were identified at the school as construction activities progressed.

Mr. McKenna said that, for the Newark South Street ES project, interior partitions, painting, final electrical, plumbing, and grading work is ongoing, along with ceiling grid installation, flooring and bathroom partition installation work. He said the school is getting close to completion. Concerning both the Orange Cleveland ES and Orange HS projects, he reported that design phase services continue.

Turning to projects in the Passaic School District, Mr. McKenna reported that, for the Leonard Place ES project, building enclosure and interior rough finish work is ongoing. With regard to the Dayton Avenue Educational Campus project, he reported that the state Supreme Court denied Bock's request for a Stay of the Authority's decision denying its bid protest. He advised the Members that Bock filed a Motion for Emergent Relief and Accelerated Schedule with the Appellate Division. He noted that SDA's outside counsel has filed papers in opposition to this motion with the court. He added that SDA staff issued a design phase NTP to Terminal Construction the previous day, January 2. The Board then engaged in a brief discussion regarding the frequency with which unsuccessful contractors have been filing bid protests.

With respect to the Paterson Union Avenue MS project (former site of Don Bosco Academy), Mr. McKenna reported that abatement work is complete and demolition of all structures on the site is ongoing. He said that the SDA design studio continues with development of bridging documents for a design-build procurement for the new school facility.

Mr. McKenna informed the Members that, for the Pemberton Denbo-Crichton ES project, DCA is currently reviewing the permit package for demolition of the existing Crichton ES. He said that SDA-managed work for needed swing space was completed and the space was turned

over to the district. He noted that a recommendation of award for design-build services for the new ES is on the meeting agenda.

Mr. McKenna reported that, for the Perth Amboy Seaman Avenue ES project, Epic Management, Inc., the design-builder, continues with design phase services. He said that footings, foundation, site utility and curb installation work is ongoing and structural steel erection has begun. With respect to the Salem MS project, he said that the school has been completed and turned over to the district.

With regard to the Vineland New MS project, Mr. McKenna said that final electrical, rough plumbing, HVAC and site work is ongoing. He added that masonry, steel erection, roofing and window installation is complete; that ceiling grid installation has begun; and interior painting is ongoing.

Reporting on the Authority's procurement activities, Mr. McKenna said that, later in the meeting, management would be presenting a design-build services award for the Pemberton Denbo-Crichton ES project and a professional services award for OCIP IV administration services. He said that other activity currently underway includes a procurement for CM services for the East Orange George Washington Carver ES project.

Turning to Authority events, outreach and other activities, Mr. McKenna reported that Communications staff is working to schedule a groundbreaking ceremony in Harrison and a demolition event in Pemberton later in the month.

In concluding, Mr. McKenna informed the Members that the previous day SDA lost another Member of the organization, Lorraine Peterson. He said that Lorraine lost her life following a 14-month battle with lung cancer. He advised the Board that Lorraine was a

paralegal in the Authority's legal department and that she will be sorely missed by the entirety of the organization.

Approval of Meeting Minutes

Mr. Walsh presented for consideration and approval the minutes of the Board's December 6, 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. Vargas and seconded by Mr. Nixon, the December 6, 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***.

Audit Committee

Approval of Award – Owner Controlled Insurance Program (OCIP) Enrollment Administration Services GP-0246-R01

Mr. Nixon said that the Audit Committee met on December 18, 2017 at which time management provided the Committee with the November 2017 New Funding Allocation and Capital Plan Update. He said that there were no changes in any of the reserve balances for the SDA Districts during the reporting period. Turning to the Regular Operating Districts (RODs), Mr. Nixon reported that the Program Reserve for the RODs increased by \$2.2 million during the reporting period due to reductions in state share for grant projects nearing completion.

Mr. Nixon then presented the proposed award for Owner Controlled Insurance Program (OCIP IV) Enrollment Administration Services. Referencing material that staff previously had distributed for Board review, he advised that the current OCIP (III) contract would expire March 1, 2018. He explained that the recommended awardee would provide a full range of services including enrollments, insurance certificates, bid cost and change orders, payroll tracking,

closeout and reporting. He said that the Authority advertised the RFP on September 14, 2017. Mr. Nixon advised that the level of effort attendant to the required services conservatively is expected to involve enrollment of approximately 13 capital projects with an aggregate construction cost estimate (CCE) of approximately \$845 million, plus another \$25-\$50 million in emergent project work. He reported that the top ranked firm at the completion of the process was Aon Risk Services Northeast, Inc. (Aon). He said that management is seeking approval to award a contract for OCIP IV enrollment administration services to Aon for a not-to-exceed fee amount of \$550,000 inclusive of contingency to address potential CCE increases (up to \$1 billion in total CCE) over the 3-year term of the agreement. He explained that there is an initial upfront payment of \$100,000. He also advised the Board that the enrollment administration services fee is completely adjustable based upon a rate of \$0.55 per \$1,000 of construction value — including the \$100,000 initial upfront payment.

Following discussion, upon motion duly made by Mr. Luckie and seconded by Mr. Vargas, the Board approved the contract award to Aon Risk Services Northeast, Inc. for OCIP IV Enrollment Administration Services with its unanimous vote in favor of ***Resolution 5a***.

Next, Mr. Nixon reported that SDA's outside consultant, Smolin Lupin & Co., P.A., provided the Committee with the results of one real-time construction audit. He said that the results of the audit were consistent with statutory requirements. He advised the Board that the Committee had engaged in an informative discussion regarding SDA processes and procedures relevant to the audit's findings.

In continuing, Mr. Nixon said that, for informational purposes, management also had provided the Committee with the Authority's 2018 Capital Spending Forecast. He explained that the forecast is based on the Treasury Updated Spending Models which help to ensure that there is

an optimum level of cash on hand, and that additional funds are appropriately obtained within the State's bonding schedule. He reported that the forecast anticipates expenditures of approximately \$383 million for school facilities projects, representing an increase of approximately \$28 million over the estimated actual spending in 2017.

Mr. Nixon then provided the Board with the November 2017 Monthly Financial report. He advised the Board that Year-to-Date Authority Operating Expenses (Actual vs. Budget) at \$18.1 million, are down \$3.1 million as compared to the operating budget for the corresponding period. He explained that this is largely attributable to 44 fewer than anticipated full time employees. In continuing, Mr. Nixon said that year-to-date school facilities project expenditures, at \$327.3 million, are \$4.1 million lower as compared to the capital spending forecast for the corresponding period. He said that project expenditures (Actual vs. Prior Year Actual) have decreased by \$26 million as compared to the corresponding prior year. He explained that this variance is due to decreased spending in construction related activity, school furniture, fixtures and equipment and lower project insurance costs offset by a \$14.4 million spending increase in grants. In concluding his report, Mr. Nixon said that, currently, SDA has disbursed 79.8% of the funds authorized for the SDA Districts. Additionally, he said that, since program inception, 96% of all SDA disbursements relate to school facilities projects and 4% relate to operating expenses. He said that the estimated value of active school facilities projects remains at \$2.2B.

School Review Committee

Approval of Design-Build Award and Final Project Charter – Pemberton School District – Denbo-Crichton Elementary School

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie reported that the School Review Committee met on December 18, 2017. He said that the

Committee is recommending Board approval of a design-build award and final project charter for the Denbo-Crichton ES project (the Project) in the Pemberton School District. Mr. Luckie reported that, in January 2014, the SDA Board approved an Amendment to the Authority's Capital Plan Portfolio authorizing advancement of a project for the Denbo-Crichton ES (the Project). He explained that inclusion of this project in the Capital Plan Portfolio was based upon the Department of Education (DOE's) 2013 Educational Facilities Needs Assessment identifying Facilities Efficiency Standard Compliance needs in the district. Mr. Luckie said that the Project involves construction of an approximately 126,000 square foot facility on the District-owned school site to educate 846 students in grades Pre-K through five. He added that the Project also includes demolition of the two existing school structures on the site—the Alexander Denbo ES and the Aletta Crichton ES. He informed the Members that management advertised a package for design-build services on September 13, 2017 with “price” weighted as 60% of the overall weight and all “non-price factors” having a combined weight of 40%. He said that, upon completion of the competitive procurement process, management recommends award of a \$43,185,000 contract for design-build services to Bock for the Project. He noted that Bock has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. Mr. Luckie said that, along with the contract award, management also is recommending that the Board approve the project's final charter.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the design-build award and final charter for the Pemberton Denbo-Crichton ES project was approved with the Board's unanimous vote in favor of *Resolution 6a*.

Public Comments

The Chairman then opened the Public Comments portion of the meeting. At the invitation of the Chairman, Mr. Frank Faras addressed the Board. Mr. Faras began by indicating that he is known to the Board Members. He said that, during his lifetime, he has gone to many board and city council meetings. He said that he has noticed something similar about those bodies' meetings that differs from SDA Board meetings. He said that in all of his time attending SDA Board meetings, he has never heard a dissenting vote, i.e. that no one has ever voted "no". He said that he finds this strange. He said that, with the other bodies, someone always has a question or disagrees. Mr. Faras said that he finds this particularly strange since he has brought the SDA Board videos and pictures that show that what is being done (on the TCHS project site) is wrong. He said that this shows, at best, "indifference" and, at worst, "puppetry". He asked that the Board Members consider this in the future and take the citizens into account. Mr. Maloney took strong exception to Mr. Faras' characterization of the Members as "puppets" simply because they don't agree with him. He said that Mr. Faras was being disrespectful. Mr. Faras said that he has been treated with disrespect. Mr. Walsh took issue with Mr. Faras' statement. He reminded Mr. Faras that the Board has received his comments each month without a time limitation. He also advised Mr. Faras that the matters brought before the Members for a vote already have been considered in Committee meetings held prior to the Board meetings. He said that, in those meetings, the Members ask questions of staff, deliberate and consider the issues. He said that the matters raised by Mr. Faras are not matters that are not subject to Board vote. Mr. Maloney said that Mr. Faras owes the Board an apology. Mr. Faras said that SDA owes him and the citizens of Trenton an apology.

Mr. McKenna said that in the three years that SDA has been building the new TCHS, Mr. Faras seems to have been on an island in that he is the only person who has come to SDA Board meetings to object. He suggested that this is because no one else agrees with Mr. Faras. Mr. Faras took issue with this. Mr. McKenna acknowledged that the Members of the Board do not agree with Mr. Faras. He said that this does not make them “puppets” or instrumentalities of some governmental force that he (Mr. Faras) does not like but, rather, thinking people who understand that the education of the children of Trenton is far more important than his (Mr. Faras’) own singular and jealously guarded house. Mr. Walsh noted that Mr. Faras continually brings up the demolition process on the TCHS site. He said that the demolition is over and done with and asked if Mr. Faras might have some constructive input to provide regarding, e.g. the school’s labs, athletic fields or something else with which he might help. Mr. Faras then referenced what the Authority is now “doing to the City of Camden”. He said that SDA is cheating the students. He criticized the temporary facilities that the SDA provided for the TCHS students. He said that, if it involved his child, he would pursue a class action lawsuit against SDA. Mr. McKenna reminded Mr. Faras that, on many occasions, he has encouraged Mr. Faras to sue the Authority. He said that this would provide SDA a forum in which to disprove to an independent third party Mr. Faras’ “cockamamie” ideas regarding what the law requires, and to demonstrate that SDA is fully complying with what is legally required.

Next, at the Chairman’s request, Mr. Jerrell Blakeley of the Healthy Schools Now (HSN) Coalition addressed the Board. Mr. Blakeley said that he has been coming to SDA Board meetings to question, implore and advocate for healthy schools for all of the children in the state of New Jersey. He stressed the importance of a new TCHS, a view, he said, that is shared by the over 50 organizations that make up the HSN Coalition. He recalled his experience as a former

TCHS student—the embarrassment of having visitors and other students to the school and the degraded condition of the school. He said that the school was “state of the art” in 1929 but not in the current day and expressed support for demolition of the school. He said that if the condition of Camden HS is anything like TCHS was, “tear it down”. He said that there are other schools across the state that are in bad condition and that he believes that students in those schools would support construction of new school facilities in which they could learn. He said that the SDA’s mission is an extremely important mission. He said that students who walked into the old TCHS building felt as if the state did not care about them. He added that this would not be the case when students enter the new TCHS. He stressed that he and Mr. McKenna have disagreed on issues and that he has publicly criticized Mr. McKenna at times. However, he said that, in his view, Mr. McKenna’s tenure at SDA has been successful. He noted the funding and practical challenges facing the SDA going forward.

Mr. Blakeley then inquired as to the status of the emergent project resubmissions by districts whose projects previously were denied. Mr. Yosha said that resubmissions have come in but that he would have to check with DOE on the current status of that process. Mr. McKenna asked Mr. Blakeley to check back with SDA in two weeks for additional information.

Mr. Walsh said that, in his view, a significant concern is why the TCHS project did not advance years ago. At this point Mr. Maloney exited the meeting. Mr. Luckie noted the lack of cohesion in the community as contributing to the delay. Mr. Blakeley said that Governor Christie’s suspension of the school construction program also contributed to the delay. Mr. Blakeley said that disagreement among community members in general is a concern and can be an impediment to project advancement.

Mr. Walsh then announced that the Board would be adjourning into Executive Session. Ms. Kelly said that the Board would be considering two items in Executive Session: the first, a temporary facilities lease for the Orange Cleveland ES project; and the second, SDA's potential exercise of an option to extend the lease for the TCHS temporary facilities. She said that the Board's vote would proceed upon its return to Open Session.

Thereafter, upon motion by the Chairman and with unanimous consent, the meeting adjourned into Executive Session.

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

Mr. Vargas said that the Committee recommends Board approval of the proposed lease of temporary facilities in connection with the Orange Cleveland Elementary School project. Upon motion duly made by Mr. Luckie and seconded by Ms. Lemelle, the Board approved the Committee's recommendation in this matter with its unanimous vote in favor of ***Resolution A1***.

Adjournment

There being no further business to come before the Board, upon motion by the Chairman and with unanimous consent, the meeting was adjourned.

Certification: The foregoing represents a true and complete summary of the actions taken by the Board of the New Jersey Schools Development Authority at its January 3, 2018 meeting.

/s/ Jane F. Kelly
Assistant Secretary