

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, MAY 2, 2018**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, May 2, 2018 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)

Kevin Luckie (DCA)

Bernard Piaia (DOE)

Michael Kanef (Treasury)

Kevin Egan

Loren Lemelle

Lester Lewis-Powder

Michael Maloney

Robert Nixon

Mario Vargas

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

At the Chairman's request, Charles McKenna, chief executive officer; Albert Alvarez, chief of staff; 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 Thomas Schrum, managing director of

the SDA, participated in the meeting. Adam Sternbach 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.

Approval of Meeting Minutes

The Chairman then presented for consideration and approval the Minutes of the April 4, 2018 Open and Executive Session meetings. Staff had provided a copy of both sets of minutes and a resolution to the Members for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Nixon, the Members unanimously approved the Open and Executive Session meeting minutes of the April 4, 2018 SDA Board meeting.

Authority Matters

CEO Report

Mr. Walsh asked Mr. McKenna for the Report of the Chief Executive Officer. Mr. McKenna opened his report with an update on the Trenton Central HS (TCHS) project. He reported that roofing, exterior sheathing and concrete masonry unit (CMU) installation work is ongoing as is interior rough-in HVAC, fire suppression, electric, plumbing and framing, site work and parking lot curb installation.

Mr. McKenna said that for the Camden HS project, demolition of the 1916 building and site leveling work are ongoing. He advised that staff advertised for design-build services in March and proposals are due next month (June). For the East Orange George Washington Carver ES project, he reported that the design-builder's design phase services are ongoing. He said that underground detention system work is nearly complete and connection to the city system has begun.

Mr. McKenna gave an update on the Elizabeth New ES project. He reported that Torcon, the design-builder, continues to address punch-list items. He said that staff expects to file an application for a certificate of occupancy upon finalization of the testing, adjusting and balancing report. With regard to the Garfield James Madison ES No. 10 project, he informed the Members that the building is operating on permanent electrical power and is being conditioned. He noted that the school will open in September. He reported that the design-builder, Brockwell & Carrington, continues with interior finish work.

Mr. McKenna said that for the Harrison New ES project, design phase services are ongoing. He noted that Brockwell & Carrington continues with the installation of piles. With respect to the Irvington Madison Avenue ES project, he reported that structural steel erection is complete. He said that the pouring of floor slabs, masonry and concrete work all is ongoing. He added that that excavation work for the detention basin also is ongoing.

Mr. McKenna reported that for the Keansburg Port Monmouth Road ES project, LAN Associates continues with design phase services. For the addition and renovation project at the Millville HS, he said that Hall Construction, the design-builder, continues with design phase services. He added that Phase I demolition and renovation work has begun and the Department of Community Affairs (DCA) is reviewing Phase II demolition documents. Mr. McKenna said

that he, along with chief of staff Al Alvarez and program director Corrado Minervini recently traveled to Millville to meet with the residents to discuss what they might expect during construction.

Next, Mr. McKenna said that for the New Brunswick Paul Robeson ES project, site work, interior finish work and DCA final inspections are underway. He noted that the school is scheduled to open in September. He reported that for the Newark South Street ES project, also scheduled to open in September, interior partitions, painting, final electrical, plumbing, site work, ceiling grid installation, flooring and finish work are ongoing. He noted that final DCA building inspections also are underway.

Turning to projects in the Orange School District, Mr. McKenna reported that for the Cleveland ES project, DCA is currently reviewing construction documents for the project. For the Orange HS project, he said that design phase services continue.

In continuing, Mr. McKenna gave an update on projects in the Passaic School District. He said that for the Leonard Place ES project, roof installation, rooftop equipment installation, interior drywall, ceiling and mechanical electrical and plumbing work is ongoing. He advised the Members that staff recently toured the building with the district and that the district is happy with the progress there. For the Dayton Avenue Educational Campus project, he reported that design phase services and temporary classroom unit demolition is ongoing.

Mr. McKenna informed the Members that for the Paterson Union Avenue MS project (former site of Don Bosco Academy), staff advertised for design-build services the previous week. He said that demolition and removal of below grade structures and soil backfill activities are ongoing. With regard to the Pemberton Denbo-Crichton ES project, Mr. McKenna reported

that design phase services are ongoing. He said that the contractor performing early site package services is finalizing grading and fence installation.

Next, Mr. McKenna gave an update on the Perth Amboy Seaman Avenue ES project. He said that design phase services, structural steel erection, footings, foundation, site utility and curb installation work are ongoing, along with exterior building metal framing installation work. He added that CMU interior partition, ductwork and hollow-metal frame installation also is ongoing. With regard to the Vineland New MS project, he advised that final DCA building, electrical, plumbing, HVAC and site work inspections are ongoing. He noted that the school is close to being completed.

Turning next to ongoing procurement activity, Mr. McKenna said that, later in the meeting, management would be presenting construction management (CM) services awards for the Passaic Dayton Avenue Educational Campus and Pemberton Denbo-Crichton ES projects. He said that other activity currently underway includes procurements for design-build services for the Camden HS and Paterson Union Ave MS projects and demolition services for the Plainfield Woodland Avenue ES project.

Reporting on events, outreach and other SDA activities, Mr. McKenna said that SDA held a community meeting in Millville on April 23. He noted that the Passaic tour was held April 25. Next, Mr. McKenna reported that on May 7 SDA will present at Perth Amboy Board of Education meeting regarding the new High School project there.

Finally, Mr. McKenna informed the Members that SDA is scheduled to appear before the Joint Committee on the Public Schools on May 10.

Audit Committee

At the Chairman's request, Mr. Nixon provided the report of the Audit Committee. He said that the Committee met on April 16, 2018 at which time management provided the Committee with the March 2018 New Funding Allocation and Capital Plan Update. He reported that there were no changes during the reporting period in any of the SDA District reserve balances. He advised the Board that the reserve balance for the Regular Operating Districts (RODs) increased by \$1 million during the reporting period due to reductions in state share for grant projects nearing completion.

Next, Mr. Nixon discussed management's request for Board approval of amendment No. 1 to the furniture, fixtures and equipment contract (FF&E or contract). He explained that the SDA's FF&E contract provides for the manufacture, delivery and installation of furniture, fixtures and equipment for SDA-constructed or -renovated schools. He noted that the Board approved the contract at its December 2015 meeting, authorizing the award of a contract to 29 firms to provide FF&E "goods and services" at the not-to-exceed amount of \$12,000,000 for the term of the contract. He said that the 2015 contract is scheduled to expire on March 30, 2019.

In continuing, Mr. Nixon advised the Board that, as of March 30, 2018, purchase orders have been issued with an approximate total value of \$10,100,000, leaving the contract with a balance of \$1.9 million for the remaining contract term. He said that, based on the budgets for the four (4) schools scheduled to be outfitted during the upcoming year, the remaining contract balance is inadequate to cover the anticipated purchases. He explained that the forecasted early completion of the TCHS project is responsible for approximately 54% of the additional funds requested in Amendment No. 1. Mr. Nixon advised that management and the Audit Committee recommend that the contract's not-to-exceed amount, including all awardees, be increased from

\$12,000,000 to \$20,000,000. He said that the need for this amendment results from SDA's success in completing schools ahead of schedule that were not included in the 2015 procurement.

Staff had provided the Members with a resolution pertaining to this matter in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Walsh, the Board approved the proposed Furniture Fixtures and Equipment Contract Amendment No. 1, with its unanimous vote in favor of ***Resolution 5a.***

Mr. Nixon then reported that Ernst & Young (EY or the Auditors) had presented a brief overview of the Authority's 2017 Financial Statements (Financial Statements). He noted that the Authority has just received the Governmental Accounting Standards Board (GASB) Statement No. 68 pension allocation amounts from the Department of the Treasury's Division of Pension & Benefits and that staff is reviewing the same. He advised that, upon completion of this review, the final audited Financial Statements will be presented at the June Board Meeting. He noted that EY did report that the Financial Statements, to date, present fairly, in all material respects, the financial position and changes in the financial position of the Authority, consistent with Generally Accepted Accounting Principles. He reported that EY outlined the areas of emphasis and thought processes utilized in the audit. He said that the Financial Statements contained no corrected misstatements or material uncorrected misstatements. He reported that EY did not find any matters that would rise to the level of either a material weakness or significant deficiency. He added that the independent auditors report would express an unmodified or clean opinion which suggests that the Financial Statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2017. He said that EY had commended the outstanding cooperation and professionalism that SDA staff demonstrated throughout the audit process.

In continuing, Mr. Nixon informed the Members that, in compliance with Executive Order 122, the Committee met with EY following the regular April Audit Committee meeting without management present.

Mr. Nixon then provided the Board with the March 2018 Monthly Financial report. He advised the Board that Year-to-Date Authority Operating Expenses (Actual vs. Budget) at \$5.7 million, are lower by \$441,000 as compared to the operating budget for the corresponding period. He explained that this variance is due to timing differences for capital asset expenditures. He also reported that year-to-date school facilities project expenditures, at \$65.1 million, are \$36.9 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 \$24.4 million as compared to the corresponding prior year. In concluding his report, Mr. Nixon reported that, currently, SDA has disbursed 80.5% 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. Mr. Vargas congratulated the Authority on the positive audit and asked if the auditors had any recommendations for improvement. Mr. Nixon responded that there were no recommendations for improvement.

School Review Committee

Construction Management Services – Passaic School District – Dayton Avenue Educational Campus; Construction Management Services – 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 April 16, 2018. He said that the

Committee is recommending Board approval of a CM award for the Dayton Avenue Educational Campus project (the Project) in the Passaic School District. He informed the Members that the Project, designed to educate approximately 2,760 students in grades Pre-K through 8, will involve construction of an approximately 448,000 square foot, 4-story educational campus. He said that the campus consists of four school facilities located in a unified structure with shared central facilities. Mr. Luckie reported that in March 2012, the Board approved the Authority's 2012 Capital Plan identifying the Project for validation and advancement into pre-development. He said that in November 2013, the Board approved advancement of the Project in order to assist the district in addressing its overcrowding needs for Pre-K through 8 students, along with the preliminary charter recommending a design-build advancement approach. Mr. Luckie advised that in November 2017, the Board approved the Project's final charter and the award of a design-build construction contract to Terminal Construction (Terminal). He added that the next month, SDA issued Terminal a notice of award and, in January 2018, Terminal received the notice-to-proceed (NTP) with the design phase. He said that, thereafter, a package for CM services was advertised and subsequently re-advertised, as a "price" 40% and "other factors" 60% solicitation. He informed the Members that, after completion of the procurement process, staff recommends approval of a contract award for CM services in the amount of \$4,043,560 to Gilbane Building Company (Gilbane), in association with Epic Management. He noted that Gilbane has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. Mr. Schrum provided additional comments regarding the technical scoring on the project.

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. Nixon, the construction

manager award for the Passaic Dayton Avenue Educational Campus project was approved with the Board's unanimous vote in favor of ***Resolution 6a***.

Next, Mr. Luckie said that that the Committee is also recommending approval of a CM award for the Pemberton Denbo-Crichton ES project (the Project). He said that the Project will involve construction of an approximately 126,000 square foot facility on a school site to educate 846 Pre-K through 5 students. He explained that the Project also includes demolition of the two existing school structures on the district-owned site—the Alexander Denbo ES and the Aletta Crichton ES. He informed the Members that demolition of the Crichton ES is currently underway in preparation for construction of the new school and, upon completion of the new school, the Denbo ES facility will undergo abatement and demolition. Mr. Luckie reported that in January 2014, the Board authorized SDA staff to take the required steps to advance a project for the Pemberton Denbo-Crichton ES following the Department of Education's identification of Facilities Efficiency Standard Compliance needs in the district. He said that in January 2018, the Members of the Authority approved the final project charter and the award of a design-build construction contract to Ernest Bock and Sons, Inc. (EBS). He advised that in January 2018, SDA issued EBS a notice of award for construction of the Project, and in February 2018, EBS received a NTP with the design phase of the Project. Mr. Luckie said that management now is seeking Board approval to enter into a contract for CM services. He noted that a package for CM services was advertised as a "price" (40%) and "other factors" (60%) solicitation beginning February 16, 2018. He said that, following completion of the procurement process, management recommends approval of a contract award for CM services in the amount of \$1,658,551 for the Project to Cambridge Construction Management, Inc. (Cambridge). He advised that Cambridge,

has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. Mr. Schrum provided additional project detail.

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 construction manager award for the Pemberton Denbo-Crichton ES project was approved with the Board's unanimous vote in favor of ***Resolution 6b***.

At this time, Ms. Hassett announced that she was leaving the call.

Public Comments

The Chairman opened the Public Comments portion of the meeting. He asked Mr. Frank Faras to address the Board. Mr. Faras said that he lives across the street from the TCHS project site. He inquired as to why the previous month the Board had moved its regular meeting and had a special meeting prior to the meeting from which the public was excluded. He asked for a transcript of the prior meeting. Mr. McKenna responded that the meeting held prior to the regular Board meeting was an Executive Session meeting. Ms. Kelly indicated that the Open portion of the meeting was noticed for 9:15 AM and that the Executive Session was held just prior to the Open portion of the meeting. Mr. Faras asked why the Board held its Executive Session meeting prior to the Open meeting. Mr. McKenna explained that it was held prior to the Open meeting rather than following the Open meeting for logistical reasons. He explained that a dedication ceremony was scheduled to be held following the meeting. Ms. Kelly advised Mr. Faras that the public was afforded prior notice of the item that the Board would be discussing in Executive Session in advance of the public meeting. She also reminded Mr. Faras that the item that was discussed by the Board in Executive Session was described and voted on in the Open

Session meeting that day. Mr. Faras inquired as to when a transcript of the Executive Session would be available. Ms. Kelly responded that minutes of the Executive Session meeting would be subject to the Open Public Records Act (OPRA) after the matter that was under discussion is fully completed. She said that the Authority does this routinely.

Mr. Walsh then announced that the Board would be adjourning into Executive Session. Ms. Kelly said that the Board has resolved to discuss one item in Executive Session: a request to lease vacant land and to acquire temporary construction easements related to the Perth Amboy School District New HS. 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, following discussion in Executive Session, the Committee recommends that the Board approve: 1) the lease of one Perth Amboy City-owned vacant lot and the acquisition of three temporary construction easements in Perth Amboy; and 2) establishment of a budget, inclusive of the settlement authority provided in the SDA Operating Authority, for just compensation to the property owners in connection with the New Perth Amboy HS. Upon motion duly made by Mr. Nixon and seconded by Mr. Luckie, the Board approved the Committee's recommendation in this matter with its unanimous vote in favor of ***Resolution A2***.

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 May 2, 2018 meeting.

/s/ Jane F. Kelly
Assistant Secretary