

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING  
WEDNESDAY, NOVEMBER 7, 2018**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, November 7, 2018 at 9:00 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Acting Chairman

Donna Sullivan (EDA)

Kevin Luckie (DCA)

Bernard Piaia (DOE)

Michael Kanef (Treasury)

Kevin Egan

Richard Elbert

Loren Lemelle

Lester Lewis-Powder

Michael Maloney

Mario Vargas

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

At the Chairman's request, Lizette Delgado Polanco, chief executive officer; Roy Garcia, chief of staff (by teleconference); Andrew Yosha, chief operating officer; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Manuel Da Silva, vice president; Thomas Schrum, vice president; Pamela Luster, vice president; Patricia Cabrera, deputy chief of staff; and Albert Barnes, chief counsel 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 Mr. Nixon, 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 20 West State Street in Trenton, New Jersey. Ms. Kelly then conducted a roll call and indicated that a quorum of the Members was present.

### ***Pledge of Allegiance***

Led by Mr. Nixon, the Members and all assembled recited the Pledge of Allegiance.

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

The Chairman then presented for consideration and approval the Minutes of the September 5, 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. Luckie the Board approved the Open and Executive Session minutes of the September 5, 2018 SDA Board meeting with the Members' unanimous vote in favor of ***Resolution 4a/4b***.

### ***Authority Matters***

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

Mr. Nixon asked Chief Executive Officer (CEO) Delgado Polanco for the Report of the Chief Executive Officer. Ms. Delgado Polanco began her report by providing an update on projects in design. She said that for the Camden HS project, the design-builder, Ernest Bock & Sons, Inc. (EBS), held the initial project meeting the previous month and design is ongoing. In regard to the Keansburg Port Monmouth Road ES project, she reported that LAN Associates

continues with design phase services. For the Passaic Dayton Avenue Educational Campus project, she advised that Terminal Construction continues with design phase services. She said that soil placement, bridge repair and replacement work is all ongoing. She added that footing, foundations, under slab utilities and structural steel are under review by Department of Community Affairs (DCA).

In continuing, the CEO reported that for the Paterson Union Avenue MS project, the design-builder, Epic Management (Epic), held the initial project meeting the previous month and design is ongoing. She said that for the Perth Amboy HS project, staff is finalizing procurement documents and anticipates advertising for design-build services later this month.

With respect to projects with early site packages, the CEO advised that for the Plainfield Woodland ES project, Two Brothers Contracting Inc. has commenced interior abatement work.

Next, Ms. Delgado Polanco gave an update on projects in the procurement stage. She informed the Members that staff received proposals for the Orange Cleveland ES abatement and demolition work in October and the recommendation for a contract award is on today's agenda. She said that for the Orange HS addition and renovation project, staff advertised in October and proposals are due on January 3, 2019. She added that construction management procurements for the Orange Cleveland ES and Orange HS projects were received in October and the bid opening is scheduled for November 14.

Turning to design-build projects in construction, the CEO reported that for the East Orange George Washington Carver ES project, Dobco, the design-builder, continues with design phase services. She added that structural steel and masonry installation is ongoing. For the Harrison New ES project, she said that design phase services are ongoing. She advised that Brockwell & Carrington continues with the installation of footings, foundations, grade beams, structural steel and concrete masonry unit. In regard to the Irvington Madison Avenue ES

project, she reported that EBS continues with the installation of roofing, masonry, exterior brick veneer, interior partitions and mechanical, electrical, and plumbing rough-in.

In continuing, Ms. Delgado Polanco said that for the Millville HS addition and renovation project, Hall Construction, Co. (Hall) continues with design phase services. She advised that demolition and renovation work is ongoing in Phase I and construction activities are nearing completion. She added that Phase II demolition and renovation work is ongoing. For the Passaic Leonard Place ES project, she reported that interior finish work and exterior site work is ongoing. The CEO informed the Members that for the Pemberton Denbo Crichton ES project, EBS, the design-builder, continues with design phase services. She added that footings and foundation work, and steel fabrication is ongoing.

Next, the CEO said that for the Perth Amboy Seaman Avenue ES project, Epic Management, Inc. continues with design phase services. She noted that electrical, plumbing, interior partition and HVAC rough-in work is ongoing. In regard to the Trenton Central HS project, she reported that Terminal Construction continues with interior rough-in and finishes for HVAC, fire suppression, electric and plumbing. She added that site work and parking lot paving installation work is complete.

Ms. Delgado Polanco said that for the Elizabeth New ES, a project in closeout, design-builder Torcon continues to address closeout activities.

Turning next to ongoing procurement activity, the CEO said that procurements are currently underway for: general construction services for the Orange HS project; construction management services for the Orange HS, Orange Cleveland ES and Camden HS projects; and the furniture, fixtures and equipment term contracts.

Turning to Authority events, outreach and other activities, Ms. Delgado Polanco reported that, on Wednesday, September 26, staff held a photo opportunity with Camden Mayor Frank

Moran and Camden school district officials at the nearly completed emergent project at Cramer ES. She noted that the Camden Courier Post covered this event.

The CEO reported that, on Monday, October 1, staff joined Newark Mayor Ras Baraka, Senator Teresa Ruiz, Assemblywoman Eliana Pintor-Marin, Assemblywoman Shanique Speight and Newark schools officials at a ribbon cutting ceremony at the new South Street ES in Newark. She noted that two local newspapers covered the ribbon cutting event and Fios1NJ was in attendance.

Ms. Delgado Polanco said that on Wednesday, October 10, SDA staff joined Pemberton school district officials at a groundbreaking for the Denbo-Crichton ES. She added that the new state-of-the-art facility will combine the old Denbo and Crichton schools and help the township address overcrowding.

The CEO reported that, on October 18, SDA staff joined school and elected officials at the New Brunswick Robeson ES celebration. She explained that the project involves a three-story addition and a renovation of the existing school. She noted that the event was covered by the local online website TapInto.

Ms. Delgado Polanco reported that, on Thursday, November 1, staff joined school and local, county and state officials at the ribbon cutting for the James Madison ES No. 10 in Garfield. She said that the James Madison School is designed to educate approximately 300 students in grades kindergarten to 5. She added that the event was covered in the Bergen Record/NorthJersey.com. The CEO said that the school also is featured in a new video that SDA staff created called: "Building Tomorrow's Schools Today." She explained that this video introduces the SDA and highlights some of the major projects that are under construction/completed. She advised that the video will premiere at the upcoming Dayton Avenue school information session on November 19.

The CEO said that the SDA has some upcoming events which include: the Passaic Dayton Avenue school open house/information session (November 19); and, in December, the Camden HS and Perth Amboy HS open house/information session.

Next, Ms. Delgado Polanco said that she also wanted to talk briefly about some of the changes that staff is making in the Authority's communications department. She reported that, since the last Board meeting, the SDA has hired two new professionals for the Communications Department: 1) Tony Bianchini, as director of Communications; and 2) Elizabeth LeVaca, who along with Edye Maier, will serve as a deputy director.

Next, the CEO reported that, in addition to various day-to-day communications activities that are ongoing, the department is developing a strategic communications plan and assessment. She said that this document will define the communications tactics and vehicles that staff will use to promote school projects, SDA professionals, SDA contractors and how the Authority is helping to improve the quality of life and quality of education for school children in the State of New Jersey. She added that Tony Bianchini will discuss this with the Audit Committee later in the month.

In continuing, Ms. Delgado Polanco said that, this past month, the SDA launched social media accounts across all platforms. She explained that the public now will be able to read about SDA news, events, projects and contractors on a variety of Social Media platforms. She said the SDA can be followed on: Facebook, Twitter, Instagram and Snapchat: @NewJerseySDA and on LinkedIn: search New Jersey Schools Development Authority.

Mr. Vargas said that the CEO had referenced new hires at the Authority. He inquired about the projected number of SDA personnel versus the current headcount. Mr. Yosha said that the Authority is within the budgeted headcount. The CEO noted that the headcount is at 223 and

the SDA budget continues to be the same. She added that 257 is the SDA's allotted number of positions.

### *Audit Committee*

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on October 15, 2018 at which time management provided the Committee with the August-September 2018 New Funding Allocation and Capital Plan Update. He reported that there were no changes in the Unforeseen Events or 2008 Capital Plan Emergent Project Reserve balances. He advised that the Planning Reserve balance experienced a \$100,000 increase due to Board approval of a \$1.1 million decrease in the final project charter for the New Camden HS. He said that this was offset by Board approval of a \$1 million increase in the final project charter for the New Paterson Union Avenue MS. Mr. Nixon then advised that there was a \$1.2 million decrease in the 2011 Emergent Projects Reserve Balance due to Board approval of a release of additional funds for the Plainfield HS structural stair repair project. Additionally, he reported that the reserve balance for the Regular Operating Districts increased by \$1.1 million during the reporting period due to reductions in state share for grant projects nearing completion.

Next, Mr. Nixon reported that management had presented the proposed 2019 Budget for initial discussion by the Committee. He advised that the budget draft will be discussed by the Committee again prior to its advancement to the full Board in December. He said that the Committee members were requested to share any preliminary questions or concerns they might have with him or executive management.

In continuing, Mr. Nixon reported that the results of one audit were presented to the Committee. He explained that the audit was conducted in compliance with the statutory requirement that capital portfolio projects costing over \$10 million be reviewed to assess

whether state funds were expended in accordance with contractual terms, SDA practices and state rules and regulations.

Mr. Nixon then provided the September 2018 Monthly Financial Report. He advised that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$12.4 million, \$2.1 million lower as compared to the operating budget for the corresponding year. He said that this positive variance is attributable to lower personnel expenses and timing differences with regards to the scheduled replacement of the Primavera Contract Management System. He said that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total \$236.3 million—52 million lower as compared to the capital spending forecast for the corresponding period. He advised the Committee that this variance is due to lower construction costs as well as spending decreases in grant activity, school furniture purchases, property acquisition and payroll expense. Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual), at \$236.3 million, have decreased by \$38 million as compared to the corresponding prior year period. He explained that the variance is due to decreased spending in construction, grant activity and school furniture purchases. He noted, however, that this decreased spending is offset by an increase in project insurance resulting, in part, from the 2017 OCIP II premium audit credit for general liability and workers compensation.

In conclusion, Mr. Nixon reported that, since program inception, the Authority has disbursed approximately 82% of the funds authorized for SDA districts. Additionally, he said that, since program inception, 96% of all SDA disbursements relate to school facilities projects. He advised that the estimated value of current school facilities project activity is over \$2 billion. At this time, Mr. Elbert joined the meeting.

Next, referencing voter passage of a referendum the previous day, the CEO reported that the SDA is very pleased and thankful that the voters have approved significant investments in

school infrastructure. She said that the focus on county vocational schools, school security, water infrastructure and county colleges addresses areas of need all across the state. She added that the expansion of educational opportunities to address these needs will have a lasting impact on both students and our economy as the Authority continues to pursue a stronger and fairer New Jersey. Ms. Delgado Polanco explained that through strong partnerships with the Departments of Education (DOE), Labor and Workforce Development and Environmental Protection, the Authority will follow through to implement the voter approved referendum. She added that the Authority will work closely with the Department of Education to develop guidelines for high quality projects and to issue information to assist districts in seeking support in these critical areas.

Mr. Yosha said that the referendum includes \$350 million for vocational schools and school security, \$100 million for school district water infrastructure improvement and \$50 million for county colleges. He added that the SDA would begin working with the DOE immediately.

### *School Review Committee*

#### **Construction Contract Award, Design Contract Amendment No. 6 and Revision to Preliminary Project Charter – Orange Public School District – Cleveland Street Elementary School – Capital Plan Addition and Renovation Project**

Mr. Nixon asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie reported that the School Review Committee met on October 15, 2018. He said that the Committee is recommending a construction contract award, design contract amendment No. 6 and a revision to the preliminary project charter for the Orange Cleveland Street ES project. He said that the Orange Cleveland Street ES is a 38,750 square foot facility currently educating 306 students in grades Kindergarten through 7. He informed the Members that, in late 2018, SDA expects to advertise for construction services to engage a contractor for an addition and

renovation scope that will address facility conditions deficiencies and overcrowding at the elementary school grade level. In addition, he said that the project will facilitate a change in grade alignment to Pre-K to 6 consistent with the district's approved Long Range Facilities Plan. He added that this project advancement plan is the basis for the three related actions the Committee is recommending for Board approval today. Mr. Luckie advised that all three actions relate to early site work at the existing Cleveland School. He explained that the three actions are intended to minimize unforeseen conditions and will best support delivery of the addition and renovation work consistent with schedule and budget expectations. Mr. Luckie said that management is recommending that the Board approve 1) the award of a construction contract for abatement and selective demolition; 2) an amendment to the project's design consultant contract to increase the allowance for oversight of hazardous materials investigation and abatement; and 3) a revised preliminary project charter to include dollar values for the construction contract and amendment as well as appropriate contingency funding. He reported that the addition and renovation work for the Cleveland School project is forecasted for completion in 2021, with the students to be educated in a SDA-leased facility during the construction. He noted that management conducted a procurement to obtain abatement and demolition services beginning on September 10, 2018. He said that, upon completion of the procurement process, management recommends award of the project in the amount of \$983,369.50 to Two Brothers Contracting (Two Brothers). Mr. Luckie reported that, at the time of review, Two Brothers confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. He said that management also recommends Board approval of an amendment to the project design consultant contract in the amount of \$246,800.00 for the increase to the third party monitoring allowance for hazardous materials investigation and abatement oversight. He said that management recommends approval of the revised preliminary project charter representing the

project budget inclusive of dollar values for the award of the abatement and selective demolition contract and monitoring services. He emphasized that, prior to execution of the contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Ms. Sullivan, the construction contract award, design contract amendment No. 6 and revision to the preliminary project charter for the Orange Cleveland Street ES project were approved with the Board's unanimous vote in favor of ***Resolution 7a***.

Mr. Luckie advised the Members that the Committee also would be presenting a proposed settlement when the Board adjourns into Executive Session.

### ***Public Comments***

Mr. Nixon then opened the Public Comments portion of the Board Meeting. He asked Mr. David Barie, to address the Board. Mr. Barie said that he worked for the SDA for ten and a half (10 ½) years. He said that he thought that he was an employee in good standing until September 20, 2018 when he was terminated. He said that he is appearing before the Board today so that the Members could see the face of someone who was “dismissed rather summarily and ignominiously”. He advised that he did not come today to “beg” for his position back. He said that he came to advocate for his former boss, Sameer Shah, and on behalf of the people who continue to work at the SDA. He said that Mr. Shah, who worked for the SDA for seventeen (17) years, was summarily dismissed as he was. He said that Mr. Shah had accomplished a great deal for the SDA in terms of cost savings and cost avoidance, in an amount sufficient to build an elementary school. He said that it is his understanding that Mr. Shah has been replaced by someone who has no relevant experience. He stated that this reflects “grossly negligent

management”. He said that he doesn’t understand the rationale of all the personnel moves but believes that he was the victim of a vendetta. Mr. Barie than listed all the departments that he worked for while he was employed by the SDA. He said that there is “something terribly amiss at the SDA right now”. He advised that he doesn’t want to paint a totally grim picture but stated “with confidence” that the morale of the SDA staff is critically low. Mr. Barie concluded by saying that he hoped that the Board would “rise to the occasion, because he believes that the SDA is in trouble”.

Mr. Nixon then announced that the Board would be adjourning into Executive Session. Ms. Kelly said that the Board has resolved to adjourn into Executive Session to discuss a recommendation for settlement with DLR Architects & Engineering, P.C., et al. and Pennoni Associates Inc., et al. in the Long Branch HS cost recovery litigation. She said that the Board’s vote on this matter would be taken 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. Luckie said that, following discussion in Executive Session, the Committee recommends that the Board approve management’s proposed settlement with DLR Architects & Engineering, P.C., et al. and Pennoni Associates Inc., et al. in the Long Branch HS cost recovery litigation. Upon motion duly made by Mr. Vargas and seconded by Mr. Elbert, 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 November 7, 2018 meeting.

*/s/ Jane F. Kelly*  
Assistant Secretary