

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, DECEMBER 5, 2018**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, December 5, 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

Lester Lewis-Powder

Michael Maloney

Mario Vargas

being a quorum of the Board. Mr. Elbert, 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; 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; Pamela Luster, vice president; Patricia Cabrera, deputy chief of staff; Albert Barnes, chief counsel; and Sean Murphy, 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 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.

Next, Mr. Nixon asked that, during the course of the day, those present join those across the United States who are honoring the life of former President George H. W. Bush. He also asked that during the holiday season, those attending keep in mind the troops and first responders who ensure our freedom.

Approval of Meeting Minutes

The Chairman then presented for consideration and approval the Minutes of the November 7, 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. Mr. Vargas expressed his concern with the comments of one individual who had addressed the Board in November. He expressed his hope that the remarks were simply the view of one person and not the state of the SDA at this time. Upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the Board approved the Open and Executive Session meeting minutes of the November 7, 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 CEO. Ms. Delgado Polanco said that before beginning her formal report today, she wanted to share with the Board a video that staff recently produced and that the SDA will be using at upcoming community meetings. Upon conclusion of the video presentation, the CEO said that the community meeting at which the video will be unveiled is scheduled for December 11 in Camden. She said that staff will inform the community that the SDA isn't there to impose on them but rather to work together with them. She added that staff will be holding community meetings wherever the SDA is breaking ground. She invited the Members to join staff at these events.

Turning to Authority events, outreach and other activities, the CEO reported that staff is working on a strategic outreach campaign called "Our Kids Deserve Better" to generate third party support for the reauthorization of SDA bonding. She said that this will involve meetings with third party supporters, media outreach, newsletters, website items, etc.

Ms. Delgado Polanco advised that a contest is being held in the four schools that SDA opened this school year (Vineland, Paul Robeson, South Street and James Madison) to develop a new SDA logo. She said that, from December through January, students will have the opportunity to submit suggestions for a new logo. She advised that one suggestion from each school will be chosen and given to the Governor's Office for approval/selection. She noted that the SDA Communications Team would then design a professional logo based on the selected theme.

Ms. Delgado Polanco said that SDA will be participating in upcoming events including the Camden HS open house/information session (December 11); and the Perth Amboy HS and Dayton Educational Complex in Passaic open house/information sessions (to be scheduled in January).

Next, the CEO provided an update on projects in design. She said that for the Camden HS project, Ernest Bock & Sons, Inc. (EBS) continues with design phase services. She added that, as previously reported, LAN Associates continues with design phase services for the Keansburg Port Monmouth Road ES project. In regard to the Passaic Dayton Avenue Educational Campus project, she advised that Terminal Construction (Terminal) continues with design phase services. She said that bridge demolition and pile driving are ongoing and underground mechanical, electrical and plumbing (MEP) will soon commence. For the Paterson Union Avenue MS project (former site of Don Bosco Academy), Ms. Delgado Polanco reported that design phase services are ongoing. She noted that for the Perth Amboy HS project, staff is finalizing procurement documents and anticipates an advertisement for design-build services later this month.

Turning to projects with early site packages, Ms. Delgado Polanco informed the Members that for the Plainfield Woodland ES project, Phase 2 asbestos abatement is nearing completion.

At this time, Mr. Piaia joined the call.

With respect to projects in the procurement stage, the CEO advised that for the Orange Cleveland ES and Orange HS projects, Two Brothers Contracting was issued a notice of award last month (November) for abatement and selective demolition. She said that a recommendation for contract awards for construction manager (CM) services for each project is on today's agenda. She added that proposals for general construction (GC) services at each of the two

schools are due the first quarter of 2019. She advised the Board that CM proposals for the Camden HS project are currently under review and staff expects to advance a recommendation for contract award at the January 2019 Board meeting.

Next, Ms. Delgado Polanco gave an update on design-build projects in construction. She informed the Members that for the East Orange George Washington Carver ES project, Dobco, Inc. (Dobco), the design-builder, continues with design phase services. She added that structural steel work is nearing completion and masonry and cold form metal steel framing 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 and grade beams, along with concrete masonry unit and under-slab utilities. With respect to the Irvington Madison Avenue ES project, she reported that EBS continues with the installation of roofing, masonry, exterior brick veneer, interior partitions and MEP rough-in. She added that interior wall and ceiling finish work is ongoing.

In continuing, the CEO reported that for the Millville HS addition and renovation project, Hall Construction continues with design phase services. She added that Phase I construction and renovation activities are complete and Phase II demolition and renovation work is ongoing. For the Passaic Leonard Place ES project, she advised that Dobco continues with the installation of interior finish work and that building HVAC and temporary heat are operational. In regard to the Pemberton Denbo Crichton ES project, she reported that EBS, the design builder, continues with design phase services. She said that slab on grade installation is ongoing and steel work is scheduled to begin later this month. Ms. Delgado Polanco informed that Members that for the Perth Amboy Seaman Avenue ES project, Epic Management, Inc. (Epic) continues with design phase services. She noted that electrical, plumbing, interior partition and HVAC rough-in work is

ongoing. For the Trenton Central HS project, she reported that Terminal continues with interior finishes, HVAC, fire suppression, electric, and plumbing.

Turning to projects in closeout, the CEO said that for the Elizabeth New ES, Vineland Lincoln Avenue MS and Newark South Street ES projects, design-builders Torcon and EBS continue with closeout activities.

Turning next to ongoing procurement activity, Ms. Delgado Polanco said that activity currently underway includes procurements for GC services for the Orange HS and Orange Cleveland ES projects; and construction management services for the Camden HS project.

Next, the CEO informed the Members that the Authority received \$350 million of new bond money on November 28.

Audit Committee

2019 Operating Budget – Approval of Awards – Furniture, Fixtures and Equipment (GP-0251-F01)

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on November 19, 2018 at which time management provided the Committee with the October 2018 New Funding Allocation and Capital Plan Update. He advised that there was an \$800,000 decrease in the 2011 Capital Plan Emergent Projects Reserve balance following the Board-approved release of additional funds for the Newark Hawkins School and Wilson Avenue Annex structural chimney repair projects. He said that there were no changes in any of the other reserve balances for the SDA Districts during the reporting period. Additionally, he reported that the reserve balance for the Regular Operating Districts (“RODs”) increased by \$500,000 during the reporting period due to reductions in state share for grant projects nearing completion.

Mr. Nixon then provided the October 2018 Monthly Financial Report. He advised that the Authority’s operating expenses (Actual vs. Budget) for the year-to-date period totaled \$14

million, \$2.2 million lower as compared to the operating budget for the corresponding year. He said that the 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 \$263.4 million--\$55.9 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 purchase, property acquisition and payroll expense allocations. Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual), at \$263.4 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, grants activity, school furniture purchases and property acquisitions. He noted, however, that this decreased spending is offset in part by the 2017 OCIP II premium audit credit for project insurance and other project related activities. Mr. Nixon also 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, while 4% relate to operating expenses.

Next, Mr. Nixon reported that, for informational purposes, management discussed a proposed lease modification and lease extension (Lease) for administrative office space at 375 Carter Highway, Newark, New Jersey. He explained that the proposed Lease pertains to the SDA's Newark office space. He advised that matter was presented to the Real Estate Committee for advancement the same day. He said that Mr. Vargas will discuss this matter with the Board when he provides the Real Estate Committee's report.

In continuing, Mr. Nixon reported that management presented an outline of the 2018-2019 Strategic Communications Assessment and Communications Plan Strategy (Plan). He noted that the Plan highlighted communications strategies for social & digital media, events, videos, website design and marketing. He said that the strategy is designed to be proactive in its approach. He noted that the Authority is partnering with other state entities to better address the SDA districts' and communities' overall needs.

Next, Mr. Nixon reported that Ernst & Young (E&Y) had provided the Committee with the 2018 SDA Audit Plan. He said that E&Y had outlined the audit services and deliverables and provided the Committee with an overview of the audit timetable along with their (E&Y's) processes and procedures. He said that E&Y's presentation also highlighted areas of audit emphasis and discussed General Accounting Standards Board (GASB) practices. He said that E&Y also had discussed financial reporting in accordance with the requirements of the GASB rules and provided a summary of their required communications. Mr. Nixon advised the Board that, at the conclusion of the regular meeting, the Committee Members met privately, without management present, with E&Y in accordance with Executive Order 122 (EO122). He said that the Audit Committee Members also will be meeting with the SDA's acting director of Internal Audits on December 17, without management present, in accordance with EO122.

Mr. Nixon then presented the proposed Interim 2019 Operating Budget ("Budget"). He explained that management had presented the Audit Committee with a proposed 2019 Operating Budget at both its October and November meetings. However, he advised that discussions are ongoing regarding some aspects of the proposed Budget that require revisions. He said that it has been determined that the best course is to continue operating under current spending levels until discussions are finalized for formal adoption by the Board. Mr. Guarriello advised that the

Interim Budget will cover expenses thru the end of February 2019 for a total amount of \$3.2 million. He noted that the Interim Budget allows the Authority to continue its good work consistent with current spending levels, including contractual increases as required. Mr. Guarriello explained that when the 2019 Operating Budget is presented to the Members it will be a twelve (12) month budget. After a brief discussion, Mr. Nixon asked if there were any further questions or comments regarding the Budget. Hearing none, he called for a vote to approve the Interim 2019 Operating Budget.

Following discussion, upon motion duly made by Mr. Vargas and seconded by Mr. Luckie, the Board approved the proposed Interim 2019 Operating Budget with its unanimous vote in favor of *Resolution 6a*.

Lastly, Mr. Nixon said that the Members of the Audit Committee are recommending that the Board of Directors approve the award of contracts for Furniture, Fixtures and Equipment. Referencing materials previously provided to the Members in advance of the meeting, he explained that the SDA previously procured term contracts for the manufacture, delivery and installation of furniture, fixtures and equipment (FF&E), with the current contracts expiring in March 2019. He said that, in June 2018, SDA advertised a procurement for FF&E term contracts and twenty-five (25) firms submitted their qualifications for consideration. Mr. Nixon explained that the new pool of twenty-one (21) FF&E firms listed in table three (3) of the memorandum will form the content of a "catalog" of available items for selection by school district officials to furnish and equip schools constructed or renovated by the SDA. He said that the contracts will have a three (3) year term with an option to extend each contract for one (1) additional year at the sole discretion of the SDA. He said that the total not-to-exceed amount, including all awardees, is \$55 million. Mr. Nixon advised that after review of the RFP and comments from staff, the

Committee recommends that the Board approve the award of contracts for FF&E to the firms listed in table three (3) of the memorandum. Mr. Murphy advised that fourteen (14) of the firms are carried over from the last contracts and seven (7) are new firms.

After discussion, upon motion duly made by Mr. Vargas and seconded by Mr. Luckie, the Board approved the proposed contract awards (GP-0251-F01) for Furniture Fixtures and Equipment with its unanimous vote in favor of *Resolution 6b*.

School Review Committee

Construction Management Services – Orange Public Schools District – Orange High School and Cleveland Street Elementary School

Mr. Nixon asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie reported that the School Review Committee met on November 19, 2018. He said that the Committee is recommending awards for construction management services for the Orange HS (High School Project) and Orange Cleveland Street ES (Cleveland Project) projects. He said that the Orange Cleveland Street ES addition and renovation project includes renovations to address facility conditions deficiencies. He added that the project also will provide an 11,550 square foot addition to address overcrowding at the elementary school grade level identified by the Department of Education (DOE) based upon its 2013 Educational Facilities Needs Assessment (EFNA). He noted that the Cleveland Project also will allow a change in grade alignment to Pre-K through Grade 6 consistent with the district's approved Long Range Facilities Plan (LRFP). Mr. Luckie explained that the High School Project will include construction of a 50,000 square foot, two (2) story addition to the existing Orange HS facility, along with selective educational program driven renovations and systems upgrades; an enclosed connecting bridge between Orange HS and Orange Preparatory Academy; and site improvements that will include site utility work and replacement of existing parking that is being displaced by the addition. He said that the

High School Project will allow for a district-wide change in grade alignment, consistent with the district's LRFP to address district-wide overcrowding at all grade levels identified by the DOE, also based upon its 2013 EFNA. Mr. Luckie informed the Members that a multi-project procurement package for construction management services for both projects was advertised as a "price and other factors" solicitation beginning on August 23, 2018. He said that the SDA advertised that it would make awards to two separate construction management firms—one firm for the Cleveland Project and one firm for the High School Project. He added that for this multi-project procurement, price was weighted as 40% of the final combined score, and all non-price other factors were weighted as 60% of the final combined score. He said that, following the procurement process, management is recommending award of the High School Project to Cambridge Construction Management, Inc. (Cambridge) in the approximate amount of \$1,505,000 and the Cleveland Project to Epic in the approximate amount of \$1,185,000 for construction management services. Mr. Luckie noted that both Epic and Cambridge have confirmed that their price proposals are inclusive of all scope elements contained in the contract documents for their respective projects.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Egan and seconded by Mr. Vargas, the construction management services awards for the Orange HS and Orange Cleveland Street ES projects 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

The Chairman then opened the Public Comments portion of the meeting. He asked that all who come forward to address the Board limit their remarks to 3 minutes. He invited Mr. David Barie to come to the podium.

Mr. Barie prefaced his remarks by stating that he had participated in the design of the projects that were the subject of the video that was presented earlier in the meeting. He said that he believes that this gives him some standing to make the following observations and assertions. He said that when he spoke to the Board the previous month he had introduced himself as a former SDA employee and advocated for reinstatement of his former supervisor who also had been terminated. He said that he had also indicated his desire to advocate on behalf of current SDA employees and was here this month to do just that. Mr. Barie said that, the previous month, he had said that he believed that the decision to terminate him was part of a vendetta. He said that he did not mention at that time that the person who terminated him was the Authority's then Chief of Staff who is an alleged sexual predator and who left SDA one week after effectuating the terminations. He then made disparaging comments regarding various individuals currently remaining at the SDA. The Chairman requested that Mr. Barie be respectful in his remarks while assuring him that his first amendment rights were very much in effect. Mr. Barie said that he has no way of knowing what motivates the Members to serve on the Board but asked them to listen to what he has to say as it will be the most important information they will receive while a Board Member. He said that SDA has been managed through fear and intimidation for almost a decade. He said that a bullying culture exists. He then made disparaging comments about an SDA employee that he deemed the "bully in chief". He then provided the CEO with his observations regarding that employee's behaviors and asked that the Members use their positions to intercede on behalf of the current SDA staff. He indicated that he may return the following month to

inquire as to how two current SDA managers who are sexual harassers remain on staff at the Authority which professes to have a zero tolerance policy.

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 two matters: 1) a recommendation of proposed settlement in lieu of prospective litigation relating to the Long Branch HS; and 2) a request for extension and modification of lease for the Authority's administrative office space at 375 McCarter Highway, Newark, New Jersey. She said that the Board's votes on these matters 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 School Review Committee recommends that the Board approve management's proposed settlement in lieu of prospective litigation relating to the Long Branch HS. Upon motion duly made by Ms. Sullivan and seconded by Mr. Kanef, the Board approved the Committee's recommendation in this matter with its unanimous vote in favor of ***Resolution A1***.

Next, Mr. Vargas said that, following discussion in Executive Session, the Real Estate Committee recommends that the Board approve management's request for extension and modification of lease for the SDA's administrative office space at 375 McCarter Highway, Newark, New Jersey. Upon motion duly made by Mr. Luckie and seconded by Ms. Sullivan, 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 December 5, 2018 meeting.

/s/ Jane F. Kelly
Assistant Secretary