

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING**

WEDNESDAY, APRIL 2, 2014

A meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA” or “the Authority”) was held on Wednesday, April 2, 2014 at 9:00 AM at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman
Maureen Hassett (NJEDA)
Kevin Luckie (NJDCA)
David Moore (Treasury)
Frank LoDolce (NJDOE)
Kevin Egan
Loren Lemelle
Lester Lewis-Powder
Michael Maloney
Joseph McNamara
Robert Nixon
Mario Vargas

being a quorum of the Board. Ms. Lemelle, Mr. Lewis-Powder, Mr. Moore and Mr. Maloney participated in the meeting by telephone conference.

At the Chairman’s request, Charles McKenna, chief executive officer; Jason Ballard, chief of staff; Jane Kelly, vice president & assistant secretary; Andrew Yosha, vice president; Donald Guarriello, vice president and chief financial officer; Albert Barnes, acting chief counsel; Sean Murphy, director; Corrado Minervini, program director; and Ritchard Sherman, program

director, of the SDA participated in the meeting. Amy Herbold 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 the State House in Trenton, New Jersey.

Approval of Meeting Minutes

Mr. Walsh presented for consideration and approval the Minutes of the March 5, 2014 Open Session meeting. A copy of the minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Egan, and seconded by Mr. Vargas, the Open Session minutes of the March 5, 2014 meeting were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Exhibit 3a*.

Authority Matters

CEO Report

Mr. Walsh then asked Mr. McKenna to provide the Members with the report of the CEO. Mr. McKenna informed the Members that, even though the SDA has experienced a number of weather related delays with regard to its construction projects, none of the project deadlines has been impacted. Mr. McKenna then provided the Members with an update regarding the Trenton Central High School project (TCHS). He reported that, at its most recent meeting, the Trenton Board of Education (TBOE) voted to approve the Superintendent's plan for the use of swing space. He said that the SDA is continuing to collaborate with the District regarding swing space

locations, and finalizing fit-out and facility condition needs for the locations identified. Mr. McKenna said that the specifics of the swing space leases space will be discussed later in the meeting's Executive Session.

Next, Mr. McKenna provided an update regarding SDA notices to proceed (NTPs). He reported that an NPT was issued for Epic to begin site work, footings and foundations, and slabs on grade activities for the Newark Oliver Street project. In addition, Mr. McKenna reported that, with regard to the Newark Elliot Street Elementary School project, footings and foundation activity is about 50% complete. Finally, Mr. McKenna informed the Members that the early site package contractor has begun soil excavation activities on the Newark South Street Elementary School project. Mr. McKenna noted that the Newark event originally scheduled for March 18 to tour the Elliot, Oliver and South Street Elementary School projects was postponed due to a scheduling conflict. He said that staff is working with the District Superintendent and Senator Ruiz to reschedule the event, noting that the Members will be informed of the new date.

Mr. McKenna then reported that the Department of Community Affairs (DCA) has issued building construction permits for the Jersey City PS #20 project. He said that the DCA also issued building construction permits for Phillipsburg High School's main building, adding that work will now proceed beyond the site utility work that has already begun. With regard to the Bridgeton Buckshutem and Quarter Mile Lane Elementary School projects, Mr. McKenna reported that SDA staff issued a limited NTP to the construction management firm, with the authorized work correlated to the construction schedule.

Next, Mr. McKenna reported that, last week, he toured the Long Branch Catrambone Elementary School project to observe progress. He said that construction is proceeding well, with finish work progressing on the classrooms. He noted that the project is about 85% complete.

Mr. McKenna said that he also met with the Long Branch District Superintendent, who indicated that he was pleased with the progress of the project and with the project management team. In continuing, Mr. McKenna reported that he also met with Paterson District Superintendent Evans and discussed the PS No. 16 and Marshall Street ES projects as well as the project being developed through working group discussions with the District, the State Department of Education (DOE) and the SDA. He added that the discussion included a focus on swing space needs and next steps.

Next, Mr. McKenna provided an update regarding SDA procurements. He reported that the procurement for the Gloucester City New Elementary School and Middle School project for design-build services was advertised on March 4. He advised the Board that technical and price proposals are due on May 14. He then reported that the procurement for roof replacement and masonry repairs for the Orange Middle School project was advertised on March 20 with the bid opening scheduled for April 16. In continuing, Mr. McKenna informed the Members that the procurement for Insurance Broker & OCIP Administration Services was advertised on March 14, with the technical and price proposals due on April 25. Mr. Walsh noted that this matter will be reviewed in Committee.

In continuing, Mr. McKenna reported that Management is recommending an award to the responsive low bidder (Tricon Enterprises) for Demolition and Early Site Preparation services for the Garfield James Madison ES #10 project. He said that the proposed award is on today's agenda and that staff will be discussing it later in the meeting. He said that Management is also recommending an award to the #1 ranked firm, Joseph Jingoli & Son, for Construction Management Services for the Caruso Elementary School project in the Keansburg School District. He noted that this award is on today's agenda as well and that staff will be discussing it

later in the meeting. Mr. McKenna also informed the Members that Management is recommending an award to the #1 ranked firm, RSC Architects, for bridging design consultant services for the Millville High School and Lakeside Middle School projects, which is also on today's agenda. He noted that staff will be discussing this matter later in the meeting as well.

Mr. McKenna then informed the Members that he met with representatives from the Healthy Schools Now Coalition (HSNC) two weeks ago. He said that the SDA will be setting up regular meetings and taking into consideration some other suggestions HSNC had for increasing communications. Mr. McKenna said that the group seemed to be most interested in emergent projects throughout the state.

Next, Mr. McKenna informed the Members that the SMWBE Contractor Training Program continues and noted that the SDA is about halfway through this session. He noted that the graduation/networking event is scheduled for April 30 and that there are 24 participants.

Mr. McKenna then reported that the SDA is close to the release of its Spring Newsletter to interested parties and stakeholders in an effort to keep them apprised of construction activity throughout the state.

He also advised the Members that he has been asked to appear before the Joint Budget Committees in both the Senate and Assembly, noting that those hearings will take place on April 3rd and May 5th respectively.

Mr. McKenna also informed the Members and the public that the SDA has instituted a system whereby individuals who wish to offer comments to the Board but who cannot be present at the actual Board meetings, can submit their comments using an email address that is activated for a set period prior to each Board meeting. He said that relevant comments submitted will be shared with the Board and/or otherwise become a part the meeting record. Mr. McKenna noted

that this was the result of discussions with the HSNC where some concern was expressed regarding the inability of certain members of the public to offer comments as they cannot be present when Board meetings are held. Mr. McKenna said that the SDA will continue this process for a few months to determine its effectiveness and consider next steps in the short term.

Mr. McKenna informed the Members that, on March 20, he and Mr. Ballard met with Newark Councilman Ras Baraka's staff and representatives from the organization 10 Mile Farms to discuss the possibility of bringing an indoor farm to the City of Newark at an SDA site that is vacant and not currently slated for new construction. He said that this would involve the SDA selling or donating the site to Newark and would involve tremendous work on the SDA's part. Mr. McKenna said that the site is currently vacant and being used by a non-profit organization.

Finally, Mr. McKenna reported that the Authority's 2013 Annual Report, along with the Financial Statements which will be considered later in the meeting, is being presented to the Board today for approval. He noted that the Annual Report is prepared each year in compliance with Executive Order 37 (EO 37). He said that, with Board approval and upon expiration of the gubernatorial veto period, the Annual Report will be posted to the SDA's public website. Mr. McKenna then asked if the Members had questions.

Mr. Vargas commented that, although he welcomes the public's input, the SDA is regulated by statutes and regulations, and what the public may want and what SDA is able to deliver, may be two completely different things. He said that the SDA needs to make this clear. Mr. McKenna said that he will try, whenever possible, to respond to public comments and will note whether the SDA can or cannot comply.

There was a brief discussion with regard to potentially changing Board meeting times and/or locations. Mr. McKenna noted that the public submission email function is an interim step and, if it isn't successful, the SDA may try something else.

By way of follow up to Mr. McKenna's CEO report, Mr. Walsh asked that a discussion take place at the School Review Committee regarding the following: how the Authority's utilization of the design/build method is working (number of change orders, etc.); the appropriate "price and other factors" ratios to be utilized in procurements; how the constructability review process is working. He also asked that a project update be provided by staff. Mr. Walsh said that preparation of a report is not necessary, but that possibly a half hour discussion at an upcoming SRC meeting would suffice. He also asked that the Audit Committee consider whether renewal of the Owner Controlled Insurance Program should proceed.

Mr. Walsh asked if there were any additional questions. Hearing none, Mr. Walsh asked that the Board vote to approve the SDA's 2013 Annual Report.

A resolution pertaining to the SDA's 2013 Annual Report had been provided to the Members in advance of the meeting. Upon a motion by Mr. Vargas, and seconded by Mr. Nixon, the resolution attached hereto as Exhibit 4ai. was unanimously approved by the Board.

Audit Committee Report

The Chairman then requested that Mr. Nixon provide the report of the Audit Committee. Mr. Nixon reported that the Audit Committee met on March 17, 2014. He said that Management had provided the Committee with the February 2014 New Funding Allocation and Capital Plan Update. He said that Management reported that there were no changes in any of the reserve balances during the reporting period. He advised that the reserve balance for the Regular Operating Districts ("RODs") increased by \$200,000 during the reporting period due to a

reduction in state share for grant projects nearing completion. He noted that the SDA has begun making offers on the latest round of ROD grant offerings approved by the DOE. He advised that 328 grants were offered in the current reporting period representing approximately \$100 million in State share, against total project costs of approximately \$222 million.

Mr. Nixon then reported that Ernst & Young (E&Y) had presented the Authority's 2013 Financial Statements (Financial Statements) and required communications to the Committee. He advised that E&Y noted the outstanding cooperation and assistance that SDA staff provided throughout the audit process. He said that the auditor's report expressed an unmodified opinion meaning that the 2013 financial statements 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 advised that E&Y reported that the financial statements contained no uncorrected misstatements. He noted that E&Y has completed all of their 2013 required communications. He said that E&Y also provided an overview of its Management Letter noting that no issues rose to the level of either a material weakness or significant deficiency. Mr. Nixon then informed the Members that following the regular Audit Committee meeting the Committee met without Management present for a discussion with E&Y. Mr. Nixon invited Mr. Guarriello and E&Y to address any questions the Members might have regarding the Financial Statements. There being no questions, Mr. Walsh asked for a vote on the 2013 Financial Statements.

A resolution pertaining to the 2013 Financial Statements had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Luckie and seconded by Mr. Egan the 2013 Financial Statements were approved by the Board upon its vote in favor of the resolution attached hereto as Exhibit 5a.

In continuing, Mr. Nixon reported that Management had shared with the Committee the results of one statutorily required audit involving a Section 15 Grant. Mr. Nixon said that these audits look at documentation supporting the execution of the grants and disbursement of funds. He said that the audit had determined that the state funds were expended in accordance with the grant agreement, applicable laws and regulations. He said that one observation was noted which Management reported has been addressed.

Next, Mr. Nixon reported that the Committee was provided with the February 2014 Monthly Financial Report. He said that, year to date, the Authority's operating expenditures total \$2.8 million which is \$260,000 lower than the operating budget for the corresponding period. He said that this is a \$26,000 decrease from actual expenses for the corresponding period in the prior year. He reported that, as of February 2014, year to date project expenditures are \$33.3 million, down \$12.6 million as compared to the Capital spending forecast for the corresponding period and \$7.4 million higher as compared to actual expenses in the corresponding prior year. He said that this is attributable to increased spending for construction related activity.

Mr. Nixon then noted that, since inception, 67.9% of the funds authorized for the SDA Districts have been disbursed. He reported that 96% of all SDA disbursements relate to school facilities projects and 4% relate to program administrative and general expenses. In conclusion, Mr. Nixon advised that the estimated value of current school facilities project activity is approximately \$2.2 billion.

School Review Committee Report

1) Construction Manager Award - Keansburg – New Joseph C. Caruso ES – ET-0061-M01; 2) Construction Award - Demolition and Early Site Preparation (Phase D) – Garfield - James Madison Elementary School No. 10; 3) Design Consultant Services Award and Preliminary Project Charters - Millville Senior High School - Conversion to Middle School and Lakeside Middle School - Conversion to High School

The Chairman then requested that Mr. Luckie provide the report of the School Review Committee. Mr. Luckie informed the Members that the School Review Committee met on March 17. He reported that Management is requesting approval of a proposed construction services award for the New Joseph C. Caruso Elementary School project in the Keansburg School District. Mr. Luckie further reported that the Caruso School will be a 122,000 square ft. facility designed to educate 758 students in grades K through 4. He noted that the project was approved to advance as part of the SDA's 2012 Capital Plan and its preliminary project charter was approved by the Board in October 2012. Mr. Luckie said that the procurement for construction management services for the project was advertised by the SDA as a "Price and Other Factors" solicitation beginning on January 27, 2014 and that, upon completion of the procurement process, Management recommends the award of a contract for construction management services to Joseph Jingoli & Son, Inc. in the amount of \$1,109,378. He said that the contract and related documentation will be reviewed and approved by the SDA's Division of Chief Counsel prior to execution of the contract. Mr. Murphy was available to respond to questions and provided additional details regarding the procurement.

A resolution pertaining to the proposed construction services award for the New Joseph C. Caruso Elementary School project had been provided to the Members in advance of the

meeting. Following discussion, upon a motion by Mr. Vargas, and seconded by Mr. Nixon, the resolution attached hereto as *Exhibit 6a.* was unanimously approved by the Board.

Next, Mr. Luckie reported that management is requesting approval of a proposed construction award for early site plan and demolition services for the James Madison Elementary School No. 10 project in the Garfield School District. He said that the James Madison School will be a 50,328 SF facility designed to educate 275 students in grades K through 5. Mr. Luckie explained that the package for demolition and early site preparation services was initially advertised on December 12, 2013 and re-advertised on February 19, 2014. He said that, at the time of review, Tricon Enterprises, Inc. (Tricon), the presumptive awardee, confirmed that its price proposal was inclusive of all scope elements contained in the contract documents. He said that Management recommends that the contract for early site plan and demolition services be awarded to Tricon in the amount of \$1,057,000. Mr. Luckie again noted that the contract and related documentation will be reviewed and approved by the SDA's Division of Chief Counsel prior to execution. Mr. Murphy was available to respond to questions and provided additional details regarding the procurement.

A resolution pertaining to the proposed construction award for the James Madison Elementary School No. 10 had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Vargas, and seconded by Ms. Hassett, the resolution attached hereto as *Exhibit 6b.* was unanimously approved by the Board.

In continuing, Mr. Luckie reported that Management is requesting approval of preliminary project charters for the Millville School District's Lakeside Middle School conversion to a high school and the Senior High School conversion to a middle school and

approval of a contract award for design consultant services. He reminded the Board that, on September 4, 2013, the Board had approved planning project charters for the projects and authorized the procurement of professional and construction services for the conversions. Mr. Luckie noted that the procurement process to obtain pre-design services for the projects commenced on December 20, 2013. He said that, based upon the procurement results, Management recommends award of the contract to RSC Architects in the amount of \$698,500 for pre-design services for the projects. He said that Management is also recommending Board approval of the proposed preliminary project charters. The Members had questions regarding the concept and practical aspects of the conversion of the two schools and how the conversion proposal came about. Questions were also posed as to the price reduction achieved for the services procured. Mr. McKenna provided the Members with the details of the price reduction and Mr. Yosha offered an overview of the particulars of the project.

A resolution pertaining to the proposed design consultant services award and preliminary project charters had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Vargas, and seconded by Mr. McNamara, the resolution attached hereto as *Exhibit 6c*. was unanimously approved by the Board.

Reports

The Chairman asked Mr. Ballard for an update regarding the Project Closeout Report. Mr. Ballard reported that, this past month, Special Projects staff closed out one Capital Plan project and four (4) emergent projects. He said that the emergent projects were a part of the recent round of projects reviewed in 2012. Mr. Walsh inquired as to whether the projects were in the “millions category”. Mr. DaSilva referenced page 1 of the Project Closeout Status report

and confirmed that the Wilson Avenue School and Sharp Elementary School projects were in the “millions category” and the other projects were under \$1 million.

Mr. Ballard then reported that Executive Management met with the auditors to make recommendations regarding one of the demonstration projects. He said that Executive Management reconvened and, upon completion of the audit, the report will be submitted to the Audit Committee. Mr. Lewis-Powder then joined the meeting by telephone conference.

Public Comments

The Chairman then called for the Public Comments portion of the meeting to begin. The Chairman asked Rebecca Fernandez of the Parent Education Organizing Council of Paterson, New Jersey (PEOC) to address the Board. Ms. Fernandez reminded the Members that she had spoken at the previous month’s meeting of the Board. She said that, at that time, she had thanked the Board for movement on the Paterson PS 16 project and inquired as to the status of the Hazel Marshall Street project. She said that she had been assured that trucks would be on the site within a few weeks and that, at the point when the weather remained at 50 degrees for three consecutive days, ground breaking could occur. She said that this has not happened, that four weeks have passed and there are no trucks on site.

Mr. Yosha then provided an update on the status of the project. He said that meetings have been held with the contractors and permits are pending. He said that, upon receipt of the permits, the project will move forward. He said that the project will be advancing in short order. Ms. Fernandez asked for a definitive date. Mr. McKenna asked Ms. Fernandez to provide staff with her phone number and said that she will be contacted and advised as to the status of the Hazel Marshall Street project moving forward.

Ms. Fernandez said that the way to correct the overcrowding situation in Paterson is to move forward with projects. She said that SDA is charged by statutes and regulations with advancing school facilities for the state. She said that the members of the public are “the state” and asked the SDA to “bring Hazel Marshall home”. She thanked the Members for the opportunity to address them.

Mr. Walsh then asked Linda Reid of the (PEOC) to address the Board. Ms. Reid said that she would like to echo Ms. Fernandez’s comments. She said that the PEOC has been coming to SDA Board Meetings for some time due to their interest in the School No. 16 and Hazel Marshall Street projects. She said that the PEOC listens to promise after promise which appears to be a stall tactic. She said that she recently attended a meeting with the teachers at School No. 9 whose students will go to the new Hazel Marshall Street School. She said that the School No. 9 building is falling apart as well. She said that the members of the PEOC are tired and wonder when they will see results. She said that she will continue to come to SDA meetings as she is concerned for her grandchildren and the other children in the Paterson district. She asked the SDA to stop the empty promises and the words. She said that the PEOC wants and deserves to see results like the other districts. She concluded by stating that “enough is enough”.

The Chairman then asked Dr. Jonathan Hodges of the Paterson Board of Education to address the Board. Dr. Hodges said that he is here to support the residents of Paterson. He invited the Board to hold a meeting in Paterson. He thanked Mr. McKenna for his recent meeting with Paterson Superintendent Evans. However, he said that significant time has passed and the facilities in Paterson, many over 100 years old, are failing. He said that he is frequently contacted by members of the community and has no answers for them. He referenced instances when reported deadlines were missed and said that impatience is growing. He asked for some

firm dates when the projects will advance. He also asked for a firmer understanding of which projects are the responsibility of the district and which are the responsibility of SDA. He said that there seem to be some “grey areas” in this regard. He said that the district is prepared to address the issues that are its responsibility and that, particularly post winter, the problems are many. He said that the residents are looking for answers. He advised the Board that the residents appreciate the promises but would like some firm dates. Mr. McKenna then described in general terms how the approval process works with respect to emergent projects. He invited Dr. Hodges to share his (Mr. McKenna’s) telephone number with those who contact him with questions. Dr. Hodges repeated his invitation to the Board to come to Paterson and assured the Members that he would be back.

At the Chairman’s request, Mo Kinberg of the Healthy Schools Now Coalition (HSNC) addressed the Board. She indicated her support for the PEOC and the comments they shared with the Board. She also expressed her support for the suggestion that the SDA Board meet in Paterson. She described conditions in the Paterson district, noting that many schools are over 100 years old. Mr. McKenna responded that there are many schools across the state that are over 100 years old which are in fine shape as they have been well maintained. He said that sometimes a lack of maintenance is the issue and emphasized that maintenance is the responsibility of the district, not the SDA. Ms. Kinberg said that there is a great deal of confusion across the state as to “responsibility” for emergent repairs. She also said that the districts’ long term facilities plans are in need of updating. Mr. McKenna said that he would be meeting with the new DOE Commissioner in the coming weeks and would include this issue as a topic for that meeting’s agenda. Ms. Kinberg said that it is important that all the players work collaboratively. She thanked Mr. McKenna for meeting with the HSNC a few weeks ago and shared with the Board

some of the recommendations that were offered at that meeting including ways to improve communication, meeting dates/times, responses to comments, continued opportunities to meet and the like. Mr. Maloney then left the meeting.

In response to the Chairman's inquiry, no other member of the public came forward to address the Board.

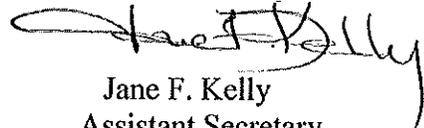
Mr. Walsh then asked for a motion to adjourn into Executive Session. Upon motion duly made by Mr. Egan, and seconded by Mr. Vargas, the Board adjourned into Executive Session.

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

A resolution for approval of the proposed lease agreement for the Trenton Central High School project had been provided to the Members in advance of the meeting. Upon a motion by Mr. Vargas, and seconded by Mr. Luckie, the proposed lease agreement was approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Exhibit A1*.

Mr. Walsh then asked for a motion to adjourn the meeting. Upon motion 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 April 2, 2014 meeting.



Jane F. Kelly
Assistant Secretary