

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

**WEDNESDAY, DECEMBER 3, 2014**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA” or “the Authority”) was held on Wednesday, December 3, 2014 at 9:00 AM at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman  
Kevin Luckie (NJDCA)  
Matthew Murray (Treasury)  
Bernard Piaia (NJDOE)  
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. Piaia and Mr. Murray, participated in the meeting by telephone conference.

At the Chairman’s request, Charles McKenna, chief executive officer; Jason Ballard, chief of staff; Andrew Yosha, executive vice president; Jane Kelly, vice president & assistant secretary; Donald Guarriello, vice president and chief financial officer; Raymond Arcario, vice president; Albert Barnes, chief counsel; Ritchard Sherman, managing director; Gregory Voronov, managing director; Sean Murphy, program director; Aidita Milsted, program director;

Karon Simmonds, director, and Joanne Walsh, director of the SDA, participated in the meeting. Michael Collins 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 November 5, 2014 Open and Executive Session meetings. 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. Maloney, and seconded by Mr. Vargas, the Open and Executive Session minutes of the November 5, 2014 meeting were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Resolution 3a./3b.*

#### *Authority Matters*

##### *CEO Report*

The Chairman asked Mr. McKenna to provide the Members with the report of the Chief Executive Officer. Mr. McKenna provided the Members with an update regarding the Trenton Central High School (TCHS) project. He reported that district facilities staff continues to occupy the building at Chambers Street and will continue to do so until mid-December while final "move-out activities" are ongoing. Mr. McKenna noted that the temporary construction fence installation work is ongoing to secure the existing school site. He added that equipment for the storage space to warehouse materials and the HVAC equipment that will be reutilized in the new

high school is scheduled for installation early-December 2014. Mr. McKenna reported that CB&I, SDA's structural engineers, are finalizing abatement and demolition design documents in preparation for their submission to the State Historic Preservation Office and Department of Consumer Affairs (DCA). He said that the draft documents were received, comments were provided to CB&I, and the final report is due early December 2014. Mr. McKenna said that drafts of those design documents were submitted to the Office of the State Comptroller (OSC) on November 6 to initiate OSC review. Mr. McKenna said that the OSC has 30 (thirty) days to return the design documents to SDA. He also advised the Board that a draft Program for the new TCHS has been prepared and is under review by Department of Education (DOE). Mr. McKenna explained that the Program was revised on November 14 to reflect comments to date. He also advised the Board that the current program is approximately 18,000 square feet over target with the result that reductions are required. He said that the reductions are needed due to "square foot per student" standards. Mr. Sherman offered additional clarification regarding the basis for the required reductions. Mr. McKenna reported that initial programming interviews with the District have been completed and SDA is beginning preparation of educational specifications for the project. He also reported that revised site concept plans were reviewed with the TCHS Principal and staff on November 14 and the revised concept plans addressing open comments were completed November 21.

Next, Mr. McKenna reported that footing, foundation and slabs are complete on the Bridgeton Buckshutem Elementary School project and that the exterior masonry wall work is ongoing. He said that DCA has released structural steel, masonry, roof, mechanical and electrical documents.

Mr. McKenna then gave an update on the Bridgton Quarter Mile Lane Elementary School project. He noted that a Limited Notice To Proceed (LNTP) was issued to the design builder for the balance of the building. He reported that footings and foundation are complete, construction of exterior wall masonry work has started and underground electrical and site drainage work continues.

With regard to the Elizabeth Academic High School project, Mr. McKenna reported that all work by the major construction trades associated with the project is on schedule and construction is progressing well.

Mr. McKenna reported that on November 25, Torcon, Inc. was issued a Notice Of Award for the Elizabeth New Elementary School project. He said that upon receipt of fully executed contract documents, a NTP will be issued to begin the design phase. He reported that there was a bid protest filed by Patock but SDA has heard nothing further. He said that expectations are that the job will move forward with Torcon.

Next, Mr. McKenna provided the Members with an update regarding the Garfield James Madison Elementary No. 10 (demolition) project. He said asbestos abatement is complete and a demolition event is scheduled for December 5. Mr. Arcario clarified that demolition permits have been received from DCA and that building demolition is anticipated to begin on Monday, December 8.

With regard to the Gloucester Elementary School/Middle School project, Mr. McKenna reported that a limited construction NTP was issued to the design builder for pre-construction activities and the design phase has begun.

Mr. McKenna reported that, with regards to the Jersey City PS No. 20 project, the building enclosure masonry work has begun and all other construction trades associated with the

project are proceeding on schedule. He noted that he, Mr. Arcario and Mr. Ballard visited the project site the previous week and that work is progressing very quickly.

Next, Mr. McKenna report that a limited construction NTP was issued to the design builder for pre-construction site activities for Jersey City Elementary School No. 3 project. He said that excavation has begun for footings and foundations and the design phase is nearly complete. Mr. McKenna noted that he, Mr. Arcario and Mr. Ballard will be heading to the site this afternoon to meet with city officials regarding an issue with the street adjacent to the project. At this time Ms. Lemelle joined the call.

Mr. McKenna then reported that the Keansburg Caruso Elementary School (Caruso ES) design build project is in final design with the package for structural steel under review by DCA. He noted that DCA released footings and foundation documents on November 17.

In continuing, Mr. McKenna reported that footings, foundation and structural steel work is complete on the Newark Elliott Street Elementary School (Elliott St) project. He said that interior masonry wall work, exterior masonry veneer, roofing, mechanical, electrical and fire sprinkler rough-in work is on-going. He also noted that site drainage and detention work is on-going.

Next, Mr. McKenna reported that the foundation work is 95% complete on the Newark Oliver Street Elementary School. He said that underground utility work and steel erection work is on-going on this project.

Mr. McKenna then provided an update regarding the Newark South Street Elementary School project. He reported that early site package work continues with completion targeted for December 2014. He advised the Board that, to date, more than 40,000 tons of replacement stone and backfill have been placed, and 7,200,000 gallons of contaminated water have been treated.

Mr. Arcario then described in detail certain issues with the wall and footings on the project that must be addressed. Mr. McKenna advised that there are also issues with the rebar. However, he assured the Board that, even if change orders (COs) should be required, SDA will come in below the reserve.

With regards to the New Brunswick Redshaw Elementary School, Mr. McKenna reported that construction work and FFT&E installations are complete. He advised the Board that the punchlist is 99% complete. Mr. McKenna also noted that a Temporary Certificate of Occupancy (TCO) has been received and Program Staff anticipates DCA being positioned to issue a Certificate of Occupancy by the end of December. He said that the students are expected to move in to the school in January.

Next, Mr. McKenna reported that, with regard to the Passaic Henry Street Elementary School project, construction continues to progress well. He noted that masonry work on the building enclosure is also progressing.

Mr. McKenna reported that the steel erection is 95% complete for the Paterson Marshall Street Elementary School project. He said that slabs on metal decks and exterior wall masonry work has commenced. Mr. McKenna then reported that retaining wall and external storm water detention construction is nearing completion. He advised the Board that pedestrian bridge abutment work has commenced and continues on both sides of the bridge that will span the adjacent railroad.

In continuing, Mr. McKenna reported that final design and building enclosure packages have been reviewed and the design-builder has responded in writing for the Paterson PS 16 project. He said that footings, foundation and masonry work continues in all areas and that steel

fabrication is underway. He also advised that underground utilities work commenced with 12" water main tie-in work underway.

Mr. McKenna then referenced the Paterson International High School. He noted that the SDA website shows the progress of the work there. Mr. Arcario discussed in detail efforts toward securing a Certificate of Occupancy. He noted that International Masonry Institute (IMI) worked with the architect and agrees that there exists the potential for water retention and therefore water infiltration into the building due to problems with the flashing. Mr. Arcario said that an approach for addressing the problem is being established. He said that the contractor who performed the atrium work at the school also will do this work which will be advanced when the building is less occupied. He said that this will be in the spring or, possibly more likely, during the summer months.

Next, Mr. McKenna reported that the Phillipsburg High School project's footings and foundation work is nearing completion and that the slab on grade and on metal decks is ongoing. He said that steel erection continues in several areas on this project highlighted by the erection of the steel truss girders spanning the gymnasium. He also noted that steel fireproofing will commence in coordination with the start of exterior masonry walls.

With regard to SDA procurement activity, Mr. McKenna reported that Management is recommending an award to Tricon Enterprises for abatement, demolition, and site-related work on eight (8) vacant, deteriorated residential properties and site-related work on one (1) vacant lot in the Newark School District. Mr. McKenna noted that there was a challenge filed by another bidder that was determined to have no merit. He said that after further discussion with this bidder, it does not appear that they will be going forward with their objection. He said that this matter is on today's agenda and staff will be discussing it later in the meeting.

Next, Mr. McKenna reported that Management is recommending approval of a one (1) year extension to the initial term of the SDA's Furniture, Fixtures and Equipment Contract (FF&E) with each of the twenty-six (26) engaged firms, with no increase to the value of each contract. He said that this is also on today's agenda and staff will be discussing it later in the meeting.

With regard to outreach, events and other activities, Mr. McKenna reported that the SDA held a beam signing ceremony for the Oliver Street School in Newark on November 10. He also reported that, on November 12, he and Mr. Arcario spoke at the Construction Forecast Seminar sponsored by NJ Alliance for Action.

Mr. McKenna then advised the Board that, on November 13, he and SDA staff met with members of the Healthy Schools Now Coalition in Trenton. He noted that it was a productive meeting.

Next, Mr. McKenna reported that the SDA's fall electronic newsletter was distributed to stakeholders a couple of weeks ago. He also noted that, yesterday, the SDA released its Biannual Report for the reporting period that ended September 30, 2014.

Mr. McKenna then reported that, on November 25, he along with SDA staff had the opportunity to volunteer at the Community FoodBank of New Jersey as part of the Governor's Season of Service initiative. He said that SDA staff worked for two hours and had the opportunity to prepare over 300 food boxes for senior citizens.

Mr. McKenna also advised the Board that, the previous day, he was with Governor Christie, Mayor Redd and Superintendent Rouhanifard to announce progress on a project to rehabilitate Camden High School. He said that plans are to improve the school to meet 21<sup>st</sup> century standards. Mr. McKenna reported that the SDA hopes to issue procurement documents

in the spring. He said that staff is finalizing scope development with the school district and anticipates hiring an architect soon.

In closing, Mr. McKenna reported that Communications staff is working on a demolition event to be held at the Garfield James Madison project site on Friday, December 5 at 11 a.m. At this time, Mr. Lewis-Powder announced that he was on call.

### *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 November 17, 2014. He said that Management had provided the Committee with the results of one statutorily required audit and determined that state funds were expended in accordance with applicable agreements, laws and regulations. He said that the audit's recommendations and observations pertained to issues which Management has already addressed or is addressing through changes in organizational processes.

Next, Mr. Nixon reported that Ernst & Young (E&Y) had provided the Committee with the 2014 SDA Audit Plan. He informed the Board of an upcoming E&Y partner rotation and identified the incoming Senior Manager and Quality Review Partner. He said that E&Y had outlined the areas of emphasis and thought processes utilized in the development of the audit and discussed financial reporting in accordance with the requirements of the General Accounting Standards Board (GASB) practices, along with additional reporting relating to government auditing standards. Mr. Nixon advised the Board that, at the conclusion of the regular meeting, the Committee Members met privately with E&Y in accordance with Executive Order 122 and then with the Authority's internal auditors without Management present.

Mr. Nixon then presented the 2015 Operating Budget ("Budget") that had been provided to the Members in advance of the meeting. He advised that the Budget was discussed in detail at both the October and November meetings of the Audit Committee. He reported that the proposed 2015 Budget totals \$21 million, representing an increase of \$396,000 as compared to the current year budget. He said that the Budget includes a proposed headcount of 257 full time employees (FTEs), an increase of 1 FTE over the current Budget. He said that the Audit Committee recommends Board approval of the 2015 Budget as presented by Management. Mr. Guarriello provided additional Budget highlights as set forth in detail in the materials presented to the Board. Mr. Walsh inquired about the current number of SDA FTEs. Ms. Walsh advised that there are currently 229 FTEs. Following additional discussion regarding FTE levels and the allocation of employee salaries and benefit costs to projects, Mr. Nixon asked if there were any further questions or comments regarding the Budget. Hearing none, he called for a vote to approve the 2015 Operating Budget.

A resolution pertaining to the proposed 2015 Operating Budget had been provided to the Members in advance of the meeting. Upon a motion by Mr. Walsh and seconded by Mr. Luckie, the resolution attached hereto as *Resolution 5a*, was unanimously approved by the Board.

Mr. Nixon then discussed Management's recommendation that the Board approve a contract for continuation of SDA's Owner Controlled Insurance Program (OCIP), known as OCIP III. He provided the Board with a brief history of SDA's utilization of an OCIP describing same as "wrap up" policies for workers' compensation, general liability, excess liability and builder's risk coverage for eligible contractors working in the school construction program. Mr. Nixon said that, with Board approval, OCIP III will effectively continue the Owner Controlled Insurance Program for the Authority's managed school facilities projects

which commence construction during the period from December 31, 2014 through December 31, 2017. Additional comments were also provided by Ms. Simmonds. Mr. Walsh noted that he had arranged a meeting with an outside consultant to discuss SDA's insurance program and advised the Board that the consultant responded very favorably to the proposed program.

Mr. Nixon said that the Committee recommends that the Board approve the purchase of various OCIP wrap-up policies from Liberty Mutual Insurance and other insurers for Excess Liability coverage at a cost not to exceed \$20,272,472.

A resolution pertaining to the proposed Owner Controlled Insurance Program III had been provided to the Members in advance of the meeting. Upon a motion by Mr. Vargas and seconded by Mr. McNamara, the resolution attached hereto as *Resolution 5b*, was unanimously approved by the Board.

Next, Mr. Nixon presented the Audit Committee's recommendation for approval of an award pertaining to the Authority's Owners Protective Professional Indemnity (OPPI) Insurance Program. Mr. Nixon explained that OPPI is an excess insurance policy that indemnifies the Authority for damages arising out of the professional negligence of its contracted design professionals beyond the coverage they maintain themselves. He said that this proposed policy would also provide coverage for SDA's employee design professionals. He said that the Audit Committee is recommending that the Board approve Management's proposal to purchase OPPI from Zurich Group of Insurance Companies to provide excess professional liability coverage for the Authority's managed school facilities projects anticipated to commence construction during the period from December 31, 2014 through December 31, 2019. He noted that the OPPI Policy would provide a \$25 million limit of liability, subject to a \$500,000 Self Insured Retention (SIR)

and a \$250,000 SIR on pollution liability at a cost not-to-exceed \$1,229,520. Additional details were also provided by Ms. Simmonds who explained that the \$500,000 SIR coverage is only applicable if a design professional's full limits are not available to the Authority.

After discussion, Mr. Nixon requested a vote to approve the Authority's OPPI Insurance Policy. A resolution pertaining thereto had been provided to the Members in advance of the meeting. Upon a motion by Mr. Luckie and seconded by Mr. McNamara, the resolution attached hereto as *Resolution 5c*. was unanimously approved by the Board.

### *School Review Committee Report*

**1) Irvington School District—New Madison Avenue Elementary School—Preliminary Project Charter; 2) Newark—Site Improvements—Approval of Award; 3) Furniture, Fixtures and Equipment Contract Extension (GP-0169)**

The Chairman then asked Mr. Luckie to provide the report of the School Review Committee (SRC). Mr. Luckie said that the Committee met on November 17, 2014 and considered a number of items.

He discussed Management's request that the Board approve a Preliminary Project Charter for the New Madison Avenue Elementary School project in the Irvington School District. He said that, in January 2014, the Board approved an Amendment to the SDA 2012 Capital Plan which identified the New Irvington Madison Avenue Elementary School project for validation and advancement into pre-development. He explained that, following approval of the Amendment, SDA staff commenced review and validation activities which included a review of the District's Long Range Facilities Plan (LRFP) and the identification of existing and proposed school facilities included in that plan.

Mr. Luckie reported that a Working Group comprised of District, DOE and SDA staff, which met to review and validate current District needs and discuss the proposed project,

confirmed that advancement of the project would significantly address Facilities Efficiency Standards (FES) compliance needs, localized overcrowding and educational needs for all Irvington District students in grades Pre-K to 5.

Mr. Luckie advised the Board that, once completed, the New Madison Avenue ES will be an approximately 70,500 SF new school facility to educate approximately 463 students in grades Pre-K to 5 on the District-owned Madison Avenue site in Irvington. He said that Management has advised that the project will advance utilizing Kit-of-Parts components, the design-build delivery process and in-house design staff resources. Mr. Luckie said that the estimated project cost of \$35.4 million is inclusive of all prior expenditures related to prior design work and site investigation activities as well as estimated future costs necessary for advancement of the current project scope. In response to a question, Mr. Sherman assured the Board that he was confident that the District is supportive of the project as proposed. Following discussion, Mr. Luckie said that the Committee recommends that the Board approve the Preliminary Project Charter for the Irvington Madison Avenue Elementary School project, specifically authorizing the SDA to proceed with in-house design activities and to procure necessary professional and construction services in relation thereto.

Thereafter, upon motion duly made by Mr. Vargas and seconded by Mr. Nixon, the Board approved the Preliminary Project Charter for the Irvington Madison Avenue Elementary School project upon its unanimous approval of the resolution attached hereto as *Resolution 6a*.

Next, Mr. Luckie discussed Management's request that the Board approve an award to Tricon Enterprises, Inc. (Tricon) for site improvements in the Newark School District. He said that, in 2004, the School Construction Corporation initiated acquisition of properties at 11<sup>th</sup> and

12<sup>th</sup> Streets in Newark for a project in the Newark Public School District that is not currently identified for advancement.

Mr. Luckie advised the Board that acquisition activities had reached a stage such that the SDA was legally required to complete the acquisitions which were finalized in 2009 and 2010. He said that the serious deterioration of the vacant residential properties on the acquired sites, as well as ongoing property maintenance costs, mandate that the structures be demolished now to address safety concerns and for cost effectiveness.

He said that the scope of work consists of abatement, demolition, and site-related work on eight (8) vacant, deteriorated residential properties and site-related work on one (1) vacant lot (demolition services). He noted that SDA staff will perform construction management services for the project.

Mr. Luckie advised the Board that the package for demolition services was publicly advertised on October 8, 2014 and, following completion of the procurement process, Management is recommending award of the contract to Tricon in the amount of \$800,000. He said that, at the time of review, Tricon confirmed that its price proposal is inclusive of all scope elements contained in the contract documents.

Mr. Luckie then explained that the funding requested for the recommended services is allotted from funding forecasted for property maintenance for SDA owned properties which are no longer attached to the Capital Plan. Mr. Maloney then referenced the large disparity between the bids of bidders 1 and 2 as cited in the memorandum. Mr. McKenna, Mr. Murphy and Ms. Milsted responded to Mr. Maloney's inquiry noting that this matter was discussed with Tricon and Management is confident that Tricon's price recognizes all scope elements contained in the

contract documents. Mr. Luckie said that the Committee recommends that the Board approve the award of a contract in the amount of \$800,000 to the responsive low bidder Tricon Enterprises, Inc. for demolition services. He said that the Committee further recommends that the Board approve the allocation of available funds from those forecasted for property maintenance in order to fund the contract in the absence of a project charter.

Thereafter, upon motion duly made by Mr. Vargas and seconded by Mr. McNamara, the Board approved the award to Tricon Enterprises, Inc. for demolition services upon its unanimous approval of the resolution attached hereto as *Resolution 6b*.

In continuing, Mr. Luckie discussed Management's recommendation in favor of Board approval of a one year extension to the initial term of its Furniture Fixtures & Equipment Contract. Mr. Luckie explained that, in 2011, the SDA entered into contracts with twenty-six (26) firms for the manufacture, delivery and installation of furniture, fixtures and equipment (FFE). He said that the term of these contracts was three years with an option for the Authority to extend for one additional year for a total not-to-exceed amount of \$12,000,000 for the term of the contract and any extension thereof.

Mr. Luckie advised the Board that, since 2011, purchase orders have been issued to 14 of the 26 firms with an approximate value of \$4,800,000 to date. Mr. Maloney inquired as to whether SDA's agreements contain a "Made in the USA" requirement. Mr. Yosha confirmed that this is required by SDA and such language is included in the Authority's contracts.

In conclusion, Mr. Luckie said that the Committee recommends that the Board approve a one year extension to the initial term of the Furniture Fixtures & Equipment Contract with each of the twenty-six engaged firms with no increase to the value of each contract. He said that the extension will commence on February 28, 2015 and terminate on February 28, 2016.

Thereafter, upon motion duly made by Mr. Vargas and seconded by Mr. Nixon, the

requested one year extension to the SDA's Furniture Fixtures & Equipment Contract was approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Resolution 6c*.

### *Reports*

Mr. Walsh then asked Mr. Ballard to update the Members regarding the status of project closeouts. Mr. Ballard reported that the SDA was successful in closing one of the legacy projects, i.e. the Wilber Watts Intermediate School in Burlington City. He said that the Authority is trying to close out some contracts that are outstanding and complete some additional capital plan project closings. Mr. Ballard also reported on the status of ongoing and pending project audits.

### *Adjournment*

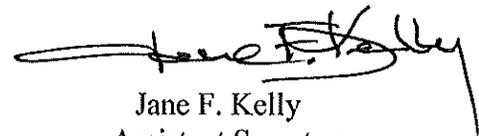
Ms. Kelly then announced that the Board will be adjourning into Executive Session to discuss the proposed acquisition of the former Paterson Catholic High School located in the Paterson School District.

Mr. Walsh then asked for a motion to adjourn the meeting into Executive Session. Upon motion and with unanimous consent, the Open Session of the meeting adjourned into Executive Session.

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

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 December 3, 2014 meeting.



Jane F. Kelly  
Assistant Secretary