

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, APRIL 1, 2015**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA” or “the Authority”) was held on Wednesday, April 1, 2015 at 9:00 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman
Maureen Hassett (NJEDA)
Kevin Luckie (DCA)
Matthew Murray (Treasury)
Bernard Piaia (DOE)
Kevin Egan
Loren Lemelle
Lester Lewis-Powder
Michael Maloney
Joseph McNamara
Robert Nixon
Mario Vargas

being a quorum of the Board. Mr. Egan, Ms. Lemelle, Mr. Lewis-Powder, Mr. McNamara, Mr. Murray, Mr. Piaia and Mr. Vargas 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 F. Kelly, vice president & assistant secretary; Donald Guarriello, vice president and chief financial officer; Raymond Arcario, vice president; Albert Barnes, chief counsel; Sean Murphy, director; Gregory Voronov, managing

director and Ritchard Sherman, managing 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 Board's March 4, 2015 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 Ms. Hassett and seconded by Mr. Luckie, the Open Session minutes of the March 4, 2015 meeting were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Resolution 3a*.

Authority Matters

CEO Report

Mr. Walsh asked Mr. McKenna to discuss recent SDA activities. Mr. McKenna provided the Members with an update regarding the Trenton Central High School project. He said that a Notice of Award was issued to USA Environmental Management, Inc. /Luzon, Inc. on March 18 for abatement and demolition of the existing building. He added that a Notice to Proceed (NTP) is anticipated to be issued on April 9 and then asbestos remediation work will begin. He noted that this work will be done in phases. Mr. McKenna then reported that SDA has developed a conceptual re-use plan for the salvaged items and the consultant has prepared a catalogue of

building photographs that were included in a survey prepared to finalize the EO 215 resubmission to the State Department of Environmental Protection (DEP).

Next, Mr. McKenna gave an update on projects in the Bridgeton School District. He said that work is going very well on the Buckshutem ES project with activities including roof work, interior masonry, and installation of ductwork hangers. In regard to the Quarter Mile Lane ES project, Mr. McKenna reported that footings and foundations are complete and a limited NTP has been issued to the design builder for the balance of building. He added that the construction of exterior and interior masonry walls continues and that underground utilities and site drainage work is nearly complete.

With regard to projects in the Elizabeth School District, Mr. McKenna said that, as the weather has moderated, the contractor has fully remobilized the workforce and work is progressing on schedule for the Academic HS project. He added that the advertisement for contract management (CM) services is anticipated to go out by the end of April for the Elizabeth New ES project.

Mr. McKenna then reported that all demolition work is complete and the perimeter site fence has been installed for the Garfield James Madison ES No. 10 project. He said that the procurement packages for construction services and CM services are being finalized, with advertisement anticipated during the second quarter of 2015.

In regard to the Gloucester ES/MS project, Mr. McKenna said that the design builder's first design package submission is anticipated by the end of April. He noted that the first construction NTP for underground utilities, footings, foundations and structural steel is anticipated to be issued during the 3rd quarter 2015.

Mr. McKenna informed the Members that the SDA Design Studio has initiated in-house design with the site/program/concept phase for the Harrison New Pre-K-1 ES project. He said

that the SDA anticipates the design builder's resubmission of the final design phase documents this month addressing all SDA and State Department of Community Affairs (DCA) comments.

Mr. McKenna then gave an update on the Keansburg Caruso ES project. He said that foundation footings are complete and that site work and installation of foundations is ongoing. He added that structural steel fabrication is also ongoing, with steel erection anticipated to begin in April. At this time Kevin Egan joined the meeting.

With regard to the addition and renovation project at the existing Millville HS, Mr. McKenna said that SDA anticipates issuing the NTP for schematic design by mid-April.

Turning to projects in the Newark School District, Mr. McKenna reported that interior masonry work is approximately 95% complete for the Elliot Street ES project. He noted that exterior masonry veneer work is progressing as weather permits. He added that roof installation work continues and ductwork and insulation installation continues throughout the building. In regard to the Oliver Street project, Mr. McKenna noted that masonry work is ongoing. He said that the contractor has significantly increased manpower now that the weather has moderated. He reported that all concrete slabs on grade and slabs on metal deck are complete and roofing installation is expected to begin by the end of April. Mr. McKenna then reported that environmental work has taken place on the South Street ES project and the SDA Design Studio has developed a schematic plan that is under review by the State Department of Education (DOE).

In continuing, Mr. McKenna provided an update on projects in the Orange School District. He said that design consultant technical and price proposals were received from 15 responsive firms for the Orange HS project. He reported that, following the selection committee's review and ranking, interviews were held on March 9 with the six highest ranked

firms. He noted that this matter is on today's agenda and staff will be discussing the details later in the meeting.

Next, Mr. McKenna reported that a site consultant has been engaged through the task order contract for the Orange Cleveland ES project to address necessary activities associated with the acquisition of properties adjacent to the existing school. He explained that the Authority will need to acquire these properties in order to comply with DOE requirements. He said the preparation of the procurement package for a design consultant is ongoing.

Mr. McKenna then reported, for the Passaic Henry Street ES project, that the design builder continues to work on interior finishes and installation of millwork with occupancy anticipated for September 2015

Next, Mr. McKenna discussed ongoing projects in the Paterson School District. He said that masonry work and mechanical/electrical/plumbing (MEP) work is ongoing for the Marshall Street ES project. He said that roof installation work has commenced and is ongoing. He added that, in coordination with New Jersey Transit, the pedestrian bridge erection/setting has been scheduled for April 16; however this date is somewhat "fluid" as various schedules must be considered and accommodated. In continuing, Mr. McKenna said that steel erection is nearing completion for the Paterson PS 16 project. He added that the contractor is preparing for concrete slab work and exterior masonry work as soon as the weather warms up. He noted that the design builder's final design submission is under review.

Mr. McKenna then reported that spray-on fireproofing work has been restarted and is progressing for the Phillipsburg HS project. He said that exterior masonry work has commenced and the contractor is mobilizing additional manpower. He added that masonry work is ongoing in interior areas and MEP work is ongoing throughout.

Mr. McKenna then provided an update regarding SDA's procurement activity. He reported that the construction procurement for roof, HVAC and masonry repairs for the Irvington HS project was advertised on February 11 and price proposals were received on March 26. He said that this matter will be discussed during Executive Session.

Next, Mr. McKenna advised the Members that management is recommending an award to Kliment Halsband Architects, LLP for design consultant services for the Orange HS project. He said that this matter is on today's agenda.

Mr. McKenna reported that the design procurement for the Pemberton Denbo-Crichton School Facility project was advertised on February 6. He said that technical and price proposals were received from 7 firms. He added that the procurement process is ongoing and an award recommendation will be presented for approval at the May 6 meeting of the Board.

Mr. McKenna reported that the procurement for State-Wide Property Management and Maintenance Services was advertised on February 26. He offered a brief description of the types of services that are typically provided by SDA's management and maintenance services contractor. He noted that technical and price proposals were received from 3 firms for this procurement. He added that the procurement process is ongoing and an award recommendation will be presented for approval at the May 6 board meeting.

Mr. McKenna informed the Members that the construction procurement for exterior masonry and structural repairs for the Bridgeton Broad Street ES emergent project was advertised on March 16. He said that price proposals are due April 21.

Next, Mr. McKenna reported that the construction procurement for the Vineland HS South HVAC system replacement emergent project was advertised on March 17, with price proposals due on April 23.

Mr. McKenna then discussed the Authority's upcoming events, outreach and other activity. He informed that Members that the SDA held a beam signing ceremony in Bridgeton at the Buckshutem Road and Quarter Mile Lane Schools.

Next, Mr. McKenna said that Communications staff is working on scheduling a beam signing ceremony for PS 16 in Paterson toward the end of April.

Mr. McKenna then reported that the SDA is more than half way through the fifth offering of the SMWBE contractor training program. He said that classes are underway at both SDA offices in Newark and in Trenton and that the program will conclude with a graduation/networking event here in Trenton on April 29.

Finally, Mr. McKenna reported that the Authority's Annual Report for 2014 has been prepared by management in compliance with the SDA bylaws and Executive Order No. 37. He said that the Annual Report includes, among other things, an identification of internal controls that govern expenditures, procurement and other financial matters and transactions. He noted that the financial statements will be presented to the Board for separate approval later in the meeting as part of the Audit Committee Report. Mr. McKenna said that management is recommending that the Board approve the Authority's 2014 Annual Report noting that, upon approval, the Annual Report will be forwarded to the Governor's Authorities Unit and posted on the SDA website.

A resolution pertaining to SDA's 2014 Annual Report had been provided to the Members in advance of the meeting. Upon a motion by Ms. Hassett, and seconded by Mr. Luckie, the SDA 2014 Annual Report was approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Resolution 4ai*.

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 16, 2015. He said that management had provided the Committee with the February 2015 New Funding Allocation and Capital Plan Update. He said that management reported that there were no changes in the Unforeseen Events Reserve, Planning Reserve or 2008 Capital Plan Emergent Projects reserve balances. He advised that there was a \$200,000 decrease in the 2011 Capital Plan Emergent Projects Reserve for the reporting period due to the release of funds for the Garfield Irving Elementary School and Wilson Elementary School emergent boiler replacement projects. He added that the reserve balance for the Regular Operating Districts ("RODs") increased by \$1.1 million during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon reported that management presented the results of the Prompt Payment Compliance Act Audit (the Audit). He explained the scope of the Audit, noting that a sample of 50 invoices was selected out of a population of 325 invoices between July 1, 2013 through June 30, 2014. He said that the Audit showed that there were no instances of untimely payments. He reported that the Audit concluded that the SDA is complying with the requirements of the Prompt Payment Act.

In continuing, Mr. Nixon then reported that Ernst & Young (EY) had presented the Authority's 2014 Financial Statements (Financial Statements) and required communications to the Committee. He said that the auditor's report expressed an unmodified opinion, meaning that the 2014 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 EY reported that the financial statements contained no corrected misstatements or uncorrected misstatements. He said that EY further reported that

entity level and other internal controls over financial reporting are operating effectively. Mr. Nixon noted that this is the first year that EY is reporting utilizing Government Auditing Standards with regard to controls over financial reporting and testing of management's compliance with laws and regulations. He advised that EY noted the outstanding cooperation and assistance that SDA staff provided throughout the audit process. He said that EY also provided an overview of its Management Letter and reported 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 March Audit Committee meeting, the Committee met with EY without management present for a discussion. Mr. Nixon then invited Mr. Guarriello and EY to address any questions the Members might have regarding the Financial Statements. There being no questions, Mr. Walsh asked for a vote on the 2014 Financial Statements.

A resolution pertaining to the 2014 Financial Statements had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Nixon and seconded by Ms. Hassett, the Authority's 2014 Financial Statements were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Exhibit 5a*.

Next, Mr. Nixon reported that the Committee was provided with the February 2015 Monthly Financial Report. He said that, year to date, the Authority's operating expenditures total \$2.8 million which is \$451,000 lower than the operating budget for the corresponding period. He said that this is a \$56,000 decrease from actual expenses for the corresponding period in the prior year. He reported that, as of February 2015, year to date project expenditures are \$52.6 million, down \$13.4 million as compared to the 2015 Capital spending forecast for the corresponding period and \$19.3 million higher as compared to actual expenses in the corresponding prior year. He said that this is attributable to a \$12.4 million increase in spending

for construction costs, \$1.9 million associated with grant activity and \$5 million related to other project costs.

In concluding, Mr. Nixon noted that, since inception, 70.7% 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. Mr. Nixon advised the Board that the estimated value of current school facilities project activity is approximately \$2.2 billion.

School Review Committee

Award of Contract for Pre-Design Phase Services – Orange School District – Orange High School Addition and Renovation Project; Revised Program and Preliminary Charter – New Brunswick Public School District – Paul Robeson Community Elementary School; Preliminary Project Charter – Paterson School District – New Middle School

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie informed the Members that the Committee met on March 16, 2015. He advised at the outset that, as had been previously mentioned by Mr. McKenna, the Irvington HS emergent project matter will be discussed in the Executive Session of the meeting.

Mr. Luckie discussed management's request to approve the contract award for pre-design phase services for the addition and renovation project at the Orange HS. He reported that the Orange HS is an 111,314 square foot facility educating 804 students in grades 10 to 12. Mr. Luckie said that, prior to inclusion of the project in the 2012 Capital Plan, a Working Group comprised of district, DOE and SDA staff was convened to review and validate the conditions deficiencies and to identify project scope items necessary to be addressed. He said that, upon identification of those deficiencies, the Working Group reviewed and collaborated on the conditions for inclusion in the project scope and the DOE performed an assessment of district enrollments and capacity. Mr. Luckie informed the Members that the DOE concluded that existing district facilities lack capacity for approximately 485 students in grades Pre-K to 12 and

SDA site visits to all district schools validated the existence of district-wide overcrowding. He said that it was determined to advance a project that would both address facilities conditions needs and alleviate district-wide overcrowding. He noted that the Working Group determined that the most efficient means of achieving this objective would be through the completion of an addition and renovation project at Orange HS. Mr. Luckie said that, towards this end, management recommends award of the engagement for design consultant pre-design phase services to Kliment Halsband Architects, LLP, for a total lump sum fee of \$412,070. Mr. Luckie said that the details of the contract award are in the packet of materials which was previously distributed to the Members. He asked if there were any questions. Mr. Walsh then asked Mr. Murphy to briefly review the procurement process that preceded the award recommendation. Referencing his memorandum, Mr. Murphy said that the procurement proceeded as a 2 step process. He then described that process in detail. Mr. Murphy said that, at the time of review, Kliment Halsband Architects, LLP confirmed that its fee proposal is inclusive of all pre-design scope elements contained in the contract documents.

Mr. Luckie said that the Committee recommends that the Board approve the award of a contact for pre-design phase services to Kliment Halsband Architects, LLP for the Orange HS addition/renovation project. He requested a vote on *Resolution 6b*.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made Mr. Nixon and seconded by Ms. Hassett, the contract award for pre-design services for the Orange HS addition/renovation project was approved with the Board's unanimous vote in favor of *Resolution 6b*.

Next, Mr. Luckie discussed management's request that the Board approve a revised project scope and preliminary charter for the Paul Robeson Community ES School in the New Brunswick School District. He reported that the DOE's 2010 Educational Facilities Needs

Assessment (EFNA) identified severe overcrowding in grades Pre-K to 5 in the New Brunswick Public School District. He said that on March 7, 2012 the Board approved the SDA's 2012 Capital Program which identified the New Brunswick Paul Robeson Community ES project as a project addressing high priority educational needs. Mr. Luckie informed the Members that, in June 2012, a Working Group comprised of district, DOE and SDA representatives reviewed and validated current district needs and determined to propose an addition/renovation project at the Paul Robeson Community ES. He said that, initially, the recommended project scope called for the construction of a 28,600 square foot addition along with selective renovation of the existing facility in order to educate 600 students in grades K-5. He added that the district thereafter requested, and the DOE subsequently approved, a revised programmatic model which incorporated 13 additional Pre-K classrooms as well as other program modifications. Mr. Luckie noted that the revised project scope consists of an approximately 57,580 square foot addition and selective renovations to the existing Robeson Community School Facility in order to educate 823 students in grades Pre-K to 5. Mr. Sherman offered additional comments, advising the Board that the budget is based on typical planning assumptions. He said that, given the renovation component, a fair amount of time has gone into holding detailed discussions with the district.

Mr. Luckie said that the Committee recommends that the Board approve the revised project scope and preliminary project charter for the Paul Robeson Community ES in the New Brunswick School District. He indicated that a vote on *Resolution 6c.* is in order.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made Mr. Maloney seconded by Mr. Lewis-Powder, and with Mr. Egan recused and abstaining, the revised project scope and preliminary charter for the Paul Robeson ES in the New Brunswick District were approved with the Board's vote in favor of *Resolution 6c.*

In continuing, Mr. Luckie discussed management's request that the Board approve the preliminary project charter for the New Middle School in the Paterson School District. Mr. Luckie reported that the State Department of Education's 2010 EFNA identified severe overcrowding in all grade levels in the Paterson Public School District. He said that, in March 2012, the Board approved the Authority's 2012 Capital Plan which identified a Paterson elementary school grade level project addressing high priority educational needs that required further discussion with the district. He explained that a Working Group comprised of district, DOE and SDA staff has reviewed and validated the district's needs. Mr. Luckie added that the Working Group recommends construction of an approximately 161,000 square foot new school facility to educate 996 students in grade levels 6 through 8. He said that the recommended project will utilize a standard SDA Kit of Parts programmatic model and design and will be delivered through in-house design with a design-build construction contract.

Mr. McKenna further discussed the overcrowding issue facing the Paterson School District. He said that SDA projects now underway in the Paterson School District will go a long way towards alleviating overcrowding problems there. He cited the Marshall Street, Paterson PS 16, Paterson Catholic and Middle School projects in Paterson – all of which SDA has undertaken in a relatively short period of time.

Mr. Luckie said that the Committee recommends that the Board approve the revised preliminary project charter for the New Middle School in the Paterson School District. He indicated that a vote on *Resolution 6d* is in order.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made Mr. Nixon and seconded by Mr. Mr. Vargas, the preliminary project charter for the New Middle School in the Paterson School District was approved with the Board's unanimous vote in favor of *Resolution 6d*.

At the Chairman's request, Mr. Ballard then provide the Committee with an update relative to the ongoing project close-out initiative.

Public Comments

The Chairman then opened the Public Comments portion of the meeting. No member of the public came forward to address the Board.

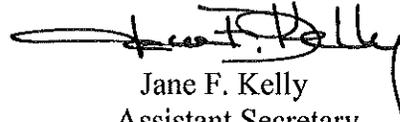
Mr. Walsh then asked for a motion to adjourn the meeting into Executive Session. Upon motion and with unanimous consent, the meeting adjourned into Executive Session.

Following discussion in Executive Session, upon motion duly made and seconded and with unanimous consent, the Board returned to Open Session.

A resolution to delegate authority to the CEO, Chairman of the Board and/or Vice Chairman of the Board and SRC Chairman to approve a release of funds from the program reserve, contract award, and final charter for the Irvington HS Emergent Project had been provided to the Members in advance of the meeting. Upon a motion by Mr. Luckie, and seconded by Mr. Nixon, the resolution attached hereto as *Exhibit A1*, was unanimously approved by the Board.

Mr. Walsh then asked for a motion to adjourn the meeting. Upon motion duly made and seconded 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 1, 2015 meeting.



Jane F. Kelly
Assistant Secretary