

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS TELECONFERENCE MEETING  
WEDNESDAY, AUGUST 3, 2016**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, August 3, 2016 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 (EDA)  
Kevin Luckie (DCA)  
Bernard Piaia (DOE)  
Matthew Spadaccini (Treasury)  
Michael Capelli  
Loren Lemelle  
Lester Lewis-Powder  
Robert Nixon

being a quorum of the Board. Mr. Walsh, Ms. Hassett, and Mr. Luckie participated in the meeting in person.

At the Chairman's request, Charles McKenna, chief executive officer; Jason Ballard, chief of staff; Andrew Yosha, executive vice president (by teleconference); Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Raymond Arcario, vice president; Albert Barnes, chief counsel; Aidita Milsted, director; Sean Murphy, director; and Karon Simmonds, director of the SDA participated in the meeting. Tyler Yingling of the Governor's Authorities Unit also participated in the meeting (by teleconference).

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 July 6, 2016 Open Session meeting minutes. A copy of the meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Mr. Capelli, the Open Session minutes of the July 6, 2016 meeting were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 3a.***

### ***Authority Matters***

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

The Chairman asked Mr. McKenna to provide the report of the Chief Executive Officer. Mr. McKenna advised the Board that the Authority has hired 4 interns from Trenton Central HS (TCHS) for the summer and that they were in attendance. He commended the interns on their hard work.

Mr. McKenna then began his report with an update on the Trenton Central HS project. He advised the Board that the design-builder, Terminal Construction, continues with the design services phase. He said that the stone work operation continues and staff anticipates issuing a Notice to Proceed (NTP) for footings and foundations in September.

Turning to SDA projects in Bridgeton, Mr. McKenna said that, with renovation work completed on the Buckshutem Road ES project, the district was provided with a new media center and administration area. He said that, following the installation of playground equipment this month, an application for a Certificate of Occupancy (CO) will be submitted to the Department of Community Affairs (DCA). He said that the addition and final code inspections are complete on the Quarter Mile Lane ES project. He advised the Board that a Temporary Certificate of Occupancy (TCO) application was submitted to DCA and issuance of the TCO is anticipated within the next several weeks or sooner.

Turning to the Camden HS project, Mr. McKenna reported that Design Ideas Group continues to work on pre-design phase services.

Reporting on the East Orange George Washington Carver ES project, Mr. McKenna reported that the award to Site Enterprises, Inc. for demolition/early site preparation services was approved at the July Board meeting and that a Notice of Award was issued on July 22. He said that the Design Studio continues to advance the design of the new school.

With respect to the Elizabeth Academic HS project, Mr. McKenna advised the Board that final building inspections by DCA are underway and the project remains on target for September occupancy. Also in Elizabeth, he reported that footings, foundations and major site-work activities continue to progress well for the New ES project. He said that steel erection continues and staff anticipates the project's completion by mid-September.

In Garfield, Mr. McKenna said that the DCA issued the construction permit late last month for the James Madison ES No. 10 project. He said that the start of site work, footings and foundations is expected within the next two weeks.

With respect to the Gloucester ES/MS project, Mr. McKenna advised the Board that construction work continues to progress well. He said that that staff expects the school to be finished during the month of October. He then reported that a design-build services procurement was advertised in July for the Harrison New ES project and price and technical proposals are due September 27.

Turning to the Irvington Madison Avenue ES project, Mr. McKenna reported that abatement work is complete and that building demolition work has commenced and is anticipated to be completed by the end of the year. He added that the Design Studio is advancing the design of the new school. He noted that a demolition event is scheduled for later in the day.

With regard to the Keansburg Caruso ES project, Mr. McKenna advised the Board that DCA final inspections are on-going. He said that staff anticipates submitting the application for a TCO this week, with the project on schedule for September occupancy. Mr. McKenna also advised the Board that design consultant work continues on pre-design phase services for the Keansburg Port Monmouth Road ES project.

Turning to projects in the Jersey City School District, Mr. McKenna reported that final building inspections by DCA are underway for the PS 20 project and that the project remains on target for September occupancy. He then briefly discussed issues with water delivery to the project due to a leak in the local water supply system. He said that building enclosure, interior finishes and site work are all progressing well on the Jersey City ES No. 3 project.

Mr. McKenna said that staff anticipates advertising for design-build services this quarter for the Millville addition and renovations project. In regard to the New Brunswick Paul Robeson ES, he reported that design-builder Hall Construction (Hall) has submitted demolition and

footings and foundations plans to DCA for review. He said that Hall has mobilized to begin abatement activities.

In continuing, Mr. McKenna gave an update on projects in the Newark School District. With respect to the Elliot Street ES and Oliver Street ES projects, he said that staff anticipates that all punch list items for both projects will be complete by the end of the month. He reported that design-builder Ernest Bock & Sons (EBS) is actively working on the final design phase for the South Street ES project. He said that footings, foundations, and underground utility work is ongoing.

Turning to projects in the Orange School District, Mr. McKenna reported that the district, in consultation with the SDA, has agreed on the preferred conceptual option for the Cleveland ES project. He said that a recommendation for approval to continue the design consultant engagement and authorizing design and construction administration services is on today's agenda. With respect to the Orange HS project, he informed the Board that the district has selected a preferred conceptual option in consultation with the Authority. He noted that negotiations are ongoing with the design consultant for design phase services for the project.

Mr. McKenna reported that design-builder Dobco, Inc. is completing the footings and foundations package and staff anticipates its submission to DCA this week for the Passaic Leonard Place ES project.

Mr. McKenna advised the Board that, for the Paterson Marshall Street ES project, a TCO was issued in June and the district has taken possession of the building. In regard to the Paterson PS 16 project, he said that the TCO application was submitted to DCA and staff anticipates issuance within the next several days.

Reporting on the Pemberton Denbo Crichton ES project, Mr. McKenna informed the Board that the preliminary project charter was approved at the July Board meeting and a working group kick-off meeting for design has been scheduled. In regard to the Perth Amboy Seaman Avenue ES project, he reminded the Board that the award for design-build services to Epic Management, Inc. and the final project charter were both approved at the July Board meeting. He said that staff advertised the construction management services procurement on July 19 and price and technical proposals are due later this month.

Mr. McKenna said that the team is working closely with the general contractor to ensure substantial completion for the Phillipsburg HS project. He noted that the project is on target for September occupancy.

With respect to the Vineland New MS project, he reported that design-builder EBS continues with the design services phase and has mobilized to perform site clearing and grading. He said that EBS submitted footings, foundations and structural steel plans to DCA for review. In continuing, Mr. McKenna advised the Board that asbestos and demolition activities are underway for the West New York Harry L. Bain PS No. 6 project.

Mr. McKenna informed the Board that staff will be discussing two additional items at today's meeting: 1) the Newark Science Park HS project; and 2) the Vineland HS South project, the latter of which will be discussed in Executive Session.

Turning next to ongoing procurement activity, Mr. McKenna said that, in addition to the awards for the General Construction Services Task Order Contract that management will be discussing and recommending later in the meeting, other activity currently underway includes procurements for design-build services for the Harrison New ES project and construction management services for the Perth Amboy Seaman Avenue ES project.

Reporting on events, outreach and other SDA activities, Mr. McKenna said that SDA held a community meeting in Trenton on July 19 to talk with Trenton residents about what to expect throughout the duration of construction for the new TCHS. He reported that a community meeting was also held in Newark on July 26 to discuss the new South Street School project. He advised the Board that staff will be scheduling community meetings to discuss the East Orange George Washington Carver and Passaic Leonard Place School projects. In continuing, Mr. McKenna said that SDA will hold ground breaking ceremonies for the Garfield James Madison School on Tuesday, August 9 and for the Newark South Street School on August 11. He added that Communications staff is working to schedule ribbon cutting ceremonies for the schools that will be opening this September.

### ***Chairman's Report***

Mr. Walsh then provided the Report of the Chairman. He said that, with Mr. McNamara's passing, the Members will need to elect a new Vice-Chairman, noting that Mr. McNamara has served as Vice-Chairman of the Board since 2013. He said that Robert Nixon has agreed to serve as the Authority's Vice-Chairman. He said that he must also appoint a new Chairman for the Real Estate Committee that was chaired by Mr. McNamara. He advised the Board that he is appointing Mario Vargas to serve in this role. Mr. Walsh thanked both Mr. Nixon and Mr. Vargas for their willingness to take on these additional responsibilities in service to the Authority.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Ms. Lemelle, the election of Robert Nixon to serve as the Authority's Vice-Chairman was approved with the Board's unanimous vote in favor of ***Resolution 4bi***.

## *Audit Committee*

Before beginning his report, Mr. Nixon thanked Mr. Walsh for his confidence and for nominating him to serve as the Board's Vice-Chairman. He also thanked Mr. McKenna, SDA staff and the Board's Members for their support.

The Chairman then requested that Mr. Nixon provide the report of the Audit Committee. Mr. Nixon advised the Board that the Audit Committee met on July 18, 2016. He said that the Committee was provided with the June 2016 New Funding Allocation and Capital Plan Report. He said that there were no changes in commitments in the Planning or 2008 Capital Plan Emergent Projects reserve balances for the SDA Districts during the reporting period. He reported that there was a \$1 million decrease in the Unforeseen Events Reserve balance following CEO approval of the revised final project charter for the Jersey City New Public School #20 ES project. He explained that this provided the additional necessary funding for furniture, fixtures and equipment and IT budgets to fit-out the facility. Mr. Nixon then reported a \$3.8 million decrease in the 2011 Capital Plan Emergent Projects Reserve balance during the reporting period. He explained that the decrease is due to the release of funds for 3 Board approved emergent projects: the Asbury Park HS roof replacement; the Asbury Park MS roof replacement and the Trenton Hedgepeth-Williams School domestic water line replacement. Finally, he reported that the Program Reserve balance for the Regular Operating Districts increased by \$900,000.00 during the reporting period.

Next, Mr. Nixon reported that the Audit Committee is recommending an amendment to the Authority's Builders Risk (Property) Insurance Contract (Policy) for unanticipated changes in construction values and durations on current and prospective enrolled projects. He said that, in December 2013, the Authority purchased a 3 year term Policy for a Not-to-Exceed (NTE)

value of \$485,000. He advised that the amendment proposed for approval is necessary due to an approximate 5% increase in the Total Insured Value (TIV) above the 2013 projections to more than \$582 million. He explained that the premium cost has risen from \$485,000 to \$700,000 representing a \$215,000 increase. Mr. Nixon advised that Board approval is required as the proposed amendment to the contract exceeds \$100,000 and is greater than 10% of the contract value. He also noted that the proposed increase includes contingency for unanticipated changes in construction values and durations for both current and prospective enrolled projects. At this time Mr. Lewis-Powder announced that he had joined the meeting. Ms. Simmonds then offered additional details regarding the Policy and proposed Amendment. Specifically, she noted the practical impact of unanticipated construction values and construction durations citing, by way of example, the TCHS project. She explained that the TCHS project was initially a 2013 facilities conditions project expected to cost \$28 million; however, this was changed to become a new school facilities project costing \$116 million. Mr. Walsh suggested that the upcoming Request for Proposals for a new Policy include a set fee for escalation of unanticipated values and durations of projects.

Following discussion, Mr. Nixon said that the Committee recommends that the Board approve Amendment No. 1 to the Builders Risk (Property) Insurance in the amount of \$215,000. By motion duly made by Mr. Piaia and seconded by Ms. Hassett the Board approved the Amendment as proposed upon its unanimous vote in favor of ***Resolution 5a.***

In continuing, Mr. Nixon reported that management had discussed with the Committee the results of the Matrix East Front Street Operating Company, Inc., LLC (Matrix) – Common Area Maintenance (CAM) Fees Audit (the Audit). He explained that the Audit was conducted to determine the validity of the 2015 CAM fees charged by the Authority’s East Front Street

landlord, Matrix. He reported that the audit objectives were met and the operating costs were found to be allowable, properly allocated and calculated, and adequately supported and recorded in the proper accounting period. He reported that management has reviewed the auditor's two recommendations and will follow up and discuss the same with the landlord as appropriate.

Mr. Nixon then reported that, at his request, management had prepared and provided the Committee with an overview of program funding in different areas. He said that staff discussed the status of: statutory bonding authorization, program commitments, funding reserves and cash-on-hand. He thanked Mr. Yosha and Mr. Voronov for their excellent presentation and assured the Board that the Committee will continue to receive updates.

Finally, Mr. Nixon reported that management had provided the Committee with the June 2016 Monthly Financial Report. He said that Year-to-Date Authority Operating Expenses (Actual vs. Budget), at \$9.9 million, are down \$1.7 million as compared to the operating budget for the corresponding period. He explained that this variance is largely attributable to lower salary and benefit costs of \$1.3 million.

In continuing, Mr. Nixon said that Year-to-Date School Facilities Project Expenditures (Actual vs. Forecast), at \$194.2 million, are \$11.7 million lower as compared to the capital spending forecast for the corresponding period. He noted that this variance is due to lower than anticipated expenditures in construction work; property acquisitions; and furniture, equipment and technology offset by an increase in grant activity. Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual) have decreased by \$13.1 million as compared to the corresponding prior year. He advised that the year-over-year variance is attributable to decreased spending in property acquisition, project insurance, and grant activity, offset by

increased spending in construction related activity and for school furniture, equipment and technology.

In concluding, Mr. Nixon reported that, since program inception, 75.4% of the funds authorized for SDA Districts have been disbursed. Additionally, he said that 96% of all SDA disbursements relate to school facilities projects and 4% relate to operating expenses. He said that the estimated value of active school facilities projects is approximately \$2.2 billion.

### *School Review Committee*

**Approval of Awards – General Construction Services Task Order Contract; Revised Planning Charter and Design Consultant Services Advancement – Orange Public School District – Cleveland Street Elementary School – Addition and Renovation Project; Amendment No. 1 – Triad Fire Protection Engineering Corporation - Newark Public School District - Science Park High School**

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the SDA School Review Committee met on July 18, 2016 at which time management presented items for advancement. He first discussed the General Construction Task Order Contract (GCTOC) awards recommended by management.

Mr. Luckie said that the Authority's GCTOC is due to expire on November 15, 2016. He reported that, to date, the Authority has used the current task order contract to issue 9 task orders valued at approximately \$4,900,000. He said that management recommends that the Board approve the execution of a new three year task order contract with 22 firms. Mr. Luckie advised the Members that two types of work will be performed by these firms: 1) work on emergent projects as designated by the Department of Education (DOE); and 2) work to be performed in situations considered an emergency under the public exigency exception to statutory public bidding requirements. He explained that the GCTOC enables the SDA to quickly initiate work

through a pool of contractors and the awarded firms are expected to perform all phases of general construction and to mobilize and begin construction within a maximum of fourteen calendar days. Mr. Luckie said that, similar to the current GCTOC, no individual task order can exceed \$3 million and no individual firm can receive more than \$5 million of work per region (Northern and Southern) during the three year term. He noted that the details of the task order contract and the names of the 22 firms are listed in the memorandum staff has provided.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Ms. Hassett and, seconded by Mr. Nixon, the General Construction Task Order Contract was approved with the Board's unanimous vote in favor of ***Resolution 6a.***

At the Chairman's request, Mr. Luckie next discussed the recommended revised planning charter and design consultant services advancement for the Orange Cleveland ES addition and renovation project (the Project). He reported that the Authority's 2012 Capital Plan identified the need for a project to address facility conditions deficiencies at the Orange Public School District's Cleveland Street ES. He explained that the Cleveland Street ES is a 41,400 square foot facility currently educating 306 students in Kindergarten through Grade 7. He informed the Members that, in addition to addressing facility conditions deficiencies, the Project will include renovations: 1) to address overcrowding at the elementary school grade level identified by the DOE; and 2) to accommodate a change in grade alignment to Pre-K through Grade 6, consistent with the District's approved Long Range Facilities Plan. Mr. Luckie explained that, in August 2015, the Board approved a planning charter that defined the Project scope as one to address overcrowding as well as facility conditions deficiencies. He said that the Board also approved award of a contract for design consultant services to LAN Associates (LAN) for the Project,

authorizing LAN to proceed with pre-design phase services. Mr. Luckie informed the Members that LAN focused on developing and analyzing options for delivery of the project scope to best address the identified facilities conditions deficiencies and educational program needs. He said that, in the memorandum, management has described the findings and recommendations of the pre-design phase and recommends Board approval to continue the engagement with LAN for design and construction administration services for a total lump sum fee of \$1,498,878, inclusive of \$305,000 in allowances.

Mr. Luckie said that management also recommends Board approval of a revised planning charter for the Project. He said that the revised planning charter details project advancement recommendations and includes negotiated costs for the remaining design consultant services and estimated project costs for the remainder of the Project. Mr. Luckie explained that, as revised, the planning charter represents an increase of \$1,004,071 from the previously approved planning charter due to increased estimated construction costs and design fees. He said that approval of the revised planning charter will authorize a transfer of funds from the planning reserve to the Project and the procurement of necessary professional and construction services for the Project.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Piaia, seconded by Mr. Luckie and with Mr. Walsh abstaining, the revised planning charter, transfer of funds and design consultant services advancement in connection with the Orange Cleveland Street ES addition and renovation project were approved with the Board's unanimous vote in favor of ***Resolution 6b***.

At the Chairman's request, Mr. McKenna next discussed a proposed contract amendment for the Newark Science Park HS project. He informed the Board that the SDA delivered the high school to the Newark Public School District in 2006. He reported that the school has a

TCO but never received a CO because of smoke control system problems. He said that an initial redesign did not fully address the needed remedial activity and staff has engaged a new design consultant to provide an appropriate resolution. He added that SDA then will engage a contractor to perform the needed construction work. He explained that while the remedial work was being redesigned and then performed, Triad Fire Protection Engineering Corporation (Triad) was engaged to perform the necessary third-party Special Inspection and Testing Services for the work. He said the original Triad contract value was depleted through Triad's work evaluating the first redesign. He noted that staff now needs additional services from Triad at a NTE cost of \$48,700, for a total revised contract value of \$68,600. Mr. McKenna said that Triad will review the new design documents and then perform additional inspection and testing services during construction. He explained that the contract amendment requires Board review because it exceeds 10% of the contract value and that funding for this is available in the project charter budget. He said that staff requests the Board's approval so that the needed services from Triad can continue on pace with the redesign completion and then the construction work. He added that the redesign review by Triad will initiate next month and the construction activity is anticipated to be performed during the summer of 2017 while the school is unoccupied. Ms. Misted provided additional information regarding the project and the basis for the proposed contract amendment.

A formal resolution was not presented to the Board due to the late submission of this matter for consideration. Ms. Kelly was directed to prepare Resolution 6c. to memorialize the Board's action as fully outlined and explained by management. Upon motion duly made by Mr. Walsh and seconded by Ms. Hassett, the contract amendment in the amount of \$48,700 for Triad

Fire Protection Engineering Corporation was approved with the Board's unanimous vote in favor of *Resolution 6c*.

### ***Public Comments***

The Chairman then opened the Public Comments portion of the Board Meeting. He asked Mr. Frank Faras, a resident of the City of Trenton, to address the Board. Mr. Faras said that he lives across the street from the TCHS site. He reminded the Members that he had appeared before the Board the previous month to express concern regarding standing water on the site which, he advised, is a breeding ground for mosquitos. He said that the area surrounding TCHS has a significant Mexican, South American and Central American population whose members receive visitors from their original countries. He expressed his concern for the potential spreading of the zika virus. He expressed appreciation for the Authority's filling of the largest pool of water on the property but said that many smaller pools of water remain.

In continuing, Mr. Faras advised the Board that trucks arrive at the site very early in the morning. Mr. McKenna said that he had checked into this to be sure that these arrivals are consistent with the allowable timeframes. Mr. Faras then described the compaction process that occurs on site and the noise and vibrations associated with that process. He said that this activity is affecting his house which has been experiencing falling plaster. He explained that the surrounding homes are older homes. He described certain alternative compaction approaches that could be considered, suggesting that SDA consult with the State Department of Transportation and inquire as to how they handle such activity in connection with historically significant areas. Mr. McKenna noted that the TCHS area has not received a historic area designation.

Mr. Faras then returned to the topic of the stagnant water and mosquito issues and provided additional details.

Next, the Chairman asked Mr. Jerell Blakeley to address the Board. Mr. Blakeley introduced himself as the new Campaign Organizer for the Healthy Schools Now Campaign. He congratulated the SDA on its work in connection with the TCHS project. He advised the Members that he had graduated from TCHS 13 years ago at which time, he believed, the school was in such disrepair that it should have been condemned. He said that he recognizes that the SDA has a difficult job to do and that there will always be more to do. He thanked Mr. McKenna for his responsiveness in the process. Mr. Blakeley said that he looks forward to partnering with the SDA to achieve future success. In conclusion, Mr. Blakeley said that his goal is to reach a time when one will not be able to tell the affluence of a community in New Jersey by its public schools. Mr. Walsh thanked Mr. Blakeley for his comments.

Ms. Kelly announced that the Board would be adjourning into Executive Session to discuss an item pertaining to the Vineland High School South project. She said that the Board's vote on this matter would occur upon return to Open Session.

Thereafter, upon motion by the Chairman and with unanimous consent, the meeting adjourned into Executive Session.

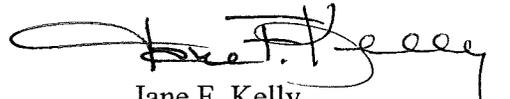
Following discussion in Executive Session, the Board returned to Open Session.

A formal resolution had not been presented to the Board due to the late submission of this matter for consideration. Ms. Kelly was directed to prepare Resolution 6d. to memorialize the Board's action as fully outlined and explained by management in Executive Session. Upon motion duly made by Mr. Luckie and seconded by Mr. Piaia, the approval of change orders No.

2 and 3, the contract amendment and project charter revision for the Vineland HS South project were approved with the Board's unanimous vote in favor of ***Resolution 6d***.

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 August 3, 2016 meeting.



Jane F. Kelly  
Assistant Secretary