

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, FEBRUARY 7, 2018**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, February 7, 2018 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)
David Moore (Treasury)
Kevin Egan
Richard Elbert
Michael Maloney
Robert Nixon
Mario Vargas

being a quorum of the Board. Ms. Hassett, Mr. Moore, Mr. Piaia and Mr. Walsh participated in the meeting by teleconference.

At the Chairman's request, Charles McKenna, chief executive officer (by teleconference), Albert Alvarez; chief of staff; Andrew Yosha, executive vice president; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Manuel Da Silva, vice president; and Albert Barnes, chief counsel and Karon Simmonds, director of the SDA, participated in the meeting. Adam Sternbach of the Governor's Authorities Unit also participated in the meeting.

The meeting was called to order by 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 33 West State Street in Trenton, New Jersey. Ms. Kelly then conducted a roll call and indicated that a quorum of the Members was present.

Mr. Walsh began the meeting by introducing SDA's newest Board Member Richard Elbert. He said that Mr. Elbert is an architect and an attorney. He welcomed him to the Board.

Approval of Meeting Minutes

Mr. Walsh then presented for consideration and approval the Minutes of the January 3, 2018 Open and Executive Session meetings. A copy of both sets of minutes and a resolution were provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Egan, and seconded by Mr. Piaia, the Open and Executive Session minutes of the January 3, 2018 meeting were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 3a/3b***.

Next, Mr. Walsh presented the January 3, 2018 minutes of the Authority's Annual Organizational Board meeting. A copy of the minutes and a resolution were provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the January 3, 2018 Organizational Board meeting minutes of the SDA Board of Directors were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 3c***.

Authority Matters

CEO Report

The Chairman asked Mr. McKenna for the Report of the Chief Executive Officer. Mr. McKenna began his report by introducing Al Alvarez, SDA's new chief of staff. At Mr. McKenna's request, Mr. Alvarez provided the Board with a brief overview of his background and experience. He said that he is excited to be at the Authority and is looking forward to working with the SDA Board and staff.

Mr. McKenna then gave an update on the Trenton Central HS (TCHS) project. He said that roofing, exterior sheathing and concrete masonry unit installation work is ongoing. He added that SDA staff is awaiting final building design release from the Department of Community Affairs (DCA). He also reported that interior rough-in HVAC, fire suppression, electric, plumbing and framing is ongoing.

With respect to the Camden HS project, Mr. McKenna reported that USA Environmental completed abatement of the annex and circular buildings in December 2017 and demolition activities are ongoing at those buildings. He said that abatement activities in the main building (built in 1916) are completed and the permit application was submitted to DCA. With regard to the East Orange George Washington Carver ES project, he advised that footings, foundations, under-slab utilities, structural steel and masonry design documents are now with DCA for review and release. He added that the team is preparing for site mobilization and that construction management (CM) proposals are due February 19.

Mr. McKenna said that for the Elizabeth New ES project, Torcon, the design-builder, continues to address punch-list and closeout items. For the Garfield James Madison ES No. 10

project, he reported that design-builder Brockwell & Carrington continues with rough interior finish work. He added that the selection of furniture, fixtures and technology is ongoing and all construction activities and trades continue to progress well toward a September school opening.

Mr. McKenna reported that for the Harrison New ES project, design phase services continue. He informed the Members that SDA staff issued design-builder Brockwell & Carrington the limited notice-to-proceed (NTP) with footings, foundations and under-slab utilities in December and construction activities are ongoing. He noted that SDA staff should be breaking ground there next month (March).

Concerning the Irvington Madison Avenue ES project, Mr. McKenna said that Ernest Bock & Sons, Inc. (Bock), the design-builder, continues with design phase services. He reported that footing work is complete, foundation work is nearing completion, and under-slab utility work is ongoing. For the Keansburg Port Monmouth Road ES project, Mr. McKenna reported that LAN Associates continues with design phase services.

Mr. McKenna reported that, for the addition and renovation project at the Millville HS, Hall Construction, the design-builder, continues with design phase services. He added that Phase I abatement is complete and construction documents for Phase I are under review by DCA.

With respect to the New Brunswick Paul Robeson ES project, Mr. McKenna said that site work, HVAC, electrical, plumbing, and interior finish work is ongoing. He said staff is anticipating a September school opening there. For the Newark South Street ES project, he reported that interior partitions, painting, final electrical, plumbing, and grading work is ongoing. He added that ceiling grid installation and flooring and bathroom partition installation work is ongoing. He noted that staff expects a September school opening there. Concerning the Orange

Cleveland ES and Orange HS projects, he advised that design phase services continue on both projects.

Turning to projects in the Passaic School District, Mr. McKenna reported that, for the Leonard Place ES project, exterior masonry work and interior mechanical, electrical and plumbing (MEP) work is ongoing. For the Dayton Avenue Educational Campus, he said that staff held the kick-off meeting on January 23. He noted that the design phase NTP was issued to Terminal Construction last month (January) and the design is underway.

Mr. McKenna informed the Members that for the Paterson Union Avenue MS (former site of Don Bosco Academy), abatement work is complete and demolition of all structures on the site is ongoing. He said that the SDA design studio continues with development of bridging documents for a design-build procurement for the new school facility. He provided the Board with an overview of the impact that the site's location below the flood zone is having. He said that the Authority might have to seek and obtain a Department of Environmental Protection (DEP) waiver as part of the process.

Mr. McKenna reported that the previous day (February 6) the Authority held a demolition event at the Pemberton Denbo Crichton ES project site. He thanked Board Member Mario Vargas for joining staff and district officials at the event. He added that DCA had issued the demolition permit and that the notice of award (NOA) was issued to Bock on January 23. With regard to the Perth Amboy Seaman Avenue ES project, he said that Epic Management, the design-builder, continues with design phase services. He said that structural steel erection, footings, foundation, site utility and curb installation work is ongoing. He added that SDA staff expects completion of the steel work soon and a steel erection event will be held there in the near future.

With respect to the Vineland New MS project, Mr. McKenna said that final electrical, rough plumbing, HVAC, site work, ceiling grid installation and interior painting is underway.

Reporting on the Authority's procurement activities, Mr. McKenna reported that, later in the meeting, management would be presenting a recommendation to approve the cost of insurance for OCIP IV. He reminded the Members that they had already approved the contracts for Broker and Administration Services.

Mr. McKenna said that other activity currently underway includes procurements for CM services for the East Orange George Washington Carver ES and Passaic Dayton Avenue Educational Campus projects.

Turning to Authority events, outreach and other activities, Mr. McKenna reported that Communications staff held a community meeting in Camden the previous week to speak to those residing near the school. He said that SDA staff members were there to explain to the Camden residents what the demolition process will entail and how it will affect them.

Mr. McKenna again noted that, yesterday, SDA staff held a demolition event in Pemberton to highlight the start of work for the new Denbo-Crichton ES. He also said that SDA staff would look to schedule a groundbreaking event for the new elementary school in Harrison and a beam-signing event for the Perth Amboy Seaman Avenue ES.

Audit Committee

Owner Controlled Insurance Program (OCIP IV); Contract Management System Software and Implementation Services Award - Clarification

At the Chairman's request, Mr. Nixon said that the Audit Committee met on January 18, 2018 at which time management provided the Committee with the December 2017 New Funding Allocation and Capital Plan Update. He advised the Board that the only SDA District Reserve

Balance that experienced a change was the Planning Reserve Balance due to an increase in commitments of \$11.2 million following the Board's approval of a final project charter for the Passaic Dayton Avenue Educational Campus. He reported that the reserve balance for the Regular Operating Districts (RODs) increased by \$1.6 million during the reporting period due to reductions in state share for grant projects nearing completion.

Mr. Nixon said that the first item the Committee considered was management's recommendation for Board approval of a contract for the continuation of SDA's Owner Controlled Insurance Program (OCIP). He said that since 2003, the Authority has implemented an Owner Controlled Insurance Program to wrap-up multiple types of insurance coverage into one program. He reported that OCIP III's enrollment term will expire March 1, 2018 and management recommends that the Board authorize SDA to continue the OCIP Program for Authority-managed school facilities projects that will begin construction during the period from the effective date of March 1, 2018 through March 1, 2021. He said that the new OCIP IV would have an initial three (3) year term within which to enroll eligible projects starting construction on or after March 1, 2018. He explained that among the wrap-up policies included in OCIP IV are workers' compensation, general liability and excess liability. He advised that management is recommending that the Board authorize the purchase of various OCIP wrap-up policies from The Hartford and other insurers for excess liability coverage. Mr. Nixon then presented the Committee's recommendation that the Board approve SDA's purchase of various OCIP wrap-up policies from The Hartford and other insurers for Excess Liability coverage at a cost not to exceed \$18,438,516 for the higher aggregate construction value of \$1 billion and maximum estimated claim costs. He explained that the new OCIP IV would have an initial three (3) year term within which to enroll eligible projects that will begin construction on or after the

Program effective date of March 1, 2018, with all enrolled OCIP IV projects expected to reach construction completion within five (5) years of the effective date of March 1, 2018. Finally, Mr. Nixon advised that, as proposed, all enrolled projects would have completed operations coverage for an additional ten (10) years (the statute of repose for construction projects in New Jersey), commencing with the time the project is put to its intended use. Ms. Simmonds responded to Member questions and provided additional details. The Chairman and Mr. Nixon commended Ms. Simmonds on her handling of the negotiation process, which resulted in a favorable cost impact.

Following discussion, upon motion duly made by Mr. Vargas and seconded by Mr. Luckie, the Board approved the purchase of Owner Controlled Insurance Program IV with its unanimous vote in favor of ***Resolution 5a.***

Next, Mr. Nixon advised that management is seeking Board approval to make a technical clarification to a previous Board approval. He reminded the Members that, in December 2017, the Board had authorized management to contract with two companies, PMWeb and CBA, Inc. to purchase Contract Management System Software and Implementation Services (the System). He said that the System is central to effective and timely project and contract management; and serves as a filing, project tracking and communication system for SDA and its contractors.

He explained that nothing has changed about the procurement from what the Board previously approved except that the Authority technically will be contracting with Winvale Group, Inc. for the product and services and not directly with PMWeb and CBA. He said that Winvale “bundles” the product and services of sub-consultants and is the contract vehicle whereby the Authority can obtain the same. He said that, while the change is purely technical and does not alter the Board’s previous approval in any substantive way, it is prudent to make the

technical change to avoid any confusion and satisfy any future audit.

Following discussion, upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the Board approved a technical amendment to its prior action regarding the contract management system software and implementation services award with its unanimous vote in favor of *Resolution 5b*.

Public Comments

The Chairman opened the Public Comments portion of the meeting. At his request, Ms. Kelly asked Mr. Frank Faras to address the Board. Mr. Faras said that he resides directly across the street from the TCHS project site. He said that his house looks like all the other houses in the neighborhood, a row house. He said that he wanted to address a comment made by Mr. McKenna at the previous month's Board meeting that he lives in a "pathetic house". He said that as his house looks like all the other houses, he must live in a "pathetic neighborhood" (Note: At the January 2018 Board meeting Mr. McKenna referred to Mr. Faras' house as "jealously guarded"). He cited this as an example of what the SDA administration thinks of the residents. He said that he has come before the Board month after month over the last three years and advised the Board that the SDA has broken laws on many things and attacked the neighbors who live near the site. He said that SDA has failed to do studies regarding "restoration vs. new construction; "cost the taxpayers millions; and spewed toxic materials across the street onto neighboring houses in violation of state law. He said that he has brought manufacturer safety sheets to the Board for review that showed the carcinogenic nature of the material. He advised the Board that SDA has excluded the neighbors from meetings and failed to attend local Planning Board meetings despite requests that the agency do so. He said that, because of the latter, the hospital and firehouse located in close proximity to the TCHS site have had traffic

problems. He noted that he has continually brought this to the Board and Mr. McKenna's attention and the Board has done nothing about it. In continuing, Mr. Faras said that the SDA has cheated thousands of students out of a normal high school experience where they have not had gym facilities or labs (e.g., chemistry, biology) as required by law. He noted that the students were spread all over the city. He said that the SDA should be ashamed of itself.

The Chairman asked Mr. Jerrell Blakeley to address the Board. Mr. Blakeley introduced himself as a community organizer for the Healthy Schools Now Coalition (HSN) and Work Environment Council (WEC). He said that HSN is dedicated to the simple idea that all students deserve safe and healthy schools. He said that he is excited to work with the Murphy Administration to this end. He advised the Board that his organization would be embarking on an initiative to obtain new bond funding for the SDA program. He said that, as a former TCHS student and teacher, he is sensitive to the unhealthy conditions that existed at the school. He advised the Board that when he attended TCHS the conditions of the school would "shock the conscience". He said that it was possible to smell dead mice in the walls and that when it rained outside, it rained inside. He said that this affected all of the students. Mr. Blakeley said that he is thankful that change is coming and that the students of the TCHS facility will not have to endure those conditions. He said that he is looking forward to working with Mr. Alvarez and will be meeting with Mr. Alvarez and Mr. McKenna on Monday (February 12). He said that his organization is looking forward to the future. In concluding, Mr. Blakeley said that, while he was no fan of former Governor Christie, the SDA was a bright light in the former Governor's administration. He said that SDA staff is trying to do what is best with limited resources. He said that his organization wants to ensure that SDA has the resources it needs to do its job. He said that it is very hard to solve a \$100 billion problem with \$5 or \$10 billion. He conceded that

while you cannot make everyone happy, with more resources you can make more people happy. Mr. Blakely concluded by saying that HSN is looking forward to seeking more funding for the SDA program and to a different relationship with Governor Murphy and the Board.

Mr. Walsh then announced that the Board would be adjourning into Executive Session. Ms. Kelly explained that in Executive Session the Board would be discussing a matter pertaining to window repairs at the Camden Cramer ES. She noted that this is an informational matter not requiring a Board vote.

Thereafter, upon a 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.

Adjournment

There being no further business to come before the Board, upon motion by the Chairman and with unanimous consent, the meeting was adjourned.

Certification: The foregoing represents a true and complete summary of the actions taken by the Board of the New Jersey Schools Development Authority at its February 7, 2018 meeting.

/s/ Jane F. Kelly
Assistant Secretary