

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING  
MONDAY, MARCH 12, 2018**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Monday, March 12, 2018 at 9:00 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Vice Chairman

Juan Burgos (EDA)

Kevin Luckie (DCA)

Bernard Piaia (DOE)

Michael Kanef (Treasury)

Kevin Egan

Michael Maloney

Loren Lemelle

being a quorum of the Board. Mr. Egan, Mr. Kanef, Mr. Piaia and Ms. Lemelle participated in the meeting by teleconference.

At the Vice Chairman's request, Charles McKenna, chief executive officer, 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 of the SDA, participated in the meeting. Amanda Schultz of the Department of Education (DOE) participated in the meeting and Adam Sternbach of the Governor's Authorities Unit also participated in the meeting.

The meeting was called to order by the Vice Chairman of the Board, Mr. Nixon, 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.

### ***Authority Matters***

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

Mr. Nixon asked Mr. McKenna for the Report of the Chief Executive Officer. Mr. McKenna opened his report with an update on the Trenton Central HS (TCHS) project. He said that roofing, exterior sheathing and concrete masonry unit installation work is ongoing there. He reported that the remainder of building release was issued by Department of Community Affairs (DCA). He added that interior rough-in HVAC, fire suppression, electric, plumbing and framing is ongoing.

Mr. McKenna informed the Members that for the Camden HS project, USA Environmental completed abatement of the 1916 Building and the demolition permit application is under review by DCA. He said that demolition of the gym/annex is complete. With regard to the East Orange George Washington Carver ES project, Mr. McKenna reported that DCA is reviewing design documents for footings, foundations, under slab utilities, structural steel and masonry. He said that the team is preparing for site mobilization later in the current month. He noted that SDA staff has engaged STV to provide construction management (CM) services.

With respect to the Elizabeth New ES, Mr. McKenna reported that Torcon, the design-builder, continues to address punch-list and closeout activities. For the Garfield James Madison ES No. 10 project, he advised that design-builder Brockwell & Carrington continues with rough

interior finish work. He said that all construction activities and trades continue to progress well with a school opening in September.

Mr. McKenna reported that design phase services for the Harrison New ES project. He said that Brockwell & Carrington has mobilized and construction activities have begun. For the Irvington Madison Avenue ES project, he informed the Members that Ernest Bock & Sons, Inc., the design-builder, continues with design phase services. He said that structural steel erection is ongoing. He added that SDA joined Irvington students and officials at a beam signing ceremony for the new Madison Avenue ES. He thanked Board Member Lester Lewis-Powder for joining staff at the event.

With respect to the Keansburg Port Monmouth Road ES project, Mr. McKenna said that LAN Associates continues with design phase services. For the addition and renovation project at the Millville HS, he reported that Hall Construction, the design-builder, continues with design phase services. He said that construction documents for Phase I and Phase II (demolition) are under review by DCA and that construction trailer installation and fit-out has begun.

Mr. McKenna reported that site work, and interior finish work is ongoing for the New Brunswick Paul Robeson ES project. He added that DCA inspections also are underway. For the Newark South Street ES project, he said that interior partitions, painting, final electrical, plumbing, and grading work is ongoing. He noted that ceiling grid installation, flooring and finish work and elevator installation also is ongoing. He said that SDA anticipates a September school opening.

Turning to projects in the Orange School District, Mr. McKenna advised that for the Cleveland ES project, SDA staff anticipates submission of construction documents to DCA in the current month. For the Orange HS project, he said that design phase services continue.

Next, Mr. McKenna gave an update on projects in the Passaic School District. He said that for the Leonard Place ES project, exterior masonry work is 95% complete and window installation and interior mechanical, electrical and plumbing work is ongoing. He reported that for the Dayton Avenue Educational Campus project, design phase services have begun. Mr. McKenna informed the Members that SDA staff cancelled the solicitation for CM services for the project to enhance and clarify language in the RFP regarding staffing experience. He noted that staff had re-advertised the solicitation the previous week.

Mr. McKenna said that for the Paterson Union Avenue MS project (former site of Don Bosco Academy), the demolition of all structures on the site is ongoing. He reported that the SDA design studio continues with development of bridging documents for the design-build procurement for the new school facility.

With respect to the Pemberton Denbo Crichton ES project, Mr. McKenna reported that demolition is ongoing. He said that staff participated in a design-build kick-off meeting the previous month and design phase services are ongoing. For the Perth Amboy Seaman Avenue ES project, he informed the Members that Epic Management, Inc., the design-builder, continues with design phase services. He said that structural steel erection, footings, foundation, site utility and curb installation work is ongoing.

Mr. McKenna said that for the Vineland New MS project, final electrical, plumbing, HVAC and site work is ongoing. He added that ceiling grid installation, interior painting and vinyl composition tile floor installation is underway. He said that site work is nearing completion.

Turning next to ongoing procurement activity, Mr. McKenna said that, later in the meeting, management would be presenting a construction management services award for the

East Orange George Washington Carver ES project. He said that other activity currently underway includes procurements for CM services for the Pemberton Denbo Crichton ES project and Real Estate Appraisal Services.

Reporting on events, outreach and other SDA activities, Mr. McKenna said that a groundbreaking ceremony for the new Harrison ES is scheduled for Friday, March 9.

### ***Approval of Meeting Minutes***

The Vice Chairman then presented for consideration and approval the Minutes of the February 7, 2018 Open and Executive Session meetings. Staff had provided a copy of both sets of minutes and a resolution to the Members for review in advance of the meeting. Upon motion duly made by Mr. Maloney, seconded by Ms. Lemelle, and with Mr. Burgos abstaining, the Board voted on the Open and Executive Session meeting minutes of the February 7, 2018 meeting. With Mr. Burgos' abstention, however, the necessary eight (8) Member quorum for approval of the Minutes was not present. As a result, the Minutes will receive re-consideration at the Board's April 4, 2018 meeting.

### ***Audit Committee***

The Vice Chairman then provided the report of the Audit Committee. He said that the Committee met on February 20, 2018 at which time management provided the January 2018 New Funding Allocation and Capital Plan Update. He reported that there were no changes during the reporting period in any of the SDA District reserve balances. He also reported that the reserve balance for the Regular Operating Districts (RODs) increased by \$200,000 during the reporting period due to reductions in state share for grant projects nearing completion.

Next, Mr. Nixon reported that management had provided the Committee with the results of the Authority's Prompt Payment Compliance Act Audit (the Audit). He said that, as part of

the Audit, a sample of ninety-two (92) paid invoices for construction-related contracts was selected from the period between July 1, 2016 and June 30, 2017. He advised the Board that the Audit revealed no instances of untimely payments. He said that the Audit demonstrated that the SDA is complying with the requirements of the Prompt Payment Act.

Mr. Nixon then advised the Board that, for informational purposes, management had discussed a proposed Memorandum of Understanding (MOU) between the SDA and the DOE pertaining to the Long Range Facilities Plan System. He explained that the MOU also was to be presented to the School Review Committee (SRC) for advancement later that same day. He said that Mr. Luckie would be discussing the matter with the Board when he provides the report of the SRC.

Mr. Nixon then provided the preliminary December 2017 Monthly Financial Report. He explained that the December figures are expected to be updated in late spring upon the Authority's receipt of its Government Accounting Standards Board (GASB) No. 68 pension liability figures.

Next, Mr. Nixon advised the Committee that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$15.8 million, which is down \$3 million as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to the fact that there are 46 fewer than anticipated full time employees (FTEs) on staff. Mr. Nixon said that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period totaled \$356 million--\$7.3 million lower as compared to the capital spending forecast for the corresponding period. He advised the Board that this variance is due to lower project insurance costs (\$9.7 million OCIP II insurance refund), project acquisitions, school furniture, fixtures and equipment and other project related costs. He noted that the decreased

spending was offset by an increase in construction costs (\$13.1 million). Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual), at \$356 million, have decreased by \$35.2 million as compared to the corresponding prior year period. He explained that the variance is due to decreased spending in construction related activity, school furniture, fixtures and equipment and lower project insurance costs. He said that this decreased spending was offset by an increase in grants (\$.6 million).

Mr. Nixon reported that, since program inception, approximately 80.1% of the funds authorized for SDA districts have been disbursed. Additionally, he said that, since program inception, 96% of all SDA disbursements relate to school facilities projects, while 4% relate to operating expenses. He advised that the estimated value of current school facilities project activity is approximately \$2.2 billion.

### *School Review Committee*

**Construction Manager Award – East Orange School District – George Washington Carver Elementary School; Credit Change Order – Santorini Construction; Change Order – T.N. Ward, Approval of Release of Funds from Emergent Reserve and Revised Final Charter – Camden School District – Cramer Elementary School; Memorandum of Understanding (MOU) Between the New Jersey Schools Development Authority (SDA) and the New Jersey Department of Education (DOE)**

Mr. Nixon asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie reported that the School Review Committee met on February 20, 2018. He said that the Committee is recommending Board approval of a CM award for the East Orange George Washington Carver ES project (the Project) in the East Orange School District. He informed the Members that the Project will involve construction of an approximately 77,000 square foot facility on district-owned property to educate approximately 470 students in grades Pre-K through 5. He reminded the Members that, in January 2014, the Board approved an amendment

to the Capital Plan Portfolio which authorized a project for the Carver ES after DOE identified Facilities Efficiency Standard Compliance needs in the district. Mr. Luckie said that SDA, district and DOE discussions determined that demolition of the vacant Carver ES and construction of a new educationally appropriate facility on its site would allow students who are currently housed in the district's Glenwood Avenue School to be relocated to the new facility. He said that the Board had approved a preliminary charter for the project in May 2015 and bridging documents were developed to support procurement of a design-builder. He added that, in August 2016, Site Enterprises was issued a Notice-to-Proceed (NTP) with demolition of the existing facility, which work was substantially completed in August 2017. Mr. Luckie explained that, in June 2017, the Board approved the final project charter and award of a design-build construction contract to Dobco Inc. (Dobco) in the amount of \$26.9 million and Dobco was issued a Notice-of-Award for construction of the new school. He said that in July 2017, Dobco received the NTP for the design phase of the project and management now is seeking Board approval to enter into a contract for CM services. He said that a package for CM services was advertised as a "price" 40% and "other factors" 60% solicitation beginning December 2017. Mr. Luckie added that following the procurement process, management is recommending approval of a contract award to STV Construction in the amount of \$1,369,425.70 for CM services for the Project.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Piaia and seconded by Mr. Maloney, the construction manager award for the East Orange George Washington Carver ES project was approved with the Board's unanimous vote in favor of ***Resolution 6a***.



Next, Mr. Luckie said that that the Committee is also recommending approval of a credit change order for Santorini Construction (Santorini) for the Salem MS project. He said that the Salem MS is a 101,800 square foot school facility educating 432 students in grades 3 through 8. He explained that in September 2016, a suspended acoustical ceiling system, associated lighting and an original plaster ceiling collapsed in classroom C11 of the School. He advised the Board that in January 2017 the DOE issued pre-construction approval for an emergent project to address the ceiling conditions. Mr. Luckie advised that in June 2017, the Board approved the release of funds from the SDA Program Reserve to address the ceiling conditions along with the award of a General Construction Task Order (GCTO) contract to Santorini in the Not-to-Exceed (NTE) amount of \$1,684,660. He reported that in July 2017, Santorini was issued a NTP with both design and construction services to address the emergent condition on a NTE time and material basis. He added that the contract was later converted to a lump sum value, after the scope of the work was further defined. He noted that all required work, repairs and refurbishments were completed and a certificate of occupancy was issued in December 2017. Mr. Luckie explained that the credit change order before the Board recognizes the adjustment from the original NTE value to the lump sum value through a credit totaling \$220,635 and is necessary in order for the release of final payment, to advance contract closeout activities and to de-obligate the funds.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion by Mr. Burgos and seconded by Mr. Maloney, the Board approved the proposed Credit Change Order No. 1 in the amount of \$220,635 with its unanimous vote in favor of ***Resolution 6b.***

In continuing, Mr. Luckie said that the Committee is recommending approval of a Change Order, a release of funds from the emergent reserve and a revised final charter for the Camden Cramer ES (Cramer School) project. He advised the Board that the Cramer ES is a 108,769 square foot facility educating 550 students in grades Pre-K through eight. He informed the Members that the SDA and DOE have identified emergent conditions at the Cramer School and an emergent project is advancing to address structural repairs, and/or to repair or replace various masonry, lintels, and windows. He said that SDA engaged Heritage Architecture (Heritage) to assess the identified emergent conditions associated with water infiltration and to submit a report with recommended options to address each of the identified conditions. Mr. Luckie explained that, informed by the Heritage report, the SDA determined that the most appropriate, efficient and timely approach for addressing the emergent condition (while recognizing the needs of the school calendar) was to advance the project through SDA's GCTO contract. He reported that in May 2017, with Board approval, SDA engaged T. N. Ward to address water infiltration and the work has progressed well. He said that during performance of the work, safety and certain other window conditions were identified and addressed and SDA authorized a review of the remaining windows at the school. He advised the Board that the scope of work included in Change Order No. 1 would address the entirety of the safety concerns associated with the remaining windows and provide new, operable windows to replace all existing windows. Mr. Luckie said that management believes that the value inclusive of Change Order No. 1 represents the true value of the emergent scope of work necessary to address the conditions and recommends that the contract value be re-established so that the adjusted value inclusive of Change Order No. 1 is the appropriate baseline for ongoing application of Operating Authority requirements.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Piaia and seconded by Mr. Burgos, the proposed Change Order No. 1, release of funds from the program emergent reserve and revised final charter for the Camden Cramer ES project were approved with the Board's unanimous vote in favor of *Resolution 6c*.

Finally, Mr. Luckie said that the Committee is recommending approval of a Memorandum of Understanding (MOU) between the SDA and the DOE. He explained that the Long Range Facilities Plan (LRFP) System (the System), initially developed in 2005, is a web-based system of hardware and database software designed to collect, manage and maintain LRFP data for all school districts throughout the state, inclusive of the SDA districts. He advised that the System is used jointly by SDA and DOE to support SDA Capital Plan development for SDA districts as well as DOE evaluations of proposed school facilities projects. Mr. Luckie said that the current System requires upgrades and modifications to address significant needs in terms of user interface, data access, reporting, document storage, and LRFP and project coordination. He added that changes to educational laws and regulations, review standards, and school facilities funding since the design of the 2005 system have further increased the need for an improved LRFP system with an integrated project application component. He reminded the Members that in October 2016, the Board had approved execution of an MOU between the SDA and the DOE whereby SDA would provide funding in the amount of \$300,000 to support activities necessary to complete development of the System. Mr. Luckie informed the Members that this MOU expired on December 31, 2017 with \$95,573 of the authorized funding unexpended. He noted that, at the same time, additional development and implementation efforts are required to complete the new System. He said that management recommends that the Board authorize

execution of the proposed MOU in order that the unexpended funds remaining from the amount the Board authorized in 2016 can continue to fund DOE's development and completion of the new System. He explained that funding to support the Calendar Year 2018 costs, although not specifically included in the SDA 2018 Operating Budget, would be made available within the budget by utilizing funds from other information systems-related budget line items. He noted that, once the remaining funds are depleted, DOE would fund development of the System until it is completed.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Luckie, the MOU between the SDA and DOE was approved with the Board's unanimous vote in favor of *Resolution 6d*.

### ***Real Estate Committee***

#### **Extension of State-Wide Property Management and Maintenance Services Contract – (GP-0218-R01)**

Mr. Nixon asked Mr. Luckie to provide the report of the Real Estate Committee. Mr. Luckie advised that management is seeking Board approval of a one-year extension of the State-Wide Property Management and Maintenance Services Contract. Referencing materials that previously were provided for Board review, he said that, at the May, 2015 Board meeting, the Members authorized management to enter into its existing contact with Bluegrass Hydro-Seed LLC in the NTE amount of \$2,165,000. He noted that the contract is due to expire on May 31, 2018. He informed the Members that, to date, approximately 41.5 million of the \$2.1 million has been expended. He explained that, currently, property management and maintenance services are required on sixteen (16) SDA-owned project sites. He said that four (4) of the sixteen (16) sites

have standing structures. Mr. Luckie advised that the proposed one-year extension is in the NTE amount of \$700,000, including a \$50,000 lump sum contingency for occasional support of current SDA Capital Projects on an as-needed basis. He advised that, with Board approval, the proposed agreement would commence June 1, 2018 and terminate May 31, 2019.

Following discussion, upon motion duly made by Mr. Burgos and seconded by Mr. Maloney, the Board approved a one-year Extension of the State-Wide Property Management and Maintenance Services Contract with its unanimous vote in favor of ***Resolution 7a***.

### ***Public Comments***

The Chairman asked Mr. Frank Faras to address the Board. Mr. Faras said that he lives across the street from the TCHS project site. He said that it was good to see that the LRFP system is being updated because when the determination was made to demolish TCHS, there was no valid LRFP in place for the Trenton District. He questioned why SDA was updating the LRFP when it does not adhere to what it is supposed to under the LRFP.

Mr. Faras then presented his second point. He said that now that the façade of the new TCHS building is up, he would like to point out that it looks like a cross between an amusement park ride and a prison. He said that the old building looked like part of a university type campus. He suggested that, the next time, SDA get a real architect rather than getting the design off the internet. He also suggested that SDA allow the neighborhood to participate in the design of the building. Mr. Nixon reminded Mr. Faras that the neighborhood was very involved in the design of the building. He emphasized that the design that was ultimately selected was selected by the Trenton Board of Education (TBOE). He expressed regret that Mr. Faras is not happy with the aesthetics of the building. Mr. McKenna also noted that the TBOE selected the design. Mr. Faras suggested that SDA should have replaced the building with a building that is aesthetically

consistent with the surrounding neighborhood and that if SDA had had an architect involved the architect would have gone to the Planning Board. Mr. McKenna emphasized that SDA is not legally required to appear before local Planning Boards and, as a matter of practice, does not do so. He said that Mr. Faras is entitled to his own opinion but he is not entitled to his own facts.

### *Adjournment*

There being no further matters to come before the Board, upon motion of the Vice 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 March 12, 2018 meeting.

*/s/ Jane F. Kelly*  
Assistant Secretary