

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

**WEDNESDAY, OCTOBER 2, 2013**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA” or “the Authority”) was held on Wednesday, October 2, 2013 at 9:00 AM at the offices of the Authority at One West State Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman

Jennifer D’Autrechy (Treasury)

Kevin Luckie (NJDCA)

Bernard Piaia (NJDOE)

Michael Capelli

Loren Lemelle

Lester Lewis-Powder

Michael Maloney

Joseph McNamara

Robert Nixon

being a quorum of the Board. Ms. Lemelle, Mr. Piaia, Mr. Capelli, and Mr. Lewis-Powder participated in the meeting via telephone conference.

At Mr. Walsh’s request, Marc Larkins, chief executive officer; Jason Ballard, chief of staff; Jane Kelly, vice president & assistant secretary; Andrew Yosha, vice president; Donald Guarriello, vice president and chief financial officer; Albert Barnes, acting chief counsel; James Adams, program director; Aidita Milsted, program director; Sean Murphy, procurement director; Corrado Minervini, program director; and Thomas Schrum, program director, of the SDA

participated in the meeting. Amy Herbold 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 then presented for consideration and approval the Open Session Minutes of the September 4, 2013 Board 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 Mr. Luckie, and seconded by Ms. D'Autrechy, the Open Session meeting minutes of September 4, 2013 were approved by the Board upon its unanimous vote in favor of the resolutions attached hereto as *Exhibit 3a*.

### ***Authority Matters***

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

Mr. Walsh then asked Mr. Larkins to provide the Members with the report of the CEO. Mr. Larkins informed the Members that SDA staff attended two (2) Regular Operating District Grant (ROD Grant) events in September. He reported that SDA staff visited Brick Township on Monday, September 9 to tour some science labs that were reconstructed at the high school facility. Mr. Larkins also reported that the SDA visited Pennsville High School on September 20 to observe work that was done at the high school utilizing ROD Grant funding. He added that

the districts were very pleased and excited to have the work done, helping to improve educational programs in both districts.

Next, Mr. Larkins reported that SDA staff visited the Catrambone Elementary School site in the Long Branch School District on September 24 to observe ongoing construction activity. He said that the project is a new elementary school and that the visit was to commemorate the one-year anniversary of the groundbreaking. He said that the activity is swiftly moving along due to the efforts of the contractor, the design firm and SDA staff. Mr. Larkins added that this was the first project to break ground following the new processes put in place by the Christie Administration such as the constructability review process. He said that no major issues have been confronted by the team. He said that the school is anticipated to be completed next summer and occupied during that school year.

Mr. Larkins reported that, in furtherance of SDA's efforts to increase diversity in its workforce, staff had the opportunity to occupy a vendor table at the African American Chamber of Commerce's Business Leadership Conference held in Newark on September 26. He said that the SDA continues its efforts to diversify its workforce and is seeing some results, though some challenges remain.

Next, Mr. Larkins reported that the Victor Mravlag Elementary School (Victor Mravlag) in the Elizabeth School District opened in September. He said that it was an exciting first day for the students as noted by the district and the community. Mr. Larkins explained that some minor work still remains (i.e. the gymnasium). He said that an inspection of the gymnasium floor is scheduled for later this week and hopefully it will be accessible to the district next week. He noted that there are still some minor punch list items that need to be addressed and that these should be completed within sixty (60) to ninety (90) days.

Next, Mr. Larkins reported that the SDA issued the first phase of a notice to proceed (NTP) for construction of the Elliott Street Elementary School project (Elliott Street) in the Newark School District. He said that this award went to Hall Construction, Inc. in May 2013. He said that use of the design-build delivery method contributed to advancement of this project. Mr. Larkins said that this project brings the SDA's current inventory of active construction projects to five (5). He also informed the Members that the SDA anticipates that another three (3) projects will begin construction in the next few months or sooner, depending on how well the constructability review process goes. Of the three, Mr. Larkins said that there is one minor issue being sorted out for the Oliver Street Elementary School project (Oliver Street) in the Newark School District. He said that the other two (2) projects are the New Phillipsburg High School project (Phillipsburg) in the Phillipsburg School District and the Marshall Street Elementary School project (Marshall Street) in the Paterson School District.

With regard to other projects, Mr. Larkins reported that the award for demolition of the existing building for the New PS No. 16 project (PS No. 16) has been issued, which will finalize demolition work on the site. He said that construction of PS No. 16 will begin in 2014. Mr. Larkins reminded the Members that the project is currently in the procurement phase for advancement of a design-build package. He said that the SDA is also in the process of procuring for the Caruso Elementary School project (Caruso) in the Keansburg School District. Mr. Larkins then reported that the SDA is re-advertising the remediation package for the South Street School (South Street) in the Newark School District.

With regard to the emergent projects, Mr. Larkins reported that the program is moving along. He said that the SDA has several emergent projects that have been finalized. Mr. Larkins informed the Members that there are a couple of projects that are in construction and some that

are in the design phase for construction to take place when the buildings are not occupied next summer. He reminded the Members that the SDA delegated more than half of the projects back to the school districts for direct advancement.

Mr. Larkins then provided a brief update regarding the status of Trenton Central High School (TCHS), reminding the Members of the pending lawsuit that the district has recently filed. He reported that work is currently taking place at TCHS by both the district and the design firm that was hired by the SDA. Mr. Larkins noted that SDA's design firm (STV) is currently performing its assessment and will deliver it to the SDA in the near future so that the SDA can advance the work. He said that things are moving along and that the district's filing of a lawsuit has not resulted in any stalling of the process. Mr. Larkins said that the SDA will continue to defend the lawsuit.

### *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 September 16, 2013. He said that management had provided the Committee with the August 2013 New Funding Allocation and Capital Plan Update. He advised that management reported no change in the Unforeseen Events Reserve balance and an increase of \$13.6 million in the Planning Reserve balance. He reported a \$100,000 increase in the 2008 Capital Plan Emergent Projects Reserves balance and no change in the 2011 Capital Plan Emergent Projects Reserve during the reporting period. Mr. Nixon advised that the reserve balance for the Regular Operating Districts ("RODs") increased by \$2.7 during the reporting period.

Mr. Nixon then reported that Management had presented the results of two statutorily required audits involving Section 15 Grants and the processes and procedures followed in

connection therewith. Mr. Nixon said that the audits looked at documentation supporting the execution of the grants and disbursement of funds. He advised that the audits had determined that the state funds were expended in accordance with the grant agreement, applicable laws and regulations. He noted that one audit offered one recommendation, with which Management agreed, regarding the dating and initialing of all manual cross-outs and/or overrides of dollar amounts.

In continuing, 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 30 invoices was selected out of a population of 192 invoices for the period between July 1, 2012 through June 30, 2013. He said that the Audit concluded that there were no instances of untimely payments. He advised that the Audit contained one medium risk observation regarding the Central Processing Unit's (CPU) inability to locate one invoice file. Mr. Nixon said that Management's response to this observation was to point out that a scanned copy of the missing file could have been obtained through the Contract Manager system and that the new Centralized File Room (CFR) will address any such potential concerns going forward.

Mr. Nixon advised the Board that the Committee was provided with the August 2013 Monthly Financial Report with Management advising that, as of August 2013, the Authority's operating expenditures totaled \$13.8 million which is \$480,000 lower than the operating budget for the corresponding period. He said that this is a \$10.3 million decrease from actual expenses for the corresponding period in the prior year. He reported that, as of August 2013, the year to date project expenditures are \$143.6 million, down \$26.7 million as compared to the 2013 Capital spending forecast for the corresponding period and \$19.9 million higher as compared to the actual expenses in the corresponding prior year period.

Mr. Nixon then advised that, since inception, 67.1% of the funds authorized for the SDA Districts have been disbursed. Additionally, he reported that 96% of all SDA disbursements relate to school facilities projects and 4% relate to program administrative and general expenses. In conclusion, Mr. Nixon advised that the estimated value of current school facilities project activity is approximately \$2.2 billion.

### *School Review Committee Report*

**Change Orders/Amendments – 1) Hall Building Corporation; 2) Tricon Enterprises, Inc.; 3) Design-Build Award and Approval of Final Project Charter – Buckshutem Rd. ES/Quarter Mile Lane ES – Bridgeton 4) Approval of Award – Legal Services (GP-0200-R01)**

The Chairman then requested that Mr. Luckie provide the report of the School Review Committee. Mr. Luckie advised the Members that the Committee met on September 16, 2013 and discussed various issues. He reported that the Committee recommends that the Board approve change order No. 112 and resolving change orders No. 113 and 114 to Hall Building Corporation in the amount of \$432,276.76 for the Lincoln Avenue Elementary School in the City of Orange Township School District. Mr. Luckie explained that, in 2007, Hall Building Corporation was issued a NTP to provide an addition and perform renovation services at the Lincoln Ave ES. He said that the work included renovation of an existing 81,856 SF facility and construction of a 48,174 SF two story addition to educate 645 students in grades K-8. Mr. Luckie noted that the construction is complete and the building has been occupied by the district since September 2010. He said that the Committee recommends that the Board approve a change order in the amount of \$97,944.23 and two (2) resolving change orders with credit amounts of \$89,553.25 and \$11,114.22 respectively. Mr. Luckie added that the two resolving change orders would resolve two (2) construction change directives (CCDs) issued during the

pendency of the job in order to close them out. He added that, as the aggregate amount of the three (3) change orders, with all prior change orders, exceeds 10% of the contract value, Board approval is required. Ms. Milsted was available to answer questions.

A resolution for the approval of change order No. 112 and resolving change orders No. 113 and 114 to Hall Building Corporation had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Nixon, and seconded by Mr. McNamara, the proposed change order and resolving change orders were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as **Exhibit 6a1**.

Next, Mr. Luckie reported that the Committee recommends Board approval of credit change order No. 1 to Tricon Enterprises, Inc. (Tricon) in the amount of \$229,255.76 for the New Elementary School No. 3 (ES No. 3) in the Jersey City School District. He informed the Members that, in 2012, Tricon was issued a NTP for early site preparation services including demolition, foundation and slabs, excavation and soil removal and disposal for the ES No. 3 project. He said that all contract work was completed on April 30, 2013. Mr. Luckie noted that before the Board is a credit change order (CCO) to facilitate close out of Tricon's contract by finalizing a credit representing the dollar value for work that was not required to be performed. He said that the amount of the CCO is \$229,255.76, which is an amount greater than 10% of the contract value. Mr. Luckie informed the Members that the Committee recommends that the Board approve the credit change order. Mr. Minervini was available to answer questions.

A resolution for approval of credit change order No. 1 to Tricon had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Nixon, and seconded by Mr. Luckie, the proposed credit change order was approved by the Board upon its unanimous vote in favor of the resolution attached hereto as **Exhibit 6a2**.



Next, Mr. Luckie presented a memorandum recommending approval of a design-build award and final project charters for the Buckshutem Road Elementary School/Quarter Mile Lane Elementary School projects in the Bridgeton School District. Mr. Luckie informed the Members that the proposed Buckshutem Road ES project will increase the capacity of the existing facility from 404 to 581 students in grades K-8 and the Quarter Mile Lane Elementary School project will increase the capacity of the existing facility from 254 students in grades K-8 to 731 students in grades Pre-K through 8. He said that the Board approved the preliminary project charters for the Bridgeton projects in August 2012. Mr. Luckie explained that, following a competitive procurement process (60% price/40% other factors), the Committee recommends that the Board approve an award to Ernest Bock & Sons for design-build services for the projects in the amount of \$45,613,770 and the proposed final project charters. Mr. Murphy provided the Members with a general description of the procurement process that was followed. The Members then briefly discussed certain bid protests that had been filed in the process.

A resolution for approval of the design-build award and final project charters had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Luckie, and seconded by Ms. D'Autrechy, the proposed design-build award and final project charters were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as **Exhibit 6b**.

Lastly, Mr. Luckie presented a memorandum recommending approval of an award for Legal Services (Package No. GP-0200-R01). He explained that the SDA's contracts for outside legal services will expire on October 20, 2013. He said that the Board is now requested to approve the retention of a new group of law firms with legal expertise in the areas of insurance coverage, bankruptcy and insolvency proceedings, environmental claims, professional errors and

omissions and cost recovery, employment litigation, government contracting, construction litigation and real estate law for school facilities projects. He said that the recommendation of these firms follows a competitive procurement process and approval of each contract will be conditioned upon a firm's successful completion of a moral integrity review conducted by the NJ State Police. Mr. Murphy provided an overview of the procurement process followed and the parameters of the contract awards. Mr. Luckie advised the Board that the Committee recommends approval of the contract awards to the proposed firms.

A resolution for approval of the Legal Services contract awards had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Nixon, and seconded by Mr. McNamara, with Mr. Walsh abstaining, the proposed Legal Services contract awards were approved by the Board upon its vote in favor of the resolution attached hereto as **Exhibit 6c.**

### *Reports*

Mr. Walsh inquired as to the progress of the A. Chester Redshaw Elementary School (Redshaw Project) in the New Brunswick School District. Mr. Lewis-Powder then joined the meeting. Mr. Larkins advised that Hall Construction Company, Inc. is doing a commendable job and the school is on track to open as scheduled. Mr. Larkins added that he believes that the Elliot Street school project in the Newark School District will follow the same successful track as the Redshaw Project. Mr. Larkins noted that the Phillipsburg High School project in the Phillipsburg School District is in the final stage of the constructability review process. Mr. Schrum noted that discussions are ongoing regarding the cost impact items.

### *Public Comments*

The Chairman then called the Public Comments portion of the meeting to order. He requested that those members of the public who wish to address the Board please come to the podium together if appropriate.

Mr. Walsh asked Dr. Jonathan Hodges of the Paterson Board of Education to address the Board. Dr. Hodges referenced a visit by SDA CEO Marc Larkins to Paterson to discuss the status of the PS No.16 and Hazel-Marshall Street projects. He said that the community is confused and concerned as to why they are not currently seeing construction activity at those school sites, particularly at the Hazel-Marshall site. He asked for a timetable to take back to the community regarding those projects. He also asked for an identification of what steps remain in the process and whether outstanding issues remain that must be resolved before construction commences.


Mr. Larkins suggested that Dr. Hodges call SDA anytime to obtain project updates, without the need to wait for Board meetings. He said that the Hazel-Marshall project is currently in the constructability review phase. Mr. Schrum noted that the constructability phase will be completed in November. Mr. Schrum added that he is in frequent, and has been in recent, communication with the District regarding the projects' status. Mr. Larkins said that he would outline the particulars of the constructability review process for Dr. Hodges following the meeting. Dr. Hodges agreed. With regard to outstanding issues that remain, Mr. Larkins said that there are no remaining District- related issues. He said that the only issue that remains with regard to PS No. 16 is the hiring of a contractor. He said that SDA is waiting for bids to come in, that these will be reviewed and that an award will be made. Dr. Hodges again noted the concern of the community with the time that advancement of the projects has taken.

Next, the Chairman asked Mr. R. Mangaliso of Camden and the Save Our Schools Coalition to address the Board. Mr. Mangaliso reminded the Board that he had appeared in August regarding the Lanning Square project. He said that the Camden BOE then determined to give the \$10 million site over to a private citizen and noted that the Governor has taken over the school system and turned the BOE into an Advisory Board. He discussed the current composition of the BOE. He advised that he wished to discuss the Early Child Development School which was built 6 to 7 years ago. He noted certain environmental issues encountered by that school facility as well as his concerns with the treatment methods used to address them. He said that a request has been made for an air quality monitoring system at the school. He noted additional concerns with the quality of the water at the school citing contamination problems with the drinking water.

He also discussed conditions at the Camden High School which he indicated is “falling apart”. He said that after the current Administration’s review of the program, Camden High School did not make the list for advancement. He noted the presence of scaffolding at the school and discussed certain rumors involving the school’s possible future as a Charter School. He asked for some indication as to any plans that exist for the two schools and whether the SDA will be advancing work there. The Chairman asked Mr. Mangaliso to speak to him following the meeting. He suggested that Mr. Mangaliso make an appointment with SDA staff to discuss the particular matters he raised with the Board today.

Mr. Walsh then asked if there were any other members of the public present who wished to address the Board. Hearing none, Mr. Walsh then asked for a motion to adjourn the meeting. Upon motion and with unanimous consent, the meeting was adjourned.

**Certification:** The foregoing represents a true and complete summary of the actions taken by the Board of the New Jersey Schools Development Authority at its October 2, 2013 meeting.



Jane F. Kelly  
Assistant Secretary