

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, JULY 6, 2016**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, July 6, 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
Kevin Luckie (DCA)
Bernard Piaia (DOE)
David Moore (Treasury)
Michael Capelli
Kevin Egan
Lester Lewis-Powder
Michael Maloney
Robert Nixon
Mario Vargas

being a quorum of the Board. Mr. Capelli, Mr. Egan, Mr. Lewis-Powder, Mr. Moore, Mr. Piaia, and Mr. Vargas participated in the meeting by teleconference. At the Chairman's request, Charles McKenna, chief executive officer; Jason Ballard, chief of staff; Andrew Yosha, executive vice president; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Raymond Arcario, vice president; Albert Barnes, chief counsel; Ritchard Sherman, managing director; Gregory Voronov, managing director; Manuel Da Silva, director; Kristen MacLean, director; Sean Murphy, director; and Thomas Schrum,

director of the SDA participated in the meeting. Christopher Howard of the Governor's Authorities Unit also participated in the meeting.

The meeting was called to order by the Chairman of the Board, Mr. Walsh, who requested that Ms. Kelly read the requisite notice of the meeting. Ms. Kelly announced that the meeting notice had been sent to the *Trenton Times* and *Star-Ledger* at least 48 hours prior to the meeting, and had been duly posted on the Secretary of State's bulletin board at the State House in Trenton, New Jersey.

Authority Matters

Mr. Walsh opened the meeting by acknowledging the passing of SDA Board Vice Chairman, Joseph McNamara. He noted Mr. McNamara's commitment to the Board from the inception of the school construction program. He asked for a moment of silence in memory of Mr. McNamara.

CEO Report

The Chairman asked Mr. McKenna to provide the report of the Chief Executive Officer. Mr. McKenna also acknowledged Mr. McNamara's passing, expressing deep appreciation for his dedication to the SDA and its work. He indicated that Mr. McNamara's contributions will be formally acknowledged at a future meeting of the Board. He asked that everyone's thoughts and prayers be with the McNamara family.

Mr. McKenna began his report by offering an update on the Trenton Central HS (TCHS) project. He advised the Members that the design-builder, Terminal Construction (Terminal), continues with design phase service. He reported that a change order in the amount of \$1,591,871 for import, placement and compaction of stone fill material was finalized, executed, and issued to Terminal. He said that the Board previously had approved an amount not to exceed

\$1,800,000 for this change order and noted that the amount of today's recommended change order is within this authorized amount. He added that a limited Notice-to-Proceed (NTP) for the stone work has been issued and management anticipates issuing a NTP for footings and foundation by September.

Turning to the projects in the Bridgeton School District, Mr. McKenna reported that on the Buckshutem Road ES project, renovation work on the existing school building was completed in June. He said that an application for a Certificate of Occupancy (CO) will be submitted to Department of Community Affairs (DCA) following the installation of playground equipment in August. With respect to the Quarter Mile Lane project, Mr. McKenna informed the Members that the addition is completed and final code inspections are underway. He said that management anticipates submitting the application to DCA for a Temporary Certificate of Occupancy (TCO) later this month. He added that renovation work on the existing school is expected to begin now.

Mr. McKenna said that the Design Ideas Group continues to work on pre-design phase services for the Camden HS project. He said that discussions continue regarding whether the project will be a new school or renovation. In regard to the East Orange George Washington Carver ES project, he informed the Members that a recommendation of award to Site Enterprises, Inc. (SEI) for demolition/early site preparation services is on today's agenda. He added that the Design Studio is advancing the design of the new school.

Next, Mr. McKenna gave an update on projects in the Elizabeth School District. He said that final DCA building inspections are underway for the Academic HS project. He noted that the project remains on target for September occupancy. With respect to the Elizabeth New ES

project, he reported that footings, foundation and major site-work activities continue to progress well. He said that steel erection began late last month and is progressing well.

Mr. McKenna advised the Members that management anticipates DCA issuing the construction permit this month for the Garfield James Madison ES No. 10 project. He said that, following receipt of the permit, management will issue a NTP to Brockwell & Carrington. He noted that construction work continues to progress well for the Gloucester ES/MS project. In regard to the Harrison New ES project, he reported that site work construction activities are progressing well. Mr. McKenna said that the Design Studio is finalizing the bridging documents and management anticipates advertising for design-build services in the third quarter.

With respect to the Irvington Madison Avenue ES project, Mr. McKenna said that abatement work is ongoing and management anticipates that it will be completed by mid-July. He reported that building demolition will begin following abatement and is expected to be completed by the end of the year. He added that the Design Studio is advancing the design of the new school there.

Turning to projects in the Keansburg School District, Mr. McKenna reported that, for the Keansburg Caruso ES project, interior finish work, HVAC, electric, and plumbing work will continue. He added that furniture, fixtures, technology and equipment (FFT&E) deliveries, installation, and integration continue there. He said that the project is on schedule for substantial completion in July for September occupancy. In regard to the Port Monmouth Road ES project, he said that the design consultant, LAN Associates, is working on pre-design phase services.

In continuing, Mr. McKenna gave an update on projects in the Jersey City School District. He informed the Members that final DCA building inspections are underway for the

Jersey City PS 20 project. He noted that the school will open in September. He said that building enclosure work is progressing well for the Jersey City ES No. 3 project.

With respect to the Millville addition/renovation project, Mr. McKenna reported that management anticipates advertising for design-build services in the third quarter of this year. In regard to the New Brunswick Paul Robeson ES project, he said that design-builder Hall Construction (Hall) has submitted demolition, footings and foundation plans to DCA for review. He said that management anticipates that Hall will mobilize to begin abatement activities later this month (July).

Turning to projects in the Newark School District, Mr. McKenna said that, in regard to the Elliot Street ES project, punch list work is nearing completion and management anticipates DCA issuing a CO in August. He said that the CO was issued by DCA on June 22 for the Oliver Street ES project. With respect to the South Street ES project, Mr. McKenna informed the Members that design-builder Ernest Bock & Sons (EBS) is actively working on the final design phase. He said that the first package for footings, foundation, and underground utilities was released by DCA and management anticipates issuance of the permit within the next few weeks. He noted that a limited NTP was issued to EBS for site preparation and that work is proceeding.

Mr. McKenna reported that for the Orange HS/Orange Cleveland ES project, the preferred conceptual option for each project was selected in consultation with the district. He said that negotiations are ongoing with the respective design consultants for design phase services for the projects. With respect to the Passaic Leonard Place ES project, Mr. McKenna advised the Members that design-builder Dobco is completing the footings and foundation package and management anticipates submission to DCA later this month.

Mr. McKenna then gave an update on projects in the Paterson School District. He said that a TCO was issued late last month for the Marshall Street ES project and management is coordinating building turnover with the district. He noted that the school will be opening in September. He said that the team is working closely with the general contractor (GC) to ensure substantial completion of the Paterson PS 16 project by mid-July. He added that the project is on target for September occupancy

Mr. McKenna reported that, for the Pemberton Denbo Crichton ES project, the final pre-design report was presented to the district in June. He said that a working group kick-off meeting for design will be scheduled later this month and a recommendation to approve the preliminary project charter is on today's agenda.

Mr. McKenna informed the Members that, for the Perth Amboy Seaman Avenue ES project, both a design-build services award to Epic Management, Inc. (Epic) and a final project charter approval are on today's agenda. He noted that a bid protest has been filed in the matter which is being reviewed.

In continuing, he said that the team is working closely with the GC to ensure substantial completion by mid-July for the Phillipsburg HS project. He added that the project is on target for September occupancy

Mr. McKenna said that a notice of award was issued to Joseph Jingoli & Sons for construction management services for the Vineland New MS project and management anticipates issuing a NTP later this month. He reported that the design-builder, EBS, continues with the design services phase and has been issued a limited NTP to perform site clearing and grading. He said that EBS submitted footings, foundation, and structural steel plans to DCA for review.

In continuing, Mr. McKenna said that asbestos and demolition activities are underway for the West New York Harry L. Bain PS No. 6 project.

Turning to the Authority's ongoing procurement activity, Mr. McKenna said that management will be discussing and recommending two procurement awards later in the meeting. He said that these include a procurement for design-build services for the Perth Amboy Seaman Avenue ES project and for demolition services for the East Orange George Washington Carver ES project.

Reporting on events, outreach and other activities, Mr. McKenna informed the Members that, on June 14, SDA joined Newark students and state, local and district officials at a ribbon cutting ceremony to celebrate the opening of the new Oliver Street School in Newark.

Mr. McKenna said that management routinely has been holding community meetings with area residents prior to the start of project construction activity in order to share information as to what to expect. He noted that SDA held a community meeting in West New York on June 15 to discuss the upcoming Harry L. Bain School project. He said that on June 20 management held a meeting in Vineland to discuss the new middle school project there and on June 22 management held a meeting in New Brunswick to discuss the Paul Robeson School project.

Mr. McKenna informed the Members that Communications staff is working to schedule additional community events later this month. He said that these include a ground breaking ceremony in Garfield for the James Madison ES project; a community meeting for the Leonard Place School in Passaic City; and a community meeting and groundbreaking for the South Street School in Newark.

In continuing, Mr. McKenna said that the Authority's Biannual Report was issued to the Legislature in June and that the Authority has released its quarterly newsletter to SDA stakeholders.

Mr. McKenna then discussed the excellent work of Cheryl Walcott and her team who shepherd the timely selection, delivery and installation of FFT&E required in connection with SDA projects.

Approval of Meeting Minutes

Mr. Walsh next presented for consideration and approval the minutes of the Board's June 1, 2016 Open and Executive Session meeting minutes and the June 22, 2016 Open Session meeting minutes. A copy of the meeting minutes and resolutions had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Mr. Nixon, the Open and Executive Session minutes of the June 1, 2016 meeting and Open Session minutes of the June 22, 2016 meeting were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolutions 3a/3b and 3c.***

Audit Committee

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 June 20, 2016. He said that the Committee was provided with the May 2016 New Funding Allocation and Capital Plan Report. He reported that there were no changes in commitments in any of the reserve balances for the SDA Districts during the reporting period. He said that the Program Reserve balance for the Regular Operating Districts increased by \$800,000.00 during the reporting period.

Next, Mr. Nixon reported that management and the Audit Committee are recommending the extension and amendment of a Memorandum of Understanding (MOU) between the SDA

and the New Jersey Higher Education Student Assistance Authority (“HESAA”). Referencing materials that had been previously provided for review, he discussed details relevant to the proposed extension and amendment. He explained that HESAA administers the Governor’s Industry Vocations Scholarship Program (NJ-GIVS) and explained that NJ-GIVS, thru HESAA, provides financial aid by making scholarships available to minority and women students continuing their education in construction and engineering related industries. He noted that the first MOU was executed in July 2013. He explained that the scholarship covers the cost of tuition up to \$2,000 per year and is renewable for one year. He reported that, since inception, the Authority has expended \$531,930 on the scholarship program, including administrative fees. Mr. Nixon then outlined the terms of the extension and amendment of the MOU as presented in the memorandum. He said that the MOU would be extended for a three year period commencing May 1, 2016 through May 1, 2019. He said that the proposed amendment would establish an annual budget in an amount not-to-exceed \$250,000 inclusive of HESAA administrative costs. Ms. MacLean and Mr. McKenna then provided additional details regarding the history of the NJ-GIVS scholarship and implementation of the program.

A resolution pertaining to the proposed MOU extension and amendment had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Luckie and seconded by Mr. Walsh, the MOU extension and amendment was approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 5a***.

Finally, Mr. Nixon reported that management had provided the Committee with the May 2016 Monthly Financial Report. He said that Year-to-Date Authority Operating Expenses (Actual vs. Budget), at \$8.7 million, are down \$1.5 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 \$1.1 million.

In continuing, Mr. Nixon said that Year-to-Date School Facilities Project Expenditures (Actual vs. Forecast), at \$155.3 million, are \$17.8 million lower as compared to the capital spending forecast for the corresponding period. He noted this variance is due to lower than anticipated expenditures in construction work (\$11.1 million), furniture, equipment and technology (\$600,000), project insurance (\$800,000), property acquisition (\$1.2 million) and grant activity (\$4.9 million). Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual) have decreased by \$18.4 million as compared to the corresponding prior year. He advised that the year-over-year variance is attributable to increased construction related activity (\$21.4 million) and increases in school furniture, equipment and technology (\$8.2 million). He advised the Board that this variance is offset by decreased spending in property acquisition (\$29.5 million), project insurance (\$5.3 million) and grant activity (\$14.9 million).

In concluding, Mr. Nixon reported that, since program inception, 75.1% 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 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

Demolition Contract Award – East Orange School District – New George Washington Carver Elementary School; Design-Build Award and Final Project Charter – Perth Amboy School District – New Seaman Avenue Elementary School; Credit Change Order: Tricon Enterprises, Inc.; ProMedia Technology Services, Inc.; Preliminary Project Charter – Pemberton School District – Denbo Crichton Elementary 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 June 20, 2016 at which time management presented several items including a recommended demolition contract award for the East Orange New George Washington Carver ES (the Project). Mr. Luckie said that, in January 2014, the Board approved the Authority's Amendment to the Capital Plan Portfolio which authorized advancement of the Project. He explained that, in May 2015, the Board approved the project's preliminary charter and authorized its advancement utilizing kit-of-parts components, the design-build delivery process and in-house design staff resources. He advised the Members that the Project involves demolition of the existing facility and construction of an approximately 71,300 square foot new school facility on the district-owned school site. He said that, upon completion, the Carver ES will provide capacity to educate approximately 463 students in grades Pre-K to 5 and significantly address Facilities Efficiency Standard (FES) compliance needs, localized overcrowding and educational needs for all students in the district's elementary grade level. Mr. Luckie said that a package for demolition services for the Project was advertised on April 26, 2016 and, following the procurement process, management recommends award of a contract for demolition and site preparation services in the amount of \$1,975,000 to Site Enterprises, Inc. (SEI). He added that, following review, SEI has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents.

At Mr. Walsh's request, Mr. Schrum then provided additional details regarding the scope of the work.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Nixon and seconded by Mr. Piaia, the demolition

contract award to Site Enterprises, Inc. for the East Orange New George Washington Carver ES project was approved with the Board's unanimous vote in favor of ***Resolution 6a***.

At the Chairman's request, Mr. Luckie discussed the design-build award and final project charter for the New Seaman Avenue ES (the Project) in the Perth Amboy School District. He informed the Members that the Project involves construction of an approximately 128,000 square foot facility to educate approximately 724 students in grades K through 5. He reported that, in August 2014, the Board approved the Project's preliminary charter recommending a design-build approach. He said that the design-build team will complete the design of the facility using SDA-developed schematic design documents and also will provide construction and construction administration services for the project. Mr. Luckie advised the Members that on February 3, 2016 a package was advertised as a design-build solicitation with "price" equaling 60% of the overall weight, and "all non-price factors" with a combined weight of 40%. He said that, following the procurement process, management recommends award of a contract in the amount of \$43,570,000 to Epic Management, Inc. (Epic) and that, following review, Epic has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. Mr. Murphy then provided additional details regarding the procurement process that was followed in the matter.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Maloney and seconded by Mr. Nixon and with Mr. Walsh abstaining, the design-build award to Epic Management, Inc. and final project charter for the Perth Amboy Seaman Avenue ES project were approved with the Board's vote in favor of ***Resolution 6b***.

At the Chairman's request, Mr. Luckie then discussed the proposed credit change order for Tricon Enterprises, Inc. (Tricon) in connection with 8 SDA-owned vacant residential structures in the Newark School District. He reported that the (SDA predecessor) Schools Construction Corporation initiated acquisition of certain properties in 2004 for a project in the Newark Public School District that is currently not planned for advancement. He explained that SDA later was required to complete the acquisition process. He informed the Members that it was subsequently determined that SDA would demolish the structures on the vacant residential properties to address safety concerns and to maximize cost effectiveness. He said that, to this end, in January 2015, Tricon was issued a NTP with a scope of work for demolition activities on 8 vacant, deteriorated residential properties and site-related work on 1 vacant lot. He added that the contract with Tricon was terminated prior to completion of all construction activities identified in the project scope of work. He reported that Credit Change Order No. 2, which is recommended for Board approval, is based upon the accounting of all requisitions, completion and inspection of construction work, and the issuance of the certificate of acceptance by the DCA, resulting in a credit value of \$533,603.44 from the base contract value of \$800,000.00. He noted that Credit Change Order No. 2 is necessary for the de-obligation of the unused contract funds.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Nixon and seconded by Mr. Piaia, Credit Change Order No. 2 in the amount of \$533,603.44 was approved with the Board's unanimous vote in favor of ***Resolution 6c.***

Next, at Mr. Walsh request, Mr. Luckie discussed the proposed credit change order for ProMedia Technology Services, Inc. (ProMedia) for the New Langston Hughes Replacement;

Mildred B. Garvin School; and New ES No. 5 projects in the East Orange Public School District. He said that a construction contract for E-Rate eligible work was advertised in December 2004 and subsequently awarded to ProMedia in April 2005 for a lump sum price of \$360,259.00. He advised the Members that no work was directed to be performed under the contract on two East Orange School District facilities, while E-rate eligible work was completed on one facility by ProMedia at a cost of \$215,416.30. He noted that, as of this date, there is no remaining contract balance associated with the school facility where the work has been completed. Mr. Luckie reported that, in December 2007, in accordance with the agreement, the Authority issued a written order of termination for convenience to ProMedia with respect to the two projects that did not advance. He said that the Board is requested to approve de-obligation of the unused contract balances in the amount of \$298,318.00 in connection with the E-Rate contract with ProMedia. Mr. Guarriello then provided additional background information, noting that this is the last E-rate matter of this type that will be presented for Board approval.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Walsh, the \$298,318.00 credit change order for ProMedia Technology Services, Inc. for the New Langston Hughes Replacement; Mildred B. Garvin School; and New ES No. 5 projects in the East Orange Public School District was approved with the Board's unanimous vote in favor of ***Resolution 6d.***

At the Chairman's request, Mr. Luckie discussed the preliminary project charter for the Denbo Crichton ES project in the Pemberton School District. He informed the Members that the Department of Education's (DOE) 2013 Educational Facilities Needs Assessment identified FES compliance needs in the Pemberton School District. He reported that, in January 2014, the Members approved an Amendment to the Authority's Capital Plan Portfolio which authorized

the SDA to advance the Pemberton Alexander Denbo ES project (the Project). He said that, upon inclusion of the Project in the Capital Plan, SDA staff conducted several site visits to define the most appropriate project for advancement. Mr. Luckie explained that the Denbo ES, constructed in 1965, is a 38,656 square foot facility educating 359 students in grades 3 through 5. He said that the Denbo ES shares a site with the Aletta Crichton ES (Crichton ES) which was constructed in 1969 and is a 59,053 square foot facility educating 349 students in grades Pre-K through 2. He informed the Members that, working with the district and the DOE, SDA staff reviewed and validated conditions, and engaged a design consultant to perform investigative analyses for a complete evaluation of several options considering the two facilities and their shared site. Mr. Luckie reported that in June 2015, with Board approval, SDA issued a NTP to SSP Architectural Group specifically focused on predesign services for a negotiated value of \$507,825, inclusive of allowance services. He said that, during the predesign phase, efforts were focused on developing the project scope and analyzing available options to enable identification of a project that would most effectively and efficiently address the FES compliance needs. In continuing, he said that the estimated cost of \$62 million for the Project, as reflected in the preliminary project charter, is inclusive of prior expenditures for related site investigation activities, as well as estimated future costs necessary for advancement of the current project scope, based upon the application of planning estimates to the current anticipated project scope. Mr. Luckie added that upon providing this new replacement school, the district's capacity and FES compliance needs in grades Pre-K to 5 will be significantly addressed.

Messrs. Walsh and Maloney then asked for additional detail regarding the project. In response to their inquiries, Mr. Schrum described the project work that has been completed to

date and Messrs. Sherman and Yosha provided additional detail regarding the activities of the working group which was comprised of the SDA, DOE and the District staff.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Nixon and seconded by Mr. Maloney, the preliminary project charter for the Denbo Crichton ES project in the Pemberton School District was approved with the Board's unanimous vote in favor of *Resolution 6e*.

At the Chairman's request, Mr. Ballard then provided an update regarding the project close out initiative. Mr. McKenna briefly referenced a lawsuit that has been brought against the Authority by Warren County in connection with the Phillipsburg project.

Public Comments

The Chairman then opened the Public Comments portion of the Board Meeting. He asked Mr. Frank Faras, a Trenton City resident, to address the Board. Mr. Faras advised the Board that he resides across the street from the TCHS site. He described the material compaction activities that were conducted on the site and advised the Board that, following the contractor's departure, problems were created with standing water on the site. He explained that this stagnant water serves as a breeding ground for mosquitos. He said that the demolition of the TCHS clock tower resulted in the relocation of the bats that resided there. He said that the bats had controlled the mosquito population and that their departure has compounded the problem.

Mr. Faras said that many residing in the neighborhood are Hispanic and they sometimes have visitors from Central and South America where the zika virus exists. He said that, while remote, there is the possibility that a mosquito could bite one of these visitors and, in so doing, go on to transmit the virus. He suggested that the SDA failed to conduct the required environmental studies for the project.

Adjournment

There being no further business to come before the Board, Mr. Walsh then asked for a motion to adjourn the meeting. 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 July 6, 2016 meeting.

/s/ Jane F. Kelly
Assistant Secretary