

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, JUNE 7, 2017**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, June 7, 2017 at 9:00 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman
Maureen Hassett (EDA)
Kevin Luckie (DCA)
Bernard Piaia (DOE)
Matthew Spadaccini (Treasury)
Kevin Egan
Michael Maloney
Loren Lemelle
Robert Nixon
Mario Vargas

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

At the Chairman's request, Charles McKenna, chief executive officer (by teleconference); 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; Albert Barnes, chief counsel; Aidita Milsted, director; and Thomas Schrum, director of the SDA participated in the meeting. Labinot Berlajolli 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.

Approval of Meeting Minutes

Mr. Walsh presented for consideration and approval the minutes of the Board's May 3, 2017 Open and Executive Session meetings. A copy of both meetings' minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Mr. Vargas, the May 3, 2017 Open and Executive Session meeting minutes were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 3a/3b***.

Authority Matters

CEO Report

At the Chairman's request, Mr. Yosha provided the Members with the report of the CEO. He began the report with an update on the Trenton Central HS (TCHS) project. He reported that the design-builder has submitted final building design documents to the Department Community Affairs (DCA) and SDA staff is awaiting their release. He said that footings, foundations, structural steel, masonry, and under slab utility work is all ongoing.

Turning to projects in the Bridgeton School District, Mr. Yosha said that for the Buckshutem Road ES project, SDA staff had submitted an application for a certificate of

occupancy (CO) to DCA at the end of the previous month. With regard to the Quarter Mile Lane ES project, he reported that DCA had issued a temporary certificate of occupancy (TCO) the previous month and SDA staff expects to submit an application for a CO at the end of the current month.

With respect to the Camden HS project, Mr. Yosha informed the Members that the demolition package is being finalized for advertisement. For the East Orange George Washington Carver ES project, he said that a recommendation of award for design-build services is on the meeting agenda.

With regard to the Elizabeth New ES and the Garfield James Madison ES No. 10 projects, Mr. Yosha reported that all trades are progressing well. He said that for the Harrison New ES project, Brockwell & Carrington's preliminary design is under review by the SDA. He said that DCA issued demolition permits for three structures on adjoining sites and demolition activities are being scheduled. He added that a notice of award (NOA) for construction management (CM) services was issued the previous month.

Mr. Yosha advised the Members that for the Irvington Madison Avenue ES project, a NOA for CM services was issued the previous month and the design-builder continues with design phase services. He said that schematic design phase services are ongoing for the Keansburg Port Monmouth Road ES project. For the Jersey City ES No. 3 project, Mr. Yosha reported that SDA turned the school over to the district in April. He advised the Board that punch-list and closeout phase work is ongoing.

Next, Mr. Yosha informed the Members that for the Millville HS addition and renovation project, Hall Construction Inc. was issued a notice to proceed (NTP) with design phase services.

In regard to the New Brunswick Paul Robeson ES and Newark South Street ES projects, he said that masonry, HVAC, electrical and plumbing work is ongoing.

Mr. Yosha next gave an update on projects in the Orange School District. He reported that for the Cleveland ES project, design phase services are ongoing. He said that SDA staff issued a NTP for demolition services and associated site work to Yannuzzi Group earlier in the current week. He also advised the Board that design phase services are ongoing for the Orange HS project.

Mr. Yosha reported that steel erection is nearing completion for the Passaic Leonard Place ES project and that design package No. 2 is under review by the DCA. In regard to the Pemberton Denbo Crichton ES project, he informed the Members that demolition services for the school SDA is replacing will commence next month and that temporary space is being readied for the upcoming school year. He added that the SDA design studio continues development of the bridging design for the replacement school.

With respect to the Perth Amboy Seaman Avenue ES project, Mr. Yosha informed the Members that the design-builder continues with design phase services and has mobilized on-site. For the Vineland New MS project, he said that masonry, steel erection, roofing, electrical, plumbing, and HVAC work are all continuing and site paving and curbing work has commenced. In regard to the West New York Harry L. Bain PS No. 6 project, Mr. Yosha reported that phased turnover of the facility to the district has begun. He noted that turnover will be complete for a September reopening by the district.

Turning next to ongoing procurement activity, Mr. Yosha said that, later in the meeting, management would be presenting a design-build services award for the East Orange George Washington Carver ES project and construction services awards for emergent projects at the

Salem MS and Paterson Roberto Clemente ES. He said that other activity currently underway includes procurements for legal services, OCIP IV broker services, and business, real estate property & casualty insurance broker services.

Reporting on events, outreach and other SDA activities, Mr. Yosha informed the Members that SDA staff held beam-signing events on May 4 in Vineland for the new Lincoln Avenue MS project and on May 12 in Passaic City for the new Leonard Place ES project. Mr. Yosha also reported that Mr. McKenna and other SDA staff met with a representative of the “Healthy Schools Now” Coalition on May 9.

In concluding, Mr. Yosha, advised the Board that SDA staff will be holding a community meeting in Perth Amboy on June 13 to discuss the start of the Seaman Avenue ES project. He said that Communications staff is working to schedule an event in West New York to discuss the upcoming completion of the rehabilitation project at the Harry L. Bain School.

Audit Committee Report

At the request of the Chairman, Mr. Nixon provided the report of the Audit Committee. Mr. Nixon advised the Board that the Audit Committee met on May 15, 2017. He said that management had provided the Committee with the April 2017 New Funding Allocation and Capital Plan Update. He said that management had reported no changes in any of the SDA District reserve balances and that the reserve balance for the Regular Operating Districts (“RODs”) increased by \$1.1 million during the reporting period due to reductions in state share for grant projects nearing completion.

Mr. Nixon then provided the April 2017 Monthly Financial Report. He advised that the Authority’s operating expenses (Actual vs. Budget) for the year-to-date period totaled \$8 million, down \$910,000 as compared to the budget for the corresponding period. He explained that the

decrease is mainly attributable to lower salary and benefit costs. He said that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total \$131.1 million, \$20.6 million higher as compared to the capital spending forecast for the corresponding period. He explained that the variance is attributable to increased activity in construction work (\$2.5 million), school furniture, fixtures and equipment (\$5.2 million) and grants (\$16.9 million). He advised that this variance is offset by decreased spending in property acquisitions, insurance, legal claims and other project related costs. Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual), at \$131.1 million, are \$9.1 million higher as compared to the corresponding prior year period. He explained that the variance is due to increased spending on grants (\$21 million) and school furniture, equipment & technology (\$2 million). He reported that this increase is offset by spending reductions in construction costs (\$11.3 million) and other project related costs (\$2.8 million).

In conclusion, Mr. Nixon advised the Board that, since program inception, approximately 78.1% of the funds allocated for SDA districts have been disbursed. Additionally, he said that 96% of all disbursements relate to school facilities projects, while 4% relate to operating expenses. He noted that the estimated value of current school facilities project activity is approximately \$2.2 billion.

School Review Committee

Design-Build Award and Approval of Final Project Charter – East Orange School District – George Washington Carver Elementary School; Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Project Charter - Paterson School District – New Roberto Clemente Elementary School - Emergent Project - Modifications to the Electrical Supply, Electro/Mechanical Equipment and Other Corrective Work; Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Project Charter – Salem City School District – Salem Middle School – Emergent Project - Ceiling Repair and/or Replacement

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the Committee met on May 15, 2017. He said that the first matter for Board consideration involves a design-build award and final project charter in connection with the East Orange George Washington Carver ES project (the Project). He reported that, in January 2014, the Board approved an amendment to the Capital Plan Portfolio which authorized SDA to advance a project for the ES. He said that inclusion of this Project followed the Department of Education's (DOE) 2013 Educational Facilities Needs Assessment which identified Facilities Efficiency Standard compliance needs in the district. Mr. Luckie informed the Members that an SDA, DOE and district working group concluded that demolishing the vacant George Washington Carver ES and building a new educationally appropriate facility on the site would allow students currently housed in the district's Glenwood Avenue School to be relocated to the new facility. He added that the Project involves construction of an approximately 77,000 square foot facility on the district-owned site to educate approximately 470 students in grades Pre-K through 5. He said that following Board approval of the Project's preliminary charter, SDA staff developed schematic design documents that were approved by the district and DOE. He said that bridging documents were then developed to support procurement of a design-builder. Mr. Luckie advised the Members that the Authority advertised a package for design-build services on January 20, 2017 with "price" equaling 60% of the overall weight, and "all non-price factors" having a combined weight of 40%. He said that following the competitive procurement process, management is recommending award of a contract for design-build services in the amount of \$26,900,000 to Dobco, Inc. (Dobco) for the Project. He noted that, at the time of review, Dobco confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. Mr. Luckie said that along with the contract award, management

recommends that the Board approve the Project's final charter which represents the project budget inclusive of dollar values for the award of the design-build package.

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. Nixon, the design-build award and final project charter for the East Orange George Washington Carver ES project were approved with the Board's unanimous vote in favor of ***Resolution 6a***.

At the Chairman's request, Mr. Luckie discussed management's recommendation for a release of funds from the program reserve, contract award and final project charter for the Paterson New Roberto Clemente ES emergent project. He reported that the 109,000 square foot New Roberto Clemente Community School (the School) in the Paterson School District currently educates 682 students in grades 6 through 8. He noted that a CO for the School was issued on June 15, 2006. He said that, after conditions at the School were determined to constitute an emergent project and DOE approval was received, the district provided SDA staff with information needed to develop a scope of work to address the conditions. Mr. Luckie advised the Members that, after analyzing the information provided by the district, SDA staff performed additional site visits to assess the identified conditions which involve power abnormalities and delamination of the flooring and intumescent paint. He advised the Board that, using the Design Consultant Services Task Order Contract, SDA issued a limited NTP on June 18, 2015 to EI Associates, Architects & Engineers, PA (EI) to perform a power quality study to verify the cause of the power fluctuations and recommend corrective action. Mr. Luckie said that, based on the EI report, SDA determined that the most appropriate approach for addressing the conditions at the School, given the School's calendar, is to advance the project through the SDA's General Construction Task Order (GCTO) Contract. He informed the Members that the package would

be awarded on a time and materials basis by way of a rotational assignment to TCI Construction & Management Company, Inc. (TCI) who has confirmed its interest in the project. He said that the proposed final project charter represents the project budget inclusive of all not-to-exceed (NTE) dollar values for the award for construction, appropriate contingency, allowances, SDA staff costs, other costs, and prior allotment of funds. Mr. Luckie added that SDA staff has reviewed TCI's cost proposal for this most extensive solution, in the NTE amount of \$1,755,475, and determined that it is reasonable for the elements included in the scope of work. He added that \$2,486,344 would be released from the program reserve maintained for emergent projects. Ms. Milsted then provided the Members with additional project background details.

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. Vargas, the release of funds from the program reserve, contract award and final project charter for the Paterson New Roberto Clemente ES emergent project were approved with the Board's unanimous vote in favor of *Resolution 6b*.

At the Chairman's request, Mr. Luckie discussed management's recommendation for a release of funds from the program reserve, contract award and final project charter for the Salem MS emergent project. He reported that the Salem MS (the School) in the Salem City School District is a 101,800 square foot facility educating 432 students in grades 3 through 8. He said that in September 2016, a suspended acoustical panel ceiling at the School collapsed along with the lighting fixtures attached to it and the original plaster ceiling above it. He informed the Members that following a review by the district's Architect of Record and the DCA, the building was declared an unsafe structure and the district was required to vacate the building and relocate the students. Mr. Luckie advised the Board that, in October 2016, DOE, SDA and district staff

along with their consultants conducted an inspection and DOE subsequently issued pre-construction approval for an emergent project to address the ceiling conditions. He said that, based on this review and the results of additional site visits, SDA has determined that the most appropriate, efficient and timely way to address the emergent condition is to advance the project utilizing the SDA's GCTO Contract. He added that this GCTO engagement would provide design services, including development of architectural and structural details and documents and construction services. Mr. Luckie advised that the package would be awarded on a time and materials basis by way of a rotational assignment to Santorini Construction, Inc. (Santorini) who has confirmed its interest in the project. He said that SDA staff reviewed the cost proposal in the NTE amount of \$1,684,660, and determined that it was reasonable for the elements included in the scope of work. He said that management recommends that SDA proceed with the issuance of a task order to Santorini. Mr. Luckie reported that the final charter presented to the Board represents the project budget inclusive of NTE dollar values for the award for construction, appropriate contingency, allowances, SDA staff costs and other costs. He said that \$2,330,169 would be released from the program reserve maintained for emergent projects.

Mr. Luckie advised the Board that, after selection of the appropriate solution to address the emergent condition, the SDA program operations division will inform the Board of that selection and provide updated project cost information within the approved NTE value.

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. Maloney, the release of funds from the program reserve, contract award and final project charter for the Salem MS emergent project were approved with the Board's unanimous vote in favor of ***Resolution 6c***.

Public Comments

The Chairman then opened the Public Comments portion of the meeting. The Chairman called on Mr. Frank Faras, a resident of the City of Trenton, to address the Board. Mr. Faras advised the Board that he lives across the street from the TCHS site. He said that since no feasibility study was performed in connection with the cost of refurbishing TCHS vs. new school construction, he did some research into this issue in other jurisdictions. He said that he reviewed the American Institute of Architects (AIA) and the Bureau of Labor Statistics materials and focused on projects constructed in an area geographically similar to New Jersey and with a similar construction cost structure, namely Pennsylvania. He said that the AIA sent him information regarding 24 different schools that had been renovated in Pennsylvania in recent years, at a cost 10% to 50% less than what the cost of building a new school would have been. He said that some of these schools were originally built in the late 1800s and 1920s, similar to TCHS. He said that some of the schools also had water infiltration problems and were in worse condition than (the old) TCHS was. Mr. Faras said that, as a taxpayer, he believes that SDA is not spending his money properly. He said that, since there is no feasibility study, SDA is wasting taxpayer dollars. He said that he can only conclude that the reason for this is either incompetence or malfeasance.

The Chairman then asked Mr. Jerrell Blakeley to address the Board. Mr. Blakeley said that he is a campaign organizer with the Healthy Schools Now Coalition and the NJ Work Environment Council. He stated that, as he has said previously, he believes that every student deserves access to healthy, safe and modern school facilities. He said that the Coalition agrees with the construction of the new TCHS. He thanked the Board and the SDA for building the new TCHS and expressed the appreciation of the Healthy Schools Now Coalition as well. He

then implored the Board to consider new construction for the Trenton Central HS West campus. Additionally, he expressed his appreciation for the upcoming work at the Salem MS, advising that the Coalition has been working closely with the unions and community in Salem to facilitate a swift remediation there. Mr. Blakeley said that he is before the Board today to inquire about the results of the latest round of emergent project requests. He asked when the list would be released and when work on the successful requests would begin. Additionally, Mr. Blakeley inquired as to what percentage of projects has been approved vs. all submitted requests and information as to why the number approved is lower than the total number of projects submitted. Mr. Yosha said that the DOE is close to finalizing its determination regarding the submitted requests for potential new emergent projects. He said that the percentage approved cannot be addressed until after the list has been finalized and that this is expected to happen in the near future. He explained that, once the list is finalized, letters will go out to the districts notifying them which projects have been approved and which projects have not been approved for advancement. Mr. Yosha then offered some general comments as to why certain projects might not advance, i.e. they involve maintenance issues and are not emergent in nature or are capital projects. In closing, Mr. Blakeley asked to be notified when the emergent project results are finalized. Mr. Yosha agreed.

Ms. Kelly then announced that the Board would be adjourning into Executive Session to discuss a contractual matter pertaining to the New Brunswick Paul Robeson ES project and issues pertaining to the Salem MS project. She said that neither matter will require Board action today.

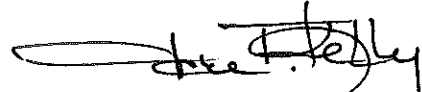
Thereafter, upon motion by the Chairman and with unanimous consent, the meeting adjourned into Executive Session.

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

Adjournment

There being no further business to come before the Board, Mr. Walsh 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 June 7, 2017 meeting.



Jane F. Kelly
Assistant Secretary