

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, OCTOBER 4, 2017**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, October 4, 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)
Kevin Egan
Loren Lemelle
Lester Lewis-Powder
Michael Maloney
Robert Nixon
Mario Vargas

being a quorum of the Board. Mr. Egan, Ms. Hassett, Ms. Lemelle, Mr. Lewis-Powder and Mr. Piaia participated in the meeting by teleconference.

At the Chairman's request, Charles McKenna, chief executive officer, 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 Sean Murphy, director of the SDA, participated in the meeting. Thomas Huth 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 September 6, 2017 Open Session meeting. A copy of the meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the September 6, 2017 Open Session meeting minutes was approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 3a***.

Authority Matters

CEO Report

The Chairman 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, at the previous Board meeting, staff asked for authorization to move forward with a potential schedule acceleration for the TCHS project. He said that, in light of the recent hurricanes which could impact manpower needs and the availability of supplies, it has been determined the better course is to adhere to the existing schedule and not to move forward with the accelerated schedule. He then reported that roofing, exterior sheathing and concrete masonry

unit installation work is ongoing. He also reported that staff has submitted the final building design to the Department of Community Affairs (DCA) incorporating prior DCA comments and received release on plumbing HVAC, elevator, and electrical. He advised the Board that interior rough-in work has begun for HVAC, fire suppression, electric, plumbing and interior framing. In continuing, Mr. McKenna addressed concerns raised by Trenton resident Billie Hayes in the Public Comment portion of the September Board meeting. He said that the foliage around the building has been cleaned up and the portion of the adjacent road that was impacted by the installation of a sewer pipe has been addressed.

With respect to the Camden HS project, Mr. McKenna said that SDA awarded the demolition services contract on September 1 and issued the notice-to-proceed (NTP) on September 26. He provided an update regarding the litigation that has been filed in connection with the project. He also provided a status update of demolition activities for the project. He then advised the Board that the design builder has initiated the design phase for the East Orange George Washington Carver ES project.

Next, Mr. McKenna reported that DCA issued a temporary certificate of occupancy (TCO) for the new Elizabeth New ES facility and that the district occupied the school on September 7. He noted that the auditorium and three music rooms were excluded from the TCO. He advised the Board that work is progressing with respect to these spaces and they are tentatively scheduled to be completed and turned over to the district in late October.

Turning to the Garfield James Madison ES No. 10 project, Mr. McKenna said that exterior veneer work, mechanical, electrical and plumbing rough-in work and exterior grading work are all proceeding well. He said that the vapor mitigation system and concrete slab on

grade were completed and that roofing work is ongoing and scheduled to be completed mid-October.

Mr. McKenna said that design phase services are continuing for the Harrison New ES project. He said that Brockwell & Carrington is addressing DCA comments issued on the project's footings, foundations and structural steel submission. He advised the Board that, for the Irvington Madison Avenue ES project, design phase services are continuing and the design builder has begun construction activities associated with the building's footings and foundations. He noted that a groundbreaking had taken place there the previous Thursday (September 28). He also advised the Board that design phase services are continuing for the Keansburg Port Monmouth Road ES project.

With respect to the Millville HS addition and renovation project, Mr. McKenna reported that Hall Construction Company, Inc. (Hall) completed their on-site investigations to confirm existing conditions at the school. He said that Hall's report and findings are under review by SDA. He also reported that design phase services are continuing and that on September 27 the Authority issued GREYHAWK North America LLC a NTP for construction management services.

In continuing, Mr. McKenna said that masonry, HVAC, electrical and plumbing work is ongoing for the New Brunswick Paul Robeson ES project. He said that window installation in the addition portion is nearly complete. He noted that, following the identification of unforeseen structural problems, a resolving change order (RCO) related to the existing building's structural issues is on the meeting agenda.

With respect to the Newark South Street ES project, Mr. McKenna said that rooftop HVAC, rough electrical and plumbing, roofing, windows and exterior brick installation work is ongoing. He added that interior partitions and final grading also has begun there.

Turning to projects in the Orange School District, Mr. McKenna said that construction documents phase services by the design consultant are ongoing for the Orange Cleveland ES project. He added that abatement and demolition work was completed and that site work is on schedule to achieve the October 8 substantial completion date. He also reported that design phase services continue for the Orange HS project.

Reporting on projects in the Passaic School District, Mr. McKenna said that staff anticipates the issuance this month of the DCA building permit and NTP for remaining construction for the Leonard Place ES project. For the Passaic Dayton Avenue Educational Campus project, he reported that this would be the largest building project the Authority has undertaken. He said that design build proposals are due October 5 and that the project is estimated to be \$180 million.

In continuing, Mr. McKenna said that the demolition contractor has begun abatement work for the Paterson Union Avenue MS project.

Next, Mr. McKenna reported that SDA advertised for design build services the previous month for the Pemberton Denbo Crichton ES project and that proposals are due November 15, 2017. He added that demolition of the existing Crichton School is ongoing. Mr. McKenna then reported that, for the Perth Amboy Seaman Avenue ES project, design phase services continue, site utility, curb installation and dynamic compaction work is ongoing and footings and foundation work has begun.

With respect to the Vineland New MS project, Mr. McKenna advised the Board that masonry, steel erection, roofing, electrical, plumbing, window installation, HVAC and site work is ongoing. In addition, he said that interior partition installation work has begun for the project.

Reporting on the Authority's procurement activities, Mr. McKenna said that, later in the meeting, management would be presenting the legal services task order contract awards. He said that other activity currently underway includes procurements for design-build services for the Passaic Dayton Avenue Educational Campus project; design-build services for the Pemberton Denbo-Crichton ES project; relocation services; OCIP IV administration services; and business, real estate property & casualty insurance broker services.

Turning to Authority events, outreach and other activities, Mr. McKenna reported that, on September 28, SDA joined the Irvington School District for a groundbreaking ceremony celebrating the start of construction for the new Madison Avenue ES.

He advised the Board that the following day (October 5), SDA staff would be participating in a groundbreaking ceremony for the Perth Amboy Seaman Avenue School project. He said that, on October 12, he would be attending a groundbreaking ceremony at the Park Avenue ES/Freehold Intermediate School in Freehold.

Audit Committee

Approval of Award Package GP-0242-R01 – Legal Services

Mr. Nixon said that the Audit Committee met on September 18, 2017 at which time management provided the Committee with the August 2017 New Funding Allocation and Capital Plan Update. He said that there were no changes in any of the reserve balances for the SDA Districts during the reporting period. Turning to the Regular Operating Districts (RODs), Mr.

Nixon reported that the Program Reserve for the RODs increased by \$1.5 million during the reporting period due to reductions in state share for grant projects nearing completion.

Next, Mr. Nixon presented contract awards for legal services. He explained that management had recommended and the Committee considered the advancement for approval of awards to a new group of law firms with expertise in 8 areas. He listed those areas as: 1) Insurance Coverage and Suretyship 2) Bankruptcy & Insolvency Proceedings; 3) Environmental Law; 4) Employment Law; 5) Government Contracting, Bid Protests & Procurement; 6) Professional Errors & Omissions & Cost Recovery; 7) Construction Litigation; and 8) Real Estate Law. He said that the Board requested to approve the award of contracts to 16 firms to provide such services following a competitive two-step procurement process. He said that attorney services would be performed for a blended hourly rate of \$200 with paralegal services at an hourly rate of \$90 for a two-year term. He advised the Board that no one firm can be compensated in excess of \$1,500,000 over the term of the engagement, regardless of whether it provides services in one or more of the specialty areas. Mr. Murphy advised that the 8 identified legal expertise areas are the same areas designated in past years' contracts. He noted that 13 of the 16 firms listed in the current proposed contract participated in the 2015 legal services award. He noted that Table No. 1 in the memorandum provides expenditures attributable to previously procured legal services task order contracts.

Following discussion, upon motion duly made by Mr. Luckie and seconded by Mr. Vargas, the Board approved the proposed contract awards for legal services with its unanimous vote in favor of ***Resolution 5a***.

Next, Mr. Nixon provided the Board with the August 2017 Monthly Financial report. He advised the Board that Year-to-Date Authority Operating Expenses (Actual vs. Budget) at

\$14 million, are down \$1.9 million as compared to the operating budget for the corresponding period. He explained that this is largely attributable to 32 fewer than anticipated full time employees. In continuing, Mr. Nixon advised the Board that the Authority's year-to date operating expenses (Actual vs. Prior Year Actual), at \$14 million, are \$935,000 higher as compared to actual expenses for the corresponding period. He said that this variance is due to higher employee benefit costs due primarily to the non-cash accrual for pension expense recorded under General Accounting Standards Board (GASB) No. 68. Mr. Nixon said that year-to-date school facilities project expenditures, at \$241.5 million, are \$9.9 million higher as compared to the capital spending forecast for the corresponding period. He said that project expenditures (Actual vs. Prior Year Actual) have decreased by \$15 million as compared to the corresponding prior year. He explained that this is largely attributable to decreased spending in construction related activity, school furniture, fixtures and equipment, property acquisition and other project related costs--offset by a spending increase in grants. In concluding his report, Mr. Nixon said that, currently, SDA has disbursed 79.1% of the funds authorized for the SDA Districts. 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 remains at \$2.2B.

School Review Committee

Resolving Change Order – New Brunswick School District – Paul Robeson Community Theme School for the Arts; Preliminary Charter - Orange Public Schools District – Orange High School – Addition and Renovation Project

Mr. Luckie reported that the School Review Committee met on September 18, 2017. He said that the first item the Committee considered is a RCO for the Paul Robeson Community Theme School for the Arts project (the Robeson School project) in New Brunswick. Mr. Luckie

said that the Robeson School project involves a 59,400 square foot renovation and a 60,500 square foot addition. He said that the school is designed to educate 823 students in grades Pre-K to 5. He reminded the Members that, on September 15, the Board approved the design-build award for the project to Hall and the project's final charter. He said that, currently, Robeson School students and staff are occupying a SDA leased facility for the duration of the construction. Mr. Luckie said that unforeseen structural problems in the original building were identified during renovation activities resulting in the issuance of a zero dollar construction change directive (CCD) on June 15, 2017. He explained that the CCD and RCO No. 1 represent scope associated with additional design and construction activities for a total value of \$2,180,000. He said that the Committee is recommending Board approval of this RCO to Hall in the final negotiated value of \$2,180,000 for the design and construction services required to address the school's structural issues. Ms. Milsted and Mr. Da Silva then provided the Board with additional project details.

Following discussion, upon motion duly made by Mr. Vargas, seconded by Mr. Nixon and with Mr. Egan recused and abstaining, the Board approved the RCO for the New Brunswick Paul Robeson School Theme School for the Arts project upon its unanimous vote in favor of ***Resolution 6a.***

In continuing, Mr. Luckie said that the Committee is advancing for Board approval a preliminary charter for the Orange HS addition and renovation project (the project). He reminded the Board that the Authority's 2012 Capital Plan identified a project to address facility conditions deficiencies at the Orange HS, a facility that currently educates 804 students in grades 10 through 12. He said that the project will include renovations to address the conditions deficiencies along with an addition, allowing for a district-wide change in grade alignment to

address district-wide overcrowding at all grade levels. Mr. Luckie advised the Members that, with Board approval, the Authority engaged Kliment Halsband Architects, LLP (KHA) to provide design consultant services for the project and, in May 2015, issued KHA a NTP with pre-design phase services. He said that KHA was tasked with developing and analyzing options for delivery of the project scope to most effectively and efficiently address the identified conditions deficiencies and educational program needs. Mr. Luckie said that, in January 2017, the Board provided approval for KHA to begin construction phase services and also approved a planning charter detailing project advancement recommendations as well as negotiated costs for the remaining design and construction phase services. He reminded the Members that, that same month, SDA issued KHA a NTP with advancement of schematic design phase services. He reported that KHA has completed all elements of the schematic design phase and in July 2017 SDA issued KHA a NTP with design development phase services. Mr. Luckie said that the Committee is recommending that the Board approve the project's preliminary charter detailing project advancement recommendations including estimated costs for project completion.

Following discussion, upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the Board approved the preliminary charter for the Orange HS project with its unanimous vote in favor of ***Resolution 6b***.

Public Comments

The Chairman opened the Public Comments portion of the meeting. He invited Mr. Frank Faras to the podium. Mr. Faras said that he is a resident of the City of Trenton and lives across the street from the TCHS site. He reminded the Board that over the past few months, he has shared videos and photos depicting the clouds coming across the street from the site every twenty minutes. He advised that Board that, while there were previously two mixing stations

processing the material across the street from his house, there are now three with the result that 50% more material is making its way into his neighborhood. Mr. Faras referenced the photograph that he had brought for Board consideration. He asked that the Board do something about this. Mr. Faras said that according to Amerimix, the manufacturer of the product, there should be a “collar” on mixing machines. He said that, unlike the other two mixers, there is no collar on the third mixer. Mr. Faras said that this “looks like retribution”, i.e. that three mixers on a large site positioned right in front of his house looks “suspicious”. Mr. McKenna said that he would look into the matter raised by Mr. Faras.

Next, Mr. Michael Goodman, a resident of the City of Trenton, addressed the Board. He said that he is seeking status information regarding the TCHS project. He recognized that Mr. McKenna’s report had covered the project status aspect. He said that he would speak with (managing director) Ritchard Sherman following the meeting regarding the committee update process. Mr. McKenna said that staff would provide Mr. Goodman with whatever information he needs.

Finally, at the Chairman’s request, Mr. Jerrell Blakeley of the Healthy Schools Now/Work Environment Council approached the podium. Mr. Blakeley said that his Coalition continues to be concerned with the emergent project process. He recognized that SDA is only one part of the process but indicated that he would like to put his Coalition’s concerns on the public record. Mr. Blakeley explained that 95% of the projects submitted by the SDA districts were denied—a result that the Coalition believes is unacceptable. Mr. McKenna clarified that some of the submissions were sent back to the districts in cases where documents were not complete, etc. Mr. Blakeley said that, in some cases, entire districts’ project submissions were denied—districts such as Paterson and Trenton. He asked for a breakdown/analysis reflecting

those submissions that were sent back and why. Mr. McKenna responded that he would check into the matter but that some districts are simply not very good at the paperwork part of the process. He emphasized that during his tenure SDA has done a significant amount of work in the Paterson School District, including new schools and other projects. He outlined the work that SDA has completed in Paterson. Mr. Blakeley said that he is interested in understanding why the various districts' projects, particularly those of Paterson and Trenton, were denied as there might be the need for training opportunities to be provided to those districts. In response to an inquiry by Mr. Maloney, Mr. McKenna noted that the Paterson School District previously had indicated that it had the money to do its own emergent projects with the result that the law was changed to allow the districts to do so. He said that there previously had been a cap on the amount of dollars districts could spend on emergent projects but that this cap was removed by law. Mr. Blakeley emphasized SDA's obligation to provide facilities in SDA districts. Mr. McKenna agreed but noted, again, that Paterson had stressed that it had millions of dollars to address some of its needs on its own resulting in the statutory change.

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 October 4, 2017 meeting.

/s/ Jane F. Kelly
Assistant Secretary