

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, NOVEMBER 6, 2019**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, November 6, 2019 at 9:00 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Chairman
Michael Kanef (Treasury)
Stephen Martorana (EDA)
Kevin Luckie (DCA)
Kevin Egan
Richard Elbert
Loren Lemelle
Michael Maloney
Mario Vargas

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

At the Chairman's request, Manuel Da Silva, interim chief executive officer; Andrew Yosha, vice president; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Albert Barnes, chief counsel; and Cecelia Haney, deputy chief counsel of the SDA, participated in the meeting. Joy Johnson of the Governor's Authorities Unit also participated in the meeting.

The meeting was called to order by the Chairman of the Board, Mr. Nixon, who requested that Ms. Kelly read the requisite notice of the meeting. Ms. Kelly announced that the meeting notice had been sent to the *Trenton Times* and *Star-Ledger* at least 48 hours prior to the

meeting, and had been duly posted on the Secretary of State's bulletin board at 20 West State Street in Trenton, New Jersey. Ms. Kelly then conducted a roll call and indicated that a quorum of the Members was present.

Pledge of Allegiance

Led by the Chairman, the Members and all assembled stood and recited the Pledge of Allegiance.

Approval of Meeting Minutes

The Chairman then presented for consideration and approval the Minutes of the October 2, 2019 Open and Executive Session meetings. Staff had provided a copy of both sets of minutes and a resolution to the Members for review in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Mr. Vargas, the Board approved the Open Session minutes of the October 2, 2019 SDA Board meeting with the Members' unanimous vote in favor of ***Resolution 4a***. Upon motion duly made by Mr. Maloney and seconded by Mr. Luckie, the Board approved the Executive Session minutes of the October 2, 2019 SDA Board meeting with the Members' unanimous vote in favor of ***Resolution 4b***.

Authority Matters

CEO Report

Mr. Nixon asked Interim Chief Executive Officer (CEO) Manuel Da Silva for the Report of the CEO. Mr. Da Silva gave an update on September school openings. He reported that the Irvington Madison Avenue ES and Passaic Sonia Sotomayor ES projects have been issued certificates of occupancy (CO). He added that the Perth Amboy Rose Lopez ES project and the Trenton Central HS project were both issued temporary COs. He said that punch list work is underway.

Next, Mr. Da Silva gave an update on the three SDA projects in the procurement stage. He reported that for the Perth Amboy HS project, SDA received proposals for general contracting (GC) services from the joint venture of Terminal Construction Corporation/Dinallo Construction Corporation (Terminal/Dinallo) and Epic Management. He advised that for the Keansburg Port Monmouth Road School project, SDA received proposals in September from four firms for GC services and from thirteen firms for construction management (CM) services. He added that management will be requesting the Board's approval to award a contract for GC services to Niram, Inc. (Niram) and CM services to Pinnacle Consulting & Construction Services, Inc. (Pinnacle) for the Keansburg project. For the Plainfield Woodland ES project, he said that staff advertised for design-build services at the end of August and proposals are due this month (November).

Mr. Da Silva advised the Members that there are two projects in the constructability review stage. He said that both the Orange Cleveland Street ES and Orange HS projects are on schedule and staff will issue the necessary change orders.

Turning to design-build projects in construction, Mr. Da Silva informed the Members that for the Paterson Union Avenue MS project, design phase services are ongoing. He said that the first design package, inclusive of piles, foundations and steel, has been released by the Department of Community Affairs (DCA) and permits have been issued. He added that pile driving work is ongoing and foundation work is commencing. Mr. Da Silva reported that for the Camden HS project, Ernest Bock & Sons, Inc. continues with design phase services. He said that structural steel and masonry work continues in the building. For the East Orange George Washington Carver ES project, he advised the Board that Dobco, Inc. the design-builder, has completed design phase services. He added that interior mechanical, electrical and plumbing (MEP) finish work is ongoing.

In continuing, Mr. Da Silva reported that for the Harrison New ES project, MEP rough-in and building enclosure and exterior masonry veneer construction work is ongoing, along with roofing and window installation activities. He said that for the Millville HS addition and renovation project, Hall Construction continues with design phase services. He advised that Phase II addition masonry and MEP rough-in activities are ongoing. Mr. Da Silva further reported that Phase III footings and foundation work is ongoing and structural steel activities are scheduled to commence later in the current month. For the Passaic Dayton Avenue Educational Campus project, Mr. Da Silva said that Terminal Construction (Terminal) has commenced exterior framing of the upper floors. He advised that Terminal's final design package for the main building is under review by DCA. He added that staff anticipates issuance of the full notice-to-proceed (NTP) for construction this month. He then reported that for the Pemberton Denbo Crichton ES project, building enclosure work is ongoing, including windows and roof work, in preparation for the winter. He said that MEP and interior wall work is also underway and site drainage work is being completed.

With respect to projects in the programming stages Mr. Da Silva informed the Members that program modifications for the Hoboken Demarest ES project are under review for finalization. He said that SDA's engaged design consultant, DRG, is reviewing existing conditions and preparing related reports. He informed the Board that the Union City New Grade 7 to 9 School will be advanced through a design-build delivery method. He added that staff has initiated site acquisition activities and anticipates bringing a recommendation for Board consideration in December.

Turning to Authority events, outreach and other activities, Mr. Da Silva advised the Members that SDA held a beam signing ceremony for the new Camden HS on Wednesday,

October 30. He said that staff was joined by alumni, students, educators, district officials, the Mayor, Assembly representatives and many other local officials.

Mr. Da Silva also informed that Members that he and Andrew Yosha will be at the Alliance for Action's Annual Construction Forecast this Friday (November 8).

Next, Mr. Da Silva said that the SDA will be preparing to hold a groundbreaking ceremony for the new middle school in Paterson in the beginning of December. He said that staff will advise the Members when the event is scheduled.

Finally, Mr. Da Silva reported that following approval and expiration of the gubernatorial veto period, SDA anticipates issuing press releases to announce the awards for the Keansburg CM and GC contracts and the Perth Amboy HS design-build contract.

Audit Committee

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on October 21, 2019 at which time management provided the Committee with the September 2019 New Funding Allocation and Capital Plan Update. He advised that, during the reporting period, there were no changes in any of the reserve balances for the SDA districts. He reported that the reserve balance for the Regular Operating Districts ("RODs") increased by \$3.5 million during the reporting period due to a reduction in state share for grant projects nearing completion.

Mr. Nixon advised the Board that the Committee was provided with the results of one audit that was conducted to comply with the statutory requirement that capital portfolio projects over \$10 million be reviewed to assess whether state funds were expended in accordance with contract terms, SDA practices and state regulations. He reported that there were no findings. He said that the audit revealed that State funds utilized for the project were expended prudently and consistent with legal requirements.

Next, Mr. Nixon reported that the Committee discussed the proposed 2020 Operating Budget. He noted that the budget, at \$17.4 million, reflects a decrease of \$1.8 million from the 2019 Operating Budget. He advised that after discussion and with the authorization of the Audit Committee, the proposed budget was forwarded to the New Jersey State Legislature's Joint Budget Oversight Committee (JBOC) for review and approval in accordance with the New Jersey Budget Appropriations Act. He said that JBOC has 20 days within which to disapprove the budget or it is deemed approved. He advised that, all going well, management plans to present the proposed 2020 budget to the Board at the December meeting.

Mr. Nixon noted that management also had discussed with the Committee the upcoming Request for Proposals (RFP) for Human Resources Services. He said that Members of the Board will be participating on the RFP selection committee.

In conclusion, Mr. Nixon reported that management and the Audit Committee are recommending Board approval of revisions to the Memorandum of Understanding (MOU) between the SDA and the New Jersey Higher Education Student Assistance Authority (HESAA). Referencing material that was provided to the Board in advance of the meeting, he explained that HESAA administers the Governor's Industry Vocations Scholarship Program (NJ-GIVS) which, thru HESAA, provides financial aid in the form of scholarships. He noted that the MOU called for the SDA to pay HESAA's administrative fees. He reminded the Members that extensions and amendments to the MOU were approved by the Board in July 2016 and June 2019 and that the Authority has expended upwards of \$1.2 million on the scholarship program. He explained that, since inception, the level of effort associated with authenticating and reviewing "actual costs" associated with administrative fees for the program has proven to be burdensome for both SDA and HESAA and has resulted in delays in invoicing by HESAA. He advised that management is seeking Board approval to modify the June 2019 HESAA extension and

amendment to establish a new methodology for calculating HESAA administrative fees at a flat 10% rate applied to the amount of scholarships awarded during a particular academic year beginning with the 2019-2020 academic year. He said that management also is seeking Board approval to increase the funding for previously billed HESAA administrative fees related to three (3) academic years – 2016-2017, 2017-2018, and 2018-2019. He explained that, although the amounts paid are consistent with the terms of the MOU, the billings exceeded the amounts previously authorized by the SDA Board.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon a motion duly made by Mr. Luckie and seconded by Mr. Maloney, the Board approved the proposed revisions to the MOU between the SDA and HESAA for the NJ-GIVS program with its unanimous vote in favor of *Resolution 6a*.

School Review Committee

Construction Management Services – Keansburg School District – Port Monmouth Road School; Award of Construction Contract and Final Project Charter – Keansburg School District – Port Monmouth Road School; Design-Build Award and Final Project Charter – Perth Amboy School District – New Perth Amboy High School; Notification of Completion of Pre-Design Phase Services and Authorization to Proceed with Design Phase Services – Bridgeton School District – Bridgeton High School – Emergent Project – Water Infiltration - INFORMATIONAL; Procedures for Compliance with Alyssa’s Law – Special Adopted and Concurrent Proposed New Rules: N.J.A.C. 19:32A 1.1 to 3.1

Mr. Nixon asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie reported that the School Review Committee met on October 21, 2019 at which time seven items were discussed. He advised the Board that management is seeking approval for a CM services award for the Keansburg Port Monmouth Road School addition and renovation project (the Project). He informed the Members that the Project will result in a school facility of approximately 47,000 square feet designed to educate 315 Pre-Kindergarten students. He explained that the school is comprised of three distinct areas identified as Wings A, B and C and

that the Project includes the abatement of hazardous materials, demolition, renovation and construction work. He added that it also will address selective facility conditions, flood prevention and site improvements. Mr. Luckie reported that on August 14, 2019, a package for CM services was advertised as a “price and other factors” procurement with price weighted as 40% and all non-price factors having a combined weight of 60% of the final combined score. He said that following completion of the procurement process, management is recommending award of the CM services contract in the amount of \$1,065,750 to Pinnacle Consulting & Construction Services, Inc. for the Project. He added that Pinnacle has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the construction management services award for the Keansburg Port Monmouth Road School project was approved with the Board’s unanimous vote in favor of ***Resolution 7a***.

Mr. Luckie said that the Committee also is recommending a construction contract award and final project charter for the Keansburg Port Monmouth Road addition and renovation project (the Project). He advised the Board that a package for construction services was advertised as a “price and other factors” solicitation beginning on June 24, 2019. He added that for this procurement, “price” was weighted as 70% of the overall weight, with “all non-price factors” having a combined weight of 30%. Mr. Luckie said that upon completion of the procurement process, management recommends that the Board approve the award of a contract in the amount of \$18,645,000 to Niram, Inc. for construction services for the Project, inclusive of SDA-established allowances totaling \$1,215,000. He explained that Niram will be required to perform a constructability review prior to initiation of construction to identify any potential conflicts and their resulting cost impacts. He said that management also recommends Board approval of the

Project's final charter representing the project budget inclusive of dollar values for the award of construction, as well as a construction contingency which is intended to address, but is not limited to, any potential cost impacts that may be identified during the constructability review. He added that Niram has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the construction contract award and final project charter for the Keansburg Port Monmouth Road School project were approved with the Board's unanimous vote in favor of ***Resolution 7b***.

Mr. Luckie said that next for Board consideration is management's recommendation for a design-build award and final project charter for the new Perth Amboy HS project (the Project). He reported that the Perth Amboy HS will be an approximately 576,000 square foot building to educate approximately 2,800 students in grades 9 through 12. He said that on June 1, 2016, the SDA Board approved a preliminary project charter, thereby authorizing construction of the new high school facility and related site development work on the district-owned Convery Boulevard site utilizing in-house design and a design-build delivery method. He advised that a package for design-build services was advertised beginning March 26, 2019 with "price" weighted as 60% of the overall weight and "all non-price factors" having a combined weight of 40%. Mr. Luckie said that upon completion of the competitive procurement process, management recommends award of a contract in the amount of \$247,950,000 (inclusive of SDA-established allowances totaling \$5,620,000) to the joint venture of Terminal Construction Corporation/Dinallo Construction Corporation, for the Project. He noted that Terminal/Dinallo has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. He explained that, along with the contract award, management recommends that the Board approve

the final charter for the Project, representing all expended and projected funds necessary for completion of the Project.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Maloney and seconded by Mr. Vargas, the design-build award and final project charter for the new Perth Amboy HS project were approved with the Board's unanimous vote in favor of ***Resolution 7c***.

In continuing, Mr. Luckie said that Committee also is recommending a credit change amendment for Greyhawk North America, LLC (Greyhawk). He explained that a credit amendment is the accounting mechanism whereby the SDA de-obligates unused contract funds. He reported that the Paul Robeson Community School for the Arts project consists of a 59,400 square foot renovation and 60,500 square foot addition to the facility that is designed to educate 823 students in grades Pre-K to 5 in the New Brunswick School District. He said that the design-build award and project charter for the addition and renovation Project (Project) were approved by the Board in September 2015. Mr. Luckie advised that Greyhawk was issued a notice-to-proceed in August 2016 for design-build CM services for the Project. He said that actual Project construction began on August 10, 2016 and that substantial completion was achieved on May 31, 2018, approximately five (5) months earlier than the anticipated 27-month construction duration period reflected in Greyhawk's agreement. He added that the Project certificate of occupancy was issued on July 25, 2018. Mr. Luckie informed the Members that the Project was transferred to the district and that students and staff occupied the facility beginning September 2018. He said that the remaining unused balance of the not-to-exceed value--totaling \$188,750.00 and representing five months of Greyhawk's monthly fee of \$37,750-- is available for de-obligation. He added that execution of this amendment is necessary for the release of final payment and to advance contract closeout, as well as closeout activities for the Project. He noted that SDA staff

has determined that this credit change order is justified and that the amount is reasonable and appropriate.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion by Mr. Vargas, seconded by Mr. Luckie, and with Mr. Egan recused and abstaining, the Board approved the proposed credit amendment in the amount of \$188,750.00 with its unanimous vote in favor of ***Resolution 7d***.

Mr. Luckie informed the Members that the Committee discussed an informational item regarding the Bridgeton HS emergent project. He explained that management is advancing an emergent project to address water infiltration conditions there. He said that USA Architects (USA) was engaged by the SDA through the design consultant services task order contract to perform pre-design phase services, inclusive of investigation and testing, in order to provide SDA with options for addressing the conditions. He advised the Board that, based upon results of the pre-design phase services and staff's review, the recommended option to remedy the emergent condition is installation of a new EPDM (Ethylene-Propylene-Diene Monomer) roofing system on the entire school with the exception of one area, the library roof. Mr. Luckie said that management has authorized USA to complete design documents for the emergent project and, upon completion of the design documents, the SDA will engage a general contractor through the design-bid-build procurement process. He noted that the value of that general contractor engagement is estimated at this time to be \$5,000,000. He said that while advancement of the design phase services does not require approval by the Board, the construction contract will require Board approval prior to engagement of the contractor.

Next, Mr. Luckie said that management is seeking Board approval to advance a regulatory proposal pursuant to the "Alyssa's Law" legislation (Procedures for Compliance with Alyssa's Law for Special Adopted and Concurrent Proposed New Rules: N.J.A.C 19:32A 1.1 to

3.1). He explained that the Committee was provided with an overview of the proposed regulations which require the installation of an alarm system in schools that would notify local authorities in the event of an active shooter or emergency situation. He asked Ms. Haney to discuss the proposed regulations with the Board.

Ms. Haney thanked the Members for their accelerated review of the regulations in an effort to coordinate the promulgation of regulations by the SDA and Department of Education (DOE). Referencing material that was provided to the Board in advance of the meeting, she explained that the DOE is administering the grants process under the “Securing Our Children’s Future Bond Act” which supplies funding for school security grants that will include Alyssa’s Law projects along with a number of other components. She explained that Alyssa’s Law (the law), enacted in February, requires that each school building in each district have a silent alarm that, when manually activated, triggers a signal that is sent to local law enforcement. She said that general obligation bonds will be utilized for funding the law. She advised that funding will be administered by DOE pursuant to rules that DOE will promulgate. She said that SDA is statutorily responsible for issuing regulations as a “special adoption” that are essential for implementing procedures for district compliance with the law. She explained that these regulations will take effect immediately upon filing, and will be effective for a period of six months. She advised the Board that SDA’s regulations will be concurrently promulgated in the normal course. She explained that the SDA “special adoption rules” will be in place in advance of DOE’s complementary regulations which will not become effective until after their proposal, the receipt of public comment and final adoption in April 2020. Ms. Haney explained that the Rules do provide a procedure for the SDA to review districts’ submissions to determine their compliance/non-compliance with to the law. She added that there is also a procedure whereby SDA can seek a recommendation from DOE to approve an alternate emergency system

mechanism. She advised that there will be several categories of systems that could qualify as alternate emergency mechanisms if approved by DOE. Ms. Haney then discussed variations in alarm systems and licensure procedures for systems installed prior to enactment of the law. She noted that the SDA is seeking to advance publication of the regulations in order to implement the compliance review program so that districts can transmit their applications immediately. She said that this will allow the grant process to move forward when DOE's grant funding regulations are adopted in April 2020. Mr. Nixon asked if the alarm system is tied-in directly to a law enforcement facility. Ms. Haney answered in the affirmative. Mr. Maloney asked if every school will have to comply with this law. Ms. Haney said that every school will have to comply with the exception of standalone Pre-K's, Charter and Renaissance Schools. Mr. Maloney inquired as to the funding source. Ms. Haney responded that the funds will be made available through General Obligation Bonds and explained the district application and eligibility requirements.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion by Mr. Vargas and seconded by Mr. Maloney, the Board approved the proposed regulations pursuant with its unanimous vote in favor of ***Resolution 7f***.

In closing, Mr. Luckie informed the Members that, at the October 21, 2019 Committee meeting, management had also provided the Committee with an update on the Millville HS project.

Public Comments

Mr. Nixon then opened the Public Comments portion of the meeting. No member of the public stepped forward to address the Board.

Adjournment

There being no further business to come before the Board, 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 November 6, 2019 meeting.

/s/ Jane F. Kelly
Assistant Secretary