

**NEW JERSEY STATE BUILDING AUTHORITY
MINUTES OF BOARD MEETING
August 18, 2009**

MEMBERS PRESENT

John Fisher, Chairman
Morris Rubino
Prentis Nolan
Dennis McNerney, arrived at approximately 10:20 a.m.
William Mullen
William Sproule
Debra Bell, State Treasurer's Designee, by Conference Call
Gary Brune, Designee for Comptroller of the Treasury

OTHERS PRESENT

Charles Chianese	Kavin Mistry
Raymond Arcario	Joe Neal
John DiGiorgio	Karen DeMarco
Vince Campanella	Richard Flodmand
Anthony Faraca	Pat Papero
Steve Sutkin	Nancy Feldman
Mark Kaminski	Michael O'Reilly
Joseph Alessi	

Chairman Fisher convened the meeting at 9:55 AM and read the following announcement:

"Pursuant to the New Jersey Open Public Meetings Act, the New Jersey Building Authority gave notice of the time, place and date of this meeting by providing notice of time, place and date to the Secretary of State of the State of New Jersey, the Newark Star Ledger, the Trenton Times, and the Bergen Record."

I. ROLL CALL FOR ATTENDANCE

Mr. Chianese proceeded with roll call. Members and others present are noted above.

II. MOTION TO APPROVE THE MINUTES OF MAY 12, 2009

On motion by Mr. Rubino, seconded by Mr. Sproule with all members voting in favor, the minutes of May 12, 2009 were approved.

On the Executive Session, motion to approve by Mr. Rubino and seconded by Mr. Sproule with all members voting in favor, the minutes of the Executive Session for May 12, 2009 were approved.

III. MOTION TO APPROVE THE 19th SUPPLEMENTAL BOND RESOLUTION

Mr. Chianese gave a brief overview of the Bond Resolution and then asked Ms. Nancy Feldman the Director of the Office of Public Finance in the Department of the Treasury, to further explain the Supplemental Bond Resolution. Ms. Feldman stated the 19th Supplemental Resolution authorizes the issuance of what had previously been authorized as taxable bonds to be designated as tax exempt bonds issued as tax exempt rates which are lower. We are not authorizing any additional refunding bonds other than those which were already authorized, but to authorize the change in status and the delegation of the tax status from taxable to tax exempt. Mr. Rubino asked what was the tax exempt percentage rate? Ms. Feldman replied, for a 30 year bond which was not issued but that is the benchmark, the rate is about 5%. Ms. Feldman indicated that this will bring the net present value calculations to around breakeven, but the cash savings to the State budget will still be achieved. Mr. Chianese indicated that according to OMB the FY 10 budget is predicated on the cash debt services savings not the net present value, Ms. Feldman agreed.

Mr. Fisher asked for any other questions, there being none, he called for a motion to approve, the motion was moved by Mr. Rubino and seconded by Mr. Sproule with all members present voting in favor, the resolution was approved.

MOTION TO APPROVE THE NEW JERSEY BUILDING AUTHORITY 2008 ANNUAL REPORT

Mr. Chianese stated that the audit report by the independent auditor's is attached.

Mr. Fisher asked for any other questions, there being none, he called for a motion to approve, the motion was moved by Mr. Rubino and seconded by Mr. Sproule with all members present voting in favor, the Annual Report was approved.

MOTION TO APPROVE THE RESOLUTION OF THE NEW JERSEY BUILDING AUTHORITY APPROVING THE PROJECT REPORT FOR THE CONSTRUCTION OF A NEW SURFACE PARKING LOT AT NORTHERN STATE PRISON IN NEWARK, NJ

Mr. Chianese gave an overview of the statutory requirements that the project report must follow. This project is a little different in that it will not require any further indebtedness on behalf of the State or any financing as it is being funded from project surplus that the Building Authority has derived by bringing in other projects under budget. Mr. Steve Sutkin, Director of the Division of Property Management and Construction will give an overview of the project. Currently the State is parking DYFS vehicles at a variety of leased facilities in the Newark area, at a considerable expense. By converting the vacant land into a parking lot it will enable the State to eliminate a number of the State leases.

Mr. Sutkin introduced Pat Papero of DPMC who is the Project Manager for the project. Mr. Sutkin noted that ultimately this will result in a significant cost savings for the State. Currently, the State leases space for 340 vehicles, in the city of Newark, which are predominately driven by DYFS case workers. Vacant land was located just off of exit 14 of the NJTP on the site of Northern State Prison. The Department of Correction is amenable to the use of the land for the project. Preliminary due diligence has been completed, and an engineering firm has completed a study. There was some contamination found, but otherwise the site is suitable for the purposes intended. Site lighting, photovalteics, cameras, card access and certain other security (which may or may not include a guard booth with some minimal structure) would take place.

Mr. Sutkin noted that the annual costs savings would be \$700,000 and \$750,000 per year which would have this project pay for itself within three years. Mr. Sutkin then asked for questions from members of the Board.

Mr. Brune asked is there would be an operating cost for the guard shack and would there be a need to hire someone? Mr. Papero stated that there would be card access gates, he was not aware of what the plans were for a guard booth. Mr. Sutkin stated the project may or may not include a guard booth. Mr. Brune asked about the timing of the project. Mr. Papero stated that construction would start in the spring of 2010. Mr. Brune asked if there were going to be other projects like this throughout the State. Mr. Sutkin believes that there are other opportunities but there needs to be a cost benefit analysis.

Mr. Mullen asked where the people worked who would be utilizing the lot? Mr. Sutkin replied in downtown Newark, they are predominately field workers.

Mr. Fisher asked for any other questions, there being none, he called for a motion to approve, the motion was moved by Mr. Mullen and seconded by Mr. Rubino with all members present voting in favor, the resolution and project report was approved.

IV. PROJECT STATUS REPORTING

Mr. Chianese stated that in respect to the Health Lab, because of the nature of the facility, it being a bio-level 3 lab, and the extremely complex systems that exist, the State has (through the DPMC) discussed at great length the State's ability to maintain the facility. Because of the complexities of this facility there is a need to extend the commissioning process for one year as part of the Building Authority's effort to make sure all the systems are functioning properly and that all of the "bugs" are worked out, especially since many of the systems are integrated. There needs to be a focus on the commissioning process as we have learned from past issues on other projects. What the State needs to focus on and just so the Board is aware, is the maintenance side of it, that once the project is completed how will the building be transitioned from the extended commissioning phase to the State which would be responsible for maintenance, operations budget, personnel, etc. Director Sutkin through DPMC has had extensive dialogue with the Departments of Health and Agriculture and with the project consultants on this issue.

Director Sutkin stated one of the things that the staff is looking at is bringing on the consultants who are very much involved with the commissioning process already. Director Sutkin further stated that a preliminary program development proposal from HOK through their sub-consultants Working Buildings was sent to DHSS for their review. DHSS has approved the proposal as far as the content, based on prior experience. HOK/Working Buildings will be given an NTP on the development of the program document related to the maintenance requirements of the building. With that, the State will then seek out who will then be responsible for the maintenance of the Lab.

Chairman Fisher asked if the maintenance could be done in-house, or would it have to be contracted out. Mr. Sutkin replied that it would likely have to be contracted out. Mr. DiGiorgio added that this is a 24/7 operation where all contaminants and/or specimens have to be maintained. Due to the complexity of the building each one of the components all need to be properly maintained and operated to stringent specifications at all times as to not allow bio-contamination. Extensive protocols need to be developed. Ms. Bell asked how it was being done today in the current lab. Mr. Arcario believes that it is a combination of outside vendors and State employees.

Mr. DiGiorgio noted that the warranties and service manuals are enormous and to undertake the breakdown is a monumental task and the State really needs to think through how they are going to maintain this facility.

Chairman Fisher asked how the NJSP Forensic Lab maintenance is handled and Mr. Sutkin replied by an outside vendor. Mr. Rubino asked if there was a contract on the RJH Justice Complex and Mr. Sutkin replied that the maintenance contract for repairs was through DPMC with specific repairs often performed by an outside vendor.

Mr. Brune asked Mr. Sutkin when the report from HOK/Working Buildings was due to the Building Authority. Mr. Sutkin indicated that we should receive the report within 90 days from today. Ms. Bell was concerned that the “life cycle” costs were just being discussed for the first time at the meeting. This was just an observation. Mr. Chianese replied that very early on there were conversations that took place with Law & Public Safety regarding the maintenance and the programming of the facility. L&PS had prepared a draft MOU that they were planning to enter into with the DHSS to take over the maintenance of the facility. When Tom O’Reilly retired the MOU process seemed to fall apart. At a meeting a few months ago Mr. Sutkin came to the conclusion that the Department of the Treasury was not equipped to maintain the facility, and it would need to be handled by the DHSS and DAG. Therefore through the extended commissioning of the building it would provide the State 1 1/2 years to figure out what the maintenance program should look like and consist of. Ms. Bells’ other concern is that the State does not know how much it will cost to run the building. HOK/Working Buildings did give some preliminary numbers which were shared with OMB on buildings that were similar in size.

Mr. Brune asked what the report will entail Mr. Arcario replied its HOK/Working Buildings analysis for the State of what it will take to run the Health Lab from an operations and maintenance stand point and an expense stand point.

Ms. Bell stated that the State needs to know when the current “Health Lab” operating expenses are going to cease. There will be some overlapping periods. Mr. DiGiorgio said that they are working on a schedule with HOK to show the differences in turning over the lab. After they move out of the current lab, we need to know the time frames on de-commissioning as well. Some preliminary studies look like 1-1 ½ years before these facilities can be shut down. Mr. Chianese stated that the CDC and others certified related requirements in the new facility have to take place before they will permit the transfer of the existing lab and the associated shut down of the old lab.

Chairman Fisher thanked everyone for their questions and asked for any other questions or comments, there were none.

V. EXECUTIVE SESSION

Mr. Martorelli was unable to attend the meeting today therefore the Board did not go into Executive Session.

VI. ADJOURNMENT

There being no other business, on motion by Mr. McNerney, seconded by Mr. Mullen, the meeting was adjourned at 11:00 AM.

The next Authority meeting is scheduled for, October 20, 2009 at 9:30 AM at a location to be determined.

Respectfully submitted,

Charles Chianese
Secretary