

**NEW JERSEY STATE BUILDING AUTHORITY  
MINUTES OF BOARD MEETING  
May 12, 2009**

**MEMBERS PRESENT (By Conference Call)**

John Fisher, Chairman  
Morris Rubino  
Prentis Nolan  
William Maer  
Dennis McNerney  
William Mullen  
William Sproule  
Debra Bell, State Treasurer's Designee  
Gary Brune, Designee for Comptroller of the Treasury

**OTHERS PRESENT**

Charles Chianese	Wayne Martorelli
Kavin Mistry	Raymond Arcario
Carl Doan	Joe Neal
John DiGiorgio	Karen DeMarco
Vince Campanella	Richard Flodmand
Anthony Faraca	David Moore
Steve Sutkin	
Mark Kaminski	
Joseph Alessi	

Chairman Fisher convened the meeting at 9:35 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 OCTOBER 28, 2008**

There was a motion to approve the minutes moved by Mr. Rubino, and seconded by Mr. Nolan with all members present approving and one abstention by Mr. Mullen.

On the Executive Session, motion to approve by Mr. Nolan and seconded by Ms. Bell with all members present approving with one abstention by Mr. Mullen.

### **III. MOTION TO APPROVE THE MINUTES OF DECEMBER 17, 2008**

There was a motion to approve the minutes by Mr. Rubino and seconded by Mr. Nolan with all members approving, the minutes were approved.

On the Executive Session, motion to move by Mr. Rubino and seconded by Mr. Nolan with all members approving, the minutes were approved.

### **MOTION TO APPROVE THE EIGHTEEN SUPPLEMENTAL STATE BUILDING AUTHORITY REVENUE BOND REFUNDING RESOLUTION**

Mr. Chianese asked David Moore, with the Department of the Treasury, Office of Public Finance, to give an overview of the transaction before the board, as presented and recommended by the Office of Public Finance (OPF). Mr. Moore summarized the proposed transaction.

He also noted that the resolution before the Board would allow for the OPF to issue in multiple series of tax exempt and taxable bonds. The refunding will allow cash flow savings to the State General Fund in an amount of approximately \$100 million over the current and next fiscal years. Mr. Moore noted that the interest rates on taxable bonds are higher than interest rates on tax exempt bonds as that was set forth in the memo previously sent to the Board Members by the OPF.

Mr. Nolan asked for a clarification regarding the 8% interest and 10% interest. Mr. Moore replied that those are simply the maximum interest rates and they do not expect to reach such levels.

Mr. Brune asked in regard to the letter issued by the OPF dated May 12, 2009; regarding \$65 million savings in FY 2010 budget, the OPF mentioned \$100 million across 2 years, so is it implied that \$35 million is saved in FY 2009? Mr. Moore replied that they would like to execute the transaction quickly before the end of the fiscal year to achieve such savings in FY 2009.

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

### **IV. PROJECT STATUS**

Ms. Bell asked for a brief update from Mr. Chianese of the space planning and the NJPHEAL building.

Mr. Chianese stated that there was a very productive meeting held with Department of Health and Senior Services, Director Sutkin of the DPMC, Department of Agriculture, HOK, Turner Construction and the sub-consultant from Working Buildings who will be commissioning the building. There were two substantive discussions that took place, one on maintenance issues which the sub-consultant will be preparing a comprehensive report and

operation protocol to provide to Director Sutkin with respect to how the maintenance should be approached for the facility, which will also outline what the budget implications will be.

Mr. Chianese stated that there was also a discussion on the programming of the building. HOK as well as Working Buildings provided some framework which needs to be taken under consideration for programming the facility. Director Sutkin and Ray Arcario will be deliberating with the departments to decide on the final programming of the building. When the final decision is made, then the groups can return to the Building Authority and see if there are any cost implications on the project and proceed accordingly. Once the programming decisions are finalized, the FF&E decisions can be finalized.

Mr. Chianese asked Mr. Sutkin if he would like to add anything at this time and Mr. Sutkin asked about the scheduling. Mr. Chianese briefly commented on this issue. Once the Building Authority has the facility commissioned and turns it over to the State, one of the issues is that the old Health building is not just going to be vacated immediately. According to the sub-consultant from Working Buildings certain aspects will not be able to transition to the new facility until certain conditions and requirements are met.

Ms. Bell asked that there be a brainstorming session to clarify what opportunities there may be to mitigate the time line and assimilate into the building due to the upward cost on the State for maintenance of both facilities for a longer period of time. The idea was to shut down the older facility and potentially sell the property.

Mr. Sutkin stated that the information received from the consultant was that the utility cost for the new facility is going to be a lot higher than was originally anticipated by OMB in the budgeting for the last 2 months in FY 2010.

Mr. Chianese indicated that a meeting will be set up to explore if there are any opportunities to accelerate the schedule once the Building Authority turns the building over to accelerate the transition from the old building to the new building.

#### **IV. CONSTRUCTION WORKSHOP DISCUSSION**

Mr. Chianese stated that there were 2 documents provided for the Boards information. Through our compliance unit, this has been a very successful process. The General Contractor packages have to contain the sub-contractor certification, confirming that the sub-contractors were in fact paid from the General Contractor.

At the last Board meeting, the Board requested that we incorporate an additional certification from the sub-contractor that the sub-contractors subs have been paid. We have since done that. This has also been very successful.

Mr. Nolan asked if certifications are mailed directly to the Building Authority and if they are due every month. Mr. Chianese replied that as part of the sub-contractors payment process, through the GC the sub-contractors are required to provide the certification to the GC and the GC is required to provide that certification in their payment request.

**V. EXECUTIVE SESSION**

Chairman Fisher asked for a motion to move into Executive Session to discuss certain contractual matters relating to the State Museum, the Hamilton State Police Project and the State Police Emergency management and Operations Center, the Thomas Edison College, the Health and Agricultural Laboratory and the South Woods State Prison and resolving that the minutes of the executive session shall be disclosed to the public at such time as the Authority determines that the matters discussed can be disclosed. On motion by Mr. Rubino, seconded by Mr. Nolan, the Board moved into Open Session.

**VI. ADJOURNMENT**

There being no other business, on motion by Ms. Bell, seconded by Mr. Rubino, the meeting was adjourned at 10:10 AM.

The next Authority meeting is scheduled for June 16, 2009, at 9:30 AM at a location to be determined.

Respectfully submitted,

Charles Chianese  
Secretary

jm/F0784

## **EXECUTIVE SESSION**

### **TECHNOLOGY COMPLEX**

Mr. Martorelli stated the lawsuit with LR Kimball due to E & O's has reached a settlement. The settlement is roughly \$1.5 million. This is a very good result for the State, and one big case behind us.

The Bock litigation is ongoing, with M&R Mechanical's counsel being allowed to withdrawal due to non-payment, so until M&R is represented the case can't move forward. There is a court conference scheduled for May 28, 2009.

### **STATE MUSEUM**

Mr. Martorelli stated that the mediation with SAFECO & FHC has failed and Ray Angelini Inc., has now consolidated their claim with SAFECO & HFC against the State. There is a court conference scheduled for May 26, 2009 to discuss an extension of discovery.

### **SOUTH WOODS**

Mr. Martorelli stated that the Authority filed suit against Perini for the failure of the high temperature hot water system. A court conference is set for September 14, 2009. Mr. Martorelli feels that this case will be in discovery for some time.

### **EOC**

Mr. Martorelli stated the claims against LR Kimball for E&O issues are in the final stages of negotiations. Settlement should be sometime within the next few months.

### **GENERAL DISCUSSION**

A motion was made to return to open session with all members voting in favor.