



## State of New Jersey

NEW JERSEY BUILDING AUTHORITY  
28 WEST STATE STREET, 6<sup>TH</sup> FLOOR  
TRENTON, NJ 08625

PHILIP MURPHY  
Governor

SHEILA OLIVER  
Lt. Governor

JOHN H. FISHER, III  
Chairman

Teleconference Board Meeting  
Tuesday, October 8, 2019 @ 9:31 A.M.  
New Jersey Building Authority (NJBA/BA)  
50 West State Street, 2nd floor  
Trenton, NJ 08625

### MINUTES OF BOARD MEETING

#### ATTENDEES

##### **BOARD MEMBERS PRESENT VIA TELECONFERENCE**

1. John H. Fisher III, Chairman
2. Prentis C. Nolan, III
3. Sean Earlen
4. Dennis McNerney
5. William C. Sproule
6. William T. Mullen
7. James M. Rutala, PP, AICP, MBA - Chair, NJ Commission on Capital Budgeting & Planning
8. Michael Griffin, NJ Office of Management and Budget, Designee for Director, Division of Budget & Accounting
9. Michael Kanef, NJ Office of Public Finance, Designee for State Treasurer

##### **BOARD MEMBER(S) ABSENT**

10. Kurt Krueger, Jr.

##### **OTHERS PRESENT VIA TELECONFERENCE**

Daniel Kelly, Governor's Authorities Unit  
Matthew Daly, Supervising Senior, Mercadieu, P.C.  
Digesh Patel, Director/Manager, Mercadieu, P.C.

##### **OTHERS PRESENT AT THE NJBA OFFICE**

Raymond A. Arcario, NJBA Executive Director/Secretary  
Kavin Mistry, Deputy Director, Division of Law  
Susan Wilkerson, Deputy Attorney General  
Gary Pinar, Asst. Director of Fiscal Management  
Anthony Faraca, NJBA Chief of Construction  
Wanda L. Gibson, NJBA Administration Operations Manager

#### **I. CALL MEETING TO ORDER**

Chairman Fisher called the meeting to order at approximately 9:31 A.M.

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**IA. THE READING OF THE NEW JERSEY OPEN PUBLIC MEETINGS ACT STATEMENT**

Chairman Fisher, read the following statement:

“Pursuant to the New Jersey Open Public Meetings Act as amended, 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 (Trenton, NJ), The Times (Trenton, NJ), The Star Ledger (Newark, NJ) and The Record (Hackensack, NJ).

**II. ROLL CALL FOR ATTENDANCE**

At the request of Chairman Fisher, Mr. Arcario proceeded with roll call and informed Chairman Fisher that the Board Member quorum requirement was met. Board Member attendees are noted above.

**IIA. OTHERS PRESENT**

Refer to the OTHERS PRESENT above. Please note no members of the public attended this teleconference meeting.

**III. MATTERS REQUIRING BOARD ACTION**

- a. **Resolution of the New Jersey Building Authority Approving the December 12, 2018 Board Meeting Public Session Minutes** (attached as **Exhibit A**): Chairman Fisher asked for a motion to approve the December 12, 2018 NJBA Board Meeting Minutes. Michael Kanef moved the motion, and William Sproule seconded the motion. Mr. Arcario called the roll. Eight (8) board members voted in favor of the motion with one (1) abstention, and the motion was approved.
- b. **Resolution of the New Jersey Building Authority Accepting the 2018 Audit Report** (attached as **Exhibit B**): Chairman Fisher asked that the vote on the 2018 Audit Report be tabled until the final version is produced.

Mr. Daly of Mercadien explained that the Government Accounting Standards Board (GASB) 75 (Health Benefits for retirees) had been omitted from the 2018 Audit Report. Mr. Mistry then advised that the vote be tabled until such information is provided.

- c. **Resolution of the New Jersey Building Authority Approving the 2018 Annual Report** (attached as **Exhibit C**): Chairman Fisher asked that the vote on the 2018 Annual Report be tabled until the final version is produced being that the Annual Report includes the 2018 Audit Report.
- d. **Resolution of the New Jersey Building Authority Approving the Administrative Budget for Fiscal Year 2020** (attached as **Exhibit D**): Chairman Fisher asked for a motion to accept the NJBA 2020 Annual Budget. Dennis McNerney moved the motion,

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Michael Kanef seconded the motion, and Mr. Arcario called the roll. Nine (9) board members voted in favor of the motion, and the motion was approved.

Mr. Arcario explained the delta between the 2020 budget and the 2019 budget. There was a place holder for a Financial Analyst that had been carried in the budget however, to date there has been no direction to fill the position. Also the budget contains increases to salaries for the current four staff members, in order for the staff members' salaries to be comparable to similarly-situated staff in DPMC and in Treasury. Mr. Arcario also noted that there is no salary increase for the Executive Director.

**IV. PROJECT STATUS REPORTING**

**Executive State House (ESH)**

Chairman Fisher asked Mr. Arcario to provide a project update.

The NJBA has been tasked with the oversight of the renovation and restoration of the ESH on behalf of Treasury, Department of Property Management and Construction (DPMC), financed by the New Jersey Economic Development Authority (NJEDA) for our expertise and institutional knowledge of the ESH. The Design Consultant of record is Nelson Architects in partnership with Preservation Design Partners. Turner Construction is the Construction Management Firm (CM) of record. Anthony Faraca is the lead and head of construction for the NJBA with assistance from Phillip Johnson.

Through DPMC, we entered into a procurement for the general contractor in two (2) phases. The first phase was a prequalification of general contractors with the capacity to perform the work necessary for the renovation and restoration of the ESH which resulted in a pool of five (5) general contractors. We shared with those contractors all test results, the design documents, schematic documents, 50% documents, 100% documents in an iterative process intended to better inform the bids. We also had the building open and accessible to the contractors and subcontractors throughout.

In late April we issued the bid documents to the prequalified bidder pool that had narrowed to three (3): Hall Construction (Hall), Daniel J. Keating (Keating), and Tutor Perini. There were over 2000 RFIs that our design consultant responded to. We issued a number of bulletins and some containing as many as 200-300 revised drawings. Mr. Arcario noted that throughout the design and bid process there is and has been an excellent working relationship with the Department of Community Affairs (DCA), DPMC, NJBA, and State Historic Preservation Office (SHPO).

On September 17, 2019 we accepted bids from all three (3) contractors and Daniel J. Keating was the apparent low bidder with a bid of \$199,498,000, which is within our project budget parameters. The project was approved for \$300 million, with a bonding limit of \$283 million. To date DPMC has issued \$51 million in contracts. That will allow

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a contract contingency of approximately ten percent. Although NJBA is managing the contract, this is a DPMC contract. We completed a very extensive and detailed post bid review analysis. We have met with Keating, its subcontractors, its estimators, its principals of the company in a structured manor on five (5) separate occasions over a two (2) week period. Each meeting followed a specific agenda, led by DPMC, the design consultant, and the CM. We are now at the place where we collectively and individually will present to DPMC our recommendations to award. It is expected to be awarded within the next two weeks. The project will follow an aggressive 36 month construction period. None of the bidders raised concern in regards to the construction duration during the bid period. Keating acknowledged and commits to complete within that duration. Turner developed a prospective construction schedule demonstrating a path that could be followed to complete the construction in 36 months.

Mr. Arcario also noted that this is a Project Labor Agreement project and the other five (5) contracts engaged on this project have been subject to that agreement. The NJBA has an excellent relationship with the Mercer County Building Trades Council.

Mr. Arcario informed the Board that Hall Construction submitted a bid protest which has been determined to be without merit by DPMC after thorough investigation and analysis.

Chairman Fisher and Mr. Arcario asked the Board Members for any comments regarding the updates. Mr. Nolan asked what was Hall, the second lowest bid amount. Mr. Arcario informed that bid from Hall was approximately \$205 Million and the bid for Tutor Perini was approximately \$212 Million.

Mr. Kanef asked what the basis was for Hall's protest. Mr. Arcario responded that Hall is protesting that the HVAC-R subcontractor named by Keating does not have sufficient aggregate rating through DPMC to be awarded a contract by Keating, for the value of the HVAC-R work. Hall claims that the public and private backlog along with this anticipatory award would have the subcontractor exceeding their aggregate rating. DPMC's investigation showed that subcontractor's backlog together with an award on this project would not exceed subcontractor's aggregate rating. Mr. Kanef also asked if the 10 percent reserve/contingency of approximately \$20 million is sufficient, given the complexity of the project. Mr. Arcario responded that if we had not emptied the building, and undertaken the significant work to remove non-historic components and completed selective demolition then the 10 percent would be low. However, with the borings and probes completed along with all of the removals made, the investigative work significantly lowered the risk of the unknown. We also built allowances into the contract for areas where we anticipate encountering additional work. NJBA will tightly manage the allowances which collectively add up to just under \$2 Million.

Mr. Earlen asked if the 36 month deadline is a hard deadline with any penalties. Mr. Arcario responded that it is, there is a liquidated damages clause in the DPMC contract, for failure to meet the deadline.

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Chairman Fisher thanked Mr. Arcario for the update while commenting that this kind of detail sets a Hallmark standard for the NJBA in terms of its layout and accountability.

**VI. PUBLIC COMMENTS**

No members of the public appeared in person, nor identified on the teleconference call meeting.

**VII. EXECUTIVE SESSION**

None

**VIII. GENERAL COMMENTS/OTHER BUSINESS**

- Mercadien, P.C. gave an update of the draft 2018 Audit Report. Mr. Daly explained that upon review by the Office of Public Finance, the liability for GASB 75, the post-retirement medical benefits, is still in draft status and will need to be included in the 2018 Audit Report. Mr. Daly conveyed that the final GASB 75 accepted version is expected in two weeks. Mr. Mistry recommended that the vote on the 2018 Audit and 2018 Annual reports should be tabled for a future meeting until the final report is ready for the Board. At which time, Chairman Fisher may call a special Board Meeting or wait for the December meeting to vote on the 2018 Audit and Annual reports.
- Mr. Kanef asked if there was a current plan to fill the new position of Financial Analyst or is there a determination that we do not need to fill it. Mr. Arcario explained that the place holder had been in place in anticipation of the NJBA moving forward with prospective projects. If and when the NJBA advances new project reports, having in-house financial analytical capabilities would be less expensive than outsourcing, as has been done in the past. No plans currently are underway to advance new projects and therefore it seems prudent to reduce the place holder salary from the 2020 budget.
- Mr. Arcario informed the Board that DPMC received financing from the NJEDA to undertake the design and construction of three (3) Juvenile Justice Commission regional centers. DPMC asked NJBA to provide administrative oversight for these projects. A design consultant has been engaged to develop prototype designs. Chairman Fisher asked Mr. Arcario for a written update when the time is appropriate.

**IX. NEXT SCHEDULED BOARD MEETING DATES**

The next scheduled board meeting is Tuesday, December 10, 2019.

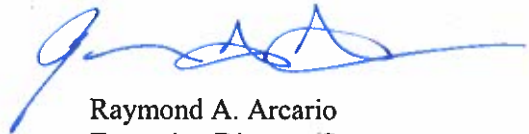
**X. ADJOURNMENT**

Chairman Fisher asked if there being no other business, the meeting could be adjourned. Mr. McNerney moved to adjourn the meeting, Mr. Kanef seconded the motion, nine (9)

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members voted in favor, and the motion passed. The meeting adjourned at approximately 10:14 A.M.

Respectfully submitted,



Raymond A. Arcario  
Executive Director/Secretary

RAA/wlg

Date: October 8, 2019