

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS TELECONFERENCE MEETING
WEDNESDAY, OCTOBER 7, 2020**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, October 7, 2020 at 9:00 A.M.

Participating by teleconference were:

Mario Vargas, Vice Chairman

Michael Kanef (Treasury)

Bernard Piaia (DOE)

David Nuse (EDA)

Kevin Luckie (DCA)

Kevin Egan

Richard Elbert

Loren Lemelle

Lester Lewis-Powder

Michael Maloney

being a quorum of the Board.

At the Vice Chairman's request, Manuel Da Silva, 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 Sean Murphy, director, of the SDA, participated in the meeting by teleconference. Joy Johnson of the Governor's Authorities Unit (GAU) also participated in the meeting by teleconference.

In the absence of the Chairman, Mr. Nixon, the meeting was called to order by the Vice Chairman of the Board, Mr. Vargas. The Vice Chairman then asked Ms. Kelly to 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. She said that a call-in number was provided on the SDA Website so that members of the public could participate in the meeting by teleconference. She also advised the Members that the call-in number for the meeting was posted at the SDA offices earlier in the morning. Ms. Kelly then conducted a roll call and indicated that a quorum of the Board Members was present.

Approval of Meeting Minutes

The Vice Chairman presented for consideration and approval the minutes of the Board's September 2, 2020 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. Luckie, seconded by Ms. Lemelle, and with Mr. Nuse abstaining, the Open Session minutes of the September 2, 2020 SDA Board meeting were approved by the Board with the Members' vote in favor of the resolution attached hereto as ***Resolution 3a***.

Next, Mr. Vargas presented for consideration and approval the minutes of the Board's September 2, 2020 Executive 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. Piaia, seconded by Mr. Kanef, and with Mr. Nuse abstaining, the Executive Session meeting minutes of the September 2, 2020 SDA Board meeting were approved by the Board upon its vote in favor of the resolution attached hereto as ***Resolution 3b***.

Authority Matters

CEO Report

The Vice Chairman then asked Mr. Da Silva for the Report of the CEO. Mr. Da Silva began his report with an update on fall 2020 school deliveries. He informed the Members that the SDA's school deliveries for fall 2020 include three new schools (East Orange Sheila Y.

Oliver ES; Pemberton Denbo-Crichton ES; and Harrison Kennedy ES) and one major addition (Millville Senior HS). He said that these schools-- three of which have been delivered with the fourth targeted for later this month-- represent a State investment totaling approximately \$178 million in total project costs and delivering a total of 2660 new seats and 360,800 square feet.

With respect to design-build projects in the design phase, he said that for the Perth Amboy HS project, the design-builder has received comments from the Department of Community Affairs and is responding. He added that soil placement and temporary retaining wall work has begun. He reported that staff has authorized the construction manager to begin procurement of a required Special Inspections Firm in support of schedule projections for project activities for the Plainfield Woodland ES project.

Turning to design-build projects in construction. Mr. Da Silva said that design phase services activities are ongoing for the Paterson Union Avenue MS project, with the final package submission made on September 28. He added that all mechanical, electrical and plumbing (MEP) work is ongoing and roofing work has commenced. For the Passaic Dayton Avenue Educational Campus project, he said that window and curtain wall installation is reaching completion to enclose the building for winter.

With respect to design-bid-build projects in the construction stage, Mr. Da Silva informed the Members that for the Keansburg Port Monmouth Road School project, the construction manager, Niram Inc., has mobilized to the site and begun Phase 1 work which includes asbestos abatement activities. He then reported that footings and foundations are complete, underground utility and masonry work is ongoing, and structural steel is scheduled to start this month for the Orange Cleveland Street ES project. He noted that a change order recommendation for this project is on today's agenda for Board review. He added that the scope is additional interior renovation of the existing building as well as additional asbestos and lead based paint removal.

For the Orange HS project, he reported that masonry and MEP rough in work for the addition is ongoing, and site underground utility and storm drainage work is complete. He said that roofing work at the existing school is complete and work for the addition is ongoing. He added that summer 2020 interior renovations are complete.

Next, Mr. Da Silva gave an update on projects in the programming stage. He said that SDA is reviewing a report submitted by DRC, the design consultant, which provides options that recognize application of the educational program for the Hoboken Demarest ES project.

Turning to events, outreach and other activities, Mr. Da Silva reported that the following day (October 8) he would be representing the Authority at a ribbon cutting ceremony in Pemberton. He said that these are extraordinary times and, unlike previous years when SDA would be turning our new facilities over to districts amidst fanfare, community tours and ribbon cuttings.

Mr. Da Silva then informed the Members that the previous day (October 6) the SDA kicked off the 2020 Virtual Small Business Training Program. He said that he wanted to thank the participants for taking the time out of their busy schedules to participate in the program and also the SDA team who, in these challenging times, converted the program to a virtual presentation in order to continue to make it available.

Mr. Da Silva advised the Members that a large majority of staff continues to work from home and from the field. He said that there are staff that come to the office on Mondays, Wednesdays and Fridays to pick up mail, file or do other jobs as needed.

Audit Committee

Network, Hardware and Software Support Services Contract Award

Next, the Vice Chairman provided the report of the Audit Committee. He said that the Audit Committee met on September 21, 2020 at which time management provided the

Committee with the August 2020 New Funding Allocation and Capital Plan Update. He said that staff had informed the Committee that there were no changes in the reserve balances for the SDA Districts during the reporting period.

He then advised the Board that the reserve balance for the Regular Operating Districts (RODs) increased by \$2.1 million during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Vargas provided the August 2020 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period total \$9.9 million, \$2.5 million lower as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to lower personnel costs and lower expenses related to professional and other contracted services, facilities and general expenses, and information systems. He reported that year-to-date Authority operating expenses (Actual vs. Prior Year Actual) are \$2.3 million lower as compared to the operating budget for the corresponding prior year period. He explained that this decrease is mainly attributable to SDA having 34 fewer FTEs than in the previous year. Mr. Vargas then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total \$192 million, \$20.8 million lower as compared to the capital spending forecast for the corresponding period. He advised that this variance is the result of lower than forecasted expenditures in grant activity, construction activity, and property acquisitions, offset by an increase in school furniture purchases. He reported that project expenditures (Actual vs. Prior Year Actual), at \$192 million, are \$8.4 million lower as compared to the corresponding prior year period. He explained that the variance is due to a decrease in grant activity, school furniture purchases, and payroll expense allocation to project expenditures, offset by an increase in design services, construction activity and project insurance. Mr. Vargas then reported that, since program inception, approximately

87.8% of the funds authorized for SDA districts have been disbursed. Additionally, he said that, since program inception, 96% of all SDA disbursements relate to school facilities projects, while 4% relate to operating expenses. He advised the Board that the estimated value of active school facilities capital, emergent and regular operating district grant projects is approximately \$2 billion.

Mr. Vargas then presented the proposed contract award for Network, Hardware and Software Support Services (the Services) which had been considered and advanced by the Committee. He advised the Members that the SDA has used the services of an outside firm to provide critical network, hardware and software maintenance services in order to avoid critical systems failures that lead to excessive network or extended system outages. He said that these Services, which include on-site technical support and consulting services, were last competitively procured in 2016 and that the current engagement will expire in October 2020. He reported that, following a competitive procurement process, management recommends the award of a three-year contract to Stellar Services. He advised that the term may be extended for 1 additional year at the sole discretion of the SDA. He noted that the negotiated total compensation for the engagement will not exceed \$1 million. Mr. Vargas said that the Committee recommends that the Board approve the contract award to Stella Services for Network, Hardware and Software Support Services.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Kanef and seconded by Mr. Luckie, the Network, Hardware and Software Support Services Contract was approved with the Board's unanimous vote in favor of ***Resolution 5a***.

School Review Committee

Site Consultant Services – GP-0270-L01; State-Wide Relocation Consultant Services - GP-0274-R01; Resolving Change Order No. 5 and Revised Final Project Charter – Brockwell and Carrington Contractors, Inc.; Extension of Existing Regulations - Notice of Re-adoption Without Amendments: N.J.A.C. 19:38 - Procedures For Low-Bid Procurement Of Construction Contracts For School Facilities Projects; Extension of Existing Regulations - Notice of Re-adoption Without Amendments: N.J.A.C. 19:38B - Procedures For Price And Other Factors Procurement Of Construction Contracts For New School Facilities Projects; Extension of Existing Regulations - Notice of Re-adoption Without Amendments: N.J.A.C. 19:38A - Procedures for Prequalification of Contractors and Professional Services Consultants for the New Jersey Schools Construction

Mr. Vargas asked Mr. Luckie to provide the report of the School Review Committee (SRC). Mr. Luckie reported that the SRC met on September 21, 2020 at which time six items were discussed. He informed the Members that management is recommending Board approval of awards for Site Consultant Services for School Facilities Project. He explained that, since 2003, the SDA has engaged a group of firms to provide environmental and site feasibility investigation and environmental site closure services. He advised that the current task order contracts will expire in January 2021 and SDA management is now seeking Board approval to award contracts to twelve firms thereby creating a new pool of firms with the experience and qualifications to successfully perform the required services. He said that the contracts' terms would be three years and that the amount of each of the twelve individual contracts would not exceed \$3,000,000 over that 3 year term. Mr. Murphy added that, pursuant to the current contract to date, SDA has issued task orders of approximately \$300,000 over the previous three years.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas, and seconded by Mr. Kanef, the Board approved the contract awards for Site Consultant Services for School Facilities Projects with its unanimous vote in favor of ***Resolution 6a.***

Mr. Luckie said that the Committee also is recommending Board approval of a contract award for State-Wide Relocation Consultant Services. He explained that, since 2003, SDA has procured and engaged a contractor for state-wide relocation consultant services. He said that the Authority's current contract will expire in December 2020 so management is requesting that the Board approve the award of a contract to O.R. Colan Associates, the incumbent firm, who has the experience and qualifications to perform the services. He advised that management's recommendation follows completion of a single-step procurement process that began on July 24, 2020. He added that the rates to be paid to the contractor are detailed in the Board memorandum and the engagement is in the not-to-exceed amount of \$3,000,000 over the three year term of the contract.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Nuse, and seconded by Mr. Maloney, the Board approved the recommended contract award for State-Wide Relocation Consultant Services with its unanimous vote in favor of ***Resolution 6b***.

Next, Mr. Luckie reported that management is also seeking approval of resolving change order (CO) No. 5, a revised final project charter and reestablishment of the Construction Contract Value in connection with the Orange Cleveland ES project (Project). He informed the Members that the SDA is advancing an addition and renovation project at the Orange Cleveland Street ES, a 38,750 square foot facility educating 306 students in grades Kindergarten to 7. He said that the Project scope will include an approximately 11,550 square foot addition and renovations to the existing facility to address overcrowding. He said that this will allow the District to effect a change in grade alignment to Pre-K through grade 6 consistent with its approved Long Range Facilities Plan. He explained that an investigation of the facility, which was occupied at the time, was performed within the appropriate parameters for an occupied facility. Mr. Luckie reported

that on March 6, 2019, the Board approved the Project's final charter and an award to Brockwell & Carrington Contractors, Inc. (Brockwell) for construction services. He explained that, prior to the start of construction, Brockwell was contractually required to perform a constructability review to identify any potential conflicts in the Project documents, to confirm that existing site conditions are as represented in the contract documents, and to identify the respective costs to address them. He further explained that, after the Authority authorized Brockwell to proceed with the constructability review but before issuance of the notice-to-proceed with construction, previously unidentified deficiencies were revealed within the existing Cleveland Street ES facility after abatement and demolition work was completed at the site. He noted that the identified conditions are not conditions that reasonably would be expected to have been revealed during the course of the constructability review. He reported that on January 14, 2020, the SDA sought a proposal from Brockwell for the cost of the work associated with addressing the identified conditions. Mr. Luckie advised the Board that on August 18, 2020, Brockwell submitted a price proposal for the work that was reviewed and ultimately negotiated by the parties resulting in a final lump sum value of approximately \$1.2 million to address the work. Mr. Luckie advised the Members that in order to avoid impacts to the Project schedule, on August 13, 2020, management issued a \$0.00 construction change directive (CCD) to Brockwell with the result that resolving CO No. 5 is necessary to compensate Brockwell for the work performed pursuant to the CCD. He said that, in addition to addressing the costs associated with the CCD, CO No. 5 will also provide the funds necessary to effect an increase to Allowance No. 3 (the hazardous materials abatement and related activities allowance) in the approximate amount of \$400,000. He added that approval of this CO, when combined with prior COs, will fully deplete the contingency contained within the project's final charter, thus necessitating a revision to the charter. He said that management is also recommending that the Board approve

the reestablishment of the construction contract value for this existing engagement for the purpose of application of ongoing Operating Authority requirements, with the reestablished value to be the contract value inclusive of CO Nos. 1 to 5 for a total adjusted construction contract value of approximately \$20,420,000.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas, and seconded by Mr. Elbert, the Board approved resolving change order No. 5 for Brockwell & Carrington, proposed revisions to the final project charter and reestablishment of the Construction Contract Value as proposed, with its unanimous vote in favor of ***Resolution 6c.***

Next, Mr. Luckie said that the Board is requested to approve an extension of 3 existing SDA rules without amendments. He explained that each Rule is due to expire shortly and that, for this reason, SDA management sent a notice of re-adoption to the state Office of Administrative Law to extend the expiration dates of all 3 Rules. He noted that the processing of the re-adoption and extension of the Rules is suspended pending the Board's ratification of the notices. He advised the Board that, while the notice of re-adoption effects re-adoption of the 3 Rules and therefore, automatically extends the Rules for the normal 7 year rule duration, management intends in short order to develop any amendments needed to correct or improve the Rules, and to submit any proposed amendments to external parties for review and validation, before seeking approval from the Board for a proposed re-adoption of the Rules with amendments. He noted that he would present each of the Rules separately for Board consideration.

Mr. Luckie said that the first set of Rules govern procedures for Low-Bid Procurement of Construction Contracts for School Facilities Projects. He said that these Rules were approved by the Board for final adoption on November 6, 2013. He added that they were formally published

in the New Jersey Register on November 8, 2013 and will expire on November 8, 2020. He explained that the Rules establish requirements, standards and procedures for the SDA's procurement of construction contracts on a "low bid" basis, including the use of the project rating proposal process and the procedures for contractor performance evaluations.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas, and seconded by Mr. Elbert, the Board approved the extension without amendments of SDA's existing regulations pertaining to Procedures for Low-Bid Procurement of Construction Contracts for School Facilities Projects, and ratified management's filing of the Notice of Re-adoption with its unanimous vote in favor of ***Resolution 6d.***

Mr. Luckie advised the Members that the second Rule pertains to Procedures for the Price and Other Factors Procurement of Construction Contracts for New School Facilities Projects. He said that these Rules establish requirements, standards and procedures for the SDA's procurement of construction contracts on a "price and other factors" basis for "new construction" projects in the Authority's capital program. He said that the existing Rules were approved by the Board for final adoption on August 7, 2013, formally published in the New Jersey Register on October 7, 2013 and are due to expire on October 7, 2020.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas, and seconded by Mr. Elbert, the Board approved the proposed extension without amendments of SDA's existing Regulations involving the Price and Other Factors Procurement of Construction Contracts for New School Facilities Projects and ratified management's filing of the Notice of Re-adoption with its unanimous vote in favor of ***Resolution 6e.***

In continuing, Mr. Luckie reported that the third set of Rules involves Procedures for Prequalification of Contractors and Professional Services Consultants for the New Jersey Schools Construction Program. He explained that these Rules govern the procedures for pre-qualification of contractors, sub-contractors, professional services consultants and sub-consultants seeking to participate in school facilities projects. He noted that they also provide the requirements and standards for pre-qualification, grounds for denial or revocation of pre-qualification, and protest and appeal procedures for the pre-qualification process. He said that the Rules are for the purpose of ensuring that only qualified contractors and professional services consultants of moral integrity are permitted to provide construction services, professional services, and other goods and services for school facilities projects. He added that the Board approved these Rules for final adoption on November 6, 2013. He advised the Board that the Rules were formally published in the New Jersey Register on January 6, 2014 and are scheduled to expire on November 8, 2020.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas, and seconded by Mr. Elbert, the Board approved the proposed extension without amendments of SDA's existing Regulations involving Prequalification of Contractors and Professional Services Consultants for the New Jersey Schools Construction Program and management's filing of the Notice of Re-adoption with its unanimous vote in favor of ***Resolution 6f***.

Public Comments

Mr. Vargas 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 Vice 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 7, 2020 meeting.

/s/ Jane F. Kelly
Assistant Secretary