

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS TELECONFERENCE MEETING
WEDNESDAY, AUGUST 4, 2021**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, August 4, 2021 at 9:00 A.M.

Participating by teleconference were:

Robert Nixon, Chairman
Michael Kanef (Treasury)
Bernard Piaia (DOE)
David Nuse (EDA)
Kevin Luckie (DCA)
Richard Elbert
Daniel Gumble
Loren Lemelle
Michael Maloney
Mario Vargas

being a quorum of the Members of the Board.

At the 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; and Albert Barnes, chief counsel, 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.

The meeting was called to order by Mr. Nixon, the Chairman of the Board. The Chairman 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 Members of the Board was present.

Approval of Meeting Minutes

The Chairman presented for consideration and approval the minutes of the Board's July 7, 2021 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 and seconded by Mr. Elbert, the Open Session minutes of the July 7, 2021 SDA Board meeting were approved by the Board with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a***.

Authority Matters

CEO Report

The Chairman then asked Mr. Da Silva for the Report of the CEO. Mr. Da Silva began his report with an update on design-build projects in construction. He reported that final inspections are nearing completion for the Camden HS project, noting that the SDA anticipates applying to the Department of Community Affairs (DCA) for a temporary certificate of occupancy (TCO) this month. With regard to the Millville HS addition and renovations project, he said that the facility's north addition - Phase III of this multi-phase project - will deliver in September 2021. He advised the Board that the north addition includes science classrooms, a gymnasium and a dance studio, among other spaces. He reported that Phase III interior finish work continues in the auxiliary gym and locker rooms; and that all other Phase III area work is

complete as are final inspections of those completed areas. He said that the application for a TCO for the north addition was submitted to the DCA on July 30, 2021.

In continuing, Mr. Da Silva reported that for the Passaic Dayton Avenue Educational Campus project, all mechanical, electrical and plumbing systems work is currently completing, including set up on the building management system. He added that curbs, driveways and paving are completing and final inspections have commenced. For the Paterson Union Avenue MS project, he said that all interior work is being completed. He added that elevator installation work is completing for the 2nd elevator. Mr. Da Silva then advised that for the Perth Amboy HS project, production piles installation work is underway and is anticipated for completion in September. He reported that for Plainfield Woodland ES project, footings and foundations are completing and underground utilities work has commenced. He noted that steel fabrication is underway and steel erection is planned for late August.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva reported that exterior walls and concrete floor slab construction are underway for the addition to the Keansburg Port Monmouth Road School project. For the Orange HS project, he said that furniture delivery has begun. He added that management anticipates applying for a TCO for the addition this month.

With respect to projects in the programming/pre-design/in-house design stages, Mr. Da Silva said that for the Union City New Grade 7 to 9 School project, the demolition and early site preparation package was advertised in May 2021. He advised the Board that bids were received and opened on July 14, 2021 and noted that an award recommendation is on today's meeting agenda.

In continuing, Mr. Da Silva informed the Members that last year the SDA delivered three new schools and one addition. He said that this year the SDA is on target to deliver two additions (Millville and Orange) and two new schools (Camden and Paterson).

Mr. Da Silva then thanked the SDA staff for their hard work, along with the DCA staff members who have been working throughout the pandemic and making sure that all required inspections proceed. He also thanked SDA's union partners and the Members of the SDA Board for their hard work and commitment to the Authority's projects.

Turning to non-project related matters, Mr. Da Silva reported that on July 14 the SDA participated in the groundbreaking ceremony for the new Anna and Charles Booker ES in Plainfield. He said that Mr. and Mrs. Booker were on hand for the ceremony. He thanked Board Members Mario Vargas and Richard Elbert for attending the celebration as well.

Next, Mr. Da Silva provided the Board with an update regarding the SDA-owned Astor Place property in Jersey City. He reminded the Members that he had updated the Board on July 7 regarding SDA's efforts to advance a licensing arrangement for a community garden adjacent to the Julia A. Barnes School on Astor Place in Jersey City. He said that the SDA had first suggested such an arrangement in March 2021 and has been waiting since mid-May 2021 for written comments from the district and from the Black Interest Team Enterprise Corporation (B.I.T.E.) on the proposed licensing documents.

He advised that the SDA has communicated to both Bishop Bland and B.I.T.E.'s legal counsel that it remains prepared to enter into a licensing arrangement for a community garden. He noted that B.I.T.E.'s counsel advised that he plans to communicate further with B.I.T.E. and to then contact the district and the SDA with comments or an executed document.

Finally, Mr. Da Silva reported that the Authority's Annual Report for 2020 has been prepared by management in compliance with the SDA bylaws and in accordance with Executive

Order No. 37. He explained that the Annual Report is comprised, among other things, of the Authority's audited financial statements and identifies internal controls that govern expenditures, procurements and other financial matters and transactions. He said that management is recommending that the Board approve the Authority's 2020 Annual Report. He asked that the Chairman present **Resolution 4ai** for a vote.

Mr. Nixon said that he wanted to commend the staff, particularly on the drafting of the SDA Annual Report. He said that the SDA does a lot of reporting and self-analysis that is shared with the public. He added that the SDA is doing wonderful things around the State of New Jersey, thanks to its dedicated employees and union partners who make sure that the work proceeds smoothly and efficiently.

A resolution pertaining to the 2020 SDA Annual Report was provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Vargas and seconded by Ms. Lemelle, the Authority's 2020 Annual Report was approved by the Board upon its unanimous vote in favor of the resolution attached hereto as **Resolution 4ai**.

Mr. Vargas encouraged the Members to take the time to attend school openings, groundbreakings and other Authority events. He said that participating in these celebrations provides an opportunity to see the positive impact that the SDA's work has on the students and the districts.

In concluding his report, Mr. Da Silva said that he wanted to thank SDA's deputy director of communications, Edye Maier, for her good work setting up the Plainfield groundbreaking event and spearheading development of the SDA's Annual and Biannual reports.

Audit Committee

Approval of Legal Services Awards – Package No. GP-0276-R01; Approval of Reallocation of Funds – Owner Controlled Insurance Program Package No. GP-0208-R02

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on July 19, 2021 at which time management provided the Committee with the June 2021 New Funding Allocation and Capital Plan Update. He advised that there was a \$7.9 million decrease in the Unforeseen Events Reserve balance due to Board approval of the revised final project charter for the Millville Senior HS addition and renovation project. He explained that the revised project charter serves to replenish contingency utilized to fund Board approved additional facility conditions and flood hazard area mitigation project scope. He reported that furniture and technology budgets have been increased to reflect project needs. Mr. Nixon also advised that staff reported a \$2.7 million decrease in the 2011 Capital Plan Emergent Projects Reserve balance due to Board approval of a release of funds for the Newark Technology HS emergent vault structural repair and façade repair project. He said that there were no changes in any of the other reserve balances for the SDA Districts during the reporting period. Mr. Nixon then advised the Board that the reserve balance for the Regular Operating Districts (RODs) increased by \$300,000 during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon provided the June 2021 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$8.2 million, down \$1.4 million as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to a decrease in personnel costs resulting primarily from the Authority having 12 fewer FTEs than budgeted, as well as lower spending for facilities and general office expenses, professional & other contracted services, information

systems and SDA-owned automobiles. He advised that this decrease is partially offset by lower than projected payroll allocation to project expenditures. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$112.9 million, approximately \$48.1 million lower as compared to the capital spending forecast for the corresponding period. He advised the Members that this variance is the result of lower than forecasted expenditures for construction activity, grant activity, school furniture purchases, project insurance, property insurance, payroll expense allocations to project expenditures and design services. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at approximately \$112.9 million, are lower by approximately \$25.3 million when compared to the capital sending forecast for the corresponding period. He advised the Members that this variance is the result of lower than forecasted expenditures for grant activity, construction activity, project insurance, school furniture purchases and design services.

Mr. Nixon said that, since program inception, 90.1% of the funds authorized for the SDA districts have been disbursed. Additionally, he noted that 96% of all SDA disbursements relate to school facilities projects, while 4% relate to operating expenses. He advised that the estimated value of active school facilities capital projects, along with emergent and regular operating district grant projects, is approximately \$2 billion.

Next, Mr. Nixon advised that two items were discussed by the Committee at its July meeting that require Board action. He said that the first item for Board consideration is management's recommendation for approval of proposed Legal Services Awards (the Awards). Referencing a memorandum that was distributed to the Members in advance of the meeting, he explained that, upon management's recommendation, the Audit Committee is advancing for approval task order awards to 11 law firms with expertise in 6 areas. He listed those areas as: 1) environmental law; 2) government contracting, bid protests & procurement; 3) employment law;

4) professional errors & omissions & cost recovery; 5) construction litigation; and 6) real estate law. He noted that these services were similarly procured by the SDA on 6 prior occasions beginning in 2008 to complement the legal support provided to the Authority through its Office of Chief Counsel and by the Division of Law in the Office of the Attorney General. He said that the Board is requested to approve the proposed award of contracts to 11 firms to provide these services following a competitive procurement process. He added that 10 of the 11 proposed firms are included in the Authority's current contracts. He explained that 3 or 5 firms were selected for each specialty area, the number dependent upon the anticipated volume of assignments in each specialty area and/or the potential need to address conflicts. He advised that attorney services will be performed for a blended hourly rate of \$200 and an hourly rate of \$90 for paralegals for the two-year term. He advised that these rates are the same rates utilized in the prior procurements. He advised the Board that no one firm can be compensated in excess of \$1,500,000 over the term of the engagement, regardless of whether it provides services in one or more of the specialty areas.

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. Vargas and seconded by Mr. Nuse, the Board approved the proposed contract awards for legal services for a 2-year term with its unanimous vote in favor of *Resolution 5a*.

Lastly, Mr. Nixon advised the Members that management and the Audit Committee are recommending approval of the proposed reallocation of contract funds within the Authority's Owner Controlled Insurance Program III (OCIP), as fully described in the meeting materials. He reminded the Members that in December 2014 the Board approved the purchase of various OCIP wrap-up policies from Liberty Mutual Insurance (Liberty Mutual) and others for excess liability coverage at a cost not-to-exceed \$20,272,000. He said that among the wrap-up policies included

in OCIP are workers' compensation, general liability and excess liability. He explained that when OCIP was initially purchased in 2015, the purchase amount was based on a construction value of \$431 million; however, in order to account for anticipated fluctuations in construction costs, the Board approved costs based on a not-to-exceed aggregate construction value of \$654 million. Mr. Nixon said that Liberty Mutual's final audit for the 5 year term ending April 1, 2020 (with a one month extension) resulted in actual enrolled construction values of \$540.4 million representing an increase of \$109.4 million to Liberty Mutual. He said that, based on final audited construction values for enrolled projects, the audit determined that SDA owes Liberty Mutual an additional \$519,000 and \$233,000 respectively, for workers' compensation and general liability premiums. He advised the Board that staff has reviewed the audited values and is in agreement with the results.

Mr. Nixon advised the Board that the contract has sufficient funds remaining to cover the additional premium costs; however, there are insufficient funds available in the workers' compensation insurance line to pay the entire additional workers' compensation amount (\$519,000). Mr. Nixon said that this reallocation of funds does not require the expenditure of any new monies. He said that the reallocation will cover the unanticipated construction values thus assuring that the Authority's projects are properly insured.

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. Piaia and seconded by Mr. Elbert, the Board approved the proposed reallocation of funds for the Authority's OCIP III program with its unanimous vote in favor of *Resolution 5b*.

School Review Committee

Demolition and Site Preparation Contractor Services - Union City Public School District - Union City New Middle School project

Mr. Nixon asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie reported that the School Review Committee met on July 19, 2021 at which time one item was discussed. He advised the Board that management is seeking approval of an award for demolition and site preparation contractor services for the Union City New MS project (Project). He reported that the Project is planned as a 125,000 square foot new school to educate 756 students in grades 7 to 9. He reminded the Members that on December 4, 2019 the Board approved a revised preliminary charter for the Project. He explained that the Project includes the completed acquisition of 4 properties in order to provide an adequately-sized site for the facility. Mr. Luckie said that the acquired properties adjoin the main site for delivery of the Project, land formerly owned by the Union City Parking Authority that is under agreement for sale to the district. Mr. Luckie said that the package for the required demolition services was advertised beginning on May 19, 2021 and, upon completion of a competitive procurement process, the responsive low bidder was The Ambient Group, LLC (Ambient). He advised that management now recommends that the Board approve the award of a contract in the amount of \$567,700 to Ambient, inclusive of SDA-established allowances totaling \$210,000, for demolition of existing structures on the SDA owned Properties, removal of 7 underground storage tanks, and limited site restoration activities, in preparation for delivery of the Project. He said that, following review, Ambient confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. He informed the Members that management expects to advertise in the fourth quarter of 2021 for design-build services for delivery of the Project. He noted that, prior to execution of the contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

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. Piaia, an award to The

Ambient Group, LLC for demolition and site preparation contractor services for the Union City New MS project was approved with the Board's unanimous vote in favor of ***Resolution 6a***.

Public Comments

The Chairman then opened the Public Comments portion of the meeting. No member of the public indicated an interest in addressing 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 August 4, 2021 meeting.

/s/ Jane F. Kelly
Assistant Secretary