

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING  
MONDAY, JULY 1, 2019**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Monday, July 1, 2019 at 9:00 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Chairman  
Michael Kanef (Treasury)  
Bernard Piaia (DOE)  
Donna Sullivan (EDA)  
Kevin Luckie (DCA)  
Kevin Egan  
Richard Elbert  
Loren Lemelle  
Michael Maloney  
Mario Vargas

being a quorum of the Members of the Board. Mr. Egan, Mr. Elbert, Ms. Lemelle, and Mr. Piaia participated in the meeting by teleconference.

At the Chairman's request, Manuel Da Silva, interim chief executive officer; Andrew Yosha, chief operating officer; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Thomas Schrum, vice president; Albert Barnes, chief counsel; and Cecelia Haney, administrative practice officer and deputy chief counsel of the SDA, participated in the meeting. Adam Sternbach of the Governor's Authorities Unit also participated in the meeting.

The meeting was called to order by Mr. Nixon, who requested that Ms. Kelly 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, and had been duly posted on the Secretary of State's bulletin board at 20 West State Street in Trenton, New Jersey. Ms. Kelly then conducted a roll call and indicated that a quorum of the Members was present.

### ***Pledge of Allegiance***

Led by the Chairman, the Members and all assembled stood and recited the Pledge of Allegiance.

### ***Approval of Meeting Minutes***

The Chairman then presented for consideration and approval the Minutes of the June 5, 2019 Open and Executive Session meetings. Staff had provided a copy of both sets of minutes and a resolution to the Members for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Ms. Lemelle the Board approved the Open and Executive Session minutes of the June 5, 2019 SDA Board meeting with the Members' unanimous vote in favor of ***Resolution 4a/4b***.

### ***Authority Matters***

#### ***CEO Report***

Mr. Nixon asked Interim Chief Executive Officer (CEO) Manuel Da Silva for the Report of the CEO. Mr. Da Silva provided an update on September 2019 school openings. He reported that for the Irvington Madison Avenue ES project, staff anticipates applying for a temporary certificate of occupancy (TCO) in the current month.

With respect to the Passaic Leonard Place ES project, Mr. Da Silva reported that staff anticipates issuance of a certificate of occupancy (CO) this month. He said that the school will be occupied by summer school students next week.

Mr. Da Silva reported that for the Perth Amboy Seaman Avenue ES project, staff anticipates applying for a TCO this month. He added that furniture and IT deliveries are currently in process.

Mr. Da Silva said that for the Trenton Central HS project, staff anticipates applying for a TCO this month. He added that furniture and IT deliveries are currently in process.

Next, Mr. Da Silva gave an update on projects in design. He said that for the Keansburg Port Monmouth Road ES project, staff advertised for general contracting services in June and proposals are due in September. For the Paterson Union Avenue MS project (former site of Don Bosco Academy), he reported that design phase services are ongoing. He advised that the design-builder has initiated site preparation activities that do not require a permit issuance. He added that staff has issued a notice of award for construction management services.

Turning to projects with early site packages, Mr. Da Silva informed the Members that for the Plainfield Woodland ES project, building demolition is complete and final site grading work is being completed. He noted that staff anticipates advertising for design-build services in August.

Turning to projects in the procurement stage, Mr. Da Silva reported that for the Perth Amboy HS project, design-build services proposals are due in July. For the Keansburg Port Monmouth Road School project, he said that staff advertised for design-bid-build services last month (June) and proposals are due in September.

Next, Mr. Da Silva gave an update on projects in the constructability review stage. He advised that the Orange Cleveland Street ES and Orange HS projects are both under

constructability review, a process that is scheduled to be completed next month. Mr. Da Silva advised the Members that for the Orange HS project, the SDA's design consultant has completed field investigation of facilities condition deficiencies regarding water infiltration at the Orange Preparatory Academy and will provide a report for SDA review.

With respect to design-build projects in construction, Mr. Da Silva reported that for the Camden HS project, structural steel work has begun in the core of the building and footings, foundation, underground utilities and slab work is being finalized. For the East Orange George Washington Carver ES project, he said that masonry and cold form metal steel framing installation is complete. He added that interior mechanical, electrical and plumbing (MEP) rough-in is ongoing. Turning to the Harrison new ES project, Mr. Da Silva reported that MEP rough-in and building enclosure work is ongoing, as is exterior masonry veneer construction.

In continuing, Mr. Da Silva reported that for the Millville HS addition and renovation project, Phase II renovation work is complete, as is structural steel work. For the Passaic Dayton Avenue Educational Campus project, Terminal Construction is in the process of completing concrete slab, site utility construction and structural steel construction work. He added that masonry and site work is underway. He advised that for the Pemberton Denbo Crichton ES project, Ernest Bock & Sons, Inc. is completing exterior walls in preparation for building enclosure prior to winter weather. He added that MEP interior work is underway.

In continuing, Mr. Da Silva gave an update on operational procurements. He said that a recommendation of a contract award for Property Management & Maintenance Services is on today's agenda. He reported that the procurement to engage a pool of contractors to provide General Construction Services was advertised in June and proposals are due this month. He added that the procurement to engage a pool of law firms to provide Legal Services was advertised in June and proposals are due next week.

Reporting on events, outreach and other SDA activities, Mr. Da Silva reported that on Wednesday, June 19, the SDA held a groundbreaking event at the site of the new Camden HS project. He reported that the event was very well attended by approximately 80 school officials, elected officials, students and SDA staff.

Mr. Da Silva informed the Members that staff is currently working on scheduling a number of project-related events in July including a Time Capsule opening at the Plainfield Woodland Avenue ES and a brick signing in at the Pemberton Denbo Crichton ES.

In continuing, Mr. Da Silva said that the Passaic Sonia Sotomayor ES (formally known as the Leonard Place ES) is opening for summer school this week and staff is working with the district to schedule a soft opening event.

### ***Audit Committee***

#### **Approval of Builders Risk (Property) Insurance Contract No. 2 – GP-0208-R01**

Mr. Nixon, in his capacity as Audit Committee Chairman, reported that the Audit Committee met on June 17 at which time management provided the Committee with the May 2019 New Funding Allocation and Capital Plan Update. He advised that there were no changes in any of the reserve balances during the reporting period. Mr. Nixon noted that the reserve balance for the Regular Operating Districts (RODs) increased by \$1 million during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon reported that management and the Audit Committee are recommending Amendment No. 2 to the Authority's Builders Risk (Property) Insurance Contract (Policy) for unanticipated changes in construction values and duration on current enrolled projects. He said that in December 2013, the Authority purchased a 3 year term Policy for a not-to-exceed (NTE) value of \$485,000. He noted that at the August 2016 Board Meeting the Members approved Amendment No. 1 to the policy in the amount of \$215,000 increasing the NTE to \$700,000. Mr.

Nixon explained that, at that time, the increase in the premium was the result of additional projects and project scope increases that were advancing into construction. He said that, during the term of the Policy, seventeen (17) capital projects and various emergent projects began construction. He reported that only one project has not yet reached substantial completion, i.e. the Trenton HS project which is scheduled for completion this month. He reported that the policy's total insured value is currently projected to be \$610 million. He said that Amendment No. 2 is necessary due to the approximate 4.8% increase above the 2016 projection. He explained that the premium cost has risen from \$700,000 to \$715,000 representing a \$15,000 increase. Mr. Nixon explained that Board approval is required as the proposed amendment to the contract is greater than 10% of the original contract value. He added that the proposed increase includes contingency for unanticipated changes in construction values and durations for the one remaining project.

Following discussion, Mr. Nixon said that the Committee recommends that the Board approve Amendment No. 2 to the Builders Risk (Property) Insurance in the amount of \$15,000. By motion duly made by Mr. Vargas and seconded by Mr. Kanef the Board approved Amendment No. 2 as proposed upon its unanimous vote in favor of ***Resolution 6a***.

Mr. Nixon then provided the May 2019 Monthly Financial Report. He advised that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$9 million, \$730,000 lower as compared to the operating budget for the corresponding year. He said that the variance is attributable to 15 fewer than budgeted full time employees on staff. He said that Year-to-Date Authority Operating Expenses (Actual vs. Prior Year Actual) are \$837,000 higher as compared to the operating budget for the corresponding prior year period. He advised that this is largely attributable to the 2018 restructuring and expenses associated with the fit-out of the Newark office space. He said that school facilities project expenditures (Actual vs. Forecast)

for the year-to-date period, at \$116.8 million, are \$11.4 million lower as compared to the capital spending forecast for the corresponding period. He explained that this variance is due to spending reductions in grant activity, design services – net of cost recovery settlement and school furniture purchase. He advised the Board that this variance is offset by spending increases in construction activity expenditures. He reported that (Actual vs. Prior Year Actual) expenditures are lower by \$17.8 million as compared to the corresponding prior year. He said that this variance is due to increased spending in grant activity, project insurance costs and design services, offset by a spending increase in construction work.

In conclusion, Mr. Nixon reported that, since program inception, the Authority has disbursed approximately 84% of the funds authorized for SDA districts. 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 that the estimated value of current school facilities project activity is over \$1 billion.

### *School Review Committee*

#### **Approval of Proposed Memorandum of Understanding Between the State Treasurer and the SDA for Project Review in Support of the Public-Private Partnership Program**

Mr. Nixon asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie reported that the School Review Committee met on June 17, 2019 at which time one item was discussed in Open Session. He reported that in August 2018, a Public-Private Partnership Program (P3 Program) was established by statute. He said that the P3 Program allows State government entities, among others, to enter into public-private partnership agreements under which a private entity assumes responsibility for certain projects of, or for the benefit of, the government entity, provided that the project is financed in whole or in part by the private entity. He explained that the Act requires that each proposed P3 Project be submitted to the State

Treasurer for review and approval, and also requires that certain state entities participate in the review process to provide advice and guidance for the Treasurer's review. Mr. Luckie said that in June 2019 the State Treasurer proposed new rules to implement the P3 Program, and establish procedures for the submission and review of P3 Projects. He added that the proposed new rules require that Treasury's Office of Public Finance convene a Project Review Committee for each proposed P3 Project. He advised that the rules further provide that when a proposed P3 Project includes a school facility aspect, SDA must provide a representative to participate in the Project Review Committee to evaluate the viability and advisability of the Project. Mr. Luckie said that the State Treasurer has requested that State Agencies and Authorities that are to participate in the Project Review Committee process memorialize their commitment of personnel and resources in the form of a Memorandum of Understanding (MOU). He explained that the MOU that is presented for Board approval provides for an exchange of obligations with respect to the commitment of resources to the P3 Program Project Review Committee process as described in the Board memorandum. Ms. Haney advised that when participation in a P3 involves a non SDA district project, the SDA would be required to provide a staff member to help in the review of the project containing an educational aspect. She advised that if a P3 project involves an SDA district project, it would be delegated to another P3 Committee.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Nixon, the Memorandum of Understanding between the State Treasurer and the SDA was approved with the Board's unanimous vote in favor of ***Resolution 7a***.

At this time Mr. Maloney joined the meeting.

## *Real Estate Committee*

### **Approval of State-Wide Property Management and Maintenance Services – GP-0257-R02**

At the Chairman's request, Mr. Vargas discussed a proposed contract award for State-Wide Property Management and Maintenance Services. Referencing materials that were provided for Board review in advance of the meeting, he reported that the Authority had previously procured property management and maintenance services in 2008, 2011 and 2015 and that the SDA's current contract, as extended by one year for these services, expires August 31, 2019. He explained that these services are required for properties acquired and owned by the SDA. He noted that the inventory currently includes thirteen (13) real property sites consisting of vacant lots and occupied and unoccupied commercial and residential spaces. He advised that, upon completion of the competitive procurement process, management is recommending award of an agreement for state-wide property management and maintenance services to Bluegrass Hydro-Seed LLC, the incumbent provider. He said that the negotiated total compensation for the three-year agreement is \$2,018,000. Mr. Vargas noted that the agreement will commence September 1, 2019 with an option by SDA to extend it for one additional year on such terms as the SDA and Bluegrass may then agree. He advised that, prior to execution of the contract, the contract and all related documentation will be reviewed and approved by the Division of Chief Counsel. Mr. Vargas said that management and the Committee recommend approval of the proposed contract award by the full Board.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Ms. Lemelle and seconded by Mr. Nixon, the contract award to Bluegrass Hydro-Seed LLC for State-Wide Property Management and Maintenance Services was approved with the Board's unanimous vote in favor of ***Resolution 8a***.

### ***Public Comments***

The Chairman then opened the Public Comments portion of the meeting. He invited Heather Sorge to the podium. Ms. Sorge advised the Board that she is the campaign organizer for Healthy Schools Now (HSN) and the New Jersey Work Environment Counsel (WEC). She said that she is before the Board today to thank interim CEO Manny Da Silva, the Board Members and the entire SDA staff for requiring additional certifications from manufacturers when considering future installation of rubberized or urethane flooring for SDA projects. She then described the mercury issues that have been found in school floorings causing them to emit neurotoxins that are affecting students and staff. Ms. Sorge listed the dangers associated with mercury vapors. She noted that the toxic flooring is found throughout school structures. She said that the only way to detect the mercury levels is by sending samples to an accredited laboratory. She said that this problem is not limited to school facilities, nor is it limited to the state of New Jersey. She identified other states that have been confronted with the issue as well. She advised that flooring containing mercury has been installed in many buildings other than school facilities. She advised that HSN has contacted the Agency for Toxic Substances and Disease Registry (ATSDR) requesting that they issue a national alert to warn the general public about this health issue. She stressed that the floors must be identified, tested and dealt with in a timely fashion. Ms. Sorge said that HSN is extremely grateful to the Authority for taking the lead and working to insure no future hazardous flooring is installed in SDA projects.

### ***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 July 1, 2019 meeting.

*/s/ Jane F. Kelly*  
Assistant Secretary