

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS TELECONFERENCE MEETING  
WEDNESDAY, NOVEMBER 4, 2020**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, November 4, 2020 at 9:00 A.M.

Participating by teleconference were:

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

being a quorum 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; Albert Barnes, chief counsel, and Andrew Oakley, 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.

The meeting was called to order by the Chairman of the Board, Mr. Nixon. The 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 Chairman presented for consideration and approval the minutes of the Board's October 7, 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 Ms. Lemelle and seconded by Mr. Vargas, the Open Session minutes of the October 7, 2020 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 the design phase. He reported that the design-builder has responded to Department of Community Affairs (DCA) comments for the Perth Amboy HS project's package 1A and staff anticipates a release and permit issuance. He added that design package 1B for foundations, steel, and slabs was approved by SDA and is being prepared for submission to DCA this month. For the Plainfield Woodland ES project, he said that Epic Management, Inc. (Epic) is mobilizing to the site this month in preparation for the start of site work there. He advised that staff issued a notice-to-proceed (NTP) to Cambridge Construction Management, Inc., the construction management (CM) firm, for coordinating the commencement of site work with Epic.

Turning to design-build projects in construction, Mr. Da Silva reported that design phase services activities are ongoing for the Paterson Union Avenue MS project. He added that Package 2 is under review by DCA. He said that for the Millville HS project, Phase III exterior brick veneer work is complete. He advised that the Passaic Dayton Avenue Educational Campus project site is being prepared for winter. He explained that, to this end, window and curtain wall installation is reaching completion; a temporary heating plan is being finalized to support winter interior construction; and site work is ongoing. He added that drywall, ceilings and finish painting is ongoing. Mr. Da Silva informed the Members that for design-bid-build projects in the construction stage, interior structural renovations in the existing building have started for the Orange Cleveland Street ES project. For the Orange HS project, he said that exterior masonry veneer work is ongoing, and exterior window installation has started.

In continuing, Mr. Da Silva reported that on December 9, SDA will be participating in the first of its kind Minority Women & Veteran Owned (MWV) Business Marketplace & Exchange Summit. He said that this virtual event is being jointly sponsored by the NJ Office of Diversity in partnership with the NJ Economic Development Authority. He advised the Board that the event is expected to attract over 1,000 MWV Owned Businesses and other private sector interests.

Mr. Da Silva reported that on November 18, the Authority will participate in the Alliance for Action's Construction Forecast. He explained that this annual event provides a two year look at upcoming construction projects planned by both public agencies and the private sector.

Mr. Da Silva said that, as the Members know, the Authority is required by law to audit all projects that involve a state investment of more than \$10 million. He reported that staff has been working on auditing all of the Authority's past projects with the goal of being able to proceed with real-time construction audits. He said that, with the exception of the 3 school and one

addition projects which were delivered this Fall, all completed projects that legally must be audited have been audited and the reports have been submitted to the Office of the State Comptroller (OSC). He said that the audits of the 3 schools and the addition delivered in 2020 are in progress, and are expected to be completed and reported to the OSC in early 2021. He added that following the completion of these audits, real-time audits of the projects currently under construction will begin.

Mr. Da Silva informed the Members he had the opportunity recently to attend smaller ribbon cutting ceremonies in Pemberton and Harrison. He reported that in both cases the districts said great things about the SDA team members who worked on the projects.

Mr. Da Silva said that he works for a great Authority with a great cause that he believes in. He said that staff is what drives this mission and this cause. He said that even with the pandemic that is going on staff remains focused on the delivery of the work. He added that he would like to thank Kevin Luckie and his staff at DCA for the services they provide so that the SDA could deliver the schools to their districts on time.

Mr. Nixon returned to the topic of the statutorily required audits. He said that, as a Member of the Audit Committee, he would point out that those audit projects were hovering over the Authority for many years. He said that he gives credit to the internal audit (IA) department and congratulates IA director Peter Green, his staff, the consultants and former IA director, Susan Pacuta. He added that there's been a lot of talk about the SDA in Trenton and that the Authority has an amazing staff. He said that staff comes to work everyday to make sure that schools are delivered on time so that the state's children have safe, 21<sup>st</sup> century school buildings. He said that this is a credit to everybody who wears an SDA employee badge. He added that in turning out these amazing projects, the SDA has much to be proud of.

## *Audit Committee*

### **Builders' Broker Services Award, Business and Real Estate Property and Casualty Insurance Program**

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on October 19, 2020 at which time management provided the Committee with the September 2020 New Funding Allocation and Capital Plan Update. He said that staff 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 \$1.6 million during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon informed the Board that the Internal Audit Division provided the Committee with the results of one audit that was conducted to comply with the statutory requirement that capital portfolio projects with a state share over \$10 million be reviewed to assess whether state funds were expended in accordance with contractual terms, SDA practices and state regulations. He reported that, based on the detailed testing performed, there were no findings. He said that the audit revealed that State funds utilized for the project were expended prudently and consistent with legal requirements.

Next, Mr. Nixon provided the September 2020 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period total \$10.8 million, \$2.7 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. He reported that year-to-date Authority operating expenses (Actual vs. Prior Year Actual) are \$2.2 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 32 fewer FTEs than the previous year. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total \$218.2 million, \$21.5 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 grants, construction activity and property acquisitions, offset by an increase in school furniture purchases. He reported that project expenditures (Actual vs. Prior Year Actual), at \$218.2 million, are \$9.7 million lower as compared to the corresponding prior year period. He explained that the variance is due to a decrease in grant activity and school furniture purchases and payroll expense allocation to project expenditures, offset by an increase in expenditures in construction activity, design services, project insurance, and property acquisition. Mr. Nixon then reported that, since program inception, approximately 88.1% 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.

Next, Mr. Nixon reported that the Committee discussed the proposed 2021 Operating Budget draft. He reported that management is still in the process of finalizing certain budgetary line items and that a revised proposed 2021 SDA Operating Budget is expected to be presented to the Audit Committee later this month. He said that management plans to present the proposed budget to the Board for adoption at the December Meeting.

Lastly, Mr. Nixon said that management and the Committee are recommending Board approval of a contract award for Broker Services for the Business and Real Estate Property and Casualty Insurance Program (the Program). He explained that the SDA maintains a combined

property and casualty insurance program for its business and real estate activities separate from its construction activity. He said that the Authority is again seeking to engage a broker with the expertise to design a combined program that provides the broadest coverage at the most cost effective price. He said that a two-step competitive procurement process was advertised beginning May 14, 2020. He advised that, following the procurement process, management recommends that the Authority contract with The Safeguard Group, Inc. for a 3 year term inclusive of 2 renewal years for a not-to-exceed value of \$1,560,000 or \$520,000 annually. He explained that the selected broker will be responsible for placing and servicing succeeding programs with policy terms commencing December 14, 2020 and December 14, 2021 and December 14, 2022 respectively. He advised that the selected broker also may be consulted to assess and/or procure additional risk and insurance needs as deemed necessary by the SDA.

Following discussion, upon motion duly made by Mr. Vargas and seconded by Ms. Lemelle, the Board approved the proposed contract award with The Safeguard Group, Inc. for broker services for a 3 year term in the not-to-exceed amount of \$1,560,000 with its unanimous vote in favor of *Resolution 5a*.

### *School Review Committee*

#### **Credit Change Order No. 1 - Catcord Construction Company, Inc.; Change Order No. 6 – Ernest Bock & Sons, Inc.; Adoption of New Rules for OPRA Compliance: Notice of Adoption – Requests for Access to Government Records, N.J.A.C. 19:33**

Mr. Nixon asked Mr. Luckie to provide the report of the School Review Committee (SRC). Mr. Luckie reported that the SRC met on October 19, 2020 at which time three items were discussed. Mr. Luckie said that management is seeking approval of a Credit Change Order (CO) in connection with the Camden Cooper B. Hatch MS (Hatch School) project (Project). He reported that the Hatch School in Camden currently serves as temporary space for 550 Camden HS students while the new Camden HS is being constructed. He noted that the new High School

is scheduled for delivery in 2021. He said that SDA staff observed conditions at the Hatch School involving water intrusion after rain events that was occurring throughout the facility. He explained that, in order to better identify the roof area that needed to be addressed, an infrared flat roof moisture survey was conducted on the entire modified-bitumen flat roof at the Hatch School in August 2019. Mr. Luckie informed the Members that upon completion of the flat roof moisture survey, SDA engaged a general contractor through the Authority's general contractor task order contract to perform repairs to the flat roof to stop the ongoing water intrusion. He noted that the scope of work for the contractor was designed in-house by the Authority's design studio. He reported that SDA engaged Catcord Construction Company, Inc. (Concord) on May 1, 2020 with a schedule that required that the work be performed in June and July 2020 when the school was not occupied. He said that substantial completion was achieved in July 2020. He advised that the contract was issued for a not-to-exceed value of \$480,000, with actual costs determined based upon expended time and material. He said that management is now asking for approval of Credit CO No. 1, in the total credit amount of \$173,000 which represents cost effectiveness in terms of labor efficiencies resulting from favorable weather conditions and an adjustment in the contractor's anticipated approach in making the necessary roof repairs. He reported that Catcord has completed all repairs to the existing flat roof surface at the Hatch School and has demobilized from the site. He added that this Credit CO is necessary to de-obligate the unused contract funds in order to advance contract close-out.

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 proposed Credit Change Order No. 1 with its unanimous vote in favor of ***Resolution 6a.***



Mr. Luckie said that the Committee is also recommending Board approval of a CO in connection with the Camden HS project. He reminded the Members that the new 270,000 square-foot, two story Camden HS project (Project) is designed to educate approximately 1,200 students in grades nine through twelve. He said that on August 1, 2018, the Board approved the final charter and the award of a design-build construction contract to Ernest Bock & Sons, Inc. (Bock) in the amount of \$99,585,000 for the Project, and on September 26, 2018, Bock was issued a NTP with the design and construction of the Project. He explained that management is now seeking Board approval of CO No. 6, in the amount of \$0.00 in order to reallocate \$790,870 of unused, remaining funds from 3 scope categories to 2 different scope categories within the Project's Guaranteed Maximum Price (GMP) Reserve Allowance. Mr. Luckie said that CO No. 6 would not increase the current, overall GMP Reserve total as it will only re-allocate the unused money from specific, existing allowances within the Reserve to other separate, existing allowances. He explained that reallocating funds within the overall GMP Reserve Allowance is management's proposed recommended alternative to issuing separate change orders, thereby avoiding the unnecessary duplication of bond and insurance mark-ups. He said that since the value of CO No. 6 is \$0.00, it would not normally require presentation to the Board under the SDA Operating Authority. However, he explained that the value of the allowance funds being reallocated exceeds \$500,000.00 so, in keeping with the "spirit" of the Operating Authority and to ensure transparency, management is seeking Board approval of this CO.

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 proposed Change Order No. 6 with its unanimous vote in favor of **Resolution 6b**.

Next, Mr. Luckie said that management is also seeking Board approval for the Adoption of New Rules for OPRA Compliance for Requests for Access to Government Records, N.J.A.C.

19:33 (Rules). He advised that New Jersey's Open Public Records Act (OPRA) requires that government records be readily accessible for inspection, copying or examination by members of the public unless exempt by law or regulation. He said that OPRA further authorizes a public agency to identify categories of documents that are exempted from this requirement. He noted that the Board memorandum provides a detailed description of the regulations that are now proposed for final adoption. He advised that, following Board approval on April 1, 2020, the Rules were proposed for promulgation as new rules and published in the June 1, 2020 edition of the New Jersey Register. He explained that the proposed new Rules were published subject to a 60-day public comment period that ended July 31, but no comments were received during that period with the result that the form of the Rules has not changed from the original proposal as published in the Register. Mr. Luckie said that the Members were provided with the proposed Rules and the Notice of Proposal for review in advance of the meeting. He added that management is recommending Board approval so that staff can proceed with the Rule adoption through the issuance and filing of the Notice of Proposal with the Office of Administrative Law.

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, the Board approved the Adoption of the New Rules for Public Requests for Access to Government Records with its unanimous vote in favor of *Resolution 6c*.

### ***Public Comments***

The Chairman then opened the Public Comments portion of the meeting. No member of the public stepped forward to address the Board.

Mr. Nixon then announced that the Board would be adjourning into Executive Session. Ms. Kelly announced that the Board would be adjourning into Executive Session to discuss management's recommendation that the Board approve the extension of delivery and other

deadlines associated with the West Ward Property transferred by SDA to the City of Newark in 2017. She announced that the Board would vote on this matter upon its return to Open Session. She asked that the Chairman present ***Resolution 10.***, reflecting the Members' resolve to move into Executive Session, for a vote.

Upon motion duly made by Mr. Kanef and seconded by Ms. Lemelle, the Board resolved to adjourn the meeting into Executive Session to discuss the matter so described with its unanimous vote in favor of ***Resolution 10.***

Following return to Open Session, Mr. Vargas announced that in Executive Session the Board had discussed the Real Estate Committee's recommendation to extend certain deliverable and other deadlines applicable to the 2017 transfer of certain SDA real property located in Newark's West Ward to the City.

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. Egan, the Board approved the proposed extension of deadlines associated with the Property at issue with its unanimous vote in favor of ***Resolution A1.***

### ***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 November 4, 2020 meeting.

/s/ Jane F. Kelly  
Assistant Secretary