

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS TELECONFERENCE MEETING  
WEDNESDAY, DECEMBER 2, 2020**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, December 2, 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 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 the Chairman of the Board, Mr. Nixon. 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 Board Members was present.

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

The Chairman presented for consideration and approval the minutes of the Board's November 4, 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. Vargas and seconded by Ms. Lemelle, the Open Session minutes of the November 4, 2020 SDA Board meeting were approved by the Board with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a.***

Next, Mr. Nixon presented for consideration and approval the minutes of the Board's November 4, 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. Vargas and seconded by Ms. Lemelle, the Executive Session minutes of the November 4, 2020 SDA Board meeting were approved by the Board with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3b.***

### ***Authority Matters***

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

The Chairman then asked Mr. Da Silva for the Report of the CEO. Mr. Da Silva said that, now into the last month of 2020, we are wrapping up a year where the Authority delivered three (3) new schools and one (1) major addition while maneuvering through a pandemic and a shift in the way we do business. He added that, with these projects, the SDA has delivered over 2,600

new seats and more than 360,000 square feet of school facilities. He said that in this, his last report for 2020, he would emphasize that staff remains focused on SDA's next round of school deliveries and looks forward to the new year.

Next, Mr. Da Silva gave an update on design-build projects in the design phase. He said that temporary retaining wall work is complete and soil settlement monitoring is underway for the Perth Amboy HS project. He reported that Epic Management, Inc. (Epic), the design-builder on the Plainfield Woodland ES project, has completed design Package 1 and is preparing it for submission to Department of Community Affairs (DCA). He added that Epic has commenced work on the Package 2 design.

Turning to design-build projects in construction, Mr. Da Silva reported that all design packages have received DCA permits for the Paterson Union Avenue MS project. He said that exterior masonry work, interior work including mechanical, electrical and plumbing (MEP), and wall framing is ongoing. He added that the project's roofing work is complete other than sections located over the stair towers. For the Camden HS project, he advised the Board that exterior brick veneer work is complete and interior drywall partition work is underway. He reported that Phase III interior finish work is also underway for the Millville HS addition and renovations project.

With respect to design-bid-build projects in the construction stage, Mr. Da Silva reported that Niram, Inc., the construction contractor, has mobilized to the Keansburg Port Monmouth Road School project site and begun Phase 1 asbestos abatement activities. He said that these are nearly complete and demolition activities are scheduled to begin this month. For the Orange Cleveland Street ES project, Mr. Da Silva informed the Members that footings and foundations are complete and that underground utility and masonry work is ongoing. He also advised the Board that the first phase of structural steel work is complete, with the final phase scheduled for

completion next month. He also noted that interior structural renovations in the existing building are ongoing.

In continuing, Mr. Da Silva reported that roofing work on the existing building and on the addition has been completed on the Orange HS project. He added that exterior masonry veneer and exterior window installation work is ongoing. He noted that full building enclosure is on schedule to be completed this month.

Turning to projects in the programming stages, Mr. Da Silva advised the Members that for the Hoboken Demarest ES project, staff are currently reviewing the draft options report submitted by DRG, the design consultant on the project. For the Union City New Grade 7 to 9 School project, he said that in-house design development and programming refinement discussions are ongoing. He added that the project will be advanced through a design-build delivery method.

In continuing, Mr. Da Silva reported that on December 9 staff will be participating in the 2020 Virtual Marketplace Exchange Summit. He said that the NJ Office of Diversity and Inclusion has partnered with the NJ Economic Development Authority and NJ Supplier Diversity Development Council to provide the first-of-its-kind full-day Virtual Marketplace Exchange Summit for diverse business owners and entrepreneurs. He added that minority, women, veteran, and LGBTQ business owners and entrepreneurs interested in working with federal, state, county, and municipal government agencies will benefit from: opportunities to connect with government agencies, corporate buyers and prime contractors; procurement matchmaking sessions; and virtual exhibit booths (live networking and downloadable resources).

Next, Mr. Da Silva informed the Members that, concurrent with the purchase of OCIP II (March 31, 2009), the Authority was required to partially collateralize its estimated deductible obligations for Worker's Compensation and General Liability claims through the establishment

of a Loss Reimbursement Fund (LRF) to be held by the insurer, ACE Insurance Company. He said that the OCIP II LRF was funded entirely from available excess OCIP I LRF funds that were no longer required for that program. He explained that as of October 1, 2020, \$1.7 million remained in the OCIP II LRF; however, based on the Authority's favorable claims history and low incurred reserves on the remaining open claims, ACE issued SDA a reimbursement in the amount of \$215,656.00 in late October. He advised the Board that this reimbursement is in addition to the approximately \$12.6 million in OCIP II LRF funds already reimbursed to the Authority due to its favorable claims history.

Mr. Da Silva advised the Board that on November 24, management held an organization-wide teleconference meeting to celebrate the Authority's 2020 school deliveries. He said that Communications staff presented a video that had been created focusing on each project from groundbreaking to completion. He advised that the video was shared with staff and the SDA will share it with the Board in place of doing building walks-through. He said that the video will showcase the work of the SDA over this past year. He said that the video reflects the significant efforts of staff and the Board towards completing and delivering the Authority's projects to the districts.

Mr. Da Silva said that this year SDA had 5 staff retirements. He advised that, in May, management thought that the SDA would have been able to have everyone back to the office before the end of the year to celebrate these staff members' milestones. He said that, while this was not possible, he did not want to finish the year without honoring those that retired this year or are retiring shortly—all of whom have contributed to the Authority's mission. He thanked the SDA retirees from earlier this year as well as those who will be retiring at the beginning of next year. He advised the Board that the retirees were Catherine Lloyd, Mirna Quintana, Betti Mischronis, Sandra Vieser and Lin Leonhardt, adding that SDA will finish the year with another

4 retirements on January 1, 2021. He said that due to retire at year's end are John Barbato, Mary Shaw, Angela Levy and Martin Taylor.

In concluding his report, Mr. Da Silva thanked the staff and the Board, for their commitment and dedication to the Authority's mission.

Ms. Lemelle asked when the Camden HS and Perth Amboy HS will be complete. Mr. Da Silva said the Camden HS will be delivered in 2021 and the Perth Amboy HS will be delivered in 2024.

Mr. Nixon acknowledged and thanked the staff that has served the Authority. He said that when driving past one of the SDA schools, every staff member should know that they took part in making life better for children by improving their educational opportunities and their communities. He thanked the staff for their hard work and service at this critical time.

### ***Audit Committee***

#### ***2021 Proposed SDA Staffing Plan; 2021 Proposed SDA Operating Budget***

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on November 17, 2020 at which time management provided the Committee with the October 2020 New Funding Allocation and Capital Plan Update. He said that staff informed the Committee that there was a \$1.7 million decrease in the Unforeseen Events Reserve balance following Board approval of the revised final project charter for the Orange Cleveland Street ES addition and renovation project to provide additional funding to support added unforeseen renovation scope. He said that staff also reported a \$600,000 decrease in the 2011 Capital Plan Emergent Projects Reserve due to CEO approval of the release of funds for design services for the Newark Malcolm X. Shabazz HS emergent structural repair project. Mr. Nixon said that there were no changes in the remaining SDA District Reserve balances during the reporting period.

He then advised the Board that the reserve balance for the Regular Operating Districts (RODs) increased by \$1.7 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 (IA) provided the Committee with the results of two audits that were 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 said that based on the detailed testing performed, the Audits provided management with findings and recommendations along with suggestions for improvement. He reported that the audits revealed that State funds utilized for the projects were expended prudently and consistent with legal requirements.

Next, Mr. Nixon said that IA also provided the Committee with an update on the status of open recommendations and suggestions for improvement from the various project audits that have been conducted over the past several months. He said that IA had previously identified 8 open audit recommendations and 9 open suggestions for improvement. He advised that 6 recommendations and 4 suggestions for improvement have been closed since the last report to the Committee. Mr. Nixon noted that, significantly, all recommendations open as of December 31, 2019 are now closed.

Next, Mr. Nixon said that Ernst & Young (E&Y) had provided the Committee with the 2020 SDA Audit Plan. He said that E&Y had outlined the audit services and deliverables and provided the Committee with an overview of the audit timetable along with their (E&Y's) processes and procedures. Mr. Nixon said that E&Y discussed the impact of Covid 19 on risk factors and audit considerations. He advised the Board that E&Y's presentation also discussed General Accounting Standards Board (GASB) pronouncements. He said that E&Y also had

discussed financial reporting in accordance with the requirements of the GASB rules and provided a summary of their required communications. Mr. Nixon advised the Board that, at the conclusion of the Committee's regular meeting, the Committee met privately with E&Y and also with the Authority's director of internal auditing in accordance with Executive Order 122. He said that management did not participate in these meetings.

Next, Mr. Nixon provided the October 2020 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period total \$11.8 million, \$3.1 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 30 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 \$244.5 million, \$21.9 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 \$244.5 million, are \$17.6 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 design services, property acquisition and construction activity.



Mr. Nixon then advised that, in compliance with 2019 changes the Board made to the SDA Bylaws and Audit Committee Charter, the CEO had updated the Committee regarding Authority personnel matters and changes.

Next, Mr. Nixon advised that two matters were presented to the Committee by management that require Board action. He said that the first item for Board consideration is management's proposed 2021 Staffing Plan (Plan). He reminded the Members that in 2019, in an effort to strengthen the Board's oversight of personnel issues generally, the Board revised the SDA Bylaws to require that the CEO present a Staffing Plan for Board approval on an annual basis. He noted that the Bylaws require that the Plan represent "the resources required to satisfy the SDA's mission, goals, commitments and operating needs correlated to the volume and type of work activities to be advanced". He said that the Bylaws also require that the Plan be developed through a process that includes data-driven analytics. Mr. Nixon reported that, along with the 2021 Operating Budget, at the November 17 Audit Committee Meeting, management presented a detailed 2021 Staffing Plan that, consistent with the requirements of the Bylaws, was prepared using data-driven analytics. He said that management's development of the Plan began with a recognition of the body of SDA project and other work that is anticipated to occur in 2021, and a review of the needed activities and staffing to address that body of work on a monthly basis for the entirety of the next year. He reported that the analysis evaluated each staff member's activities related to those needs in that same detailed way in order to assess the resources needed to support the Authority's projects. He said that, essentially, the analysis reviewed each staff member's anticipated activities for each month tied to the overall work of the organization that would advance within that month. He said that this analysis resulted in a conclusion that 175 staff members, as broken down by functional area, is the number of staff needed to satisfy the SDA's mission, goals, commitments and operating needs correlated to the

volume and type of work activities that are ongoing and will be advanced throughout next year. He advised that this is an increase of one (1) staff position over the current headcount. Mr. Nixon said that the materials that have been provided to the Board for review include a 2021 forecasted staff utilization, depicting the results of the assessment as follows: (1) staff utilization by activity type for the SDA overall; (2) staff utilization by activity type by operating area; and (3) staff utilization dedicated to projects. He said that in reviewing activities within each SDA operating area, management recognized that the work of each employee can be categorized as either: school facilities project work; work that is required either by statute, regulation or other governance requirement; or, organizational needs. He said that the analysis concluded that more than 70.1% of SDA's staff activities are dedicated to school facilities projects; 7.3% are activities required to be performed in satisfaction of statutory, regulatory or other governance requirements; and 22.6% are activities related to required organizational operation and support. He advised that management performed an analysis of staff utilization by activity type and operating area, the results of which demonstrated that each operating area has staff time dedicated to each of the three categories to varying degrees. He noted that, fittingly, the analysis revealed that each operating area has significant staff time dedicated in support of school facilities projects. Mr. Nixon said that SDA executive management and the Audit Committee recommend that the Board approve the 2021 Staffing Plan as proposed. He noted that the Plan eliminates all vacant positions carried on the books. He said that only one position has been added and emphasized that the Committee is committed to ensuring that the SDA can deliver projects with this level of staff. Mr. Nixon asked if there were any comments. Mr. Vargas noted that the Plan presentation at the Committee level was extremely informative and the ensuing discussion was very productive, involving a good exchange of ideas. He said that in the midst of

the 2020 events, the SDA is still doing great work and forging ahead. Mr. Nixon echoed Mr. Vargas' comments and thanked the Executive Team for their work on the Staffing Plan.

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. Kanef, the Board approved the 2021 SDA Staffing Plan as presented with its unanimous vote in favor of ***Resolution 5a.***

Mr. Nixon then presented the proposed 2021 Operating Budget (Budget) for Board consideration. He said that the Budget was discussed with the Audit Committee at its October and November meetings and that the Committee's input has been incorporated into the Budget that is before the Board today. He advised that the Budget, at \$16.3 million, represents a decrease of \$1.1 million as compared to the current year budget. He explained that, consistent with prior years, a portion of the Authority's employee salary and benefits costs will be appropriately charged to school facilities projects based upon weekly employee time sheets. He said that the estimated amount of \$13.1 million would be charged to school facilities projects for budget year 2021. Mr. Guarriello noted that the Budget's proposed headcount of 175 full time equivalents represents a reduction of 30 positions from the current year budget. He added that in the past two budget years, the SDA has reduced the overall headcount by a combined 82 positions representing a 47.3% decrease in staff over the last several years. Mr. Nixon thanked Mr. Guarriello and his entire team.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon a motion duly made by Ms. Lemelle and seconded by Mr. Vargas, the Board approved the 2021 SDA Operating Budget with its unanimous vote in favor of ***Resolution 5b.***

### ***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 December 2, 2020 meeting.

/s/ Jane F. Kelly  
Assistant Secretary