

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS TELECONFERENCE MEETING
WEDNESDAY, JUNE 2, 2021**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, June 2, 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
Loren Lemelle
Lester Lewis-Powder
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 May 5, 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. Vargas and seconded by Ms. Lemelle, the Open Session minutes of the May 5, 2021 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 May 5, 2021 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 May 5, 2021 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 began his report with an update on design-build projects in construction. He said that the first three projects he will be discussing are scheduled for delivery this fall. He advised that for the Camden

HS project, interior mechanical, electrical, and plumbing finish work is ongoing. He added that interior finish work continues and final inspections have begun on the project. Mr. Da Silva said that he had the opportunity to tour the school yesterday and the school is looking amazing. He reported that Phase III is currently underway for the Millville HS addition and renovation project where Hall Construction continues with finish work. He added that final inspections have begun on Phase III of the project---the facility's North Addition that will deliver in September 2021 and includes science classrooms, a gymnasium and a dance studio, among other spaces. He advised that for the Paterson Union Avenue MS project, permanent power to the building has been connected, gas connection is underway, and interior finish and site work are ongoing. He noted that work has begun on sidewalk installation there along with the preparation of outdoor physical education areas.

In continuing, Mr. Da Silva reported that for the Perth Amboy HS project, production piles installation work has commenced and is underway. For the Plainfield Woodland ES project, he said that footings and foundations have begun and underground utilities work is expected to start next month.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva reported that final inspections of the addition to the Orange HS have begun. He added that the addition is scheduled to be delivered this fall.

With respect to projects in the programming/pre-design/in-house design stages, Mr. Da Silva reported that for the Union City New Grade 7 to 9 School project, a demolition and early site preparation package was advertised the previous month. He added that bids are due and will be opened on July 14.

Turning to non-project related matters, Mr. Da Silva provided the Board with an update regarding the SDA-owned Astor Place property in Jersey City. He reported that on May 18,

2021, the SDA forwarded the Jersey City District's General Counsel drafts of proposed License and Sublicense Agreements. He advised that on May 19, 2021, the District's General Counsel responded requesting minor revisions and indicating that the matter would be presented to the Jersey City Board of Education (JCBOE) on May 27. He said that on May 20, the SDA provided revised drafts of the proposed License and Sublicense Agreements that incorporated all changes requested by the District's General Counsel. He noted that the Authority has not heard from the District regarding either the outcome of last Thursday's hearing by the JCBOE or the advancement of the licensing arrangement.

Upon the conclusion of Mr. Da Silva's report, Mr. Nixon said that he wanted to be very clear that the SDA has done everything it can do and management has giving the approvals and now the only thing left is for the JCBOE to approve the contract which the JCBOE has had for a few weeks now. He said that this is no longer an SDA matter and it is now up to the JCBOE to finalize the contract. He added that once the JCBOE finalizes the contract, the Astor Place project can go back to serving the public again.

Audit Committee

Approval of 2020 Financial Statements

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on May 17, 2021 at which time management provided the Committee with the April 2021 New Funding Allocation and Capital Plan Update. He advised that there was a \$2.6 million decrease in the 2011 Emergent Projects Reserve balance following the Board-approved release of funds for the Newark Ivy Hill ES and Roberto Clemente ES boiler room water infiltration and structural repair projects. 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 \$200,000 during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon provided the April 2021 Monthly Financial Report. Mr. Nixon advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$6.6 million, down \$917,000 as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to 6 fewer FTEs than budgeted, partially offset by lower than projected payroll allocations to project expenditures. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$74.3 million, approximately \$29.8 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, project insurance, school furniture purchases, property acquisition and payroll expense allocation to project expenditures. Mr. Nixon then said that project expenditures (Actual vs. Prior Year Actual), at approximately \$74.3 million, are lower by \$16.7 million when compared to the corresponding prior year period. He explained that the variance is due to decreased grant activity, project insurance, construction activity, school furniture purchases and design services. Mr. Nixon said that, since program inception, 89.7% 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, in compliance with the 2019 changes to the SDA Bylaws and Audit Committee Charter, the CEO reported to the Committee in May regarding Authority personnel matters and changes.

In continuing, Mr. Nixon said that the Board is being requested to consider management's recommendation to approve the SDA's 2020 Financial Statements (the Statements). He said that Ernst & Young LLP (EY), SDA's independent auditor, presented their audit results and required communications in connection with EY's audit of the Authority's 2020 Financial Statements. He explained that while EY's audit of the 2020 Financial Statements is mostly complete, the audit cannot be finalized until receipt of the June 30, 2020 Governmental Accounting Standards Board (GASB) Statement No. 68 pension information for the Public Employees' Retirement System. He said that this information is expected to be available on the New Jersey Department of the Treasury, Division of Pensions & Benefits web site this month (June 2021). Mr. Nixon then outlined the areas of emphasis and the thought process EY utilized in the development of the audit plan. He said that EY confirmed that the audit was performed consistent with the audit plan; reported that the financial statements contained no corrected misstatements or material uncorrected misstatements; and reported that EY did not find any matters that would rise to the level of either a material weakness or significant deficiency. He advised the Board that EY expressed its intent to issue an "unmodified" opinion on the 2020 Financial Statements, the highest level of assurance that an auditor can give in a financial statement audit. He added that, upon receipt of the GASB Statement No. 68 pension information, the 2020 Financial Statements will be updated as needed and EY will finalize the audit and issue their report. Mr. Nixon explained that the Audit Committee agreed to advance the draft 2020 Financial Statements to the Board for final approval. However, he emphasized that the Financial Statements, upon an affirmative vote by the Members, will be deemed approved on the condition

that there is no material change to the draft Financial Statements unrelated to the recording of the GASB Statement No. 68 pension information. He advised the Board that, should there be an unforeseen material change to the draft financial statements unrelated to the recording of the GASB Statement No. 68 pension information, management will advise the Audit Committee and the Committee will determine whether to: (1) notify the Board of the change or changes; or (2) request that the Board take action to re-approve the 2020 Financial Statements as revised.

Staff had provided the Members with a resolution pertaining to the matter for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Luckie, the Authority's 2020 Financial Statements were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Resolution 5a*.

Lastly, Mr. Nixon reported that, in accordance with Executive Order No. 122, at the conclusion of the Audit Committee Meeting, the Committee met with EY without Management present.

School Review Committee

Release of Funds from Program Reserve, Award of Task Order, and Approval of Final Project Charter – Newark Public Schools District – Technology High School Boiler Room Vault and Façade Repair Emergent 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 May 17, 2021 at which time two items were discussed. He advised the Board that management is seeking approval of a release of funds from the program reserve, a task order award and a final project charter for the Newark Technology HS (High School or School) emergent project (Project). He explained that in 2008 and 2011, the SDA Board approved a total of \$197 million to fund emergent project work in SDA Districts; and, in July 2020, an additional \$55.6 million was made available through the

reallocation of funds from the SDA's Unforeseen Events Reserve to the Emergent Projects Reserve.

Mr. Luckie reported that the Newark Technology HS was built in 1912 and includes an addition built in 1971. He added that the School is approximately 169,000 square feet in size and educates approximately 610 students in grades 9 through 12. Mr. Luckie said that SDA confirmed the existence of emergent boiler room vault conditions at the High School. He noted that staff also identified the need to repair and/or replace a limited portion of the distressed and displaced brick veneer on the south façade of the 1971 addition. He said that the Authority engaged STV Architects in October 2018 to perform pre-design services limited to the boiler room vault conditions. He advised that, at the conclusion of those pre-design phase services, management determined to advance the project through the engagement of a general contractor (GC) utilizing the general construction services task order contract. He added that, as part of the engagement, the GC was required to engage the services of a design consultant to complete needed design services.

Mr. Luckie explained that after several unsuccessful attempts to identify, negotiate with, and engage a GC, the SDA determined to unify the work into a single engagement to address both the boiler room vault conditions and the brick veneer conditions. He said that on March 15, 2021 Hall Building Corporation (HBC) confirmed its acceptance of the GCTO assignment. He advised that the recommendation that the work be performed on a time and material (T&M) basis for the not-to-exceed (NTE) amount of \$1,999,000 represents HBC's cost proposal for the most extensive solution for most of the scope elements. He reported that upon completion of field investigative activities it will be determined if replacement rather than repair of the boiler room vault plaza roof slab is required and, until completion of such field investigative activities, HBC cannot present a reasonable and well-considered price proposal for replacement of the roof

slab such that the NTE value for the engagement is based upon its repair. He said that upon completion of design, the SDA will review and validate the final projected cost and schedule for the scope of work. Mr. Luckie explained that this review will result in a determination to either advance the construction work on a T&M basis for the NTE amount, or establish a fixed cost for the scope of work defined in the construction documents.

Mr. Luckie said that staff has reviewed Hall's cost proposal in the NTE amount of \$1,999,000, inclusive of SDA established allowances totaling \$265,000, and determined it to be reasonable for the elements included in the scope of work. He advised that, upon review, management determined that HBC has included all Project scope work in its bid and has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. He said that management and the Committee recommend the award of a task order contract to HBC. He also said that management and the Committee are recommending that the Board approve the Project's final charter and the release of \$2,667,335 from the Program Reserve for the Project. He noted that funding for the project is available within the established reserves for emergent projects. Finally, he advised the Board that SDA staff will provide construction management oversight for the project.

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. Nuse, and with Mr. Lewis-Powder recused and abstaining, a release of funds from the program reserve, contract award and final charter for the Newark Technology HS emergent project were approved with the Board's unanimous vote in favor of ***Resolution 6a***.

In concluding his report, Mr. Luckie said that management discussed the SDA's Proposed New Rules for Disposition of SDA Surplus Property with the Committee for informational purposes. He said that this matter will be presented for Board consideration by the

Chairman of the Real Estate Committee.

Real Estate Committee

Approval of Promulgation and Publication of New Rules for Disposition of SDA Surplus Real and Personal Property N.J.A.C. 19:35.

At the Chairman's request, Mr. Vargas provided the report of the Real Estate Committee. Referencing materials that previously were provided for Committee review, Mr. Vargas said that the Committee met on May 17, 2021, at which time management requested and the Committee is recommending, that the Members approve the promulgation and publication of New Rules for Disposition of SDA Surplus Real and Personal Property, N.J.A.C. 19:35 (New Rules). He said that the New Rules establish requirements and procedures for the disposition of real property and personal property owned by the SDA if the property is deemed surplus---that is, it is no longer needed for school facilities projects or SDA operations. He said that the New Rules are intended to replace the SDA's expired surplus property rules, while improving and expanding upon those rules. He explained that the New Rules would allow SDA to employ various methodologies in disposing of its surplus property so that a disposition can proceed in a way that is of the greatest benefit to the SDA, i.e. maximizing the amount of funds that would be made available for use in connection with other SDA projects. He advised that, upon adoption, the New Rules would be effective for 7 years. Mr. Vargas said that management is recommending that the Board approve the promulgation and publication of the proposed New Rules along with the issuance of the Notice of Proposal, and filing of the Notice with the Office of Administrative Law. He then said that Cecelia Haney was available to provide any additional details or to respond to any questions that the Members might have.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Elbert and seconded by Mr. Luckie, the Board

approved the recommended promulgation and publication of the proposed New Rules, as well as the issuance of the Notice of Proposal, and filing of the Notice with the Office of Administrative Law upon its unanimous vote in favor of ***Resolution 7a***.

Lastly, Mr. Vargas reported that, for informational purposes, management provided the Committee with a brief update on certain SDA-owned surplus properties in Irvington Township.

Public Comments

The Chairman then opened the Public Comments portion of the meeting. At the Chairman's request Ms. Kelly called upon the public speakers.

Ms. Kelly invited Bishop Militinia Bland to address the Board. Bishop Bland said that at a recent JCBOE Meeting the Black Interest Team Enterprise Corporation (B.I.T.E.) was informed that the SDA had forwarded (to the JCBOE) not the approximately 6 lines which they expected but a 14-page contract with a term of one year. She said that this is a problem because of the work B.I.T.E. does. She said that SDA comes into a project that is fluid, not costing any money and helping out the children and assisting the community and now bureaucracy closed it and sends a contract asking for things that are unreasonable. Bishop Bland then gave some examples of the unreasonable requests: no portable lavatories; a one year lease; a \$5 million insurance policy; workman's compensation; and, she added, the list goes on for 14 pages. She said that the garden was created from an unkempt, unwanted garbage lot. She expressed her concern that the property is now reverting back to its previous poor condition that B.I.T.E. worked hard to correct. She said that the (past) issues were not handled by the police but rather by community intervention and participation. She said that she hopes the SDA cares about the families and their children that attend the schools. She said that she wants this done as collaborative partners in order to help the community benefit. Bishop Bland said that she would hope that in an election year the Administration would be willing to work with community

organizations. She said that when they are told to cancel it, they need to speak up until the program is open and running again. She said that the children will soon be out of school and thanked the JCBOE because even with Covid-19, there will be a 2021 Resource Fair (Fair) where many of these problems will be addressed. Bishop Bland then listed some of the services to be provided at the Fair. She said that the JCBOE and SDA need to get together and work through the bureaucracy. She said that she hopes the children are safe and that she wants the SDA to help the children to be safe and thrive. She thanked Mr. Da Silva and said “you have a cordial invitation from the President to come and see what this Fair will do”. She advised that the Fair will be held this Saturday 10:00 AM-3:00 PM at the Lincoln High School open air area. She asked that Mr. Da Silva attend as her personal guest.

At the Chairman’s request, Ms. Kelly invited several additional speakers to address the Board but none responded. Bishop Bland said that the callers were advising her that they believed they were muted. Ms. Kelly advised that no one was muted and asked that each caller unmute themselves or they could call back into the meeting to try and correct the apparent phone issues.

Next, Mr. Alejandro Perez addressed the Board. Mr. Perez said that he was a recipient of and is a volunteer helper with Reverend Bland’s organization. He said that the SDA must intervene because the JCBOE’s conduct is that of bandits, gangsters and terrorists. He said that they are using this situation to hurt the people that are right now food insecure. He said that Reverend Bland’s staff, including himself, have been through the worst weather to keep everything going at the garden. He said that now that the garden has been shut down it is reverting back to a disaster area with the wrong people coming in. He said this has to be stopped by the SDA and JCBOE. He said that right now the JCBOE’s behavior is that of terrorists. Mr. Perez said that food insecurity is horrible and does not take holidays. He stressed that the garden

takes care of people from all walks of life. He said that the JCBOE is using this to hurt Reverend Bland and he implored the SDA to take over and stop this conduct of the JCBOE because they don't care because they are home warm while the lines of people for food and help are long. Mr. Perez asked Mr. Da Silva to accept the invitation to attend the Fair and also to come when it rains to see people lined up, with no one ever turned away. He said that Reverend Bland has stayed after 3pm to give out food to people who came late.

Ms. Kelly asked Ms. Vera Bland to address the Board. Ms. Bland said that she is very concerned as a recipient of the food pantry that a small non-profit organization has been tasked to read a 14-page legal document to do work which they do for free and that was never their intent. She advised that the group came together and tried to do a good deed and now they are so engrossed in this kind of bureaucracy that they cannot see their way clear. She said that the document that she read with an untrained eye had blatant things in it that are totally unrealistic. She asked "how do we raise the funds to do something that is free". She added that they work this land, toil and now are asked to pay for free labor. Ms. Bland said that if she were to work on a job, she would be protected but now she works for free and (SDA is) asking her to pay as a citizen, who already pays taxes, to do a good deed. She added that this is not the way it should happen. She said that she has to ask the SDA to take a look and come up with a compromise to allow citizens to come together and do good deeds and still be protected. She said that the amount of labor that B.I.T.E. puts in every season for a one year contract that could be eliminated at any time goes back to the days of slavery. She added that this is what share croppers did-- they were unprotected, worked the land and hoped for the best. Ms. Bland said that the group wants something that is sincere and the contracts that were sent are not. She added that, if you take a look at the devastation that is now happening in that area--the group of undesirables that is there with their liquor bottles and the drug paraphilia that is all around the

garden, it just breaks your heart because we can do so much better as a community. She said that B.I.T.E. comes to the SDA and asks if there is anything else that can be done. She said that she hopes the SDA comes down to see. Ms. Bland quoted Maya Angelou saying “and still we rise, we have not given up” adding that she hopes the SDA doesn’t give up on them.

Ms. Kelly asked Ms. Deborah Alston to offer comments. Ms. Alston said that she wanted to elaborate on what everyone was saying today. She said that the neighbors and the shop owners in the surrounding area who are supporting B.I.T.E. are complaining about the problems at the garden. She said that they don’t want this to happen and want the children safe for the summer because the garden is a safe place for their children to have their reading programs, summer programs, internships and to do volunteer work. She referenced the invitation of Bishop Bland to the SDA to please come down and see the garden. She said the SDA needs to come and see what Bishop Bland is doing for the community.

The following individuals had indicated an interest in offering public comments in support of B.I.T.E. and the Astor Place Community Garden: Joy Viallad, Bishop Merino, Shazia Raqui, Reverend Dr. Curtis, Minister Rosa Roney and Reverend Webb. However, due to apparent technical difficulties, the source of which could not be determined, the Board was unable to receive their comments. Their participation and support for Community Garden and B.I.T.E. are noted for the meeting record.

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 June 2, 2021 meeting.

/s/ Jane F. Kelly
Assistant Secretary