

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS TELECONFERENCE MEETING  
WEDNESDAY, JULY 7, 2021**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, July 7, 2021 at 9:00 A.M.

Participating by teleconference were:

Mario Vargas, Vice Chairman

Michael Kanef (Treasury)

Bernard Piaia (DOE)

David Nuse (EDA)

Kevin Luckie (DCA)

Daniel Gumble

Loren Lemelle

Lester Lewis-Powder

Michael Maloney

being a quorum of the Members of the Board.

In the absence of the Chairman, the meeting was conducted by the Vice-Chairman of the Board, Mr. Vargas. At the Vice-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. Jamera Sirmans of the Governor's Authorities Unit (GAU) also participated in the meeting by teleconference.

The meeting was called to order by Mr. Vargas who 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.

### ***School Review Committee***

#### **Release of Funds from Program Reserve, Award of Task Order, and Approval of Final Project Charter – Newark Public Schools District – Cleveland Elementary School Boiler Room Vault Repair Emergent Project; Amendment No. 4 - USA Architects, Planners + Interior Designers, P.A. - Newark Public Schools District – Science Park High School**

Mr. Vargas asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie reported that the School Review Committee met on June 21, 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 Cleveland ES (Elementary or School) emergent project (Project). He said that the School, built in 1912, is an approximately 76,500 square foot facility educating approximately 440 students in grades pre-kindergarten through 8. He noted that the memorandum that was provided to the Members provides a detailed history of the Project and outlines the reasons for the matter that is before the Board today.

In continuing, Mr. Luckie said that emergent boiler room vault conditions were identified at the School and SDA obtained the required professional services to address the problems. He informed the Members that general construction (GC) services were obtained through SDA's GC task order contract in March 2021. He noted that Integrated Construction Enterprises (ICE), the next firm on the task order contract's contractor rotational list, accepted the assignment. He advised that a site visit was held at the School with ICE on March 30, 2021 to review and assess the situation and SDA staff instructed ICE to engage the needed design professionals and sub-

consultants to advance the work. He said that in June, ICE provided the SDA with a cost estimate to complete the entirety of the work, and implementation of the most extensive scope of work to remedy the emergent conditions. He advised the Board that, with the recommended award, the work would be performed on a time and materials basis, for the not-to-exceed (NTE) amount of \$1,235,300.

Mr. Luckie then informed the Members that field investigative activities will determine if replacement, rather than repair, of the boiler room vault plaza roof slab is required. He explained that only after that is determined can ICE present a well-considered price proposal for replacement of the roof slab with the result that the NTE value for the engagement is, at this point in time, based upon the price for its repair. He explained that upon completion of design, staff will review and determine whether to either advance the construction work on a time and materials basis for the NTE amount, or establish a fixed cost for the scope of work defined in the construction documents. He advised that management recommends that the Board approve award of the task order to ICE, along with the Project's final charter and the release of \$1,711,000 from the Program Reserve for the Project. He added that funding for the total project costs is available within the SDA Emergent Projects Program Reserve.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas, seconded by Mr. Piaia, and with Mr. Lewis-Powder recused and abstaining, a release of funds from the program reserve, task order award and final charter for the Newark Cleveland ES emergent project were approved with the Board's unanimous vote in favor of ***Resolution 6a***.

Mr. Luckie said that the Committee is also recommending approval of Amendment No. 4 for USA Architects for the Newark Science Park HS (School) project. He reported that the School is an approximately 275,000 square foot technology magnet high school educating 1,200

students in grades 7 to 12. He said that the state Economic Development Authority, the entity that previously administered the state's school construction program, initiated delivery of the Science Park project in 2002 and issued a notice-to-proceed in 2004. He advised that in November 2006, the Project achieved substantial completion and received a temporary certificate of occupancy, excluding the smoke control system which was determined to be non-compliant with code requirements. He said that modification of this non-compliant smoke control system is the primary element necessary for completion of the Project, the issuance of a CO and final transfer of the School to the district.

In continuing, Mr. Luckie said that the memorandum that the Members reviewed prior to the meeting provides the project's background and details the basis for the action that management is asking that the Board take today. He advised that final inspections in 2019 resulted in the project passing all tests except one. He reported that a make-up air velocity system test performed at the main entrance front doors and a related investigation revealed that the original make-up air duct assembly on the second and third floors is undersized. He said that in August 2019, the Board authorized USA Architects, Planners + Interior Designers, P.A. (USA) to perform additional design services to identify corrective solutions to resolve the make-up air velocity system issue in compliance with code and with the goal of obtaining the certificate of occupancy. Mr. Luckie explained that USA submitted its smoke control analysis report in January 2020, recommending proposed changes to the smoke control system duct work. He added that SDA authorized USA to provide additional design services (including design development and construction documents) to resolve the issue. He advised that the amendment before the Board today, Amendment No. 4, will authorize USA to perform additional design services including the development of construction documents for the most efficient and cost effective corrective work to resolve the issue of providing additional smoke control system

make-up air and to provide construction phase services during the performance of that work. He noted that the design is anticipated to be completed in the spring of 2022, and the construction is expected to be performed in the summer of 2022 when students are not present.

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, seconded by Mr. Piaia, and with Mr. Lewis-Powder recused and abstaining, Amendment No. 4 for USA Architects, Planners + Interior Designers, P.A. was approved with the Board's unanimous vote in favor of ***Resolution 6b.***

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

Next, the Vice-Chairman presented for consideration and approval the minutes of the Board's June 2, 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 Ms. Lemelle, the Open Session minutes of the June 2, 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 Vice 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 Phase III interior finish work continues in the auxiliary gym and locker rooms for the Millville HS addition and renovations project. He said that all other Phase III area work is complete. He added that Phase IV asbestos abatement work and demolition prep work has also begun. For the Passaic Dayton Avenue Educational Campus project he said that landscaping has commenced. He noted

that programming of alarm, security and other systems is being finalized and data switches are being installed. He added that furniture selection is underway in coordination with the district.

In continuing, Mr. Da Silva said that for the Paterson Union Avenue MS project, roof top HVAC units are being commissioned for start-up. He advised that PSEG has completed gas connection to the building. He added that elevator installation work is ongoing, i.e. the 1<sup>st</sup> elevator is installed and installation of the 2<sup>nd</sup> elevator is commencing. He noted that work continues on sidewalk installation as well as preparation of outdoor physical education areas. For the Perth Amboy HS project, Mr. Da Silva reported that site detention basin work is ongoing, pile caps and grade beam construction is commencing and installation of underground utilities continues. He said that steel fabrication is underway for the Plainfield Woodland ES project.

Next, Mr. Da Silva gave an update on design-bid-build projects in the construction stage. He reported that for the Keansburg Port Monmouth Road School project, footings and foundations activities are complete, and exterior walls and sub-slab construction is underway for the addition. For the Orange HS project, he said that final inspections of the addition are ongoing and Phase 2 renovations to the existing High School building have begun.

Turning to non-project related matters, Mr. Da Silva reported that on June 30, 2021, Ernst & Young completed its audit of the Authority's 2020 financial statements and issued an unmodified opinion, as expected. He said that except for the GASB 68 pension entries, with respect to which information was not available at the time the Board approved the 2020 financial statements, no other accounting entries were required to be recorded.

Mr. Da Silva then informed the Members that Governor Murphy signed the Fiscal Year 2022 Appropriations Act into law on June 29, 2021. He explained that the budget includes \$275

million for the SDA – \$75 million for emergent needs and capital maintenance, and a direct appropriation of \$200 million for SDA projects.

At this time, Ms. Lemelle left the meeting.

Mr. Da Silva noted that the previous week, the Members had received a copy of the Authority's Biannual Report for the period October 1, 2020 through March 31, 2021. He said that the Biannual Report has now been formally issued to the Governor and Legislature as required and is posted on the SDA website.

Next, Mr. Da Silva provided the Board with an update regarding the SDA-owned Astor Place property in Jersey City. He said that prior to the Authority's previous Board meeting on June 2, SDA's chief counsel had provided the general counsel for the Jersey City School District (district) drafts of a proposed license between the SDA and the district and of a proposed sub-license between the district and Black Interest Team Enterprise Corporation (B.I.T.E.). He said that the district requested edits to the documents and the SDA agreed to those edits. He advised that the proposed licensing documents are substantially similar to those entered into by the SDA for community gardens in other locations throughout New Jersey. He added that the district has now had a copy of SDA's model license and sub-license agreements since March 29.

In continuing, Mr. Da Silva said that following Bishop Bland's comments at the Authority's June Board meeting, the Authority's chief counsel reached out to the district's general counsel and encouraged the district to communicate further with B.I.T.E. and to get back to the SDA with any requested modifications to the license documents. He advised that on June 4, the district's general counsel advised the SDA that he had spoken with B.I.T.E.'s legal counsel and that he (the district's general counsel) hoped to get back to the Authority with proposed document modifications during the week of June 7, 2021. He added that the SDA did not receive any further response from the district during that timeframe.

Mr. Da Silva explained that the SDA's counsel then followed up with the district's general counsel on June 15, 2021. He said that on June 21, 2021, the district's general counsel wrote back that he still had not heard from B.I.T.E.'s legal counsel, but would reach out to SDA as soon as he does.

Mr. Da Silva advised that, unfortunately, despite the SDA's expressed openness to considering any proposed document modifications from the district and B.I.T.E., neither the district nor B.I.T.E. has provided any written feedback. He said that the Authority remains anxious to move forward with facilitating the community garden, but cannot do so without participation and feedback from the SDA's contract partners.

### ***Audit Committee***

Next, the Vice-Chairman provided the report of the Audit Committee. He said that the Audit Committee met on June 21, 2021 at which time management provided the Committee with the May 2021 New Funding Allocation and Capital Plan Update. He advised that there was a \$3.9 million decrease in the Unforeseen Events Reserve balance due to Board approval of the revised final project charter for the Orange Cleveland Street ES addition and renovation project. Additionally, he advised that there was a \$5.7 million decrease in the 2008 Capital Plan Emergent Projects Reserve balance due to Board approval of the release of funds for the Paterson Public School #5 emergent building envelope 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. Vargas then advised the Board that the reserve balance for the Regular Operating Districts (RODs) increased by \$400,000 during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Vargas provided the May 2021 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period

totaled 7.5 million, down \$1.2 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 9 fewer FTEs than budgeted, partially offset by lower than projected payroll allocation to project expenditures, lower spending for facilities and general office expenses, professional & other contracted services, information systems and SDA-owned automobiles. Mr. Vargas then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$96.3 million, approximately \$37.4 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 acquisition, design services and payroll expense allocations to project expenditures. Mr. Vargas said that project expenditures (Actual vs. Prior Year Actual), at approximately \$96.3 million, are lower by approximately \$16.9 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 in grant activity, project insurance, school furniture purchases, design services and construction activity.

Mr. Vargas said that, since program inception, 89.9% 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.

In conclusion, Mr. Vargas reported that Management advised the Committee that the Authority received the Governmental Accounting Standards Board (GASB) No. 68 update from the Division of Pensions and Benefits. He said that the SDA's net pension liability on December

31, 2020, is \$42.4 million which is \$1.6 million lower than the previous year. He advised the Board that, at this time, there are no other audit adjustments to the SDA's 2020 Financial Statements Audit conducted by Ernst & Young, LLP.

### ***Public Comments***

The Vice-Chairman then opened the Public Comments portion of the meeting. At the Vice-Chairman's request, Ms. Kelly called upon those members of the public who had announced earlier in the meeting that they were participating by teleconference. The names of these individuals had been forwarded to the SDA in advance of the meeting so that they might address the Board regarding the Jersey City Astor Place Community Garden matter. Specifically, Ms. Kelly called on each of the following individuals to address the Board by name: Minister Rosa Roney, Alejandro Perez, Tiffany Baniju, Teresa Tucker, Reverend Curtis, Deborah Alston, Shazia Rafiq, James Harris, Reverend Philip Webb. None of these members of the public expressed an interest in offering comments to the Board when their name was called.

Ms. Kelly then called on Bishop Merino to address the Board. Bishop Merino introduced himself as a representative of the Bishop of the B.I.T.E. organization and as a Bishop for the state. He added that he has been working with Bishop Bland for more than 10 years, working arduously to provide nutrition at the site of the garden in ways that cannot be imagined. He said that, on a weekly basis, B.I.T.E. makes a strong effort to provide food provisions to the families that come to them. He advised the Board that there are Saturdays on which B.I.T.E. provides 1,000 to 1,500 food bags to families and all the population that is in need.

Bishop Merino implored the Board not to allow bad information to affect the work that B.I.T.E. does. He said that B.I.T.E.'s work is the work of God, adding that God tells us in the Gospel according to Luke to feed everyone faithfully, and to provide for widows, orphans and the poor. He said that that is what B.I.T.E. is doing in that second City of our State.

In continuing, Bishop Merino said that it is necessary that everyone understands that B.I.T.E. is not profiting but, rather, giving support in times of crisis during this pandemic. He said that B.I.T.E. has conducted COVID testing clinics and is doing charity work, provided by God. He asked the Board to understand that what B.I.T.E. is doing is good will.

Bishop Merino said that B.I.T.E. needs that piece of land, because that piece of land is to assist the helpless. He said that when Bishop Bland was given that piece of land, B.I.T.E. had to take out drugs, etc. He said that the land was a mess and that one could not walk on it without fear of stepping on a needle.

He said that now B.I.T.E. has created a garden where, on a weekly basis, they serve hundreds of men, women and children. He said that B.I.T.E. provides them with brand new clothes and quality nutrition. He said that this is possible because B.I.T.E. visits various businesses and factories seeking donations to help the people.

In closing, Bishop Merino said that we should realize the needs that exist in the world in which we live. He concluded by asking CEO Da Silva to sell B.I.T.E. the piece of land. He said that if SDA sells B.I.T.E. the land, they will pave it and fix it really good in the name of Jesus. He said that he trusts in God and the Board that the Board will render the property to B.I.T.E. He thanked the Board.

The Vice-Chairman thanked Bishop Merino for his comments.

Ms. Kelly again called on each of the aforementioned individuals to address the Board. Again, one indicated a desire to offer remarks. Ms. Kelly then asked if there was any other member of the public participating by teleconference who wished to address the Board. There was no response. Accordingly, the Vice-Chairman concluded the Public Comments portion of the meeting.

## *Adjournment*

There being no further business to come before the Board, upon motion by the Vice-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 7, 2021 meeting.

/s/ Jane F. Kelly  
Assistant Secretary