

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, JULY 6, 2022**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, July 6, 2022 at 9:00A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Chairman
Juan Burgos (EDA)
Kevin Luckie (DCA)
David Moore (Treasury)
Bernard Piaia (DOE)
Lester Lewis-Powder
Michael Maloney
Mario Vargas

being a quorum of the Members of the Board. Mr. Burgos, Mr. Lewis-Powder, Mr. Moore and Mr. Piaia participated in the meeting by teleconference.

At the Chairman's request, Manuel Da Silva, chief executive officer; Donald Guarriello, vice president and chief financial officer; Jane F. Kelly, vice president and assistant secretary; and Albert Barnes, chief counsel of the SDA, participated in the meeting. Jamera Sirmans of the Governor's Authorities Unit (GAU) also participated in the meeting by teleconference.

Pledge of Allegiance

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

The meeting was called to order by Mr. Nixon, who requested that Ms. Kelly read the requisite notice of the meeting. Ms. Kelly announced that the meeting notice had been sent to the *Trenton Times* and *Star-Ledger* at least 48 hours prior to the meeting, and had been duly posted on the on the SDA Website and the Secretary of State's bulletin board at 20 West State Street in Trenton, New Jersey. Ms. Kelly then conducted a roll call and indicated that a quorum of the Members of the Board was present.

Approval of Meeting Minutes

The Chairman presented for consideration and approval the minutes of the Board's June 8, 2022 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 Mr. Maloney, the Open Session minutes of the June 8, 2022 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a.***

Mr. Nixon then presented for consideration and approval the minutes of the Board's June 8, 2022 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 Mr. Maloney, the Executive Session minutes of the June 8, 2022 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3b.***

Authority Matters

CEO Report

Next, the Chairman 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 roof work is

underway on the Perth Amboy High School project, another step closer to a building that is dry and water tight. He said that a notice of award was issued on June 24 to Delric Construction Company, Inc. for safety and security upgrade work on the Perth Amboy Rose Lopez Elementary School project. He advised that window installation is ongoing for the Plainfield Woodland Avenue Elementary School project and finish work has commenced there. He also reported that PSE&G has provided meters and is preparing to energize the building.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva reported that final site work is underway for the Keansburg Port Monmouth Road School project. For the Orange High School project, he said that final HVAC renovations have begun.

Next, Mr. Da Silva provided an update on projects in the programming/pre-design/in-house design stages. He reported that the notice of award was issued on June 24 to Dobco, Inc. for design-build construction services for the Union City New Grade 7 to 9 School project.

Turning to non-project related matters, Mr. Da Silva informed the Members that the previous week the Senate and General Assembly approved Senate Bill No. 2944 which credits \$5.2 billion to the New Jersey Debt Defeasance and Prevention Fund. He said that this legislation appropriates \$1.9 billion to the SDA, \$814 million to New Jersey Transit, and \$230 million to the state Department of Transportation. He explained that of the \$1.9 billion appropriated to the SDA, \$1.55 billion is for SDA Districts and \$350 million is for Regular Operating Districts.

In continuing, Mr. Da Silva advised the Board that the Fiscal Year 2023 Appropriations bill (Senate Bill No. 2023/Assembly Bill No. 4402) includes \$75 million for the SDA to support emergent needs and capital maintenance in school districts. He said that an additional \$120 million is included for a Pre-Kindergarten facilities fund in the state Department of Education which would be utilized with the SDA for facilities maintenance. He advised the Board that

Governor Murphy signed Senate Bill No. 2944 and the Fiscal Year 2023 Appropriations bill on June 30, 2022.

Mr. Da Silva next reported that on Wednesday, June 29, the Senate approved Chairman Nixon's nomination to serve another term on the SDA Board. Mr. Da Silva offered his congratulations to Chairman Nixon.

Next, Mr. Da Silva provided an update regarding the SDA-owned property on Astor Place in Jersey City. He advised that on June 28, 2022, legal counsel for the Black Interest Team Enterprise (BITE) organization, the Jersey City School District (District) and the SDA had a productive discussion with all parties expressing support for re-establishing a community garden on the property. He said that they also discussed that the SDA and the District had reached agreement on the terms of prospective licensing documents more than a year ago in May of 2021. He explained that during the teleconference meeting, BITE's counsel asked that he have until July 11 to further discuss the licensing documents with his client. Mr. Da Silva explained that BITE's counsel indicated that once he completes his consultation with BITE, he will get back to the District and the SDA for further discussion. He said that the SDA is optimistic that the community garden will be reestablished. He added that the SDA's Safety team visited the site last week and reported that the property is in good shape. He advised the Board that the property is being well maintained by Bluegrass, SDA's property maintenance contractor. Mr. Da Silva said that as some of the Members have not seen the site, he has a few pictures, taken by the Safety team, to share with the Board this morning. Several pictures of the Astor Place property were then presented to the Board.

Mr. Nixon inquired as to what the new funds will provide project-wise and asked as to the timeline for expanding the SDA Capital Plan. Mr. Da Silva said that the new monies would allow the Authority to advance projects in the Strategic Plan for which the SDA currently has

land plus three replacement facilities. He added that management will present the Members with a revised Capital Plan at the August School Review Committee meeting and seek formal approval of the same at the September Board meeting.

Audit Committee

Next, Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on June 20, 2022 at which time management provided the Committee with the May 2022 New Funding Allocation and Capital Plan Update. He reported that there was a \$700,000 decrease in the unforeseen events reserve balance. He said that this followed CEO approval of the release of funds for mercury abatement work related to flooring installed in legacy projects at the Asbury Park Thurgood Marshall Elementary School and the Neptune Green Grove Elementary School. He advised that there were no changes in any of the other reserve balances for the reporting period. Mr. Nixon then reported that there was no change in the program reserve for the Regular Operating Districts during the reporting period.

Next, Mr. Nixon informed the Board that SDA's contract auditors, Baker Tilly, provided the Committee with the results of one project audit. He explained that the audit 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.

Next, Mr. Nixon said that the Internal Audit Division (IA) presented the Committee with a proposed 2022 Audit Plan (Plan). He explained that the Plan identified specific audits initiated or to be initiated this year by either IA staff or Baker Tilly, adding that the Plan includes 9 real-time project audits and 6 operational audits. He advised the Board that the proposed Plan equates to approximately 5,200 audit hours--1,300 internal audit staff hours and 3,900 hours for Baker Tilly.

Mr. Nixon then provided the Board with an overview of the May 2022 Monthly Financial Report. He advised the Members that the Authority's operating expenses, at approximately \$7.2 million, are down \$1 million as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to lower employee salary and benefit costs, partially offset by lower than projected payroll expense allocation to project costs. He reported that the current full-time equivalent (FTE) headcount was at the 137 level through May 31, representing a 27 FTE decrease compared to year-to-date projections. Mr. Nixon reported that year-to-date Authority operating expenses (Actual vs. Prior Year Actual), at \$7.2 million, are \$283,000 lower as compared to the operating budget for the corresponding prior year period. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$150.7 million, approximately \$33.3 million higher as compared to the capital spending forecast for the corresponding period. He advised the Members that this variance is the result of higher than forecasted expenditures for grant activity and school furniture purchases, partially offset by lower than forecasted spending in construction activity, payroll expense allocations, and project insurance. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at approximately \$150.7 million, are higher by approximately \$54.4 million when compared to the capital spending forecast for the corresponding prior year period. He advised that this variance is the result of an increase in expenditures for grant activity and school furniture purchases, offset by decreased spending in construction activity.

Mr. Nixon said that, since program inception, 91.8% 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 \$1.1 billion.

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 a Memorandum of Agreement (MOA) between the SDA and the New Jersey Cybersecurity and Communications Integration Cell (NJCCIC) in the New Jersey Office of Homeland Security and Preparedness (OHSP) for Cybersecurity Endpoint Detection and Response (EDR) Services. He said that the MOA will allow the Authority to utilize CrowdStrike Falcon EDR software to be deployed on SDA's desktop and laptop computers, mobile devices and other endpoints in order to detect and prevent against cybersecurity threats such as malicious and/or unauthorized activity. He said that the software will provide targeted alert notifications to specific personnel when software security alerts are generated. Mr. Nixon noted that the MOA also provides for staff training and support for the use of the software and the resolution of security alerts generated by the system. He said that the MOA is for an initial 3 years, with an optional 2-year renewal term. He advised that the SDA is required to reimburse NJCCIC for the cost of procuring the CrowdStrike software and licenses at an anticipated expense of approximately \$10,000 to \$15,000 per year.

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. Maloney, the Board approved the proposed MOA Between the SDA and the NJCCIC with its unanimous vote in favor of ***Resolution 5a***.

Mr. Nixon then presented the second matter for Board review which involves the SDA's Owner Controlled Insurance Program (OCIP IV) Broker Services and Excess Liability. He reminded the Members that on November 3, 2021 the Board approved an amendment to the OCIP IV Broker Services Agreement with Willis of New York (Willis) tasking Willis with marketing a new excess liability insurance program. He explained that for various reasons,

including impacts resulting from the pandemic, 5 projects are going to deliver after the current policy's March 1, 2023 project completion date. He advised that project schedules indicate that 1 project will not be included in OCIP IV leaving 4 projects impacted by revised completion dates. He said that the excess liability insurers are requiring that there be a dedicated aggregate (i.e. primary coverage) underlying the separate, stand-alone excess liability program for 2 of the 4 capital projects. He said that the total cost to purchase the new excess liability insurance program and required primary policy is an amount not-to-exceed \$1,200,000. Finally, Mr. Nixon advised that--while not required under the SDA Operating Authority as its cost does not exceed \$100,000 or 10% of the contract value--management is seeking Board approval to amend its contract with Willis to perform policy and claims administration during the extended policy term.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the Board approved the proposed amendment to the OCIP IV Broker Services contract with Willis for a lump sum of \$25,000 and the purchase of excess liability insurance policies for a not-to-exceed \$1.2 million with its unanimous vote in favor of *Resolution 5b*.

School Review Committee

The Chairman asked Mr. Vargas to provide the report of the School Review Committee. Mr. Vargas reported that the School Review Committee met on June 20, 2022, at which time three items that require Board consideration were discussed. Mr. Vargas informed the Members that the Committee is recommending Board approval of a contract amendment in connection with the Orange Cleveland Street Elementary School (School) project (Project). He reminded the Members that the School is a 39,000 square foot facility educating 306 students in grades Kindergarten through 7. He said that in March 2019, the Board approved an award for

construction services and a final charter for a project at the School. He explained that the Project scope includes an 11,550 square foot addition and renovations to address overcrowding. He said that the Project also will allow a change in grade alignment to Pre-Kindergarten through 6, consistent with the district's Long Range Facilities Plan. He said that in January 2020, general contractor (GC) Brockwell & Carrington, initiated construction services for the Project, with Epic Management, Inc. (Epic) serving as the construction manager (CM). Mr. Vargas informed the Members that in January 2022, the SDA issued a notice of termination for convenience to the GC while, at the same time, directing the GC to complete portions of the work and demobilize from the project site by March 1, 2022. He advised that SDA staff is currently preparing for procurement of a new contract for construction services for the Project with updated design documents.

In continuing, Mr. Vargas reported that in preparing for this procurement, SDA requested that Epic provide additional services not included in its base contract and that the Authority's CM Services contract with Epic also must be extended to the revised substantial completion date of August 2024. He said that Epic provided a proposal for the additional services and time extension based upon the original staffing levels and monthly costs provided in the contract. He advised that Amendment No. 7 in amount of \$868,000 would compensate Epic for providing these additional and extended CM services.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Piaia and seconded by Mr. Nixon, Amendment No. 7 for Epic Management, Inc. was approved with the Board's unanimous vote in favor of ***Resolution 6a.***

Next, Mr. Vargas said that management is seeking Board approval of an Amendment for CM services in connection with the Plainfield New Woodland Elementary School (School)

project (Project). He reported that the Project involves construction of a 120,000 square foot building to educate approximately 756 students in grades Kindergarten through 5. He informed the Members that Epic was issued a notice-to-proceed (NTP) with the design phase of the Project on March 11, 2020, with a commencement date of March 20, 2020. He said that following a competitive procurement process, Anser Advisory (Anser) (formerly Cambridge Construction Management) was issued an NTP on October 9, 2020, with a commencement date of October 12, 2020, to provide construction management services for the Project.

In continuing, Mr. Vargas advised that Epic's progress on the Project was negatively impacted by supply chain issues which delayed the delivery of concrete masonry units and other materials causing changes in scheduled activity dates. He reported that SDA staff and Epic have worked to minimize the impact these delays would have on Project completion, with the result that Epic and the project team have now agreed to a revised substantial completion date of March 31, 2023, and a final completion date of July 3, 2023. He said that the goal is a September 2023 school opening.

Mr. Vargas said that the project team reviewed the impact of the newly established completion date on CM staffing requirements and concluded that it is necessary to extend certain Anser staff positions. He explained that these include an extension of 6 months for a project engineer, project manager and office engineer; and 3 months for a mechanical electrical plumbing project manager through the substantial completion date. He added that Anser submitted a proposal in the amount of \$225,000 for these extended CM services which staff has determined is reasonable and appropriate.

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

No. 1 for Anser Advisory was approved with the Board's unanimous vote in favor of ***Resolution 6b.***

Next, Mr. Vargas said that management is also seeking Board approval of a lease extension for Temporary Classroom Units (TCUs) in connection with the Plainfield New Woodland Elementary School (Woodland School) project. He reminded the Members that SDA Board approval is required to extend any Board-approved leases. He reported that on September 7, 2016, the SDA Board approved the preliminary project charter for a new two-story school facility on the Plainfield School District-owned Woodland Elementary School site. He informed the Members that the Project includes the construction of a new 121,000 square foot facility to educate 756 students in grades Kindergarten to 5. He said that the new Woodland School would serve as a replacement facility for the District's existing Woodland and Cook Elementary Schools. He explained that the Project required the District to vacate the existing Woodland School after the 2017-2018 school year so that that school could be demolished and provide the site for construction of the new Woodland School. He further explained that it was agreed that, following the demolition, the Woodland School students would be educated along with the Cook School students in the existing Cook School until completion of the new School. Mr. Vargas said that eight additional classrooms were required to accommodate both the Woodland and Cook students at the Cook facility and explained that these were provided through the installation of leased TCUs on the Cook School site.

In continuing, Mr. Vargas reminded that Members that in April, the Board approved a contract award for the lease of TCUs from Vanguard Modular Building Systems, LLC, now known as Boxx Modular, for a lease term not exceeding four years. He said that that students occupied the TCUs starting the 2018-2019 school year and the term of the lease was for a period of 48 months expiring at the end of the 2021-2022 school year. He advised that supply chain

issues delayed the delivery of concrete masonry units and other materials so the substantial completion date for the new School is now March 31, 2023, with school occupancy anticipated September 2023. He added that this requires a one-year extension of the TCU lease agreement. He reported that the cost for the additional 12 months, with the term extending from September 1, 2022 to August 30, 2023, is a total of \$68,670 in addition to the total \$261,600 cost for the initial 48-month term.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Piaia and seconded by Mr. Maloney, the lease extension for Temporary Classroom Units at the Cook Elementary School during the construction of the Plainfield New Woodland Elementary School was approved with the Board's unanimous vote in favor of *Resolution 6c*.

Adjournment

There being no further business to come before the Board, upon motion by the Chairman and with unanimous consent, the meeting was adjourned.

Certification: The foregoing represents a true and complete summary of the actions taken by the Board of the New Jersey Schools Development Authority at its July 6, 2022 meeting.

/s/ Jane F. Kelly
Assistant Secretary