

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, SEPTEMBER 7, 2022**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, September 7, 2022 at 9:00A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

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

being all the Members of the Board. Mr. Burgos, Mr. Elbert, Mr. Gumble, Mr. Moore, Mr. Piaia and Mr. Vargas 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 (teleconference); Jane F. Kelly, vice president and assistant secretary; Albert Barnes, chief counsel; and Gregory Voronov, managing director of the SDA, participated in the meeting. Janice Venables of the Governor's Authorities Unit (GAU) also participated in the meeting.

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 been duly posted on the Secretary of State's bulletin board at 20 West State Street in Trenton, New Jersey and on the SDA Website. Ms. Kelly then conducted a roll call and indicated that all the Members of the Board were present.

Approval of Meeting Minutes

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

Mr. Nixon next presented for consideration and approval the minutes of the Board's August 3, 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. Luckie and seconded by Mr. Maloney, the Executive Session minutes of the August 3, 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

Mr. Nixon asked Mr. Da Silva for the report of the CEO. Mr. Da Silva began his report with an update on design-build projects in the design-phase. He reported that construction management (CM) proposals were received, evaluated, and opened in mid-August for the Union City New Grade 7-9 Middle School project. He noted that the apparent awardee is Anser Advisory Management (Anser) and that the associated CM contract award is being presented at today's meeting for approval. He added that the design-builder's notice-to-proceed (NTP) was issued in July.

Turning to design-build projects in construction, Mr. Da Silva informed the Members that for the Millville High School addition and renovations project, Phase IV interior renovation is complete; furniture was delivered and installed; and classrooms were turned over to the district and occupied yesterday (September 6). He reported that the Phase IV auditorium addition building enclosure is complete and mechanical, electrical and plumbing (MEP) rough-in work is ongoing there.

In continuing, Mr. Da Silva reported that for the Perth Amboy High School project, exterior wall framing is ongoing and sheathing is being completed towards enclosure of the building for winter work. He said that finish masonry has commenced to complete the roof. He added that interior masonry continues. With respect to the Plainfield Woodland Avenue Elementary School project, he said that exterior brick installation is being completed, permanent power is installed and the building is energized. He advised that MEP work is ongoing and finish work has commenced with the installation of ceiling grid and lighting. He added that site work is being completed.

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, a temporary certificate of occupancy has been issued allowing for partial occupancy of Area A of the building beginning today. He said that interior finishes in Areas B and C are ongoing there. He advised that playground and flood wall installation work is ongoing and scheduled for completion this month. For the Orange High School project, he said that final HVAC renovations are ongoing.

Turning to Authority events, outreach and other activities, Mr. Da Silva said that in August the SDA was invited by the Alliance for Action to present and talk about the Authority's current funding situation. He advised that he, along with Gregory Voronov and Edye Maier, spoke to the group about the approximate \$2.0 billion included in the FY2023 state budget and the Projects identified in the Strategic Plan. He said that he informed the Alliance members that management would be presenting a Capital Plan to the SDA Board this month, formalizing the list of proposed projects that will be advanced with the FY2023 funding.

Next, Mr. Da Silva informed the Members that on August 23, he joined Governor Murphy, Senator Ruiz, Senator Sarlo, Assemblyman Schaer, Acting DOE Commissioner McMillan and Superintendent Montanez-Diodonet for the ribbon cutting ceremony event at the Passaic Dayton Avenue Educational Campus. He said that, during the event, the Governor highlighted the educational investments included in his Fiscal Year 2023 budget. He advised that these include \$1.55 billion to support the SDA's 2022 Strategic Plan to advance more than a dozen school construction projects in SDA districts and an additional \$350 million for facilities projects in regular operating districts. He added that the projects for SDA Districts are being presented today for approval.

In continuing, Mr. Da Silva said that he wanted to provide the Members with an update on the SDA-owned Astor Place property in Jersey City. He explained that, as he has previously

reported, SDA is still awaiting agreement on prospective licensing documents that would permit the operation of a community garden on the property. He said that both the SDA and the District came to an agreement on the form of these documents more than a year ago (May 2021). He reported that since July 11, 2022, SDA's chief counsel has regularly followed up with counsel for both the District and Black Interest Team Enterprise (BITE). Mr. Da Silva said that SDA received correspondence from BITE's attorney yesterday afternoon forwarding a proposed two page agreement prepared by his client. He said that the proposed agreement appears to be a type of grant which the SDA has repeatedly said is not possible in this situation. He said that SDA's counsel has forwarded the document to the District's counsel and will be communicating further with counsel for both the District and BITE to try to clarify what exactly is being proposed. Mr. Da Silva said that the Authority remains hopeful that the Astor Place site will once again be utilized for a community garden.

It should be noted that Deborah Alston, Zelma Moore, Marie C. Pierre Canel, Maria S. Matos, and Michael Coleman of the Black Interest Team Enterprise organization attended the meeting in a demonstration of support for reestablishment of a community garden on the SDA-owned Astor Place property in Jersey City.

Finally, Mr. Da Silva advised the Members that there is an additional report in the monthly reports section of the meeting materials. He said that this report lists items previously considered in Executive Session meetings that are now completed.

SDA Capital Plan Amendment/Planning Activities Funding

Next, the Chairman asked Mr. Luckie to introduce the proposed amendment to the SDA Capital Plan that is before the Board for consideration. Mr. Luckie reported that management presented the proposed amendment to the School Review Committee on August 15, 2022. He

noted that the amendment was also presented to the Audit and Real Estate Committees the same day for informational purposes.

Mr. Luckie explained that management is asking the Board to approve an amendment to the SDA Capital Plan (Plan) and to authorize the expenditure of funds to advance planning activities. He said that the FY2023 State Budget allocated \$1.55 billion for the advancement of additional SDA school facilities projects. He advised that the amendment that management is proposing for Board approval would amend the Capital Plan in order to move these projects forward. He added that management is also seeking Board authorization to expend the funds necessary to proceed with planning activities for these projects. He asked Mr. Da Silva to share additional details with the Board.

Mr. Da Silva reminded the Members that, earlier this year, the Board approved the SDA's 2022 Strategic Plan Update (Plan). He said that the plan identified 19 projects as the first tranche of projects for advancement. He added that, in addition, the Members approved 3 of the 19 projects for advancement utilizing the \$200 million authorized in the State's FY2022 Budget. He advised that today, management will be requesting that the Members of the Authority authorize SDA management to advance the remaining 16 first tranche projects identified in the Plan utilizing the \$1.55 billion in new funding allocated by Governor Murphy and the Legislature in the State's FY2023 budget. He explained that it is the SDA's job to ensure that New Jersey's young scholars have equitable access to outstanding school buildings that will allow them to thrive and succeed as they embark on a lifetime of learning. He said that the Administration's investment in the improvement of New Jersey's educational infrastructure has allowed this Board to advance projects that will address critical needs in districts throughout New Jersey. He asked Mr. Voronov to discuss the specifics of the proposed amendment and planning activities.

Mr. Voronov reiterated that the Members are requested to authorize SDA management to obligate and expend project funds necessary to support planning activities needed to validate and advance projects identified in the Plan. He advised that the Operating Authority requires Board approval of SDA Capital Plans as well as individual project charters. He noted that, pursuant to established controls, a project charter or an alternative Board approval must precede management's expenditure of project funds.

By way of background, Mr. Voronov informed the Members that the Plan identified 19 projects as the first tranche of projects for advancement to either address overcrowding or provide replacement facilities for which there is land available under either district or SDA control. He said that in April 2022, along with the approval of the Plan, the Members approved the advancement of a total of 3 projects in Bridgeton, Elizabeth and Garfield to be funded from the \$200 million authorized for the Authority in the State FY2022 budget. He said that during the State FY2023 budget approval process, \$1.55 billion was allocated to the Authority for the advancement of additional work identified in the Strategic Plan Update. He advised that management is now recommending that the remaining 16 first tranche projects identified in the Plan be authorized to advance to the validation and planning stage. He noted that the projects recommended for advancement are consistent with the Strategic Plan update and are detailed in the memorandum.

Mr. Voronov reported that the planning activities will support the development of project scope (including confirming whether new construction, an addition, or another alternative is appropriate), as well as facility size, anticipated costs and other details. He said that they will also provide the foundation for the establishment of project charters for subsequent Board review and approval. He explained that activities may include feasibility studies, cost analyses, planning analyses, site surveys and environmental assessments. He noted that timely advancement of

these activities will support development of recommended charters and enable fully-informed decision making by the Board. He advised the Members that funding would be limited to the not-to-exceed (NTE) amount of \$200,000 per project, prior to the approval of a project charter or other additional Board-approved funding. He said that obligations within that value must receive the approval of the SDA CEO following his review of a planning activities recommendation memorandum which details the preliminary project parameters requiring validation and development.

Mr. Voronov said that the Members of the Authority are requested to approve this proposed amendment to the SDA's Capital Plan to incorporate the 16 additional projects for advancement and to authorize the necessary funding to proceed with planning activities for the same. He added that management will seek the Members' approval for all project charters that are developed based upon the results of the planning activities.

Mr. Nixon thanked Mr. Luckie and the School Review Committee for reviewing the Plan. He also thanked Mr. Da Silva and the SDA team for putting the Plan together and coordinating with the Department of Education (DOE) and the Districts. He also thanked Governor Murphy, the Assembly Speaker and the Senate President for making school construction a priority in this year's budget. He said that the work that the SDA does has an impact on children throughout the state of New Jersey.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Maloney and seconded by Mr. Elbert, the Board approved the proposed amendment to the Capital Plan and authorized the expenditure of Project Funds to Advance Planning Activities with the Members' unanimous vote in favor of ***Resolution 6e.***

Audit Committee

Next, Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on August 15, 2022 at which time management provided the Committee with the June-July 2022 New Funding Allocation and Capital Plan Update. He reported that there was a \$3.3 million decrease in the SDA Planning Reserve balance. He said that this followed CEO approval of the release of the final project charter for the Union City New Middle School 7-9 project. He said that this decrease was partially offset by the return of contingency funds from completed projects to the Planning Reserve. Mr. Nixon advised that there were no changes in any of the other reserve balances for the reporting period. Additionally, he said 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 Internal Audit Division provided the Committee with the results of one interim project audit and one Section 15 grant 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.

Mr. Nixon then provided the Board with an overview of the July 2022 Monthly Financial Report. He advised the Members that the Authority's operating expenses, at approximately \$8.7 million, are down \$1.6 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 a lower than projected payroll expense allocation to project costs. He reported that the current full-time equivalent (FTE) headcount was at the 134 level through July 31, 2022, representing a 33 FTE decrease compared to year-to-date projections. Mr. Nixon reported that year-to-date Authority operating expenses (Actual vs. Prior Year Actual), at \$8.7 million, are \$491,000 lower as compared to the operating budget for the corresponding prior year period. He

explained that this decrease is mainly attributable to lower employee salary and benefit costs, partially offset by lower payroll expense allocations to project costs. He reported that the current FTE headcount of 134 through July 31 is down 28 FTEs as compared to the prior year. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$190.7 million, approximately \$28.3 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, offset by lower than forecasted spending in construction activity, project insurance payroll expense allocations, design services, school furniture purchases and inter-agency transfers. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at approximately \$190.7 million, are higher by approximately \$53.5 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, project insurance, payroll expense allocations, PMF/CM services and inter-agency transfers. Mr. Nixon said that the estimated value of active school facilities capital projects, along with emergent and regular operating district grant projects, is approximately \$1.1 billion.

Lastly, Mr. Nixon advised that, in compliance with the 2019 changes to the SDA Bylaws and Audit Committee Charter, the CEO reported to the Committee regarding Authority personnel matters in his quarterly staffing report.

School Review Committee

Mr. Luckie then presented four items for consideration that were advanced by the School Review Committee on August 15. He said that management is requesting that the Board approve 15 General Construction Services Task Order (GCTO) contract awards. He explained that under

the SDA's GCTO contract, firms can perform two types of work: first, certain work on emergent projects designated by DOE; and second, work to address "emergency" situations under the public exigency exception to public bidding requirements. He reported that the GCTO contract allows the Authority to quickly initiate work through a pool of contractors who are expected to start construction within 14 calendar days. He advised that the Authority's current GCTO contract is due to expire on January 1, 2023. He noted that since approval of this most recent GCTO by the Board, SDA has issued nineteen (19) GCTOs valued at approximately \$15.6 million. He added that management is recommending that the Board approve the execution of a new three year GCTO contract with fifteen (15) firms.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Maloney and seconded by Mr. Piaia, the proposed new General Construction Services Task Order Contract was approved with the Board's unanimous vote in favor of ***Resolution 6a***.

Next, Mr. Luckie said that management is seeking Board approval of Amendment No. 20 for the Orange Cleveland Street Elementary School (OCES or School) project (Project). He reported that the OCES currently educates 306 students in grades Kindergarten through 7. He reminded the Members that in March 2019, the Board approved an award for construction services and a final charter for a project (Project) at the School. He explained that the Project scope includes an addition and renovations to address overcrowding. He added that the Project will also allow a change in grade alignment to Pre-Kindergarten through grade 6. He advised that in January 2020, the GC began construction services for the Project, with Epic Management, Inc. (Epic) providing CM services. Mr. Luckie said that two years later, in January 2022, the Authority issued a Notice of Termination for Convenience to the GC, directing that they complete portions of the work and demobilize from the Project site by March 1, 2022.

In continuing, Mr. Luckie said that management is currently preparing to procure a GC for the Project. He explained that it is necessary to prepare new updated design and bid documents to include a revised scope of work in order to correct conditions uncovered following abatement, demolition and construction activities. He reported that Amendment No. 20, in the NTE amount of \$175,000 would compensate Project design consultant LAN Associates (LAN) for these new updated design and bid documents which LAN will prepare on a time and materials basis. He advised that, following review, staff has determined that the items contained in Amendment No. 20 are justified and the amount 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. Vargas and seconded by Mr. Elbert, Amendment No. 20 for LAN Associates was approved with the Board's unanimous vote in favor of ***Resolution 6b.***

In continuing, Mr. Luckie reported that management is seeking Board approval of a CM services award for the Union City New Grade 7-9 Middle School (School) project (Project). He said that in December 2019, the Board approved the revised preliminary project charter for a new school in the Union City School District designed to educate 827 students in grades 7 through 9. He noted that all property acquisition, underground storage tank and demolition activities necessary for advancement of the Project have been completed. He advised that in June 2022, the Board approved a final charter and the award of a design-build construction contract for the Project to Dobco, Inc. (Dobco). He reported that on June 24, 2022, Dobco was issued a notice of award for construction of the new School and on July 26, 2022, Dobco received the NTP for the design phase of the Project. He explained that a package for CM services was advertised as a "price and other factors" solicitation beginning June 15, 2022, with price weighted at 40% and all non-price factors weighted at 60% of the final combined score. He advised that after

completing the competitive procurement process for Project CM services, it was determined that Anser Advisory Management (Anser) was the highest ranked firm with a price in the amount of \$2,282,336. He said that Anser has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents and advised the Board that management recommends award of the CM services contract for the Project to Anser.

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 construction management services award for the Union City New Grade 7-9 Middle School project was approved with the Board's unanimous vote in favor of ***Resolution 6c***.

Next, Mr. Luckie said that the Committee recommends that the Board approve Change Order No. 1 for GC Epic Management, Inc. (Epic) for the Neptune Green Grove Elementary School (Green Grove ES) project (Project). He explained that, in consultation with the Department of Health, SDA began a multi-step initiative in 2020 to evaluate flooring materials installed in its school facilities. He explained that the objective was to identify those that had poured polyurethane flooring systems that could pose a health risk due to the presence of mercury. He said that site visits were conducted to more than 165 schools in SDA and ROD Districts and approximately 30% had flooring systems requiring further evaluation. He added that one of these was the Green Grove ES.

In continuing, Mr. Luckie informed that Members that, in 2020, SDA's environmental consultant tested the flooring in the School's gym and two rounds of air sampling followed. He said that the bulk sampling results revealed the presence of mercury in the gym flooring. He explained that, for this reason, it was necessary to remove the flooring in the gym and to install new flooring. He said that after removal of the existing gym floor and while preparing to install the new gym floor, the flooring contractor inspected the remaining concrete subfloor surface. He

said that the inspection revealed issues with the entire subfloor's leveling material, including that it is delaminating. He advised that the flooring subcontractor reported that the new gym floor material could not be installed as the existing condition of the subfloor leveling material would render it impossible for the flooring to be warranted by the manufacturer or the installer. He informed the Members that the Project team reviewed the condition of the subfloor with both Epic and the flooring subcontractor and requested that Epic provide an NTE cost for the work. He said that the SDA and Epic agreed upon a time and material NTE value of \$210,000 for Change Order No. 1. Mr. Luckie said that management is recommending Board approval of Change Order No. 1 to compensate Epic for the labor, material and equipment required to 1) remove the existing delaminating subfloor leveling material; and 2) properly prepare the subfloor with a level surface that will allow for the installation of the new gym floor. He added that this would render the flooring acceptable for warranty purposes.

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. Burgos, Change Order No. 1 for Epic Management, Inc. was approved with the Board's unanimous vote in favor of ***Resolution 6d.***

Mr. Nixon then asked for a motion to adjourn the Open Session of the meeting into Executive Session. He asked Ms. Kelly to announce the matter to be considered in Executive Session. Ms. Kelly said that the Board will consider management's request for an extension of the License Agreement between SDA and City of Newark regarding the Premises located at 464 Hawthorne Avenue, Newark, NJ. She said that the Board will vote on this matter upon its return to Open Session.

Upon motion by Mr. Vargas and seconded by Mr. Piaia, the Board unanimously voted to approve **Resolution No. 9** and thereby adjourn the Open portion of the meeting into Executive Session.

At this time, Mr. Lewis-Powder advised that, due to his recusal from the matter to be discussed in Executive Session, he would be leaving the meeting.

Following the Board's return to Open Session, Mr. Vargas announced that in Executive Session the Board had discussed management's and the Real Estate Committee's recommendation for an extension of the licensing agreement between SDA and Newark for the SDA-owned Hawthorne Avenue property in the city.

Mr. Vargas explained that the Authority sometimes enters into agreements with public entities so that property SDA owns but does not currently need for construction can be put to public use. He reported that some 10 years ago, in 2012, SDA entered into a Licensing Agreement with the City of Newark for the use of property SDA owns there on Hawthorne Avenue. He added that the Licensing Agreement put all the necessary legal protections in place. He explained that Newark then entered into a Sub-Licensing agreement with the Greater Newark Conservancy, also with the necessary legal requirements in place, and that the Conservancy has been using the Property for an Urban Garden since that time. He said that the Licensing Agreement has been extended every year since 2012 and is currently due to expire on September 30. He advised that management is seeking Board approval to extend the Licensing Agreement with the City of Newark for an additional 1 year. He added that management is also seeking approval to exercise 2 future 12-month extensions in its discretion.

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. Piaia, the Board approved an extension of the Licensing Agreement between SDA and the City of Newark for the

SDA-owned property located at 464 Hawthorne Avenue, Newark, NJ with the Board's unanimous vote in favor of ***Resolution 7a***.

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 September 7, 2022 meeting.

/s/ Jane F. Kelly
Assistant Secretary