

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, JULY 5, 2023**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, July 5, 2023 at 9:00A.M. in the Joseph A. McNamara Board Room at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Public Member, Chairman
Juan Burgos (EDA)
David Moore (Treasury)
Bernard Piaia (DOE)
John Capo, Public Member
Lester Lewis-Powder, Public Member
Michael Maloney, Public Member
Mario Vargas, Public Member

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

At the Chairman's request, Manuel Da Silva, chief executive officer (teleconference); Donald Guarriello, vice president and chief financial officer; Jane F. Kelly, vice president and assistant secretary; and Albert Barnes, chief counsel (teleconference) of the SDA, participated in the meeting. Janice Venables of the Governor's Authorities Unit 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 the Chairman, 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 was 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 a quorum of the Members of the Board was present.

Approval of Meeting Minutes

The Chairman then presented for consideration and approval the minutes of the Board's June 7, 2023 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. Mr. Burgos and seconded by Mr. Vargas, the Open Session minutes of the June 7, 2023 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a***.

Authority Matters

CEO's Report

Next, Mr. Nixon asked Mr. Da Silva for the report of the CEO. Mr. Da Silva provided an update on design-build projects in construction. He said that the Passaic Dayton Avenue Educational Campus project (Project) has been delivered and is occupied. He added that management is waiting on a Leadership in Energy and Environmental Design (LEED) decision from the U.S. Green Building Council (USGBC) to finalize the Project. For the Perth Amboy High School project, he reported that interior wall framing continues. He added that drywall work, and ceiling grid and light installation work are ongoing, as are painting and ceramic tile work. He noted that casework installation is also ongoing. He advised that the Plainfield

Woodland Avenue Elementary School will be occupied in September. He noted that a temporary certificate of occupancy for the facility was received on June 29. He said that furniture and technology fit installation is complete and that the training of District staff is underway.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva informed the Members that for the Orange Cleveland Street Elementary School project, plumbing and site work is going. He noted that the general contractor is expediting the procurement of long lead items (i.e. HVAC, doors and hardware).

Turning to Authority events, outreach and other activities, Mr. Da Silva informed the Members that the SDA will join Plainfield Public School District officials at a ribbon cutting ceremony on July 19 at the Charles and Anna Booker School. He encouraged the Members, if available, to attend the event. He advised the Members that the Bookers recently toured the school which is named in their honor. He noted that Mr. Booker has just turned 100 years old and that Mrs. Booker is in her late 90s.

Next, Mr. Da Silva said that the SDA will also be scheduling a groundbreaking event for the Union City project in August, as well as events in Millville and Keansburg.

Finally, Mr. Da Silva advised the Members that Governor Murphy signed the FY2024 budget late Friday (June 30) night after the Assembly and Senate had passed it earlier that day. He said that, similar to the last two years, the budget provides the SDA with \$75 million to administer the capital maintenance grant program for the SDA Districts and Regular Operating Districts.

Audit Committee

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on June 19, 2023 at which time management provided the Committee with the April-May 2023 New Funding Allocation and Capital Plan Update. He said that there was a \$12.8 Million

decrease in the Unforeseen Events Reserve balance. He explained that this increase in commitments follows Board approval of the revised final project charter for the Orange Cleveland Street addition and renovation project which reflects the budget and schedule impacts of the Authority's engagement of a new general contractor to complete the project. He also reported that there was a \$700,000 decrease in the 2011 Emergent Projects Reserve balance following CEO approval of the release of funds for two emergent projects: 1) the Newark Salome Urena School (emergent building envelope repairs); and 2) the Trenton Franklin Elementary School (emergent exterior structural repairs). He advised that there were no changes in any of the other SDA reserve balances during the reporting period.

Mr. Nixon then reported that the reserve balance for the Regular Operating Districts (RODs) increased by \$100,000 during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon reported that SDA's internal audit division, through SDA's external auditor, Baker Tilly, provided the Committee with the results of one Operational Audit.

Mr. Nixon then provided the Board with the May 2023 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$6.7 million, down \$1.4 million as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to lower than projected employee salary and benefit costs, along with costs for professional and other contracted services, information systems, automobile purchases, temporary staffing services and facilities and general office expenses; partially offset by a lower than projected payroll expense allocation to project costs. He reported that SDA's current staff headcount is 129 through May 31, representing a decrease of 11 employees compared to year-to-date projections. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date

period total approximately \$133.1 million, approximately \$13.1 million lower as compared to the capital spending forecast for the corresponding period. He advised the Members that this variance is due to costs associated with construction activity, grant activity, project insurance, design services, construction management and property management services. He reported that the decrease is offset by the Authority's acquisition of a school facility and school furniture purchases. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at \$133.1 million, are \$17.6 million lower when compared to the corresponding prior year period. He advised that this variance is the result of a decrease in expenditures for construction activity, grant activity and school furniture purchases, offset by costs associated with acquisition of a school facility.

Mr. Nixon said that, since program inception, 79.9% 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 \$1.2 billion.

School Review Committee

The Chairman asked Mr. Vargas to provide the report of the School Review Committee. Mr. Vargas said that the School Review Committee met on June 19, 2023 and advanced three items for the Board's consideration. He said that the Committee is recommending Board approval of a Preliminary Charter for the New High School project (Project) in the Paterson School District (District). He advised that the SDA's 2022 Strategic Plan Update and Capital Plan (Plan) identified the need for a high school project in the District for approximately 1,000 students in order to address overcrowding. He reported that the Plan had anticipated that the Project would advance as an addition and renovation; however, SDA and the District later

concluded that the limitations imposed by the existing building made it more effective to construct a new replacement facility. He explained that, after working with the District and Department of Education (DOE) staff, SDA staff has validated the District's needs and is asking that the Board approve a Project scope to address those needs. He said that management recommends Board approval of a Preliminary Project Charter detailing Project advancement recommendations, including estimated costs and schedules for Project completion. Mr. Vargas clarified that, in approving the Project Charter, the Board would be authorizing management to procure the professional and construction services necessary to advance the Project. He said that, once completed, the School would be an approximately 245,000 square foot facility built on the former Paterson Catholic School site.

In continuing, Mr. Vargas informed the Members that the new school is planned for construction opposite the existing school and would provide capacity to educate 1,200 students in grades 9 to 12. He said that the new school would continue to house the District's Science Technology Engineering Arts and Math (STEAM) and Students Transitioning and Achieving Real Success (STARS) High School Programs. He said that SDA's in-house design staff would complete a program concept design, and that a bridging design consultant would then complete schematic designs and prepare bridging documents for a design-build delivery. He advised that the estimated cost of \$160.3 million for the Project includes all estimated costs necessary for advancement of the planned Project scope. He noted that costs are based upon the application of planning estimates to the anticipated scope.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Piaia, the proposed Preliminary Project Charter for the Paterson High School project was approved with the Board's unanimous vote in favor of ***Resolution 6a***.

Next, Mr. Vargas said that management is seeking Board approval of a Preliminary Project Charter for a New Elementary School project (Project) in the Trenton School District (District). He reported that the Authority's aforementioned 2022 Plan also identified the need for an elementary school project for the District to address overcrowding and provide capacity for approximately 725 students. He explained that the Project would be constructed on the existing Grace A. Dunn Middle School (Dunn School) site. He advised the Board that the Dunn School will continue to serve as an active school facility during Project construction and is expected to remain operational after the Project is completed. He said that today management is asking the Board to approve a Preliminary Project Charter which details Project advancement recommendations, including estimated project costs and schedules for completion. He clarified that, in approving the Charter, the Board would be authorizing management to procure the professional and construction services necessary to advance this Project. He advised that the recommended Project scope calls for construction of an approximately 124,000 square foot new school facility to provide capacity for 750 students in grades Kindergarten to 6. He noted that, upon completion, this Project will significantly address District capacity needs in grades Kindergarten to 5. He added that the estimated Project cost is \$83.8 million, including all estimated costs necessary for advancement of the planned Project scope.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Maloney and seconded by Mr. Burgos, the proposed Preliminary Project Charter for the Trenton New Elementary School project was approved with the Board's unanimous vote in favor of ***Resolution 6b***.

Finally, Mr. Vargas informed the Members that management is seeking Board approval of a Release of Funds from the Program Reserve, a Task Order Award and a Final Project Charter for the Burlington City Samuel Smith Elementary School (School) emergent project

(Project). He reported that the School is an approximately 46,750 square foot facility educating approximately 317 students in grades Pre-Kindergarten to 2. He said that in September 2021, after confirming the need for emergent roofing and window repair work at the School, SDA engaged T&M Associates to perform Project scope development services to address these conditions. He advised the Board that once the Project scope development services were completed, the SDA decided to advance the Project using the general construction services task order (GCTO) contract to engage a general contractor (GC). He added that the GC would then be required to engage a design consultant to complete the needed design services.

In continuing, Mr. Vargas said that on April 12, 2023, procurement staff contacted Hall Construction Co., Inc. (Hall), the next firm on the GCTO's rotational list and Hall accepted the task order assignment. He advised that the assignment would be awarded on a time and material basis for a not-to-exceed (NTE) value for the most extensive scope of work. He reported that on April 19, 2023, SDA staff and Hall conducted a site visit to assess the condition of the roof and windows and SDA staff instructed Hall to develop a proposal, cost estimate, and schedule for the Project. He noted that the scope of work includes all design services and necessary construction work for the emergent project. Mr. Vargas explained that Hall will initially focus on Project design work and, once this design work is completed, staff will validate the final projected cost and schedule and determine whether to advance the work on a time and material basis for the NTE amount or on a fixed cost basis. He reported that the value of Hall's award will be in the NTE amount of approximately \$2.99 million, which includes \$273,000 for design services and \$2.7 million for construction work. He said that total Project funding is estimated to be in the amount of approximately \$3.9 million. Mr. Vargas said that management recommends the release of approximately \$3.8 million from the Program Reserve, noting that SDA staff will provide construction management oversight for the Project. He concluded his report by advising

the Board that management recommends Board approval of the Project's Final Charter.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Piaia, the proposed release of funds from the program reserve, task order award and final charter for the Burlington City Samuel Smith Elementary School emergent project were approved with the Board's unanimous vote in favor of *Resolution 6c*.

Real Estate Committee

At the Chairman's request, Mr. Vargas reported that the Real Estate Committee met on June 19. He advised the Board that staff presented for Committee review a proposed contract award for state-wide property management and maintenance services that is advancing for final approval today. Referencing materials that previously were provided for Board review, he reminded the Members that the Authority owns properties in various parts of the state that require maintenance until such time as they are utilized for school facilities or otherwise. He noted that the Authority's current inventory includes ten vacant lots. He said that, since 2008, SDA has periodically procured the services of an outside property management and maintenance services firm, with the current firm's contract expiring August 31, 2023. He advised that, upon completion of the competitive procurement process, management is recommending award of an agreement for state-wide property management and maintenance services to Bluegrass Hydro-Seed LLC (Bluegrass), the incumbent provider. Mr. Vargas reported that the negotiated total compensation for the three-year agreement is \$1,786,000. He said that the services could then be extended for one additional year on such terms as the SDA and Bluegrass might agree to at that time. He advised that, prior to execution of the contract, the contract and all related documentation would be reviewed and approved by the SDA Division of Chief Counsel. Mr.

Vargas said that management and the Committee recommend approval of the proposed contract award by the full Board.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Piaia, the contract award to Bluegrass Hydro-Seed LLC for state-wide property management and maintenance services was approved with the Board's unanimous vote in favor of *Resolution 7a*.

Public Comment

The Chairman then inquired as to whether there were any members of the public present who wished to address to address the Board. There were none.

Adjournment

There being no further business to come before the Board, upon motion by Chairman Nixon 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 5, 2023 meeting.

/s/ Jane F. Kelly
Assistant Secretary