

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING  
WEDNESDAY, AUGUST 2, 2023**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, August 2, 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

Stephen Martorana (EDA)

Kevin Luckie (DCA)

David Moore (Treasury)

Bernard Piaia (DOE)

John Capo, Public Member

Daniel Gumble, Public Member

Michael Maloney, Public Member

Mario Vargas, Public Member

being a quorum of the Members of the Board. Mr. Gumble, Mr. Martorana, 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; Albert Barnes, chief counsel; Sean Murphy, managing director; and Jamie Henneke, governance coordinator 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. Henneke read the requisite notice of the meeting. Ms. Henneke 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. Henneke 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 July 5, 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. Maloney and seconded by Mr. Vargas, with Mr. Luckie abstaining the Open Session minutes of the July 5, 2023 SDA Board meeting were approved with the Members' majority 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 reported that for the Perth Amboy High School project, exterior masonry, roof and site work continues to advance. He noted that interior wall, ceiling grid, light installation, tile work and painting are all ongoing. He added that HVAC systems have started to condition the building. For the Union City New Grade 7-9 School project, earthwork and footing installation are ongoing.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva said that for the Charles and Anna Booker Elementary School project, the temporary certificate of occupancy

was issued in late June and the school is ready for occupancy this September. He reported that the Millville High School addition/renovations, Keansburg Port Monmouth Road School and Orange High School projects are being occupied and close-out of the original scope of work has commenced. He said that for the Orange Cleveland Street Elementary School project, the general contractor continues to advance plumbing and site work.

Turning to non-project related matters, Mr. Da Silva said that last month, he along with program director David Magyar attended the Alliance for Action meeting to provide an update on SDA projects.

Lastly, Mr. Da Silva informed the Members that the SDA joined Plainfield public schools at a ribbon cutting ceremony for The Charles and Anna Booker Elementary School (Booker School) last month. He said that the school's name sakes Charles and Anna Booker were in attendance at the event, as well as Chairman Nixon and Vice Chairman Vargas. He noted that it was a well-attended event despite the rain and it was impressive to see Mr. and Mrs. Booker speak, at the age of 100 and 98 respectively, without using eye glasses.

Mr. Maloney asked if the Perth Amboy High School project is scheduled to open on time. Mr. Da Silva answered in the affirmative, noting that the school is targeted to open in 2024 and within budget.

Next, Mr. Nixon said that the Booker School ribbon cutting was a special day. He said the Bookers' attendance at the event allowed them to see what their leadership in the Plainfield School District meant and efforts pay off in such a big way. He added that he has never seen so many people in a community come to a SDA school event. He noted that it really was an amazing day and he was proud to be there. He said that it was wonderful to hear Superintendent Rashon Hasan and Principal Juan Pablo Jimenez point out the amazing work of the SDA staff

onsite. He added that the connection that the SDA staff made with the District really shows how appreciated the SDA is for their hard work.

Mr. Da Silva said that it was a real relationship between the SDA and the District. He said that it was nice to hear the Superintendent Rashon Hasan publicly acknowledge that it was program officer Karen Tiunfo's first project that she oversaw solo.

Mr. Vargas said that when Ms. Triunfo was acknowledged it was touching to hear and shows what an impact the SDA made.

### ***Audit Committee***

Mr. Nixon advised the Board that management presented the Committee with four matters requiring Board action and noted that two of the agenda items would be discussed in Executive Session. Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on July 17, 2023 at which time management provided the Committee with the June monthly financial report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled approximately \$7.3 million down \$1.7 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, professional and other contracted services, and informational systems, partially offset by a lower than projected payroll expense allocation to project costs. He reported that SDA's current staff headcount is 128 through June 30, representing a decrease of 12 employees compared to year-to-date budgeted projections. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$153.2 million which is approximately \$15.5 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 work, grant activity, project insurance, design services, construction management services and lower

benefits expenses allocation to project costs. He reported that the decrease is partially offset by an increase in the Authority's acquisition of a school facility. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at \$153.2 million, are \$19.7 million lower when compared to the corresponding prior year period. He advised that this variance is the result of a decrease in expenditures for grant activity construction activity, and school furniture purchases, offset by costs associated with acquisition of a school facility.

Mr. Nixon said that, since program inception, 80.1% 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.

Next, Mr. Nixon said that the first item for consideration is management's recommendation for approval of Legal Services Awards (Services, the Awards). Referencing a memorandum that was distributed to the Members in advance of the meeting, Mr. Nixon explained that, upon management's recommendation, the Audit Committee is advancing for approval task order awards to law firms with expertise in 6 areas. He listed those areas as: 1) environmental law; 2) government contracting, bid protests & procurement; 3) employment law; 4) professional errors & omissions & cost recovery; 5) construction litigation; and 6) real estate law. He noted that these services were similarly procured by the SDA on seven prior occasions beginning in 2008 to complement the legal support provided to the Authority through its Office of Chief Counsel and by the Division of Law and Public Safety. He said that the current services contracts will expire in December 2023. Mr. Nixon reported that the process followed for the procurement of all selected law firms was conducted in accordance with SDA regulations. He explained that any law firm selected to provide legal services to the SDA will be required to

submit a proposed budget for any task order assignment. He said that prior to execution, the contracts with the selected law firms and any related documentation will be reviewed and approved by the SDA Division of Chief Counsel. He advised that management and the Audit Committee is recommending that the Board approve contract awards to twelve firms to provide these services following a competitive procurement process. He said that attorney services will be performed for a blended hourly rate of \$240 and an hourly rate of \$110 for paralegals for the two-year term. He noted that no one firm can be compensated in excess of \$1,800,000 over the term of the engagement, regardless of whether it provides services in one or more of the specialty areas. He noted that the twelve firms are well known across New Jersey. Mr. Nixon requested the Members of the Authority approve the proposed award of contracts for Legal Services as proposed.

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. Luckie, the proposed two-year Contract Awards for Legal Services as presented were approved with the Board's unanimous vote in favor of ***Resolution 5a***.

Next, Mr. Nixon said that the second matter requiring Board action is management's proposed award for Internal Audit Consulting Services (Consulting Services, Contract). Referencing a memorandum that was distributed to the Members in advance of the meeting, he explained that the Consulting Services will supplement the work of the Authority's internal auditing function in performing operational audits and certain project audits required by statute. He advised that specific work assignments will be made by way of "task order" on an as needed basis established by the SDA director of Internal Audit with the oversight of the Vice President of Corporate Governance & Legal Affairs. He said that the contract will be managed by the director of Internal Audit in tandem with the Audit Committee. Mr. Nixon noted that the procurement

process for obtaining the Consulting Services was a competitive process advertised beginning on April 4, 2023. He added that the contract term is three-years with a not-to-exceed value of \$2 million. He explained that the three-year term includes an option by the SDA to extend the agreement for one addition year. Mr. Nixon said that the Members of the Authority are requested to approve the award of Auditing Consultant Services to Experis US LLC through its division, Jefferson Wells, (Jefferson Wells) for a three-year term including an option by the SDA to extend the agreement for one addition year. Mr. Nixon noted that Experis, while not the current vendor, had been awarded an internal consulting services contract in the past. He stressed the value of utilizing an outside auditing firm. Mr. Vargas asked for an explanation awarding the second highest ranked firm the contract. Mr. Murphy explained that, in accordance with the Request for Proposals (RFP), the three highest ranked firms participated in the interview process. He advised that after engaging with procurement in fee negotiations the highest ranked firm, Baker Tilly Virchow Krause, LLP (Baker Tilly), informed procurement staff that they would be unable to sign the standard SDA contract without modification. He explained that the RFP states that the awardee must accept the contract “as written without modification”. Mr. Murphy said that discussions were terminated with Baker Tilly and staff moved on to negotiate with the second highest-ranked firm, Jefferson Wells and determined that their fees were fair and reasonable. Mr. Nixon thanked Mr. Murphy for all his hard work.

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. Luckie the proposed three-year term contract award for Internal Auditing Consulting Services as presented was approved with the Board’s unanimous vote in favor of **Resolution 5b**.

In conclusion, Mr. Nixon advised that Approval of an Amendment to a Memorandum of Agreement Between the SDA and the New Jersey State Police for Investigative Services along

with a Review of CEO's responsibilities and compensation would take place in Executive Session.

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

The Chairman asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the School Review Committee met on July 17, 2023 and advanced three items for Board consideration today. He advised that the Committee is recommending Board approval of an Amendment to Bridging Design Consultant Services Contracts (Contracts). He said that in November 2022, the Members approved the award of six Contracts with not-to-exceed (NTE) values of \$2,000,000 for their three-year term, which are scheduled to expire on December 1, 2025. He advised that the Contracts enable expedited assignment and award of Task Orders for bridging design consultant services on school facilities projects to be advanced under a design-build methodology. He added that pursuant to the Contracts as approved by the Board, no individual firm can receive more than \$2,000,000 of work during the three-year term. He reported that, at the time of Board approval in November 2022, management anticipated that the proposed \$2,000,000 fee cap would be sufficient to advance the anticipated two projects per firm. He explained that given the Authority's recent project experience, along with staff's anticipated procurement of six additional projects by year-end 2023 and the expectation that two additional projects will advance in the first or second quarter of 2024, management has determined that it is necessary to increase the \$2,000,000 fee cap. Mr. Luckie said that management recommends that the Members authorize an increase from \$2,000,000 to \$4,000,000, in the contracts' fee cap to ensure sufficient funding for at least two assignments per firm during the life of the engagement thus enabling timely advancement of the work.

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



the Bridging Design Consultant Services Contracts was approved with the Board's unanimous vote in favor of *Resolution 6a*.

Next, Mr. Luckie said management is seeking Board approval of a release of funds from the program reserve, a contract award and a final project charter for the Camden Veterans Family Memorial School (School) emergent project (Project). He advised that 2008 and 2011, the Board approved a total of \$197 million to fund emergent project work in SDA Districts and, in July 2020, provided an additional \$55.6 million to support the advancement of emergent projects by authorizing the reallocation of funds from the SDA's Unforeseen Events Reserve to the Emergent Projects Reserve. By way of background, he reported that built in 1939, the School is an approximately 72,000 square foot facility in the Camden Public School District (District) educating approximately 450 students in grades Pre-Kindergarten through eighth. He said that District submitted a potential emergent project for Department of Education (DOE) review to address existing conditions deficiencies at the School as fully described in the memorandum presented to the Board on this date and incorporated herein. He noted that following SDA's site visit to review the facility's existing conditions, DOE issued preliminary approval for a project to address the emergent conditions. He explained that, after engaging NK Architects (NK) through utilization of the design consultant services Task Order Contract, SDA authorized NK to perform pre-design phase services, inclusive of investigation and testing, in order to provide the SDA with recommendations for addressing the building envelope, deterioration of surrounding hardscape elements and deficiencies in existing site utilities at the School.

In continuing, Mr. Luckie informed the Members that on November 3, 2021, the SDA CEO approved the advancement of the design phase authorizing NK to complete design documents for the Project. He said that on December 19, 2022, NK submitted the construction documents to the Department of Community Affairs (DCA) for review and DCA release was

received on February 6, 2023. He added that with design work now complete, management recommends Board approval of an engagement for general construction services for the Project. He said that the construction package was advertised beginning on May 12, 2023, a non-mandatory pre-bid teleconference and mandatory site visit were held on May 31, 2023, and project rating proposals were received from bidders on or before June 5, 2023. He advised that price proposals were received on July 11, 2023 and the responsive low bidder was subsequently determined to be Seawolf Construction Corp. dba Imperial Construction & Electric (Imperial). He said that following review, management determined that Imperial has included all Project scope of work in its bid in the amount of \$3,811,000 (inclusive of SDA-established Allowances totaling \$625,000) and has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. He noted that management recommends that the contract be awarded to Imperial.

Next, Mr. Luckie explained that funding for the Project is available within the established reserves for emergent projects and approval of a release of funds from the reserves and the Project's final charter is required. He said that management therefore recommends that the Members approve the Project's final charter and the release of an additional \$4,865,625 from the Program Reserve for the Project resulting in a total project budget of \$6,588,900. He added that the construction award and the release of funds from the Program Reserve for the Project exceed \$500,000 and both require Board approval. He advised that the memorandum presented for Board review on this date and incorporated herein sets forth in detail the Project's scope of work, the Project budget and schedule, a discussion of the Project's final charter, and a description of the procurement process utilized by management to obtain the Services. He noted that prior to execution of the contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

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. Piaia, the proposed release of funds from the program reserve, contract award and final charter for Camden Veterans Memorial School emergent project were approved with the Board's unanimous vote in favor of ***Resolution 6b.***

Finally, Mr. Luckie reported that the Committee is recommending Board approval of Change Order No. 61, revised final charter and the reestablishment of design-builders contract value for the Millville High School (High School) Addition and Renovations project (Project). He said that in May 2017, SDA issued a notice-to-proceed to Hall Construction Company, Inc. (Hall) for the design phase of the design-build Project at the School. He informed the Members that the Project includes additions and renovations to increase the High School's capacity by 860 new seats for 2,026 students in grades 9 through 12. He added that the Project will also increase the School's size from approximately 200,000 square feet to approximately 375,000 square feet. He advised that the matter before the Board today involves the need to replace and install new classroom unit ventilators at the High School as part of the overall Project. He said that, by way of background, in 2003, a state HVAC Health and Safety project was undertaken in the High School's A and B wings and, subsequent to that project, the District added cooling to the system. He explained that in 2019 the District reported recurring humidity issues in the existing A and B Wings to the Authority and management agreed to investigate these conditions and devise a solution to the problem. He reported that in 2021 Change Order No. 19 for the Project enabled the performance of an HVAC investigation which determined that the District-installed cooling system was deficient and beyond its life expectancy. He added that since the parts required to repair the system are no longer available, SDA's only recourse is to replace the existing individual classroom unit ventilators with new ones.

In continuing, Mr. Luckie reported that to this end, in 2022 SDA issued Change Order No. 54 which funded the preliminary and final design services required to address the issues; and to design the recommended solutions and replacement unit ventilators. He said that the Change Order before the Board today, Change Order No. 61, would provide the construction services to address the HVAC problems. He advised that SDA's review of the proposed \$4.3 million cost for the construction services is not complete. He said that management is recommending Board approval of Change Order No. 61 with a NTE value of \$5 million now so that the SDA can advance the work. He noted that proceeding this way would support the Project schedule and enable the Authority to procure long lead-time items. He said that management is also seeking Board approval to revise the Project's final charter to ensure that sufficient funds exist to support completion of the Project. He advised that the additional funding would provide increases to construction contingency and staff costs, including the funding provided by Change Order No. 61, and address future contingency needs based on the amount of work awaiting completion.

Next, Mr. Luckie said that management would be seeking Board approval of an adjustment to the contract value for purposes of ongoing application of Operating Authority requirements. He explained that the new baseline amount would include Change Order No. 61 and all approved change orders to date and total approximately \$129 million. He reported that in the event that any future change orders should individually exceed \$500,000.00, or singularly or in the aggregate exceed 10% of the reestablished contract amount, management will come back to the Board for approval.

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. Capo, Change Order No. 61, revised final charter and the reestablishment of design-builders contract value for the

Millville High School Addition and Renovations project was approved with the Board's unanimous vote in favor of ***Resolution 6c.***

Mr. Nixon then asked for a motion to adjourn the Open Session of the meeting into Executive Session. He asked Ms. Henneke to announce the matters to be considered by the Board in Executive Session. Ms. Henneke advised that, at the request of the Board Secretary, the Board will adjourn into Executive Session to discuss three matters. She said that the first is an amendment to the Authority's Memorandum of Agreement with the New Jersey State Police for Investigative Services; the second is a request for Approval of the Acquisition of Real Property in New Brunswick, New Jersey; and the third is a review of CEO responsibilities and compensation. The Board will vote on these matters upon its return to Open Session.

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

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 a Request for Real Property Acquisition in New Brunswick, 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. Luckie and seconded by Mr. Capo, the Board approved a Request for Real Property Acquisition in New Brunswick, New Jersey with the Board's unanimous vote in favor of ***Resolution 7a.***

Next, Mr. Nixon announced that in Executive Session the Board had discussed management's and the Audit Committee's recommendation for the Amendment to the Memorandum of Agreement Between SDA and the New Jersey State Police for Investigative 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. Vargas and seconded by Mr. Luckie, the Board approved the proposed Amendment to the Memorandum of Agreement Between SDA and the New Jersey State Police for Investigative Services with the Board's unanimous vote in favor of ***Resolution 5c.***

Mr. Nixon then announced that in Executive Session the Board had also discussed management's and the Audit Committee's recommendation of Chief Executive Officer's responsibilities and compensation.

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. Piaia, the Board approved the Chief Executive Officer's compensation with the Board's unanimous vote in favor of ***Resolution 5d.***

### ***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 August 2, 2023 meeting.

/s/ Michael Maloney  
Secretary