

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, AUGUST 7, 2024**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, August 7, 2024 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)

Kevin Luckie (DCA)

David Moore (Treasury)

Bernard Piaia (DOE)

John Capo, Public Member

Lester Lewis-Powder, Public Member

Michael Maloney, Public Member

Mario Vargas, Public Member

Nicole Vecchione, Public Member

being a quorum of the Members. Mr. Burgos and Mr. Nixon were present at the meeting. The remaining Members participated by teleconference.

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

Pledge of Allegiance

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

The meeting was called to order by Mr. Nixon, who requested that Ms. Venables read the requisite notice of the meeting. Ms. Venables 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 225 West State Street in Trenton, New Jersey and on the SDA Website. Ms. Venables 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 July 3, 2024 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. Burgos and seconded by Mr. Vargas, the Open Session minutes of the July 3, 2024 SDA Board meeting were approved with the Members' vote in favor of the resolution attached hereto as ***Resolution 3a.***

Mr. Nixon presented for consideration and approval the minutes of the Board's July 3, 2024 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. Burgos and seconded by Mr. Piaia, the Executive Session minutes of the July 3, 2024 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3b.***

Authority Matters

CEO's Report

Mr. Nixon asked Mr. Da Silva for the report of the CEO. Mr. Da Silva began his report by providing an update on design-build projects in construction. He said that for the Union City Grade 7-9 School project, building enclosure activities continue, along with interior concrete masonry unit walls and rough in work.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva reported that delivery of the Orange Cleveland Street Elementary School project is expected in the next few weeks (August). He said that a recommendation for a certificate of occupancy and a temporary certificate of occupancy have been issued for plumbing and electrical. He added that fire and building inspections are ongoing. He noted that floors are being cleaned and waxed, furniture and technology are being delivered and punchlist is ongoing and issues are being addressed.

With respect to projects with active site preparation, Mr. Da Silva said that for the Garfield New Elementary School project, the existing school has been demolished and foundation removal has commenced. He advised that the design-build procurement was advertised on July 26 and the bid opening is scheduled for October 30. For the Elizabeth New Elementary School project, he noted that the demolition has commenced in the addition portion on the building.

Turning to Authority events, outreach and other activities, Mr. Da Silva informed the Members that the SDA recently joined Garfield's new Superintendent Dr. Tomko and Assemblyman Wimberly at an event to highlight the ongoing demolition activities to ready the site for construction of the a elementary school. He noted that the SDA is demolishing the former Woodrow Wilson School No. 5 to make way for a new 125,000 square foot facility.

Mr. Da Silva said that the SDA is looking to schedule an event in Elizabeth this month to highlight the demolition activities that have recently commenced. He added that the SDA is demolishing the former Joseph Battin School and will construct a new 142,000 square foot facility.

Next, Mr. Da Silva advised that later this month, the SDA will celebrate the ribbon cutting for the new Perth Amboy High School. He added that the Members should have received an invite. He noted that if you have not yet, please let Ms. Venables know if you will be attending.

In continuing, Mr. Da Silva reported that he will be speaking at Alliance for Action tomorrow at the “Inside Scoop” event. He said that he will provide the attendees with an update on the status of projects in the SDA’s capital plan and discuss upcoming project opportunities.

Finally, Mr. Da Silva said that the State Ethics Commission will give a mandatory, live, virtual ethics training class to all Public Members after the September 4, 2024 SDA Board Meeting. He added that the class will last approximately an hour and a half.

Audit Committee

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on July 15, 2024 at which time management provided the Committee with the June 2024 New Funding Allocation and Capital Plan Update. He said that staff reported a \$7.6 million decrease in the 2011 Capital Plan Emergent Projects Reserve balance due to Board approval of the release of funds for the Burlington City Captain James Lawrence Elementary School emergent window and flooring project and the Millville Holly Height Elementary School emergent HVAC project. He advised that there were no changes in any of the other SDA reserve balances during the reporting period.

Mr. Nixon advised that there were no changes in the program reserve for the Regular Operating Districts.

Next, Mr. Nixon provided the Board with the June 2024 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$7 million, down \$1.7 million as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to lower personnel costs, professional and other contracted services, information systems, facilities and general office expenses and SDA owned automobiles. He noted that the variance is partially offset by lower payroll expense allocation to project costs. He reported that the current full time equivalents (FTE) headcount is 129 through June 30, 2024 representing a 12 FTE decrease compared to year-to-date budgeted headcount. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$172.9 million, are \$38.4 million lower as compared to the capital spending forecast for the corresponding period. He advised the Members that this variance is the result of decreased spending in construction activity, grant agreements, project acquisitions and construction management services. He said that the decrease is offset by an increase in school furniture, fixtures and equipment. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at \$172.9 million, are \$19.7 million higher when compared to the capital spending forecast for the corresponding prior year period. He advised that this variance is the result of an increase spending for property acquisition, grant agreements and school furniture, fixtures and equipment, partially offset by a spending decrease in construction work.

Mr. Nixon advised that, since program inception, 82% 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 \$1.55 billion.

Mr. Nixon then said that the Committee has one item for consideration by the Board today that will be presented by Mr. Vargas. Referencing materials that previously were provided for Board review, Mr. Vargas advised that the Members of Audit Committee are recommending that the Board approve the award of contract for Independent Auditor Services to PKF O'Connor Davies, LLP. He explained that pursuant to Executive Order No. 122 (2004), SDA, through its Audit Committee, is required to engage a qualified public accounting firm to provide independent auditor services. He said that a selection committee, comprised of three Board Members, David Moore, John Capo and himself, conducted the procurement process. Mr. Vargas said that the Request for Proposal was advertised on May 22, 2024 as a "Price and Other Factors" solicitation on the SDA website, the NJ State website and in selected newspapers. He reported that the procurement price was weighted as 20% of overall weight, and all non-price factors had a combined weight of 80%. He said that upon completion of the procurement process, the Audit Committee recommends the award of a contract to the highest ranked firm, PKF O'Connor Davies, LLP, to provide independent auditor services. He noted that the initial term of the annual lump sum fee contract is 3 years covering the financial statements for fiscal years ending 2024, 2025 and 2026. He advised that the contract may be extended for 2 one-year terms subject to approval by the Board of Directors. Mr. Vargas said that the Committee recommends the Members approve the award for Independent Auditor Services to PKF O'Connor Davies, LLP. Mr. Vargas commented that SDA staff, including Sean Murphy and Cecelia Haney, were very helpful to the selection committee, and that the process went smoothly.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Capo and seconded by Mr. Burgos, the Board approved the award for Independent Auditor Services to PKF O'Connor Davies, LLP with its unanimous vote in favor of *Resolution 5a*.

School Review Committee

The Chairman then asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the School Review Committee met on July 15, 2024 and is advancing one item for Board consideration today. He said that management is seeking Board approval of Credit Change Orders No. 5 and No. 6 for the Newark Salome Urena Elementary School emergent project (Project or School). By way of background, he reported that the School was built in 1928 with several additions, is an approximately 68,000 square foot facility in the Newark Public School District (District) educating approximately 368 students in grades Pre-K through 8. He explained that the SDA confirmed an emergent condition at the School requiring the re-pointing of the masonry at the school, and the project was advanced through the engagement of a General Contractor utilizing the SDA's General Construction Services Task Order Contract. The general contractor was required to engage the services of a design consultant to complete needed design services. He noted that the SDA awarded the contract to Integrated Construction Enterprises (ICE). He advised that during the SDA's design phase and the review for construction of this contract work, the District had, unbeknownst to the SDA, completed the installation of solar panels on the roof of the building within close proximity to the work area to be performed under this contract. He said that after review of the scope of solar panels that would need to be removed and replaced and the cost to do so, the District requested that the work to be performed under SDA's contract be terminated, and funds remaining be granted to the District to perform the work themselves. He added that in an effort to minimize

further cost impact the SDA agreed to terminate the emergent repair work contract and provide the District with a grant to complete the work. He reported that this credit change order singularly exceeds 10% of the contract value and thus its issuance requires approval by the Members of the Authority. He said that the Members are requested to approve credit change order No. 5 in the lump sum credit value of (\$184,910.00) and credit change order No. 6 in the lump sum credit value of (\$8,841.00) to enable finalization of the close out process for the SDA's contract with ICE related to the emergent work that was to be performed at the School.

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, with Mr. Lewis-Powder recused, the Board approved Credit Change Orders No. 5 and No. 6 for the Newark Salome Urena Elementary School emergent project with its unanimous vote in favor of ***Resolution 6a.***

Public Comments

At this time Mr. Nixon announced that the public comments portion of the Meeting will commence consistent with the New Jersey Open Public Meetings Act. There being no public speakers, Mr. Nixon asked for a motion to adjourn the Open Session of the meeting into Executive Session.

Mr. Nixon asked for a motion to adjourn the Open Session of the meeting into Executive Session. He asked Ms. Venables to announce the matters to be considered by the Board in Executive Session. Ms. Venables advised that, the Board will adjourn into Executive Session to discuss an informational item regarding a settlement of litigation. She said that there will be no formal action taken today upon return to Open Session.

Upon motion by Mr. Luckie and seconded by Mr. Piaia the Board unanimously voted to approve ***Resolution No. 8.*** and thereby adjourn the Open portion of the meeting into Executive

Session.

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 7, 2024 meeting.

/s/ Janice Venables
Assistant Secretary