

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS TELECONFERENCE MEETING
WEDNESDAY, JUNE 3, 2020**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, June 3, 2020 at 9:00 A.M.

Participating by teleconference were:

Robert Nixon, Chairman
Michael Kanef (Treasury)
Bernard Piaia (DOE)
Stephen Martorana (EDA)
Kevin Luckie (DCA)
Kevin Egan
Richard Elbert
Loren Lemelle
Lester Lewis-Powder
Michael Maloney
Mario Vargas

being all the Members of the Board.

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

The meeting was called to order by the Chairman of the Board, Mr. Nixon. The Chairman asked Ms. Kelly to 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. She said that a call-in number was provided on the SDA Website so that members of the public could participate in the meeting by teleconference. She also advised the Members that the call-in number for the meeting was posted at the SDA offices earlier in the morning. Ms. Kelly then conducted a roll call and indicated that all of the Members of the Board were present.

The Chairman recognized the difficult times that we are all facing. He thanked the Members of the Board for their commitment to the important work of the Authority, recognizing that the Members are individuals who are active in their communities in numerous positive ways.

Approval of Meeting Minutes

Next, the Chairman presented for consideration and approval the minutes of the Board's May 6, 2020 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. Luckie, the Open Session minutes of the May 6, 2020 SDA Board meeting were approved by the Board with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a***.

Next, Mr. Nixon presented for consideration and approval the minutes of the Board's May 6, 2020 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 Ms. Lemelle, the Executive Session minutes of the May 6, 2020 SDA Board meeting were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 3b***.

Authority Matters

CEO Report

At the Chairman's request, Mr. Da Silva provided the report of the Chief Executive Officer. Mr. Da Silva advised the Members that he would be discussing the status of the Authority projects that are advancing and would be happy to take any questions.

In beginning his report, Mr. Da Silva reported that the SDA closed out the Camden Catto Community School and Boys & Girls Club demonstration project. He reported that this is the last of the six (6) demonstration projects to be closed out. He said that staff issued the final invoice and that SDA is closing out the project. Mr. Da Silva then said that he is also very pleased to announce that on May 14, the Department of Community Affairs (DCA) issued a full Certificate of Occupancy (CO) for Trenton Central HS.

With respect to design-build projects in construction, Mr. Da Silva said that for the East Orange George Washington Carver ES project, Dobco, Inc., the design-builder, has completed design phase services work. He added that interior finish work is complete and final inspections are anticipated to be completed this month. For the Harrison New ES project, he reported that all utilities are connected and mechanical, electrical and plumbing equipment is being prepared for start-up. He reported that building enclosure and finish work activities and finish site work is ongoing, adding that preparations for a temporary CO are underway. He advised that for the Pemberton Denbo Crichton ES project, finish work has commenced, lighting fixtures are being installed throughout the building, HVAC units are being set up and started, and exterior work is being completed.

Mr. Da Silva said that Phase II interior finish activities are ongoing for the Millville HS project. He added that Phase II final inspections have begun and Phase II exterior masonry work is ongoing there.

Mr. Da Silva then gave an update on design-build projects in the design phase. He said that design-builder Epic Management has initiated design phase services as well as site condition

review and testing for the Plainfield Woodland ES project. He added that staff received proposals from nine (9) firms in response to SDA's request for proposals for construction management (CM) services. He noted that the bid opening is scheduled for June 4 and that staff anticipates providing an award recommendation for Board consideration at the July meeting.

Turning to design-build projects in construction, Mr. Da Silva reported that interior mechanical, electrical, and plumbing rough in work continues for the Camden HS project.

With respect to design-bid-build projects in the construction stage, Mr. Da Silva said that the building permit was issued on March 10 for the Orange Cleveland Street ES project. He added that footings, foundations and underground utility work is ongoing there. For the Orange HS project, he reported that site clearing activities are complete, as well as main addition footings, foundations, and slab on grade work. He said that site underground utility and storm drainage work continues and structural steel work is approximately 75% complete.

With respect to the design-build/general construction project staff, Mr. Da Silva said that, as of May 22, there were three (3) positive COVID-19 cases on the Dayton Avenue project in Passaic. He noted that no additional reports of workers experiencing symptoms at this site were received. He reported that one (1) positive COVID-19 diagnosis was reported at the Millville project site on May 22. He added that no additional reports were received of workers experiencing symptoms at this site.

Mr. Da Silva advised the Members that staff continues to work remotely from home or from the field. He said that the office remains closed to all staff on Tuesdays and Thursdays. He noted that COVID-19 related Contractor guidance is posted on the SDA website and the Hotline for reporting exposures and positive tests remains operational and is working well.

In continuing, Mr. Da Silva reported that the SDA/Department of Education (DOE) Alyssa's Law certification portal was launched to school districts on Wednesday, April 15. He

said that all previously anticipated deadlines for both certifications and funding requests will be extended to ensure that school districts have ample time to complete all related activities due to COVID related constraints. He advised that DOE is advancing new timeframes associated with funding requests and SDA will align certification dates in accordance with DOE's reforecast.

Mr. Da Silva then advised the Board that on Monday, May 18, a communication was sent to districts identified for assessment and testing in connection with the SDA's mercury in flooring initiative. He explained that staff is looking to establish a schedule for site visits, based on the availability of district personnel and access to school buildings.

Audit Committee

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on May 18, 2020 at which time management provided the Committee with the April 2020 New Funding Allocation and Capital Plan Update. He advised that there was a \$7.8 million decrease in the Planning Reserve balance following the Board's December 2019 approval of the revised preliminary project charter for the Union City New Grade 7 to 9 School project. He explained that the revision was attributable to the acquisition of four (4) properties needed for the project, along with time-delay costs associated with the acquisitions. Mr. Nixon said that there were no changes in any of the remaining reserve balances for the SDA Districts during the reporting period.

He then advised the Board that the reserve balance for the Regular Operating Districts (RODs) increased by \$1.9 million during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon provided the April 2020 Monthly Financial Report. He advised the Committee that the Authority's operating expenses (Actual vs. Budget) for the year-to-date

period totaled \$6.4 million, \$982,000 lower as compared to the budget for the corresponding period. He explained that the decrease is mainly attributable to lower personnel costs and professional and other contracted services, offset by a lower payroll allocation to project expenditures. He reported that year-to-date Authority operating expenses (Actual vs. Prior Year Actual) are \$1.2 million lower as compared to the operating budget for the corresponding prior year period. He noted that this decrease is mainly attributable to SDA having 40 fewer FTEs than the previous year. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total \$90.9 million, \$15 million lower as compared to the capital spending forecast for the corresponding period. He advised that this variance is the result of lower than forecasted expenditures in construction activity, grants, school furniture purchases and property acquisitions. He reported that project expenditures (Actual vs. Prior Year Actual), at \$90.9 million, are \$3.7 million higher as compared to the corresponding prior year period. He explained that the variance is due to an increase in construction activity, design services and project insurance, offset by a decrease in grants and project cost payroll allocations. Mr. Nixon then reported that since program inception, approximately 86.7% of the funds authorized for SDA districts have been disbursed. Additionally, he said that since program inception, 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, emergent and regular operating district grant projects is approximately \$2 billion.

In concluding his report, Mr. Nixon advised the Board that at the May meeting, the CEO had updated the Committee regarding Authority personnel matters and changes as required by revisions the Board made last fall to the Authority's Bylaws and Audit Committee Charter.

School Review Committee

Credit Change Order – T.N. Ward Company

Next, Mr. Nixon asked Mr. Luckie to provide the report of the School Review Committee (SRC). Mr. Luckie reported that the SRC met on May 18, 2020 at which time one item was discussed. He informed the Members that management is seeking approval for a credit change order for T.N. Ward Company (T.N. Ward) for the Geraldyn O. Foster ECC (ECC) in the Bridgeton Public Schools District (District). He said that the ECC was built by the SDA in 2003. He explained that the project added 61,000 square feet to the existing Bridgeton Buckshutem ES and 24 new classrooms for 360 Pre-K and Kindergarten students. Mr. Luckie said that, among other things, the new construction provided the ECC with a cafetorium and a playroom, both constructed with rubberized polyurethane flooring. He explained that, following reports of mercury in rubberized flooring, the District hired an environmental consultant to test the flooring and air at the ECC. He advised the Board that the testing took place in April and May 2019. Mr. Luckie said that the testing showed that mercury was present in the cafetorium and playroom flooring, and in the room air, noting that the mercury concentrations in the air exceeded state Department of Health (DOH) guidance levels.

In continuing, Mr. Luckie informed the Board that in May 2019, the SDA conducted follow-up testing for mercury at the ECC and confirmed the presence of mercury. He said that the testing also demonstrated that, with properly managed ventilation, mercury concentrations in the room air could be reduced below the DOH guidance level. He said that, despite this, the District, DOH, and SDA agreed that removal and replacement of the mercury flooring was a reasonable approach to take.

Mr. Luckie advised the Board that in June and July 2019, SDA developed specifications for removal and replacement of the flooring and later visited the site with T.N. Ward, an SDA

General Construction Task Order contractor. Mr. Luckie said that T.N. Ward then developed a “time and materials” estimate of the costs to perform the necessary services and provided SDA with final pricing for the work in late September 2019. He added that the contract was issued on a time and materials basis for a not-to-exceed value of \$483,000.00 and the Authority issued the contractor a notice-to-proceed in late October 2019. He explained that the value of the proposed credit change order in the amount of \$104,902.00 is cost effective, provides labor efficiencies and recognizes that certain HVAC repairs, once thought to be needed, were, in fact, unnecessary. He noted that, as of March 10, 2020, T.N. Ward had completed the work and demobilized from the site. He added that the proposed credit change order before the Board today is necessary for the de-obligation of the unused contract funds to advance contract close-out. He said that the Board memorandum provides significant detail regarding the Project’s background and the proposed credit change order.

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 credit change order for T.N. Ward Company was approved with the Board’s unanimous vote in favor of *Resolution 6a*.

Public Comments

The Chairman then opened the Public Comments portion of the meeting. At his request, Ms. Kelly asked Heather Sorge of the Healthy Schools Now/Work Environment Council to address the Board.

Ms. Sorge said that she was very happy to hear that the Authority is continuing to move forward with the mercury in flooring initiative. She inquired as to who will be performing the testing and how long the testing process will take. Mr. Da Silva responded that testing will begin on Monday, May 18. He asked Mr. Yosha to provide additional details.

Mr. Yosha said that SDA will be conducting testing in twenty-nine (29) districts, inclusive of one-hundred and forty-three (143) schools. He said that testing will initially begin with the 2011 Capital Plan schools, adding that all will be visited during the month of June. He noted that each school visit will take approximately one day. He said that testing and results for schools built earlier will be obtained thereafter. Mr. Yosha also advised that the SDA will be using certified contract state environmental consultants to conduct the testing.

Ms. Sorge asked whether the test results, once obtained, will be released to the general public. Mr. Yosha responded that, once analyzed, the results will be provided to the districts. He said that the Authority would then consider making the results more broadly available. Ms. Sorge encouraged the release of the results to the public. Mr. Nixon asked Ms. Sorge what she considered “transparency” in this regard. Ms. Sorge responded that, in her past experience in similar situations, districts that released information/test results to parents and educators were successful in keeping fears at bay, while districts that did not often experienced public outrage and upheaval at public meetings.

At the Chairman’s request, Ms. Kelly then asked Linda Stork to address the Members. In an apparent reference to the SRC report regarding mercury flooring in Bridgeton, Ms. Stork, a New Brunswick resident and former educator, said that she was pleased to hear that a determination was made to replace the flooring there despite the conclusion that ventilation would result in air quality that would meet DOH standards. She said that when she was a teacher she had been required to keep classroom windows open in the winter months in a similar situation. She said that replacement of the flooring is a much better approach to take.

Ms. Stork then asked if the Members or staff could explain to her why a district is unable to spend more than \$500,000 to install air conditioning in a school facility but can spend \$22 million to replace a school facility (Lincoln Annex in New Brunswick) without state

involvement and approval. She indicated that the existence of the \$500,000 cap had been relayed to her by local officials. Mr. Da Silva described what constitutes an “emergency repair project” as a district responsibility vs. a “capital improvement project” that would fall to the SDA. He said that projects that are “in between” must receive DOE approval. Mr. Yosha explained that there had been a statutory \$500,000 cap on (statutorily defined) “school facilities projects” that limited projects that could be pursued by districts on their own. However, he informed Ms. Stork that this cap was statutorily eliminated. Mr. Nixon clarified that, now, a project that cost in excess of \$500,000 can be pursued by a district but that this must be preceded by receipt of DOE approval. Ms. Stork asked when the ceiling was statutorily removed. Mr. Piaia indicated that this occurred in 2008.

At the Chairman’s request, Ms. Kelly then asked Charles Kratovil of New Brunswick to address the Board. Mr. Kratovil said that he and others had been coming to the SDA to speak because state and local government officials have not been treating their constituents with respect. He said that he had some questions about the districts’ Long Range Facilities Plans (LRFPs). He said that he has been frustrated by an inability to obtain the districts’ LRFP documents. He said that he had asked both the Governor and the DOE Commissioner for help in obtaining them and has still had no success.

Mr. Kratovil cited the situation of the New Brunswick Lincoln Annex School as an example of a school that is going to be replaced when it was just renovated at the cost of \$22 million in taxpayer money. He said that there are other schools in the district that are in much greater need of replacement. Mr. Kratovil said that the process followed on the local level provided no opportunity for meaningful public input and the plan was not presented to the local planning board for approval as is required. He said that he would urge that the DOE reject any proposed amendment to New Brunswick’s LRFP for the Lincoln Annex project but that this is

made more difficult for him due to his inability to obtain the district's LRFP submission that would serve as the basis for his argument. Mr. Kratovil urged that the DOE reject any proposed LRFP amendment regarding the Lincoln Annex School.

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 June 3, 2020 meeting.

/s/ Jane F. Kelly
Assistant Secretary