

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS TELECONFERENCE MEETING
WEDNESDAY, JULY 1, 2020**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, July 1, 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
Lester Lewis-Powder
Michael Maloney
Mario Vargas

being a quorum 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; Albert Barnes, chief counsel; and Gregory Voronov, managing director, 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 a quorum of the Members was present.

Mr. Nixon said that he hopes that everybody is doing well and that everyone's families are healthy. He added that we will continue to offer support to those in our community who are suffering or are in need of our help.

Approval of Meeting Minutes

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

Authority Matters

CEO Report

At the Chairman's request, Mr. Da Silva provided the report of the Chief Executive Officer. Mr. Da Silva began his report with an update on design-build projects in the design phase. He said that for the Perth Amboy HS project, the design-builder has commenced activities on site, including preparation for installation of temporary retaining walls, site clearing and installation of additional required temporary fencing. He reported that the design-builder, Epic Management, has submitted its initial design Package #1 for the Plainfield Woodland ES project.

He added that an award recommendation for construction management (CM) services for the Plainfield project is on today's agenda for Board consideration.

Turning to design-build projects in construction, Mr. Da Silva informed the Members that concrete slabs on deck are being placed and vapor mitigation system and under-slab utilities work is being completed for the Paterson Union Avenue MS project. For the Harrison New ES, a project anticipated to be delivered in 2020, he said that mechanical, electrical and plumbing system controls and building management system work is being finalized. He added that building enclosure and finish work activities are ongoing, with finish work on floors 2 and 3 being finalized. He noted that temporary certificate of occupancy inspections are underway.

Mr. Da Silva reported that for the Millville HS addition and renovations project that is scheduled for September occupancy, Phase II final inspections have begun and are anticipated to be completed this month. For the Passaic Dayton Avenue Educational Campus project, he said that windows are being installed and preparations are underway for curtain wall installation. He added that the Pemberton Denbo Crichton ES and East Orange George Washington Carver ES projects are also scheduled to be delivered in 2020.

Next, Mr. Da Silva gave an update on design-bid-build projects in the construction stage. He said that footings, foundations, underground utility, and masonry work is ongoing for the Orange Cleveland Street ES project. For the Orange HS project, he reported that masonry work for the addition is ongoing. He added that summer 2020 interior renovations are ongoing as well.

With respect to projects in the programming stages, Mr. Da Silva advised that site acquisition activities are ongoing for the Union City New Grade 7 to 9 School project.

In continuing, Mr. Da Silva reminded the Members that SDA released its Biannual Report in June. He explained that the report summarizes the Authority's activities for the time

period from October 1, 2019 through March 31, 2020. He added that the report is available on the Authority's website and that he recently shared the report with the Board Members.

Mr. Da Silva next reported that he participated in the State of Black New Jersey 2020 Summit sponsored by the African American Chamber of Commerce. He said that the Summit focused on opportunities and needs in New Jersey. He informed the Board that this was a successful and well attended virtual event.

Mr. Da Silva advised the Members that the New Jersey Work Environment Council with which Heather Sorge is affiliated posted an article regarding liquid applied floors and highlighted the SDA's initiative to test the school floors delivered as part of prior capital projects. He added that the work is ongoing and he thanked Heather and her team for recognizing the work that the Authority does.

In continuing, Mr. Da Silva reminded the Board that the Authority's Human Resources Consultant, Cowden Associates (Cowden), was engaged earlier in the year after a competitive procurement process to review and evaluate all SDA position descriptions; assess pay and total compensation competitiveness and internal total compensation equity; and develop a job grade structure with salary ranges that is competitive with relevant markets. He said that while the Covid-19 pandemic has required that this project be performed remotely, staff has been able to mitigate both function and schedule disruption to a great extent. He said that Cowden's work is on track to present draft reports to the SDA Executive Team in July and to the SDA Board of Directors in August. He said that staff can provide additional details later in the meeting. He added that staff is also undertaking a thorough review of the Authority's employee manual.

Mr. Da Silva reported that the Board has also authorized management to procure the services of an outside firm to assist Internal Audits with project and operational audits. He said

that 7 firms submitted proposals and, following a review of the technical proposals by a selection Committee, interviews will be held tomorrow with the 3 shortlisted firms.

Mr. Da Silva said that staff continues to work hard. He added that they are focused on the the projects to be delivered this year as well as projects the Authority has for advancement moving forward. He said that there also is a strong focus on emergent projects, noting that there are 11 ongoing with the possibility of another 18.

Mr. Nixon thanked Mr. Da Silva for the update on the Human Recourses project. He reminded the Members that staff engaged a consultant to look at the Authority's paygrade structure, pay equity and job titles. He said that this is an opportunity to ensure appropriate compensation and bring the Authority current with 2020 marketplace levels.

Audit Committee

Reallocation of Program Reserve Funds – Transfer of Funds from the Unforeseen Events Reserve to the Emergent Projects Reserve

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met June 15, 2020 at which time management provided the Committee with the May 2020 New Funding Allocation and Capital Plan Update. He advised that there was a \$2.2 million increase in the Emergent Projects Reserve balance due to the return of unused budgeted funds from several recently completed projects. 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 \$2.2 million during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon informed the Board that the Committee was provided with the results of one audit that 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. He said that the audit resulted in the issuance of 3 findings and recommendations. He reported that management has already addressed the findings and recommendations or is actively working to do so.

Next, Mr. Nixon provided the May 2020 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period total \$7.4 million, \$1.4 million lower as compared to the budget for the corresponding period. He explained that the decrease is mainly attributable to lower personnel costs. He reported that year-to-date Authority operating expenses (Actual vs. Prior Year Actual) are \$1.6 million lower as compared to the operating budget for the corresponding prior year period. He explained 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 \$113.3 million, \$19.5 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 \$113.3 million, are \$3.6 million lower as compared to the corresponding prior year period. He explained that the variance is due to a decrease in school furniture purchases and grant activity, offset by an increase in expenditures for design and project services. Mr. Nixon then reported that, since program inception, approximately 87% 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

reported that the estimated value of active school facilities capital, emergent and regular operating district grant projects is approximately \$2 billion.

Lastly, Mr. Nixon advised that one item that the Committee discussed requires Board action. He said that management is proposing the reallocation of program reserve funds-- specifically, the transfer of funds from the Unforeseen Events Reserve (UER) to the Emergent Project Reserve (EPR). By way of background, Mr. Nixon reminded the Members that the Board-approved 2008 and 2011 New Funding Allocation and Capital Plans had, in total, allocated a reserve of \$197 million to address emergent projects throughout the SDA Districts. He reported that, as of July 1, 2020, there is approximately \$11.5 million remaining in the EPR. He informed the Members that the Authority is currently managing 15 emergent projects in various stages of advancement and that an additional 18 emergent projects for potential advancement have been identified. Mr. Nixon explained that, in order to advance this critical work, management is seeking approval to reallocate available funding contained within the UER to the EPR. He reported that, as of July 2020, the UER fund contains \$120.6 million. He said that, based on a review of the Authority's utilization of the UER over the years, management has determined that its current balance exceeds that which is required to adequately support advancement of the remainder of the Capital Program. He explained that this reallocation of reserve funds will serve to replenish the EPR while still maintaining sufficient reserve funds to address any potential unforeseen funding needs related to the remaining 14 Capital Projects being advanced within the Authority's current Capital Program. He said that this proposed action will serve to amend the Authority's 2008 and 2011 Capital Plans so this reallocation of funds requires Board approval. Mr. Nixon said that the Audit Committee and management recommend that the UER be reduced to \$65 million and that the remaining \$55.6 million be reallocated to the EPR in order to fund additional emergent projects.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon a motion duly made by Mr. Vargas and seconded by Mr. Egan, the Board approved the proposed reallocation of program reserve funds with its unanimous vote in favor of *Resolution 5a*.

School Review Committee

Release of Funds from Program Reserve, Award of Contract and Approval of Final Project Charter – Bridgeton Public Schools District – Bridgeton High School – Emergent Project – EP-0105-C01; Construction Manager Award – Plainfield School District – New Woodland Elementary School - ET-0100-M01; Notification of Completion of Pre-Design Phase Services and Authorization to Proceed with Design Phase Services – Newark School District - Shabazz High School – Emergent Project [Informational]; Reallocation of Program Reserve Funds – Transfer of Funds from the Unforeseen Events Reserve to the Emergent Projects Reserve – [Informational]

Next, the Chairman asked Mr. Luckie to provide the report of the School Review Committee (SRC). Mr. Luckie reported that the SRC met on June 15, 2020 at which time 4 items were discussed. He said that management is seeking approval of a release of funds from the program reserve, a contract award and a final project charter for the Bridgeton HS emergent project (the Project). He said that in July 2008, the Board approved the 2008 New Funding Allocation and Capital Plan which allocated \$97 million to fund emergent projects in the 31 SDA Districts. He advised that in March 2011, the Board approved the 2011 Capital Program which allocated \$100 million to fund emergent projects, creating a total reserve of \$197 million to address emergent projects throughout the SDA Districts. He said that the Bridgeton HS is an approximately 170,000 square foot facility educating approximately 1,300 students in grades 9 through 12. He explained that, upon confirmation of the existence of emergent water intrusion conditions at the School, the Authority utilized the 2017 Design Consultant Task Order Contract and obtained the necessary design services in order to address the emergent conditions. Mr. Luckie explained that, thereafter, a construction package was advertised beginning on May 4,

2020 and, upon completion of the competitive procurement process, management is recommending award of a contract for construction services in the amount of \$6,535,000 (inclusive of SDA-established allowances totaling \$450,000.00) to Ernest Bock & Sons, Inc., the responsive low bidder. He said that management also recommends that the Board approve the final charter and the release of \$9,266,755 from the emergent program reserve for the Project. Mr. Voronov explained that the variance between the contract amount and the amount to be released from the program reserve reflects the other costs associated with hiring a CM for the project (currently in procurement), along with SDA costs and costs associated with Department of Community Affairs permitting and contingencies. Mr. Da Silva advised the Board that there is a potential legal matter relevant to this procurement that he would like to discuss with the Board in Executive Session. Accordingly, it was determined that the Board would vote on the Bridgeton matter following discussion in Executive Session and upon its return to Open Session.

Next, Mr. Luckie reported that management is requesting that the Board approve a CM services award for the Plainfield New Woodland ES project (the Project). He reported that the Project involves construction of an approximately 120,000 square foot building to educate approximately 756 students in grades Kindergarten through 5. He said that in April 2018, the Board approved the preliminary charter for the Project, thereby authorizing construction of the facility and related site development work on the District-owned site using in-house design and a design-build delivery method. He reminded the Members, that in February 2020, the Board approved the final charter and the award of a design-build construction contract for the Project, and that, thereafter, the Authority issued the notice-of-award. He noted that, in March 2020, the contractor received the notice-to-proceed with the Project's design phase. Mr. Luckie advised the Members that beginning April 6, 2020, a package for CM services was advertised as a "price and other factors" solicitation, with price weighted as 40% and all non-price factors weighted as 60%

of the final combined score. He said that, upon completion of the competitive procurement process, the highest ranked firm was Cambridge Construction Management, Inc. (Cambridge) with a price for CM services in the amount of \$1,541,484 for the Project. He reported that, following review, Cambridge has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents and management recommends award of the Project to Cambridge. He said that funding for this engagement is available within the Project budget consistent with the final charter approved by the Members on February 5, 2020.

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. Vargas, the construction management services award for the Plainfield New Woodland ES project was approved with the Board's unanimous vote in favor of ***Resolution 6b***.

In continuing, Mr. Luckie reported that management also presented the Committee with an item for informational purposes regarding the Newark Shabazz HS emergent project (the Project). He said that management advised the Committee that SDA is advancing an emergent project to address structural slab repair conditions at the Newark Shabazz HS. He noted that the project is proceeding through the design consultant task order contract. He explained that Design Resources Group Architects AIA, Inc. (DRG) was hired to perform pre-design phase services (including investigation and testing) in order to provide SDA with recommendations for addressing the originally-identified emergent condition of cracking in the waffle slab. He said that, based upon the results of DRG's pre-design phase services and staff's review of DRG's Conditions Assessment and Options Development Reports, SDA has determined that the appropriate scope of work includes: 1) reinforcement of waffle slab ribs with fiber reinforced polymers and associated masonry repairs; and 2) installation of steel columns and footings to re-support the deflected cantilevered slab. Mr. Luckie explained that after considering other

potential solutions, it is clear that this combined scope will appropriately address the emergent conditions in the manner that is most cost-effective and efficient and that is also least disruptive to the Newark school district's activities. He added that it is expected that the design phase will be completed in the fourth quarter of 2020. He said that construction work is expected to begin in February 2021 and conclude by July 2021.

Next, Mr. Luckie informed the Members that, for informational purposes, management had also briefed the Committee regarding the proposed Reallocation of Funds from the Unforeseen Project Events Reserve to the Emergent Projects Reserve that Mr. Nixon had presented for a vote earlier in the meeting.

Public Comments

The Chairman asked if any member of the public wished to address the Board. He called on Mr. Charles Kratovil of New Brunswick who was participating telephonically. Mr. Kratovil indicated that he had a question for the Members. He asked whether it was the SDA Board's position, in light of state Department of Education Commissioner Repollet's recent announcement regarding the need for social distancing in the schools, that districts should maximize the amount of available instructional space they provide.

Mr. Nixon responded that SDA exists to provide the school districts and their students with the instructional space they need. He noted, however, that the Board cannot comment on how every district is currently deploying its available space.

Mr. Kratovil said that prompting his question is the New Brunswick School District's plan to eliminate a school (Lincoln Annex) and the additional space it would provide at a time when the Covid-19 virus is necessitating the maximization of available space for students. He said that the students and community of New Brunswick deserve the best and he urged the Members to reach out to Commissioner Repollet and to encourage him to reject the New

Brunswick District's plan for the school's closure. In response to an inquiry, he advised the Board indicated that the Lincoln Annex School was closed due to the Covid-19 virus and the plan is that it will not re-open again.

Mr. Nixon then announced that the Board would be adjourning into Executive Session. Ms. Kelly announced that the Board is adjourning into Executive Session to discuss an Amendment to the December 4, 2019 Board Authorization for Sale and Conveyance of thirty-three (33) parcels of Real Property in the Township of Irvington. She said that the Board will also discuss legal issues relevant to the Bridgeton HS project. She said that the Board will vote on this matter upon its return to Open Session. She asked that the Chairman present ***Resolution 10.***, reflecting the Members' resolve to move into Executive Session, for a vote.

Upon motion duly made by Mr. Piaia and seconded by Mr. Kanef, the Board resolved to adjourn the meeting into Executive Session to discuss the matters so described with its unanimous vote in favor of ***Resolution 10.***, as amended.

Following discussion in Executive Session, the Board returned to Open Session.

School Review Committee

Mr. Luckie said that the Board has discussed the School Review Committee's recommendation that the Board approve the release of funds from the program reserve, contract award and final project for the Bridgeton HS emergent project.

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 recommended release of funds from the program reserve, contract award and final project charter for the Bridgeton HS emergent project were approved with the Board's unanimous vote in favor of ***Resolution 6a.***

Real Estate Committee

Mr. Vargas said that in Executive Session the Members had discussed the Real Estate Committee's recommendation that the Board approve an amendment to the December 4, 2019 Authorization for Sale and Conveyance of thirty-three parcels of Real Property in the Township of Irvington.

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. Elbert, management's and the Committee's recommendation in this matter was approved by the Board with its unanimous vote in favor of ***Resolution A1***.

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 July 1, 2020 meeting.

/s/ Jane F. Kelly
Assistant Secretary