

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, JANUARY 2, 2019**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, January 2, 2019 at 9:15 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Chairman
Donna Sullivan (EDA)
Kevin Luckie (DCA)
David Moore (Treasury)
Bernard Piaia (DOE)
Kevin Egan
Richard Elbert
Loren Lemelle
Lester Lewis-Powder
Michael Maloney
Mario Vargas

being all the Members of the Board. Mr. Egan, Mr. Elbert, Mr. Lewis-Powder, Mr. Moore and Mr. Piaia participated in the meeting by teleconference.

At the Chairman's request, Lizette Delgado Polanco, chief executive officer; Roy Garcia, chief of staff; Andrew Yosha, chief operating officer; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Manuel Da Silva, vice president; Thomas Schrum, vice president; Pamela Luster, vice president; Patricia Cabrera, deputy chief of staff; Albert Barnes, chief counsel (by teleconference); and Tony Bianchini,

director of the SDA, participated in the meeting. Adam Sternbach of the Governor's Authorities Unit also participated in the meeting.

The meeting was called to order by Mr. Nixon, 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 had been duly posted on the Secretary of State's bulletin board at 20 West State Street in Trenton, New Jersey. Ms. Kelly then conducted a roll call and indicated that a quorum of the Members was present.

Approval of Meeting Minutes

The Chairman then presented for consideration and approval the Minutes of the December 5, 2018 Open and Executive Session meetings. Staff had provided a copy of both sets of minutes and a resolution to the Members for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Luckie, the Board approved the Open and Executive Session minutes of the December 5, 2018 SDA Board meeting with the Members' unanimous vote in favor of ***Resolution 4a/4b***.

Authority Matters

CEO Report

Mr. Nixon asked Chief Executive Officer (CEO) Lizette Delgado Polanco for the Report of the CEO. Ms. Delgado Polanco began her report with an update on projects in design. She said that there are no changes to report for the Camden HS, Keansburg Port Monmouth Road ES, Passaic Dayton Avenue Educational Campus and Paterson Union Avenue MS projects. She informed the Members that for the Perth Amboy HS project, staff is finalizing procurement documents and anticipates advertising for design-build services in the current month.

Turning to projects with early site packages, Ms. Delgado Polanco said that that there are no changes to report for the Plainfield Woodland ES project.

Turning to projects in the procurement stage, the CEO informed the Members that there are no changes to report for the Orange Cleveland Street ES, Orange HS and Camden HS projects.

Next, Ms. Delgado Polanco gave an update on design-build projects in construction. She said that there are no changes to report for the East Orange George Washington Carver ES, Harrison New ES, Irvington Madison Avenue ES, Millville HS, Passaic Leonard Place ES, Pemberton Denbo-Crichton ES, Perth Amboy Seaman Avenue ES and Trenton Central HS projects.

Turning to projects in closeout, Ms. Delgado informed the Members that there are no changes to report for the Elizabeth New ES, Vineland Lincoln Avenue MS and Newark South Street ES projects.

Turning next to ongoing procurement activity, Ms. Delgado Polanco said that activity currently underway includes procurements for general construction services for the Orange HS and Orange Cleveland ES projects.

Turning to Authority events, outreach and other activities, Ms. Delgado Polanco said that the Communications Department publicly released the new SDA video called “Building Tomorrow’s Schools Today” at the December 11 Camden HS community information session. She said that the video was released publicly on the Authority’s website and social media accounts the following day. She added that the video can be viewed on the SDA’s website homepage or on SDA’s YouTube channel. She noted that the video has been widely viewed on

the SDA website. Mr. Bianchini added that the video has been viewed 25,000 times on Facebook, 100 times on YouTube and 500 times on the SDA website.

The CEO advised the Board that staff is finalizing the strategic outreach campaign to generate third party support for the reauthorization of SDA bonding. She reported that the campaign includes publicizing images of the schools that management is visiting during its SDA district tours; meeting with third party supporters (community groups, business groups, school districts) to garner their support for the campaign in the form of Letters to the Editor and Op-eds; and through use of their social media accounts and professional networks.

Ms. Delgado Polanco reported that the Communications Department continues to make changes to the SDA website on a weekly basis and to grow the number of its social media followers since the Authority launched its social media accounts in September.

Ms. Delgado Polanco said that SDA will be participating in upcoming events including the Plainfield Woodland Avenue ES open house/information session (January 24) and the Passaic Dayton Avenue Educational Complex open house/information session (January 31). She added that events with dates to be determined include the East Orange George Washington Carver ES beam signing with Lt. Gov. Sheila Oliver; the Passaic Dayton Avenue Educational Complex groundbreaking; the Plainfield Woodland ES demolition event; and the Perth Amboy ES open house/information session.

Audit Committee

Approval of 2019 Operating Budget

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on December 17, 2018 at which time management provided the Committee with the November 2018 New Funding Allocation and Capital Plan Update. He advised that there was a \$700,000

decrease in the Planning Reserve balance following Board approved revisions to the preliminary project charter for the Orange Cleveland ES project. He said that there were no changes in any of the other reserve balances for the SDA Districts during the reporting period. Additionally, he reported that the reserve balance for the Regular Operating Districts (RODs) increased by \$400,000 during the reporting period due to reductions in State share for grant projects nearing completion.

At this time, Mr. Egan joined the call.

Mr. Nixon then provided the November 2018 Monthly Financial Report. He advised that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$15.4 million, \$2.5 million lower as compared to the operating budget for the corresponding year. He said that the variance is attributable to lower personnel expenses and timing differences with regards to the scheduled replacement of the Primavera Contract Management System. He said that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total \$290.8 million, \$59.9 million lower as compared to the capital spending forecast for the corresponding period. He said that this variance is due to lower construction costs as well as spending decreases in grant activity, school furniture purchases, property acquisition, inter-agency fees and payroll expense allocations. Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual), at \$290.8 million, have decreased by \$36.5 million as compared to the corresponding prior year period. He explained that the variance is due to decreased spending in construction, grants activity, school furniture purchases and property acquisitions. He noted, however, that this decreased spending is offset in part, by the 2017 OCIP II premium audit credit for project insurance and other project related activities. Mr. Nixon also reported that, since program inception, the Authority has disbursed approximately 82.5% of the funds

authorized for SDA districts. Additionally, he said that, since program inception, 96% of all SDA disbursements relate to school facilities projects, while 4% relate to operating expenses.

Mr. Nixon then presented the proposed 2019 Budget. Referencing materials previously provided for Board review, he reported that management had presented the Committee with the proposed 2019 Operating Budget at its December, November and October meetings. He advised that the Committee's input has been incorporated in the proposed Budget that is before the Board today. He said that the 2019 Operating Budget, excluding non-cash accruals for Other Post-Employment Benefits and pensions, totals \$19.2 million, an increase of \$1.5 million from the 2018 budget. Mr. Nixon explained that, consistent with prior years, a portion of the Authority's employee salary and benefit costs will be appropriately charged to school facility projects based upon weekly employee time sheets. He said that, upon approval, the proposed 2019 Operating Budget will replace the Interim Budget that was approved at the December Board Meeting. Mr. Nixon said that the Members have had the opportunity to review the proposed Budget in the meeting materials and asked if there were any comments or questions.

Following discussion, upon motion duly made by Mr. Vargas and seconded by Mr. Maloney, the Board approved the proposed 2019 Operating Budget with its unanimous vote in favor of *Resolution 6a*.

In concluding his report, Mr. Nixon advised the Board that at the conclusion of the December Audit Committee Meeting, the Committee had its annual meeting with Peter Green, SDA's acting director of Internal Audits, without management present, in accordance with Executive Order No. 122.

School Review Committee

Construction Management Services – Camden City School District – Camden High School

Mr. Nixon asked Mr. Vargas to provide the report of the School Review Committee. Mr. Vargas reported that the School Review Committee met on December 17, 2018. He said that the Committee is recommending an award for construction management (CM) services for the Camden HS project. He explained that early site package and demolition activities have been completed on site to prepare for construction of a new Camden HS in the Camden City School District. He said that, on August 1, 2018, the Board approved the final project charter and the award of a design-build construction contract to Ernest Bock and Sons, Inc. (EBS) for the project. He reported that, on August 16, 2018, EBS was issued a notice of award for the project and on September 26, EBS received the notice to proceed with the design phase of the project. Mr. Vargas said that on October 4, 2018, the Authority advertised a package for CM services with price weighted as 40% of the overall weight, and all non-price factors having a combined weight of 60%. He added that, following the competitive procurement process, management recommends award of a CM contract in the amount of \$2,645,285 to CBRE Heery for the project. He informed the Members that CBRE Heery has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. 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 for review in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Ms. Sullivan, the construction management services award for the Camden project was approved with the Board's unanimous vote in favor of ***Resolution 7a***.

The Chairman then opened the Public Comments portion of the meeting. He asked that all who come forward to address the Board limit their remarks to 3 minutes. No member of the public stepped forward to address the Board.

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 January 2, 2019 meeting.

/s/ Jane F. Kelly
Assistant Secretary