

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS TELECONFERENCE MEETING
WEDNESDAY, DECEMBER 1, 2021**

A teleconference meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, December 1, 2021 at 9:00 A.M.

Participating by teleconference were:

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

being a quorum of 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 Mr. Nixon, the Chairman of the Board. The Chairman asked Ms. Kelly to read the requisite notice of the meeting. Ms. Kelly announced that the meeting notice was 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 of the Board was present.

Approval of Meeting Minutes

The Chairman presented for consideration and approval the minutes of the Board's November 3, 2021 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 Ms. Lemelle, the Open Session minutes of the November 3, 2021 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a***.

Authority Matters

CEO Report

The Chairman asked Mr. Da Silva for the Report of the CEO. At the outset, Mr. Da Silva informed the Members that this week SDA staff returned to the office on a full time basis.

Turning to design-build projects in construction, Mr. Da Silva advised the Members that the Passaic Dayton Avenue Educational Campus project received a recommendation, and management has applied, for a temporary certificate of occupancy (TCO). He added that the district is applying for partial occupancy in January 2022, 6 months ahead of the SDA's initial project delivery. He noted that this would allow the district to familiarize itself with the building and its operations. He added that full occupancy of the building would be in the fall of 2022. Mr. Da Silva reported that students are now occupying the Paterson Union Avenue MS building. He said that the SDA received a TCO for the gym area, noting that there are two remaining

spaces--the stage and aquaponics lab--that are currently being finalized and undergoing inspections for a TCO. He advised that exterior fencing is being completed, adding that the work had been impacted by material supply chain issues. He explained that the temporary fences are being removed to allow for full occupancy. He noted that punchlist work is ongoing and informed the Members that staff is coordinating a ribbon cutting event later this month.

In continuing, Mr. Da Silva reported that for the Plainfield Woodland ES project, exterior sheathing is ongoing to provide temporary enclosure for the winter months. He added that mechanical, electrical and plumbing (MEP) work is ongoing there.

With respect to design-bid-build projects in the construction stage, Mr. Da Silva reported that interior MEP rough in work is underway in the new addition at the Keansburg Port Monmouth Road School project. For the Orange Cleveland Street ES project, he said that footings and foundations are complete. He advised that underground utility work is complete, masonry at the addition is complete, and interior masonry in the existing building continues. He said that for the Orange HS project, structural steel work at the connector bridge is complete, and work on the enclosure of the bridge is ongoing. He added that staff is coordinating a ribbon cutting event for the addition portion of the project later in the month.

In continuing, Mr. Da Silva gave an update on projects in the programming/pre-design/in-house design stages. He said that for the Union City New Grade 7 to 9 School project, abatement on the acquired properties is complete with demolition anticipated to begin this month. He advised that on November 15, 2021 with the issuance of a Request for Qualifications, the design-build solicitation for this project was advertised, reflecting new design-build statutory requirements. He added that proposals are due December 16, 2021.

Turning to non-project related matters, Mr. Da Silva informed the Members that on Friday, November 19, he joined Governor Murphy, Department of Education Acting

Commissioner McMillan and Senator Pou in Garfield for the announcement of \$75 million in funding that will be distributed to school districts across New Jersey to meet emergent and capital maintenance needs. He said that the grant program, which was included in the FY 2022 budget, will be administered by SDA. He noted that \$50 million will be allocated to SDA Districts and \$25 million will go to Regular Operating Districts.

Mr. Nixon reminded the Members of the Board that at the January Organizational meeting, the Board will be discussing Committee Member assignments. He advised the Members that he anticipates that Committee assignments will stay the same as at the present time but urged any Member with a specific request to promptly share it with him and Ms. Kelly.

Audit Committee

Proposed 2022 SDA Staffing Plan; Proposed 2022 SDA Operating Budget

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on November 15, 2021 at which time management provided the Committee with the October 2021 New Funding Allocation and Capital Plan Update. He said that staff informed the Committee that there were no changes in any of the SDA district reserve balances during the reporting period.

He then advised the Board that there was no increase in the reserve balance for the Regular Operating Districts (RODs) during the reporting period.

Next, Mr. Nixon said that the Internal Audit Division (IA) provided the Committee with an update on the status of the 2021 Audit Plan (Plan). He advised that the Plan included the initiation – and completion where possible – of 16 Audits: 8 real-time project audits, 1 grant audit and 7 operational audits. He said that the IA director described the 6 reports expected to be completed in 2021 along with 2 additional reports that will be completed by the end of 2021/early 2022. He said that 5 audits were initiated this year to be reported to the Committee in

2022 and 3 audits will be initiated in 2022. He noted that in addition to the audits included in the 2021 Plan, 2 grant audit reports are expected to be completed this year. He advised that 3 project audits and one operational audit initiated in 2020 will be completed by the end of the current year. He advised that a total of 12 audit reports are expected to have been presented to the Audit Committee by year-end 2021. Mr. Nixon noted that the IA division is extremely short-staffed and commended Mr. Green, the director of IA, for achieving completion of the audits in a proactive manner.

Next, Mr. Nixon said that Ernst & Young (E&Y), the SDA's financial auditors, provided the Committee with the 2021 SDA Audit Plan. He said that E&Y had outlined the audit services and deliverables and provided the Committee with an overview of the audit timetable along with their (E&Y's) processes and procedures. He said that E&Y discussed the digital client portal that facilitates the virtual process being utilized in conducting the Audit due to COVID-19. He advised the Board that E&Y's presentation also discussed General Accounting Standards Board (GASB) pronouncements, financial reporting in accordance with the requirements of the GASB rules, and provided a summary of their required communications. Mr. Nixon advised the Board that at the conclusion of the Committee's regular meeting, the Committee met privately with E&Y and also with the Authority's director of internal auditing without management present in accordance with Executive Order 122.

Next, Mr. Nixon provided the October 2021 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period total \$11.7 million, \$2.2 million lower as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to lower personnel costs than budgeted, partially offset by a lower than projected payroll expense allocation to project costs. He noted that the decrease is also attributable to lower than anticipated spending for general office

expenses, contracted services, and information systems. He advised that the current employee headcount as compared to the budget is down 21 FTEs. He reported that year-to-date Authority operating expenses (Actual vs. Prior Year Actual) are \$15,000 lower as compared to the operating budget for the corresponding prior year period. He explained that this decrease is mainly attributable to lower spending for contracted services and general office expenses, mostly offset by increases in spending for information systems and property and casualty insurance. He reported that personnel costs are higher year over year by \$28,000 due mainly to a lower payroll expense allocation to project costs, offset by lower salary and benefit costs. He advised that the current employee headcount as compared to the prior year is down 20 FTEs. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total \$217.1 million, \$54.2 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 grants, construction activity, design services, payroll expense allocation, and property acquisition, offset by an increase in school furniture purchases. He reported that project expenditures (Actual vs. Prior Year Actual), at \$217.1 million, are \$27.4 million lower as compared to the corresponding prior year period. He explained that the variance is due to a decrease in grants, construction activity, design services, project insurance, and property acquisition, offset primarily by an increase in school furniture purchases. Mr. Nixon said that since program inception, 91.3% 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 \$1.1 billion.

Mr. Nixon then reported that in compliance with Board-approved 2019 changes to the SDA Bylaws and Audit Committee Charter, the CEO updated the Committee, for informational purposes, regarding Authority personnel matters and changes.

Next, Mr. Nixon advised that two matters were presented to the Committee by management that require Board action. He said that the first item for Board consideration is management's proposed 2022 Staffing Plan (Plan). He reminded the Members that in 2019, in an effort to strengthen the Board's oversight of personnel issues generally, the Board revised the SDA Bylaws to require that on an annual basis the CEO present, and request Board approval of, a Staffing Plan for the upcoming year. He noted that the Bylaws require that the Plan represent "resources required to satisfy the SDA's mission, goals, commitments and operating needs correlated to the volume and type of work activities to be advanced". He said that the Bylaws also require that the Plan be developed through a process that includes data-driven analytics. Mr. Nixon reported that at the November 15 Audit Committee Meeting, along with the 2022 Operating Budget, management presented a detailed 2022 Staffing Plan that, consistent with the requirements of the Bylaws, was prepared using data-driven analytics. He explained that management's development of the Plan began with a recognition of the body of SDA projects and other work that is anticipated to occur in 2022, including a review of the needed activities and staffing to address that body of work on a monthly basis for the entirety of the next year. Mr. Nixon detailed the entirety of anticipated work as including 8 major capital plan projects — plus 5 projects involving security upgrade work; another 2 involving site work; and 4 with punchlist and closeout activity; 19 emergent projects — 6 concluding in early 2022 along with 8 initiating. Additionally, he advised that funding allocated to the SDA through the State's FY 2022 budget will support the advancement of project work beyond the existing portfolio. He said that to determine the resources needed to support the Authority's projects, the analysis reviewed

each staff member's anticipated activities for each month tied to the overall work of the organization that would advance within that month. He said that this analysis resulted in a conclusion that 175 staff members, as broken down by functional area, is the number of staff needed to satisfy the SDA's mission, goals, commitments and operating needs correlated to the volume and type of work activities that are ongoing and will be advanced throughout the upcoming year. Mr. Nixon said that the materials that have been provided to the Board for review include a 2022 forecasted staff utilization depicting the results of the assessment as follows: (1) staff utilization by activity type for the SDA overall; (2) staff utilization by activity type by operating area; and (3) staff utilization dedicated to projects. He said that the analysis concluded that more than 70% of SDA's staff activities are dedicated to school facilities projects; 6% are activities required to be performed in satisfaction of statutory, regulatory or other governance requirements; and 24% are activities related to required organizational operation and support. He advised that management performed an analysis of staff utilization by activity type and operating area, the results of which demonstrated that each operating area has staff time dedicated to each of the three categories to varying degrees. He said that, after reviewing the Staffing Plan, the Committee determined that it is comprehensive and data-driven, and reflects the Authority's current needs. Mr. Nixon advised that it is the Committee's recommendation that management take all necessary steps to ensure that the Authority has sufficient staff. He said that 175 FTEs is essential in order to satisfy the SDA's existing 2022 commitments and operating needs. He noted that, currently, the Authority has 152 FTEs.

Mr. Nixon added that, to put this in perspective, even with a staff of 175, the number of staff resources the State would be dedicating to the school construction program would be at the lowest level since 2002 when the program was brand new. Additionally, he said that 175 is 86 staff members short of the 261 staff the SDA had when it was established in 2007.

Mr. Nixon said that SDA executive management and the Audit Committee recommend that the Board approve the 2022 Staffing Plan as proposed. He asked if the Members had any comments.

Mr. Da Silva reiterated that 175 employees is what is needed to maintain and address current and projected work for 2022. Mr. Nixon asked if staff position advertisements are currently posted. Mr. Da Silva replied that he anticipates advertisements will be posted end of 2021 and early 2022. Mr. Vargas noted that the proposed staffing level (175) would only cover what is projected for 2022 and asked if the Authority will have the ability to expand staffing should funding reauthorization come through. Mr. Da Silva said that the 175 staffing level is to maintain existing work and backfill positions that are open due to retirements. He said that staffing will have to be revisited upon funding reauthorization. He stressed that the proposed 175 staff level reflects only what is on the books today. Mr. Maloney asked if there was any news from the legislature regarding refunding. Mr. Da Silva said that reauthorization discussions are ongoing. Mr. Da Silva then noted the increase in SDA's workload due to additional emergent projects and the release of the \$75 million budget funds which SDA is now administering in the form of grants. Mr. Maloney said that he is hopeful the state will allocate money so that construction work/jobs will be available. Mr. Da Silva said that the SDA is the right agency to do this work and that he is hopeful that the reauthorization discussions will prove fruitful.

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. Luckie and seconded by Ms. Lemelle, the Board approved the 2022 SDA Staffing Plan as presented with its unanimous vote in favor of ***Resolution 5a.***

Mr. Nixon then presented the proposed 2022 Operating Budget (Budget) for Board consideration. He said that the Budget was discussed with the Audit Committee at its October

and November meetings and that the Committee's input has been incorporated into the Budget that is before the Board today. He advised that the proposed Budget, at \$15.8 million, represents a decrease of \$538,000 as compared to the current year budget. He explained that, consistent with prior years, a portion of the Authority's employee salary and benefits costs will be appropriately charged to school facilities projects based upon weekly employee time sheets. He said that the estimated amount of \$12.3 million would be charged to school facilities projects for budget year 2022. Mr. Nixon asked if there were any questions or comments regarding the Budget. Hearing none, he called for a vote to approve the 2022 SDA Operating Budget.

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 Ms. Lemelle, the Board approved the 2022 SDA Operating Budget with its unanimous vote in favor of ***Resolution 5b***.

Public Comments

The Chairman then opened the Public Comments portion of the meeting. He advised the Members that in advance of the meeting several individuals had signed up to address the Board regarding the SDA-owned property located in the Astor Place section of Jersey City adjacent to the Julia A. Barnes School (the Property). He asked CEO Da Silva to provide the Board with an update regarding the Property.

Mr. Da Silva advised the Board that since March 2021, the SDA has expressed its openness to entering into a Licensing Arrangement for use of the Property by the Black Interest Team Enterprise Corporation (BITE) as a Community Garden (Garden). He said that in mid-May 2021 SDA's counsel forwarded proposed licensing documents to the district and to BITE in order to facilitate the arrangement.

Mr. Da Silva said that in July 2021, the SDA received correspondence from BITE's counsel proposing that the SDA transfer the property to BITE for \$1.00. He said that the SDA

responded to BITE's counsel and explained that such a transfer is not possible for a number of reasons: first, that the SDA expended bond funds to purchase the Property; second, that the Authority cannot sell the Property to BITE or to any other purchaser since it expects to use the Property for school purposes in the future; and finally, even if the Property was eligible for sale, any transfer of the Property would need to be for fair market value (and not for the \$1.00 price proposed by BITE). Mr. Da Silva said that the SDA did, however, again emphasize to BITE's counsel that it remained open to entering into a Licensing Arrangement for use of the Property as a Community Garden.

Mr. Da Silva reported that, thereafter, in late August, BITE's counsel wrote to SDA's counsel and asked that SDA provide BITE with grant funding towards the operation of a Community Garden on the site. He said that in early September, the Authority's Counsel responded that SDA does not have the legal authority to provide such a grant. He added that, at the same time, SDA reiterated that it remained prepared to enter into a Licensing Arrangement with the district for use of the Property by BITE as a sub-licensee. He noted that once again, management also provided BITE's counsel with a copy of the proposed documentation.

Mr. Da Silva said that, having received no response to its September correspondence, SDA's counsel followed up with BITE's counsel in early October and inquired as to whether BITE was still interested in the licensing arrangement. He said that SDA has received no communication from BITE's counsel since then. He noted that, to date, management has received neither written comments on or proposed edits to the licensing documentation that was provided to BITE to facilitate the Garden.

Mr. Da Silva emphasized that SDA remains open to entering into a Licensing Arrangement for a Community Garden on the SDA property adjacent to the Barnes School but

stressed that this is not possible unless and until the Authority receives a substantive response from BITE and its counsel.

Mr. Nixon then asked Ms. Kelly to invite those members of the public who had signed up to address the Board to do so.

In advance of the meeting, the following individuals had advised SDA's communications department of their interest in addressing the Board in support of a Community Garden on the SDA-owned Astor Place Property:

Alejandro Perez
Deacon Jermaine Thomas
Bruce Edwards
Minister Alston
Reverend Webb
Minister Rosa Roney
Sonja Leon
Amal Abdel Sayed
Cliffert Campbell
Shazia Rafiz
Mrs. Mixon
Reverend King
Mrs. Lorraine Servance
Maria Carrio
Lucy Quionnes
Margarita Garcia
Rev. Dr. Charles Curtis
El'Vira Callist
Maria Pierre
Maggie Branch
Bishop Merino
Vera Bland
Bishop Bland
Reverend Rufus Struthers
Frank Touma
Kim Griffin

Ms. Kelly called on each of the above-listed individuals and the following sequentially offered public comments.

Deacon Jermaine Thomas
Bruce Edwards

Alejandro Perez
Minister Rosa Roney
Amal Abdel-Sayed
Cliffert Campbell
Shazia Rafiz
Bishop Merino
Minister Alston
Mrs. Lorraine Servance
Reverend Webb
Reverend Dr. Charles Curtis
El'Vira Callist
Reverend Rufus Struthers
Kim Griffin
Bishop Bland

Over the course of the Public Comment period, challenges were presented due to simultaneous conversations and background noise caused by unmuted phones. However, the Speakers were successful in sharing their concerns, criticisms and points of view with the Members of the Board.

Every Speaker who addressed the Board offered his/her support for a Garden on the Property. Speakers described the Garden as vital to the community and cited the community's dependence on it for food and other services. The importance to the community of the Garden during the COVID epidemic was also noted.

Speakers questioned why the Garden was shut down and indicated that the Property is now in disrepair and open to vagrants and other undesirables. It was suggested that the SDA simply wants to sell the property to the disadvantage of the community.

BITE's previous beautification of the Property was emphasized by some members of the public as was the danger the current state of the Property poses to children and others. Various speakers noted the importance of BITE's programs to the community. Some speakers also criticized what appears to be lawyers getting in the way of a positive for the neighborhood and

the people. Speakers emphasized the need for the Property to serve as a positive for people who are hungry and for educational purposes.

The value of the Garden in view of rising food prices was also noted and doubts about the potential for construction of a school on the Property were also voiced.

Bishop Bland of the BITE organization reported that 1,600 people had been helped by BITE as of November 2021 and that the organization never failed to complete required paperwork. She indicated that SDA had a terrible piece of property that had and should serve as a safe environment in a depressed area.

At various points during the Public Comment period, the Chairman stressed that the SDA was supportive of a Community Garden on the Property and emphasized that SDA had provided BITE's and the district's attorneys with the necessary documentation make this happen. He repeatedly urged those speaking in support of the Garden to take steps to ensure that the process and necessary documentation moves forward.

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 December 1, 2021 meeting.

/s/ Jane F. Kelly
Assistant Secretary