

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING  
WEDNESDAY, MAY 3, 2023**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, May 3, 2023 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)

Anthony Longo (Treasury)

Bernard Piaia (DOE)

John Capo, Public Member

Lester Lewis-Powder, Public Member

Michael Maloney, Public Member

Mario Vargas, Public Member

being a quorum of the Members of the Board. Mr. Burgos, Mr. Capo, Mr. Longo, Mr. Lewis-Powder, Mr. Luckie, Mr. Nixon, Mr. Piaia, and Mr. Vargas participated in the meeting by teleconference.

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

### ***Call to Order and Pledge of Allegiance***

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 been duly posted on the Secretary of State's bulletin board at 20 West State Street in Trenton, New Jersey and on the SDA Website. Next, led by the Chairman, all assembled stood and recited the Pledge of Allegiance.

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 April 5, 2023 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 April 5, 2023 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a.***

Next, the Chairman presented for consideration and approval the minutes of the Board's April 12, 2023 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. Luckie and seconded by Mr. Vargas, the Open Session minutes of the April 12, 2023 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3b.***

## *Authority Matters*

### *CEO Report*

Next, Mr. Nixon asked Mr. Da Silva for the report of the CEO. Mr. Da Silva began his report with an update on design-build projects in construction. He referenced the Millville High School addition and renovations project and reported that a temporary certificate of occupancy (TCO) application was filed with the Department of Community Affairs for the project's Phase IV auditorium addition. For the Perth Amboy High School project, he reported that school access driveway paving has commenced, along with interior ceiling grid and light installation, in the classroom wings. Mr. Da Silva reported that for the Plainfield Woodland Avenue Elementary School project, all finish work on the interior and exterior of the building is being completed, along with site work. He added that final inspections and furniture installation is underway there.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva informed the Members that final phase inspections are underway for the Keansburg Port Monmouth Road School project. He added that management anticipates a TCO this month.

Next, Mr. Da Silva gave an update on projects in the procurement stage. He said that a notice-to-proceed was issued on May 2 for the Orange Cleveland Street Elementary School project. He added that a project kick off meeting is scheduled for May 4.

Turning to Authority events, outreach and other activities, Mr. Da Silva informed the Members that on Thursday, April 27, SDA was pleased to welcome approximately a dozen children of SDA staff to the Authority's office for Take Your Child To Work Day.

Mr. Da Silva said that he wanted to remind the Members that their Financial Disclosure Statements are due to be filed with the State Ethics Commission (SEC) on May 15. He reminded

the Members that a late penalty of \$50 per day would be assessed for each day that an FDS is outstanding past the deadline date.

Finally, Mr. Da Silva informed the Members that management testified at the Assembly and Senate budget hearings last month. Mr. Nixon said that he has received comments and questions from legislators and positive feedback regarding ongoing budget discussions.

### *Audit Committee*

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on April 17, 2023 at which time management provided the Committee with the March 2023 New Funding Allocation and Capital Plan Update. He reported that there was a \$7.7 million decrease in the 2011 Emergent Projects Reserve balance. He said that the increase in commitments is due to Board approval of funds for three emergent projects: 1) Newark University HS - building envelope repairs; 2) Union City's Emerson Middle School - building envelope and structural repairs; and 3) Union Hill Middle School – building envelope and structural repairs. Additionally, he advised that there were no changes in any of the other SDA reserve balances during the reporting period.

Mr. Nixon then reported that the reserve balance for the Regular Operating Districts (RODs) increased by \$500,000 during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon reported that SDA's internal auditors (IA), led by Peter Green with the assistance of external auditors Baker Tilly, provided the Committee with the results of two Operational Audits.

Mr. Nixon then provided the Board with the March 2023 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$5 million, down \$792,000 as compared to the budget for the corresponding

period. He explained that this decrease is mainly attributable to lower than projected employee salary and benefit costs, partially offset by a lower than projected payroll expense allocation to project costs and other personnel expenses, including professional and other contracted services. He reported that the current full time equivalents (FTE) headcount is 129 through March 31 representing a 9 FTE decrease compared to year-to-date projections. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$99.9 million, approximately \$1.4 million higher as compared to the capital spending forecast for the corresponding period. He advised the Members that this variance is due to costs associated with a property acquisition, offset by decreased spending in construction activity, grant activity and project insurance.

Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at approximately \$99.9 million, are approximately \$5.1 million lower when compared to the capital spending forecast for the corresponding prior year period. He advised that this variance is the result of a decrease in expenditures for school furniture purchases, construction activity and grant activity, offset by property acquisition costs.

Mr. Nixon said that, since program inception, 79.7% 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 \$1.2 billion.

Lastly, Mr. Nixon advised that the CEO reported to the Committee regarding Authority personnel matters. He reported that the Authority's current headcount through March 31 is 129, representing a 9 FTE decrease compared to year-to-date projections. He added that this is the Authority's lowest headcount since it was established in 2007 -- when the headcount was at 261.

Mr. Nixon said that he was pleased to report that there have been a number of important hires made recently, including a new human resources director for the Authority. He noted that management has begun the process of advertising for additional critical positions throughout the Authority. He thanked Mr. Da Silva and the executive team for their efforts in this regard.

### ***School Review Committee***

The Chairman asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie advised that at the most recent SRC meeting (April 17), the Committee advanced one item that is on the agenda for Board consideration today. He said that management requests that the Board approve proposed Credit Change Order (CCO) No. 2 for the Neptune Green Grove Elementary School (School) project (Project). He reported that between 2003 and 2005, the Schools Construction Corporation (SCC), SDA's predecessor entity, expanded and renovated the Green Grove School to provide additional educational space for Neptune's elementary school students. He noted that among the additions to the School was a new gymnasium. He said that in 2020, in consultation with the state Department of Health (DOH) and following their guidance, the Authority advanced a multi-step initiative to evaluate flooring materials installed by SDA- (or in this case, SCC-) delivered schools. He explained that, as part of the initiative, staff conducted site visits to more than 140 school facilities in SDA Districts and 25 school facilities delivered in Regular Operating Districts. He advised the Board that staff determined that approximately 30% of these facilities had poured polyurethane flooring systems requiring further evaluation. He said that the Green Grove School was among those facilities identified for further evaluation.

In continuing, Mr. Luckie informed the Members that in September 2020, SDA engaged an environmental site consultant to test the flooring in the School's gymnasium. He said that sample testing, along with air testing and monitoring at the School revealed mercury results in

excess of DOH standards. He reported that Authority staff informed the District of these results and determined that it was necessary to remove the flooring in the gymnasium and to install new flooring. He said that staff utilized the SDA General Construction Services Task Order contract to advance the work by way of a rotational assignment and Epic Management, Inc. (Epic) confirmed its interest in the project on April 22, 2022. Mr. Luckie advised the Board that on June 28, 2022, Epic was awarded a “time and materials” contract in the not-to-exceed amount of \$433,090 for the floor removal and replacement work. He said that the physical removal of the flooring took place during non-school hours and, as a safety precaution, air testing for mercury was performed by the SDA’s environmental consultant in the school hallways during the removal phase. He explained that by September 30, 2022, Epic had completed the floor removal and disposal process.

Next, Mr. Luckie explained that CCO No. 2, in the amount of (\$116,850), is the positive result of cost effectiveness in terms of the replacement flooring system and also of labor efficiencies. He explained that since CCO No. 2 singularly exceeds 10% of the contract value, Board approval is required by the Operating Authority. He said that management is requesting that the Board approve this CCO as it is necessary for the de-obligation of the unused contract funds. He advised that all documents supporting this CCO have been reviewed by staff and it has been determined that the CCO is justified, consistent with SDA policy and procedures, and that the amount is reasonable and appropriate.

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. Burgos, Credit Change Order No. 2 for Epic Management, Inc. for the Neptune Green Grove Elementary School project was approved with the Board’s unanimous vote in favor of ***Resolution 6a***.

## *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 May 3, 2023 meeting.

*/s/ Jane F. Kelly*  
Assistant Secretary