

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, SEPTEMBER 6, 2023**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, September 6, 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

Daniel Gumble, Public Member

Lester Lewis-Powder, Public Member

Michael Maloney, Public Member

Mario Vargas, Public Member

being all the Members of the Board. Mr. Capo, Mr. Gumble, Mr. Longo, Mr. Lewis-Powder, Mr. Maloney, 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; Albert Barnes, chief counsel; Gregory Voronov, managing director planning and program operations; Edythe Maier, director of communications (teleconference); and Jamie Henneke, governance coordinator of the SDA, participated in the meeting. Janice Venables of the Governor's Authorities Unit (GAU) also participated in the meeting.

Pledge of Allegiance

Led by the Chairman, the Members and all assembled stood and recited the Pledge of Allegiance.

The meeting was called to order by Mr. Nixon, who requested that Ms. Henneke read the requisite notice of the meeting. Ms. Henneke announced that the meeting notice had been sent to the *Trenton Times* and *Star-Ledger* at least 48 hours prior to the meeting, and was duly posted on the Secretary of State's bulletin board at 20 West State Street in Trenton, New Jersey and on the SDA Website. Ms. Henneke then conducted a roll call and indicated that all the Members of the Board were present.

Approval of Meeting Minutes

The Chairman then presented for consideration and approval the minutes of the Board's August 2, 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 August 2, 2023 SDA Board meeting were approved 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 August 2, 2023 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. Luckie and seconded by Mr. Piaia, the Executive Session minutes of the August 2, 2023 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3b***.

Authority Matters

CEO's Report

Next, Mr. Nixon asked Mr. Da Silva for the report of the CEO. Mr. Da Silva provided an update on design-build projects in construction. He said that for the Perth Amboy High School project, paving of roadways and sidewalk installation continues. He reported that painting, ceramic tile and flooring work is ongoing including the installation of the gymnasium's floor, as well as casework, architectural millwork and athletic equipment installation. For the Plainfield Woodland Avenue Elementary School project, he said that the school has been delivered. He advised that punchlist items are nearing completion and management is preparing for the certificate of occupancy.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva reported that for the Orange High School project, the remaining change work for the new boiler breeching is ongoing and is scheduled to be completed next week. For the Orange Cleveland Street Elementary School project, he said that framing, drywall, concrete work and masonry work are ongoing.

In continuing, Mr. Da Silva gave an update on projects in the procurement stage. He advised that for that Garfield New Elementary School project, the demolition and early site preparation package was advertised the previous month. He added that management anticipates receipt and the opening of bids in October.

Turning to non-project related matters, Mr. Da Silva informed the Members that the SDA will hold a groundbreaking ceremony for the new Union City Grade 7-9 School on September 13. He added that management is also working to schedule ribbon cutting events in Millville and Keansburg later this month.

Lastly, Mr. Da Silva said that he would like to acknowledge the retirement of our colleague, Jane Kelly. He advised that after more than 23 years of service to the SDA and the State of New Jersey, Ms. Kelly decided to take on retirement. He said that Ms. Kelly graduated from Seton Hall Law School in 1981 and worked in state government for many years. He noted that she worked for New Jersey Utilities Association, New Jersey Department of Environmental Protection and South Jersey Industries before she joined the SDA in 2008.

In continuing, Mr. Da Silva said that Ms. Kelly's impact will be felt long after her retirement. He explained that she has advanced the SDA's mission and was instrumental in keeping the Board moving smoothly. He said that Ms. Kelly's commitment to the SDA, New Jersey and the Executive Team is appreciated. He added that he is upset to see her go and at the same happy for her because she is moving on to the next chapter of her life and will be enjoying the Jersey Shore.

Mr. Vargas said that when he became a Board Member over 10 years ago, Ms. Kelly guided his smooth transition as a Member. He said that Ms. Kelly did a lot of work behind the scenes to prepare for the Board and Committee meetings. He said that he wanted to publically acknowledge that it was great working with Ms. Kelly and that she did an awesome job for the SDA.

Next, Mr. Nixon said that Ms. Kelly's commitment to the SDA was whole and very passionate. He said that as the Chairman of the Board, Ms. Kelly's guidance and direction was always very valuable and appreciated. He said that he hopes Ms. Kelly is enjoying the beach and he knows whatever she does next, she will excel at it.

Chairman's Report

Appointment of an Additional Assistant Secretary to the Board

Next, Mr. Nixon provided the Report of the Chairman. He said that, as the Members know, the Members elect the SDA's Board Officers each January at our Annual Organizational Meeting. He advised that Vice President Jane Kelly has served as Assistant Secretary of the Board since 2008. He noted that with Ms. Kelly's retirement it requires the Members appoint an Additional Assistant Secretary to the Board for the remaining of this calendar year. He reported that before the Board today is a recommendation to appoint SDA's Chief Counsel Albert D. Barnes to serve as the Authority's Additional Assistant Secretary to the Board.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Mr. Burgos, the appointment of Albert D. Barnes to serve as the Authority's Additional Assistant Secretary was approved with the Board's unanimous vote in favor of *Resolution 4bi*.

Audit Committee

2022 Audited Financial Statements; 2022 SDA Annual Report

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on August 21, 2023 at which time management provided the Committee with the July 2023 New Funding Allocation and Capital Plan Update. He reported that there was a \$3.85 million decrease in the Emergent Projects Reserve balance. He said that this increase in commitments follows Board approval of the release of funds for the Burlington City Samuel Smith Elementary School emergent building envelope project. He advised the Board that there were no changes in any of the other reserve balances for the reporting period. Additionally, he reported that the reserve balance for the Regular Operating Districts (RODs) increased by \$700,000 during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon reported that management provided the Committee with the July monthly financial report. He advised the Members that the Authority's operating expenses

(Actual vs. Budget) for the year-to-date period totaled approximately \$8.2 million, are down \$2 million as compared to the budget for the corresponding period. He explained that this decrease is largely attributable to lower employee salary and benefit costs, professional & other contracted services, and informational systems, partially offset by overall lower spending. He reported that SDA's current staff headcount is 129 through July 31, representing a decrease of 15 employees compared to year-to-date projections. Mr. Nixon then said that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$166.3 million which is approximately \$21.7 million lower as compared to the capital spending forecast for the corresponding period. He advised the Members that this variance is due to costs associated with construction work, grant agreements, project insurance, design services, construction management services and lower benefits expenses allocation to project costs. He reported that the decrease is partially offset by an increase in furniture and equipment purchases, and the acquisition costs associated with the purchase of a school facility. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at \$166.3 million, are \$24.4 million lower when compared to the corresponding prior year period. He advised that this variance is the result of a decrease in expenditures for grant activity construction work, school furniture and equipment purchases, and contract management services offset by property acquisition costs and project insurance.

Mr. Nixon said that, since program inception, 80.2% 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.

Next, Mr. Nixon advised the Board that management presented the Committee with two matters requiring Board action. He said that the first item for consideration is management's recommendation for approval of the SDA's 2022 Audited Financial Statements (Audit Statements). Referencing a memorandum that was distributed to the Members in advance of the meeting, he advised that Ernst & Young, LLP (EY), the Authority's independent auditor, reported that the Audit was performed consistent with the established audit plan presented to the Committee in November 2022. He advised that EY outlined the areas of emphasis and the thought process utilized in the development of the audit. Mr. Nixon said that the financial statements contained no corrected misstatements or material uncorrected misstatements. He noted that EY reported that they did not find any matters that would rise to the level of either a material weakness or significant deficiency. In conclusion, Mr. Nixon explained that the independent auditor's report expressed an unmodified, or clean, opinion that the Financial Statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2022 consistent with Generally Accepted Accounting Principles. Mr. Nixon noted the outstanding cooperation and assistance that SDA staff provided throughout the audit process.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Mr. Burgos the proposed 2022 Financial Statements were approved with the Board's unanimous vote in favor of ***Resolution 5a.***

Mr. Nixon advised the Members that the Committee met with EY, in accordance with Executive Order No. 122, after the conclusion of the meeting without management present.

Next, Mr. Nixon reported that the Authority's Annual Report for 2022 has been prepared by management in compliance with the SDA's bylaws and in accordance with Executive Order No. 37. He explained that the Annual Report includes, among other things, the Authority's

audited financial statements, and identifies internal controls that govern Authority expenditures, procurements and other financial matters and transactions. He said that management is recommending that the Board approve the Authority's 2022 Annual Report. Mr. Nixon asked for a vote on the 2022 Annual Report.

A resolution pertaining to the 2022 Annual Report was provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Burgos and seconded by Mr. Piaia, the Authority's 2022 Annual Report was approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 5b***.

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 September 6, 2023 meeting.

/s/ Michael Maloney
Secretary