

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, JANUARY 3, 2024**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, January 3, 2024 at 9:07A.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)

David Moore (Treasury)

Bernard Piaia (DOE)

John Capo, Public Member

Michael Maloney, Public Member

Mario Vargas, Public Member

being a quorum of the Members. Mr. Moore, 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; Janice Venables, vice president and assistant secretary; Albert Barnes, chief counsel of the SDA, Sean Murphy, director and Edye Maier, director participated in the meeting. Alexis Franklin of the Governor's Authorities Unit (GAU) also participated in the meeting by teleconference.

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. Venables read the requisite notice of the meeting. Ms. Venables 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 225 West State Street in Trenton, New Jersey and on the SDA Website. Ms. Venables then conducted a roll call and indicated that a quorum of the Members of the Board were present.

Approval of Meeting Minutes

The Chairman presented for consideration and approval the minutes of the Board's December 6, 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. Burgos and seconded by Mr. Maloney, the Open Session minutes of the December 6, 2023 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a***.

Mr. Nixon then presented for consideration and approval the minutes of the Board's December 6, 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 December 6, 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 said that he appreciated the trust and opportunity to lead the Authority for another year. He said that he loves his job and the Authority's mission. Mr. Da Silva then provided an update on design-build project. He advised that the Passaic (District) Dayton Avenue Educational Campus project is completed and that the School now belongs to the District. He advised that for the Perth Amboy High School project, the Department of Community Affairs (DCA) elevator inspections are ongoing. He added that the Department of Health inspections are also ongoing. He said that the HVAC equipment commissioning and IT integration continues with furniture scheduled for installation next month. He advised that the District is planning to have a ribbon cutting in May. He noted that he will provide the Members with the date and time of the event. He added that management will be scheduling tours of the school for the Members and SDA staff. Moving on, Mr. Da Silva advised that at the Union City New Grade 7-9 School project, structural steel erection is wrapping up while slab-on-decks are being installed. He noted that the building enclosure design documents are into DCA for release. Mr. Da Silva then reported on design/bid/build projects in construction beginning with Orange Cleveland Street Elementary School. He said that site work is complete and ready for the winter months. He said that the boilers and fan coil units installation are underway with delivery of window and rooftop units projected for later this month. He advised that this school will be completed this year. Mr. Da Silva advised that projects in the procurement stage are moving forward. He said that the Garfield New Elementary School project kick off meeting is set for tomorrow. He noted that the bids were opened December 12, 2023 for the Elizabeth New Elementary School project with the low bid being \$5,855,000. He noted that the award recommendation is on today's agenda.

Turning to Authority events, outreach and other activities, Mr. Da Silva informed the Members that the SDA held a beam signing ceremony last month to celebrate the progress of the new Union City Grade 7-9 School project. He thanked Rob Nixon, who was in attendance. He noted that Noah Mathis, a middle school student, was the highlight of the event saying that Noah's remarks highlighted his excitement for the new school and served as a reminder to all those present, of how impactful these new facilities are for the students.

Lastly, Mr. Da Silva noted that while December is supposed to be joyous, and a time to look forward to a new year, it is with great sadness that he has to report the passing of Bob Ryan, a colleague and friend. He said that Bob loved life, traveling and the mission of this Authority. He said that Bob's leaves behind his wife, daughter and brother. He said that Bob was a hard worker and spoke many times before this Board. Mr. Da Silva said that Bob will be greatly missed and was our Santa Claus.

At this time, Mr. Murphy advised that the awardee for the Elizabeth New Elementary School project is USA Environmental Management Inc. (USA).

Mr. Nixon encouraged the Members to clear their schedules to attend SDA public events. He said that the excitement of the community is amazing noting that at Union City the Junior Marine Corp with all their colors packed the street. He noted how excited he is to see the Perth Amboy Project. Mr. Da Silva noted that there will be a couple of tours scheduled to accommodate everyone. He lauded the Project team and noted that with the size of the Project the tour could take up to a half day. Ms. Maier advised that the Perth Amboy tours would take place around April of this year.

Audit Committee

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on December 18, 2023, at which time management provided the Committee with the November

2023 New Funding Allocation and Capital Plan Update. He reported a \$200,000 decrease in the 2011 Emergent Projects Reserve balance due to Board approval of additional funding for the Irvington Grove Street School boiler replacement and HVAC repair emergent project. He advised that there were no changes in any of the other SDA reserve balances during the reporting period. He reported that the reserve balance for the Regular Operating Districts increased by \$100,000 during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon provided the Board with an overview of the November 2023 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period total approximately \$11.5 million, down \$3.4 million as compared to the budget for the corresponding period. He explained that this variance is largely attributable to lower employee salary and benefit costs, professional & other contracted services, information systems and facility and general office expenses offset by lower than projected expense allocations to project costs. He reported that the current full time employee (FTE) headcount is 130 as of November 30, 2023, representing a 20 FTE decrease in comparison to year-to-date budget headcount. Mr. Nixon then said that school \$232.2 million, down approximately \$23.6 million 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, design services, project insurance, construction management services and lower payroll and benefits expense allocation to project costs. He said that this variance is partially offset by an increase in the acquisition costs associated with the purchase of a school facility. Mr. Nixon then reported that project expenditures (Actual vs. Prior Year Actual), at \$232.2 million, are \$25.1 million lower when compared to the corresponding prior year period. He advised that this variance is the result of a decrease in expenditures for construction work,

grant activity, school furniture and equipment purchases, and construction management services, partially offset by property acquisition costs, project insurance, design services and payroll benefits allocation to project costs. Mr. Nixon said that, since program inception, 80.4% 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 \$1.55 billion

Next, Mr. Nixon advised the Board that management presented the Committee with one matter for consideration for Board action. Referencing a memorandum that was distributed to the Members in advance of the meeting, he said that management and the Committee request approval for the ratification of extension of a contract for network, hardware and software support services. He explained that the Operating Authority of the SDA requires that the Members of the Board authorize and approve the award of contracts for certain professional goods and services. He said that in order to avoid critical systems failures that lead to excessive network or extended system outages, the SDA has long retained the services of a firm to provide critical network, hardware and software maintenance services, including on-site technical support and consulting services (Services). Mr. Nixon reminded the Members that at the October 2020 Board Meeting the Members approved the award of a contract for these services to Stellar Services. He noted that the initial contract term was for 3 years beginning on November 9, 2020 and expiring on November 9, 2023 including a 1-year extension to be exercised at the sole discretion of the Authority. He said that the total compensation for the 3-year term and 1-year extension was for a not-to-exceed amount of \$1,000,000. He advised that to-date \$218,000 or 21.8% has been spent under the contract. He said that it has become necessary to for the Authority to extend the contract for the Services due to the need to ensure continuity of on-call

services for the protection and support of SDA's computer networks, hardware and software. Mr. Nixon said that management and the Committee recommends the ratification of the 1-year extension of the contract for the Services with Stellar Services commencing on November 9 2023 and terminating on November 9, 2024 for the total contract not-to-exceed value of \$1,000,000.

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. Capo the Board authorized management to approve the ratification of extension of the Stellar Services contract commencing on November 9, 2023 and terminating on November 9, 2024 for the total contract not-to-exceed value of \$1,000,000 with its unanimous vote in favor of ***Resolution 5a.***

School Review Committee

The Chairman then asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the School Review Committee met on December 18, 2023 and advanced four items for Board consideration today. He said management is seeking Board approval for a proposed award for demolition and early site preparation for the Elizabeth New Elementary School project (Project or School). He reported that School which will replace the Joseph Battin Elementary School, is planned to be a new approximately 142,000 square foot facility for 973 students in grades Pre-K to 8 on the approximately 2.21-acre site. He advised that on November 2, 2022, the Members approved a preliminary project charter for the Project. He said that in preparation for the design and construction of the new school, the SDA seeks to engage a contractor to perform demolition of the existing Battin Elementary School and limited site restoration activities. He said that the package for the required services was advertised beginning on September 29, 2023, and upon completion of a competitive procurement process, the responsive low bidder was USA. He added that following a review, USA confirmed that its

price proposal is inclusive of all scope elements contained in the contract documents. Mr. Luckie advised that management now requests and recommends that the Members approve the award of a contract in the amount of \$5,855,000, inclusive of SDA-established Allowances totaling \$875,000, to USA to perform demolition of the existing school and limited site restoration activities, in preparation for the delivery of the Project. He noted that SDA construction operations director and financial operations director have recommended award of the contract to USA. He said that management expects to advertise in the second quarter of 2024 for design-build services for delivery of the Project. He added that prior to execution of the contract, the contract and related documentation will be reviewed and approved by the Division of Chief Counsel.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Capo, the Board approved award for demolition and early site preparation for the Elizabeth New Elementary School project with its unanimous vote in favor of ***Resolution 6a***.

Next, Mr. Luckie said that management is seeking Board approval of Change Order (CO) No. 1, final project charter, release of funds from program reserve and re-establishment of contract value for the Newark Salome Urena Elementary School project (Project or School). He said that the Project includes necessary and emergent masonry repointing and replacement at the School, which serves 368 students in grades Pre-K through 8. He added that in February 2022 the SDA engaged Van Note Harvey Associates for the performance of initial project scope development services to address these conditions. He reported that at the conclusion of project scope development services, the SDA advanced the Project through the engagement of a general contractor (GC) utilizing the SDA's General Construction Services Task Order Contract (GCTO), and required the GC to engage the services of a design consultant to complete needed

design services. He advised that the contract was issued to Integrated Construction Enterprises (ICE) utilizing the GC Services Task Order (GC Task Order) Contract with design. He informed the Members that the original award for this engagement was based upon Integrated Construction Enterprises' (ICE) review of the Request for Proposal scope documents presented at the time of bid by the SDA. Based upon ICE's development of the design, schedule for construction and the refinement of scope, along with the establishment of expectations for the timing of material delivery and considering building accessibility, the contract amount originally allocated for the Project is determined to be insufficient.

Mr. Luckie further explained that CO No. 1, with a proposed amount of \$101,791 is required to provide the amount equal to the differential in cost between the original contract amount allocated for construction and the actual finalized, negotiated and agreed upon construction cost required to effect the masonry repointing and replacement work. He noted that if approved, the proposed adjusted contract price for ICE to address the Project, inclusive of CO No. 1, will total \$415,460. He said that SDA staff has determined that the revised contract value, inclusive of this change order, represents the true value of the work necessary to implement the masonry repointing and replacement Project. He advised that the contract amount for ICE, which is \$415,460, inclusive of CO No. 1, and the design costs, construction costs, contingencies, allowances, SDA staff and other costs is estimated at a value in the amount of \$744,729. He said for the reasons set forth in the memorandum presented to the Board, it is also now necessary to revise the Project's final charter and provide the increased funding necessary to ensure that sufficient funds exist to support completion of the Project. He noted that the additional funding provided by CO No. 1 will support completion of the remaining work inclusive of staff and contingency costs. He said that management has determined that the adjusted contract value, inclusive of CO No. 1 totaling \$415,460 is the appropriate baseline for the on-going application

of Operating Authority requirements to the Project and recommends the Members' approval of the same. He advised that SDA management will again seek Board approval should future change orders individually exceed \$500,000, or singularly or in the aggregate exceed 10% of the reestablished contract amount. He noted that, it is further necessary to release the sum of \$256,060 from the SDA Program Reserve for emergent projects, as the total Project budget is \$744,729 and prior funding was approved in the amount of \$488,729, leaving a difference of \$256,060.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Vargas the Board approved change order No. 1, final project charter, release of funds from program reserve and re-establishment of contract value for the Newark Salome Urena Elementary School project with its unanimous vote in favor of ***Resolution 6b.***

Finally, Mr. Luckie said that management is seeking Board approval for Preliminary Charter for the Pleasantville New Decatur Avenue Elementary School project (Project or School). He said that at the April 6, 2022 meeting of the Authority's Board of Directors, the Members approved the SDA's 2022 Strategic Plan Update and Capital Plan (Plan). He explained that the Plan identified the need for an elementary school project for the Pleasantville Public School District to address overcrowding and provide capacity for approximately 600 students. He reported that as proposed, the Project would be constructed on the existing Decatur Avenue Elementary School site which has been vacant for several years as it is in an unsuitable condition to continue to be utilized as a school facility. He said that SDA staff, working with District representatives and the Department of Education reviewed and validated District needs and has identified a Project scope to address those needs. He advised that based on that review, the recommended Project scope calls for the construction of an approximately 91,000 square foot

new school facility which will provide capacity to educate approximately 600 students in grades Pre-K to 5, and will fully address District capacity needs in grades Pre-K to 5. Mr. Luckie noted that management is also seeking Board approval of a preliminary project charter which details Project advancement recommendations including estimated project costs and schedules for Project completion. He explained that the estimated cost of \$65.8 million for the Project reflected in the charter includes all estimated costs necessary for advancement of the planned Project scope, with costs based upon the application of planning estimates to the current anticipated Project scope. He added that SDA management also recommends that the Members approve the preliminary project charter as proposed, authorizing SDA management to procure the professional and construction services necessary to advance this Project.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Piaia, the Board for preliminary charter for the Pleasantville New Decatur Avenue Elementary School project with its unanimous vote in favor of ***Resolution 6c.***

Public Comments

The Chairman opened the Public Comments portion of the meeting. Mr. Nixon recognized Nikki Baker of Healthy Schools Now (HSN). Ms. Baker wished everyone a happy new year and thanked the Members and SDA for all they do. She said she was very happy to hear about schools being finished and requested that she be included, “if not a conflict of interest”, in any invitations to tour newly completed schools. Ms. Baker noted how pleased she was to hear of the students’ excitement about their new schools.

Mr. Nixon then asked for a motion to adjourn the Open Session of the meeting into Executive Session. He asked Ms. Venables to announce the matters to be considered by the Board in Executive Session. Ms. Venables advised that, the Board will adjourn into Executive Session to

discuss a proposed recommendation for final settlement of cost recovery litigation relating to the Paterson International High School project. She said that the Board will vote on these matters upon its return to Open Session.

Upon motion by Mr. Capo and seconded by Mr. Maloney the Board unanimously voted to approve ***Resolution No. 8.*** and thereby adjourn the Open portion of the meeting into Executive Session.

Following the Board's return to Open Session, Mr. Luckie announced that in Executive Session the Board had discussed management's and the School Review Committee's recommendation for final settlement of cost recovery litigation relating to the Paterson International High School project.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Burgos the Board, approved the final settlement of cost recovery litigation relating to the Paterson International High School project with its unanimous vote in favor of ***Resolution 6d.***

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 January 3, 2024 meeting.

/s/Janice Venables
Assistant Secretary