

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, MARCH 6, 2024**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, March 6, 2024 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:

Mario Vargas, Public Member, Vice Chairman

Stephen Martorana (EDA)

Kevin Luckie (DCA)

David Moore (Treasury)

Bernard Piaia (DOE)

John Capo, Public Member

Daniel Gumble, Public Member

Lester Lewis-Powder, Public Member

Michael Maloney, Public Member

being a quorum of the Board. Mr. Capo, Mr. Gumble, Mr. Lewis-Powder, Mr. Moore, and Mr. Piaia participated in the meeting by teleconference.

At the Vice 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; and Gregory Voronov, managing director of the SDA participated in the meeting. Alexis Franklin of the Governor's Authorities Unit (GAU) also participated in the meeting.

Pledge of Allegiance

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

The meeting was called to order by Mr. Vargas, 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 Vice Chairman presented for consideration and approval the minutes of the Board's February 7, 2024 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. Maloney the Open Session minutes of the February 7, 2024 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a***.

Next, Mr. Vargas presented for consideration and approval the minutes of the Board's February 7, 2024 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 February 7, 2024 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. Vargas 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, furniture and technology installation is ongoing and management is on target to deliver the school by the end of the month. He reported that Department of Community Affairs (DCA) inspections are ongoing and Terminal Construction Corporation is addressing items if and when identified. He added that the previous week, management received the first temporary certificate of occupancy (TCO) recommendation from the plumbing inspector. For the Union City New Grade 7-9 School project, he advised that the final design documents are being reviewed by the SDA and DCA. He added that slab-on-deck installation is complete and building enclosure activities will start next.

Next, Mr. Da Silva provided an update on design-bid-build projects in construction stage. He reported that for the Orange Cleveland Street Elementary School project, work continues inclusive of site work, masonry detailing, carpentry, windows and installation of finishes such as epoxy flooring, paint, ceramic tile, flooring and gym equipment.

Turning to projects in the demolition stage, Mr. Da Silva said that for the Garfield New Elementary School project, the contractor has mobilized and asbestos containing material removal has commenced. For the Elizabeth New Elementary School project, he said that the Early Site Package kick off meeting with USA Environmental was the previous month and submissions have commenced.

Turning to Authority events, outreach and other activities, Mr. Da Silva informed the Members that last month he had the opportunity to speak at the Healthy Schools Now Coalition

meeting. He said that he provided an update on SDA's current Capital Plan, Regular Operating District Grants and FY2024 Capital Maintenance & Emergent Project Grant funds. He noted that the attendees had a lot of great questions regarding availability of land and the process of approving projects. He added that the coalition expressed their support of the Authority and are determined to advocate for additional funding for the program.

Next, Mr. Da Silva said that last week he attended the Governor's Budget Address. He advised that the Governor's budget includes \$50M for capital maintenance and emergent projects for SDA districts and no allocation for Regular Operating Districts (RODs). He added that \$350 million was released from the \$1.9 billion in funding included in FY2022 for capital projects.

Mr. Da Silva reported that the Members will notice that this month management has an additional report in the monthly reports section of your meeting materials. He noted that this report is a listing of items previously considered in the Executive Session meetings that are now completed.

Next, Mr. Da Silva said that at the previous Board meeting management presented three additional new project Charters including the project for Camden City School District. He said that Camden's project required that management amend the SDA's 2022 Capital Plan (Plan) to substitute the New East Side High School Replacement project for the two Pre-K to 8 Replacement Elementary Schools identified in that Plan. He advised that management has now updated the 2022 Strategic Plan Update and Capital Plan Presentation from April 6, 2022, and revised February 2024 which will be posted on SDA's website after today's meeting. He noted that the prior Plan had nineteen new projects and will continue to do so after the elimination of one project in Camden and the splitting of a single project into two projects in New Brunswick consisting of the purchase of an existing building and an addition to an existing school that must be separate due to the timing associated with the delivery.

Finally, Mr. Da Silva said that at the February 7, 2024 Board Meeting the Members asked about the “possible size of a school that could be delivered on the Union City property purchased for the Magnet K-8 School.” He said that SDAs owns 10 lots and 15 lots, respectively in Blocks 19 and 20 of Union City’s Tax Map that form oddly shaped assemblages. He advised that the lots vary in shape and size, and are currently being utilized by the city for storage, with one lot containing an apartment building that is being operated by the Housing Authority. He added that the lots are not sufficient to support the school and would require additional land acquisition to do so. He noted that, as a result, SDA does not have enough contiguous land to build the Magnet K-8 School.

Mr. Vargas inquired as to which project in the New Brunswick District (District) will be split. Mr. Da Silva said that the SDA will be purchasing 40 Van Dyke which is the warehouse building that the District was using for P-Tech. Mr. Voronov said that the other space would be at the existing middle school site, adding that there is space adjacent to the school that has trailers on it now which will be eliminated when the District utilizes the 40 Van Dyke space. He added that it is subject to review with the Department of Education (DOE) in terms of the size of the addition that is needed. He noted that as of now, two of the elementary schools contain middle school students, and it’s the District’s goal to have all the middle schools students in two facilities.

Next, Mr. Vargas asked if there is a date for the Members to tour the Perth Amboy High School. Mr. Da Silva said that management is planning a ribbon cutting in May. He added that management needs to receive the TCO prior to touring the building.

Mr. Luckie asked if the appropriation for the budget will happen in 2026. Mr. Da Silva said that the SDA will be asking for the administrative expenses in 2025.

Mr. Vargas asked if the \$50 million from the Governor's budget is less money than the SDA previously received. Mr. Da Silva answered the affirmative, noting that the \$50 million is for the SDA Districts but the \$25 million that was in the previous budget for RODs is not included in this budget.

Audit Committee

Mr. Vargas, as an Audit Committee Member, reported that the Audit Committee met on February 20, 2024. He advised that the management provided the Committee with the January 2024 New Funding Allocation and Capital Plan Update. He said that staff informed the Committee that there were no changes in any of the reserve balances for the SDA Operating Districts during the reporting period. He reported that the Program Reserve balance for RODs decreased by \$90.2 million during the reporting period due to the DOE's approval of Round 5 ROD Grants. He noted that it is expected that the SDA will utilize approximately \$100 million of the reserve to fund additional ROD grant projects statewide. He reported that 356 grants were offered during the January reporting period totaling \$243 million.

Next, Mr. Vargas said that the Internal Audit Division (IA) presented the Committee with a proposed 2024 Audit Plan (Plan). He explained that the Plan identified specific audits initiated or to be initiated this year by either IA staff or SDA's external contractors. Specifically, he said that the Plan includes finalizing 5 project audits in progress or nearing completion, 4 project audits where schools are being constructed, and 2 audits, of schools acquired by the SDA. He added that the Plan also includes one emergent project audit along with 8 operational audits. He advised the Board that the proposed 2024 Plan equates to approximately 4,800 audit hours.

Next, Mr. Vargas reported that in compliance with the SDA Bylaws and Audit Committee Charter, the CEO provided the Committee with his quarterly staffing report updating

Authority personnel matters. He noted that the Committee discussed Bill A4496. Management advised that the advertising and interview process for open positions is ongoing.

Next, Mr. Vargas said that management presented the Committee with one matter requiring Board action. Referencing a memorandum that was distributed to the Members in advance of the meeting, he discussed the need to approve Amendment No. 1 to SDA's Ernst & Young LLP (E&Y) contract. He reminded the Members that in 2019, following a competitive procurement process, the SDA Audit Committee recommended Board approval of a contract between the Authority and E&Y for independent auditor services for a three-year term comprising calendar years 2019, 2020 and 2021. He added that the contract further provided that the Authority, in its sole discretion, may exercise an option to extend the contract for two one-year terms for calendar years 2022 and 2023 both of which extensions were approved by the Board in November 2022. Mr. Vargas said that on June 14, 2023, the U.S. Department of the Treasury approved the State of New Jersey's plan to partially fund the construction of the New Union City Grade 7-9 Community School project with monies allocated to the State through the Coronavirus Capital Projects Fund, allocating a total amount of \$50,000,000. Mr. Vargas explained that included in the grant agreement between SDA and the New Jersey DCA, as grants manager for the funds. He added that one stipulation which requires SDA to comply with the audit requirements as outlined in the Code of Regulations which mandates that if a non-federal entity expends \$750,000 or more in federal awards during the non-federal entity's fiscal year, the entity must have a Single or Program-Specific Audit conducted by an independent auditor for that year. Mr. Vargas explained that a Single Audit includes extra components beyond a financial statement audit, which will require more testing on the part of the E&Y, including an audit of both SDA's financial statements and its compliance with federal program requirements pursuant to the federal Single Audit Act of 1984, as amended in 1996. He noted that the State of

New Jersey will reimburse SDA for the entire cost of the Single Audit. Mr. Vargas said, for these reasons, management and the Audit Committee have determined that it is reasonable, appropriate and in the best interest of the SDA to amend the E&Y contract to add the performance and associated cost of a Single Audit to EY's Contract for fiscal year 2023, in the not-to-exceed (NTE) amount of \$42,000.00.

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. Maloney, the Board approves Amendment No. 1 to the 2023 Ernst and Young LLC contract for a total fee not-to-exceed \$42,000 with its unanimous vote in favor of *Resolution 5a*.

School Review Committee

The Vice Chairman then asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the School Review Committee met on February 20, 2024 and advanced three items for Board consideration today and discussed an informational item. Mr. Luckie said that the first matter for approval is Change Order (CO) No. 3 for the Harrison Elementary School Project (School or Project). He reported that the School is a 67,800 square feet school that educates 392 students in grades Pre-K through 1. He advised that in 2016, the Governor signed New Jersey's "School Security Law" (Law) which requires certain school security measures to be incorporated in architectural designs for new school construction. He added that it also addresses security measures for existing school buildings. He explained that after enactment of the Law, SDA developed School Security Systems Guidelines: first, to ensure a consistent approach in the design of school security systems and second, to bring those designs into conformance with the new Law. He said that management determined to apply the Standards to all projects then under contract for design or construction that were scheduled to be delivered for opening in September 2019 or later. He noted that after developing the Standards,

staff established a security enhancement scope for the Project and presented it for review by the District. He said that SDA was not able to utilize the Project's general contract (GC) Brockwell & Carrington for the security work or to complete the work prior to the required school opening date. He added that management engaged a GC through the General Contractor Task Order (GCTO) Contract following Project completion and District occupancy of the School.

In continuing, Mr. Luckie said that the package was awarded to Catcord Construction Co. (Catcord) and a notice-to-proceed (NTP) was issued to Catcord in January 2022 and, after completing the design phase, Catcord submitted a finalized construction cost estimate. He explained that upon SDA's approval of the design documents the final construction costs were negotiated and agreed upon and Catcord was issued the NTP with construction on April 4, 2023. He advised that CO No. 2 was approved by the Members at the April 5, 2023 Board Meeting to provide for the differences in the NTE cost originally allocated for construction and the negotiated construction costs following development and refinement of design in the amount of \$109,438.00. He said that the memorandum presented to the Board on this date describes subsequent estimates provided by Catcord for the increase in cost for the fire alarm system, elevator, and security fence in the total value of \$31,898.96, which was negotiated by the Project Team and Catcord to a reduced final total lump sum value of \$28,195.00 for CO No. 3, for the services already provided at risk by Catcord to maintain the existing accepted project schedule.

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. Piaia, the Board approved Change Order No. 3 for Catcord Construction Company, Inc. for the Harrison Elementary School project with its unanimous vote in favor of ***Resolution 6a***.

Next, Mr. Luckie said that management is seeking Board approval CO No. 1, Revised Project Charter and a Release of Funds from the Program Reserve for the Union Hill Middle

School (School) project. He reported that School, built in 1913 is an approximately 102,000 square foot facility in the Union City Public Schools District educating approximately 895 students in grades 7 and 8. He said that upon confirmation of the need for emergent roof replacement and stucco and masonry repairs (the Project) at the School, the SDA engaged Aptim Environmental & Infrastructure, LLC in November 2021 for the performance of Project scope development services to address these conditions. He noted that upon completion of these Project scope development services, the SDA determined to advance the Project through utilization of the GCTO Contract, and to require the GC to engage the services of a design consultant to complete needed design services. He advised that based upon review of the existing building conditions, the GC's Design Team found there are additional areas of stucco and masonry requiring repair, replacement and abatement of asbestos containing material. In addition, there is an increase in construction cost due to the school being occupied and the contractor providing scaffolding to access the work area, which was not considered in the original construction cost estimate. He noted that additional work was approved by the Design Studio and incorporated into the approved design and construction documents.

In continuing, Mr. Luckie said that upon completion of the design phase and construction documents, the Project Team requested that Integrated Construction Enterprises, Inc. (ICE) submit their finalized construction cost, with the Project Team, SDA Financial Operations and ICE reviewing the scope of work, the anticipated product delivery, schedule, and access to the work site, along with building availability to assist in the development of the construction cost estimate. He noted that the original design and construction cost agreed to between ICE and SDA was a NTE value of \$2,580,894.00. He said that following 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 NTE

cost originally allocated for construction was determined to be insufficient. He explained that CO No. 1 would provide the amount equal to the differential in cost between the original NTE cost allocated for design and construction and the actual finalized, negotiated and agreed to cost of \$3,809,088.00 required to effect roof replacement, stucco and masonry repair for this emergent project. Mr. Luckie explained that the approval of CO No. 1 will result in an increase in construction costs that will cause the overall project cost in ICE's contract to exceed \$3,000,000.00, which is the per-project limit specified for projects issued under the GCTO Contract unless unanticipated project conditions warrant such increases, and SDA exercises its discretion to authorize said increase. He said that SDA staff members, including Financial Operations, have determined that the items included in the CO are justified and that the amount is reasonable and appropriate. He advised that funding for the total project costs is available within the SDA Program Reserve maintained for emergent projects. He noted that, as the construction award and the funds requiring release from the Program Reserve for the Project exceed \$500,000, both require Board approval. He added that management recommends that the Members approve the CO No. 1 in the total lump sum value of \$1,228,194.00 to ICE, the Project's Revised Final Project Charter as proposed, and the release of \$1,178,681.00 from the Program Reserve maintained for emergent projects.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Maloney and seconded by Mr. Vargas, the Board approved Change Order No. 1, Revised Project Charter and Release of Funds from the Program Reserve for the Union City Hill Middle School project with its unanimous vote in favor of ***Resolution 6b.***

Finally, Mr. Luckie said that Committee is recommending Board approval of a Preliminary Project Charter for the West New York New Middle School project (Project). He

advised that at the April 6, 2022 SDA Board Meeting the Members approved the SDA's 2022 Strategic Plan Update and Capital Plan (Plan). He said that the Plan identified the need for an elementary school project for the West New York Public School District to address overcrowding and provide capacity for approximately 788 students. He advised that SDA staff, working with District representatives and the DOE, reviewed and validated District needs and had identified a Project scope to address those needs. He added that management is 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 based on a detailed evaluation of District needs and application of standard programmatic models, the recommended Project scope calls for construction of an approximately 147,000 square foot new school facility to provide capacity to educate 788 students in grades 6 to 8, with students grouped consistent with current District practices. He advised that the advancement of this Project will significantly address District capacity needs and overcrowding in grades Pre-K to 8. Mr. Luckie said that the estimated cost of \$110.1 million for the Project reflected in the Charter is inclusive of funds already expended for site acquisition, relocation, building demolition, and property maintenance related to the SDA-owned site on which the project will be constructed, and projected costs based upon the application of planning estimates to the current anticipated Project scope. He added that SDA management requests and recommends that the Members approve the Charter for the District's New Middle School Project 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. Vargas and seconded by Mr. Piaia, the Board approved Planning Project Charter for the West New York Public School No. 2 project with its unanimous

vote in favor of *Resolution 6c*.

Public Comments

At this time Ms. Venables announced that the public comments portion of the Meeting will commence consistence with the New Jersey Open Public Meetings Act.

At the Chairman's request Mr. Richard L. Matthews addressed the Board. Mr. Matthews said that he is the Business Administrator for the Patterson Public School District (District). He noted that he was going to be presenting at a retreat in front of the Patterson School Board tomorrow evening, March 7, 2024. He noted that part of his presentation is a bar chart focusing on the District's facilities. He noted the number of buildings in the District between 100 and 180 years old. He said that the District investigated health & safety issues. He said that part of his presentation will be about Paterson School No. 3 (School No. 3). He noted the \$3.5 million allocated for emergent projects as he discussed at SDA February Board Meeting. He stressed that during the abatement process unforeseen issue have the estimated cost of School No. 3 at \$5 - \$7 million. Mr. Matthews noted that the investigation of health & safety issues uncovered approximately \$11 million of project costs. He said that the situation in the District is dire and asked what future funding could be expected to cover the health & safety issues. He noted that the District will be making a decision on a STEAM (Science, Technology, Engineering, Arts and Math) school. He asked for additional funding for the District. Mr. Da Silva advised that the funding for 2024 has been completely allocated. Mr. Matthews noted that the District will submit its plan for how the District will allocate their allotted \$3.5 million. Mr. Da Silva noted that with last week's budget address, if passed by the legislature, the District's FY 2025 could be comparable to FY 2024. Mr. Maloney asked how many students are in the District. Mr. Matthews responded "almost 28,000 students". A discussion ensued regarding the growing bilingual student population in the District. Mr. Da Silva noted that the SDA is aware of the

District's facility's needs adding that a High School planed for the District in the current SDA Plan.

Adjournment

There being no further business to come before the Board, upon motion by Vice Chairman Vargas 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 March 6, 2024 meeting.

/s/ Janice Venables
Assistant Secretary