

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

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

Robert Nixon, Public Member, Chairman

Juan Burgos (EDA)

Kevin Luckie (DCA)

David Moore (Treasury)

Bernard Piaia (DOE)

Daniel Gumble, Public Member

Lester Lewis-Powder, Public Member

Michael Maloney, Public Member

Mario Vargas, Public Member

Nicole Vecchione, Public Member

being a quorum of the Members of the Board. Mr. Nixon, Mr. Luckie, Mr. Vargas, Mr. Gumble, Mr. Lewis-Powder, Mr. Maloney, Mr. Moore and Mr. Piaia participated 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; and Jamie Henneke, governance coordinator and ethics manager of the SDA participated in the meeting. Alexis Franklin of the Governor's Authorities Unit (GAU) also attended the meeting.

Pledge of Allegiance

Led by Mr. Da Silva, the assembled Members 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 public 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 225 West State Street in Trenton, New Jersey and on the SDA Website. Ms. Henneke then conducted a roll call and indicated that a quorum of the Members of the Board was present.

Authority Matters

CEO's Report

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 Millville High School addition and renovations project, the Department of Community Affairs final inspection remain to advance the project into close-out. He said that for the Perth Amboy Seaman Avenue Elementary School project, management is waiting on the equipment to be delivered to complete the work by the end of this month. With respect to the Union City New Grade 7-9 School project, he advised that exterior veneer and roofing activities are ongoing as well interior rough-in work throughout the building.

Turning to projects with active early site preparation, Mr. Da Silva reported that for the Garfield New Elementary School project, the early site preparation contractor has completed the work and is de-mobilizing from the site. He advised that the design-build procurement is ongoing with the receipt of technical and price proposals from 3 bidders (Dobco, Inc., Hall Construction Co. Inc. and Terminal Construction Corporation) for the new Elementary School.

He added that bid openings are scheduled for later today. For the Elizabeth New Elementary School project, Mr. Da Silva said that demolition has advanced into the final phase, Phase 4, the main building, which is approximately 60% demolished.

Turning to Authority events, outreach and other activities, Mr. Da Silva informed the Members the SDA was an exhibitor at the annual New Jersey School Board Association School Boards Convention Workshop in Atlantic City on October 22 and 23. He noted that staff from our Grants Department and Communications there to answer questions from school district representatives. He added that he and David Magyar were also in attendance on different days and had the opportunity to speak with architects and district representatives. He noted that they answered questions related to ROD Grant projects and funding available for the Capital maintenance and emergent grants.

Next, Mr. Da Silva said that tomorrow he will speak at the annual Construction Forecast meeting at the Alliance for Action Construction Forecast. He added that between Capital projects, ROD projects, and Capital maintenance/emergent projects, he will share that SDA-related projects will represent \$560-\$660 million of work from now through the end of 2025.

Mr. Da Silva said that he wanted to remind the Designees that the annual ethics training must be completed by November 15. He noted that Public Members have already completed this training.

Finally, Mr. Da Silva said that on November 1, Susan B. Pacuta, a former SDA employee living in Yardville, passed away peacefully. He said that she worked for the Economic Development Authority and then the SDA giving us 17 years, and retiring in 2018 as our Director of Internal Audits. He added that he doesn't normally talk about retirees, however Sue is different since she was instrumental in transitioning this Authority into who we are today. He added that services are on Thursday and Friday.

Mr. Nixon said that he worked very closely with Sue. He said that her passion for the SDA, doing things right and putting the taxpayer and the Authority first was really so evident. He said that she was funny and irreverent at times and he really enjoyed knowing her.

Audit Committee

Mr. Nixon, as Audit Committee Chairman, said that the Committee received a draft 2025 Operating Budget for the Authority that was prepared by management. He advised that management is still in the process of finalizing certain budgetary line items and that a revised proposed budget will be presented to the Committee at its November meeting. He said that the budget for 2025 is basically flat from 2024 and noted that management plans to present the final proposed budget to the Board for consideration at its December Meeting.

Mr. Nixon then provided the September 2024 Financial Report. He said that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$9.4 million, down \$2.6 million as compared to the budget for the corresponding period. He said that this variance is attributable to lower activity for personnel costs, professional and other contracted services, informational systems, facilities and general office expenses and SDA owned automobiles, offset by lower payroll and benefits expense allocation to project costs. He noted that the current full time equivalents (FTE) headcount is 130 through September 30, 2024 representing a 17 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 \$209.9 million, are \$61.4 million lower as compared to the capital spending forecast for the corresponding period. He advised that this variance is due to lower costs associated with construction work, grant agreements, project insurance, property acquisitions and construction management services. He further reported that project expenditures (Actual vs. Prior Year Actual), at \$209.9 million, are \$12.5 million higher when compared to the capital spending

forecast for the corresponding prior year period. He said that this variance is a result of an increase in spending for property acquisitions, grant agreements and school furniture, fixtures and equipment, partially offset by a spending decrease in construction work. He said that, since program inception, 82.3% 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 \$1.2 billion.

Mr. Nixon then advised the Members that the Committee discussed various proposed revisions to SDA's Operating Authority. He said that management plans to present the revisions in more detail with the Audit and School Review Committee's at the November Committee Meetings.

Next, Mr. Nixon advised the Board 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 advised the need to purchase Owner Controlled Insurance Program (OCIP V or Program). He noted that, since 2003, the Authority has implemented an OCIP (I through IV) to "wrap-up" multiple types of insurance coverage into one program. He said that management recommends that the Members authorize the SDA to continue the Program for the Authority's managed school facilities projects anticipated to commence construction during the period from the effective Program date of December 1, 2024 through December 1, 2027, and will enroll eligible projects that begin construction within the term. Mr. Nixon said that all enrolled projects will be expected to be completed within five years of the effective date-- i.e., by December 1, 2029 advising that each project when completed will have operations coverage for ten years --the statute of repose for construction projects in New Jersey-- starting on the date that

it is put to its intended use. He explained that these wrap-up policies included in OCIP V are workers' compensation, general liability and excess liability. He said that the Program is calculated on an aggregate construction value of \$1.293 billion based on the Authority's 2022 Capital Plan. Mr. Nixon said that management and the Audit Committee recommend the purchase of the various OCIP V wrap-up policies from Liberty Mutual and the excess liability insurers for a cost not-to-exceed \$25.5 million. In conclusion, Mr. Nixon noted the rising costs of insurance and lauded management for all their hard work and expertise in negotiating the proposed rates.

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. Luckie, the Board authorized management to award a contract to Liberty Mutual and the excess liability insurers for OCIP V wrap-up insurance as presented in the memorandum to the Board with its unanimous vote in favor of *Resolution 5a*.

Public Comments

At this time Mr. Nixon announced that the public comments portion of the Meeting will commence consistent with the New Jersey Open Public Meetings Act. There were no speakers present.

Approval of Meeting Minutes

The Chairman presented for consideration and approval the minutes of the Board's October 2, 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. Piaia and seconded by Mr. Burgos, the Open Session minutes of the October 2, 2024 SDA Board

meeting were approved with the Members' vote in favor of the resolution attached hereto as

Resolution 3a.

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 November 6, 2024 meeting.

/s/ Manuel Da Silva
Chief Executive Officer