

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, DECEMBER 4, 2024**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, December 4, 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)

John Capo, Public Member

Daniel Gumble, Public Member

Michael Maloney, Public Member

Mario Vargas, Public Member

Nicole Vecchione, Public Member

being a quorum of the Members of the Board. Mr. Capo, Mr. Gumble, 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; Janice Venables, vice president and assistant secretary; Ramy Kamel, vice president; Albert Barnes, chief counsel; Sean Murphy, managing director; and David Magyar, director of the SDA participated in the meeting. Alexis Franklin of the Governor's Authorities Unit (GAU) also attended the meeting by teleconference.

Pledge of Allegiance

Led by the Chairman, the assembled Members 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 public 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 was present.

Approval of Meeting Minutes

The Chairman presented for consideration and approval the minutes of the Board's October 2, 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. Vargas, the Executive 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***.

Next, Mr. Nixon presented for consideration and approval the minutes of the Board's November 6, 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. Vargas and seconded by Mr. Burgos, with Mr. Capo abstaining, the Open Session minutes of the November 6, 2024 SDA Board meeting were approved with the Members' vote in favor of the resolution attached hereto as ***Resolution 3b***.

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 Union City New Grade 7-9 School project, roofing and window activities are ongoing to make the building weather tight. He added that underground basin activities continue in the playground lot.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva reported that for the Keansburg Port Monmouth Road School project has been delivered and an emergency responder system has been installed. He noted that programming and testing are underway. Next, Mr. Da Silva provided an update on projects with active early site preparation. He advised that a recommendation for award for the design build procurement for the Garfield New Elementary School project is on today's agenda. For the Elizabeth Elementary School project, he said that the early site package contractor had completed demolition of approximately 95% of above grade structure and will be commencing below grade and backfilling activities.

Turning to Authority events, outreach and other activities, Mr. Da Silva informed the Members SDA's 2024 contractor training program will take place next week. He said he wanted to thank Edye Maier and the Communications Team for coordinating and scheduling the training.

Audit Committee

Mr. Nixon advised that the Committee met on November 18, 2024 and reported that at that meeting SDA's director of internal auditors, Mohammed Kathawala, provided the Committee with the results of one final project audit and one operational audit.

Next, Mr. Nixon advised the Members that the executive team and staff discussed the proposed revisions to SDA's Operating Authority. He said that a robust conversation took place at the Audit Committee and School Review Committee Meetings adding that the proposed revisions will be discussed again at the December Committee Meetings. He thanked the Members for their commitment to improve how the Authority operates and communicates to the Board within the levels Authority.

Mr. Nixon then provided the October 2024 Financial Report. He said that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$10.6 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 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 128 through October 31, 2024 representing a 22 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 \$230.9 million, are \$57.9 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 relocation an environmental expenses and construction management services. He further reported that project expenditures (Actual vs. Prior Year Actual), at \$230.9 million, are \$18 million higher when compared to the capital sending forecast for the corresponding prior year period. He said that this variance is a result of increases in spending for property acquisitions, relocation an environmental expenses, grant agreements, school furniture, fixtures and equipment, and design services. He said that this variance was partially offset by a spending

decrease in construction work. He reported that, since program inception, 82.5% 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 said 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 advised that at the conclusion of the Audit Committee Meeting, David Gannon of PKF O'Connor Davie, SDA's internal auditors, met with the Committee without Management present in accordance with Executive Order No. 122.

Next, Mr. Nixon advised the Board that management presented the Committee with three matters requiring Board action. Referencing a memorandum that was distributed to the Members in advance of the meeting, he said that management and the Committee request's approval for the renewal of the Authority's business and real estate property and casualty insurance program (Program, Policies). He reminded the members that November 1, 2023 the Authority approved a contract to the Safegard Group, Inc. (Safegard) to place and service the Authority's business and real estate property and casualty insurance program for three years beginning December 14, 2023. He said that the current initial policy year was for a not-to-exceed \$705,000 plus contingency for potential increases. He said that in July 2024 Safegard began to solicit quotes for the renewal of the Policies for year two which will take effect on December 14, 2024. Mr. Nixon then advised that the Committee and Management recommend that the Members approve the contract for the renewal of the Program for the cost of \$691,831.99 plus a contingency amount of \$21,168.01, approximately 3%, to account for potential increases in the Authority's insurable exposures during the policy year, for a total not-to-exceed amount of \$713,000. He added that prior to execution of the contract, the contract and related documentation shall be

reviewed and approved by the SDA Division of Chief Counsel. Mr. Vargas asked why the workers compensation cost were less than the previous year. Mr. Guarriello responded that the policy for workers compensation is adjustable based on the payroll, adding that in past years the SDA has received credits back on that line of coverage. Mr. Burgos asked about the cost variations from the proposed 2025 budget. Mr. Guarriello advised that workers compensation is a different line item.

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 the business and real estate property and casualty insurance program for a not-to-exceed value of \$713,000 with its unanimous vote in favor of ***Resolution 5a***.

Next, Mr. Nixon then presented the proposed 2025 staffing plan. He reminded the Members that in 2019 the Board revised the Bylaws to require that, each year, the CEO must present a proposed Staffing Plan (Plan) for the upcoming year for Board approval. He noted that the Bylaws require that the Plan represent “the resources required to satisfy the SDA’s mission, goals, commitments and operating needs correlated to the volume and type of work activities to be advanced”. Mr. Nixon said that at the November 18 Audit Committee Meeting the CEO presented a detailed 2025 Plan that was prepared consistent with the requirements of the Bylaws. He said that the Plan was developed based on projected 2025 project work and other work and a review of the activities and staffing required to address that work on a monthly basis for the entirety of the next year. He referenced materials that were provided in advance of the meeting, for review, focusing on staff utilization by activity type by operating area. He advised that, as presented, management anticipates that 2025 will be addressing 18 Projects from the 2022 Capital Plan that will be advancing in various phases of planning, design or construction.

He outlined that: 11 projects will be actively advancing, and; administration of the remaining \$8.7 million FY 2022, 23 and 24 grant program will continue moving forward with the administration of \$50 million allocated to SDA Districts in FY 2025. He noted that in 2024, for RODs, SDA offered 657 projects in 259 school districts adding that these grant projects will continue to advance throughout 2025 and beyond requiring project progress inspections and grant payments. Mr. Nixon said that the assessment resulted in a conclusion that 140 staff members, as broken down by functional area, is the number of staff required to satisfy the SDA's commitments and operating needs throughout 2025. He advised that the Plan analysis utilized historical data documenting that 65% of SDA's staff activities are dedicated to school facilities projects; 9% are activities required to be performed in satisfaction of statutory, regulatory or governance requirements and 26% are activities related to organizational operations and support. Mr. Nixon said that after reviewing the Plan, the Committee determined that it is comprehensive, data-driven and reflects the Authority's needs in 2025. He said that it is the Committee's recommendation that management take all necessary steps to ensure that the Authority has sufficient staff—at the level of 140 FTEs-- in order to ensure that it can competently and efficiently advance its current work demands adding that at year end staff will have 127 FTEs. Mr. Da Silva thanked Mr. Voronov and Mr. Coonahan for their assistance. Mr. Gumble asked if the SDA is subject to the Governor's advisory discouraging any new hires, . Mr. Da Silva advised that any new hires would be within the budget and would require approval through the GAU. Mr. Vargas noted that the 14 vacancies are accounted for in the 2025 Budget and asked if staffed is overwhelmed with work in light of the diminishing staff. Mr. Da Silva said that it is a balancing act. Mr. Nixon noted that he does not see an issue with the Authority hiring within the projected 14 positions. Ms. Vecchione asked if it was correct that last year's staffing number

was 150 for 2024 but the staff level is at 127. Mr. Da Silva said she was correct and discussed the various divisions that will be gearing up throughout 2025. Ms. Vecchione note that employee's salaries do not go up very much in 2025 and asked if the budgeted figure will cover new employees on an as needed basis. He noted that the Budget includes 140 FTEs. Mr. Luckie asked if the 140 covers 2026. Mr. Da Silva responded that the 140 FTE figure is for 2025 stressing that he is concentrating on the next round of additional funding for the SDA projects. A discussion ensued regarding updating and keeping current the Operating Authority, and Ms. Venables developing a 2025 procedures and policies plan.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon a motion duly made by Mr. Luckie and seconded by Mr. Vargas the Board approved the 2025 SDA Staffing Plan with its unanimous vote in favor of ***Resolution 5b***.

Lastly, Mr. Nixon then presented the proposed 2025 Operating Budget (Budget) for Board consideration. He said that the Budget was discussed with the Audit Committee at its October and November meetings and that the Committee's input has been incorporated into the Budget that is before the Board today. Referencing materials that previously were provided for Board review, Mr. Nixon advised that the proposed Budget, at \$15.5 million, represents a decrease of \$105,000 as compared to the current year budget. He explained that, consistent with prior years, a portion of the Authority's employee salary and benefits costs will be appropriately charged to school facilities projects based upon weekly employee time sheets. He said that the estimated amount of \$11.2 million would be charged to school facilities projects for budget year 2025. Mr. Nixon noted that Budget is reflective of the Staffing Plan. Mr. Guarriello said that is a responsible budget that will serve the Authority well in 2025. Mr. Da Silva noted that the Budget is in concurrence with the proposed staffing plan.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon a motion duly made by Mr. Burgos and seconded by Mr. Vargas the Board approved the 2025 SDA Operating Budget with its unanimous vote in favor of ***Resolution 5c***.

School Review Committee

The Chairman then asked Mr. Vargas to provide the report of the School Review Committee. Mr. Vargas said that the School Review Committee met on November 18, 2024 and is advancing two items for Board consideration today. He said that management is seeking Board approval of a Design-Build Services Award and Project Charter for the Garfield New Elementary School Project (School or Project). He reported that the Project will consist of the construction of an approximately 132,000 square foot building to educate 767 students in grades Kindergarten through 5. He advised that on November 2, 2022, the Members approved the preliminary project charter, thereby approving the demolition of the old school and construction of a new elementary school facility and related site development work utilizing in-house design and a design-build delivery method. He explained that a package for design-build services was advertised beginning July 26, 2024 with “price” weighted as 60% of the overall weight and “all non-price factors” having a combined weight of 40%. He said that upon completion of the competitive procurement process, the construction operations directors and the financial operations director recommend award of the contract to the highest ranked bidder, Dobco, Inc. (Dobco), in the amount of \$69,500,000, inclusive of SDA-established allowances totaling \$2,150,000. Mr. Vargas noted that the SDA executive management also recommends that the Members approve the final project charter as presented to the Board on this date and representing all expended and projected funds necessary for completion of the Project. He added that prior to

execution of the contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

Mr. Nixon asked if SDA staff would discuss the technical approach to the Project and the difference between Dobco's bid and the other contractors and if Dobco understood the entirety of the Project. Mr. Murphy advised that there is a non-score component which is the experience portion, noting that there is a separate committee that evaluates the experience criteria portion of the Project. He added that the committee consists of three SDA staff members who determined that all three of the firms possess the experience required to complete the Project based on their proposals and past experience. Mr. Murphy added that the scoring portion was based on the approach of the Project at hand. He noted that Dobco didn't score as well as the two firms for the non-price factors which weights at 40% but their price which weighs at 60% made them the number one ranked firm. Mr. Murphy explained that there was a through bid review meeting with Dobco which the discussed the variance between the SDA's construction cost estimate and bidder price. He added that Dobco confirmed their price included all scope elements.

A discussion ensued regarding Dobco's history of change orders.

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 approved a Design-Build Services Award and Project Charter for the Garfield New Elementary School Project with its unanimous vote in favor of ***Resolution 6a.***

Next, Mr. Vargas said that the second item for Board consideration will be discussed in Executive Session.

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. The Chairman opened the Public Comments portion of the meeting. Mr. Nixon recognized Nikki Baker from New Jersey Healthy Schools Now (HSN). She said that she heard 2025 may be challenging but she is still looking forward to working with the Authority and advocating for funding for the students because our students need it regardless of the administration.

Next, Ms. Baker said that that education staff have asked when a new school is being built are restroom facilities for staff need being considered. Mr. Magyar answered in the affirmative noting that they consider the staff and relocate the staff bathroom throughout the facilities.

In continuing, Ms. Baker asked if the SDA has the status of the Educational Facilities Needs Assessment (EFNA). Mr. Da Silva said that he knows that the Department of Education is on the EFNA but he believes that it hasn't been officially released or finalized.

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 matter to be considered by the Board in Executive Session. Ms. Venables advised that the Board will adjourn into Executive Session to discuss a Recommendation to Fund District Property Acquisition for Union City Mother Seton School and to amend the 2022 Capital Plan. She said that the Board will vote on this matter upon return to Open Session.

Upon motion by Mr. Vargas and seconded by Mr. Burgos 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. Vargas announced that in Executive Session the Board had discussed management's Recommendation to Fund District Property Acquisition for Union City Mother Seton School and to amend the 2022 Capital Plan.

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. Piaia, the Board approved a Recommendation to Fund District Property Acquisition for Union City Mother Seton School and to amend the 2022 Capital Plan with its unanimous vote in favor of ***Resolution 6b***.

Next, Mr. Nixon advised that as all of the Members are aware, at the January Organizational Meeting, the Members vote on the Committee Assignments. He asked that any Member who has a request to change their Committee assignment should reach out to him.

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 December 4, 2024 meeting.

/s/Janice Venables
Assistant Secretary