

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD MEETING
WEDNESDAY, NOVEMBER 2, 2022 AT 9:00 A.M.
32 E. FRONT STREET, TRENTON, NJ
BOARD ROOM**

- 1. NOTICE OF PUBLIC MEETING/PLEDGE OF ALLEGIANCE**
- 2. ROLL CALL**
- 3. APPROVAL OF MEETING MINUTES**
 - a. Board Open Session Meeting Minutes of September 7, 2022
 - b. Board Executive Session Meeting Minutes of September 7, 2022
- 4. AUTHORITY MATTERS**
 - a. CEO Report
 - i. 2021 Annual Report Pursuant to Executive Order No. 37 (2006)
 - b. Chairman's Report
- 5. REPORT AND RECOMMENDATIONS OF THE AUDIT COMMITTEE (CHAIRMAN'S REPORT)**
 - a. 2022-2023 Business and Real Estate Property and Casualty Insurance Program Renewal
 - b. Ernst & Young Contract for Independent Auditor Services Contract Extension for 2022 and 2023 Financial Statement Audits - GP-0261-R01
- 6. REPORT AND RECOMMENDATIONS OF THE SCHOOL REVIEW COMMITTEE (CHAIRMAN'S REPORT)**
 - a. Approval of Awards - Bridging Design Consultant Services - GP-0281-R01
 - b. Preliminary Project Charter - Bridgeton School District – Bridgeton High School Addition & Renovation
 - c. Preliminary Project Charter - Elizabeth School District – New Elementary School
 - d. Preliminary Project Charter - Garfield School District – New Elementary School
 - e. Readoption with Amendments and New Rules: N.J.A.C. 19:39, Equal Employment Opportunity and Affirmative Action Regulations
 - f. Approval of Awards - Furniture, Fixtures and Equipment - GP-0278-F01
- 7. MONTHLY REPORTS**
 - a. *For Informational Purposes*
 - i. Active Projects Report
 - ii. Project Status Reports
 - iii. Contracts Executed Report/Amendments & Change Orders Executed Report
 - iv. Contract Terminations Report (*no activity*)
 - v. Settlement Activities Report (*no activity*)
 - vi. Diversity and Workforce Participation Report
 - vii. Regular Operating District Grant Activity Report

- viii. Notification of Amendments to Goods and Services Contracts Not Exceeding \$100,000 or 10% of the Contract Value (*no activity*)
- ix. Communications Report (*no report*)
- x. Monthly Financial Report
- xi. Design Contract De-Obligations Report (*no activity*)

8. EXECUTIVE SESSION

- Litigation/Contract Matter(s) – OPMA Exemption N.J.S.A. 10:4-12b (7)
CCD Report

9. ADJOURNMENT

APPROVAL OF MEETING MINUTES

September 7, 2022 Open Session Minutes

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, SEPTEMBER 7, 2022**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, September 7, 2022 at 9:00A.M. 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)
Richard Elbert, 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. Burgos, Mr. Elbert, Mr. Gumble, 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 (teleconference); Jane F. Kelly, vice president and assistant secretary; Albert Barnes, chief counsel; and Gregory Voronov, managing director 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. Kelly read the requisite notice of the meeting. Ms. Kelly announced that the meeting notice had been sent to the *Trenton Times* and *Star-Ledger* at least 48 hours prior to the meeting, and been 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. Kelly then conducted a roll call and indicated that all the Members of the Board were present.

Approval of Meeting Minutes

The Chairman presented for consideration and approval the minutes of the Board's August 3, 2022 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 3, 2022 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a***.

Mr. Nixon next presented for consideration and approval the minutes of the Board's August 3, 2022 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. Maloney, the Executive Session minutes of the August 3, 2022 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3b***.

Authority Matters

CEO Report

Mr. Nixon asked Mr. Da Silva for the report of the CEO. Mr. Da Silva began his report with an update on design-build projects in the design-phase. He reported that construction management (CM) proposals were received, evaluated, and opened in mid-August for the Union City New Grade 7-9 Middle School project. He noted that the apparent awardee is Anser Advisory Management (Anser) and that the associated CM contract award is being presented at today's meeting for approval. He added that the design-builder's notice-to-proceed (NTP) was issued in July.

Turning to design-build projects in construction, Mr. Da Silva informed the Members that for the Millville High School addition and renovations project, Phase IV interior renovation is complete; furniture was delivered and installed; and classrooms were turned over to the district and occupied yesterday (September 6). He reported that the Phase IV auditorium addition building enclosure is complete and mechanical, electrical and plumbing (MEP) rough-in work is ongoing there.

In continuing, Mr. Da Silva reported that for the Perth Amboy High School project, exterior wall framing is ongoing and sheathing is being completed towards enclosure of the building for winter work. He said that finish masonry has commenced to complete the roof. He added that interior masonry continues. With respect to the Plainfield Woodland Avenue Elementary School project, he said that exterior brick installation is being completed, permanent power is installed and the building is energized. He advised that MEP work is ongoing and finish work has commenced with the installation of ceiling grid and lighting. He added that site work is being completed.

Next, Mr. Da Silva gave an update on design-bid-build projects in the construction stage. He reported that for the Keansburg Port Monmouth Road School project, a temporary certificate of occupancy has been issued allowing for partial occupancy of Area A of the building beginning today. He said that interior finishes in Areas B and C are ongoing there. He advised that playground and flood wall installation work is ongoing and scheduled for completion this month. For the Orange High School project, he said that final HVAC renovations are ongoing.

Turning to Authority events, outreach and other activities, Mr. Da Silva said that in August the SDA was invited by the Alliance for Action to present and talk about the Authority's current funding situation. He advised that he, along with Gregory Voronov and Edye Maier, spoke to the group about the approximate \$2.0 billion included in the FY2023 state budget and the Projects identified in the Strategic Plan. He said that he informed the Alliance members that management would be presenting a Capital Plan to the SDA Board this month, formalizing the list of proposed projects that will be advanced with the FY2023 funding.

Next, Mr. Da Silva informed the Members that on August 23, he joined Governor Murphy, Senator Ruiz, Senator Sarlo, Assemblyman Schaer, Acting DOE Commissioner McMillan and Superintendent Montanez-Diodonet for the ribbon cutting ceremony event at the Passaic Dayton Avenue Educational Campus. He said that, during the event, the Governor highlighted the educational investments included in his Fiscal Year 2023 budget. He advised that these include \$1.55 billion to support the SDA's 2022 Strategic Plan to advance more than a dozen school construction projects in SDA districts and an additional \$350 million for facilities projects in regular operating districts. He added that the projects for SDA Districts are being presented today for approval.

In continuing, Mr. Da Silva said that he wanted to provide the Members with an update on the SDA-owned Astor Place property in Jersey City. He explained that, as he has previously

reported, SDA is still awaiting agreement on prospective licensing documents that would permit the operation of a community garden on the property. He said that both the SDA and the District came to an agreement on the form of these documents more than a year ago (May 2021). He reported that since July 11, 2022, SDA's chief counsel has regularly followed up with counsel for both the District and Black Interest Team Enterprise (BITE). Mr. Da Silva said that SDA received correspondence from BITE's attorney yesterday afternoon forwarding a proposed two page agreement prepared by his client. He said that the proposed agreement appears to be a type of grant which the SDA has repeatedly said is not possible in this situation. He said that SDA's counsel has forwarded the document to the District's counsel and will be communicating further with counsel for both the District and BITE to try to clarify what exactly is being proposed. Mr. Da Silva said that the Authority remains hopeful that the Astor Place site will once again be utilized for a community garden.

It should be noted that Deborah Alston, Zelma Moore, Marie C. Pierre Canel, Maria S. Matos, and Michael Coleman of the Black Interest Team Enterprise organization attended the meeting in a demonstration of support for reestablishment of a community garden on the SDA-owned Astor Place property in Jersey City.

Finally, Mr. Da Silva advised the Members that there is an additional report in the monthly reports section of the meeting materials. He said that this report lists items previously considered in Executive Session meetings that are now completed.

SDA Capital Plan Amendment/Planning Activities Funding

Next, the Chairman asked Mr. Luckie to introduce the proposed amendment to the SDA Capital Plan that is before the Board for consideration. Mr. Luckie reported that management presented the proposed amendment to the School Review Committee on August 15, 2022. He

noted that the amendment was also presented to the Audit and Real Estate Committees the same day for informational purposes.

Mr. Luckie explained that management is asking the Board to approve an amendment to the SDA Capital Plan (Plan) and to authorize the expenditure of funds to advance planning activities. He said that the FY2023 State Budget allocated \$1.55 billion for the advancement of additional SDA school facilities projects. He advised that the amendment that management is proposing for Board approval would amend the Capital Plan in order to move these projects forward. He added that management is also seeking Board authorization to expend the funds necessary to proceed with planning activities for these projects. He asked Mr. Da Silva to share additional details with the Board.

Mr. Da Silva reminded the Members that, earlier this year, the Board approved the SDA's 2022 Strategic Plan Update (Plan). He said that the plan identified 19 projects as the first tranche of projects for advancement. He added that, in addition, the Members approved 3 of the 19 projects for advancement utilizing the \$200 million authorized in the State's FY2022 Budget. He advised that today, management will be requesting that the Members of the Authority authorize SDA management to advance the remaining 16 first tranche projects identified in the Plan utilizing the \$1.55 billion in new funding allocated by Governor Murphy and the Legislature in the State's FY2023 budget. He explained that it is the SDA's job to ensure that New Jersey's young scholars have equitable access to outstanding school buildings that will allow them to thrive and succeed as they embark on a lifetime of learning. He said that the Administration's investment in the improvement of New Jersey's educational infrastructure has allowed this Board to advance projects that will address critical needs in districts throughout New Jersey. He asked Mr. Voronov to discuss the specifics of the proposed amendment and planning activities.

Mr. Voronov reiterated that the Members are requested to authorize SDA management to obligate and expend project funds necessary to support planning activities needed to validate and advance projects identified in the Plan. He advised that the Operating Authority requires Board approval of SDA Capital Plans as well as individual project charters. He noted that, pursuant to established controls, a project charter or an alternative Board approval must precede management's expenditure of project funds.

By way of background, Mr. Voronov informed the Members that the Plan identified 19 projects as the first tranche of projects for advancement to either address overcrowding or provide replacement facilities for which there is land available under either district or SDA control. He said that in April 2022, along with the approval of the Plan, the Members approved the advancement of a total of 3 projects in Bridgeton, Elizabeth and Garfield to be funded from the \$200 million authorized for the Authority in the State FY2022 budget. He said that during the State FY2023 budget approval process, \$1.55 billion was allocated to the Authority for the advancement of additional work identified in the Strategic Plan Update. He advised that management is now recommending that the remaining 16 first tranche projects identified in the Plan be authorized to advance to the validation and planning stage. He noted that the projects recommended for advancement are consistent with the Strategic Plan update and are detailed in the memorandum.

Mr. Voronov reported that the planning activities will support the development of project scope (including confirming whether new construction, an addition, or another alternative is appropriate), as well as facility size, anticipated costs and other details. He said that they will also provide the foundation for the establishment of project charters for subsequent Board review and approval. He explained that activities may include feasibility studies, cost analyses, planning analyses, site surveys and environmental assessments. He noted that timely advancement of

these activities will support development of recommended charters and enable fully-informed decision making by the Board. He advised the Members that funding would be limited to the not-to-exceed (NTE) amount of \$200,000 per project, prior to the approval of a project charter or other additional Board-approved funding. He said that obligations within that value must receive the approval of the SDA CEO following his review of a planning activities recommendation memorandum which details the preliminary project parameters requiring validation and development.

Mr. Voronov said that the Members of the Authority are requested to approve this proposed amendment to the SDA's Capital Plan to incorporate the 16 additional projects for advancement and to authorize the necessary funding to proceed with planning activities for the same. He added that management will seek the Members' approval for all project charters that are developed based upon the results of the planning activities.

Mr. Nixon thanked Mr. Luckie and the School Review Committee for reviewing the Plan. He also thanked Mr. Da Silva and the SDA team for putting the Plan together and coordinating with the Department of Education (DOE) and the Districts. He also thanked Governor Murphy, the Assembly Speaker and the Senate President for making school construction a priority in this year's budget. He said that the work that the SDA does has an impact on children throughout the state of New Jersey.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Maloney and seconded by Mr. Elbert, the Board approved the proposed amendment to the Capital Plan and authorized the expenditure of Project Funds to Advance Planning Activities with the Members' unanimous vote in favor of ***Resolution 6e.***

Audit Committee

Next, Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on August 15, 2022 at which time management provided the Committee with the June-July 2022 New Funding Allocation and Capital Plan Update. He reported that there was a \$3.3 million decrease in the SDA Planning Reserve balance. He said that this followed CEO approval of the release of the final project charter for the Union City New Middle School 7-9 project. He said that this decrease was partially offset by the return of contingency funds from completed projects to the Planning Reserve. Mr. Nixon advised that there were no changes in any of the other reserve balances for the reporting period. Additionally, he said that there was no change in the Program Reserve for the Regular Operating Districts during the reporting period.

Next, Mr. Nixon informed the Board that SDA's Internal Audit Division provided the Committee with the results of one interim project audit and one Section 15 grant audit. He explained that the audit was conducted to comply with the statutory requirement that capital portfolio projects with a state share over \$10 million be reviewed to assess whether state funds were expended in accordance with contractual terms, SDA practices and state regulations.

Mr. Nixon then provided the Board with an overview of the July 2022 Monthly Financial Report. He advised the Members that the Authority's operating expenses, at approximately \$8.7 million, are down \$1.6 million as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to lower employee salary and benefit costs, partially offset by a lower than projected payroll expense allocation to project costs. He reported that the current full-time equivalent (FTE) headcount was at the 134 level through July 31, 2022, representing a 33 FTE decrease compared to year-to-date projections. Mr. Nixon reported that year-to-date Authority operating expenses (Actual vs. Prior Year Actual), at \$8.7 million, are \$491,000 lower as compared to the operating budget for the corresponding prior year period. He

explained that this decrease is mainly attributable to lower employee salary and benefit costs, partially offset by lower payroll expense allocations to project costs. He reported that the current FTE headcount of 134 through July 31 is down 28 FTEs as compared to the prior year. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$190.7 million, approximately \$28.3 million higher as compared to the capital spending forecast for the corresponding period. He advised the Members that this variance is the result of higher than forecasted expenditures for grant activity, offset by lower than forecasted spending in construction activity, project insurance payroll expense allocations, design services, school furniture purchases and inter-agency transfers. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at approximately \$190.7 million, are higher by approximately \$53.5 million when compared to the capital spending forecast for the corresponding prior year period. He advised that this variance is the result of an increase in expenditures for grant activity and school furniture purchases, offset by decreased spending in construction activity, project insurance, payroll expense allocations, PMF/CM services and inter-agency transfers. Mr. Nixon said that the estimated value of active school facilities capital projects, along with emergent and regular operating district grant projects, is approximately \$1.1 billion.

Lastly, Mr. Nixon advised that, in compliance with the 2019 changes to the SDA Bylaws and Audit Committee Charter, the CEO reported to the Committee regarding Authority personnel matters in his quarterly staffing report.

School Review Committee

Mr. Luckie then presented four items for consideration that were advanced by the School Review Committee on August 15. He said that management is requesting that the Board approve 15 General Construction Services Task Order (GCTO) contract awards. He explained that under

the SDA's GCTO contract, firms can perform two types of work: first, certain work on emergent projects designated by DOE; and second, work to address "emergency" situations under the public exigency exception to public bidding requirements. He reported that the GCTO contract allows the Authority to quickly initiate work through a pool of contractors who are expected to start construction within 14 calendar days. He advised that the Authority's current GCTO contract is due to expire on January 1, 2023. He noted that since approval of this most recent GCTO by the Board, SDA has issued nineteen (19) GCTOs valued at approximately \$15.6 million. He added that management is recommending that the Board approve the execution of a new three year GCTO contract with fifteen (15) firms.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Maloney and seconded by Mr. Piaia, the proposed new General Construction Services Task Order Contract was approved with the Board's unanimous vote in favor of ***Resolution 6a***.

Next, Mr. Luckie said that management is seeking Board approval of Amendment No. 20 for the Orange Cleveland Street Elementary School (OCES or School) project (Project). He reported that the OCES currently educates 306 students in grades Kindergarten through 7. He reminded the Members that in March 2019, the Board approved an award for construction services and a final charter for a project (Project) at the School. He explained that the Project scope includes an addition and renovations to address overcrowding. He added that the Project will also allow a change in grade alignment to Pre-Kindergarten through grade 6. He advised that in January 2020, the GC began construction services for the Project, with Epic Management, Inc. (Epic) providing CM services. Mr. Luckie said that two years later, in January 2022, the Authority issued a Notice of Termination for Convenience to the GC, directing that they complete portions of the work and demobilize from the Project site by March 1, 2022.

In continuing, Mr. Luckie said that management is currently preparing to procure a GC for the Project. He explained that it is necessary to prepare new updated design and bid documents to include a revised scope of work in order to correct conditions uncovered following abatement, demolition and construction activities. He reported that Amendment No. 20, in the NTE amount of \$175,000 would compensate Project design consultant LAN Associates (LAN) for these new updated design and bid documents which LAN will prepare on a time and materials basis. He advised that, following review, staff has determined that the items contained in Amendment No. 20 are justified and the amount is reasonable and appropriate.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Elbert, Amendment No. 20 for LAN Associates was approved with the Board's unanimous vote in favor of ***Resolution 6b.***

In continuing, Mr. Luckie reported that management is seeking Board approval of a CM services award for the Union City New Grade 7-9 Middle School (School) project (Project). He said that in December 2019, the Board approved the revised preliminary project charter for a new school in the Union City School District designed to educate 827 students in grades 7 through 9. He noted that all property acquisition, underground storage tank and demolition activities necessary for advancement of the Project have been completed. He advised that in June 2022, the Board approved a final charter and the award of a design-build construction contract for the Project to Dobco, Inc. (Dobco). He reported that on June 24, 2022, Dobco was issued a notice of award for construction of the new School and on July 26, 2022, Dobco received the NTP for the design phase of the Project. He explained that a package for CM services was advertised as a "price and other factors" solicitation beginning June 15, 2022, with price weighted at 40% and all non-price factors weighted at 60% of the final combined score. He advised that after

completing the competitive procurement process for Project CM services, it was determined that Anser Advisory Management (Anser) was the highest ranked firm with a price in the amount of \$2,282,336. He said that Anser has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents and advised the Board that management recommends award of the CM services contract for the Project to Anser.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Piaia and seconded by Mr. Maloney, the construction management services award for the Union City New Grade 7-9 Middle School project was approved with the Board's unanimous vote in favor of ***Resolution 6c***.

Next, Mr. Luckie said that the Committee recommends that the Board approve Change Order No. 1 for GC Epic Management, Inc. (Epic) for the Neptune Green Grove Elementary School (Green Grove ES) project (Project). He explained that, in consultation with the Department of Health, SDA began a multi-step initiative in 2020 to evaluate flooring materials installed in its school facilities. He explained that the objective was to identify those that had poured polyurethane flooring systems that could pose a health risk due to the presence of mercury. He said that site visits were conducted to more than 165 schools in SDA and ROD Districts and approximately 30% had flooring systems requiring further evaluation. He added that one of these was the Green Grove ES.

In continuing, Mr. Luckie informed that Members that, in 2020, SDA's environmental consultant tested the flooring in the School's gym and two rounds of air sampling followed. He said that the bulk sampling results revealed the presence of mercury in the gym flooring. He explained that, for this reason, it was necessary to remove the flooring in the gym and to install new flooring. He said that after removal of the existing gym floor and while preparing to install the new gym floor, the flooring contractor inspected the remaining concrete subfloor surface. He

said that the inspection revealed issues with the entire subfloor's leveling material, including that it is delaminating. He advised that the flooring subcontractor reported that the new gym floor material could not be installed as the existing condition of the subfloor leveling material would render it impossible for the flooring to be warranted by the manufacturer or the installer. He informed the Members that the Project team reviewed the condition of the subfloor with both Epic and the flooring subcontractor and requested that Epic provide an NTE cost for the work. He said that the SDA and Epic agreed upon a time and material NTE value of \$210,000 for Change Order No. 1. Mr. Luckie said that management is recommending Board approval of Change Order No. 1 to compensate Epic for the labor, material and equipment required to 1) remove the existing delaminating subfloor leveling material; and 2) properly prepare the subfloor with a level surface that will allow for the installation of the new gym floor. He added that this would render the flooring acceptable for warranty purposes.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Burgos, Change Order No. 1 for Epic Management, Inc. was approved with the Board's unanimous vote in favor of ***Resolution 6d.***

Mr. Nixon then asked for a motion to adjourn the Open Session of the meeting into Executive Session. He asked Ms. Kelly to announce the matter to be considered in Executive Session. Ms. Kelly said that the Board will consider management's request for an extension of the License Agreement between SDA and City of Newark regarding the Premises located at 464 Hawthorne Avenue, Newark, NJ. She said that the Board will vote on this matter upon its return to Open Session.

Upon motion by Mr. Vargas and seconded by Mr. Piaia, the Board unanimously voted to approve **Resolution No. 9** and thereby adjourn the Open portion of the meeting into Executive Session.

At this time, Mr. Lewis-Powder advised that, due to his recusal from the matter to be discussed in Executive Session, he would be leaving the meeting.

Following the Board's return to Open Session, Mr. Vargas announced that in Executive Session the Board had discussed management's and the Real Estate Committee's recommendation for an extension of the licensing agreement between SDA and Newark for the SDA-owned Hawthorne Avenue property in the city.

Mr. Vargas explained that the Authority sometimes enters into agreements with public entities so that property SDA owns but does not currently need for construction can be put to public use. He reported that some 10 years ago, in 2012, SDA entered into a Licensing Agreement with the City of Newark for the use of property SDA owns there on Hawthorne Avenue. He added that the Licensing Agreement put all the necessary legal protections in place. He explained that Newark then entered into a Sub-Licensing agreement with the Greater Newark Conservancy, also with the necessary legal requirements in place, and that the Conservancy has been using the Property for an Urban Garden since that time. He said that the Licensing Agreement has been extended every year since 2012 and is currently due to expire on September 30. He advised that management is seeking Board approval to extend the Licensing Agreement with the City of Newark for an additional 1 year. He added that management is also seeking approval to exercise 2 future 12-month extensions in its discretion.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Elbert, and seconded by Mr. Piaia, the Board approved an extension of the Licensing Agreement between SDA and the City of Newark for the

SDA-owned property located at 464 Hawthorne Avenue, Newark, NJ with the Board's unanimous vote in favor of ***Resolution 7a***.

Adjournment

There being no further business to come before the Board, upon motion by the Chairman 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 7, 2022 meeting.

/s/ Jane F. Kelly
Assistant Secretary

Resolution—3a./3b.

Approval of Minutes

WHEREAS, the By-Laws provide that the minutes of actions taken at meetings of the New Jersey Schools Development Authority be approved by the Authority's Board of Directors; and

WHEREAS, pursuant to Section 3(k) of P.L. 2007, Chapter 137, the minutes of the September 7, 2022 Board meeting of the New Jersey Schools Development Authority, for the Open and Executive Sessions were duly forwarded to the Office of the Governor following the meeting.

NOW, THEREFORE, BE IT RESOLVED, that the minutes of the New Jersey Schools Development Authority's September 7, 2022 Open and Executive Session meetings are hereby approved.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Dated: November 2, 2022

AUTHORITY MATTERS

CEO REPORT

2021 Annual Report Pursuant to Executive Order No. 37 (2006)

**New Jersey Schools
Development Authority**

**Annual Report
2021**



About the Annual Report

The 2021 Annual Report on the operations of the New Jersey Schools Development Authority (SDA) is presented pursuant to the provisions of Executive Order No. 37 (Corzine), issued on September 26, 2006. The report provides a comprehensive overview of the SDA's operations, highlighting significant actions taken in 2021.

The SDA operates under the Educational Facilities Construction and Financing Act (EFCFA) of 2000 and subsequent August 2007 legislative amendments.

For more information, please refer to the SDA website at www.njsda.gov or the most recent Biannual Report on the School Construction Program at:

https://www.njsda.gov/Content/public/Biannual_Report/2021_2.PDF

Mission Statement

Our mission is to deliver high-quality educational facilities that best meet the needs of the students of the State of New Jersey. We promote fiscal responsibility in the management of taxpayers' resources, while providing efficiently designed facilities that enhance the academic environment.

SDA Executive Staff

Manuel M. Da Silva
Chief Executive Officer

Donald R. Guarriello
Vice President and Chief Financial Officer

Jane F. Kelly
Vice President – Corporate Governance and Legal Affairs

Board Members

Public Members

Robert Nixon
SDA Chairman

Director of Government Affairs, NJ State Policeman's Benevolent Association

Daniel Gumble

Business Representative, I.B.E.W. Local 164

Richard Elbert, AIA

General Counsel, Americas Bjarke Ingels Group

Lester Lewis-Powder

Executive Director, Let's Celebrate, Inc.

Michael Maloney

Business Manager/ Financial Secretary

Plumbers & Pipefitters Local Union No. 9

President, Mercer County Central Labor Council

Mario S. Vargas

Broker/Owner, Senior Health Navigators, LLC

Ex-Officio Members

Angelica Allen-McMillan, Ph. D.

Acting Commissioner, New Jersey Department of Education

Lieutenant Governor Sheila Oliver

Commissioner, New Jersey Department of Community Affairs

Tim Sullivan

Chief Executive Officer, New Jersey Economic Development Authority

Elizabeth Maher Muoio

State Treasurer, New Jersey Department of the Treasury

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Message From the CEO

The New Jersey Schools Development Authority program has grown and evolved over the years into an organization that successfully addresses the educational facility needs that exist throughout New Jersey. The Authority has the ability to pivot when necessary to advance new initiatives and respond to unpredictable circumstances such as the pandemic and supply chain issues that impact the schools construction program.

This past fall, we delivered two new schools and two major additions. The new schools were the Camden High School Campus and the Joseph A. Taub School in Paterson. The major additions were at the Millville Senior High School and Orange High School. With these projects, SDA delivered approximately 3,600 new student seats and more than 583,000 square feet of new construction to students in both northern and southern New Jersey.

The SDA's ongoing Capital projects exemplify our track record of excellence. In fact, the SDA recently completed the Passaic Dayton Avenue Educational Campus months ahead of schedule. This project is a facility that incorporates four different schools in one unified structure. The SDA also has another six capital projects currently in construction. Combined, these schools will provide 7,800 new seats and 1.1 million square-feet of new construction to aid in student learning.

Capital projects in SDA Districts represent a large portion of the work we undertake but it is important to highlight the other programs championed by the Authority. In 2021, the SDA added eight new emergent projects to its portfolio after their transmittal from the New Jersey Department of Education (DOE). The Authority's Regular Operating District (ROD) Grant staff continued to close-out grants as Districts submitted required paperwork. This year also saw the continuation of our multi-step initiative to evaluate and address the potential presence of mercury in flooring in previously delivered school facilities throughout the State, in partnership with the New Jersey Department of Health (DOH). For these programs, we partnered closely with our sister state agencies to quickly and efficiently address these needs once identified.

The construction industry continued to manage the effects of the pandemic throughout the year, including nationwide supply-chain shortages that have plagued the industry as a whole.

Despite the challenges, SDA and our construction partners continued to move forward with our work, looking for creative ways to re-sequence activities when necessary and where appropriate. The continuation of SDA's work served as an economic driver for New Jersey's construction workforce.

The Legislature approved a \$275 million direct appropriation in the State's Fiscal Year 2022 Budget consisting of \$200 million facilitating the advancement of much needed school facilities projects included in the SDA's 2019 Statewide Strategic Plan. The remaining direct appropriation of \$75 million was in support of projects related to emergent and capital maintenance conditions in SDA and ROD Districts. We are gratified that the Governor has once again signaled his continued support of the SDA school construction program with the inclusion of \$425 million in the Fiscal Year 2023 Budget proposal as well. Of this, \$350 million would be a direct appropriation to the SDA to fund capital project work in the SDA Districts and \$75 million proposed to fund projects related to emergent and capital maintenance conditions in SDA and ROD Districts.

While much work remains to be done, to date the SDA has made significant progress to address school overcrowding while also providing safe and educationally adequate school facilities for thousands of students in grades pre-kindergarten through 12. The staff of the SDA looks forward to continuing to provide New Jersey's children with the facilities they deserve in order to achieve academic success.

SDA's Board of Directors, management and staff remain ready and committed to working with the Administration, the legislature, and our stakeholders to advance the SDA school construction program and the essential work that we do.

Manuel Da Silva
Chief Executive Officer

Project Accomplishments

SCHOOL COMPLETIONS

A new school year often brings with it excitement for learning new things, spending time with friends, and new experiences. When the SDA delivers and opens a new facility, the students, educators and community members are welcomed with spaces and resources that will enhance learning opportunities and creativity.

Although the SDA continued to deal with challenges presented by the COVID-19 pandemic in 2021, the Authority remained committed to advancing its ongoing school projects to provide New Jersey students with the educational facilities they deserve. In fact, in Fall 2021, SDA delivered two new facilities --the new Camden High School Campus and the new Joseph A. Taub School in Paterson, and two major additions-- at the Senior High School in Millville and the Orange High School.

The completed school projects represent a total state investment of more than \$436 million (inclusive of the overall costs for the phased Millville and Orange projects), delivering more than 583,000 square-feet of new construction and approximately 3,300 new student seats.

NJSDA Fall 2021 School Completions				
School District	School Name	Approx. New Seats	Delivery Type	Total Cost
Camden	Camden High Campus	1,200	New School	\$133.2 M
Millville	Millville Senior H.S. North Addition	468	Addition/ Renovation	\$137.5 M (overall project cost)
Orange	Orange High School Addition	576	Addition/ Renovation	\$51.9 M (overall project cost)
Paterson	Joseph A. Taub Middle School	1,100	New School	\$113.9 M

These new state-of-the-art facilities, delivered by SDA, are turned over to Districts fully furnished and with 1:1 student-device technology, an educational necessity now more than ever before. The technology SDA provides can include a combination of tablets, chromebooks,

desktops, and/or laptops as deemed appropriate within each school district’s educational program. The student device technology the Authority provides proved essential when school districts were required to pivot to remote or hybrid learning environments throughout the school year.

Camden High Campus, Camden

The opening of the 270,000 square-foot, \$133 million Camden High Campus delivered on SDA’s commitment to provide Camden students with an innovative and modern school that will help them become college and career-ready. The school includes four Small Learning Communities - Brimm Medical Arts Academy, Creative Arts Academy, Big Picture Learning Academy, and Camden High Academy.

This project is a prime example of the partnership that exists between the SDA and the school district when a new school is developed and constructed. For this school, the SDA worked in close partnership with the school district to honor the former facility’s rich history through a design that incorporates items preserved from the previous Castle on the Hill, including the archway that welcomes visitors to the new building. There was also extensive input from Camden students into the design and planned utilization of the facility. SDA’s team especially enjoyed the opportunity to collaborate with Camden students through design charrettes that resulted in important feedback that was incorporated into the school’s meditative garden.

This new high school will give students like me the opportunity to appreciate the things coming out of Camden. While it isn't the original 'Castle on the Hill', I can promise the alumni that we will continue to walk in the memories that you built for us as we create our own memories on the 'Castle on the Hill'."
~ Camden High School Student



Some of the unique spaces that are now utilized by Camden students include a black box theater, a dance studio, a forensic science lab, an entrepreneurial lab, a construction/technology lab, an outdoor amphitheater, an engineering/robotics lab, a textiles studio, art and science rooms and so much more.

Joseph A. Taub School, Paterson



The new state-of-the-art school in Paterson, which opened to students in September 2021, will serve as a fitting legacy to Joseph A. Taub, who was born and raised in Paterson and dedicated himself to supporting Paterson’s youth. The innovative and inviting learning spaces that are now available to Taub Middle School students include general classrooms,

science labs, visual and performing arts spaces, recreational spaces, a computer lab, an aquaponics lab, and 1:1 technology.

The new Middle School is an approximately 163,000 square-foot facility designed to educate a maximum of 1,100 students in grades six to eight. The project included the purchase of the Paterson Catholic High School facility that was used for swing space and is expected to later serve as a permanent District facility to assist in alleviating remaining District-wide overcrowding.

In a press release from Paterson Public Schools, Joseph A. Taub Middle School seventh grade student Musammat Nekjabin said, “The opening of the new building has provided everyone with a sense of belonging, enjoyment, and a safe learning environment.”

North Addition to the Millville Senior High School, Millville

In Fall 2021, the SDA delivered the second of three additions to the Millville Senior High School. The approximately 100,000 square-foot addition provided includes a gymnasium, locker rooms, a weight room, a fitness room, a dance studio, a ROTC Classroom, 5 general classrooms, eight science labs, five Small Group

“There is so much excitement in the beginning of a new school year. The renovations to the Millville Senior High just add to that excitement and provide our students with a state-of-the-art learning environment. The Millville community appreciates all that the SDA has provided and will continue to provide our students.”

~Millville Superintendent, Tony Trongone

Instructional (SGI) Rooms, chemistry labs, guidance offices, a health care lab, and a horticultural center.

When fully complete, the \$137.5 million Millville High School addition/renovation project will provide approximately 230,000 square-feet of additions and more than 55,000 square-feet of renovations that will increase student capacity to accommodate more than 2,000 students in grades nine through 12.

Addition to the Orange High School, Orange

The SDA delivered a major addition to the Orange High School in Fall 2021. The approximately 50,000 square-foot addition includes a media center, an auxiliary gym, technology labs, a robotics lab, art studios, a drama classroom and general classrooms. This important addition provides additional capacity that will allow the District to discontinue its use of temporary classroom trailers located at the facility.



The excitement for the new space was palpable at the ceremonial ribbon cutting ceremony. The high energy celebration began with a rousing performance by the Orange High School Marching Band and ended with a tour of the new spaces including a large media center infused with natural light.

The SDA's project at Orange High School continues into 2022 with renovation work that will be completed prior to the next school year, as scheduled.

Major Capital Project Completed Months Early

Construction of the new Dayton Avenue Educational Campus in Passaic City continued at a rapid pace. In fact, construction was completed months ahead of schedule and the building received a temporary certificate of occupancy in November 2021.

The new 448,000 square-foot educational campus will provide the Passaic School District with space to educate a maximum of approximately 3,000 students in Pre-Kindergarten to eighth grade. The campus includes four school facilities located in a unified structure with shared central facilities - The Abraham Lincoln School (Pre-K program), the Mahatma Gandhi Elementary School, the Ellen Ochoa Gifted and Talented Academy, and the Muhammad Ali School (Middle School Program).

Due to the need for the redistricting of students, the school will officially open to students in September 2022, but the District will employ a soft opening of the early childhood facility in January 2022.

CAPITAL PROJECTS STARTING CONSTRUCTION

During 2021, the SDA celebrated the start of three projects with ceremonial groundbreakings – the new Perth Amboy High School, the new Plainfield Charles and Anna Booker School, and the renovation and addition to the Kearsburg Port Monmouth Road School.



The SDA and the Murphy Administration advanced the largest school facility project ever undertaken by the SDA this year – the new **Perth Amboy High School**. The project began with soil placement activities to ready the site for foundation work. Thereafter, the SDA was joined by Governor Phil Murphy, Senator Joseph Vitale, Assembly Speaker Craig Coughlin, Assemblywoman Yvonne Lopez, Mayor Helmin Caba, Superintendent Dr. David A. Roman,

and many other dignitaries to ceremonially break ground for the 576,000 square-foot, three-story facility.

This new school will significantly address the substantial capacity limitations experienced in the District by providing a maximum of 3,300 new seats for students in grades nine through twelve. In addition to general classrooms and science labs, the school will include specialized educational spaces such as an automotive lab, culinary arts lab, black box studio, dance studio, ROTC Classroom, world languages classroom, life skills lab, and a daycare center. The new school will also be equipped with 1:1 student technology.

In **Plainfield**, the SDA celebrated the start of the new **Charles and Anna Booker School**. Named for two Civil Rights icons, the school will serve as a lasting legacy, reminding generations of Plainfield students of the Bookers' activism and commitment to the education of Plainfield students.



The new, three-story facility of approximately 120,000 square-feet is designed to educate approximately 840 Kindergarten to fifth grade students. The new school will include 41 classrooms, an art room, a vocal/music room, an instrumental lesson room, a technology lab, a science demo room, a computer lab, a gymnasium, a cafeteria, a media center, and an outdoor playground and basketball court.



In **Keansburg**, the SDA broke ground on a School Facility of approximately 47,000 total square-feet designed to educate Pre-Kindergarten students. The **Port Monmouth Road School** includes renovation of approximately 18,930 square feet of the

existing School Facility and construction of a single-story addition of approximately 27,500 square-feet. The new addition will include 13 Pre-Kindergarten classrooms, a food service area, nurse's area, support facilities and a connection to the existing facility. This expanded facility will serve generations of Keansburg's youngest learners and enable the District to discontinue use of temporary classroom units located on the school property.

CAPITAL CONSTRUCTION PROJECTS PROGRESS STATEWIDE

In addition to the three school projects which broke ground in 2021, significant construction activities were ongoing on three major capital construction projects.

The SDA also had one project which entered design-build procurement at the end of 2021 – the new Grade 7 through Grade 9 School in Union City. The remaining project in the SDA’s Capital portfolio – the Hoboken Connors Elementary School – continued in scope development.

SDA Capital Projects in Construction (As of December 31, 2021)				
District	Project Name	Project Type	Total Estimated Project Costs	Max Student Capacity
Keansburg	Port Monmouth Rd. School	Addition/Renovation	\$28.4 M	315
Millville	Millville Senior H.S.	Addition/Renovation	\$137.5 M	2,384
Orange	Cleveland Street E.S.	Addition/Renovation	\$33.2 M	348
Orange	High School	Addition/Renovation	\$51.9 M	1,694
Plainfield	Charles and Anna Booker School	New Construction	\$59.4 M	840
Perth Amboy	High School	New Construction	\$283.8 M	3,300
6 Schools in construction			\$594.2 M	8,881

In **Orange**, the SDA continued with renovation work at the **Orange High School**. While the two-story addition to the school opened to students in September, work continued as scheduled to renovate the existing cafeteria and media center into a new, two-story cafeteria inclusive of an elevator. The project also includes an enclosed connector bridge between the Orange High School and the Orange Preparatory Academy. By the end of the year, construction of the connector bridge was 60 percent complete with anticipated completion in July 2022. Completion of the mechanical, electrical, and plumbing work on the cafeteria conversion was ongoing at the end of the year. In addition, construction of the elevator shaft was ongoing.



Work on the **Cleveland Street Elementary School** project in **Orange** continued throughout 2021. The Cleveland Street Elementary School project includes an 11,500 square-foot addition and 38,775 square feet of renovations/alterations to the 100+ year old facility. The additions/renovations will increase student capacity to accommodate more than 320 students in grades Pre-Kindergarten through six. Due to unforeseen circumstances that impeded the contractor's

ability to perform, the SDA moved forward with a termination for convenience in 2022. As a result, the SDA must rebid the construction contract in order to complete the project.

In **Millville**, the final phase of the \$137.5 million Millville Senior High School addition/renovation project commenced in 2021. The first addition opened to students in September 2020 and the second addition followed suit in September 2021. The final addition will provide a new auditorium, a television studio and additional classroom spaces. This final phase is anticipated for completion in the summer of 2022.



SUPPORTING NEW JERSEY’S CONSTRUCTION INDUSTRY THROUGH SCHOOL FACILITY PROJECTS

The work of the SDA is not only vital to modernizing New Jersey’s school infrastructure, but it also creates thousands of family-wage construction jobs as well. This continued to be true throughout 2021 when SDA projects advanced without disruption despite the ongoing pandemic.

The state’s investment in safe, modern and quality educational facilities allows students to achieve academic goals while generating thousands of jobs that improve economic prosperity for many in New Jersey’s construction industry. Investment in SDA construction projects has a direct correlation to the further creation of infrastructure jobs.

During 2021, the SDA issued contracts for work related to one capital, six emergent, and four floor replacement projects. This included the early site preparation contract for the new grade seven to nine school in Union City.

The SDA’s construction forecast is available on our website at:

<https://www.njsda.gov/Business/ProjectProcurementsForecast>

Information on past and current advertisements and awards is available on our website at:

<https://www.njsda.gov/Business/CurrentBiddingOpportunitiesAwards>.

EMERGENT PROJECTS IN SDA DISTRICTS

The SDA’s Emergent Project Program addresses SDA District school facilities in need of repair and rehabilitation. Examples of such projects include roof repair or replacement, windows, exterior masonry, and plumbing, electrical, mechanical and security systems and water infiltration issues.

In 2021, the SDA performed site visits at schools facilities where potential emergent projects were requested. As a result of these visits, the SDA advanced an additional eight emergent projects in August 2021, after receipt of an emergent determination by the DOE.

With the inclusion of the newly approved projects, the SDA was managing 18 emergent projects at the end of 2021. The status of these projects was as follows: five in construction, four in construction procurement, one in design, and eight in scope development. These projects represent an approximately \$40 million state investment.

Work was also completed on one emergent project delegated for school district management during 2021. This boiler replacement project at Garfield High School totaled \$0.4 million.

As of December 2021, 185 emergent projects (both SDA-managed and district-delegated) have been completed since the program’s inception.

REGULAR OPERATING DISTRICT GRANTS

The SDA’s Regular Operating District (ROD) grant program continues to favorably impact learning environments across the State. ROD grants fund at least 40 percent of eligible costs for projects in New Jersey’s ROD Districts, addressing health and safety issues and other critical needs.

During the year, the SDA Grants Department closed out 48 grants in 25 school districts in 15 counties throughout the State. These completed grant projects represent more than \$86.7 million in total project costs.

The SDA continued to favorably impact Regular Operating Districts throughout the State by disbursing a total of over \$8.4 million during 2021 to address facilities needs.

Although there were no new grant executions in 2021, the SDA is open to advancing additional work with the limited ROD Grant funding available or through an additional funding allocation. The law requires that a process be determined to prioritize and distribute ROD Grant funding. Historically, this has been achieved

REGULAR OPERATING DISTRICT GRANTS	
Grant Executions Since Inception	
No. of Grants Executed	5,404
State Share	\$3.0 billion
Local Share	\$5.9 billion
Total Est. Costs	\$8.9 billion
No. of Districts Impacted	524
No. of Counties Impacted	21

through an open application process for all ROD Districts, through the DOE, with specific parameters on the types of projects that would be approved and funded.

\$75 MILLION FY2022 GRANT FUNDING

As previously stated, the New Jersey State FY2022 budget included a direct appropriation of \$75 million to the SDA to provide funding for projects related to emergent and capital maintenance needs. This funding allows both ROD and SDA Districts throughout the state to invest in infrastructure projects that will make New Jersey's school facilities healthier and safer for students. The SDA provided funding is intended to offset a district's costs incurred during FY2022 associated with addressing those important and necessary measures.

Following the Governor's announcement of the program in November 2021, school districts are able to submit to SDA a duly-executed Certification and listing of an eligible emergent and/or capital maintenance project(s). The SDA then reviews the submission for completeness and then provides the identified funds to the district through electronic transfer. The amount of funds allocated to each district was determined by the DOE. The complete list of all districts and their allocations is available [here](#).

ADDRESSING POTENTIAL FLOORING CONCERNS

As previously reported, SDA developed and advanced a multi-step initiative to evaluate flooring materials installed in SDA-delivered school facilities. This was done in consultation with the DOH, utilizing the important guidance provided. As part of that effort, the SDA initiated an approach for the identification and testing of flooring in previously delivered school construction projects. This included site visits to 163 school facilities in SDA Districts and ROD Districts.

During 2021, the SDA successfully completed the replacement of flooring at four facilities where corrective measures were deemed necessary. These included the gymnasium at the Neptune Shark River Hills Elementary School, the auxiliary gymnasium at the Neptune Senior High School, three motor skills rooms at the Millville Early Childhood Center, and the multi-purpose room at the Irvington Augusta Preschool Academy.

In 2022, the SDA expects to complete the replacement of floors in two additional schools. All of SDA's testing and corrective measures are performed in accordance with DOH guidance.

Commitment to New Jersey Businesses

CONTRACTOR TRAINING PROGRAM CONTINUES DESPITE PANDEMIC

Although the State continued to deal with the challenges presented by the ongoing pandemic in 2021, the SDA once again offered its annual Contractor Training Program, to small, minority, women, veteran and disabled veteran-owned business enterprises. The program, now in its eleventh year, provides participants with valuable instruction on business basics, management practices, and educates participants regarding how to do business with the SDA and other State agencies.

The program commenced in October 2021 and culminated in December with 19 firms successfully graduating. The eight weeks of instructional classes were largely taught by SDA employees who are subject matter experts in various construction-related fields. In addition, this year's instructors once again included representatives from the New Jersey Department of Treasury's Division of Property Management and Construction, the New Jersey Department of Labor's Division of Wage and Hour Compliance and the New Jersey Economic Development Authority.

Graduates were also fortunate to hear from representatives of two larger contracting firms who have previously obtained general contracting and design-build contracts for the State's school construction program. They talked about their experience working with SDA and offered recommendations regarding how small businesses can connect to larger companies in order to participate in the SDA projects obtained by larger firms.

This year's graduates included firms engaged in industries including residential and commercial cleaning, glazing, masonry construction and janitorial maintenance. Also participating were electricians, general contractors, plumbers and electronic security firms. To date, the SDA has trained more than 220 firms through this in-house Contractor Training Program, providing important knowledge and opportunities that assist in connecting small, minority, women, veteran and disabled veteran-owned business enterprises with school facility work and broadening SDA's network of businesses that make our projects successful.

The SDA intends to offer the Contractor Training Program again in 2022.

SMALL BUSINESS PARTICIPATION

Small Businesses are vital to New Jersey's economy and play a substantial role in the construction of school facility projects throughout the State in both SDA Districts and Regular Operating Districts. At the end of 2021, the SDA had 1,470 firms pre-qualified to do business on school projects in SDA and the Regular Operating Districts. The New Jersey Department of the Treasury has certified 694 of these firms (or 47% of all firms) as SBE firms.

SDA's commitment to the participation of Small Businesses in the school construction program is evident in the percentage of contract dollars awarded to these firms. The SDA requires consultants and prime contractors to make good-faith efforts to identify and hire available small business enterprise (SBE) subconsultants and subcontractors in order to meet the State's SBE goal to award at least 25 percent of the total contract value to them. The total SDA contract dollars awarded through December 31, 2021 was \$293,829,563. The total contract dollars awarded to all SBE contractors was \$22,229,500 (including minorities and women). Although this represents only 7.57 percent of all SDA contracts awarded in 2021 it is important to note that SDA has historically achieved or exceeded the 25 percent participation goal. Significantly, the participation goal contractually is measured over the course of the entire engagement (rather than on an annual basis) when the job is fully subcontracted or "bought out." SDA remains confident that those contracts tracking below the 25 percent participation goal at year end will in all likelihood achieve or exceed the goal by the conclusion of the project.

In May 2019, the New Jersey Department of the Treasury promulgated regulations that require firms to make a good faith effort to ensure that at least 3% of the total dollar value of all publicly advertised contracts awarded by the SDA during a fiscal year are awarded to Disabled Veteran-owned businesses. Since that time, the SDA has added this good faith effort goal to our construction contracts. This is similar to the SBE goals for school construction projects. With few prequalified firms registered as DVOBs (three at the end of 2021), the SDA is committed to increasing the participation of DVOBs in the school construction program to meet the 3% goal in the coming years, and continues to make progress toward achieving it. In January 2021, the SDA awarded a design-build contract to Terminal Construction/Dinallo

Construction for the new Perth Amboy High School. During the design phase of this contract (in 2020), Terminal awarded 8.5% of the design fees to DVOBs.

SCHOLARSHIPS TO ENCOURAGE INCREASED PARTICIPATION IN CONSTRUCTION JOBS

During 2021, the SDA continued to provide funding for the Governor’s Industry Vocations Scholarship for Women and Minorities (NJ-GIVS). The program supports SDA’s effort to fund on-the-job or off-the-job outreach and training programs for minority groups and women seeking construction trade occupations or other related occupations – including engineering and management. Specifically, this scholarship benefits women and minority students pursuing a postsecondary certificate or degree program in a construction-related field. The scholarship pays up to \$2,000 per academic year to women and minority students who reside in New Jersey and are enrolled in a NJ-GIVS eligible program at one of New Jersey’s approved county colleges, county vocational, technical or trade schools. NJ-GIVS is administered by the New Jersey Higher Education Student Assistance Authority.

During the 2020-2021 academic school year, SDA provided \$62,139 to 40 qualifying students throughout New Jersey. Grant recipients are attending programs at Bergen County Community College, Camden Community College, County College of Morris, HoHoKus School/Rets, Morris County VoTech, Ocean County College, Passaic County Community College, and Rowan College at Burlington County. Some of the programs of study include carpentry, computer technology, electrical, engineering, HVAC and plumbing.

Financial Information

2021 PROJECT EXPENDITURES	
SDA District Capital Projects	\$231.9 million
SDA District Emergent Projects	\$11.3 million
ROD Grant Projects	\$8.4 million
Other Project Costs – Program	\$8.5 million
TOTAL PROJECT EXPENDITURES	\$260.1 million

BUDGET APPROPRIATION SUPPORTING SCHOOL CONSTRUCTION

School Facilities Construction Bonds, issued by the New Jersey Economic Development Authority (EDA) on behalf of the SDA, provide SDA with the funds it needs to sustain an active project portfolio and cover operating expenses. Bond sales generally coincide with forecasted cash flow requirements for already committed projects in SDA’s portfolio, enabling SDA to pay its vendors promptly as the projects advance.

In total, the New Jersey State Legislature has authorized \$12.5 billion in funding for SDA projects (\$8.9 billion for SDA Districts, \$3.45 billion for RODs and \$150 million for vocational schools). As of the end of 2021, EDA had issued \$11.85 billion of School Facilities Construction Bonds and Notes to fund the program, including a \$350 million bond issuance in January 2021. This leaves approximately \$650 million remaining under the current bonding authority.

The New Jersey FY 2022 Appropriations Act included a direct appropriation of \$200 million to the SDA to support school facilities projects in SDA Districts. This funding will allow the SDA to consider the advancement of additional capital projects in 2022. The Act also included \$75 million for projects related to emergent and capital maintenance needs in ROD and SDA Districts.

The SDA has sufficient funds available to complete its current project portfolio while maintaining adequate reserves for unexpected cost increases.

BUDGETARY AND FINANCIAL CONTROLS

The Authority maintains a system of internal controls to provide reasonable assurance that: transactions are executed in accordance with management's requirements and authority; responsibilities are appropriately segregated; financial statements are prepared in accordance with accounting principles generally accepted in the United States; and the assets of the Authority are properly safeguarded. Since internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met, there are inherent limitations in the effectiveness of any system of internal controls. The concept of reasonable assurance generally recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. These internal controls are subject to continuous evaluation by SDA management.

Budgetary Controls

The Authority maintains budgetary controls to ensure operating expenditures do not exceed the annual levels approved by the Board of Directors in the Authority's annual operating budget. A variance analysis of accounts is performed monthly and the results are summarized and presented to the SDA Audit Committee in a monthly report. As appropriate, the Authority may also allocate expenditures in its operating budget for various internal capital projects including amounts for the acquisition of equipment, computer software, furniture and fixtures and leasehold improvements. The Authority's Capitalization & Depreciation policy prescribes when capitalization of an asset is appropriate.

In addition, the Authority develops and maintains comprehensive project budgets, approved by the Board of Directors, for each of the school facilities projects that it manages. The Authority uses project management software for planning, recording and monitoring project budgets and schedules. Other software and tools are used by the Authority for cost estimating and financial analyses. The data obtained from regular monthly re-forecasting sessions is used to monitor the status of projects and to review and analyze costs in comparison to approved

budgets. The information obtained from these sessions is summarized and presented to the Audit Committee in a monthly report.

Financial Controls

The Authority maintains effective financial controls in part with an integrated accounting and budgeting system, which enables the Authority to view, analyze and report on various financial data. The Authority utilizes separate financial reporting software to: (1) efficiently and effectively monitor the Authority's financial performance; (2) identify financial trends; and (3) generate accurate and timely financial data and reports.

Additionally, the Authority has implemented effective financial controls in key risk areas as documented in numerous written policies, procedures, standard operating procedures (SOPs), processes, guidelines, checklists and standards. The Authority has implemented policies and procedures (or other analogous documents) in the areas of accounting, accounts payable, procurement, information technology, corporate governance and program operations. The Board of Directors has also adopted an Ethics Code for all employees, which is intended to foster a strong ethical climate at the Authority. Together, these policies and procedures (or other analogous documents) provide a system of internal controls and accountability designed to safeguard the Authority's assets. The Authority's internal auditors conduct periodic reviews to ensure the Authority's adherence to internal control policies and procedures.

The Board of Directors periodically reviews and approves modifications to the SDA's Operating Authority policy. The Operating Authority designates those persons at the Authority who are authorized by the Board (either generally or in specific transactions) to: (1) approve contracts and contract changes (i.e., change orders and amendments), (2) execute documents legally binding on the Authority, and (3) sign checks and approve disbursements on behalf of the Authority. The approval levels established in this policy are designed to ensure that financial transactions for all business operations are authorized in an appropriate and responsible manner. Furthermore, co-approvals are required for nearly every transaction including all commitments, expenditures, contract changes, among others.

Certifications Pursuant to Section 22C of Executive Order 37 (2006)

I certify that, to the best of my knowledge, the financial information provided to the Authority's independent auditors in connection with their audit of the 2021 financial statements is accurate, and that such information fairly presents the financial condition and operational results of the Authority as of December 31, 2021 and for the year then ended.

Donald Guarriello, Jr.
Chief Financial Officer

I certify that, to the best of my knowledge, the financial information provided to the Authority's independent auditors in connection with their audit of the 2021 financial statements is accurate, and that such information fairly presents the financial condition and operational results of the Authority as of December 31, 2021 and for the year then ended.

Manuel M. Da Silva
Chief Executive Officer

Certification Pursuant to Section 2 of Executive Order 37 (2006)

In accordance with Executive Order 37 (2006), please find enclosed the New Jersey Schools Development Authority's (the "Authority") 2021 comprehensive report of Authority operations, (the "2021 Annual Report"). This report highlights the significant actions of the Authority for the year ending December 31, 2021, including the degree of success the SDA had in promoting the State's economic growth strategies and other policies during the year.

The report of independent auditors, issued by Ernst & Young LLP, is included within the financial statements section of the 2021 Annual Report. With the issuance of the audit report, the Authority is in compliance with the requirements of Executive Order 122 (2004).

Executive Order 37 Section 2 Certification:

I, Manuel M. Da Silva, certify that, from January 1, 2021, to December 31, 2021, the Authority has, to the best of my knowledge, followed all of its standards, procedures and internal controls.

Manuel M. Da Silva
Chief Executive Officer

STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY
(a component unit of the State of New Jersey)



**Financial Statements and Required Supplementary
Information**

For the Year Ended December 31, 2021

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Financial Statements and Required Supplementary Information

For the Year Ended December 31, 2021

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II. Government Auditing Standards Section

Report of Independent Auditors on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*44



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Report of Independent Auditors

Management and Members of the Authority
New Jersey Schools Development Authority

Report on the Audit Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the New Jersey Schools Development Authority (the “Authority”), a component unit of the State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Authority as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Authority's proportionate share of the net pension liability, the schedule of the Authority's contributions to the Public Employees' Retirement System and the schedule of changes in the total postemployment benefits other than pensions (OPEB) liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have



applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated September 29, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Ernst + Young LLP

September 29, 2022

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Management's Discussion and Analysis

For the Year ended December 31, 2021

This section of the New Jersey Schools Development Authority's (the "Authority" or "SDA") annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2021. This management discussion and analysis should be read in conjunction with the Authority's financial statements and accompanying notes.

2021 Financial Highlights

- At year end, the Authority's net position is \$483.1 million.
- At year end, cash and cash equivalents total \$621.2 million.
- For the year, revenues total \$625.2 million, consisting primarily of bond funding under the Educational Facilities Construction and Financing Act "EFCFA" and budget appropriations from the State (99.9%).
- For the year, expenses total \$274.6 million, \$267.5 million (97.4%) of which is for school facilities project costs.
- For the year, general fund revenues exceed general fund expenditures by \$344.4 million.

Overview of the Financial Statements

The financial section of this annual report consists of three parts: Management's Discussion and Analysis; the basic financial statements; and required supplementary information. The Authority's basic financial statements consist of three components: 1) government-wide financial statements; 2) governmental fund financial statements (these are also referred to as the "general fund" financial statements); and 3) notes to financial statements. Because the Authority operates a single governmental program, its government-wide and governmental fund financial statements have been combined using a columnar format that reconciles individual line items of general fund financial data to government-wide data in a separate column on the face of the financial statement.

Government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business. The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual balance reported as net position. Over time, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority’s net position changed during the most recent period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal period.

Governmental fund financial statements are designed to provide the reader information about an entity’s various funds. A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority operates a single governmental fund for financial reporting purposes and this fund is considered a general fund.

The focus of governmental fund financial statements is on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority’s near-term financing requirements.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority’s near-term financing decisions. Both the fund balance sheet and the statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison.

Financial Analysis of the Authority

The Authority’s net position increased to \$483.1 million at year-end, primarily due to 2021 total revenues (\$625.2 million) exceeding expenditures for school facilities projects (\$267.5 million) and administrative and general expenses (\$7.0 million).

The following table summarizes the Authority’s net position as of December 31, 2021 and 2020.

	\$ In thousands			
	2021	2020	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current assets	\$ 621,321	\$ 268,904	\$ 352,417	131.1%
Capital assets-net	1,556	1,498	58	3.9%
Total assets	<u>622,877</u>	<u>270,402</u>	<u>352,475</u>	130.4%
Deferred outflows of resources	<u>10,362</u>	<u>14,692</u>	<u>(4,330)</u>	<u>(29.5)%</u>
Total assets and deferred outflows of resources	<u>\$ 633,239</u>	<u>\$ 285,094</u>	<u>\$ 348,145</u>	<u>122.1%</u>

	\$ In thousands			
	2021	2020	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current liabilities	\$ 57,905	\$ 49,894	\$ 8,011	16.1%
Non-current liabilities	60,512	75,831	(15,319)	(20.2)%
Total liabilities	118,417	125,725	(7,308)	(5.8)%
Deferred inflows of resources	31,719	26,874	4,845	18.0%
Net position:				
Net investment in capital assets	1,556	1,498	58	3.9%
Restricted for schools construction	481,547	130,997	350,550	267.6%
Total net position	483,103	132,495	350,608	264.6%
Total liabilities, deferred inflows of resources and net position	\$ 633,239	\$ 285,094	\$ 348,145	122.1%

Note: All percentages are calculated using unrounded figures.

Significant Account Variances for Net Position

Current assets: The increase is due to higher cash and cash equivalents as a result of EFCFA bond proceeds and budget appropriations received during the year offset primarily by spending on school facilities projects.

Capital assets-net: The increase is due to capital asset additions for computer software, slightly offset by depreciation expense for assets in service during the year.

Deferred outflows of resources: The decrease is due mainly to lower deferred outflows of resources associated with pensions.

Current liabilities: The increase is due to higher accrued school facilities project costs and local share deposits received from school districts to fund ineligible project costs.

Non-current liabilities: The decrease is due to the significantly lower net pension liability.

The following table summarizes the change in net position for the years ended December 31, 2021 and 2020.

	\$ In thousands			
	2021	2020	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Revenues				
EFCFA funding received from State	\$ 350,000	\$ -	\$ 350,000	N/A
Appropriation from State	275,000	-	275,000	N/A
Investment earnings	230	2,696	(2,466)	(91.5)%
Rental property income	12	37	(25)	(67.7)%
Other revenue	7	7	-	7.6%
Total revenues	\$ 625,249	\$ 2,740	\$ 622,509	22,718.2%

	\$ In thousands			
	2021	2020	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Expenses				
Administrative and general expenses	\$ 6,984	\$ 13,143	\$ (6,159)	(46.9)%
Depreciation	124	162	(38)	(23.7)%
School facilities project costs	267,533	291,279	(23,746)	(8.2)%
Total expenses	274,641	304,584	(29,943)	(9.8)%
Change in net position	350,608	(301,844)	652,452	216.2%
Beginning net position	132,495	434,339	(301,844)	(69.5)%
Ending net position	\$ 483,103	\$ 132,495	\$ 350,608	264.6%

Note: All percentages are calculated using unrounded figures.

Significant Account Variances for the Change in Net Position

EFCFA funding received from State: The Authority received bond proceeds in the amount of \$350 million during the year from bonds sold by the New Jersey Economic Development Authority. No bond proceeds were received in the prior year.

Appropriation from State: The Authority received a \$275 million budget appropriation from the State in 2021. No appropriation was received in the prior year.

Investment earnings: The decrease is due to significantly lower investment return rates during the year.

Administrative and general expenses: The decrease is due primarily to lower employee salaries and benefit costs, with the largest reduction being in pension costs. Also contributing to the decrease are lower general office expenses and contracted services, offset by higher spending for information systems and insurance.

School facilities project costs: The decrease is due mainly to lower spending for Regular Operating Districts grants and SDA-managed construction projects, partially offset by an increase in school furniture and fixture expenses.

School Construction Program Authorized Funding and Disbursements

The Authority does not have an economic interest in any school facility project. With the exception of interest income on invested funds, the Authority does not generate substantial operating revenues, yet it incurs significant operating expenses to administer the School Construction Program. Costs related to school facilities projects are reported as school facilities project costs in the statement of activities. Program administrative and general expenses not identifiable specifically to school facilities projects are considered eligible project costs under EFCFA and are therefore eligible to be paid from EFCFA funding.

Through December 31, 2021, the Authority has received \$11.8 billion of the designated \$12.5 billion principal amount of bond proceeds authorized for the School Construction Program. In addition, as of that date, the Authority has disbursed 91.6% of the currently authorized program funding, as follows:

	<u>Bonding Cap</u>	<u>Program Funding</u> ¹	<u>Disbursements</u>	<u>% Paid</u>
SDA Districts	\$ 8,900,000,000	\$ 9,027,039,019	\$ 8,207,828,843	90.9%
Regular Operating Districts	3,450,000,000	3,500,277,699	3,282,078,895	93.8%
Vocational Schools	150,000,000	152,009,246	122,731,776	80.7%
Totals	<u>\$ 12,500,000,000</u>	<u>\$ 12,679,325,964</u>	<u>\$ 11,612,639,514</u>	91.6%

¹ Program funding includes the amounts authorized under the respective bonding caps in addition to approximately \$179 million of interest income and miscellaneous revenue earned through December 31, 2021.

On June 29, 2021, Governor Murphy signed the Fiscal Year 2022 Appropriations Act into law, which includes a \$200 million General Fund appropriation in support of the school construction program. Although the \$200 million is intended for current school facilities projects, this new funding source will allow the Authority to reallocate previously authorized and committed bond monies to advance new Capital Project work. The Fiscal Year 2022 budget also directs \$75 million into the Authority’s capital maintenance and emergent needs grants program, with preference being given to projects that would mitigate COVID-related health and safety issues in the SDA Districts and Regular Operating Districts.

The 31 SDA Districts are located in 14 Counties throughout the State, as follows:

<u>County</u>	<u>School District</u>	<u>County</u>	<u>School District</u>
Atlantic	Pleasantville	Hudson	Union City
Bergen	Garfield	Hudson	West New York
Burlington	Burlington City	Mercer	Trenton
Burlington	Pemberton Township	Middlesex	New Brunswick
Camden	Camden	Middlesex	Perth Amboy
Camden	Gloucester City	Monmouth	Asbury Park
Cumberland	Bridgeton	Monmouth	Keansburg
Cumberland	Millville	Monmouth	Long Branch
Cumberland	Vineland	Monmouth	Neptune Township
Essex	East Orange	Passaic	Passaic City
Essex	Irvington	Passaic	Paterson
Essex	Newark	Salem	Salem City
Essex	Orange	Union	Elizabeth
Hudson	Harrison	Union	Plainfield
Hudson	Hoboken	Warren	Phillipsburg
Hudson	Jersey City		

In 2021, the SDA celebrated the completion of three capital plan school facilities projects, providing 5,572 new student seats in the SDA Districts. The total State investment in these three projects was more than \$485 million.

As of December 31, 2021, the SDA has 6 active construction projects in the SDA Districts. In addition, pre-construction activity has commenced on several other projects. Furthermore, the Authority is currently in construction on 6 emergent need projects in the SDA Districts. Emergent need projects most often address roof repairs or replacements; deteriorating façades; water infiltration; heating and cooling system issues; and plumbing, electrical, mechanical and security systems. The Authority maintains separate program reserves to address such emergent conditions as well as unforeseen events.

From inception through December 31, 2021, the School Construction Program has completed 701 projects in the SDA Districts. The completed projects consist of: 93 new schools, including 6 demonstration projects; 47 extensive addition, renovation and/or rehabilitation projects; 31 rehabilitation projects; 354 health and safety projects; and 178 Section 13 Grants for SDA District-managed projects. In addition, in the Regular Operating Districts, the Authority has completed 26 projects that it partially funded and managed for the districts, including 8 new schools. Also, State funding was provided through Section 15 Grants for 5,191 school projects throughout the 21 counties of New Jersey.

The following information provides insight into the activities of the School Construction Program during the last five years and is not intended to be presented in accordance with generally accepted accounting principles.

	\$ In thousands				
	2021	2020	2019	2018	2017
EFCFA funding received from State	\$ 350,000	-	\$ 350,000	\$ 350,000	\$ 350,000
Appropriation from State	275,000	-	-	-	-
Investment earnings, net	230	2,696	9,341	7,204	3,787
Administrative and general expenses	6,984	13,143	15,910	18,466	19,821
Capital expenditures	182	577	628	312	25
School facilities project costs	267,533	291,279	306,967	333,271	341,480
Employee count at end of year	152	174	183	222	211

Contacting the Authority’s Financial Management

This financial report is designed to provide New Jersey citizens and taxpayers, and the Authority’s customers, clients and creditors, with a general overview of the Authority’s finances and to demonstrate the Authority’s accountability for the funds it receives from the State. If you have questions about this report or need additional financial information, contact the Office of the Chief Financial Officer, New Jersey Schools Development Authority, P.O. Box 991, Trenton, NJ 08625-0991, or visit our web site at www.njsda.gov.

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Statement of Net Position and General Fund Balance Sheet

December 31, 2021

	General Fund Total	Adjustments (Note 8)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 621,160,163	\$ -	\$ 621,160,163
Receivables	4,847	-	4,847
Prepaid expenses	155,694	-	155,694
Capital assets-net	-	1,556,300	1,556,300
Total assets	621,320,704	1,556,300	622,877,004
Deferred Outflows of Resources			
Deferred amount for pensions	-	5,429,101	5,429,101
Deferred amount for other postemployment benefits	-	4,933,042	4,933,042
Total deferred outflows of resources	-	10,362,143	10,362,143
Total Assets and Deferred Outflows of Resources	\$ 621,320,704	\$ 11,918,443	\$ 633,239,147
Current Liabilities			
Accrued school facilities project costs	\$ 50,389,560	\$ -	\$ 50,389,560
Other accrued liabilities	892,129	-	892,129
Escrow deposits	6,623,369	-	6,623,369
Total current liabilities	57,905,058	-	57,905,058
Non-Current Liabilities			
Accrued school facilities project costs	-	2,518,217	2,518,217
Net pension liability	-	25,006,500	25,006,500
Total postemployment benefits liability	-	29,188,405	29,188,405
Other accrued liabilities	-	3,798,560	3,798,560
Total non-current liabilities	-	60,511,682	60,511,682
Deferred Inflows of Resources			
Deferred amount for pensions	-	25,444,718	25,444,718
Deferred amount for other postemployment benefits	-	6,274,042	6,274,042
Total deferred inflows of resources	-	31,718,760	31,718,760
Fund Balance/Net Position			
Net investment in capital assets	-	1,556,300	1,556,300
Nonspendable:			
Prepaid expenses	155,694	(155,694)	-
Restricted for schools construction	563,259,952	(81,712,605)	481,547,347
Total fund balance/net position	563,415,646	(80,311,999)	483,103,647
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	\$ 621,320,704	\$ 11,918,443	\$ 633,239,147

See accompanying notes.

New Jersey Schools Development Authority
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Statement of Activities and General Fund Revenues,
Expenditures and Changes in Fund Balance

For the Year Ended December 31, 2021

	General Fund Total	Adjustments (Note 8)	Statement of Activities
Revenues			
School Construction Program:			
EFCFA funding received from State	\$ 350,000,000	\$ -	\$ 350,000,000
Appropriation from State	275,000,000	-	275,000,000
General:			
Investment earnings	229,809	-	229,809
Rental property income	12,000	-	12,000
Other revenue	7,493	-	7,493
Total revenues	625,249,302	-	625,249,302
Expenditures/Expenses			
Administrative and general expenses	13,831,380	(6,847,010)	6,984,370
Capital expenditures	182,149	(182,149)	-
Depreciation expense	-	123,562	123,562
School facilities project costs	266,829,941	703,124	267,533,065
Total expenditures/expenses	280,843,470	(6,202,473)	274,640,997
Excess of revenues over expenditures/Change in net position	344,405,832	6,202,473	350,608,305
Fund Balance/Net Position			
Beginning of year, January 1, 2021	219,009,814	(86,514,472)	132,495,342
End of year, December 31, 2021	\$ 563,415,646	\$ (80,311,999)	\$ 483,103,647

See accompanying notes.

New Jersey Schools Development Authority
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Notes to Financial Statements

1. Nature of the Authority

The New Jersey Schools Development Authority (the “Authority” or “SDA”) was established on August 6, 2007 to replace the New Jersey Schools Construction Corporation (“SCC”) pursuant to reform legislation (P.L.2007, c.137). As of the date of the legislation, the SCC was dissolved and all its functions, powers, duties and employees were transferred to the SDA. The Authority is governed by its own Board of Directors and is fiscally dependent upon the State of New Jersey (the “State”) for funding. Organizationally, the Authority is situated in, but not of, the New Jersey Department of the Treasury.

The School Construction Program was initiated in response to the New Jersey Supreme Court’s decision in Raymond Abbott et al. v. Fred G. Burke, 153 N.J. 480 (1998), which eventually led to the Legislature’s adoption of the Educational Facilities Construction and Financing Act, P.L.2000, c.72 (“EFCFA”) on July 18, 2000. The EFCFA, as amended in P.L.2008, c.39, provides for an aggregate \$12.5 billion principal amount of bond proceeds (“EFCFA funding”) to be issued by the New Jersey Economic Development Authority (“EDA”), the financing agent for the Schools Construction Program, and transferred to the Authority. Of this amount, \$8.9 billion is allocated to 31 urban school districts referred to as the “SDA Districts” (formerly Abbott Districts), \$3.45 billion is for non-SDA districts (“Regular Operating Districts”) and \$150 million is reserved for vocational schools.

2. Summary of Significant Accounting Policies

(a) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) EFCFA and budget appropriations funding received from the State which monies are restricted to meeting either the operational or capital requirements of the School Construction Program, and (2) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

Separate financial statements are provided for the Authority’s governmental fund (these are also referred to as the “general fund” financial statements). Because the Authority operates a single governmental program, its government-wide and governmental fund financial statements have been combined using a columnar format that reconciles individual line items of general fund financial data to government-wide data in a separate column on the face of the financial statement.

New Jersey Schools Development Authority
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Notes to Financial Statements (Continued)

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Authority's governmental fund is classified as a general fund and its financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis accounting; however, expenditures related to compensated absences and certain other accruals are recorded only when payment is due. With regard to the Authority's general fund, restricted amounts are considered to have been spent only after the expenditure is incurred for which there is available restricted fund balance.

(c) Revenue Recognition

Rental property income is received by the Authority under various lease occupancy agreements. Additionally, properties acquired for the construction of school facilities projects may generate rental revenue prior to the relocation of the occupants. Rental property income is generally recognized when received.

(d) Allocation of Employee Salaries and Benefits Costs

The Authority allocates employee salaries and benefits costs between operating expense (i.e., administrative and general expenses) and school facilities project costs on the Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance. The allocation of employee salaries to school facilities project costs is supported by weekly time sheet data; employee benefits costs are allocated to projects based on a projected annual fringe benefit rate determined by the Authority. The fringe benefit rate utilized for 2021 is 43.51%.

For the year ended December 31, 2021, employee salary and benefit costs are allocated as follows:

Employee salary and fringe benefits costs:	
Charged to administrative and general expenses	\$ 3,147,356
Charged to school facilities project costs	<u>10,992,309</u>
Total employee salary and benefits costs	<u>\$ 14,139,665</u>

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Notes to Financial Statements (Continued)

(e) Rebate Arbitrage

Rebate arbitrage is defined by Internal Revenue Code (“IRC”) Section 148 as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The amount of rebates due the federal government is determined and payable during each five-year period and upon final payment of the tax-exempt bonds. The Authority, the EDA and the New Jersey Department of the Treasury, Office of Public Finance have determined that any rebate arbitrage liability associated with an issue of School Facilities Construction Bonds shall be recorded on the Authority’s books since the Authority retains the income on the investment of bond proceeds.

It is the Authority’s policy to record rebate arbitrage liabilities only when it is probable that any excess investment income, as defined above, will not be retained by the Authority. The Authority does not record rebate liabilities in cases where it is projected that the liability will be negated by the 24-month spending exception in accordance with the IRC.

Rebate arbitrage calculations have been performed for all series of School Facilities Construction Bonds up through 2021 Series QQQ. As of December 31, 2021, no rebate arbitrage liabilities exist.

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and highly liquid short-term investments with original maturities of three months or less, and participation in the State of New Jersey Cash Management Fund (“NJCMF”), a fund managed by the Division of Investment under the Department of the Treasury. It consists of U.S. Treasury Notes and Bills; short-term commercial paper; U.S. Agency Bonds; corporate bonds; and certificates of deposit. NJCMF is stated at fair value, which is measured based on the units of ownership at a value per unit of \$1.

(g) Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

(h) Capital Assets

Capital assets are reported in the governmental activity column in the government-wide financial statements and are recorded at historical cost or estimated historical cost if purchased and constructed. The Authority’s current capitalization threshold is as follows: \$5,000 for equipment; \$30,000 for vehicles; \$100,000 for software; and \$50,000 for leasehold improvements for individual items meeting all other capitalization criterion. As of December

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Notes to Financial Statements (Continued)

31, 2021, the Authority's capital assets consist of leasehold improvements, automobiles, equipment, computer software and furniture and fixtures. Depreciation is provided by the straight-line method over the shorter of the life of the lease or the useful life of the related asset.

The Authority does not have an economic interest in any school facility project that it finances. Therefore, costs related to school facilities projects are not recorded as capital assets in the Authority's Statement of Net Position but instead are reported as school facilities project costs in the statement of activities.

(i) Taxes

The Authority is exempt from all federal and state income taxes and real estate taxes under Internal Revenue Code Section 115.

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(k) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Jersey Public Employee Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan asset investments are reported at fair value.

(l) New Accounting Standards Adopted

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued in June 2018. The primary objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraph 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-*

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November 30, 1980 FASB and AICPA Pronouncements, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

The statement, as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), is effective for fiscal years beginning after December 15, 2020. The Authority's adoption of this statement on January 1, 2021 did not have an impact on the financial statements.

(m) Accounting Standards Issued But Not Yet Adopted

GASB Statement No. 87, *Leases*, was issued in June 2017. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The statement, as amended by GASB 95, is effective for fiscal years beginning after June 15, 2021. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The statement, as amended by GASB 95, is effective for reporting periods beginning after December 15, 2021. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

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GASB Statement No. 92, *Omnibus 2020*, was issued in January 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (“OPEB”) plan.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (“AROs”) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements related to all other items, as amended by GASB 95, are effective for fiscal years beginning after June 15, 2021. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, was issued in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (“IBOR”)—most notably, the London Interbank Offered Rate (“LIBOR”). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ended after December

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31, 2021. Amendments to modify the provisions of lease contracts are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement, as amended by GASB 95, are effective for reporting periods beginning after June 15, 2020. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPPs”). As used in this statement, a PPP is an arrangement in which a government (the “transferor”) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (“SCA”), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This statement also provides guidance for accounting and financial reporting for availability payment arrangements (“APAs”). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

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GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued in June 2020. The primary objective of GASB 97 is to require that Internal Revenue Code (“IRC”) Section 457 deferred compensation plans (“Section 457 plans”) be classified as either a pension plan or another employee benefit plan, depending on whether the plan meets the definition of a pension plan. It also clarifies that GASB 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of GASB 97 are effective for either fiscal years or reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

3. Deposits and Investments

(a) Cash Flows

Cash and cash equivalents increased during the year by \$352.5 million to \$621.2 million, as follows:

Cash and cash equivalents, beginning of year	\$ 268,635,774
Changes in cash:	
EFCFA funding received from State	350,000,000
Appropriation from State	275,000,000
Investment and interest income	229,809
Miscellaneous revenue	19,493
School facilities project costs	(260,076,617)
Administrative and general expenses	(13,988,524)
Capital expenditures	(193,633)
Escrow deposits	1,533,861
Cash and cash equivalents, end of year	<u>\$ 621,160,163</u>

(b) Cash and Cash Equivalents

Operating cash, in the form of Negotiable Order of Withdrawal (“NOW”) accounts, is held in the Authority’s name by two commercial banking institutions. As of December 31, 2021, the carrying amount of operating cash is \$3,517,975 and the bank balance is \$3,671,775. Deposits of up to \$250,000 at each commercial banking institution are insured with Federal Deposit Insurance.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, NOW accounts are profiled in order to determine exposure, if any, to custodial credit risk (risk that in the event of failure of the counterparty the account owner would not be able to recover the

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value of its deposits or investment). Deposits are considered to be exposed to custodial credit risk if they are: uninsured and uncollateralized (securities not pledged to the depositor); collateralized with securities held by the pledging financial institution; or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. As of December 31, 2021, all of the Authority's deposits were insured or collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The Authority does not have a policy for custodial credit risk.

(c) Investments

In order to maximize liquidity, the Authority utilizes the NJCMF as its sole investment. Participation in the NJCMF is voluntary. All investments in the NJCMF are governed by the regulations of the State of New Jersey, Department of the Treasury, Division of Investment, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. The NJCMF invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasury Notes and Bills; short-term commercial paper; U.S. Agency Bonds; corporate bonds; and certificates of deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. As of December 31, 2021, the Authority's investments in the NJCMF total \$617,642,188. Of this amount, \$6,623,369 relates to district local share funding requirements (see Note 5).

Custodial Credit Risk: Pursuant to GASB Statement No. 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. As previously stated, the Authority does not have a policy for custodial credit risk.

Credit Risk: The Authority does not have an investment policy regarding the management of credit risk. GASB Statement No. 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The Authority does not have a policy to limit interest rate risk. The average maturity of the Authority's sole investment, the NJCMF, is less than one year.

4. Prepaid Expenses

As of December 31, 2021, the Authority's prepaid expenses are as follows:

Office rents	\$ 92,543
Service contracts	33,561
Other	29,590
Total prepaid expenses	<u>\$ 155,694</u>

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5. Escrow Deposits

The Authority has received funds from several local school districts as required by Local Share Agreements for the funding of certain ineligible costs relating to projects in the SDA Districts. These deposits, including investment earnings, are reflected as liabilities in the accompanying financial statements. As of December 31, 2021, deposits held in SDA bank accounts, inclusive of interest earned but not yet refunded to the district, are as follows:

Harrison	\$ 26,872
Keansburg	9,593
Millville	488,470
Newark	479,617
Orange	62,155
Passaic City	466,505
Pemberton	65,298
Perth Amboy	5,019,861
Plainfield	4,998
Total escrow deposits	<u>\$ 6,623,369</u>

6. Rental of Office Space

The Authority rents commercial office space for its headquarters facility in Trenton. The remaining term of this lease is 2 years. Total rental expense for the year ended December 31, 2021 amounted to \$1,431,905. In December 2021, the Authority assigned its Newark office lease to the State of New Jersey.

Future rent commitments under operating leases as of December 31, 2021 are as follows:

2022	\$ 1,110,519
2023	1,127,177
Total future rent expense	<u>\$ 2,237,696</u>

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7. Capital Assets

Capital asset activity for the year ended December 31, 2021 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable capital assets:				
Leasehold improvements	\$ 134,149	\$ -	\$ -	\$ 134,149
Office furniture and Equipment	5,998,918	56,620	(2,291,504)	3,764,034
Computer software	568,993	1,464,528	-	2,033,521
Automobiles	316,804	-	(14,000)	302,804
Computer software in Development	1,338,999	(1,338,999)	-	-
Capital assets-gross	8,357,863	182,149	(2,305,504)	6,234,508
Less: accumulated Depreciation	(6,860,150)	(123,562)	2,305,504	(4,678,208)
Capital assets-net	<u>\$ 1,497,713</u>	<u>\$ 58,587</u>	<u>\$ -</u>	<u>\$ 1,556,300</u>

8. Reconciliation of Government-Wide and Fund Financial Statements

(a) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

“Total fund balances” for the Authority’s general fund (\$563,415,646) differs from the “net position” reported on the statement of net position (\$483,103,647). This difference results from the long-term economic focus of the statement of net position versus the current financial resources focus of the fund balance sheet. When capital assets that are to be used in the Authority’s activities are constructed or acquired, the costs of those assets are reported as expenditures in the fund financial statements. However, the statement of net position includes those capital assets among the assets of the Authority as a whole. In addition, expenses associated with depreciation, accrued school facilities project costs not currently due for payment and non-current other postemployment benefits and compensated absences are not recorded in the fund financial statements until paid.

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A summary of these differences as of December 31, 2021 is as follows:

Fund balances	\$ 563,415,646
Capital assets, net of accumulated depreciation of \$(4,678,208)	1,556,300
Deferred outflows of resources for pensions and other postemployment benefits	10,362,143
Accrued school facilities project costs	(2,518,217)
Net pension liability	(25,006,500)
Total other postemployment benefits liability	(29,188,405)
Accrued compensated absences	(1,326,478)
Accrued pension payable	(2,472,082)
Deferred inflows of resources for pensions and other postemployment benefits	<u>(31,718,760)</u>
Net position	<u><u>\$ 483,103,647</u></u>

(b) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between excess of revenues over expenditures and changes in net position as reported in the government-wide statement of activities. Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. A summary of these differences for the year ended December 31, 2021 is as follows:

Excess of revenues over expenditures	\$ 344,405,832
School facilities project (costs)/credits	(703,124)
Pension (expense)/credit (GASB 68)	7,643,584
Other postemployment benefits expense (GASB 75)	(897,133)
Compensated absences (expense)/credit	100,559
Capital expenditures	182,149
Depreciation expense	<u>(123,562)</u>
Changes in net position	<u><u>\$ 350,608,305</u></u>

9. Pollution Remediation Obligations

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the Authority has recorded in the statement of net position a pollution remediation obligation (“PRO”) liability (net of environmental cost recoveries not

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yet realized) in the amount of \$2,125,587 as of December 31, 2021. This liability is included in accrued school facilities project costs reported on the statement of net position. The Authority's PRO liability and asset are charged or credited to school facilities project costs in the statement of activities. The Authority's PRO liability is measured based on the current cost of future activities. Also, the PRO liability was estimated using "the expected cash flow technique," which measures the liability as the sum of probability weighted amounts in a range of possible estimated outcomes.

The Authority owns properties with environmental issues that meet the criteria for "obligating events" and disclosure under GASB Statement No. 49. All of the properties meeting the criteria were acquired by the Authority for the purpose of constructing a school facilities project on behalf of an SDA District and, at the present, the Authority believes it has obligated itself to commence clean-up activities. The Authority will continue to evaluate the applicability of this Statement relating to specific project sites as adjustments are made to its portfolio of school facilities projects. The Authority's remediation activities generally include: pre-cleanup activities including preliminary assessment and site investigation; asbestos and lead based paint removal; underground storage tank removal; neutralization, containment, removal and disposal of ground pollutants; site restoration; and post-remediation monitoring and oversight. The following table summarizes the Authority's expected cash outlays (estimated costs) and payments related to numerous SDA-owned properties associated with school facilities projects in various stages of pre-development and construction.

	Estimated Cost	Payments to Date	PRO at 12-31-2021
Pre-cleanup activities	\$ 1,084,185	\$ 935,502	\$ 148,683
Site remediation work	5,525,337	3,729,525	1,795,812
Post-remediation monitoring	166,663	33,572	133,091
Asbestos and lead based paint removal	4,205,714	4,157,713	48,001
Liability for pollution remediation Obligations	<u>\$ 10,981,899</u>	<u>\$ 8,856,312</u>	<u>\$ 2,125,587</u>

The following table summarizes the changes in the Authority's PRO liability during the year ended December 31, 2021:

PRO at 12-31-2020	Increase in Expected Cash Outlays	PRO Payments	Decrease in ECR Not Yet Realized	PRO at 12-31-2021
\$1,628,816	\$1,213,967	\$(2,203,450)	\$1,486,254	\$2,125,587

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10. Commitments and Contingencies

(a) Contractual Commitments

As of December 31, 2021, the Authority has approximately \$450 million of unaccrued contractual commitments relating to future expenditures associated with school facilities projects.

(b) Contractor and Other Claims

Numerous contractor and other claims, the vast majority of which are not in litigation, have been filed with the Authority by design consultants, general contractors, project management firms and school districts relating to disputes concerning school construction matters (e.g., delays, labor and material price increases). The Authority resolves contractor claims by following the administrative process noted in the relevant contract. As of December 31, 2021, the Authority's potential loss from all claims has been estimated at approximately \$0.4 million, which represents an increase of \$0.2 million from the prior year end accrual. Accordingly, as of December 31, 2021, an accrued liability of \$0.4 million is reflected in the statement of net position as a component of accrued school facilities project costs and, for the year then ended, \$0.2 million is charged to school facilities project costs on the statement of activities.

(c) Insurance

The Authority maintains commercial insurance coverage for, among other things, workers' compensation, tort liability (including public liability and automobile) and property damage. Additionally, in support of its construction operations the Authority has implemented an Owner Controlled Insurance Program ("OCIP") and has also purchased Builders Risk and Owner's Protective Professional Indemnity Insurance ("OPPI"), all of which are discussed below. As of December 31, 2021, management is not aware of any insurable claim that is expected to exceed its commercial insurance coverage.

The Authority has implemented an OCIP that "wraps up" multiple types of insurance coverage into one program. The Authority initially implemented a three-year OCIP, effective December 31, 2003 ("OCIP I"), to provide workers' compensation, commercial general liability and umbrella/excess liability insurance for all eligible contractors performing labor on school facilities projects. OCIP I was subsequently extended to March 31, 2009. Policy limits for OCIP I vary depending upon, among other things, the type of insurance coverage; a \$300 million umbrella/excess liability program provides additional protection against potentially catastrophic losses resulting from workers' compensation and commercial general liability claims. Losses are subject to a \$250,000 per claim deductible. Although OCIP I is no longer enrolling new projects into the program since its expiration, completed operations coverage continues for 10 years for claims that arise after the completion of construction.

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In 2009, the Authority approved the purchase of a succeeding five-year OCIP (“OCIP II”) program to coincide with the expiration of the OCIP I enrollment period for new projects. OCIP II, as originally purchased, provided coverage for projects commencing construction between March 31, 2009 and March 31, 2012. The OCIP II enrollment period was extended to March 31, 2014 at no additional cost to the Authority. The extension also provided an additional two years for the completion of enrolled projects. Subsequently, the Authority authorized the purchase of a new three-year OCIP (“OCIP III”) with an effective date of March 1, 2015 and an OCIP IV with an effective date of March 1, 2018. Similar to OCIP I, policy limits for OCIP II, III and IV vary depending upon, among other things, the type of insurance coverage; a \$200 million umbrella/excess liability program provides additional protection against potentially catastrophic losses resulting from workers’ compensation and commercial general liability claims. Losses are subject to either a \$250,000 per claim deductible or a \$350,000 “clash” deductible in the event that both a workers’ compensation and general liability claim occur from the same incident. Additionally, OCIPs II, III and IV each provide 10 years of completed operations coverage for claims that arise after the completion of construction. Premiums for each OCIP are adjustable based upon actual construction values for enrolled contractors (not all trades are eligible for enrollment) on insured projects.

In connection with OCIP I, the Authority executed a Funded Multi-Line Deductible Program Agreement which, among other things, required the Authority to fund a Deductible Reimbursement Fund (“DRF”) to collateralize the Authority’s estimated deductible obligations under certain OCIP I policies. The DRF, which was established at \$37 million, consists of cash payments by the Authority totaling \$34.9 million, and a one-time credit of \$2.1 million received at inception for estimated interest. The cash portion of the DRF was funded by the Authority in installments during the period from December 2003 through December 2006 and expensed as paid as school facilities project costs on the statement of activities and general fund revenues, expenditures and changes in fund balance.

Concurrent with the Authority’s purchase of OCIP II, the insurer agreed to transfer a portion of the remaining available funds from the Authority’s DRF to a new Loss Reimbursement Fund (“LRF”). The LRF for OCIP II was initially established at approximately \$18.9 million to partially fund a maximum deductible obligation of \$26 million. At that time, approximately \$9.9 million remained in the LRF for OCIP I. In connection with the OCIP II extension, discussed above, the maximum deductible obligation was reduced to \$16 million. In 2015, concurrent with the purchase of OCIP III with a new insurer, the Authority was required to fund a new LRF in the amount of approximately \$4.5 million to partially fund a maximum deductible obligation of \$12.4 million. Likewise, the purchase of OCIP IV with a new insurer required the Authority to partially fund a new LRF in the amount of \$4.5 million with a maximum obligation of

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\$10.9 million. All monies deposited in the respective LRFs are available to pay claim costs arising from construction projects enrolled in a specific OCIP.

As of December 31, 2021, the Authority has open reserves for general liability and workers' compensation claims totaling approximately \$65,319, \$43,194, \$285,727 and \$593,590, under OCIPs I, II III and IV, respectively. All monies deposited in the LRF and not used to pay claims will be refunded to the Authority along with accrued interest, as applicable. Under the terms of the contract, the Authority has no claim or interest in the LRF until six (6) months after the expiration of the program. Since their respective enrollment periods have expired, the DRF for OCIP I and the LRF for OCIPs II and III are reviewed annually and the deductible obligation re-determined; if the respective deductible fund is determined to be overfunded based on the annual re-determination, the Authority is entitled to a refund of the difference.

Since the inception of OCIP I, the Authority has purchased and maintained Builders Risk property insurance that protects the Authority from unexpected losses due to fire, vandalism, lightning, wind and similar forces during construction of a school facilities project. The current insurance policy expiration date is July 15, 2023 and provides a limit of \$250 million for any one project.

In October 2009, the Authority purchased a 5-year, \$25 million limit of liability OPPI policy designed to provide additional protection in excess of the professional liability insurance maintained by the Authority's contracted design professionals. The policy is subject to a \$500,000 self-insured retention and provides coverage for construction projects. The policy also provides an Extended Reporting Period ("ERP") of up to 10 years to report claims, commencing on the earlier of project substantial completion or the policy expiration date of October 1, 2014.

In December 2014, the Authority approved the purchase of a new 5-year OPPI policy, including excess Contractors Pollution Liability ("CPL"), for SDA construction projects commencing construction on or after December 31, 2014 and prior to December 31, 2019. The policy provides a \$25 million limit of liability subject to a \$500,000 self-insured retention for OPPI, and a \$500,000 self-insured retention for CPL. Additionally, the policy provides an ERP of up to 8 years to report claims, commencing on the earlier of project substantial completion or the policy expiration date of December 31, 2019. This policy was extended to expire June 30, 2025 to allow for all projects in the Authority's current portfolio to reach substantial completion.

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11. Employee Benefits

(a.1) Public Employees' Retirement System of New Jersey

Plan description and benefits provided. All active, full-time employees of the Authority are required as a condition of employment to participate in the Public Employees' Retirement System of New Jersey ("PERS" or "Plan"), a cost-sharing, and multiple-employer defined benefit plan administered by the State. The contribution policy is established by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Currently as of July 1, 2020, employees are required to contribute 7.50% of their annual compensation to the Plan. All Plan participants are categorized within membership Tiers in accordance with their enrollment date in the PERS, as follows: Tier 1 includes those members enrolled in the PERS prior to July 1, 2007; Tier 2 includes those members enrolled in the PERS on or after July 1, 2007 and prior to November 2, 2008; Tier 3 includes those members enrolled in the PERS on or after November 2, 2008 and on or before May 22, 2010; Tier 4 includes those members enrolled in the PERS after May 22, 2010 and prior to June 28, 2011; and Tier 5 includes those members enrolled in the PERS on or after June 28, 2011. Depending on the Tier, other factors including minimum base salary amounts and/or minimum hours worked, among other things, may impact an employee's eligibility in the PERS. As discussed below, members enrolled in the PERS on or after July 1, 2007, and who earn an annual salary in excess of established limits, are eligible to participate in a Defined Contribution Retirement Program ("DCRP") administered by Prudential Financial on behalf of the State.

The general formula for annual retirement benefits for Tier 1, Tier 2, and Tier 3 members is the final 3-year average salary divided by 55, times the employee's years of service. The formula for Tier 4 and Tier 5 members is the final 5-year average salary divided by 60, times the employee's years of service. Pension benefits for all members fully vest upon reaching 10 years of credited service. Tier 1 and Tier 2 members are eligible for normal retirement at age 60, while Tier 3 and Tier 4 members are eligible for normal retirement at age 62. Tier 5 members are eligible for normal retirement at age 65. No minimum years of service is required once an employee reaches the applicable retirement age.

Tier 1 members who have 25 years or more of credited service may elect early retirement without penalty at or after age 55, and receive full retirement benefits; however, the retirement allowance is reduced by 3% per year (1/4 of 1% per month) for each year the member is under age 55. For Tier 2 members with 25 years or more of credited service the retirement allowance is reduced by 1% per year (1/12 of 1% per month) for each year the member is under age 60 (until age 55) and 3% per year (1/4 of 1% per month) for each year the member is under age 55. For Tier 3 and Tier 4 members the retirement allowance is reduced by 1% per year (1/12 of 1% per month) for each year the member is under age 62 (until age 55) and 3% per year (1/4 of 1% per month) for each year the member is under age 55. Lastly, for Tier 5 members the retirement allowance is reduced by 3% per year (1/4 of 1% per month) for each year the member is under age 65.

New Jersey Schools Development Authority
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Notes to Financial Statements (Continued)

The PERS also provides death and disability benefits. The State of New Jersey, as established by N.J.S.A. 43:15A, has the authority to establish and/or amend any of the benefit provisions and contribution requirements.

(a.2) Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

In accordance with GASB 68, the Authority recognized a net pension liability for the difference between the present value of the projected benefits for past service known as the Total Pension Liability (“TPL”) and the restricted resources held in trust for the payment of pension benefits, known as the Fiduciary Net Position (“FNP”).

As of December 31, 2021, the Authority reported a liability of \$25.0 million in the statement of net position for its proportionate share of the net pension liability for the PERS. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The actuarial valuation was rolled forward to June 30, 2021 using update procedures. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the Plan relative to the projected contributions of all participating State agencies, actuarially determined. As of June 30, 2021, the Authority’s proportionate share was estimated to be 0.21109%. The change in proportion since the prior measurement date was a decrease of 0.04913%.

For the year ended December 31, 2021, the Authority recognized pension income in the amount of \$4,796,967 in the Statement of Activities in accordance with GASB 68, of which pension expense in the amount of \$2,846,614 (the Authority’s 2021 contractually required pension contribution to the PERS) was recorded in the General Fund Revenues, Expenditures and Changes in Fund Balance. The amount of the Authority’s pension contribution due on April 1, 2022 is \$2,472,082. Pension expense or income is reported in the Authority’s financial statements as a component of administrative and general expenses.

As stated above, the Authority’s contractually required contribution to the PERS for the year ended December 31, 2021 was \$2,846,614, which is 18.0% of annual covered payroll. Based on the recommendation of the State of New Jersey Department of the Treasury, the investment rate of return used to calculate the actuarially determined contribution effective with the July 1, 2019 valuation was 7.30% per annum. The Department of the Treasury recommendation also calls for the rate to be reduced further to 7.00% per annum effective with the July 1, 2021 valuation. The actuarially determined employer contribution amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

New Jersey Schools Development Authority
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Notes to Financial Statements (Continued)

As of December 31, 2021, the Authority's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 6,587,369
Differences between expected and actual experience	394,385	179,017
Changes in assumptions or other inputs	130,234	8,902,476
Changes in proportion	2,432,400	9,775,856
Contributions subsequent to the measurement date	2,472,082	-
Total deferred outflows and inflows of resources	\$ 5,429,101	\$ 25,444,718

Deferred outflows of resources of \$2,472,082 resulting from contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year 1 (2022)	\$ (8,126,700)
Year 2 (2023)	(6,195,609)
Year 3 (2024)	(4,229,662)
Year 4 (2025)	(3,733,992)
Year 5 (2026)	(201,736)
Total	\$ (22,487,699)

Actuarial methods and assumptions

The collective total pension liability in the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The key actuarial assumptions are summarized as follows:

Rate of inflation	
Price	2.75%
Wage	3.25%
Salary increase:	
Through 2026	2.00% - 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return	7.00%
Cost of living adjustment	None assumed

Mortality rates were based on the SOA's Scale MP-2021 mortality improvement scale.

New Jersey Schools Development Authority
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Notes to Financial Statements (Continued)

Discount rate

The discount rate used to measure the total pension liability as of June 30, 2021 was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Expected rate of return on investments

The long-term expected rate of return on Plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.09%
Non-U.S. developed market equity	13.50%	8.71%
Emerging market equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

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Notes to Financial Statements (Continued)

Sensitivity of the Authority’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.00% as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
PERS	\$34,416,795	\$25,006,500	\$17,513,322

Pension plan fiduciary net position

Detailed information about the Plan’s fiduciary net position is available in a separately issued financial report. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for the PERS. Information on the total Plan funding status and progress, required contributions and trend information is available on the State’s web site at www.state.nj.us/treasury/pensions/annrprts.shtml in the Comprehensive Annual Financial Report of the State of New Jersey, Division of Pensions and Benefits.

(b) Defined Contribution Retirement Program and Early Retirement Changes for Employees Enrolled in the PERS on or after July 1, 2007

The DCRP was established on July 1, 2007 under the provisions of P.L.2007, c.92 and P.L.2007, c.103. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with death and disability benefits. A PERS member who becomes eligible and is enrolled in the DCRP is immediately vested in the DCRP. To be eligible for the DCRP, an employee is required to have enrolled in the PERS on or after July 1, 2007 (Tiers 2 through 5), and they must earn an annual salary in excess of established “maximum compensation” limits. The maximum compensation is based on the annual maximum wage for Social Security and is subject to change at the start of each calendar year. A PERS member who is eligible for the DCRP may voluntarily choose to waive participation in the DCRP for a reduced retirement benefit from the State. If a member waives DCRP participation and later wishes to participate, the member may apply for DCRP enrollment, with membership to be effective January 1 of the following calendar year. PERS members who participate in the DCRP continue to receive service credit and are eligible to retire under the rules of the PERS, with their final salary at retirement limited to the maximum compensation amounts in effect when the salary was earned. The participating member would also be entitled to a supplementary benefit at retirement based on both the employee (above the maximum compensation limit) and employer contributions to the DCRP. For the direct benefit of those participating in the DCRP, the Authority would be required to contribute 3% to the DCRP

New Jersey Schools Development Authority
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Notes to Financial Statements (Continued)

(“employer matching”) based on the member’s annual compensation (base salary) in excess of the maximum compensation limit.

For the year ended December 31, 2021, the Authority had four active employees enrolled in the DCRP and made matching contributions totaling \$3,311. Employer matching contributions relating to 2020, 2019 and 2018 totaled \$3,876, \$3,896, and \$5,837, respectively.

(c) Deferred Compensation

The Authority has established an Employees Deferred Compensation Plan under section 457 of the Internal Revenue Code. All active, full-time employees are eligible to participate in the plan, which permits participants to defer a portion of their pay in accordance with the contribution limits established in section 457(b) of the Internal Revenue Code. The Authority does not make any contributions to the plan.

(d) Other Postemployment Benefits

Plan description and benefits provided. The Authority provides postemployment healthcare benefits (including Medicare Part B reimbursement) and prescription drug coverage through participation in the New Jersey State Health Benefits Program, as sponsored and administered by the State of New Jersey, to eligible retirees having either: (1) 25 years or more of service in the PERS if hired on or prior to June 28, 2011, or; (2) 30 years or more of service in the PERS if hired after June 28, 2011, or (3) to those individuals approved for disability retirement. These postemployment benefits also extend to the retirees’ covered dependents. Health benefits and prescription drug benefits provided by the plan are at no cost to eligible retirees who had accumulated at least 20 years of service credit as of June 30, 2010; all other eligible retirees must contribute a portion of the premium costs based on the applicable percentage of premium as determined by the annual retirement allowance. A minimum contribution of 1.5% of the monthly retirement allowance is required. Upon turning 65 years of age, a retiree must opt for Medicare as their primary coverage, with State benefits providing supplemental coverage. In addition, life insurance is provided at no cost to the Authority and the retiree in an amount equal to 3/16 of their average salary during the final 12 months of active employment. The State pays the cost of this benefit. The State has the authority to establish and amend the benefit provisions offered and contribution requirements. The plan is considered a single employer defined benefit plan for financial reporting purposes. The Authority has elected to fund postretirement health benefits on a pay-as-you-go basis since it is not authorized to pre-fund an OPEB trust from the proceeds of tax-exempt bonds (nor from the income earned on the investment of those proceeds) from which it presently derives essentially all of its revenue. Therefore, no plan assets exist in a trust that meets the specified criteria in paragraph 4 of GASB 75.

New Jersey Schools Development Authority
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Notes to Financial Statements (Continued)

Retirees and employees covered by OPEB Plan

As of December 31, 2021, the following employees were covered by the benefit terms:

Retired employees and/or beneficiaries currently receiving benefit payments	31
Active employees	152
Total	183

Total OPEB liability

The Authority's total OPEB liability of \$29,188,405 was measured as of January 1, 2021, and was based upon an actuarial valuation as of January 1, 2021. The Authority has fully recognized this liability in the statement of net position as of December 31, 2021 in accordance with GASB 75.

Actuarial methods and assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Rate of inflation		4.50%
Annual salary increases		3.00%
Discount rate		2.02%
Retirees' share of benefit related premium costs	None for retirees with at least 20 years of service credit as of June 30, 2010. All other retirees to contribute based on the applicable percentage of premium as determined by the annual retirement allowance. A minimum contribution of 1.5% of the retirement allowance is required.	

The entry age - level percent-of-pay actuarial cost method was used. No investment return was assumed in the current valuation since there are no OPEB plan assets. The discount rate was based on the average of the Bond Buyer 20 Bond GO, S&P Municipal Bond 20 Year High Grade and Fidelity GA AA-20 Year published yields.

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

New Jersey Schools Development Authority
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Notes to Financial Statements (Continued)

The annual healthcare cost inflation (trend) rate for all retiree health benefits is 7% beginning in 2023 for both pre-65 retirees (pre-Medicare) and post-65 retirees (integrated with Medicare). The trend increase assumption will decrease by 0.25% per year until an ultimate annual trend rate increase assumption of 4.5% in 2033 and later.

This valuation excludes the Cadillac tax in its entirety based on legislation signed into law on December 20, 2019, HR 1865 “Further Consolidated Appropriations Act, 2020” repealing the “Cadillac Tax”.

The decrement assumptions (i.e., retirement, turnover and disability) and age-based costs for the Authority were estimated using information from the New Jersey Public Employees Retirement System (“PERS”). Decrement tables are based on the July 1, 2020 Annual Report of the Actuary for PERS.

As required for any actuarial valuation with a measurement date on or after March 31, 2015, Actuarial Standard of Practice No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*, was used in performing the Authority’s actuarial valuation for OPEB.

Changes in total OPEB liability

Service cost	\$	562,188
Interest cost		793,450
Changes in assumptions		794,794
Benefit payments		<u>(269,967)</u>
Net change in total OPEB liability		1,880,465
Total OPEB liability – beginning of year		<u>27,307,940</u>
Total OPEB liability – end of year	\$	<u><u>29,188,405</u></u>

The schedule of changes in the Authority’s total OPEB liability and related ratios are presented for multiple years as required supplementary information following the notes to financial statements.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate assumed for the current valuation:

New Jersey Schools Development Authority
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Notes to Financial Statements (Continued)

	1% Decrease (1.02%)	Discount Rate (2.02%)	1% Increase (3.02%)
Total OPEB liability	\$36,868,697	\$29,188,405	\$23,415,222

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than assumed for the current valuation:

	1% Decrease (6% decreasing to 3.5%)	Healthcare Cost Trend Rates (7% decreasing to 4.5%)	1% Increase (8% decreasing to 5.5%)
Total OPEB liability	\$22,882,115	\$29,188,405	\$37,698,630

OPEB expense and deferred outflows of resources and deferred inflows of resources

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$1,108,921, of which \$211,788 (the amount of Authority contributions for retiree health insurance in 2021) was recorded in the General Fund Revenues, Expenditures and Changes in Fund Balance. The accumulated amount of deferred outflows of resources and deferred inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience	\$ 104,973	\$ -
Changes in assumptions	4,828,069	6,274,042
Total deferred outflows and inflows of resources	\$ 4,933,042	\$ 6,274,042

Deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year 1 (2022)	\$ (188,537)
Year 2 (2023)	(188,537)
Year 3 (2024)	(188,537)
Year 4 (2025)	(188,537)
Year 5 (2026)	(188,537)
Year 6 (2027) and thereafter	(398,315)
Total	\$ (1,341,000)

New Jersey Schools Development Authority
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Notes to Financial Statements (Continued)

12. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority has recorded a liability in the amount of \$1,326,478 as of December 31, 2021 in the statement of net position. The liability is the value of employee accrued vacation time as of the statement of net position date and vested sick leave benefits that are probable of payment to employees upon retirement. The vested sick leave benefit to future retirees for unused accumulated sick leave is calculated at the lesser of ½ the value of earned time or \$15,000. The payment of sick leave benefits, prior to retirement, is dependent on the occurrence of sickness as defined by the Authority’s policy; therefore, such unvested benefits are not accrued.

13. Long-Term Liabilities

During the year, the following changes in long-term liabilities are reflected in the statement of net position:

	Beginning Balance	Additions	Deductions	Ending Balance
Accrued school facilities				
project costs	\$ 1,815,093	\$ 1,692,607	\$ (989,483)	\$ 2,518,217
Net pension liability	42,434,159	-	(17,427,659)	25,006,500
Total other postemployment				
benefits liability	27,307,940	1,880,465	-	29,188,405
Accrued pension payable	2,846,614	2,472,082	(2,846,614)	2,472,082
Compensated absences	1,427,037	-	(100,559)	1,326,478
Total long-term liabilities	<u>\$ 75,830,843</u>	<u>\$ 6,045,154</u>	<u>\$ (21,364,315)</u>	<u>\$ 60,511,682</u>

For further information, see Notes 11 and 12.

14. Net Position

The Authority’s net position is categorized as either invested in capital assets or restricted for schools construction. As of December 31, 2021, the Authority’s net position is \$483.1 million. Net investment in capital assets includes leasehold improvements, automobiles, furniture and fixtures, equipment and computer software used in the Authority’s operations, net of accumulated depreciation.

New Jersey Schools Development Authority
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Notes to Financial Statements (Continued)

The changes in net position during 2020 and 2021 are as follows:

	Net Investment in Capital Assets	Restricted for Schools Construction	Totals
Net position, January 1, 2020	\$ 1,082,884	\$ 433,255,789	\$ 434,338,673
Loss before receipt of EFCFA funding and transfers	(162,032)	(10,402,402)	(10,564,434)
Capital expenditures	576,861	(576,861)	-
School facilities project costs	-	(291,278,897)	(291,278,897)
Net position, December 31, 2020	1,497,713	130,997,629	132,495,342
Loss before receipt of EFCFA funding and transfers	(123,562)	(6,735,068)	(6,858,630)
Capital expenditures	182,149	(182,149)	-
EFCFA funding received from State	-	350,000,000	350,000,000
Appropriation from State	-	275,000,000	275,000,000
School facilities project costs	-	(267,533,065)	(267,533,065)
Net position, December 31, 2021	\$ 1,556,300	\$ 481,547,347	\$ 483,103,647

15. Subsequent Event

On June 30, 2022, New Jersey Governor Phil Murphy signed the Fiscal Year 2023 Appropriations Act (“FY2023 budget”) into law which includes, among other things, a \$5.15 billion deposit into the Debt Defeasance and Prevention Fund. Additionally, the FY2023 budget allocates a portion of the \$5.15 billion deposit to support critical capital investments throughout the state, including over \$1.9 billion for SDA school facilities projects, emergent needs, and capital maintenance, including more than \$1.5 billion for SDA Districts, and \$350 million for Regular Operating Districts.

STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY
(a component unit of the State of New Jersey)

REQUIRED SUPPLEMENTARY INFORMATION

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Schedule of Authority's Proportionate
Share of the Net Pension Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's proportion of the net pension liability	0.21109%	0.26021%	0.24445%	0.25282%
Authority's proportionate share of the net pension liability	\$ 25,006,500	\$ 42,434,159	\$ 44,045,377	\$ 49,778,974
Authority's covered payroll	\$ 15,303,041	\$ 16,333,372	\$ 19,098,021	\$ 17,849,263
Authority's proportionate share of the net pension liability as a percentage of covered payroll	163.4%	259.8%	230.6%	278.9%
Plan fiduciary net position as a percentage of the total pension liability	51.5%	42.9%	42.0%	40.4%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Authority's proportion of the net pension liability	0.25811%	0.24459%	0.26024%	
Authority's proportionate share of the net pension liability	\$ 60,083,669	\$ 72,439,355	\$ 58,417,776	
Authority's covered payroll	\$ 18,573,489	\$ 18,574,888	\$ 18,072,739	
Authority's proportionate share of the net pension liability as a percentage of covered payroll	323.5%	390.0%	323.2%	
Plan fiduciary net position as a percentage of the total pension liability	36.8%	31.2%	38.2%	

Notes to Schedule:

The amounts presented in the table above were determined as of the June measurement date.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

New Jersey Schools Development Authority
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Schedule of Authority's Contributions
to the Public Employees' Retirement System (Continued)

Mortality

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

New Jersey Schools Development Authority
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Schedule of Changes in the Total Postemployment Benefits
Other Than Pensions (OPEB) Liability and Related Ratios

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 562,188	\$ 409,654	\$ 449,157	\$ 1,606,120
Interest cost	793,450	813,459	762,995	1,004,490
Differences between actual and expected experience	-	-	-	146,961
Changes in assumptions	794,794	4,844,872	(3,257,030)	(3,947,479)
Benefit payments	(269,967)	(221,345)	(231,938)	(362,050)
Net change in total OPEB liability	1,880,465	5,846,640	(2,276,816)	(1,551,958)
Total OPEB liability - beginning of year	27,307,940	21,461,300	23,738,116	25,290,074
Total OPEB liability - end of year	<u>\$ 29,188,405</u>	<u>\$ 27,307,940</u>	<u>\$ 21,461,300</u>	<u>\$ 23,738,116</u>
Covered payroll	\$ 13,288,280	\$ 15,948,280	\$ 15,838,600	\$ 18,487,788
Total OPEB liability as a percentage of covered payroll	219.66%	171.23%	135.50%	128.40%
	<u>2017</u>	<u>2016</u>		
Service cost	\$ 1,634,702	\$ 1,578,355		
Interest cost	927,740	849,309		
Differences between actual and expected experience	-	-		
Changes in assumptions	(1,476,238)	-		
Benefit payments	(297,093)	(277,001)		
Net change in total OPEB liability	789,111	2,150,663		
Total OPEB liability - beginning of year	24,500,963	22,350,300		
Total OPEB liability - end of year	<u>\$ 25,290,074</u>	<u>\$ 24,500,963</u>		
Covered payroll	\$ 18,451,700	\$ 17,954,600		
Total OPEB liability as a percentage of covered payroll	137.06%	136.46%		

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Benefit changes – none.

New Jersey Schools Development Authority
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Schedule of Changes in the Total Postemployment Benefits
Other Than Pensions (OPEB) Liability and Related Ratios (Continued)

Changes in assumptions:

Changes in assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2021	2.02%
2020	2.92%
2019	3.81%
2018	3.23%
2017	3.76%
2016	3.57%



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Management and Members of the Authority
New Jersey Schools Development Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and the general fund of the New Jersey Schools Development Authority (the “Authority”), a component unit of the State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated September 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the



financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

September 29, 2022

Resolution—4ai.

Resolution Approving the SDA 2021 Annual Report

WHEREAS, the New Jersey Schools Development Authority (SDA or the Authority) was established by law pursuant to P.L.2007, C.137 (N.J.S.A. 52:18A-235 et. seq.) as an entity “in but not of” the New Jersey State Department of the Treasury; and

WHEREAS, pursuant to law, the Authority is authorized to “adopt bylaws for the regulation of its affairs and the conduct of its business” which bylaws were adopted by the Authority on August 15, 2007 and amended by the Board on May 7, 2014 and September 4, 2019; and

WHEREAS, consistent with Article VIII, Section 8.3 of the Authority’s bylaws, and in accordance with Executive Order No. 37 (2006), the Authority has prepared a comprehensive report including, among other things, Authority financial statements and an identification of internal controls that govern expenditures, procurement and other financial matters and transactions; and

WHEREAS, the Authority’s financial statements were presented to the SDA Audit Committee on May 16, 2022 and are presented for Board approval on this date; and

WHEREAS, consistent with Article VIII, Section 8.3 of the Authority’s bylaws, and in accordance with Executive Order No. 37 (2006), following approval of the Authority’s Annual Report by the Members, a copy of the same shall be submitted to the Governor’s Authorities Unit and then posted on the Authority’s website; and

WHEREAS, the 2021 SDA Annual Report has been prepared by executive management consistent with Executive Order No. 37 and is presented as an attachment hereto with a recommendation for Board approval.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve the New Jersey Schools Development Authority’s 2021 Annual Report as presented by executive management on this date.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: 2021 SDA Annual Report, dated November 2, 2022

Dated: November 2, 2022

CHAIRMAN'S REPORT

**REPORT AND RECOMMENDATIONS OF THE AUDIT COMMITTEE
(CHAIRMAN'S REPORT)**

2022-2023 Business and Real Estate Property and Casualty Insurance Program Renewal - GP-0271-R01



MEMORANDUM

TO: Members of the Authority

FROM: Donald Guarriello
Vice President and Chief Financial Officer

DATE: November 2, 2022

SUBJECT: 2022-2023 Business and Real Estate Property and Casualty Insurance Program Renewal
GP-0271-R01

On November 4, 2020, following a competitive procurement, the Board approved an award to The Safeguard Group, Inc. (“Safeguard” or “Broker”) for the placement and servicing of the NJSDA’s Business and Real Estate Property and Casualty Insurance Program (“Insurance Program”), for a three year term, with the initial one-year policy term commencing on December 14, 2020 at 12:01 a.m. Concurrent with the award to Safeguard, the Board approved a not-to-exceed contract amount of \$1,560,000.00, or \$520,000.00 annually, for each of the three years of the contract term. The approved not-to-exceed amount includes the cost of purchasing various property and casualty insurance policies, as described below, inclusive of brokerage fees and commissions.

Then, in the Fall of 2021, upon receiving preliminary pricing for the 2021-2022 renewal period, it became apparent that the Board approved annual not-to-exceed amount of \$520,000.00 was not going to be sufficient to cover the anticipated premium increases. As a result, on November 3, 2021 the Board was requested to approve an increase in the annual not-to-exceed amount from \$520,000.00 to \$590,000.00 to continue the Insurance Program for each of the remaining two renewal periods under the Safeguard contract. Following the Board’s approval, Safeguard was directed to purchase the pertinent insurance policies for the renewal policy term commencing on December 14, 2021.

Safeguard is currently following a similar process for marketing a new Insurance Program for the renewal policy term commencing on December 14, 2022. The initial results of that marketing effort indicate a further cost increase in the annual not-to-exceed amount will be necessary in order to continue the Insurance Program. Accordingly, Management is requesting Board approval to increase the annual not-to exceed amount for the Insurance Program from \$590,000.00 to \$665,000.00, inclusive of contingency, for the final renewal period under the Safeguard contract commencing on December 14, 2022. The requested increase in the annual not-to-exceed amount is based on the estimated annual premiums listed in the Table below (\$636,154.00), and includes an annual allowance of approximately 5%, if needed, to account for potential exposure increases.

Aside from the cost of Commercial General Liability insurance for NJSDA’s Real Estate portfolio, which is accounted for as a Project Cost, the premiums associated with the policies in the Insurance Program are funded in NJSDA’s annual operating budget approved by the Board.

DESCRIPTION

Carriers typically develop their pricing for insurance based on the insurable exposures for each type of coverage; however, for certain insurance policies, premiums may be adjustable to account for changes in exposures that occur during the policy term including, for example, fluctuations in NJSDA’s real estate portfolio, automobile inventory, business property inventory including improvements, and audited payroll amounts. In addition to changes in exposures, premiums reflect current market conditions. Currently, we are in what the insurance industry calls a “hard market”, which is largely the reason for the cost increases that NJSDA is experiencing with the current renewal.

The “hard market” in the insurance industry is the upswing in a market cycle when insurance premium rates are escalating and capacity for many types of insurance is decreasing. The business insurance market had been considered soft for nearly 15 years and began trending towards a “hard market” in the third quarter of 2020. While price increases and carrier appetite have stabilized somewhat over the course of 2022, average increases of approximately 10% are still being realized on most coverages. Factors, including economic downturn, rising inflation and increases in

frequency and severity of losses in the Property (natural disasters), Cyber Liability (increase in ransomware claims) and Automobile lines of business all continue to contribute to the hard market. Additionally, the COVID-19 pandemic forced drastic lifestyle changes which continue to have direct impact on employment practices, workers compensation, and cybersecurity markets as well as the economy.

The estimated annual premiums for the renewal policy year commencing on December 14, 2022, inclusive of broker commissions, are listed in the Table below:

Coverage	Annual Premiums	
	Current 12/14/2021-12/14/2022	Estimated RENEWAL 12/14/2022-12/14/2023
Business Personal Property	\$23,316.00	\$24,482.00
Commercial General Liability - Business	\$11,377.00	\$11,946.00
Commercial General Liability - Real Estate *	\$15,577.00	\$17,135.00
Automobile	\$39,408.00	\$36,524.00
Workers' Compensation	\$81,537.00	\$89,691.00
Umbrella Liability (1) \$10,000,000 Primary Limit (2) \$10,000,000 Excess Limit (3) \$10,000,000 Excess Limit	(1) \$38,084.00 (2) \$20,856.00 (3) \$29,568.00	(1) \$41,892.00 (2) \$22,942.00 (3) \$32,525.00
Public Officials' Liability (1) \$15,000,000 Primary Limit (2) \$10,000,000 Excess Limit	(1) \$200,941.00 (2) \$ 71,965.00	(1) \$229,689.00 (2) \$ 82,760.00
Employment Practices Liability	Included in Public Officials' Liability	Included in Public Officials' Liability
Cyber Liability	\$30,178.00	\$34,705.00
Workplace Violence / Active Shooter	\$5,594.00	\$6,433.00
Employee Dishonesty	\$6,008.00	\$5,430.00
Total Cost	\$574,409.00	\$636,154.00

* Excluding the cost of Commercial General Liability insurance for NJSDA's Real Estate portfolio, which is accounted for as a Project Cost, the premiums associated with the various policies listed in this table are funded in NJSDA's annual operating budget approved by the Board.

RECOMMENDATION

Management is requesting the Board's approval to renew various insurance policies to continue the NJSDA's Insurance Program for a revised annual cost not-to-exceed amount of \$665,000.00. The requested annual not-to-exceed amount is based on the annual premiums listed in the above Table (\$636,154.00) for the policy year

Members of the Authority
Package No. GP-0271-R01
Business and Real Estate Property and Casualty Insurance Program
November 2, 2022
Page 3 of 3

commencing on December 14, 2022, and includes an annual allowance of approximately 5%, if needed, to account for potential exposure increases.

/s/ Donald Guarriello
Donald Guarriello
Vice President and Chief Financial Officer

Resolution—5a.

2022-2023 Business and Real Estate Property and Casualty Insurance Program Renewal Package No. GP-0271-R01

Resolution

WHEREAS, the New Jersey Schools Development Authority (SDA or the Authority) has maintained a combined property and casualty insurance program for its business and real estate activities separate from its construction activities; and

WHEREAS, on November 4, 2020, following a competitive procurement process, the SDA Board of Directors approved an award to The Safeguard Group, Inc. (Safeguard) for the placement and servicing of the SDA's Business and Real Estate Property and Casualty Insurance Program (Insurance Program) for a three-year term, with the initial one-year policy term commencing on December 14, 2020; and

WHEREAS, concurrent with the award to Safeguard, the Board approved a not-to-exceed contract amount of \$1,560,000.00, or \$520,000.00 annually, for each of the three years of the contract term, an amount that included the cost of purchasing various property and casualty insurance policies inclusive of brokerage fees and commissions; and

WHEREAS, upon receiving preliminary pricing for the 2021-2022 renewal period, it became apparent that the annual not-to-exceed amount of \$520,000.00 would be insufficient to cover the anticipated premium increases resulting in a Board-approved increase in the annual not-to-exceed amount from \$520,000.00 to \$590,000.00 to continue the Insurance Program; and

WHEREAS, recent initial marketing efforts by Safeguard now indicate that the Board-approved \$590,000 annual not-to-exceed amount is insufficient to continue the Authority's Insurance Program for the final 2022-2023 renewal period under the Safeguard contract commencing on December 14, 2022; and

WHEREAS, management recommends that the Members of the Authority approve an increase in the annual not-to-exceed amount for the Insurance Program from \$590,000 to \$665,000, inclusive of contingency; and

WHEREAS, the requested increase in the annual not-to-exceed amount is based on the estimated annual premiums set forth in the memorandum presented to the Board on this date and includes an annual allowance of approximately 5%, if needed, to account for potential exposure increases; and

WHEREAS, the reasons for the increased pricing, the extent of any budgetary impact and the amounts of annual premiums for the renewal policy year commencing on December 14, 2022 are set forth in the memorandum presented to the Board on this date and incorporated herein.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize SDA management to renew various insurance policies for the policy year commencing December 14, 2022 and to continue the Authority's Insurance Program for a revised annual cost not-to-exceed amount of \$665,000 consistent with the memorandum presented to the Board on this date and incorporated herein.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Memorandum, Business and Real Estate Property & Casualty Insurance Program
Renewal GP-0271-R01, dated November 2, 2022

Dated: November 2, 2022

**Ernst & Young Contract for Independent Auditor Services Contract Extension for
2022 and 2023 Financial Statement Audits - GP-0261-R01**

**MEMORANDUM**

TO: The Members of the Authority

FROM: Sherman E. Cole, MBA, CPA /s/ Sherman E. Cole
Controller

DATE: November 2, 2022

SUBJECT: Ernst & Young Contract Extension (GP-0261-RO1)
2022 and 2023 Financial Statement Audits

The Members of the Authority are requested to approve management's exercise of two one-year contract extensions in connection with the SDA's agreement with Ernst & Young LLP ("EY" or "Consultant") for independent auditor services. Approval to extend the current engagement would contractually require EY to perform additional financial statement audits for the Authority, covering the years 2022 and 2023, for the lump sum fees of \$125,700.00 and \$130,200.00, respectively. The fees for the option years were negotiated in advance of the contract award in 2019.

Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended on March 7, 2012, Board approval is required for the exercise of contract options extending an initial contract term, if the original award required Board approval. The award of contract GP-0261-RO1 ("Agreement") with EY required Board approval pursuant to the NJSDA Operating Authority.

Background:

On September 4, 2019, the Members of the Authority approved the award of a contract to EY to provide independent auditor services. Pursuant to the Agreement, EY is responsible for auditing the Authority's annual financial statements for each of the years 2019, 2020 and 2021. The Agreement also provides the Authority with two one-year extensions, covering the 2022 and 2023 financial statement audits that may be exercised at its sole option. At the conclusion of each financial statement audit, the Consultant must offer its professional opinion as to whether the audited financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Authority, and the respective changes in financial position, in conformity with U.S. generally accepted accounting principles. The annual audit results are presented to the Audit Committee.

Also, as set forth in the Agreement, the Consultant is required, in conjunction with each audit, to review with the Audit Committee the annual management letter. The purpose of the management letter is to discuss findings and recommendations

for improvements in internal controls which were identified during the audit but were not required to be included in the auditor’s report on internal controls, and other management issues.

With the initial three financial statement audits now complete and the pertinent audit reports now issued, management is recommending, by and through the Audit Committee, that the Board approve the Authority’s exercise of each of the two one-year extensions. In accordance with Executive Order 122 (McGreevey), the auditor selection process shall take place no less than once every five years and shall be based upon public, competitive bidding principles. Thus, the exercise of the two option years is consistent with EO 122 and in compliance with the Authority’s procurement rules and regulations.

Costs:

The annual lump sum fees set forth in the Agreement are as follows:

Year 1 (2019) Audit Completed	Year 2 (2020) Audit Completed	Year 3 (2021) Audit Completed	Option Year 4 (2022)	Option Year 5 (2023)
\$113,500.00	\$117,500.00	\$121,500.00	\$125,700.00	\$130,200.00¹

Recommendation:

By and through the Audit Committee, management recommends that the Board authorize and approve the Authority’s exercise of each of the two available one-year extensions provided by its contract with Ernst & Young LLP for independent auditor services. As per the Agreement, the lump sum fees for the 2022 and 2023 annual financial statement audits, are \$125,700.00 and \$130,200.00, respectively.

¹ The Authority is currently considering a change to its fiscal year end, from December 31 to June 30, to align with the State of New Jersey’s fiscal year end. Since the 2015 adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, the annual financial statement audits have been prolonged due to the unavailability of GASB 68 pension information until several months after the end of the SDA fiscal year (i.e., December 31). A June 30 fiscal year end would essentially eliminate that delay. If the Authority determines that it is in its best interest to change its fiscal year end to June 30, and the NJSDA Board of Directors and the State of New Jersey Office of Management and Budget concur, the Authority may utilize the last option year in the Contract for a six month audit to implement the change.

Resolution—5b.

Contract Extension GP-0261-R01
2022 and 2023 Financial Statement Audits

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or the Authority) provides that the exercise of an option to extend a Board approved contract requires the approval of the Members of the Authority; and

WHEREAS, in 2019, following a competitive procurement process, the SDA Audit Committee recommended Board approval of an agreement (the agreement) between the Authority and Ernst & Young, LLP (E&Y) for independent auditor services (the services); and

WHEREAS, in 2019, the Members of the Authority, upon the recommendation of the Audit Committee, approved an agreement whereby the Authority engaged E&Y to provide the services for a three-year term comprising calendar years 2019, 2020 and 2021; and

WHEREAS, the agreement between the SDA and E&Y provides that the Authority, in its sole discretion, may exercise an option to extend the agreement for two one-year terms for calendar years 2022 and 2023 at lump sum fees of \$125,700 and \$130,200 respectively; and

WHEREAS, management and the SDA Audit Committee have determined that it is reasonable, appropriate and in the best interest of the SDA and the state's taxpayers to extend the 2019 agreement between SDA and E&Y for independent auditor services for the two additional one year periods covering calendar years 2022 and 2023, through the Authority's exercise of the agreement's optional extension provision; and

WHEREAS, the Authority's exercise of the agreement's two one-year extension option is wholly consistent with Executive Order No. 122 and the SDA's applicable procurement rules and regulations.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and approve SDA's exercise of the extension option set forth in the Authority's 2019 agreement with Ernst & Young, LLP (GP-0261-R01) for independent auditor services, with such extension to be applicable to the Authority's 2022 and 2023 calendar year audits, for the respective lump sum fees of \$125,700 (2022) and \$130,200 (2023) consistent with the provisions of the memorandum presented to the Board on this date and incorporated herein.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Memorandum, Contract Extension (GP-0261-R01), Ernst & Young, 2022 and 2023
Financial Statement Audits, dated November 2, 2022

Dated: November 2, 2022

**REPORT AND RECOMMENDATIONS OF THE SCHOOL REVIEW COMMITTEE
(CHAIRMAN'S REPORT)**

Approval of Awards - Bridging Design Consultant Services - GP-0281-R01

**MEMORANDUM**

TO: Members of the Authority

FROM: Sean Murphy
Managing Director, Procurement

Ritchard J. Sherman
Managing Director, Design

RE: District: Statewide
Description: Bridging Design Consultant Services
Package No.: GP-0281-R01
Award: \$12,000,000 (aggregate Not-to-Exceed amount)

DATE: November 2, 2022

SUBJECT: Approval of Awards for Bridging Design Consultant Services

INTRODUCTION

The Authority is requesting the Board's approval to award contracts to a pool of six (6) firms for Bridging Design Consultant services. Through these six (6) engagements resulting from a competitive procurement process, the NJSDA will have available a pool of Bridging Design Consultants to permit expedited assignment and award of Task Orders for Bridging Design Consultant services on school facility projects to be advanced under a Design-Build methodology. We are also requesting that the Board approve the issuance under this engagement of individual Task Order assignments, including the subsequent amendment or modification of such Task Orders, by staff to allow for expeditious advancement of school facilities projects.

Task Orders will be awarded pursuant to rotational assignments to pool members for performance of services on a time and materials basis in accordance with the hourly rates set forth in the Request for Qualifications and Proposals (see attached Exhibit A), or as a lump-sum fee consistent with the established hourly rates. The Term of each Agreement shall extend for a period of three (3) years or until all obligations of the Bridging Design Consultant to deliver services pursuant to any existing Task Order have been performed to the satisfaction of the Authority, whichever is later. Each of the six (6) contracts will individually have a not-to-exceed amount of \$2,000,000.

The Bridging Design Consultants awarded Task Orders under this procurement will represent the NJSDA by developing bridging design documents to be used as the basis for a subsequent procurement of a Design-Builder who will be responsible for the design and construction of a school facilities project in conformance with the bridging design documents. The scope of the required Bridging Design Consultant services includes, but is not limited to, programming, preparation of educational specifications, preparation of schematic design documents including detailed room layouts, and preparation of bridging design drawings and performance specifications. At the Authority's option, such services may include Predesign activities such as Program development and the development, evaluation, and selection of a conceptual design option.

This contract will not be used to engage a design professional to act as Architect of Record for a project, or to otherwise develop full, buildable construction documents for a new school facilities project. It is anticipated that the pool of Bridging Design Consultants will be utilized to advance projects with construction costs ranging from \$25 million to \$50 million or more. Projects may include elementary, middle, and high school facilities with capacities ranging from 600 to 1,000 students or more and may range in size from 75,000 square feet to 150,000

square feet or more. Anticipated projects may constitute new school facilities or addition and renovation projects, and such projects may include demolition of existing facilities including, where necessary, hazardous materials abatement. The award of any subsequent design-build construction contracts will be subject to Operating Authority approval.

PROCUREMENT PROCESS

The Request for Qualifications and Proposals (“RFQ&P”) was advertised beginning on August 9, 2022 on the NJSDA website, on the NJ State website, and in selected newspapers for interested firms to participate in the bidding process. In addition, the RFQ&P was distributed to those firms that are pre-qualified in the Architecture (P001) discipline by both the Department of Treasury-Division of Property Management and Construction and the NJSDA.

Responsive Technical Proposals were received from sixteen (16) firms by September 15, 2022.

A Selection Committee consisting of five (5) NJSDA staff members evaluated the Technical Proposals based upon the information provided by the firms in response to the RFQ&P for this procurement. The Selection Committee members independently evaluated the Technical Proposals based on the following criteria:

- Team Design Consultant Experience
- Key Team Members’ Experience
- Firm’s Approach to Managing the Bridging Design Consultant Team

Each Selection Committee member evaluated each Technical Proposal, assigning a raw score for each criterion on a scale of 0 to 10 as follows:

- Outstanding (9-10): depth and quality of response offers significant advantages.
- Superior (7-8): exceeds RFQ&P requirements with no deficiencies.
- Sufficient (5-6): meets RFQ&P requirements with no significant deficiencies.
- Minimal (3-4): meets RFQ&P requirements but contains some significant deficiencies.
- Marginal (1-2): comprehends intent of RFQ&P but contains many significant deficiencies.
- Unsatisfactory (0): requirements not addressed and lack of detail precludes adequate evaluation.

Weighting factors were applied to each of the Selection Committee member’s raw scores for each criterion to arrive at a total weighted score as indicated in Table 1 below:

TABLE 1

Criteria	Weighting Factor (Applied to Raw Score)	Maximum Weighted Points
Team Design Consultant Experience	4.0	40
Key Team Members’ Experience	4.0	40
Firm’s Approach to Managing the Bridging Design Consultant Team	2.0	20
Total Possible Points		100

For each firm’s Technical Proposal, the individual criteria scores awarded by a particular Selection Committee member were added together to calculate a score for that Technical Proposal. The maximum Technical Proposal score is 100. All of the scores awarded by the Selection Committee members to a particular firm’s Technical Proposal were added together and averaged to arrive at a Final Technical Proposal Score for each firm. The firms, their scores and rankings are listed in Table 2 below:

TABLE 2

Firm	Final Technical Proposal Score	Technical Proposal Rank
RSC Architects	71.600	1
LAN Associates, Engineering, Planning, Architecture, Surveying, Inc.	66.200	2
SSP Architectural Group, Inc.	65.600	3
Design Ideas Group Architecture + Planning, LLC	65.400	4
STV Architects, Inc.	61.800	5
Michael Graves & Associates, Inc.	60.800	6
Paulus, Sokolowski & Sartor Engineering, PC	59.800	7
USA Architects, Planners + Interior Designers, Ltd.	59.800	7
NK Architects, P.A.	54.400	9
Di Cara / Rubino Architects	51.000	10
DMR Architects, Inc.	49.200	11
EI Associates, Architects & Engineers, PA	47.400	12
Mitchell Giurgola Architects, LLP	46.600	13
Design Resources Group, Architects, AIA	46.400	14
Spiezle Architectural Group, Inc.	43.800	15
Environetics Group Architects, PC	36.800	16

The RFQ&P stipulated that a shortlist of the ten (10) highest-ranked firms would be determined based on the Final Technical Proposal Scores. The shortlisted firms participated in interviews with the Selection Committee on October 11 and October 14, 2022. The interviews allowed the firms to expand and detail their firm and team experience with respect to NJSDA requirements for Bridging Design Consultant services. The Selection Committee interviewed each of the shortlisted firms and evaluated each firm on Interview Criteria and Weighting Factors that were the same as those used in the evaluation of the Technical Proposals, as detailed above.

The individual criteria scores awarded by a particular Selection Committee member were added together to calculate an Interview Score for that firm. The maximum Interview Score is 100. All of the Interview Scores awarded to a particular firm by the Selection Committee members were added together and averaged to arrive at a Final Interview Score for each firm. The shortlisted firms, their scores and rankings are listed in Table 3 below:

TABLE 3

Firm	Final Interview Score	Interview Rank
USA Architects, Planners + Interior Designers, Ltd.	69.400	1
Design Ideas Group Architecture + Planning, LLC	68.600	2
SSP Architectural Group, Inc.	66.200	3
RSC Architects	65.600	4
STV Architects, Inc.	60.400	5
Di Cara / Rubino Architects	59.800	6
Michael Graves & Associates, Inc.	58.400	7
Paulus, Sokolowski & Sartor Engineering, PC	53.400	8
NK Architects, P.A.	49.800	9
LAN Associates, Engineering, Planning, Architecture, Surveying, Inc.	48.600	10

The Final Interview Score for each shortlisted firm was added to the Final Technical Proposal Score for each such firm, and the two scores were averaged to arrive at a Final Combined Score for each shortlisted firm. The maximum Final Combined Score is 100. The shortlisted firms, their scores and rankings are listed in Table 4 below:

TABLE 4

Firm	Final Combined Score	Combined Rank
RSC Architects	68.600	1
Design Ideas Group Architecture + Planning, LLC	67.000	2
SSP Architectural Group, Inc.	65.900	3
USA Architects, Planners + Interior Designers, Ltd.	64.600	4
STV Architects, Inc.	61.100	5
Michael Graves & Associates, Inc.	59.600	6
LAN Associates, Engineering, Planning, Architecture, Surveying, Inc.	57.400	7
Paulus, Sokolowski & Sartor Engineering, PC	56.600	8
Di Cara / Rubino Architects	55.400	9
NK Architects, P.A.	52.100	10

RECOMMENDATION

The Members of the Authority are requested to approve:

1. The award of contracts to the top six (6) most highly-ranked firms, as listed in Table 4, at the standardized hourly rates set forth in Exhibit A to this memorandum. Each firm would enter into a contract for a not-to-exceed amount of \$2,000,000 over the three year term of the Agreement;
2. The issuance of individual Task Order assignments by NJSDA staff under this engagement; and
3. The amendment or modification of individual Task Order assignments by NJSDA staff under this engagement.

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

/s/ Sean Murphy
Sean Murphy, Managing Director, Procurement

/s/ Ritchard J. Sherman
Ritchard J. Sherman, Managing Director, Design

Reviewed and Recommended by: Manuel Da Silva, Chief Executive Officer
Reviewed and Recommended by: Donald Guarriello, Vice President and Chief Financial Officer

EXHIBIT A
HOURLY RATES

Staff Category	Rate
Principal Architect-In-Charge	\$200.00
Project Manager	\$175.00
Project Architect	\$150.00
Educational Planner	\$150.00
Construction Administrator	\$150.00
Specifications Writer	\$150.00
Commissioning, LEED, E-Rate, Acoustical, and Other Architectural Specialists	\$150.00
Staff Architect	\$125.00
Architectural Staff	\$105.00
CAD/Draftsperson	\$ 95.00
Administrative/Clerical	\$ 65.00
PE, Principal-In-Charge	\$200.00
Supervising Engineer	\$175.00
Staff Engineer (All Disciplines)	\$150.00
Technology/Security Specialist	\$125.00
Landscape Architect	\$125.00
Engineering Staff/EIT	\$105.00
CAD/Draftsperson	\$ 95.00
Administrative/Clerical	\$ 65.00
Principal Environmental Specialist	\$200.00
Senior Environmental Specialist	\$175.00
Project Environmental Specialist	\$150.00
Environmental Specialist	\$125.00
Environmental Staff	\$105.00
Field Sampling Personnel	\$ 95.00
Administrative/Clerical	\$ 65.00
Principal Cost Estimator	\$175.00
Senior Cost Estimator	\$150.00
Cost Estimator	\$125.00

Resolution—6a.

Approval of Award
Package No. GP-0281-R01
Bridging Design Consultant Services Contract

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or the Authority) requires that the Members of the Authority authorize and approve the award of contracts for certain professional goods and services; and

WHEREAS, upon completion of a competitive procurement process, SDA management requests that the Members of the Authority approve the award of contracts to a pool of six (6) firms for Bridging Design Consultant Services; and

WHEREAS, through these six (6) engagements, the SDA will have available a pool of Bridging Design Consultants to permit expedited assignment and award of Task Orders for Bridging Design Consultant services on school facility projects to be advanced under a Design-Build methodology; and

WHEREAS, management further recommends that the Members approve the issuance under this engagement of individual Task Order assignments, including the subsequent amendment or modification of such Task Orders by staff to allow for the expeditious advancement of school facilities projects; and

WHEREAS, pursuant to this engagement, Task Orders will be awarded on a rotational assignment basis to pool members for the performance of services on a time and materials basis in accordance with the hourly rates set forth in the Request for Qualifications and Proposals as presented or on a lump-sum fee basis consistent with the established hourly rates; and

WHEREAS, the term of each engagement shall extend for a period of three (3) years or until all obligations of the Bridging Design Consultant to deliver services pursuant to any existing Task Order have been performed to the satisfaction of the Authority, whichever is later, and each of the six (6) contracts will individually be subject to a not-to-exceed amount of \$2,000,000; and

WHEREAS, the details, terms and parameters of the proposed Bridging Design Consultant Task Order engagements, along with the names of the six (6) firms and particulars of the procurement process followed are fully set forth in detail in the memorandum presented to the Board on this date and incorporated herein.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and approve the award of contracts to the top six (6) most highly-ranked firms for the provision of Bridging Design Consultant Services, as listed in Table 4 of the memorandum presented to the Board on this date, at the standardized hourly rates set forth in Exhibit A to the memorandum.

BE IT FURTHER RESOLVED, that each firm is to enter into a contract for a not-to-exceed amount of \$2,000,000 over the three year term of the Agreement.

BE IT FURTHER RESOLVED, that the Members of the Authority approve the issuance of individual Task Order assignments and the amendment or modification of individual Task Order assignments by SDA staff under this engagement.

BE IT FURTHER RESOLVED, that prior to execution of the contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Memorandum, Approval of Award, Package No. GP-0281-R01, Bridging Design
Consultant Services, dated November 2, 2022

Dated: November 2, 2022

Preliminary Project Charter - Bridgeton School District – Bridgeton High School Addition & Renovation

**MEMORANDUM**

TO: Members of the Authority

FROM: Ritchard J. Sherman
Managing Director of Design
Gregory Voronov
Managing Director, Program Operations

DATE: November 2, 2022

SUBJECT: Preliminary Project Charter

RE: Bridgeton School District – Bridgeton High School Addition & Renovation Project

INTRODUCTION

At the April 6, 2022 NJSDA Board Meeting, the Members approved the Authority's 2022 Strategic Plan Update and Capital Plan. That Plan identified a Bridgeton School District high school addition and renovation project for approximately 300 students to address overcrowding for which a project site is available under either District or NJSDA control. Working with representatives of the Bridgeton School District and the New Jersey Department of Education (DOE), SDA staff has reviewed and validated District needs and identified a recommended Project scope to address those needs. We are writing to provide the Members of the Authority with our recommendations for advancement of the above identified Project.

We are also writing to recommend approval by the Members of the attached Preliminary Project Charter, created by Program Operations staff, which details Project advancement recommendations including estimated Project costs and schedules for Project completion. Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended March 7, 2012, Preliminary Project Charters require approval by the Members of the Authority.

BACKGROUND

The existing Bridgeton High School, constructed in 1957, is an approximately 193,000 SF facility with educational capacity for approximately 1,455 students. Based upon the DOE's 2019 Educational Facilities Needs Assessment (EFNA), which identified overcrowding in grades 6 to 12 of the Bridgeton School District, the NJSDA 2022 Capital Plan identified a high school addition and renovation project for validation and advancement. Analysis of enrollment data has confirmed that the District lacks capacity for approximately 300 students in grades 9 to 12. Working group discussion with the District and NJDOE have served to validate District needs and identified the needed additions and renovations to be undertaken at the existing Bridgeton High School.

RECOMMENDED PROJECT SCOPE:

NJSDA staff has developed a proposed Project scope based upon a detailed analysis of District needs and application of standard programmatic models. Based on that analysis, the recommended Project scope calls for the construction of an approximately 69,500 SF addition to the existing Bridgeton High School and program driven renovations of approximately 7,100 SF. The addition will consist of spaces to support an Early College High School education program, new classrooms and lab spaces, a new student services suite, and a gymnasium and related support spaces. Renovations include construction of a new larger Nurse's Suite in the existing Student Services area and construction of new Life Skills Labs in place of a group of existing undersized classrooms.

The Bridgeton High School Addition and Renovation Project will provide additional capacity to educate approximately 326 students in grades 9 to 12. Upon completion, the Project will increase capacity to approximately 1,781 students in grades 9 to 12, which will fully address the District’s capacity needs in grades 9 to 12 and will provide sufficient additional square footage to bring the facility into compliance with NJDOE’s Facilities Efficiency Standards.

PROJECT DELIVERY RECOMMENDATIONS:

The size, type, and complexity of the Project as well as cost and schedule considerations and availability of SDA resources to support project advancement have been considered in determining the best approach to project delivery for this Project. Based upon these factors it is recommended that this Project be advanced utilizing in-house design staff to complete program concept design and that a bridging design consultant be engaged to complete schematic design and prepare bridging documents to support a Design-Build delivery process. The Project budget which has been developed is reflective of the recommendation for the Design-Build project delivery utilizing an outside Bridging Design Consultant.

PROJECT BUDGET

The estimated cost of \$49.2 million for the Project reflected in the Preliminary Project Charter is inclusive of all estimated costs necessary for the advancement of the planned Project scope. The estimated costs are based upon the application of planning estimates to the current anticipated Project scope.

RECOMMENDATION

The Members are requested to approve the Preliminary Project Charter for the Bridgeton High School Addition and Renovation Project. In so doing, the Board is authorizing Authority management to procure the professional and construction services necessary to advance this Project.

The Operating Authority will govern the award of all professional services and construction contracts as well as Board notification requirements for the use of any contingency monies.

Recommended by:

/s/ Ritchard J. Sherman
Ritchard J. Sherman, Managing Director, Design

/s/ Gregory Voronov
Gregory Voronov, Managing Director, Planning & Program Operations

Reviewed and Recommended by: Manuel Da Silva, Chief Executive Officer

New Jersey Schools Development Authority Project Charter - Summary

Charter Date
11/02/22
Supersedes Charter Dated
N/A

Region: Southern
District: Bridgeton
Project Name: Bridgeton High School
School Type: High School
DOE # / Project #: 0540-020-22-1000 / 0540-020-22-0BBW
Project Type (New/Add/Reno): Add/Reno
Project Location: 111 West Ave N. Bridgeton, NJ
Number of Students: 326 (FES Capacity) 384 (Maximum Capacity)

Land Acquisition Required? Yes No
Temporary Space Required? Yes No

Funding Source
2022 Capital Plan

Project Budget: \$ 49,240,000
Anticipated Substantial Completion Date: TBD
Anticipated School Occupancy Date: TBD
Project Team Leader: TBD
Project Initiation Date: May-22
SDA Board - Project Charter Approval Date: 11/02/22

Funding Allocated
\$49,240,000

District Local Share
\$0

Charter Version and Date	Project Summary
<input type="checkbox"/> Planning	
<input checked="" type="checkbox"/> Preliminary	11/02/22
<input type="checkbox"/> Final	
Purpose for Advancement of Current/Revised Project Charter	
Revision # and Date	Project advancement including in-house design and procurement of necessary professional and construction services for the project.
<input type="checkbox"/> One	
<input type="checkbox"/> Two	
<input type="checkbox"/> Three	
<input type="checkbox"/> Four	
<input type="checkbox"/> Five	
<input type="checkbox"/> Six	
District Project Goals	
	Addition and renovations to the existing HS to address overcrowding in grades 9 to 12.

Recommendation

Program Director - Program Operations TBD	Date	/s/ Gregory Voronov Gregory Voronov	Date
/s/ Ritchard Sherman Ritchard Sherman	11/2/2022 Date	VP - Prog. Ops. and Strategic Planning Vacant	Date

Approval

/s/ Manuel Da Silva Chief Executive Officer Manuel Da Silva	Date	11/2/2022 Date
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New Jersey Schools Development Authority Project Charter - Milestones & Delivery Method

Charter Date
11/02/22

District / Project Name:	Bridgeton / Bridgeton High School
DOE # / Project #:	0540-020-22-1000 / 0540-020-22-0BBW

Project Milestones	Date
School Occupancy Date	TBD

DELIVERY METHOD	Design/Build
------------------------	---------------------

<u>Real Estate Services</u>	Start	Est.	Act.	Finish	Est.	Act.
Feasibility	07/26/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	03/20/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Site Investigations	07/26/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	03/20/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Site Acquisition	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Relocation	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Existing School Demolition & Site Work	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Early Site Package	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Deed Restriction Required?	TBD	Date				
District Notified?	_____	<input type="checkbox"/>	<input type="checkbox"/>			
Classification Exception Area?	TBD					
District Notified?	_____	<input type="checkbox"/>	<input type="checkbox"/>			

Special Considerations

<u>Design:</u>	Date	Est.	Act.	Finish	Est.	Act.
Design Start (NTP)	05/24/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
	Start	Est.	Act.	Finish	Est.	Act.
Program Concept Phase	05/24/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	01/16/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Schematic Design	03/13/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	08/04/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bridging Documents	06/20/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	09/27/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Design-Build Bid/Award	08/07/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	02/28/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Design-Build NTP	02/29/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>	03/21/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Design	03/21/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>	01/02/25	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

<u>Construction:</u>	Date	Est.	Act.
Construction Start (NTP)	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Substantial Completion (TCO)	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
School Occupancy Date	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Title Transfer	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Completion (C of O)	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Post Occupancy Walk Through	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Project Close-Out	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

**New Jersey Schools Development Authority
Project Charter - Project Budget**

Charter Date

11/02/22

District / Project Name: Bridgeton / Bridgeton High School
DOE # / Project #: 0540-020-22-1000 / 0540-020-22-0BBW

2012 Capital Plan Funding Allocation \$ **49,240,000**

Special Considerations:

The project budget represented below is based upon the application of planning estimates to the current proposed project scope.

Project Budget:

Gross Building Area (GSF):		Grossing Factor:
		1.55
	New	0
	Addition	69,500
	Renovation	7,100
Total Gross Building Area (GSF):		76,600
Estimated Building Cost / GSF		
New Construction Cost/GSF	\$412.69	
Renovation Cost/GSF	\$250.00	

Design-Builder Costs

Design	\$2,000,000
Building Costs	\$30,500,000
Site Development Costs	\$2,100,000
Allowances	\$1,000,000
Design Contingency	\$3,560,000
Construction Contingency	\$1,780,000
Total Construction Costs	\$40,940,000

Pre-Development Costs:

Consultant Services	\$200,000
ESP Existing School Demolition	\$0
Land Acquisition	\$0
Relocation	\$0
Property Maintenance/Carry Costs	\$0
Total Pre-Development Costs	\$200,000

Other Costs: %

Bridging Design Services	\$1,000,000
In-House Design & Project Management	\$2,100,000
PMF/CM	\$1,900,000
FF&E	\$1,400,000
Technology	\$1,000,000
Temporary Space	\$0
Other Costs	\$700,000
Total Other Costs	\$8,100,000

Other Funding Sources

Rebates & Refunds	\$0
District Local Share Funds	\$0
Total Other Funding Sources	\$0

Total Project Budget	\$49,240,000
Funding from Prior Allocation	\$0
Funding from 2022 Capital Plan	\$49,240,000

**New Jersey Schools Development Authority
Project Budget Variance**

Charter Date

11/02/22

District / Project Name: Bridgeton / Bridgeton High School
DOE # / Project #: 0540-020-22-1000 / 0540-020-22-0BBW

Project Budget:

	Capital Plan Estimate	Preliminary Charter	VARIANCE Fav/(Unfav)
Grossing Factor:	N/A	1.55	N/A
Gross Building Area (GSF):			
New	N/A	0	N/A
Addition	N/A	69,500	N/A
Renovation	N/A	7,100	N/A
Total Gross Area (GSF):	N/A	76,600	N/A
Design-Builder Costs			
Design	N/A	\$2,000,000	N/A
Building Costs	N/A	\$30,500,000	N/A
Site Development Costs	N/A	\$2,100,000	N/A
Allowances	N/A	\$1,000,000	N/A
Design Contingency	N/A	\$3,560,000	N/A
Construction Contingency	N/A	\$1,780,000	N/A
Total Construction Costs	N/A	\$40,940,000	N/A
Pre-Development Costs:			
Consultant Services	N/A	\$200,000	N/A
ESP Existing School Demolition	N/A	\$0	N/A
Land Acquisition	N/A	\$0	N/A
Relocation	N/A	\$0	N/A
Property Maintenance/Carry Costs	N/A	\$0	N/A
Total Pre-Development Costs	N/A	\$200,000	N/A
Other Costs:			
Bridging Design Services	N/A	\$1,000,000	N/A
In-House Design & Project Management	N/A	\$2,100,000	N/A
PMF/CM	N/A	\$1,900,000	N/A
FF&E	N/A	\$1,400,000	N/A
Technology	N/A	\$1,000,000	N/A
Temporary Space	N/A	\$0	N/A
Other Costs	N/A	\$700,000	N/A
Total Other Costs	N/A	\$8,100,000	N/A
Other Funding Sources			
Rebates & Refunds	N/A	\$0	N/A
District Local Share Funds	N/A	\$0	N/A
Total Other Funding Sources	N/A	\$0	N/A
Total Project Budget	N/A	\$49,240,000	N/A
Funding from Prior Allocation	\$0	\$0	\$0
Funding from 2022 Capital Plan	N/A	\$49,240,000	N/A

Budget Variance Analysis:

Resolution—6b.

Preliminary Project Charter
Bridgeton School District – Bridgeton High School Addition & Renovation

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or the Authority) requires that the Members of the Authority approve Preliminary Project Charters; and

WHEREAS, 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); and

WHEREAS, the Plan identified the need for an addition and renovation project (Project) at the Bridgeton High School (High School) in the Bridgeton Public Schools District (District); and

WHEREAS, as proposed, the Project would accommodate approximately 300 students and address overcrowding utilizing a project site available under either District or SDA control; and

WHEREAS, SDA staff, working with District representatives and the New Jersey Department of Education (DOE), reviewed and validated District needs and is recommending a project scope to address those needs; and

WHEREAS, management is also seeking Board approval of a Preliminary Project Charter (Charter) detailing Project advancement recommendations, including estimated costs and schedules for Project completion; and

WHEREAS, upon completion, the Project will provide an approximately 69,500 square foot addition to the High School along with renovations of approximately 7,100 square feet for an Early College High School education program, a classroom wing addition and a gymnasium and related spaces; and

WHEREAS, also upon completion, the Project will increase capacity to approximately 1,781 students in grades 9 to 12 and bring the facility into compliance with DOE’s Facilities Efficiency Standards; and

WHEREAS, the recommended Project delivery method would involve the utilization of in-house design staff to complete program concept design and a bridging design consultant to complete schematic designs and prepare bridging documents to support a design-build delivery process, as reflected in the proposed Project budget; and

WHEREAS, the Project’s background and the details of the recommended Project scope, along with Project delivery recommendations and a Project budget are comprehensively set forth in the memorandum presented to the Board and incorporated herein; and

WHEREAS, the estimated cost of \$49.2 million for the Project reflected in the Charter includes all estimated costs necessary for advancement of the planned Project scope; and

WHEREAS, with the Project completed, the District's capacity needs in grades 9 to 12 will be fully addressed.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and approve the Preliminary Project Charter for the Bridgeton High School addition and renovation project and, in so doing, authorize SDA management to procure the professional and construction services necessary to advance the Project.

BE IT FURTHER RESOLVED, that the Operating Authority shall govern the award of all professional services and construction contracts as well as the need for advance notification to the SDA Board prior to utilization of any contingency monies.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Memorandum, Preliminary Project Charter, Bridgeton School District –
Bridgeton High School Addition & Renovation, dated November 2, 2022

Dated: November 2, 2022

Preliminary Project Charter - Elizabeth School District – New Elementary School

**MEMORANDUM**

TO: Members of the Authority

FROM: Ritchard J. Sherman
Managing Director of Design

Gregory Voronov
Managing Director, Planning & Program Operations

DATE: November 2, 2022

SUBJECT: Preliminary Project Charter

RE: Elizabeth School District – New Elementary School Project
(Joseph Battin School Replacement)

INTRODUCTION

At the April 6, 2022 NJSDA Board Meeting, the Members approved the Authority's 2022 Strategic Plan Update and Capital Plan. That Plan identified an Elizabeth School District new Pre-K to 8 school project for approximately 1,000 students to address overcrowding for which a project site is available under either District or NJSDA control. Working with representatives of the Elizabeth School District and the New Jersey Department of Education (DOE), SDA staff has reviewed and validated District needs and identified a recommended Project scope to address those needs. We are writing to provide the Members of the Authority with our recommendations for advancement of the above identified Project.

We are also writing to recommend approval by the Members of the attached Preliminary Project Charter, created by Program Operations staff, which details Project advancement recommendations including estimated Project costs and schedules for Project completion. Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended March 7, 2012, Preliminary Project Charters require approval by the Members of the Authority.

BACKGROUND

Based upon the DOE's 2019 Educational Facilities Needs Assessment (EFNA), which identified overcrowding in all grade levels of the Elizabeth Schools District, the NJSDA 2022 Capital Plan identified a new Pre-K to 8 school project for validation and advancement. Analysis of enrollment data has confirmed that the District lacks capacity for approximately 5,300 students in grades Pre-K to 8.

The NJSDA 2022 Capital Plan anticipated the construction of a new facility on a former parochial school site acquired by the District during 2021. The facility was vacant at that time and was planned to remain vacant to allow for NJSDA to advance a project at the site.

Subsequent to plan approval, an existing District facility, the Joseph Battin School was deemed to be structurally unsound and was closed by the District and has since been condemned by the City of Elizabeth. Subsequent evaluation by District engaged consultants has determined that it would be cost prohibitive to remedy the structural conditions at the Battin School.

The existing Joseph Battin School, constructed in 1913, is an approximately 135,000 square foot facility with educational capacity for approximately 800 students. As a result of the closure of the Battin School the District has determined to use the former parochial school acquired in 2021 as a school facility to partially address the educational capacity lost at the Battin School site. As a result, that former parochial school site is no longer available for advancement of a new project. The closure of the Battin School has further exacerbated the overcrowding being experienced by the District and the focus of planning discussions has

necessarily shifted to providing a replacement facility on the existing Battin site. It is anticipated that after the Battin School replacement Project is completed a new facility for grades 9 to 12 will be advanced on the former parochial school site.

RECOMMENDED PROJECT SCOPE:

NJSDA staff has developed a proposed Project scope based upon a detailed analysis of District needs and application of standard programmatic models. Based on that analysis, the recommended Project scope calls for the construction of an approximately 142,000 SF New Elementary School Project on the existing Joseph Battin School site. The facility will provide capacity to educate 973 students in grades Pre-K to 8. The project scope includes demolition of the existing Battin School facility in advance of construction of the new facility. The existing Battin School is currently vacant and as such temporary space will not be required for the Project.

The advancement of this Project will result in a net increase in student capacity in grades Pre-K to 8 of approximately 173 students, which will partially, but not fully, address District capacity needs and will result in the replacement of one of the oldest school facilities in the district.

PROJECT DELIVERY RECOMMENDATIONS:

The size, type, and complexity of the Project as well as cost and schedule considerations and availability of SDA resources to support project advancement have been considered in determining the best approach to project delivery for this Project. Based upon these factors it is recommended that this Project be advanced utilizing in-house design staff to complete program concept design and that a bridging design consultant be engaged to complete schematic design and prepare bridging documents to support a Design-Build delivery process. The Project budget which has been developed is reflective of the recommendation for the Design-Build project delivery utilizing an outside Bridging Design Consultant.

PROJECT BUDGET

The estimated cost of \$96.2 million for the Project reflected in the Preliminary Project Charter is inclusive of all estimated costs necessary for the advancement of the planned Project scope. The estimated costs are based upon the application of planning estimates to the current anticipated Project scope.

RECOMMENDATION

The Members are requested to approve the Preliminary Project Charter for the Elizabeth New Elementary School Project (Joseph Battin School Replacement). In so doing, the Board is providing the Authority with approval to procure the professional and construction services necessary for advancement of this Project.

The Operating Authority will govern the award of all professional services and construction contracts as well as Board notification requirements for the use of any contingency monies.

Recommended by:

/s/ Ritchard J. Sherman
Ritchard J. Sherman, Managing Director, Design

/s/ Gregory Voronov
Gregory Voronov, Managing Director, Planning & Program Operations

Reviewed and Recommended by: Manuel Da Silva, Chief Executive Officer

New Jersey Schools Development Authority Project Charter - Summary

Charter Date
11/02/22
Supersedes Charter Dated
N/A

Region: Northern
District: Elizabeth
Project Name: New Elementary School (Battin Replacement)
School Type: Elementary School (Pre-K to 8)
DOE # / Project #: 1320-N22-22-1000 / 1320-N22-22-0BBY
Project Type (New/Add/Reno): New
Project Location: 300 S Broad St. Elizabeth, NJ
Number of Students: 973 (FES Capacity) 1,068 (Maximum Capacity)

Land Acquisition Required? Yes No
Temporary Space Required? Yes No

Funding Source
2022 Capital Plan

Project Budget: \$ 96,230,000
Anticipated Substantial Completion Date: TBD
Anticipated School Occupancy Date: TBD

Funding Allocated
\$96,230,000

Project Team Leader: TBD
Project Initiation Date: May-22
SDA Board - Project Charter Approval Date: 11/02/22

District Local Share
\$0

Charter Version and Date	Project Summary	
<input type="checkbox"/> Planning	New grade Pre-K to Eight Elementary School on the existing District owned Joseph Battin School site to educate 973 students. The project scope includes demolition of the existing school prior to construction of the new facility.	
<input checked="" type="checkbox"/> Preliminary 11/02/22		
<input type="checkbox"/> Final		
Purpose for Advancement of Current/Revised Project Charter		
Revision # and Date	Project Summary	
<input type="checkbox"/> One	Project advancement including in-house design and procurement of necessary professional and construction services for the project.	
<input type="checkbox"/> Two		
<input type="checkbox"/> Three		
District Project Goals		
<input type="checkbox"/> Four		A new school to mitigate district-wide overcrowding in grade Pre-K to Eight.
<input type="checkbox"/> Five		
<input type="checkbox"/> Six		

Recommendation

Program Director - Program Operations Date	/s/ Gregory Voronov 11/2/2022
TBD	Managing Director - Planning & Program Operation Date
/s/ Ritchard Sherman 11/2/2022	Gregory Voronov
Managing Director - Design Date	VP - Prog. Ops. and Strategic Planning Date
Ritchard Sherman	Vacant

Approval

/s/ Manuel Da Silva 11/2/2022	Date
Chief Executive Officer	Date
Manuel Da Silva	Date

New Jersey Schools Development Authority Project Charter - Milestones & Delivery Method

Charter Date
11/02/22

District / Project Name:	Elizabeth / New Elementary School (Battin Replacement)
DOE # / Project #:	1320-N22-22-1000 / 1320-N22-22-0BBY

Project Milestones	Date
School Occupancy Date	TBD

DELIVERY METHOD	Design/Build
------------------------	---------------------

<u>Real Estate Services</u>	Start	Est.	Act.	Finish	Est.	Act.
Feasibility	10/07/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	05/17/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Site Investigations	10/07/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	05/17/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Site Acquisition	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Relocation	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Existing School Demolition & Site Work	07/21/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	03/06/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Early Site Package	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Deed Restriction Required?	TBD	Date				
District Notified?	_____	<input type="checkbox"/>	<input type="checkbox"/>			
Classification Exception Area?	TBD					
District Notified?	_____	<input type="checkbox"/>	<input type="checkbox"/>			

Special Considerations

<u>Design:</u>	Date	Est.	Act.		Est.	Act.
Design Start (NTP)	05/25/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
	Start	Est.	Act.	Finish	Est.	Act.
Program Concept Phase	05/25/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	03/15/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Schematic Design	05/10/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10/04/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bridging Documents	08/18/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11/27/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Design-Build Bid/Award	10/23/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	06/27/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Design-Build NTP	06/28/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>	07/19/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Design	07/19/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>	04/30/25	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

<u>Construction:</u>	Date	Est.	Act.
Construction Start (NTP)	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Substantial Completion (TCO)	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
School Occupancy Date	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Title Transfer	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Completion (C of O)	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Post Occupancy Walk Through	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Project Close-Out	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

**New Jersey Schools Development Authority
Project Charter - Project Budget**

Charter Date

11/02/22

District / Project Name: Elizabeth / New Elementary School (Battin Replacement)
DOE # / Project #: 1320-N22-22-1000 / 1320-N22-22-0BBY

2012 Capital Plan Funding Allocation \$ **96,230,000**

Special Considerations:

The project budget represented below is based upon the application of planning estimates to the current proposed project scope.

Project Budget:

Gross Building Area (GSF):		Grossing Factor:
New	142,000	1.55
Addition	0	
Renovation	0	
Total Gross Building Area (GSF):	142,000	
Estimated Building Cost / GSF		
New Construction Cost/GSF	\$419.01	
Renovation Cost/GSF		

Design-Builder Costs

Design	\$3,700,000
Building Costs	\$59,500,000
Site Development Costs	\$4,200,000
Allowances	\$1,000,000
Design Contingency	\$6,840,000
Construction Contingency	\$3,420,000
Total Construction Costs	\$78,660,000

Pre-Development Costs:

Consultant Services	\$670,000
ESP Existing School Demolition	\$4,100,000
Land Acquisition	\$0
Relocation	\$0
Property Maintenance/Carry Costs	\$0
Total Pre-Development Costs	\$4,770,000

Other Costs:

Bridging Design Services	\$1,000,000
In-House Design & Project Management	\$2,400,000
PMF/CM	\$2,500,000
FF&E	\$2,700,000
Technology	\$2,900,000
Temporary Space	\$0
Other Costs	\$1,300,000
Total Other Costs	\$12,800,000

Other Funding Sources

Rebates & Refunds	\$0
District Local Share Funds	\$0
Total Other Funding Sources	\$0

Total Project Budget	\$96,230,000
Funding from Prior Allocation	\$0
Funding from 2022 Capital Plan	\$96,230,000

**New Jersey Schools Development Authority
Project Budget Variance**

Charter Date

11/02/22

District / Project Name: Elizabeth / New Elementary School (Battin Replacement)
DOE # / Project #: 1320-N22-22-1000 / 1320-N22-22-0BBY

Project Budget:

		Capital Plan Estimate	Preliminary Charter	VARIANCE Fav/(Unfav)
Grossing Factor:		N/A	1.55	N/A
Gross Building Area (GSF):	New	N/A	142,000	N/A
	Addition	N/A	0	N/A
	Renovation	N/A	0	N/A
Total Gross Area (GSF):		N/A	142,000	N/A
Design-Builder Costs				
Design		N/A	\$3,700,000	N/A
Building Costs		N/A	\$59,500,000	N/A
Site Development Costs		N/A	\$4,200,000	N/A
Allowances		N/A	\$1,000,000	N/A
Design Contingency		N/A	\$6,840,000	N/A
Construction Contingency		N/A	\$3,420,000	N/A
Total Construction Costs		N/A	\$78,660,000	N/A
Pre-Development Costs:				
Consultant Services		N/A	\$670,000	N/A
ESP Existing School Demolition		N/A	\$4,100,000	N/A
Land Acquisition		N/A	\$0	N/A
Relocation		N/A	\$0	N/A
Property Maintenance/Carry Costs		N/A	\$0	N/A
Total Pre-Development Costs		N/A	\$4,770,000	N/A
Other Costs:				
Bridging Design Services		N/A	\$1,000,000	N/A
In-House Design & Project Management		N/A	\$2,400,000	N/A
PMF/CM		N/A	\$2,500,000	N/A
FF&E		N/A	\$2,700,000	N/A
Technology		N/A	\$2,900,000	N/A
Temporary Space		N/A	\$0	N/A
Other Costs		N/A	\$1,300,000	N/A
Total Other Costs		N/A	\$12,800,000	N/A
Other Funding Sources				
Rebates & Refunds		N/A	\$0	N/A
District Local Share Funds		N/A	\$0	N/A
Total Other Funding Sources		N/A	\$0	N/A
Total Project Budget		N/A	\$96,230,000	N/A
Funding from Prior Allocation		\$0	\$0	\$0
Funding from 2022 Capital Plan		N/A	\$96,230,000	N/A

Budget Variance Analysis:

Resolution—6c.

Preliminary Project Charter
Elizabeth School District – New Elementary School
(Joseph Battin School Replacement)

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or the Authority) requires that the Members of the Authority approve Preliminary Project Charters; and

WHEREAS, at the April 6, 2022 Meeting of the SDA Board of Directors, the Members approved the Authority’s 2022 Strategic Plan Update and Capital Plan (Plan); and

WHEREAS, the Plan identified the need for a New Pre-K to 8 school project (Project) for approximately 1,000 students to address overcrowding in the Elizabeth School District (District); and

WHEREAS, the Project was to be built on an available site currently under either District or SDA control; and

WHEREAS, working with District representatives and the New Jersey Department of Education, SDA staff reviewed and validated District needs and is recommending Board approval of a Project scope to address those needs; and

WHEREAS, management and staff are also recommending Board approval of a Preliminary Project Charter (Charter) which sets forth Project advancement recommendations, including estimated Project costs and schedules for Project completion; and

WHEREAS, an analysis of enrollment data has confirmed that the District lacks capacity for approximately 5,300 students in grades Pre-K to 8 and the Plan anticipated the construction of a new facility on a former parochial school site acquired by the District in 2021; and

WHEREAS, following Plan approval, the District’s Joseph Battin School (Battin School) was found to be structurally unsound with no ability to remedy the conditions and it was closed by the District; and

WHEREAS, closure of the Battin School rendered the parochial school site unavailable for immediate advancement of a new project as it was needed to house the Battin School students and also further exacerbated District overcrowding; and

WHEREAS, planning discussions have shifted focus to the provision of a replacement facility on the existing Battin School site and, upon completion of that facility, advancement of a new facility for grades 9 to 12 on the former parochial school site; and

WHEREAS, the estimated cost of \$96.2 million for the Project reflected in the Charter includes all estimated costs necessary for advancement of the planned Project scope; and

WHEREAS, the Project's background and details of the recommended Project scope, along with Project delivery recommendations and the Project budget are described in detail in the memorandum presented to the Board on this date and incorporated herein.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and are approve the Preliminary Project Charter for the Elizabeth New Elementary School (Joseph Battin School Replacement) project.

BE IT FURTHER RESOLVED, that in approving the Project's Preliminary Charter, the Members are providing the Authority with approval to procure the professional and construction services needed for advancement of the Project.

BE IT FURTHER RESOLVED, that the SDA Operating Authority will govern the award of all professional services and construction contracts along with the need for Board notification if necessary to precede the use of any contingency monies.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Memorandum, Preliminary Project Charter, Elizabeth School District – New
Elementary School – Joseph Battin School Replacement, dated November 2, 2022
Dated: November 2, 2022

Preliminary Project Charter - Garfield School District – New Elementary School

**MEMORANDUM**

TO: Members of the Authority

FROM: Ritchard J. Sherman
Managing Director of Design

Gregory Voronov
Managing Director, Planning & Program Operations

DATE: November 2, 2022

SUBJECT: Preliminary Project Charter

RE: Garfield School District – New Elementary School Project
(Woodrow Wilson School No. 5 Replacement)

INTRODUCTION

At the April 6, 2022 NJSDA Board Meeting, the Members approved the Authority's 2022 Strategic Plan Update and Capital Plan. That Plan identified a Garfield School District new replacement Pre-K to 5 school project for approximately 700 students to address overcrowding for which a project site is available under either District or NJSDA control. Working with representatives of the Garfield School District and the New Jersey Department of Education (DOE), SDA staff has reviewed and validated District needs and identified a recommended Project scope to address those needs. We are writing to provide the Members of the Authority with our recommendations for advancement of the above identified Project.

We are also writing to recommend approval by the Members of the attached Preliminary Project Charter, created by Program Operations staff, which details Project advancement recommendations including estimated project costs and schedules for Project completion. Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended March 7, 2012, Preliminary Project Charters require approval by the Members of the Authority.

BACKGROUND

Based upon the DOE's 2019 Educational Facilities Needs Assessment (EFNA), which identified overcrowding in grades Pre-K to 5 and 9 to 12 in the Garfield Schools District, the NJSDA 2022 Capital Plan identified a new grade Pre-K to 5 replacement school project for validation and advancement. Analysis of enrollment data has confirmed that the District lacks capacity for approximately 600 students in grades Pre-K to 5. Working group discussions with the District and NJDOE have served to validate District needs and identified the preferred location to be the existing Woodrow Wilson School No. 5 site.

RECOMMENDED PROJECT SCOPE:

NJSDA staff has developed a proposed Project scope based on a detailed evaluation of District needs and application of standard programmatic models. Based on that analysis, the recommended Project scope calls for the construction of an approximately 125,000 SF new school facility on the existing Woodrow Wilson School No. 5 site. The existing Woodrow Wilson School No. 5, constructed in 1917, is an approximately 22,000 square foot facility with educational capacity for approximately 290 students. The new facility will provide capacity to educate 767 students in grades Kindergarten to 5. While the 2022 Capital Plan anticipated a facility to include Pre-K capacity, validation and review with the District has determined that a Pre-K component is not needed at this time.

The Project scope includes demolition of the existing Woodrow Wilson School No. 5 in advance of construction of the new facility. Working group discussions have determined, and it has been agreed, that the District will vacate the existing Woodrow Wilson School and relocate the students, and that temporary space will not be required for the Project.

The advancement of this Project will result in a net increase in student capacity in grades K to 5 of approximately 477 students, which will significantly, but not fully, address District capacity needs and will result in the replacement of one of the oldest school facilities in the district.

PROJECT DELIVERY RECOMMENDATIONS:

The size, type, and complexity of the Project as well as cost and schedule considerations and availability of SDA resources to support project advancement have been considered in determining the best approach to project delivery for this Project. Based upon these factors it is recommended that this Project be advanced utilizing in-house design staff to complete program-concept design and that a Bridging Design Consultant be engaged to complete schematic design and prepare bridging documents to support a Design-Build delivery process. The Project budget which has been developed is reflective of the recommendation for the Design-Build project delivery utilizing an outside Bridging Design Consultant.

PROJECT BUDGET

The estimated cost of \$80.2 million for the Project reflected in the Preliminary Project Charter is inclusive of all estimated costs necessary for the advancement of the planned Project scope. The estimated costs are based upon the application of planning estimates to the current anticipated Project scope.

RECOMMENDATION

The Members are requested to approve the Preliminary Project Charter for the Garfield School District New Elementary School Project (Woodrow Wilson School No. 5 Replacement). In so doing, the Board is authorizing Authority management to procure the professional and construction services necessary to advance this Project.

The Operating Authority will govern the award of all professional services and construction contracts as well as Board notification for the use of any contingency monies.

Recommended by:

/s/ Ritchard J. Sherman
Ritchard J. Sherman, Managing Director, Design

/s/ Gregory Voronov
Gregory Voronov, Managing Director, Planning & Program Operations

Reviewed and Recommended by: Manuel Da Silva, Chief Executive Officer

New Jersey Schools Development Authority Project Charter - Milestones & Delivery Method

Charter Date
11/02/22

District / Project Name:	Garfield / New ES (School #5 Replacement)
DOE # / Project #:	1700-N22-22-1000 / 1700-N22-22-0BBX

Project Milestones	Date
School Occupancy Date	TBD

DELIVERY METHOD	Design/Build
------------------------	---------------------

<u>Real Estate Services</u>	Start	Est.	Act.	Finish	Est.	Act.
Feasibility	08/15/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	04/06/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Site Investigations	08/15/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	04/06/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Site Acquisition	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Relocation	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Existing School Demolition & Site Work	07/21/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	02/21/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Early Site Package	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Deed Restriction Required?	TBD	Date				
District Notified?	_____	<input type="checkbox"/>	<input type="checkbox"/>			
Classification Exception Area?	TBD					
District Notified?	_____	<input type="checkbox"/>	<input type="checkbox"/>			

Special Considerations

<u>Design:</u>	Date	Est.	Act.		Est.	Act.
Design Start (NTP)	05/26/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
	Start	Est.	Act.	Finish	Est.	Act.
Program Concept Phase	05/26/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/11/22	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Schematic Design	01/30/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	06/22/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bridging Documents	05/08/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	08/15/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Design-Build Bid/Award	06/23/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	12/28/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Design-Build NTP	12/28/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	01/25/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Design	01/25/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11/04/24	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

<u>Construction:</u>	Date	Est.	Act.
Construction Start (NTP)	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Substantial Completion (TCO)	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
School Occupancy Date	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Title Transfer	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Completion (C of O)	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Post Occupancy Walk Through	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Project Close-Out	TBD	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

**New Jersey Schools Development Authority
Project Charter - Project Budget**

Charter Date

11/02/22

District / Project Name: Garfield / New ES (School #5 Replacement)
DOE # / Project #: 1700-N22-22-1000 / 1700-N22-22-0BBX

2012 Capital Plan Funding Allocation \$ **80,180,000**

Special Considerations:

The project budget represented below is based upon the application of planning estimates to the current proposed project scope.

Project Budget:

Gross Building Area (GSF):		Grossing Factor:
New	125,000	1.55
Addition	0	
Renovation	0	
Total Gross Building Area (GSF):	125,000	
Estimated Building Cost / GSF		
New Construction Cost/GSF	\$410.40	
Renovation Cost/GSF		

Design-Builder Costs

Design	\$3,200,000
Building Costs	\$51,300,000
Site Development Costs	\$3,600,000
Allowances	\$1,000,000
Design Contingency	\$5,910,000
Construction Contingency	\$2,960,000
Total Construction Costs	\$67,970,000

Pre-Development Costs:

Consultant Services	\$410,000
ESP Existing School Demolition	\$1,200,000
Land Acquisition	\$0
Relocation	\$0
Property Maintenance/Carry Costs	\$0
Total Pre-Development Costs	\$1,610,000

Other Costs: %

Bridging Design Services	\$800,000
In-House Design & Project Management	\$2,200,000
PMF/CM	\$2,000,000
FF&E	\$2,300,000
Technology	\$2,200,000
Temporary Space	\$0
Other Costs	\$1,100,000
Total Other Costs	\$10,600,000

Other Funding Sources

Rebates & Refunds	\$0
District Local Share Funds	\$0
Total Other Funding Sources	\$0

Total Project Budget **\$80,180,000**

Funding from Prior Allocation **\$0**

Funding from 2022 Capital Plan **\$80,180,000**

**New Jersey Schools Development Authority
Project Budget Variance**

Charter Date

11/02/22

District / Project Name: Garfield / New ES (School #5 Replacement)
DOE # / Project #: 1700-N22-22-1000 / 1700-N22-22-0BBX

Project Budget:

	Capital Plan Estimate	Preliminary Charter	VARIANCE Fav/(Unfav)
Grossing Factor:	N/A	1.55	N/A
Gross Building Area (GSF):			
New	N/A	125,000	N/A
Addition	N/A	0	N/A
Renovation	N/A	0	N/A
Total Gross Area (GSF):	N/A	125,000	N/A
Design-Builder Costs			
Design	N/A	\$3,200,000	N/A
Building Costs	N/A	\$51,300,000	N/A
Site Development Costs	N/A	\$3,600,000	N/A
Allowances	N/A	\$1,000,000	N/A
Design Contingency	N/A	\$5,910,000	N/A
Construction Contingency	N/A	\$2,960,000	N/A
Total Construction Costs	N/A	\$67,970,000	N/A
Pre-Development Costs:			
Consultant Services	N/A	\$410,000	N/A
ESP Existing School Demolition	N/A	\$1,200,000	N/A
Land Acquisition	N/A	\$0	N/A
Relocation	N/A	\$0	N/A
Property Maintenance/Carry Costs	N/A	\$0	N/A
Total Pre-Development Costs	N/A	\$1,610,000	N/A
Other Costs:			
Bridging Design Services	N/A	\$800,000	N/A
In-House Design & Project Management	N/A	\$2,200,000	N/A
PMF/CM	N/A	\$2,000,000	N/A
FF&E	N/A	\$2,300,000	N/A
Technology	N/A	\$2,200,000	N/A
Temporary Space	N/A	\$0	N/A
Other Costs	N/A	\$1,100,000	N/A
Total Other Costs	N/A	\$10,600,000	N/A
Other Funding Sources			
Rebates & Refunds	N/A	\$0	N/A
District Local Share Funds	N/A	\$0	N/A
Total Other Funding Sources	N/A	\$0	N/A
Total Project Budget	N/A	\$80,180,000	N/A
Funding from Prior Allocation	\$0	\$0	\$0
Funding from 2022 Capital Plan	N/A	\$80,180,000	N/A

Budget Variance Analysis:

Resolution—6d.

Preliminary Project Charter
Garfield School District – New Elementary School
(Woodrow Wilson School No. 5 Replacement)

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or the Authority) requires that the Members of the Authority approve Preliminary Project Charters; and

WHEREAS, the Department of Education’s (DOE) 2019 Educational Facilities Needs Assessment (EFNA) identified overcrowding in grades Pre-K to 5 and 9 to 12 in the Garfield School District (District); and

WHEREAS, working with representatives of the District and DOE staff, SDA staff reviewed and validated overcrowding in the District’s grades Pre-K to 5 level; and

WHEREAS, on April 6, 2022, the Members of the Authority approved the 2022 SDA Strategic Plan Update and the first tranche of projects in the 2022 Capital Plan (Plan) for validation and advancement; and

WHEREAS, the Plan included a new replacement Pre-K to 5 elementary school project (Project) for the District to accommodate 700 students as an analysis of enrollment data confirmed the District’s capacity needs at the elementary grade level; and

WHEREAS, SDA management and staff are recommending a Project scope to address those needs; and

WHEREAS, discussions with the District and the DOE, in addition to validating District needs, identified the preferred Project location to be the District’s existing Woodrow Wilson School No. 5 (Wilson School) site; and

WHEREAS, SDA management and staff recommend that the Members of the Authority approve advancement of the Project and the proposed Preliminary Charter which details Project advancement recommendations including estimated costs and schedules for Project completion; and

WHEREAS, the Members of the Authority are further requested to authorize and approve management’s procurement of the professional and construction services necessary for this Project; and

WHEREAS, the estimated cost of \$80.5 million for the Project reflected in the Preliminary Project Charter includes all estimated costs necessary for the advancement of the planned Project scope; and

WHEREAS, with the Project completed, the District's capacity needs will be significantly, though not fully, addressed; and

WHEREAS, the SDA Operating Authority will govern the award of all professional services and construction contracts as well as the need for Board notification prior to utilization of any Project contingency monies; and

WHEREAS, the Project's background, recommended scope, delivery recommendations, and proposed budget are described in detail in the memorandum presented to the Board on this date and incorporated herein.

NOW, THEREFORE, BE IT RESOLVED, that the Members hereby authorize and approve the Preliminary Project Charter for the Garfield School District's New Elementary School (Woodrow Wilson School No. 5 Replacement) Project.

BE IT FURTHER RESOLVED, that the Members of the Authority authorize and approve management's procurement of the professional and construction services necessary for this Project.

BE IT FURTHER RESOLVED, that the SDA Operating Authority will govern the award of all professional services and construction contracts as well as the need for Board notification prior to utilization of any Project contingency monies.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Memorandum, Preliminary Project Charter, Garfield Public School District – New Elementary School -Woodrow Wilson School No. 5 Replacement, dated November 2, 2022

Dated: November 2, 2022

**Readoption with Amendments and New Rules: N.J.A.C. 19:39 Equal Employment Opportunity and
Affirmative Action Rules**



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Jane Kelly, Vice President, Corporate Governance and Legal Affairs
Cecelia Haney, Deputy Chief Counsel and Administrative Practice Officer

DATE: November 2, 2022

RE: Readoption with Amendments and New Rules: N.J.A.C. 19:39, Equal Employment Opportunity and Affirmative Action Rules

On May 4, 2022 the Members of the New Jersey Schools Development Authority (“Authority” or “SDA”) approved for proposal and publication a Notice of Proposal for Readoption of the Authority’s Equal Employment Opportunity and Affirmative Action Rules, N.J.A.C. 19:39, with substantive amendments and new rules. The Notice was published in the New Jersey Register on July 5, 2022.

Management of the Authority now seeks the Members’ approval to formally adopt the Rules as published in the New Jersey Register. The proposed Notice of Readoption with Amendments and New Rules is attached hereto, along with a copy of the Rules as proposed and published in the New Jersey Register.

Prior Regulatory History

The Notice of Proposal for Readoption of Chapter 39 with amendments and new rules was published in the July 5, 2022 edition of the New Jersey Register at 54 N.J.R. 1260(a). Publication of the Notice served to extend the expiration date for the existing rules by 180 days, to November 8, 2022.

The Notice of Proposal was published subject to a 60-day public comment period ending September 3, and the SDA received one comment in response. The comment did not necessitate any modifications in the Rules as proposed for readoption, and the comment is summarized and provided with the SDA’s response in the Notice of Adoption attached hereto. Accordingly, the form of the Rules has not changed from the original proposal as published in the Register.

Background

The Rules address the equal employment opportunity and affirmative action requirements applicable to construction contractors and goods and services contractors and consultants engaged by NJSDA pursuant to the school construction program, as well as the set-aside and subcontracting goals for small business entity participation. The Notice of Proposal included amendments and new rules intended to implement N.J.S.A. 52:32-31.1 et seq., which requires the Authority to set aside three percent of its total contracts for construction and goods and services for contracts or subcontracts to disabled veteran owned businesses. Other changes proposed to the existing Rules add or update statutory and regulatory definitions and references, update the names of forms issued by SDA and other state entities, and correct the names and website addresses of government entities with responsibility for affirmative action and equal employment opportunity goal setting and compliance monitoring. Further amendments serve to clarify provisions regarding monitoring of equal employment opportunity and affirmative action obligations, and provisions regarding the imposition of sanctions on firms that have failed to meet their obligations under this chapter.

Requested Board Action

The Members of the Authority are requested to approve the readoption of the Authority's Equal Employment Opportunity and Affirmative Action Rules with amendments and new rules, as well as the issuance of the attached Notice of Readoption, and the filing of the Notice with the Office of Administrative Law.

/s/ Jane F. Kelly

Jane F. Kelly, Vice President

Corporate Governance & Legal Affairs

Prepared by Cecelia Haney, Deputy Chief Counsel and Administrative Practice Officer

JFK/ceh

OTHER AGENCIES

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY

Equal Employment Opportunity and Affirmative Action Rules

Readoption with Amendments: N.J.A.C. 19:39

Adopted New Rules: N.J.A.C. 19:39-2.6 and 2.8

Proposed: July 5, 2022, at 54 N.J.R. 1260(a)

Adopted: October 5, 2022, by the New Jersey Schools Development Authority, Manuel M. Da Silva, Chief Executive Officer.

Filed: DATE, as R. 2022 d. ____, **without change**.

Authority: P.L. 2000, c. 72 (N.J.S.A. 18A:7G-1 et seq.) and P.L. 2007, c. 137 (N.J.S.A. 52:18A-235 et seq., specifically, 52:18A-238.k and 52:18A-240).

Effective Date: [PUBLICATION DATE]

Expiration Date: [PUBLICATION DATE +7 yrs]

Summary of Public Comment and Agency Response: The official comment period ended September 3, 2022. The New Jersey Schools Development Authority (“Authority”) received a single comment which is summarized below.

COMMENT: The Authority received a comment from Jean Public that criticized the funding of programs for small business entities, women-owned business entities, minority-owned business entities and disabled veteran-owned business entities.

RESPONSE: The Authority interprets the comment to refer to the readoption and amendment of N.J.A.C. 19:39-5.1(c) to include disabled veteran owned businesses in the categories of business entities that can participate in Authority-sponsored training programs funded pursuant to

N.J.S.A. 52:38-7. N.J.A.C. 19:39-5.1(c) permits the Authority to utilize funds allocated pursuant to N.J.S.A. 52:38-7 to create a training program to assist existing New Jersey small business entities (SBE), women-owned business entities (WBE), minority-owned business entities (MBE) and now disabled veteran-owned businesses (DVOB) in trades or professions related to school facilities project design, management, and construction to further develop their business practices, become familiar with SDA contracting and procurement requirements, and to secure SDA prequalification to participate in SDA procurements. N.J.A.C. 19:39-1.2 provides the definition of these terms used as abbreviations at N.J.A.C. 19:39-5.1(c). The authorization to allocate the funds used to create these programs is statutory, and the Authority's inclusion of disabled veteran owned businesses in the categories of businesses that can benefit from such training is consistent with the Authority's obligations to meet contractual goals and set-asides for disabled veteran owned businesses under N.J.S.A. 52:32-31.1 et seq. The Authority disagrees with the commenter's criticism, and no modification of the rules as proposed will be made in response to this comment.

Federal Standards Statement

The rules proposed for readoption with amendments and new rules implement State statutes, specifically N.J.S.A. 18A:7G-1 et seq., 52:18A-235 et seq., and 52:32-31.1 et seq. There are no Federal standards or requirements applicable to the rules proposed for readoption with amendments and new rules. A Federal standards analysis, therefore, is not required.

Full text of the readopted rules can be found in the New Jersey Administrative Code at N.J.A.C. 19:39.

Full text of the adopted amendments and new rules follows:

TEXT

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required because the rules proposed for readoption impose requirements on convicted offenders to provide a DNA sample and on governmental agencies that perform collection and analysis of the DNA samples. The rules proposed for readoption do not impose reporting, recordkeeping, or other compliance requirements on small businesses as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq.

Housing Affordability Impact Analysis

The rules proposed for readoption do not impact on the affordability of housing in New Jersey. Additionally, the rules proposed for readoption do not change the average costs associated with housing because the rulemaking concerns the collection and use of DNA from convicted offenders in the criminal justice system.

Smart Growth Development Impact Analysis

The rules proposed for readoption do not have an impact on housing production in Planning Areas 1 and 2, or within designated centers, under the State Development and Redevelopment Plan because the rulemaking concerns the collection and use of DNA from convicted offenders in the criminal justice system.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The rules proposed for readoption do not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. The rules proposed for readoption simply govern the methods of obtaining DNA Act information from the State database and CODIS and procedures for verification of the identity and authority of the requester. Accordingly, no further analysis is required.

Full text of the rules proposed for readoption may be found in the New Jersey Administrative Code at N.J.A.C. 13:81.

OTHER AGENCIES**(a)****NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY****Equal Employment Opportunity and Affirmative Action Rules****Proposed Readoption with Amendments: N.J.A.C. 19:39****Proposed New Rules: N.J.A.C. 19:39-2.6 and 2.8**

Authorized By: New Jersey Schools Development Authority,
Manuel M. Da Silva, Chief Executive Officer.

Authority: P.L. 2000, c. 72 (N.J.S.A. 18A:7G-1 et seq.) and P.L. 2007, c. 137 (N.J.S.A. 52:18A-235 et seq., specifically, 52:18A-238.k and 52:18A-240).

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2022-089.

Submit written comments by September 3, 2022, to:

Cecelia Haney, Administrative Practice Officer
New Jersey Schools Development Authority
PO Box 991
Trenton, NJ 08625-0991
chaney@njsda.gov

The agency proposal follows:

Summary

The New Jersey Schools Development Authority (“Authority” or “SDA”) proposes to readopt, with amendments N.J.A.C. 19:39, Equal Employment Opportunity and Affirmative Action Rules (Rules). Chapter 39, which governs the SDA’s equal opportunity and affirmative action program, was previously readopted by the SDA with amendments

effective May 12, 2015, and was scheduled to expire on May 12, 2022. As the SDA submitted this notice of proposal to the Office of Administrative Law prior to that date, the expiration date was extended 180 days to November 8, 2022, pursuant to N.J.S.A. 52:14B-5.1.c(2). The SDA has reviewed Chapter 39 and has determined that, with the addition of the proposed amendments and new rules, this chapter remains adequate, reasonable, and necessary for the purposes for which it was originally promulgated, which is to ensure that construction contractors and goods and services contractors comply with affirmative action requirements and employment goal obligations in connection with the SDA’s school facilities projects.

As the SDA has provided a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

A summary of the proposed substantive amendments and new rules follows.

N.J.A.C. 19:39-1.1 Purpose

This section, which sets forth the purpose of this chapter, has been proposed for readoption with amendments to implement N.J.S.A. 52:32-31.1 et seq., which requires the Authority to set aside three percent of its total contracts for construction and goods and services for contracts or subcontracts to disabled veteran-owned businesses.

N.J.A.C. 19:39-1.2 Definitions

This section sets forth the meaning of the words and terms used throughout this chapter. Proposed amendments to the section include changes to previously defined terms, the addition of new terms, and the deletion of a definition rendered obsolete by the proposed amendments, as set forth below:

The following new terms have been added “affirmative action,” “affirmative action plan,” “affirmative action program,” “Certificate of Employee Information Report,” “contractor,” “Department,” “disabled veteran-owned business,” “disabled veterans’ business set-aside contract,” and “subcontractor.”

The following terms are proposed for amendment: “Division,” which is proposed for amendment to correctly identify the Division of Purchase and Property Contract Compliance Audit Unit, Equal Employment Opportunity/Affirmative Action Monitoring Program, established in the State of New Jersey, Department of the Treasury, or successor entity, as the entity responsible for monitoring the EEO/AA compliance of goods and services (including professional services) vendors and public agencies, respectively. “Employee Information Report,” which is proposed for amendment to clarify that the form is issued by the Division and to delete reference to the Division’s form number. “Good faith,” which is proposed for amendment to reference the contractors’ obligations to provide contracting opportunities for disabled veteran-owned business (DVOB) entities, pursuant to N.J.A.C. 19:39-2.7. “Initial Project Workforce Report,” which means SDA’s Form AA-201, and is proposed for amendment to change the title of the document from “Report” to “Form” in order to correctly reference the document that provides a projected breakdown of the number of all workers per trade and of minorities and women on a construction project. “Monthly Project Workforce Report,” which means SDA’s Form AA-202, and which is proposed for amendment to change the title of the document to “Monthly Workforce Tracking Report,” in order to correctly reference the name of the document that provides an analysis of a contractor’s and its subcontractors’ workforce. “SBE Form A-Schedule of Participation,” which refers to SDA’s form that is to be completed by a contractor awarded a contract by the Authority and requires the listing of all of the small business enterprises (SBEs) that will participate in the contract, is proposed for amendment to change the name of the document to “SBE DVOB Participation Form” and to require the identification of all SBE and DVOB firms that will participate in the contract, in order to reference the DVOB participation obligations of the contractor. “SBE Form C-Confirmation of SBE Status,” which refers to the SDA’s form that is to be completed by a proposed subcontractor or goods and services provider that has been named in a construction or goods and services contractor’s SBE DVOB Participation Form, and which identifies the subcontractor or goods and services provider as a proposed SBE or DVOB on said school

facilities project and which is proposed for amendment to change the name of the document to “SBE DVOB Confirmation Form,” which refers to the form completed by a proposed subcontractor or goods and services provider that has been named in a construction or goods and services contractor’s SBE DVOB Participation Form, to reference the DVOB participation obligations of the contractor.

“SBE Form B-Schedule of Participation,” which referred to a form used to indicate SBE participation only in the context of a goods and services contract, is proposed for deletion as the form referred to, which was only utilized for goods and services contracts, has been rendered obsolete in favor of using the “SBE DVOB Participation Form” to indicate SBE and DVOB entity participation in either goods and services contracts or construction contracts.

N.J.A.C. 19:39-1.3 Application

This section, regarding application of this chapter, has been proposed for readoption without amendment.

N.J.A.C. 19:39-2.1 Affirmative Action and Small Business Compliance

This section is proposed for readoption with amendments to reflect inclusion of set-aside requirements for disabled veteran-owned businesses pursuant to N.J.S.A. 52:32-31.1 et seq. Amendments are proposed to reflect DVOB participation in construction and goods and services contracts, and to update the titles of various forms.

N.J.A.C. 19:39-2.2 Contract Provisions

This section, which concerns mandatory affirmative action and employment goal compliance language for goods and services contracts and construction contracts, is proposed for readoption without amendment.

N.J.A.C. 19:39-2.3 Compliance with Affirmative Action Employment Goals for Minority and Women Workers by Goods and Services Contractors

This section, which concerns county affirmative action employment goals for goods and services contracts is proposed for readoption with amendments to correctly specify the website address for the published county employment goals.

N.J.A.C. 19:39-2.4 Compliance with Affirmative Action Employment Goals for Minority and Women Workers by Construction Contractors

This section, which concerns county affirmative action employment goals for construction contracts is proposed for readoption with amendments to correctly specify the State entity responsible for developing and publishing the employment goals and the website address for the published county employment goals.

N.J.A.C. 19:39-2.5 Set-Asides and Goals for SBE Contractors on School Facilities Projects

This section, which concerns the set-aside and subcontracting requirements for contracts relating to school facilities projects, is proposed for readoption without amendment.

Proposed New N.J.A.C. 19:39-2.6 Set-Asides and Goals for DVOB Contractors on School Facilities Projects

This new section is proposed to recognize and implement the DVOB set-aside and subcontracting requirements to be applied to SDA construction contracts and goods and services contracts pursuant to N.J.S.A. 52:32-31.1 et seq.

N.J.A.C. 19:39-2.6 Good Faith Efforts

This section is proposed for readoption with amendments to recodify the section and change the heading of the section to “good faith efforts with respect to SBE goals” and to make changes in the text throughout the section to specifically reference the actions and activities that constitute good faith efforts to comply with small business set-asides and subcontracting goals on school facilities projects, as distinguished from efforts to comply with DVOB goals, which will be addressed at proposed new N.J.A.C. 19:39-2.8.

Proposed new N.J.A.C. 19:39-2.8 Good Faith Efforts with Respect to DVOB Goals

This proposed new section addresses the actions and activities that constitute good faith efforts to comply with DVOB set-asides and subcontracting goals on school facilities projects.

N.J.A.C. 19:39-3.1 Monitoring Workforce Affirmative Action Compliance and Procedures

This section, which addresses the procedures for monitoring vendor compliance with workforce affirmative action goals, is proposed for readoption with amendments. Subsection (b) is proposed for amendment to indicate that SDA compliance officers may “request to” enter a contractor’s business or manufacturing facility or construction site, as distinguished from exercising authority to enter such sites at will. Subsection (c) is proposed for amendment to make SDA, as a whole, responsible for undertaking investigations of contractor compliance, rather than resting this obligation solely on the SDA compliance officer. Subsections (d) and (e) are proposed for amendment to insert the word “alleged” before the term “violation” and “violation,” respectively, to acknowledge that determination of non-compliance with EEO/AA employment goals is subject to investigation and dependent on evidence of failure to make good faith efforts towards compliance.

N.J.A.C. 19:39-3.2 Sanctions

This section, which addresses available actions that may be taken as sanctions or penalties for failure to make good faith efforts to comply with the affirmative action and equal employment opportunity goals and small business and disabled veteran-owned business set-asides and subcontracting goals required pursuant to this chapter, is proposed for readoption with amendments. Proposed amendments include adding the words “as applicable” before the list of actions available as sanctions for failure to demonstrate good faith compliance with the requirements of this chapter, and changing the language at paragraph (a)3 from “may” to “will,” to indicate that the imposition of a reduction in the contractor’s compensation will only be implemented through withholding future payment amounts otherwise payable to the contractor or retention of retainage amounts, and through no other methods.

N.J.A.C. 19:39-4.1 Subcontractor Replacement on School Facilities Projects

This section, which prohibits the replacement of subcontractors named to satisfy a set-aside or subcontracting goal, is proposed for readoption with amendments to implement the DVOB set-aside and subcontracting goals at N.J.S.A. 52:32-31.1 et seq.

N.J.A.C. 19:39-5.1 Training Programs

This section, which addresses the funding of training programs pursuant to N.J.S.A. 52:38-7 for training and scholarship programs for minority group members and women in preparation for construction trade occupations or other occupations, including engineering and construction management profession, is proposed for readoption with amendments to align the language of the section with the specific funding parameters at N.J.S.A. 52:38-7 (clarifying applicability to contracts in excess of \$1,000,000), and to incorporate DVOB firms into the other training programs to be developed and undertaken by the SDA pursuant to this section.

Social Impact

The SDA believes that the rules proposed for readoption with amendments and new rules will have a positive social impact and that no negative impact will result. Small business enterprises and disabled veteran-owned businesses will benefit through the enhancement of State contracting opportunities. Women and minority group members will benefit from equal employment opportunities in contracts for school facilities projects.

Economic Impact

The rules proposed for readoption with amendments and new rules will have a positive economic impact on the long-term economic growth of the State of New Jersey because the training opportunities provided for pursuant to this chapter for minorities and women will help ameliorate the shortage of skilled workers in the construction industry. The rules

proposed for readoption with amendments and new rules are also expected to improve the health and vitality of disabled veteran-owned businesses and small businesses by increasing their opportunities to qualify for set-aside contracting and increasing the opportunity for them to compete for State contracts. Monetary sanctions are also available as an option in the event of a contractor's noncompliance with its good faith obligations and/or with the requirements set forth in the rules proposed for readoption with amendments and new rules.

The requirements of this chapter do not impose additional administrative and substantive compliance requirements on contractors and subcontractors beyond existing requirements of the affirmative action rules promulgated by the Department of the Treasury, Division of Contract Compliance and Equal Employment Opportunity in Public Contracts, N.J.A.C. 17:27.

Federal Standards Statement

The rules proposed for readoption with amendments and new rules implement State statutes, specifically N.J.S.A. 18A:7G-1 et seq., 52:18A-235 et seq., and 52:32-31.1 et seq. There are no Federal standards or requirements applicable to the rules proposed for readoption with amendments and new rules. A Federal standards analysis, therefore, is not required.

Jobs Impact

The rules proposed for readoption with amendments and new rules establish the SDA's affirmative action and small-business participation and disabled veteran-owned business participation requirements for contracting and detail the SDA's training efforts to increase participation by small businesses, women, and minority group members in contracting trades and related professions. As a result of the rules proposed for readoption with amendments and new rules, more New Jersey citizens and businesses will become eligible to participate in State contracting opportunities. Thus, to the extent that the rules proposed for readoption with amendments and new rules have an effect on jobs, it will be to create jobs in New Jersey, primarily in the construction, consulting, and service sectors, rather than eliminate positions.

Agriculture Industry Impact

The rules proposed for readoption with amendments and new rules will have no impact on the agriculture industry.

Regulatory Flexibility Analysis

The compliance, reporting, and recordkeeping requirements set forth throughout Subchapter 2 of these rules proposed for readoption with amendments and new rules and discussed in the Summary above, which are imposed on construction and goods and services contractors, some of which are small businesses as defined under the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., are the minimum requirements in order to comply with the Department of the Treasury rules and Executive Order No. 71 (2003), and are the same requirements that apply to all contractors in connection with a project managed by the SDA. The costs required to comply with the reporting, recordkeeping, and compliance requirements are discussed in the Economic Impact above. There are no initial capital costs required to comply with the rules proposed for readoption with amendments and new rules. The SDA does not believe it will be necessary to use professional services to comply with the rules proposed for readoption with amendments and new rules.

Housing Affordability Impact Analysis

The rules proposed for readoption with amendments and new rules address the affirmative action requirements for the SDA's contracting and, therefore, will not have an impact on the affordability of housing or evoke a change in the average costs associated with housing in the State of New Jersey because the rules proposed for readoption with amendments and new rules concern contracting with disabled veteran-owned businesses and contracting with businesses employing women and other minorities.

Smart Growth Development Impact Analysis

The rules proposed for readoption with amendments and new rules govern the SDA's affirmative action requirements for the schools' construction program. The rules proposed for readoption with amendments and new rules will have no impact on smart growth

development because the scope of the regulation is minimal, and because it is extremely unlikely that the readoption of the rules with amendments and new rules would evoke a change in the average price or availability of housing in the State of New Jersey, and unlikely that the rules proposed for readoption with amendments and new rules would in any way affect new construction in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan because the rules proposed for readoption with amendments and new rules concern contracting with disabled veteran-owned businesses and contracting with businesses employing women and other minorities.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

As the rules proposed for readoption with amendments with new rules govern the small business participation, disabled veteran-owned business participation, equal employment opportunity, and affirmative action requirements applicable to construction contractors and goods and services contractors engaged by SDA in furtherance of SDA's school construction program, the rules proposed for readoption with amendments and new rules will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

Full text of the rules proposed for readoption may be found in the New Jersey Administrative Code at N.J.A.C. 19:39.

Full text of the proposed amendments and new rules follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

SUBCHAPTER 1. GENERAL PROVISIONS

19:39-1.1 Purpose

The purpose of this chapter is to implement section 6 of the Act, which mandates the adoption of rules to establish and provide for the administration and enforcement of an affirmative action program for the schools construction program. In addition, this chapter implements Executive Order No. 71 (2003), which requires the Authority to set aside 25 percent of its total purchases and contracts for construction and goods and services for small business enterprises; **N.J.S.A. 52:32-31.1 et seq., which requires the Authority to set aside three percent of its total contracts for construction and goods and services for disabled veteran-owned businesses**; and, in accordance with Executive Order No. 34 (2006), encourages every construction contractor and goods and services contractor to afford equal opportunity for minority- and women-owned business enterprises to participate in the purchasing and procurement opportunities available through the schools construction program.

19:39-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

...
"Affirmative action" whether used separately, or in combination with other words or phrases (including, but not limited to, "program," "equal employment opportunity," and "EEO/AA"), means good faith steps taken to ensure equal opportunity employment for women and minority workers, but does not include, employment quota, except where otherwise permitted and appropriate under applicable law.

"Affirmative action plan" means an outline of the steps a contractor or vendor will implement to achieve equal employment opportunity and affirmative action and/or to correct its equal employment and affirmative action deficiencies.

"Affirmative action program" means a program that complies with the provisions at N.J.A.C. 17:27-4 or 6.

...
"Certificate of Employee Information Report" means the certificate issued by the Division upon the initial receipt of a properly completed employee information report from a vendor, including professional services contractors.

...

“Contractor” means a firm that enters into, or offers to enter into, a construction or goods and services contract with the Authority. The term also includes consultants, non-profits, and providers of professional services.

“Department” means the Department of Labor and Workforce Development, Construction Equal Opportunity Monitoring Program. The Department is responsible for monitoring the EEO/AA compliance of construction contractors.

“Disabled veteran-owned business” or “DVOB” means a business that has its principal place of business in the State, is independently owned and operated, and at least 51 percent of which is owned and controlled by persons who are disabled veterans or a business that has its principal place of business in this State and has been officially verified by the United States Department of Veterans’ Affairs as a service disabled veteran-owned business for the purposes of Federal contracts pursuant to Federal law.

“Disabled veterans’ business set-aside contract” means a contract for goods, equipment, construction, or services that is designated as a contract with respect to which bids are invited and accepted only from disabled veterans’ businesses, or a portion of a contract when that portion has been so designated.

“Division” means the Division of [Public] Purchase and Property Contracts [Equal Employment Opportunity] Compliance Audit Unit, Equal Employment Opportunity/Affirmative Action Monitoring Program, established in the State of New Jersey, Department of the Treasury, or successor entity. The Division is responsible for monitoring the EEO/AA compliance of goods and services (including professional services) vendors and public agencies, respectively.

“Employee Information Report” means [Form AA302, or successor form, which] the Division form that provides a breakdown of the goods and services contractor’s workforce.

“Firm” means any association, company, contractor, corporation, joint stock company, limited liability company, partnership, sole proprietorship, or other business entity, including their assignees, lessees, receivers, or trustees.

“Good faith” means with respect to goods and services contractors’ obligations pursuant to N.J.A.C. 19:39-2.3, the actions set forth [in] at N.J.A.C. 19:39-2.3(c); with respect to construction contractors’ obligations pursuant to N.J.A.C. 19:39-2.4, the actions set forth [in] at N.J.A.C. 19:39-2.4(b); [and,] with respect to contractors’ obligations pursuant to N.J.A.C. 19:39-2.5, the actions set forth [in] at N.J.A.C. 19:39-[2.6]2.7; and, with respect to contractors’ obligations pursuant to N.J.A.C. 19:39-2.6, the actions set forth at N.J.A.C. 19:39-2.8.

...
 “Initial Project Workforce [Report] Form” means SDA’s Form AA-201, which is filed by the construction contractor and provides a projected breakdown of the number of all workers per trade and of minorities and women on a construction project.

...
 “Monthly [Project] Workforce Tracking Report” means SDA’s Form AA-202, which provides an analysis of a contractor’s and its subcontractors’ workforce.

...
 “SBE DVOB Participation Form [A--Schedule of Participation” or “Form A”] means the SDA form completed by [the construction] a contractor awarded a contract by the Authority that lists all of the SBEs and DVOBs that will participate in the contract, including scope of work, actual dollar amount, and percent of total contract to be performed.

[“SBE Form B--Schedule of Participation” or “Form B” means the form completed by a goods and services contractor awarded a contract by the Authority that lists all of the SBEs that will participate in the contract, including the scope of work, actual dollar amount and percent of total contract to be performed.]

“SBE DVOB Confirmation Form” [C--Confirmation Statement of SBE Status” or “Form C”] means the SDA form completed by a proposed subcontractor or goods and services provider that has been named in a construction or goods and services contractor’s SBE DVOB Participation Form [A or Form B, respectively], which identifies the subcontractor or goods and services provider as a proposed SBE or DVOB on said school facilities project, specifies the subcontract bid

amount, and attaches a current and valid copy of that subcontractor’s or goods and services provider’s SBE or DVOB registration form issued by the Department of the Treasury, Division of Revenue and Enterprise Services, or successor agency.

...
 “Subcontractor” means a third party that is engaged by a contractor to perform, pursuant to a subcontract, all or part of the work included in a public agency contract.

“Subcontractor Projection [Report] Form” or “Form [201A] AA201a” means the SDA form completed by the construction contractor awarded a contract by the Authority that provides information concerning each of the subcontractors that will participate in the contract, including a Federal identification number and status as an MBE, WBE, and/or SBE.

...
 19:39-2.1 Affirmative action, [and] small business, and disabled veteran-owned business compliance

- (a) (No change.)
- (b) Every construction contractor shall complete and submit the following forms at the times specified by the SDA in the procurement or contract documents for the construction contract:

1. An SBE DVOB Participation Form [A], together with all SBE DVOB Confirmation Forms [C];
2. An [initial project workforce report] Initial Project Work Force form, Form AA-201;
3. A [subcontractor projection report] Subcontractor Projection form, Form [AA-201A] AA-201a;
4. A [monthly project workforce report] Monthly Workforce Tracking Report, Form AA-202; and
5. (No change.)

(c) Every goods and services contractor shall submit to the Authority an SBE DVOB Participation Form [B] and an SBE DVOB Confirmation Form [C], at the times specified by the SDA, as well as one of the following documents:

1. A [Letter] letter of approval that the contractor is operating under an existing [Federally-approved] Federally approved or sanctioned affirmative action program;
- 2.-3. (No change.)
- (d) If a contractor fails to satisfy the requirements at (b)1 or (c) above, as applicable, the Authority shall rescind the award of contract to the firm.
- (e) (No change.)

19:39-2.2 Contract provisions
 (a)-(b) (No change.)
 (c) Notwithstanding the mandatory subcontract language required [in] at (b)1 above, if a subcontractor has a total workforce of four or fewer employees or is performing under an existing [Federally-approved] Federally approved or sanctioned affirmative action program, the subcontract need only include the mandatory language set forth [in] at N.J.A.C. 17:27-3.6(a)2iv.

19:39-2.3 Compliance with affirmative action employment goals for minority and women workers by goods and services contractors

- (a) (No change.)
- (b) A goods and services contractor will be considered to be in compliance with this chapter only if the contractor has acted in good faith to employ minority and women workers in each of the equal employment occupational categories in which the contractor has employees, in accordance with the applicable county employment goals, as established by the Division in accordance with N.J.A.C. 17:27-5.2, as updated from time to time by the Division, and posted on [its] the State website at [\[www.state.nj.us/treasury/contract-compliance/pdf/procurement_targets.pdf\]](http://www.state.nj.us/treasury/contract-compliance/pdf/procurement_targets.pdf) www.nj.gov/treasury/contract-compliance/documents/pdf/guidelines/procurement-targets.pdf.
- (c) (No change.)

19:39-2.4 Compliance with affirmative action employment goals for minority and women workers by construction contractors

- (a) A construction contractor shall make good faith efforts to employ minority and women workers in each construction trade consistent with the applicable employment goals prescribed [by] at N.J.A.C. 17:27-

[7.3]7.2, as updated from time to time by the [Division] **Department of the Treasury** and posted [at its] **on the State** website at [www.state.nj.us/treasury/contract-compliance/goals_construction_contractors.pdf] [www.nj.gov/treasury/contract-compliance/documents/pdf/guide_lines/construction_targets.pdf]. The goals are expressed as percentages of the total hours worked on the school facilities project in each trade. The SDA will make these goals available as part of each construction contract.

(b)-(c) (No change.)

(d) The SDA may, in its discretion, exempt a contractor from compliance with the good faith procedures prescribed [by] **at** (b)1, 2, and 3 above, as long as the SDA is satisfied that the contractor is employing workers provided by a union, which provides evidence, in accordance with standards prescribed by the Division, that its percentage of active “card carrying” members who are minority and women workers is equal to or greater than the applicable employment goal established pursuant to N.J.A.C. 17:27-[7.3]7.2 and the contractor agrees to otherwise comply with the procedures set forth in this chapter.

19:39-2.6 Set-asides and goals for DVOB contractors on school facilities projects

(a) **At the time of each school facilities project advertisement, the Authority shall announce the DVOB requirements for the contract, and a construction contractor or goods and services contractor shall be required to make a good faith effort to comply fully with the DVOB subcontracting goals.**

(b) **The SDA may set aside a school facilities construction or goods and services contract for a DVOB contractor, whenever there is a reasonable expectation that bids or proposals may be obtained from at least three qualified DVOB firms capable of providing the desired services. The designation shall be made prior to advertisement for bids.**

(c) **When practicable, the SDA will issue several smaller contracts, in place of one large contract, in order to increase the ability of DVOBs to bid on school facilities projects.**

19:39-[2.6]2.7 Good faith efforts with respect to SBE goals

(a) The good faith efforts of contractors to meet the 25 percent SBE **subcontracting** goal on school facilities projects shall include, but not be limited to, the following measures:

1. Sending solicitation letters to SBE firms registered with the Division of Revenue and Enterprise Services and to pre-qualified SBE firms on [a list that is available from] the SDA’s [website] **vendor directory accessible at www.njsda.gov;**

2. Making follow-up telephone calls to firms solicited [in (a)] **at (a)1** above, and keeping a log of such calls and responses;

3. (No change.)

4. Contacting **small business groups and** community groups[, including, but not limited to, groups listed by the SDA for this purpose,] for assistance in identifying SBE firms;

5.-7. (No change.)

(b) (No change.)

19:39-2.8 Good faith efforts with respect to DVOB goals

(a) **The good faith efforts of contractors to meet the three percent DVOB subcontracting goal on school facilities projects shall include, but not be limited to, the following measures:**

1. Sending solicitation letters to DVOB firms registered with the Division of Revenue and Enterprise Services and DVOB firms listed in the SDA vendor directory accessible at www.njsda.gov;

2. Making follow-up telephone calls to firms solicited at (a)1 above, and keeping a log of such calls and responses;

3. **Breaking the work into smaller subcontracts, to make it easier for DVOB firms to compete;**

4. **Contacting relevant veterans’ groups and other community groups for assistance in identifying DVOB firms;**

5. **Placing advertisements in local newspapers, construction trade letters, magazines, or special publications aimed at DVOB firms;**

6. **Negotiating in good faith with interested DVOB subcontractors, so as not to disqualify a prospective subcontractor without good cause; and**

7. Assisting potential DVOB subcontractor firms by acting as a reference for the subcontractor, or by referring the subcontractor to the surety agent or bank officer of the contractor or consultant to satisfy bonding, insurance, or credit requirements.

SUBCHAPTER 3. ENFORCEMENT

19:39-3.1 Monitoring workforce affirmative action compliance and procedures

(a) (No change.)

(b) The SDA’s compliance inspector shall conduct on-site visits and/or attend project meetings and, at reasonable times and in a reasonable manner, **may request** to enter the contractor’s business facility or construction project site for the purpose of determining whether the contractor is complying with its affirmative action plan and is otherwise in compliance with the procedures set forth in this chapter.

(c) The [SDA’s compliance inspector] **SDA** may investigate to determine if there is a violation of this subchapter or a contractor’s affirmative action plan. If the SDA determines there is substantial probability that a violation is occurring, SDA may issue a written alert notice to a contractor. The written alert notice shall provide details of the alleged violation.

(d) (No change.)

(e) After SDA’s issuance of a notice of violation, the alleged violator shall submit, within seven business days, a written statement explaining why it is not in violation of this subchapter or the affirmative action plan or an explanation of how it will correct any such violation. **The SDA** shall review the written statement, and if the SDA determines that the **alleged** violator has not adequately explained why it is not in violation or determines that the violation is continuing to occur, then SDA shall conduct an investigatory conference to determine whether there is a violation and/or if corrective measures must be taken. The conference may also be conducted to discuss and resolve issues before taking any action pursuant to N.J.A.C. 19:39-3.2. Such investigatory conference shall be conducted within 30 business days of the contractor’s submission of its written statement. The conference may involve interviews of relevant parties and **the SDA** may request from appropriate parties the submission of additional information as is considered necessary to determine whether the alleged violation has occurred.

19:39-3.2 Sanctions

(a) If the SDA determines that either a goods and services or construction contractor is in violation of this chapter or its affirmative action plan, SDA shall enforce the obligations of this chapter and the requirements of the affirmative action plan by any or all of the following actions, **as applicable:**

1.-2. (No change.)

3. Reduce the contractor’s compensation by a maximum of one and one-half percent of the contract price if the contractor is found not to have in good faith satisfied the hiring requirements set forth in the contract, because the SDA cannot and will not pay for contractual services that are not performed or contractual obligations that are not met. This reduction in the contract price [may] **will** be effectuated either by the withholding of all or part of future payments to the contractor or by a reduction in the amount of retainage otherwise due for release to the contractor under the contract;

4.-5. (No change.)

SUBCHAPTER 4. SUBCONTRACTOR REPLACEMENT

19:39-4.1 Subcontractor replacement on school facilities projects

(a) A construction or goods and services contractor shall not replace an SBE **or DVOB** subcontractor, except where such contractor is in breach of its subcontract and the SDA has provided the contractor its prior written consent to the replacement.

(b) (No change.)

(c) The contractor shall make a good faith effort to find another SBE **or DVOB firm, as applicable**, to perform at least the same amount of work as had been allocated to the original SBE **or DVOB** subcontractor.

SUBCHAPTER 5. WORKFORCE TRAINING

19:39-5.1 Training programs

(a) Pursuant to P.L. 2009, c. 313 (N.J.S.A. 52:38-7), the SDA shall allocate **an amount equal to** one half of one percent of [capital funds for approved] **the value of school facilities contracts in excess of \$1,000,000 that are pertinent to construction, design, and management of school facilities** projects, to fund training and scholarship programs for minority group members and women in preparation for construction trade occupations or other occupations, including engineering and construction management professions[, that are pertinent to construction, design, and management of school facilities projects].

(b) (No change.)

(c) The SDA shall further utilize the funds pursuant to (a) above to create an [SBE/WBE/MBE] **SBE/WBE/MBE/DVOB** training program to assist existing New Jersey [SBE/WBE/MBE] **SBE/WBE/MBE/DVOB** entities in trades or professions related to school facilities project design, management, and construction to further develop their business practices, become familiar with SDA contracting and procurement requirements, and to secure SDA prequalification to participate in SDA procurements.

(d) To the extent practicable, the services provided pursuant to this section shall be coordinated with apprenticeship training provided [under] **pursuant to N.J.S.A. 18A:7G-38.**

Resolution—6e.

Re-adoption with Amendments and New Rules: N.J.A.C. 19:39, Equal Employment Opportunity and Affirmative Action Regulations

Resolution

WHEREAS, on May 4, 2022, the Members of the New Jersey Schools Development Authority (Authority or SDA) approved for proposal and publication in the New Jersey Register (Register) a Notice of Proposal (Notice) for Re-adoption of the Authority's Equal Employment Opportunity and Affirmative Action Rules, N.J.A.C. 19:39, with substantive amendments and new rules (Rules); and

WHEREAS, the Rules address the Equal Employment Opportunity (EEO) and affirmative action requirements applicable to construction and goods and services contractors and consultants engaged by SDA, as well as the set-aside and subcontracting goals for small business entity participation; and

WHEREAS, the Notice was published in the Register on July 5, 2022 subject to a 60-day public comment period ending September 3, 2022; and

WHEREAS, the Rules are presented for Re-adoption unchanged from the original proposal as published in the Register; and

WHEREAS, the memorandum presented to the Board on this date describes the Rules' background and prior regulatory history, and sets forth in detail the amendments and new rules proposed for final adoption as well as the requested Board action; and

WHEREAS, SDA management requests that the Members of the Authority approve the formal adoption of the Rules as published in the Register and authorize the issuance of the proposed Notice of Re-adoption with Amendments and new Rules and their filing in the New Jersey Register.

NOW, THEREFORE, BE IT RESOLVED, that, consistent with the memorandum presented to the Board on this date, the Members of the Authority hereby authorize and approve the proposed Re-adoption of the Authority's Equal Opportunity and Affirmative Action Rules with amendments and new rules, along with the issuance of the associated Notice of Re-adoption, and the filing of the same with the Office of Administrative Law.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Memorandum, Re-adoption with Amendments and New Rules: N.J.A.C. 19:39, Equal Employment Opportunity and Affirmative Action Regulations, dated November 2, 2022

Dated: November 2, 2022

Approval of Awards - Furniture, Fixtures and Equipment - GP-0278-F01

**MEMORANDUM**

TO: Members of the Authority

FROM: Sean Murphy
Managing Director, Procurement

RE: District: Statewide
Description: Furniture, Fixtures and Equipment
Package No.: GP-0278-F01
Award: \$60,000,000 (aggregate Not-to-Exceed amount)

DATE: November 2, 2022

SUBJECT: Approval of Awards for Furniture, Fixtures and Equipment

INTRODUCTION

The NJSDA previously procured term contracts for the manufacture, delivery and installation of furniture, fixtures and equipment (“FF&E”) in 2004, 2007, 2012, 2016 and 2019. Since the current contracts will expire in April 2023, the Members of the Authority are requested to approve the award of contracts to a new pool of nineteen (19) furniture manufacturing firms. The FF&E from the various firms will form the content of a "catalog" of available items for selection by school district officials to furnish and equip schools constructed or renovated by the NJSDA. NJSDA staff meet with school district officials to facilitate the FF&E selection process. Once FF&E selections are determined by the school district, the NJSDA issues purchase orders to the applicable FF&E vendors. These contracts are for a three-year term with an option to extend for one additional year at the sole discretion of the NJSDA. The total not-to-exceed amount for this procurement, including all awardees, is \$60,000,000.

Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended March 7, 2012, Board approval is required for the award of goods and services contracts greater than \$100,000.

PROCUREMENT PROCESS

In accordance with NJSDA regulations, the NJSDA followed a competitive bidding process for this procurement.

The Request for Proposals (“RFP”) was advertised beginning on May 6, 2022 on the NJSDA website, the New Jersey State website, and in selected newspapers and industry publications for interested firms to participate in the bidding process. Outreach was also performed via e-mail.

The FF&E was categorized into seventeen (17) distinct categories (“Lots”) based on the type of FF&E (see Attachment A for a description of each Lot). The RFP sought proposals from those firms that could manufacture all of the required products that comprise a given Lot. Firms could submit proposals for one or multiple Lots. Failure to be responsive and qualified for an individual Lot did not preclude a firm from being considered responsive and qualified for other Lots.

Technical and Fee Proposals were received from twenty-one (21) firms by July 11, 2022. No

submissions were received for Lots 11 and 12, and the single submission received for Lot 17 was determined to be non-responsive to the RFP requirements. The NJSDA will procure items included in these categories on an as-needed basis. In addition to Technical and Fee Proposals, firms were required to submit a Furniture Sample on September 12, 2022. The Technical Proposals and Furniture Samples were evaluated by a Selection Committee comprised of four (4) NJSDA staff members. The Selection Committee members were responsible for independently evaluating and scoring each submission in each of the following criteria:

- Range of All Product Lines Offered for Each Lot
- Approach to Providing the Scope of Services
- Warranty
- Quality of Sample Item

Each Selection Committee member evaluated each Technical Proposal and Furniture Sample, assigning a raw score for each criterion on a scale of 0 to 10 as follows:

- Outstanding (9–10): depth and quality of response offers significant advantages.
- Superior (7-8): exceeds RFP requirements with no deficiencies.
- Sufficient (5-6): meets RFP requirements with no significant deficiencies.
- Minimal (3-4): meets RFP requirements but contains some significant deficiencies.
- Marginal (1-2): comprehends intent of RFP but contains many significant deficiencies.
- Unsatisfactory (0): requirements not addressed and lack of detail precludes adequate evaluation.

Weighting factors were applied to each of the Selection Committee member’s raw scores for each criterion to arrive at a total weighted score as indicated in Table 1 below:

TABLE 1

Evaluation Criteria	Weighting Factors (Applied to Raw Score)	Maximum Weighted Points
Range of All Product Lines Offered for Each Lot	1.5	15
Approach to Providing the Scope of Services	3.0	30
Warranty	2.5	25
Quality of Sample Item	3.0	30
Total Possible Points:		100

For each firm’s submission, the individual criteria scores awarded by a particular Selection Committee member for a given Lot were added together to calculate a Technical Score for that Lot. The maximum Technical Score for a Lot is 100. All of the Technical Scores awarded by the Selection Committee members to a firm for a given Lot were added together and averaged to arrive at a Final Technical Score for that Lot. The Final Technical Scores and Final Technical Rankings are listed in Table 2 below:

TABLE 2

Lot	Firm	Final Score	Final Rank	Comments
1	Krueger International, Inc.	75.875	1	
	Columbia Manufacturing, Inc.	74.813	2	
	Scholar Craft Products, Inc.	70.500	3	
	Academia Furniture Industries LLC	N/A	N/A	Firm failed to submit sample that met the required specifications.
	Lakeshore Learning Materials, LLC	N/A	N/A	Firm failed to submit sample that met the required specifications.
2	Community Playthings	79.063	1	
	Lakeshore Learning Materials, LLC	70.000	2	
	Toledo Furniture	55.000	3	
3	Indiana Furniture Industries, Inc.	77.063	1	
4	Krueger International, Inc.	78.750	1	
5	Krueger International, Inc.	78.500	1	
6	Krueger International, Inc.	77.688	1	
	Groupe Lacasse	74.813	2	
	Source International	71.813	3	
	Dauphin North America	71.000	4	
	Fomcore, LLC	N/A	N/A	Firm failed to submit sample that met the required specifications.
7	Krueger International, Inc.	77.000	1	
	The Worden Company	76.875	2	
	Brodart Co.	70.750	3	
	Mediatechnologies, LLC	64.938	4	
8	Wenger Corporation	63.313	1	
9	SICO America, Inc.	81.250	1	
	National Public Seating	72.438	2	
	Krueger International, Inc.	66.125	3	
	Palmer Hamillton, LLC	65.000	4	
	Custom Educational Furnishings	N/A	N/A	Firm failed to submit sample that met the required specifications.

TABLE 2 (continued)

Lot	Firm	Final Score	Final Rank	Comments
10	Custom Educational Furnishings	72.625	1	
13	National Public Seating	71.313	1	
	Toledo Furniture	69.250	2	
	Custom Educational Furnishings	N/A	N/A	Firm failed to submit sample that met the required specifications.
14	National Public Seating	74.688	1	
	PS Furniture, Inc.	69.313	2	
	Krueger International, Inc.	67.938	3	
15	Brodart Co.	65.938	1	
16	Groupe Lacasse	71.438	1	
	Toledo Furniture	68.875	2	
	Brodart Co.	66.063	3	
17	Custom Educational Furnishings	N/A	N/A	Firm failed to submit sample that met the required specifications.

Fee Proposals

The Fee Proposals, which had been kept separate and sealed, were opened on September 23, 2022. The RFP required firms to submit a Price List for each Lot and percentage discounts to be applied to that Lot for each year of the contract, including the optional 4th year. The RFP notified firms that the percentage discounts which applied to the Lot would also be applied to all items in the firm’s product line for that Lot, and that the Price List submitted with the Fee Proposal would be applicable throughout the term of the contract. The discounted pricing includes product, sixty days of free storage, delivery, installation and trash removal.

On September 29, 2022, NJSDA staff initiated negotiations with the responsive firms. Per the terms of the RFP, the NJSDA would engage in negotiations with the firms ranked highest in the evaluation criteria for each Lot in order to establish fair and reasonable pricing. Upon reaching fair and reasonable pricing, NJSDA staff would recommend the award of contracts to seven (7) firms for each Lot whose proposals are most advantageous to the NJSDA. The RFP further stated that in the event there are less than seven (7) responsive firms identified for a particular Lot, the number of firms awarded contracts for that particular Lot would be determined by the NJSDA by considering fair and reasonable pricing among other factors.

Based on NJSDA staff review of the Final Technical Scores and Final Technical Rankings as listed in Table 2 above, with consideration given to the percentage discounts negotiated by NJSDA staff, the firms listed in Table 3 below are proposed for the award of contracts in the Lots indicated.

TABLE 3

Lot	Firm	Negotiated Discount Year 1	Negotiated Discount Year 2	Negotiated Discount Year 3	Negotiated Discount Year 4
1	Columbia Manufacturing, Inc.	28%	28%	28%	28%
	Krueger International, Inc.	36%	33%	30%	26%
	Scholar Craft Products, Inc.	36%	34%	33%	32%
2	Community Playthings	25%	20%	15%	10%
	Lakeshore Learning Materials, LLC	10%	10%	10%	10%
	Toledo Furniture	37%	36%	35%	34%
3	Indiana Furniture Industries, Inc.	36%	31%	26%	20%
4	Krueger International, Inc.	43%	40%	37%	34%
5	Krueger International, Inc.	43%	40%	37%	34%
6	Dauphin North America	50%	50%	50%	50%
	Groupe Lacasse	34%	34%	34%	34%
	Krueger International, Inc.	36%	33%	30%	26%
	Source International	42%	42%	42%	42%
7	Brodart Co.	40%	36%	34%	32%
	Krueger International, Inc.	39%	36%	33%	29%
	Mediatechnologies, LLC	45%	37%	29%	21%
	The Worden Company	10%	10%	9%	9%
8	Wenger Corporation	5%	5%	5%	5%
9	Krueger International, Inc.	36%	33%	30%	26%
	National Public Seating	42%	38%	34%	29%
	Palmer Hamillton, LLC	25%	20%	15%	10%
	SICO America, Inc.	35%	34%	33%	32%
10	Custom Educational Furnishings	18%	15%	14%	13%
13	National Public Seating	42%	38%	34%	29%
	Toledo Furniture	37%	36%	35%	34%
14	Krueger International, Inc.	36%	33%	30%	26%
	National Public Seating	42%	38%	34%	29%
	PS Furniture, Inc.	55%	55%	55%	55%
15	Brodart Co.	40%	36%	34%	32%
16	Brodart Co.	40%	36%	34%	32%
	Groupe Lacasse	34%	34%	34%	34%
	Toledo Furniture	37%	36%	35%	34%

Members of the Authority
Approval of Awards
Package No. GP-0278-F01
Furniture, Fixtures and Equipment
November 2, 2022
Page 6

RECOMMENDATION

The Members of the Authority are requested to approve the NJSDA contracting with the firms listed in Table 3 at the negotiated discounts indicated. Each firm would enter into a contract for a three-year term, with the NJSDA having the option to extend each contract for one additional year.

Prior to execution of each contract, the contract and related documentation will be reviewed and approved by the NJSDA Division of Chief Counsel.

/s/ Sean Murphy
Sean Murphy, Managing Director, Procurement

Reviewed and Recommended by: Manuel Da Silva, Chief Executive Officer

Reviewed and Recommended by: Donald Guarriello, Vice President and Chief Financial Officer

ATTACHMENT A
DESCRIPTION OF LOTS

Lot 1 - Classroom Furniture

Lot 2 - Early Childhood Furniture

Lot 3 - Office Furniture - Wood Veneer

Lot 4 - Office Furniture - Systems

Lot 5 - Office Furniture - Metal

Lot 6 - Seating - Upholstered

Lot 7 - Library/Lounge Furniture

Lot 8 - Music Furniture & Equipment

Lot 9 - Cafeteria Furniture

Lot 10 - Technology Mobile Security Storage Cabinets/Carts

Lot 11 - Art Room Pottery Equipment

Lot 12 - Medical Furniture & Equipment

Lot 13 - Science Tables and Science Storage

Lot 14 - Folding Tables & Chairs

Lot 15 - Casework - Wood Veneer

Lot 16 - Casework - Plastic Laminate

Lot 17 – STEM, Robotics, Technology Worktables/Cabinets and Tall Wood Storage

Resolution—6f.

Approval of Awards
Package No. GP-0278-F01
Furniture, Fixtures and Equipment

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or Authority) requires that the Members of the Authority authorize and approve the SDA's award of contracts for goods and services in excess of \$100,000; and

WHEREAS, the SDA most recently procured term contracts for the manufacture, delivery and installation of furniture, fixtures and equipment (FF&E) in 2019, with the current contracts expiring in April 2023; and

WHEREAS, in May 2022, SDA advertised a procurement for FF&E term contracts and twenty-one (21) firms submitted technical and fee proposals for consideration by a four (4) member selection committee; and

WHEREAS, the FF&E from the various firms will form the content of a "catalog" of available items for selection by school district officials to furnish and equip schools constructed or renovated by the SDA, with SDA staff offering guidance to ensure adherence to budgetary parameters; and

WHEREAS, in accordance with SDA regulations, the SDA employed a two-step process for this procurement as set forth in detail in the memorandum presented to the Board on this date; and

WHEREAS, following completion of the procurement process, SDA executive management recommends that the Board approve the award of contracts to those firms listed in Table 3 of the memorandum presented to the Board on this date for the manufacture, delivery and installation of FF&E for schools constructed or renovated by the SDA; and

WHEREAS, these contracts shall be for a three (3) year term with an SDA option to extend for one (1) additional year and with the total not-to-exceed amount for this procurement, including all awardees, established at \$60,000,000; and

WHEREAS, a description of the procurement process followed, a listing of all bidders and their rankings, and details regarding the Districts' selection approach are set forth in detail in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, these contract awards have been deemed advantageous to the work of the Authority and the terms thereof have been deemed reasonable and appropriate; and

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

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize SDA management to contract with the firms listed in Table 3 of the memorandum presented to the Board on this date at the negotiated discounts indicated therein.

BE IT FURTHER RESOLVED, that each firm shall enter into a contract for a three-year term, with the SDA having the option to extend each contract for one additional year.

BE IT FURTHER RESOLVED that, the total not-to-exceed amount for this procurement, including all awardees, is established at \$60,000,000.

BE IT FURTHER RESOLVED that, prior to execution of each contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10-day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Memorandum, Approval of Awards, Furniture, Fixtures and Equipment Contract
Package No. GP-0278-F01, dated November 2, 2022

Dated: November 2, 2022

MONTHLY REPORTS
(For Informational Purposes)

ACTIVE PROJECTS STATUS REPORT



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director

DATE: November 2, 2022

SUBJECT: Active Project Status Report
(For Informational Purposes Only)

The 1st section of the report includes an Activities Summary of projects identified for advancement in the Authority's Capital Plans.

The 2nd part of the report displays project completion milestones for all other active major capital projects and emergent projects for which a contract for construction has been awarded.

2011 & 2012 Portfolio Projects Activities Summary

as of 10/17/22

2011 Portfolio Projects - sorted by District

1

District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Bridgeton	Buckshutem ES	K-8	581	645	\$23.3	Kit of Parts/ Design-Build	School occupied Sep. 2016. (Bock)	5/31/13
Bridgeton	Quarter Mile Lane ES	PK-8	731	795	\$39.0	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Bock)	5/31/13
Elizabeth	Frank J. Cicarell Academy (Academic HS)	9-12	1,091	1,284	\$64.1	Existing Design	School occupied Sep. 2016. (Patock)	12/8/11 7/11/12
Jersey City	Patricia M. Noonan ES (ES 3)	PK-5	778	848	\$54.0	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Dobco, Inc.)	6/25/12 2/25/13
Jersey City	Dr. Maya Angelou PS #20	K-5	628	698	\$49.3	Existing Design	School occupied Sep. 2016. (Dobco, Inc.)	4/17/12 3/6/13
Long Branch	Catrambone ES	PK-5	794	867	\$40.0	Existing Design	School occupied Sep. 2014. (Terminal Construction)	12/20/11
New Brunswick	Redshaw ES	PK-5	906	990	\$51.2	Kit of Parts/ Design-Build	School occupied Jan. 2015. (Hall Construction)	5/29/12
Newark	Oliver St. ES	PK-8	848	932	\$73.6	Kit of Parts/ Design-Build	School occupied May 2016. (Epic Management)	6/27/12 11/29/12
Paterson	Dr. Hani Awadallah ES (Marshall St. ES)	K-8	650	722	\$55.2	Existing Design	School occupied Sep. 2016. (Dobco, Inc.)	6/13/12 2/12/13
Paterson	PS 16	PK-8	641	705	\$62.4	Kit of Parts/ Design-Build	School occupied Sep. 2016. (Hall Construction)	3/27/12 8/28/13
West New York	Harry L. Bain PS 6	PK-6	736	814	\$16.8	Design-Bid-Build	School occupied Sep. 2017. (Paul Otto)	2/27/12 12/29/15

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.

NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions. Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

2011 & 2012 Portfolio Projects Activities Summary

as of 10/17/22

2012 Portfolio Projects - sorted by District

1

District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Gloucester City	Elementary/Middle School	4-8	687	763	\$65.3	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Terminal)	3/4/14
Keansburg	Caruso ES	K-4	758	842	\$50.9	Kit of Parts/ Design-Build	School occupied Sep. 2016. (Hall Construction)	10/20/11 6/27/13
Keansburg	Port Monmouth Road School	PK	318	318	\$28.4	Design-Bid-Build	Award for D-B approved Nov. 2019 Board. (Niram)	6/24/19
New Brunswick	Robeson ES	PK-5	823	893	\$48.5	Kit of Parts/ Design-Build	School occupied Sep. 2018. (Hall Construction)	4/22/15
Newark	Elliot Street ES	PK-8	848	932	\$46.7	Kit of Parts/ Design-Build	School occupied Jan. 2016. (Hall Construction)	12/27/12
Newark	South Street ES	PK-8	597	657	\$69.9	Kit of Parts/ Design-Build	School occupied Sep. 2018. (Bock)	6/28/13 6/29/15
Passaic	Dayton Ave. Campus	PK-8	2,760	3,020	\$240.9	Kit of Parts/ Design-Build	Award for D-B approved Nov. 2017 Board. (Terminal)	6/13/17
Phillipsburg	High School	9-12	1,846	2,172	\$127.5	Existing Design	School occupied Sep. 2016. (Epic Management)	9/27/12
West New York	Memorial HS	9-12	1,859	2,194	\$16.0	Alternative Delivery (acquisition) & Renovation	Acquisition of Existing St. Joseph's HS complete. Renovation work delegated to District via Grant.	n/a

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.
NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions.
 Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

2011 & 2012 Portfolio Projects Activities Summary

as of 10/17/22

2012 Portfolio Projects (Educational Priority that require further conversations with District & 2013 Amended Projects) - sorted by District

1								
District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
East Orange	Sheila Y. Oliver Academy (GW Carver ES)	PK-5	470	512	\$41.2	Kit of Parts/ Design-Build	School delivered Sep. 2020 (Dobco)	4/26/16 1/20/17
Elizabeth	New ES @ Halloran PS #22 ES Site	2-8	860	956	\$55.3	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Torcon)	6/9/14
Garfield	James Madison ES	K-5	275	305	\$29.7	Existing Design	School occupied Sep. 2018. (Brockwell & Carrington)	2/19/14 6/30/15
Harrison	New ES	PK - 1	392	432	\$36.1	Kit of Parts/ Design-Build	School delivered Nov. 2020 (Dobco)	11/10/15 7/13/16
Irvington	Madison Avenue ES	PK-5	463	504	\$38.6	Kit of Parts/ Design-Build	School occupied Sep. 2019. (Bock)	11/19/15 8/16/16
Millville	Senior HS Addition/Renovation	HS	2,026	2,384	\$145.0	Design-Build	Award for D-B approved Apr. 2017 Board. (Hall Construction)	9/30/16
Passaic	Sonia Sotomayor ES (New ES @ Leonard Place)	K-5	628	698	\$55.9	Kit of Parts/ Design-Build	School occupied Sep. 2019. (Dobco, Inc.)	8/13/15
Paterson	New MS @ Union Ave.	6-8	996	1107	\$113.9	Design-Build	Award for D-B approved Sep. 2018 Board. (Epic Management)	3/2/17 4/26/18
Pemberton	Denbo-Crichton ES	PK-5	846	930	\$58.7	Design-Build	School delivered Sep. 2020. (Bock)	3/1/17 9/13/17
Perth Amboy	High School	HS	2,800	3,295	\$283.8	Design-Build	Award for D-B approved Nov. 2019 Board. (Terminal)	3/26/19
Perth Amboy	Rose M. Lopez ES (Seaman Avenue ES)	K-5	724	804	\$56.4	Kit of Parts/ Design-Build	School occupied Sep. 2019. (Epic Management).	2/3/16
Plainfield	New Woodland ES	K-5	756	840	\$59.4	Kit of Parts/ Design-Build	Award for D-B approved Feb. 2020 Board. (Epic Management)	5/23/18 8/29/19
Union City	New Grade 7 to 9 School	7-9	756	840	\$75.5	Kit of Parts/ Design-Build	Award for D-B approved Jun. 2022 Board. (Dobco, Inc.)	5/19/21 11/15/21
Vineland	Lincoln Ave. MS (New MS)	6-8	562	624	\$49.8	Kit of Parts/ Design-Build	School occupied Sep. 2018. (Bock).	9/24/15

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.

NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions. Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

2011 & 2012 Portfolio Projects Activities Summary

as of 10/17/22

2012 Portfolio Projects (Facilities Deficiencies) - sorted by District

1								
District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Camden	High School	9-12	1,244	1,468	\$132.6	Design-Build	School occupied Sep. 2021 (Bock)	6/9/17 3/23/18
Hoboken	Demarest ES	ES	TBD	TBD	TBD	Design-Bid-Build	Pre-Design Services ongoing.	TBD
Orange	Cleveland St. ES	PK-6	316	348	\$38.9	Design-Bid-Build	Award for GC approved Mar. 2019 Board. (Brockwell & Carrington)	9/10/18 11/14/18
Orange	High School	9-12	1,440	1,694	\$56.1	Design-Bid-Build	Award for GC approved Mar. 2019 Board. (Terminal)	10/12/18
Trenton	Central HS	10-12	1,850	2,176	\$155.4	Design-Build	School occupied Sep. 2019. (Terminal)	12/19/14 9/29/15

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.

NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions. Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

Active Project Status Report

Status as of 10/1/2022

Major Capital Projects - With Contract for Building Construction Awarded

#	District	Project Name	Project Scope	Project Status	Substantial Completion	Status Substantial Completion	School Opening	Status of School Opening	Total Estimated Project Cost
1	City of Orange	Cleveland Street ES	Addition/Renovation	Construction	Under Review	Under Review	Under Review	Under Review	\$ 38,860,332
2	City of Orange	Orange High School	Addition/Renovation	Construction	4Q 2022	On-target	Phased	On-target	\$ 56,063,605
3	Keansburg	Port Monmouth Road School	Addition/Renovation	Construction	4Q 2022	On-target	Sep-22	Achieved	\$ 28,440,130
4	Millville	Millville Senior High School	Addition/Renovation	Construction	4Q 2022	On-target	Phased	On-target	\$ 145,005,733
5	Perth Amboy	New High School	New Construction	Construction	2Q 2024	On-target	Sep-24	On-target	\$ 283,830,000
6	Plainfield	New Woodland ES	New Construction	Construction	3Q 2023	On-target	Sep-23	On-target	\$ 59,440,000
7	Union City	New Grade 7 to 9 School	New Construction	Design-Build Design	3Q 2025	On-target	Sep-25	On-target	\$ 93,696,300

Active Project Status Report

Status as of 10/1/2022

Emergent Projects - With Contract for Construction Awarded

#	District	Project Name	Project Scope	Project Phase	Substantial Completion	Status Substantial Completion	Final Completion	Status of Final Completion	Total Estimated Project Cost
1	Irvington	Grove Street School	Boiler Replacement	GCTO w/ Design Design Phase	2Q 2023	On Target	2Q 2023	On-Target	\$ 3,762,782
2	Newark	Cleveland School	Boiler Room Vault Repairs	GCTO w/ Design Design Phase	2Q 2023	On Target	2Q 2023	On-Target	\$ 1,664,389
3	Newark	Malcolm X. Shabazz HS	Structural Repairs	Construction	3Q 2022	Achieved	4Q 2022	On-Target	\$ 3,189,000
4	Newark	Roberto Clemente School	Sub-Basement Water Infiltration	Construction	3Q 2022	Achieved	4Q 2022	On-Target	\$ 1,456,800
5	Newark	Techonology High School	Structural Vault Repairs and Façade Repairs	GCTO w/ Design Design Phase	2Q 2023	On Target	3Q 2023	On-Target	\$ 2,867,680
6	Paterson	PS #5	Roof Replacement & Masonry Repairs	Construction	4Q 2022	Achieved	4Q 2022	On-Target	\$ 10,968,112
7	Plainfield	Plainfield HS	Boiler Room Roof Repairs	Construction	3Q 2022	Achieved	4Q 2022	Achieved	\$ 674,800

PROJECT STATUS REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director – Program Operations

DATE: November 2, 2022

SUBJECT: Executive Summary – Monthly Project Status Reports

MONTHLY PROJECT STATUS REPORT

Projects that have Expended 75% or More of Board Approved Contingency:

No activity during the reporting period

Projects Greater than 90 Days Behind Schedule:

No activity during the reporting period

Revisions to Project Charters:

No activity during the reporting period

Projects that have Expended 75% or More of Board Approved Contingency

Reporting Period: January 2008 to September 2022

District	Project	Board Approved Project Charter Contingency	Contingency Expended/Committed	Contingency Remaining ¹	% of Contingency Expended/Committed	Project Completion %	Cause(s)	Current Status
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In Construction

Millville	Millville Senior HS - Addition & Renovation	\$5,000,000	\$5,000,000	\$0	100.0%	86%	Board approved additional building condition repair work and flood hazard area mitigation work added to the project.	Project is in construction and scheduled for completion per the original schedule. Revised Final Project Charter approved by the CEO in June 2021 to allocate additional contingency to the project from the Unforeseen Events Reserve.
Orange	Orange HS - Addition & Renovation	\$4,525,000	\$4,525,000	\$0	100.0%	92%	Unforeseen conditions related to the site and renovation portions of the project and connection of the HS to the Orange Preparatory Academy.	Project is in construction and scheduled for completion this year. Revised Final Project Charter approved by the CEO to allocate additional contingency to the project from the Unforeseen Events Reserve.

Substantially Complete & Building Occupied

Please refer to the Project Close-Out Activity Report for status of close-out activities

Newark	Speedway Avenue E.S.	\$1,826,000	\$1,754,119	\$71,881	96.1%	99%	1. Removal of unforeseen impacted materials	Project complete and building occupied. Project close-out pending resolution of open contracts.
West New York	West New York P.S. #2	\$2,708,883	\$2,708,883	\$0	100.0%	99%	1. Unforeseen site foundation issues	Project complete and building occupied. Project close-out pending resolution of open contracts.

¹ Does not include expended contingency or contingency funds allocated for change orders, amendments

Projects Greater than 90 Days Behind Schedule or with Occupancy Date in Jeopardy

Reporting Period: September 2022

#	Event Date	District	Project	Board Approved Project Charter SubComp Date	Current Contract SubComp Date	Forecasted Contract SubComp Date	# of Days Behind Schedule	Cause(s)	Current Status
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No Data During the Reporting Period

Revisions to Project Charters

Reporting Period: September 2022

#	District	Project	Financial & Schedule Impacts	Additional Funds Approved	Additional Funds as % of Total Project Budget	Operating Authority Approval Requirement	Description of Revision
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No Data During the Reporting Period

CONTRACTS EXECUTED REPORT/AMENDMENTS & CHANGE ORDERS REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Program Operations

DATE: November 2, 2022

SUBJECT: Contracts Executed Report and Amendments & Change Orders Report
(For Informational Purposes Only)

Contracts Executed Report

This report contains the activity of Contracts executed during the period September 1 through September 30, 2022.

Noteworthy Items during the reporting period:

- No activity during the reporting period.

Amendments & Change Orders Report

This report contains the activity of Amendments and Change Orders executed during the period September 1 through September 30, 2022.

Noteworthy Items during the reporting period:

- 4 Professional Services Amendments were executed during the reporting period totaling \$41 thousand, of the 4 executed amendments 1 required Board approval totaling \$132 thousand.
- 14 Construction Services Change Orders were executed during the reporting period totaling a credit of \$423 thousand, of the 14 executed change orders none required Board Approval.

Report of change orders less than \$10,000 yet requiring Board Approval

In accordance with the Operating Authority adopted by the Members on December 1, 2010 as amended on March 7, 2012, the Members are to be provided a report of any change order which received delegated approval by the CEO due to the fact that they are valued at less than \$10,000 yet require Board approval due the total change orders exceeding 10% of the contract value.

- No Activity to Report

Amendments & Change Orders Report

Reporting Period: 9/1/2022 through: 9/30/2022

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %	
Professional Services														
Design Consultant														
City Of Orange Township	Orange H.S.	ES-0042-A01	5/5/2015	22	Kliment Halsband Architects LLP	9/12/2022	\$3,558,511	\$622,570	\$132,015	Y	8/3/2022	\$4,313,096	21.21%	
Newark	Ivy Hill	EP-0111-A01	10/29/2018	4	Design Resources Group, Architects, AIA	9/23/2022	\$327,235	\$0	(\$37,198)			\$290,037	-11.37%	
Newark	Ivy Hill	EP-0111-A01	10/29/2018	5	Design Resources Group, Architects, AIA	9/23/2022	\$327,235	(\$37,198)	(\$44,000)			\$246,037	-24.81%	
Newark	Ivy Hill	EP-0111-A01	10/29/2018	6	Design Resources Group, Architects, AIA	9/23/2022	\$327,235	(\$81,198)	(\$10,000)			\$236,037	-27.87%	
Design Consultant														
Professional Services														
									\$40,817					
Construction Services														
Contractor														
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	158	Terminal Construction Corp.	9/15/2022	\$37,000,000	\$6,816,860	\$935			\$43,817,795	18.42%	
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	159	Terminal Construction Corp.	9/15/2022	\$37,000,000	\$6,817,795	\$2,157			\$43,819,952	18.43%	
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	189	Terminal Construction Corp.	9/15/2022	\$37,000,000	\$6,819,952	\$87,897			\$43,907,849	18.66%	
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	190	Terminal Construction Corp.	9/15/2022	\$37,000,000	\$6,907,849	\$23,000			\$43,930,849	18.73%	
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	191	Terminal Construction Corp.	9/15/2022	\$37,000,000	\$6,930,849	\$12,809			\$43,943,658	18.76%	
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	192	Terminal Construction Corp.	9/15/2022	\$37,000,000	\$6,943,658	\$16,777			\$43,960,435	18.81%	
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	193	Terminal Construction Corp.	9/28/2022	\$37,000,000	\$6,960,435	\$12,457			\$43,972,892	18.84%	
City Of Orange Township	Cleveland Street E.S.	ES-0043-C01	5/2/2019	38	Brockwell & Carrington Contractors, Inc.	9/12/2022	\$18,400,000	\$3,419,022	(\$106,767)			\$21,712,256	18.00%	
City Of Orange Township	Cleveland Street E.S.	ES-0043-C01	5/2/2019	39	Brockwell & Carrington Contractors, Inc.	9/13/2022	\$18,400,000	\$3,312,256	(\$145,000)			\$21,567,256	17.21%	
City Of Orange Township	Cleveland Street E.S.	ES-0043-C01	5/2/2019	40	Brockwell & Carrington Contractors, Inc.	9/13/2022	\$18,400,000	\$3,167,256	(\$60,000)			\$21,507,256	16.88%	
City Of Orange Township	Cleveland Street E.S.	ES-0043-C01	5/2/2019	41	Brockwell & Carrington Contractors, Inc.	9/20/2022	\$18,400,000	\$3,107,256	(\$125,000)			\$21,382,256	16.20%	
City Of Orange Township	Cleveland Street E.S.	ES-0043-C01	5/2/2019	42	Brockwell & Carrington Contractors, Inc.	9/20/2022	\$18,400,000	\$2,982,256	(\$200,000)			\$21,182,256	15.12%	
Newark	Roberto Clemente E.S.	EP-0110-C01	5/25/2021	1	Catcord Construction Co., Inc.	9/21/2022	\$768,800	\$0	\$8,348			\$777,148	1.08%	
Paterson	Number 5 E.S.	EP-0113-C01	6/15/2021	11	Paul Otto Building Co., Inc.	9/15/2022	\$7,494,000	\$66,836	\$49,597			\$7,610,434	1.55%	
Contractor														
Construction Services														
									(\$422,790)					
										Total Change Order Summary		Total Change Orders		
										(\$381,973)		18		
Grand Totals														
Column Description Legend														
CO Execution Date			Date the Change Order was entered into the SIMS system											
Revised Contract Amount			Current value of the contract (excluding additional assignments) including current change order											

CONTRACT TERMINATIONS REPORT *(no activity)*

SETTLEMENT CLAIMS *(no activity)*

DIVERSITY AND WORKFORCE PARTICIPATION REPORT

**MEMORANDUM**

TO: Members of the Authority

FROM: J Manuel Castillo, Director - EEO/Affirmative Action & Vendor Services

DATE: November 2, 2022

SUBJECT: Diversity and Workforce Participation Monthly Update for August 2022

The EEO/Affirmative Action & Vendor Services Team consistently participates in mandatory pre-bid and pre-construction meetings to inform and provide guidance to bidders regarding SDA's Small Business Enterprise (SBE) and Workforce goals, policies and procedures. The guidance provided in such meetings is on, among other things, the following:

- SBE subcontracting goal of 25% of all contracts
- County workforce goals for minorities and females
- Local county workforce goals for minorities and females
- Detailed process procedures to monitor and track the progress made toward these goals throughout the life cycle of each project

During these meetings, our Team strongly encourages vendors to identify and hire minority-owned, women-owned and disabled veteran-owned firms, as well as locally based enterprises, for diverse business participation on all school building projects. Our Team provides vendors outreach strategies for them to analyze and utilize.

SMALL BUSINESS ENTERPRISE ATTAINMENT

The SDA regularly exceeds the State-mandated 25% SBE goal. The total SDA contract dollars awarded through August 31, 2022 was \$11,467,380. The total contract dollars awarded to all SBE contractors was \$4,328,386 (including minorities, women and veterans). This represents an initial participation of 37.75% of all SDA contracts awarded in calendar year 2022. Participation will continue to increase as the Prime contractor hires additional subcontractors/subconsultants throughout the lifecycle of the construction project.

Diversity Breakdown

Type of Business Enterprise	Contract Amount	% of Total SDA Contracts
Small Business Enterprises	\$ 3,603,111	31.42%
Small/ Minority Business Enterprises	\$ 645,275	5.63%
Small/Women Business Enterprises	\$ 80,000	0.70%
Small/Minority/Women Owned Business Enterprises	\$ -0-	0.00%
Small/Veteran Owned Business Enterprises	\$ -0-	0.00%
Small/Disabled Veteran Owned Business Enterprises	\$ -0-	0.00%
TOTAL DIVERSITY CONTRACTS	\$ 4,328,386	37.75%

WORKFORCE PARTICIPATION

For the month of August 2022, there was a contractor workforce of 616 on SDA projects. This represents a total of 49,108 contractor workforce hours. This is explained in more detail below:

Contractor Workforce Breakdown (All Trades/Districts/Counties)			
Ethnicity	Total Workforce	Total Workforce Hours	Workforce Hours Percentage
Black	53	4,692	9.55%
Hispanic	126	9,038	18.40%
American Indian	2	267	0.54%
Asian	1	72	0.15%
Total Minority Participation	182	14,069	28.65%
Total Non-Minority Participation	434	35,039	71.35%
Total Contractor Workforce	616	49,108	100.00%

There was a contractor workforce of 362,196 total workforce hours and 4,643 total female workforce hours on SDA projects for the period of January 1, 2022 through August 31, 2022. The following table highlights the *Local County Contractor Workforce* participation for this period:

Local County Contractor Workforce Participation	Workforce Hours	Percentage
*Total Workforce Hours	362,196	100.00%
*Total Local County Workforce Hours	44,389	12.26%
Total Local County Non-Minority Workforce Hours	22,772	6.29%
Total Local County Female Workforce Hours	0	0.00%
Total Local County Minority Workforce Hours	21,617	5.97%
**Local County Workforce Hours by Ethnicity:		
Black	7,323	2.02%
Hispanic	14,294	3.95%
American Indian	0	0.00%
Asian	0	0.00%

*Total workforce and total local county workforce represent all laborers including females.

**Ethnicity breakdown of Total Local County Minority Workforce Hours.

NOTE: Hours worked by female laborers who are minority are included in total number of hours worked by female laborers. Therefore, hours worked by female minority laborers are not included in the minority breakdown.

The following table represents contractor minority and female workforce for all SDA active Capital Projects and all active and completed Emergent Projects for the period of January 1, 2022 through August 31, 2022.

SDA Managed Project	Total Workforce Hours	Minority Workforce Hours & Percentage		Local County Workforce Hours & Percentage	
Port Monmouth Road School	27,316	6,122	22.41%	0	0.00%
Millville HS	64,424	16,595	25.76%	7,919	12.29%
Union Ave MS	583	149	25.56%	0	0.00%
Orange HS	12,673	3,670	28.96%	160	1.26%
Perth Amboy HS	176,192	48,510	27.53%	10,084	5.72%
Plainfield ES	69,030	22,138	32.07%	26,226	37.99%
Emergent Projects	10,477	4,925	47.01%	0	0.00%

Prepared by: Charlotte Brooks

REGULAR OPERATING DISTRICTS (RODs) ACTIVITY REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Program Operations

DATE: November 2, 2022

SUBJECT: Regular Operating District Grant Activity Report
(For Informational Purposes Only)

This report summarizes the Regular Operating District Grant activity from inception to date and for the month of September 2022. Also included is a detailed list of grants executed and grants offered during the reporting period if applicable.

Monthly Update:

- No grants were offered during the reporting period.
- No grants were executed during the reporting period.
- No grants were closed out during the reporting period.
- Since inception, over \$2.9B has been disbursed to 524 regular operating districts through the grant program.
- Since inception over \$3.3B in funding has been approved by the Department of Education and offered to regular operating districts through the grant program.



SCHOOLS DEVELOPMENT AUTHORITY

Monthly Regular Operating District Grant Report - Summary

September 2022

ROD Grant Summary Since Program Inception				
	Offered ¹	Executed	Closed-Out	Active
Districts Impacted	-	524	520	51
Number of Grant Projects	-	5,404	5,205	199
Total Project Cost Estimate	\$ -	\$ 8,941,995,214	\$ 8,787,304,661	\$ 154,690,552
Grant Amount	\$ -	\$ 3,001,265,949	\$ 2,926,958,054	\$ 74,307,895
Amount Disbursed	N/A	\$ 2,950,927,339	\$ 2,926,958,054	\$ 23,969,284

Total Funding Offered to School Districts via Grant Program	\$ 3,342,209,450
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Total ROD Grant Funding remaining for new Grant Projects	\$ 118,223,016
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1. Includes grants that have been offered to District's but have not yet been executed.

Monthly Activity ROD Grant Summary		
	Executed	Closed-Out
Districts Impacted	-	-
Number of Grant Projects	-	-
Total Project Cost Estimate	\$ -	\$ -
Grant Amount	\$ -	\$ -
Amount Disbursed	NA	\$ -

* Report is inclusive of all Regular Operating Districts grants (including vocational school districts).

** Total Project Cost Estimate and Grant Amount may be adjusted as the projects advance. Grant Amount is capped at the value approved in the DOE Final Eligible Cost Approval.

**NOTIFICATION OF AMENDMENTS TO GOODS AND SERVICES CONTRACTS NOT
EXCEEDING \$100,000 OR 10% OF THE CONTRACT VALUE (*no activity*)**

COMMUNICATIONS MONTHLY REPORT *(no report)*

MONTHLY FINANCIAL REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Sherman E. Cole, MBA, CPA /s/
Controller

DATE: November 2, 2022

SUBJECT: Monthly Financial Report – September 2022

Fund Reporting Operating Expenses (Year-to-Date Actual vs. Budget)

For September 2022 year to date, Authority operating expenses, **\$10.7M**, are **\$1.7M** lower than budget for the corresponding period. This variance is attributable to lower personnel costs as compared to budget, **\$2.6M**, partially offset by a lower payroll and benefits expense allocation to project costs, **\$2.2M**. Other contributing factors include lower spending for contracted services, **\$404K**, information system purchases, **\$297K**, and general office expenses, **\$286K**.

The full time employee (FTE) headcount is 132 as of September 30, 2022. This total represents a 38 FTE decrease in comparison to the year to date budget.

Fund Reporting Operating Expenses (Year-to-Date Actual vs. Prior Year Actual)

For September 2022 year to date, Authority operating expenses, **\$10.7M**, are **\$254K** lower when compared to the corresponding prior year. This variance is due to a decrease in year over year employee salary and benefit costs, **\$2.0M**, partially offset by a lower payroll and benefits expense allocation to project costs, **\$1.6M**.

The current number of FTEs, 132, is down 27 FTEs as compared to the corresponding prior year.

School Facilities Project Expenditures (Year-to-Date Actual vs. Forecast)

For September 2022 year to date, project expenditures, **\$221.2M**, are **\$16.0M** higher than the capital spending forecast for the corresponding period. This variance is due to higher than forecasted spending for grant activity, **\$61.8M**, offset by lower than forecasted spending for construction work, **\$36.2M**, project insurance, **\$3.9M**, payroll expense allocation, **\$2.2M**, school furniture and fixtures, **\$1.7M**, and design services, **\$1.5M**.

School Facilities Project Expenditures (Year-to-Date Actual vs. Prior Year Actual)

For September 2022 year to date, project expenditures **\$221.2M**, are higher by **\$28.6M**, when compared to the corresponding prior year. This variance is related to increased spending activity in grants, **\$69.6M**, offset by a decrease in spending activity for construction work, **\$32.0M**, school furniture and fixture, **\$3.0M**, project insurance, **\$2.7M**, payroll expense allocation, **\$1.6M**, and CM services, **\$1.4M**.

Other

Since program inception, 77.8% of the funds authorized for the SDA Districts have been disbursed. Additionally, since program inception, 96% of all SDA disbursements relate to school facility projects and 4% relate to operating expense.

The estimated value of active school facilities, capital, emergent and ROD grant projects is approximately \$1.1B.

Attachment

New Jersey Schools Development Authority
Monthly Financial Report
September 2022
(Unaudited)

New Jersey Schools Development Authority

Overview of Financial Position

September 30, 2022

To: The Audit Committee

From: Sherman E. Cole, Controller

The information contained in this monthly financial report is for the period as of, and for the year-to-date ending, September 30, 2022.

► Overall **Cash and Cash Equivalents** have decreased by \$153.3 million to \$467.8 million, as follows:

■ Receipt of bond and note proceeds (Issued by EDA)	\$ -
■ Appropriation from State	75,000,000
■ Investment earnings	2,692,506
■ Miscellaneous revenue	22,504
■ Project costs	(221,196,959)
■ SDA operating expenses	(11,064,002)
■ SDA capital expenditures	-
■ Deposits (primarily district local shares)	1,226,285
Net Change in Cash	\$ (153,319,666)

► **Prepaid Expenses** total \$165,167 as follows:

- Prepaid insurance of \$139,708.
- Prepaid security deposit of \$1,950 for the Authority's flexible spending accounts.
- Prepaid MIS maintenance service contracts of \$21,126.
- Other prepaids of \$2,383.

► **Capital Assets** total \$1,146,853 (net of accumulated depreciation of \$5,046,584), consisting of leasehold improvements (SDA office), and capitalized software, equipment, furniture and fixtures in support of SDA operations. Depreciation on capital assets is generally calculated using the straight-line method over the life of each asset. For the year to date, **Capital Expenditures** are \$0 and **Depreciation Expense** is \$409,447.

► **Accrued Liabilities** total \$78.9 million, as follows:

- Accrued project costs of \$18.5 million consisting of unpaid invoices (\$0.4 million) and retainage (\$18.1 million).
- Net pension liability of \$25.0 million.
- Other post-employment benefits obligation of \$29.9 million.
- Pollution remediation obligations (PRO) under GASB 49 net to \$2.1 million (PRO liability \$2.1 million, offset by expected cost recoveries of \$0 million).
- Estimated liability for loss contingencies totaling \$1.6 million.
- Payroll related liabilities of \$1.6 million.
- Other accrued liabilities of \$0.2 million.

► **Deposits** total \$7.8 million, as follows:

- \$7.8 million is held for local share agreements (pass-through item).

► The Authority's **Net Position** at month end is \$358.6 million.

New Jersey Schools Development Authority

School Facilities Project Expenditures & Funding Allocation

September 30, 2022

► **School Facilities Construction Bond/Note Proceeds/Appropriations & Project Expenditures**

- During the current year to date, the SDA has received \$0 million in bond/note proceeds & \$75 million in appropriations. The total amount received since program inception is \$12.2 billion.
- Project expenditures for the month and year-to-date periods total \$12.0 million and \$221.2 million, respectively, as follows:

<u>Category</u>	<u>Current Month</u>	<u>Year-To-Date</u>	<u>Since Inception</u>
Construction	\$ 10,468,312	\$ 121,143,127	\$ 5,620,385,061
Design Services	-	(138,564)	412,604,280
PMF/CM Services	338,700	3,507,928	478,677,015
SDA Project Management	817,010	7,061,725	128,679,332
Property Acquisition, Relocation & Enviro	64,633	1,296,359	586,212,626
School Furniture, Fixtures & Equipment	544,427	11,790,417	233,185,902
Project Insurance	(412,705)	(950,629)	113,640,759
NJ State Inter-Agency Transfers	-	-	52,505,486
SDA District Grant & Funding Agreements	-	51,138,811	930,103,546
Regular Operating District Grant Agreements	108,272	25,544,462	2,980,229,756
Real-Time Project Audits	50,343	218,482	1,009,191
Property Management, Maintenance & Utils	27,107	243,720	19,098,136
Outside Legal & Claims Resolution Services	9,586	177,961	11,691,546
Temporary Staffing	7,457	47,025	10,723,589
Other Project Costs	21,706	116,135	62,308,738
Project Credits	-	-	(54,902,944)
Total Project Expenditures	12,044,848	221,196,959	11,586,152,019
Less: Local Share Contributions	-	-	(185,112,439)
Project Expenditures (State Share)	\$ 12,044,848	\$ 221,196,959	\$ 11,401,039,580
2022 Capital Spending Forecast	\$ 22,009,452	\$ 205,216,650	

Allocations Since Program Inception

► **All Funding Sources & Expenditures**

- SDA Districts
- RODs Incl Vo-Tech Schools
- Total - State Share

	<u>All Sources</u> ¹	<u>Total Funding</u> ²	<u>Paid to Date</u> ³
SDA Districts	\$ 10,800,000,000	\$ 10,929,053,453	\$ 8,502,243,103
RODs Incl Vo-Tech Schools	4,025,000,000	4,078,026,243	3,417,548,399
Total - State Share	\$ 14,825,000,000	\$ 15,007,079,696	\$ 11,919,791,502

► **Percentage of Total Funding Paid to Date**

- SDA Districts 77.8%
- RODs Incl Vo-Tech Schools 83.8%
- Total - State Share 79.4%

1 Of the \$14.75 billion authorized for the school construction program (including bond funds & appropriations), \$12,197,702,648 has been received to date.

2 Includes bonding cap amounts, appropriations and other income and miscellaneous revenue earned to date (i.e., interest income on invested funds).

3 These amounts include the allocation of SDA operating expenses and capital expenditures totaling \$518,751,922.

New Jersey Schools Development Authority

Funding Allocation

September 30, 2022

Allocations Since Program Inception

▶ **Authorized Bond/Note Funding & Expenditures**

- SDA Districts
- Regular Operating Districts
- Vocational Schools
- Total - State Share

	<u>Bonding Caps</u> ¹	<u>Total Funding</u> ²	<u>Paid to Date</u> ³
\$	8,900,000,000	\$ 9,028,462,600	\$ 8,342,809,879
	3,450,000,000	3,500,861,481	3,274,793,304
	150,000,000	152,032,598	122,399,866
\$	12,500,000,000	\$ 12,681,356,679	\$ 11,740,003,049

Allocations Since Program Inception

▶ **Authorized Appropriations & Expenditures**

- SDA Districts
- Regular Operating Districts
- Vocational Schools
- Total - State Share

	<u>Appropriations</u>	<u>Total Funding</u>	<u>Paid to Date</u>
\$	1,900,000,000	\$ 1,900,590,853	\$ 159,433,224
	423,995,918	424,127,770	19,894,669
	1,004,082	1,004,394	460,560
\$	2,325,000,000	\$ 2,325,723,017	\$ 179,788,453

Allocations Since Program Inception

▶ **Total All Funding Sources & Expenditures**

- SDA Districts
- RODs Incl Vo-Tech Schools
- Total - State Share

	<u>All Sources</u>	<u>Total Funding</u>	<u>Paid to Date</u>
\$	10,800,000,000	\$ 10,929,053,453	\$ 8,502,243,103
	4,025,000,000	4,078,026,243	3,417,548,399
\$	14,825,000,000	\$ 15,007,079,696	\$ 11,919,791,502

Interest Income From State Appropriations:

From Inception Through End of Prior Year	\$	38,723
YTD 2022		684,295
TOTAL Since Inception	\$	723,018

CHECK:

Total Funding (including interest) Per Above Table	\$	15,007,079,696
Total Bonding Caps & Appropriations Per Above Table		14,825,000,000
		182,079,696
Per Cash Flow Report		182,079,697
Difference	\$	(1)

**New Jersey Schools Development Authority
Fund Reporting Operating Expenses vs Budget
September 30, 2022**

<u>Category</u>	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>Over/ (Under)</u>
Personnel Expenses:			
Employee Salaries	\$ 9,680,615	\$ 11,648,475	\$ (1,967,860)
Employee Benefits	4,923,841	5,580,650	(656,809)
Direct Hire Temporary Employee Costs	28,100	36,333	(8,233)
Total Employee Salaries & Benefits Costs	14,632,556	17,265,458	(2,632,902)
<u>Less:</u> Employee Salaries & Benefits Costs			
Charged to Projects	7,061,725	9,217,545	(2,155,820)
Salaries & Benefits Charged to Operating Expense	7,570,831	8,047,913	(477,082)
Temporary Staffing Services	-	112,500	(112,500)
Travel & Expense Reimbursements	13,586	19,656	(6,070)
Training & Professional Development	22,444	73,881	(51,437)
Total Personnel Expenses	7,606,861	8,253,950	(647,089)
Non-Personnel Operating Expenses:			
Facilities & General Office Expenses	1,550,380	1,836,441	(286,061)
Information Systems	722,865	1,020,154	(297,289)
Professional & Other Contracted Services	325,348	729,234	(403,886)
Property & Casualty Insurance	345,673	350,478	(4,805)
SDA-Owned Automobiles	100,374	123,747	(23,373)
Communications & Outreach	72	1,350	(1,278)
Reserve for Unforeseen Events & New Initiatives	-	37,503	(37,503)
Total Authority Operating Expenses	\$ 10,651,573	\$ 12,352,857	\$ (1,701,284)

2022 Annual Operating Budget

\$ 15,754,151

New Jersey Schools Development Authority

Fund Reporting Operating Expenses vs Prior Year

September 30, 2022

<u>Category</u>	<u>Actual</u> <u>Year-To-Date</u>	<u>2021</u> <u>Year-To-Date</u>	<u>Over/</u> <u>(Under)</u>
Personnel Expenses:			
Employee Salaries	\$ 9,680,615	\$ 10,960,824	\$ (1,280,209)
Employee Benefits	4,923,841	5,668,928	(745,087)
Direct Hire Temporary Employee Costs	28,100	-	28,100
Total Employee Salaries & Benefits Costs	14,632,556	16,629,752	(1,997,196)
Less: Employee Salaries & Benefits Costs Charged to Projects	7,061,725	8,674,207	(1,612,482)
Salaries & Benefits Charged to Operating Expense	7,570,831	7,955,545	(384,714)
Temporary Staffing Services	-	-	-
Travel & Expense Reimbursements	13,586	16,310	(2,724)
Training & Professional Development	22,444	16,351	6,093
Total Personnel Expenses	7,606,861	7,988,206	(381,345)
Non-Personnel Operating Expenses:			
Facilities & General Office Expenses	1,550,380	1,516,788	33,592
Information Systems	722,865	744,061	(21,196)
Professional & Other Contracted Services	325,348	311,716	13,632
Property & Casualty Insurance	345,673	303,026	42,647
SDA-Owned Automobiles	100,374	41,557	58,817
Communications & Outreach	72	60	12
Reserve for Unforeseen Events & New Initiatives	-	-	-
Total Authority Operating Expenses	\$ 10,651,573	\$ 10,905,414	\$ (253,841)

New Jersey Schools Development Authority

Employee Headcount

September 30, 2022

	<u>Current Month End</u>	<u>Budget</u>	<u>Over/ (Under)</u>
Office of Chief Executive Officer	2	3	(1)
Human Resources	3	4	(1)
Vacant Positions	0	14	(14)
Communications	3	3	-
Legislative Affairs	1	1	-
EEO/AA & Vendor Services	4	0	4
Office of Program Operations & Strategic Planning	1	2	(1)
Capital Planning & Program Operations	10	7	3
Design Studio	12	16	(4)
Grants Administration	7	9	(2)
Real Estate Services & Predevelopment	2	4	(2)
Office of Construction Operations	0	0	-
Project Teams	22	26	(4)
Office of Corporate Governance & Legal Affairs	4	5	(1)
Chief Counsel	7	8	(1)
Information Systems	12	13	(1)
Central Records Management	3	3	-
Safety	5	8	(3)
Internal Audit	2	3	(1)
Office of Chief Financial Officer	1	2	(1)
Financial Operations	7	7	-
Financial Accounting & Disbursements	9	10	(1)
Procurement	8	8	-
Risk Management	2	8	(6)
Property Management	0	2	(2)
Facilities	5	4	1
Total Full-Time Employees at Month End	<u>132</u>	<u>170</u>	<u>(38)</u>
Total Full-Time Employees at Year End		<u>175</u>	

New Jersey Schools Development Authority

Statement of Net Position

September 30, 2022

	<u>Current</u> <u>Month End</u>	<u>2021</u> <u>Year End</u>	<u>Over/</u> <u>(Under)</u>
ASSETS			
Cash and Cash Equivalents	\$ 467,840,497	\$ 621,160,163	\$ (153,319,666)
Receivables	720	4,847	(4,127)
Prepaid Expenses	165,167	155,694	9,473
Capital Assets (Net of Accumulated Depr.)	1,146,853	1,556,300	(409,447)
Total Assets	469,153,237	622,877,004	(153,723,767)
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount for Pensions & OPEB	7,890,061	10,362,143	(2,472,082)
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
	\$ 477,043,298	\$ 633,239,147	\$ (156,195,849)
LIABILITIES			
Accrued Project Costs	\$ 22,220,590	\$ 52,907,777	\$ (30,687,187)
Net Pension Liability	25,006,500	25,006,500	-
Accrued Other Post-Employment Benefits	29,880,962	29,188,405	692,557
Other Accrued Liabilities	1,815,966	4,690,689	(2,874,723)
Deposits	7,849,654	6,623,369	1,226,285
Total Liabilities	86,773,672	118,416,740	(31,643,068)
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount for Pensions & OPEB	31,718,760	31,718,760	-
NET POSITION			
Invested in Capital Assets	1,146,853	1,556,300	(409,447)
Restricted for Schools Construction:			
Special Revenue Fund	357,404,013	481,547,347	(124,143,334)
Net Position	358,550,866	483,103,647	(124,552,781)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION			
	\$ 477,043,298	\$ 633,239,147	\$ (156,195,849)

New Jersey Schools Development Authority

Statement of Activities

September 30, 2022

	<u>Current Year-To Date</u>	<u>2021 Year-To Date</u>	<u>Over/ (Under)</u>
REVENUES			
Program Revenues:			
Bond and Note Proceeds (Issued by EDA)	\$ -	\$ 350,000,000	\$ (350,000,000)
Appropriation from State	75,000,000	275,000,000	(200,000,000)
Bidding Fees-Plans & Specs	-	-	-
General Revenues:			
Investment Earnings	2,692,506	165,532	2,526,974
Rental Income	11,520	9,000	2,520
Other Revenue-OPRA	10,984	3,661	7,323
Total Revenues	77,715,010	625,178,193	(547,463,183)
EXPENSES			
Administrative & General Expenses	11,344,130	11,481,288	(137,158)
Capital Depreciation	409,447	402,193	7,254
School Facilities Project Costs	190,514,214	181,890,345	8,623,869
Total Expenses	202,267,791	193,773,826	8,493,965
CHANGE IN NET POSITION	(124,552,781)	431,404,367	(555,957,148)
Beginning of Period Net Position	483,103,647	132,495,342	350,608,305
NET POSITION END OF PERIOD	\$ 358,550,866	\$ 563,899,709	\$ (205,348,843)

DESIGN CONTRACT DE-OBLIGATIONS REPORT (*no activity*)