

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD MEETING
WEDNESDAY, MAY 3, 2017 AT 9:00 A.M.
32 E. FRONT STREET, TRENTON, NJ
BOARD ROOM**

1. NOTICE OF PUBLIC MEETING

2. ROLL CALL

3. APPROVAL OF MEETING MINUTES

- a. Board Open Session Meeting Minutes of April 5, 2017
- b. Board Executive Session Meeting Minutes of April 5, 2017

4. AUTHORITY MATTERS

- a. CEO Report
- b. Chairman's Report

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

- a. Memorandum of Understanding (MOU) Between the New Jersey Schools Development Authority and the New Jersey Motor Vehicle Commission
- b. Amendment - Owner Controlled Insurance Program II (OCIP II) Broker & Administration Services
- c. 2016 Audited Financial Statements
- d. 2016 Annual Report Pursuant to Executive Order No. 37 (2006)

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

- a. Release of Funds from Program Reserve, Award of Contract and Approval of Final Project Charter - Camden School District - Cramer Elementary School – Emergent Project - Structural Repairs, Masonry Repairs, Lintels, and Window Repairs and/or Replacement

- b. Approval of Change Order No. 4, Release of Funds from Program Contingency Reserve, Revised Final Charter and Reestablish Construction Contract Value

COMPANY NAME:	IEW Construction Group
DISTRICT:	Egg Harbor City School District
CONTRACT NO:	ET-0097-C02
PMF/CM:	NJSDA Self-Managed
SCHOOL NAME:	Egg Harbor City Middle School
CHANGE ORDER NO.:	4
REASON:	Revised Scope of Work
AMOUNT:	\$1,075,000
TIME EXTENSION:	727 Days
CONTRACT STATUS:	74.3% Paid to Date against the Current Contract Value
OCCUPANCY DATE:	N/A

- c. Awards for Construction Management Services - Irvington and Harrison School Districts - Irvington New Madison Avenue ES & Harrison New ES
- d. Award of Contract and Approval of Final Project Charter - Newark School District - Science Park High School - Corrective Work for Smoke Control System Modifications, MEP, and Other Repairs
- e. Demolition Contractor Award - Paterson School District - New Middle School at Union Avenue - Demolition of Existing School Buildings
- f. Demolition and Site Preparation Contractor Award - Pemberton School District – Denbo-Crichton Elementary School – Demolition of Existing School Building and Site Preparation

7. REPORT AND RECOMMENDATIONS OF THE REAL ESTATE COMMITTEE (CHAIRMAN’S REPORT) – TO BE PROVIDED IN EXECUTIVE SESSION

8. MONTHLY REPORTS

- a. *For Informational Purposes*
 - i. Active Projects Report
 - ii. Project Close Out Status Report
 - iii. Project Status Reports
 - iv. Contracts Executed Report/Amendments & Change Orders Executed Report
 - v. Contract Terminations Report (*no activity*)
 - vi. Settlement Activities Report
 - vii. Contractor and Workforce Compliance Report
 - viii. Regular Operating District Grant Activity Report
 - ix. Notification of Amendments to Goods and Services Contracts Not Exceeding \$100,000 or 10% of the Contract Value (*no activity*)
 - x. Communications Report (*no report*)
 - xi. Monthly Financial Report
 - xii. Design Contract De-Obligations Report (*no activity*)

9. PUBLIC COMMENTS

10. EXECUTIVE SESSION

- a. Request to Acquire a Temporary Easement – Pemberton School District -New Denbo-Crichton Elementary School
- b. Litigation/Contract Matter(s) – OPMA Exemption N.J.S.A. 10:4-12b (7)
CCD Report

11. ADJOURNMENT

APPROVAL OF MEETING MINUTES

APRIL 5, 2017 OPEN SESSION

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, APRIL 5, 2017**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, April 5, 2017 at 9:00 A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Edward Walsh Chairman
Maureen Hassett (EDA)
Kevin Luckie (DCA)
David Moore (Treasury)
Bernard Piaia (DOE)
Michael Capelli
Kevin Egan
Lester Lewis-Powder
Robert Nixon
Mario Vargas

being a quorum of the Board. Mr. Capelli, Mr. Egan, Ms. Hassett, Mr. Lewis-Powder, Mr. Moore and Mr. Piaia participated in the meeting by teleconference.

At the Chairman's request, Charles McKenna, chief executive officer; Andrew Yosha, executive vice president; Jane F. Kelly, vice president and assistant secretary; Donald Guarriello, vice president and chief financial officer; Raymond Arcario, vice president; Albert Barnes, chief counsel; Gregory Voronov, managing director; Aidita Milsted, director; Corrado Minervini, director and Sean Murphy director, of the SDA participated in the meeting. Labinot Berljolli of the Governor's Authorities Unit also participated in the meeting.

The meeting was called to order by the Chairman of the Board, Mr. Walsh, 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 had been duly posted on the Secretary of State's bulletin board at the State House in Trenton, New Jersey. Ms. Kelly then conducted a roll call and indicated that a quorum of the Members was present.

Approval of Meeting Minutes

Mr. Walsh presented for consideration and approval the minutes of the Board's March 1, 2017 Open Session meeting. A copy of the meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Nixon, the March 1, 2017 Open Session meeting minutes were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as ***Resolution 3a***.

Authority Matters

CEO Report

Mr. McKenna began his report by offering an update on the Trenton Central HS (TCHS) project. He reported that the design-builder, Terminal Construction, continues with design phase services. He said that footings, foundations, and under slab utility work is ongoing and structural steel erection had begun the previous month. He said that SDA staff is hoping that structural steel erection will be finished in early June.

Turning to projects in the Bridgeton School District, Mr. McKenna reported that for the Buckshutem Road ES project, the playground surface coating installation will be completed as soon as the weather permits. He said that the application for a certificate of occupancy (CO) will be submitted to Department of Community Affairs (DCA) following that installation and

inspection. In regard to the Quarter Mile Lane ES project, he said that renovation work on the existing school is ongoing and anticipated to be substantially complete this month.

With respect to the Camden HS project, Mr. McKenna advised the Members that the SDA provided comments to its environmental consultant, Brinkerhoff Environmental (Brinkerhoff), following review of Brinkerhoff's draft report. He added SDA staff anticipates the final report in the second quarter of this year. He said that the findings will inform the Authority's development of the school design.

Mr. McKenna reported that for the East Orange George Washington Carver ES project, building demolition is progressing well. He said that debris from the demolished above-ground structures is being exported from the site and the demolition of the subgrade structures is ongoing. He noted that SDA staff had advertised for design-build services for the project the previous month and price and technical proposals are due on April 12.

Mr. McKenna informed the Members that for the Elizabeth New ES project, building façade masonry installation work is ongoing. He said that electrical, mechanical, and plumbing trades continue to progress well. For the Garfield James Madison ES No. 10 project, he reported that masonry work is ongoing and electrical, mechanical, and plumbing trades are progressing. In regard to the Gloucester ES/MS project, he said that the turnover of the school to the district is complete.

Mr. McKenna reported that for the Harrison New ES project, Brockwell & Carrington is progressing well with design phase services. He said that asbestos abatement is complete and demolition of the existing structures will begin later this month. He informed the Members that SDA staff advertised for construction management (CM) services in February and that technical

and price proposals were received on March 10. He added that, following the evaluation and ranking of the technical proposals, interviews were conducted and the price proposals will be opened later in the day. He noted that this is a combined procurement together with the Irvington Madison Avenue ES project.

With respect to the Irvington Madison Avenue ES project, Mr. McKenna reported that the design-builder, Ernest Bock & Sons, Inc. (EBS) continues with design phase services. He said that SDA staff advertised for CM services in February and that price proposals will be opened later in the day.

Mr. McKenna said that schematic design phase services are ongoing for the Keansburg Port Monmouth Road ES project. For the Jersey City ES No. 3 project, he reported that substantial completion was achieved the previous month, with the exception of weather-sensitive items that will be completed as soon as the weather permits. He said that furniture, fixtures, technology and equipment work is complete. He informed the Members that the turnover of the school to the district is scheduled to take place in the current month. He noted that coordination with the district is underway.

In regard to the addition and renovation project at the Millville HS, Mr. McKenna reported that price and technical proposals for design-build services were received on February 8. He said that following evaluation and ranking of the technical proposals, price proposals were opened on March 2. He noted that Hall Construction Co., Inc. (Hall) was determined to be the highest ranked firm and a recommendation of award is on today's agenda. He noted that bid protests were filed by other bidders.

Mr. McKenna next gave an update on the New Brunswick Paul Robeson ES project. He said that structural steel erection, masonry, HVAC, and site work are ongoing. He reported that the DCA issued Hall permits for the remainder of the building.

Mr. McKenna reported that for the Newark South Street ES project, masonry work and electrical, plumbing, and electrical rough-in work is ongoing. He said that the DCA issued permits to EBS for the remainder of the building.

Turning to projects in the Orange School District, Mr. McKenna said that for the Cleveland ES project, design consultant LAN Associates, continues with design phase services. He said that bids for the early site package for demolition of three residential properties and associated site work was readvertised on February 21. He noted that a second pre-bid meeting is scheduled for April 10 and bids are due May 4. For the Orange HS project, he informed the Members that the SDA's design consultant, Kliment Halsband Architects, continues with design phase services.

Mr. McKenna reported that for the Passaic Leonard Place ES project, slab on grade concrete floor work is nearing completion. He said that design package #2 for structural steel was submitted to DCA and is under review. He added that structural steel erection is anticipated to begin within the next few weeks.

In regard to the Pemberton Denbo Crichton ES project, Mr. McKenna informed the Members that the early site package for the demolition of the Crichton School was advertised in February and bids are due April 12. He said that the SDA is developing a swing space package for the Haines School that will facilitate closure of the Crichton School to permit work to be done. He added that the SDA Design Studio continues development of the bridging design.

Mr. McKenna reported that for Perth Amboy Seaman Avenue ES project, the design-builder, Epic Management, Inc. (Epic), continues with design phase services and the construction kick-off meeting was held on March 13. He noted that Epic is mobilizing on-site.

Mr. McKenna said that for the Vineland New MS project, DCA issued permits to the design-builder, EBS, for the remainder of the building. He added that masonry work and steel erection continue and electrical, plumbing, and HVAC rough-in work is ongoing.

In continuing, Mr. McKenna reported that the punchlist has been issued and the contractor is progressing on completion of the West New York Harry L. Bain PS No. 6 project. He said that SDA staff is on schedule for a phased turnover of the school for a September reopening by the district. He added that coordination with the district is ongoing.

Mr. McKenna informed the Members that SDA staff settled an affirmative claim in connection with the Lincoln Avenue project in the Orange School District.

Turning next to ongoing procurement activity, Mr. McKenna said that, in addition to the design-build services award for the Millville HS project and the design consultant services task order contract awards that management will be presenting later in the meeting, other activity currently underway includes procurements for design-build services for the East Orange George Washington Carver ES project; construction services for the Orange Cleveland ES project, Pemberton Denbo/Crichton ES, Paterson Union Avenue MS and Newark Science Park HS projects; and CM services for the Harrison New ES and Irvington Madison Avenue ES projects.

Reporting on events, outreach and other SDA activities, Mr. McKenna reported that, on March 15 and 16, SDA staff worked at the NY Build 17 conference in an effort to expand the Authority's bidding pool for some of the larger upcoming projects. He said that staff is hopeful that their efforts will ultimately yield more competitive procurements.

Next, Mr. McKenna informed the Members that on March 24, SDA presented at the Alliance for Action's seminar "Where the Work is." He said that this event brought representatives from multiple state agencies together to share upcoming contract opportunities with the members of the Alliance for Action.

Mr. McKenna said that SDA staff recently launched the 2017 SMWBE Contractor training program with classes in Trenton and Newark. He noted that the program will run through May 17.

Mr. McKenna informed the Members that, on Friday, he will attend a tree-planting event at the Newark Oliver Street School.

Mr. McKenna reported that SDA staff is scheduled to appear with the Department of Education (DOE) at the Assembly Budget hearing later this month and at the Senate Budget hearing in early May.

In closing, Mr. McKenna advised the Board that the SDA will hold a beam signing event in Vineland on April 25 at 11 AM for the new Lincoln Avenue MS. He said that this event was rescheduled from its original date in March which was canceled due to inclement weather.

School Review Committee

Credit Amendment – The Ives Group/The Montoro Group Joint Venture; Design-Build Award and Approval of Final Charter – Millville School District Millville High School; Approval of Awards – Design Consultant Services for Limited-Scope Projects; Professional Services Consultant Contract, Assumption and Award, Release of Funds from Program Reserve – Paterson Public Schools – PS. No.5 – Emergent Project – Water Infiltration Remediation [INFORMATIONAL]

Mr. Walsh asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the Committee met on March 20, 2017. He said that the Committee considered a proposed credit amendment for The Ives Group/The Montoro Group Joint Venture (Ives) in

connection with the Orange Cleveland Street ES addition and renovation project (the Project). Mr. Luckie explained that in August 2003, Ives was engaged by the NJ Schools Construction Corporation (SCC) to provide design services for the Project. He informed the Members that when the project later was not included in the SCC's 2005 Capital Plan, Ives was directed to suspend all work on the project upon completion of the design development phase that was ongoing at that time. He said that SDA's 2012 Capital Plan later identified a project to address facility conditions deficiencies at the Cleveland Street School, however, the scope of the new project was significantly different from the project scope for which Ives was engaged with the result that the Ives design was no longer appropriate to meet the needs and definition of the Project. He said that SDA's contract with Ives was then terminated for convenience in January 2015. Mr. Luckie reported that in August 2015, the SDA Board approved the award of a contract for design consultant services to LAN Associates for the Cleveland Street School addition-renovation project. He said that this credit amendment is necessary to de-obligate the unused contract funds to close-out Ives' contract. He added that SDA staff has reviewed all documents supporting this credit amendment and determined that the credit amendment is justified and the amount is reasonable and correct. Ms. Milsted provided the Members with additional project details.

Following discussion, Mr. Luckie said that the Committee recommends that the Board approve the proposed credit amendment for The Ives Group/The Montoro Group Joint Venture in the amount of \$657,730.75. Upon motion by Mr. Vargas and seconded by Mr. Nixon, the Board approved the proposed credit amendment for The Ives Group/The Montoro Group Joint Venture with its unanimous vote in favor of ***Resolution 5a.***

At Chairman's request, Mr. Luckie discussed management's recommendation for approval of a design-build award and final project charter in connection with the Millville HS project (the Project). He reported that the Project will involve additions and renovations to the existing 199,714 square foot school to educate approximately 2,026 students in grades nine through twelve. He said that this addition and renovation approach to the Project follows establishment of an initial planning charter and consideration of a two-school approach, a process which began in September 2013. He advised the Members that following completion of bridging design consultant predesign phase services and recommendation of a single concept plan, the Board approved a revised preliminary charter for the Project in January 2015. Mr. Luckie said that following approval of the revised charter, the bridging design consultant developed schematic design documents and then bridging documents to support procurement of a design-builder for the Project. He informed the Members that a package for design-build services for the Project was advertised on September 30, 2016 with "price" equaling 60% of the overall weight, and all "non-price" factors having a combined weight of 40%. He said that upon completion of the competitive procurement process, management recommends award of the contract in the amount of \$114,453,000 to Hall Construction Company, Inc. for design-build services for the Project. Mr. Luckie advised the Members that subsequent to completion of the procurement process and identification of the recommended awardee, SDA received notice of the filing of bid protests by two separate bidders in the process. He said that these bid protests are pending review and a final determination by the SDA Chief Financial Officer in consultation with the SDA Division of Chief Counsel. Mr. Luckie informed the Chairman that the Chief Counsel will be discussing certain legal issues regarding the bid protests in Executive Session and requested that the vote be taken later when the Members return to Open Session.

At Mr. Walsh's request, Mr. Luckie discussed the awards for design consultant services for limited-scope projects. He said that SDA management and staff recommend that the Members approve the award of contracts to twenty (20) firms for design consultant services that will provide viable, cost effective solutions for limited scope tasks such as emergent project work. He reported that these twenty (20) engagements, which were procured through a competitive process, will provide a pool of design consultants from which staff is authorized to assign task orders on an as-needed basis for time-sensitive, limited-scope projects requiring predesign, design and/or construction administration services and to amend or modify them as deemed necessary. He also said that the SDA Chief Executive Officer and staff would effectuate execution of individual planning charters for the projects for which design services will be assigned through these task orders. He advised the Members that the terms and provisions of the contracts to be awarded, the details of the competitive procurement process and the proposed methodologies to be followed in award of the task orders are outlined in the Board memorandum. Mr. Luckie said that each of the twenty contracts will individually have a not-to-exceed amount of \$3 million and an overall term of 3 years or until all existing obligations to deliver services have been completed.

A resolution pertaining to this matter had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Nixon, the awards for design consultant services for limited-scope projects were approved with the Board's unanimous vote in favor of ***Resolution 5c***.

At Mr. Walsh's request, Mr. Luckie then discussed an informational item that had been presented by management regarding the Authority's assumption and award of a district-executed professional services consultant contract and associated release of funds from the

program reserve. He explained that the dollar amounts involved require notification to the Board rather than Board approval. He said that the two actions management is taking are to address an emergent water infiltration condition at the PS No. 5 School in the Paterson Public School District. He explained that SDA staff is planning to assume a district-executed professional services consultant contract with EIA Architects and Engineers (EIA) and to simultaneously award a contract for pre-design phase services to the firm for a project to address the emergent water infiltration conditions. He said that SDA staff is also notifying the Board of the release of funds from the program reserve to address the problems. He advised that the conditions that need attention involve perimeter roof flashing and issues with the roofing system. He reported that the roofing problems are causing clogs in the drainage system and damage to existing plaster and the ceiling below the parapet walls. He said that there are also problems with water infiltration damage in the stairwells and gym and at some window heads. He said that there also is potential lintel damage. Mr. Luckie said that if SDA later chooses to engage EIA for design and construction administration services for the emergent project, management will seek Board approval.

Public Comments

Mr. Walsh then opened the Public Comments portion of the Board Meeting. He asked Mr. Frank Faras, a resident of the City of Trenton, to address the Board. Mr. Faras said that he lives across the street from TCHS. He said that he filed an Open Public Records Act (OPRA) request to the Authority for the feasibility study (the study) conducted on the old TCHS. He said that in response to his request he was provided with a bunch of legal “gobbledygook”. He stated that the material he received from the Authority in response to his request was the same material he had received in response to his OPRA request to the DOE. He stated that he should have

received the complete refurbishing costs for the entire facility. Mr. Faras said that the materials he received included a structural assessment for the school's "building A" but did not include an assessment of the entire facility. He said that the State department and the legislature specifically require a feasibility study on the entire facility, "not the janitor's closet or building A". Mr. Faras then offered a description of the other buildings that comprised the old TCHS that were not included in the study. He said that the study should have included the cost of bringing all the buildings up to standards. He stated that one section of the old TCHS was built in 1956 to modern standards. He said that because the other TCHS buildings were not included in the study it questions the validity of the study. He said that it's kind of a waste of tax payers money not to refurbish the school which would have cost half the price of a new school. He said that this undermines the credibility of his State. He stated that the Governor is a good friend of the SDA and is present at groundbreaking ceremonies and for "photo-ops". He asked why the Board would not assist with the Governor's transparency initiative by completing a comprehensive study that includes the option of refurbishing the entire TCHS. Mr. Faras said that the SDA was handing out lucrative demolition and construction contracts at the same time that the Governor was soliciting campaign contributions for his presidential bid. Mr. Faras stated that he is perplexed that the SDA Board did not exert a greater effort by insisting that a more extensive feasibility study be done on TCHS when members of the public requested it prior to Board approval of the school's demolition.

Ms. Kelly then announced that the Board would be adjourning into Executive Session to discuss four items: 1) potential legal issues associated with the issuance of a change order for Terminal Construction Corporation for additional work and associated costs to satisfy acoustical performance requirements for the Gloucester City New ES/MS project; 2) a recommendation for

declaration of surplus property, determination of property value and authorization for the sale and conveyance of thirteen parcels of real property in the City of Camden; 3) legal issues associated with the Millville HS design-build services contract award; and 4) a recommendation for the settlement of claims by the Cumberland Regional HS District relating to the Cumberland Regional HS renovation project. She said that the Board's vote on these matters would occur upon return to Open Session.

Thereafter, upon motion by the Chairman and with unanimous consent, the meeting adjourned into Executive Session.

Following discussion in Executive Session, the Board returned to Open Session.

Mr. Vargas said that a resolution pertaining to a declaration of surplus property, determination of property value and for the sale and conveyance of thirteen parcels of real property in the city of Camden had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Mr. Nixon, the Committee's recommendation in this matter was approved by the Board with its unanimous vote in favor of **Resolution A2**.

Mr. Luckie said that a resolution pertaining to the proposed change order for Terminal Construction Corporation for the Gloucester City New ES/MS project had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Nixon, the recommended change order for Terminal Construction Corporation was approved with the Board's unanimous vote in favor of **Resolution A1**.

Next, Mr. Luckie said that a resolution pertaining to the award of a contract in the amount of \$114,453,000 to Hall Construction Company Inc. for design-build services and a final project charter for the Millville HS project had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Piaia, the recommended contract

award and final project charter were approved with the Board's unanimous vote in favor of ***Resolution 5b.***

Mr. Walsh said that a resolution pertaining to the settlement of claims by the Cumberland Regional High School District Relating to the Cumberland Regional HS renovation project had been provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Nixon, the recommended settlement of claims was approved with the Board's unanimous vote in favor of ***Resolution A3.***

Adjournment

There being no further business to come before the Board, Mr. Walsh then asked for a motion to adjourn the meeting. 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 April 5, 2017 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 April 5, 2017 Board meeting of the New Jersey Schools Development Authority, for the Open and Executive Sessions were forwarded to the Governor on April 6, 2017.

NOW, THEREFORE, BE IT RESOLVED, that the minutes of the New Jersey Schools Development Authority's April 5, 2017 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: May 3, 2017

AUTHORITY MATTERS

CEO REPORT (*ORAL*)

CHAIRMAN'S REPORT (*ORAL*)

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

**MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY AND THE NEW JERSEY MOTOR
VEHICLE COMMISSION**

STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY32 E. FRONT STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955**MEMORANDUM****5**

TO: Members of the Authority

FROM: Joanne M. Walsh
Director, Human Resources

DATE: May 3, 2017

SUBJECT: Memorandum of Understanding
Between the New Jersey Schools Development Authority and the New Jersey
Motor Vehicle Commission

Background

The New Jersey Motor Vehicle Commission (MVC) currently provides the New Jersey Schools Development Authority with access to information through their Limited Online Access Program. This access is granted to allow the Authority to validate the license status of employees utilizing NJSDA vehicles. License validations are requested periodically for Authority vehicle users and the number of requests made through the MVC database varies each year. During 2016, approximately 60 requests for license information were made through the Limited Online Access Program.

Our current agreement with the MVC was approved by the Board in April 2016 and will expire on May 23, 2017.

Recommendation

The Members of the Authority are requested to approve the MOU with the New Jersey Motor Vehicle Commission to provide for continued access to the Limited Online Access Program for the purpose of insuring valid license status for Authority vehicle users. This agreement will be in effect for five years at a cost of \$150 annually.

/s/ Joanne M. Walsh

Joanne M. Walsh, Director, Human Resources

Reviewed and Recommended by: Jane F. Kelly, Vice President-Corporate Governance and Operations

LIMITED ONLINE ACCESS PROGRAM

MEMORANDUM OF UNDERSTANDING

BETWEEN

NEW JERSEY MOTOR VEHICLE COMMISSION

AND

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY

WHEREAS, the State of New Jersey, Motor Vehicle Commission, hereinafter called the "Commission" or "the MVC", makes, maintains or keeps on file as required by law certain driver license, vehicle, and vessel records of individuals licensed and vehicles and vessels registered in this State; and

WHEREAS, the Commission also maintains, as an administrative convenience, a computer record of the aforementioned records, hereinafter called the "database"; and

WHEREAS, the database is not a public record and the information in the database is not required to be released under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq. (P.L. 2001, c.404), but may be released at the discretion of the Commission in such manner as may be determined by the Commission to be administratively appropriate and in accordance with applicable laws and regulations; and

WHEREAS, the Commission in its discretion has established a Limited Online Access Program, hereinafter called the "Online Program", to provide certain information contained in the database, via electronic communications, to businesses or public entities that demonstrate a beneficial interest in and legitimate business use of the database information; and

WHEREAS, **NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY**, hereinafter called the "Program Participant", in its application for participation in the Online Program, has demonstrated a beneficial interest in and legitimate business use of the database information. The Commission and the Program Participant are sometimes referred to herein collectively as "the Parties" or individually as "the Party"; and

WHEREAS, the provision of such information via electronic communications to the Program Participant is consistent with the laws of the State and with the Commission's policy to balance the needs of the business community with the privacy needs of the public when providing information from the database;

NOW, THEREFORE, BE IT UNDERSTOOD AND AGREED by and between the Commission and the Program Participant that for and in mutual consideration of the covenants herein and pursuant to all federal and State laws and regulations:

A. GENERAL PROVISIONS

1. The WHEREAS clauses of this Limited Online Access Program Memorandum of Understanding between the New Jersey Motor Vehicle Commission and NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY ("MOU") are incorporated into this paragraph as though set forth verbatim.

2. The attached "Application for Online Access to Motor Vehicle Records", signed by the authorized representative of the Program Participant on **MARCH 9, 2017**, and containing the handwritten notations and initials of the authorized representative of Business and Government Services, hereinafter referred to as the "Application", is incorporated in and specifically made a part of this MOU.

3. The Program Participant certifies that all statements made and information provided in the Application are true to the best of its knowledge.

4. If any of the information contained in the Application changes during the course of this MOU, the Program Participant shall notify the Commission (MVC, Business and Government Services, PO Box 122, Trenton, NJ 08666-0122) within ten (10) days of such changes, in writing.

5. The Program Participant, including each of its employees, shall use the information provided by the Commission pursuant to this MOU only for the purposes explicitly set forth by the Program Participant and not stricken by the authorized representative of the Commission on the Application, hereinafter referred to as "the Permitted Purposes".

6. The Program Participant may apply for approval of additional uses of the information provided under this MOU by submitting a new application form setting forth all intended uses, including those already approved and those for which approval is sought.

7. The Program Participant shall pay to the Commission an annual administrative fee of one hundred fifty dollars (\$150.00), payable to New Jersey Motor Vehicle Commission. This is an annual administrative fee for administrative and transaction costs which will authorize Program Participant to access of up to five thousand (5,000) records per calendar year. This fee shall be paid by Program Participant to the Commission by January 31st each year. Records accessed in excess of five thousand (5,000) will be billed to Program Participant at the rate of one hundred fifty dollars (\$150.00) per each five thousand (5,000) record increment. Accounts will be reviewed and billed quarterly and excess quantities of two thousand five hundred (2,500) or greater (above the initial five thousand (5,000) allotment) will be charged as a full five thousand record (5,000) increment. Administrative fees are non-refundable.

8. The Program Participant is not entitled to receive, and the Commission shall not provide, social security numbers, insurance information, or medical information that may be contained in the Commission's database.

9. Upon the Commission's processing of the fully executed MOU, the Program Participant will be authorized to establish, at its sole cost and expense, electronic communications with the Commission, and thereafter to receive from the Commission, via electronic communications, information contained in the database within the scope of the Permitted Purposes and uses as defined in the MOU.

10. If any part, term or provision of this MOU is held by a court of competent jurisdiction to be illegal or in conflict with any law of the State of New Jersey or the United States, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the MOU did not contain the particular part, term or provision held to be invalid.

11. This MOU shall be governed by the laws of the State of New Jersey, both as to interpretation and performance, and any action at law, suit in equity or judicial proceeding for the enforcement or breach of this MOU or any provision thereof shall be instituted and maintained in any court of competent jurisdiction in the County of Mercer, State of New Jersey.

12. Neither this MOU nor any interest in this MOU may be assigned or transferred.

13. The terms of this MOU shall be effective upon the signing of the MOU by an authorized representative of each party and shall continue in force and effect for five (5) years from the date of signature by the Commission, or until cancelled or amended pursuant to the terms within section "D", MOU Modification and Termination, whichever occurs earlier. Thirty days (30) prior to the expiration of the contract, the Program Participant must submit a new Application and pertinent supporting documentation for approval in order to have its account status maintained.

14. This MOU does not create in any individual or entity the status of third-party beneficiary, and this MOU shall not be construed to create such status. The rights, duties, and obligations contained in this MOU shall operate only between the Parties and shall inure solely to the benefit of the Parties. The provisions of this MOU are intended only to assist the Parties in determining and performing their obligations under this MOU. The Parties intend and expressly agree that only the Parties shall have any legal or equitable right to seek to enforce this MOU, to seek any remedy arising out of a Party's performance or failure to perform any term or condition of this MOU, or to bring any action for breach of this MOU.

15. This MOU represents the entire and integrated agreement between the Parties and supersedes all prior negotiations, representations, and agreements, whether written or oral.

16. By execution of this MOU, the Parties represent that they are duly authorized and empowered to enter into this MOU and to perform all duties and responsibilities established in this MOU.

B. PROGRAM PARTICIPANT'S OBLIGATIONS

1. In accordance with the public policy of the State of New Jersey, as set forth in N.J.A.C. 13:18-11.3(c) and N.J.A.C. 13:18-11.4(f)1, the Program Participant shall only use the information in accordance with this MOU and shall not use the information provided by the Commission pursuant to this MOU for the purpose of commercial solicitation or marketing, political canvassing or campaigning or any similar purpose or objective, and shall not provide such information to any person or entity which seeks to use such information for any of these purposes. If such efforts occur, the Commission may, in its sole discretion, terminate this MOU.

2. Unless required by law or regulation, the Program Participant shall not accumulate, store or build a file from the records obtained from the Commission. Once an MVC record is captured through CAIR it can only be used to satisfy a single request. However, data and information regarding the records requested must be retained by the Program Participant for a minimum of five (5) years and be accessible for audit purposes only.

3. The Program Participant shall not merge any Commission record with any other document gleaned from any other source in order to sell or provide the information to another party as an official Commission record.

4. The Program Participant shall submit to the MVC, a list of all proposed authorized employees or agents ("employee and agent list"), that Program Participant seeks to allow to use the electronic communications established for the Program and any data and/or information obtained therefrom. The Program Participant shall not permit persons other than its authorized employees or agents on the list to use the electronic communications established for the Program Participant pursuant to this MOU, or any data and/or information obtained therefrom. The Program Participant shall notify the Commission within two (2) business days when an employee or agent authorized to use the Online Program is no longer working for the Program Participant, or no longer working in a capacity in which access to the Online Program is necessary or, if access to the Online Program should be removed for any other reason. Program Participant shall update its employee and agent list, and supply the updated list to the MVC quarterly on the first of the month in February, May, August and November each year.

5. The Program Participant shall take all steps necessary to protect the data and information provided by the Commission under this MOU from theft, unauthorized disclosure or any use not specifically permitted under this MOU. The Program Participant must strictly adhere to both the federal and New Jersey Drivers' Privacy Protection Acts ("DPPA"), 18 U.S.C. § 2721 et seq. and N.J.S.A. 39:2-3.3 et seq., respectively, which are incorporated herein by reference. A person who knowingly obtains or discloses Personal Information from a motor vehicle record for any use not permitted under the DPPA is guilty of a crime of the fourth degree and shall be liable to the individual to whom the information pertains, who may bring a civil action in the Superior Court.

6. All automated systems access users shall, at their own expense, comply with and maintain compliance with all State of New Jersey and MVC IT security policies, standards, and guidelines, including any revisions, amendments, and/or successors thereto. All automated systems access users shall make all necessary modifications to comply with and maintain compliance with all revisions, updates, modifications, and/or successors to such policies, standards, and guidelines at their own costs. All automated systems access users also shall, at their own expense, comply with and maintain compliance with all MVC IT Architecture and Security Documents, as may be amended from time to time.

7. The Program Participant shall comply, and require any end user to comply, with all applicable State and federal laws that require the notification of individuals in the event of unauthorized release of Personally Identifiable Information, Personal Information, or other event requiring notification. In the event of a breach of

any of the Program Participant's security obligations or other event requiring notification under applicable law ("Notification Event"), the Program Participant shall assume responsibility for informing the Commission within 24 (twenty-four) hours and all such appropriate individuals, including the customer whose information is the subject of the release, in accordance with applicable law and to indemnify, hold harmless and defend the State of New Jersey, its officials, employees, and agents, from and against any claims, damages, or other harm related to such Notification Event. All communications must be coordinated with the State of New Jersey by contacting the Commission at 609-341-5777.

8. Within ten (10) days of receipt of a written request from the Commission, the Program Participant shall furnish to the Commission a certified statement of the manner in which the electronic records provided by the Commission and information contained in them are being used or have been used.

9. The Program Participant shall hold the Commission harmless in the event of any errors or omissions in the information and/or data furnished under this MOU.

10. All Personally Identifiable Information and Personal Information must be protected. All data and information must be classified in accordance with the State's Asset Classification and Control policy, 08-04-NJOIT (www.nj.gov/it/ps). Additionally, data and information must be disposed of in accordance with the State's Information Disposal and Media Sanitation policy, 09-10-NJOIT (www.nj.gov/it/ps).

* Personal Information means information that identifies an individual, including an individual's photograph; social security number; driver identification number; name; address other than the five-digit zip code; telephone number; and medical or disability information, but does not include information on vehicular accidents, driving violations, and driver's status.

* Personally Identifiable Information means information which can be used to distinguish or trace an individual's identity, such as their name, social security number, biometric records, etc. alone, or when combined with other Personal or Identifying Information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.

11. Data and information usage, storage, and protection is subject to all applicable federal and State statutory and regulatory requirements, as amended from time to time, including, without limitation, those for the New Jersey Identity Theft Prevention Act, N.J.S.A. 56:11-44, et seq., the federal DPPA, and the New Jersey DPPA.

12. The Program Participant shall only transmit or exchange State of New Jersey data and/or information provided pursuant to this MOU with other parties when expressly requested in writing and permitted by and in accordance terms of this MOU. The Program Participant shall only transmit or exchange data and/or information with the State of New Jersey or other parties through secure means supported by current technologies. The Program Participant must encrypt all data and information defined as Personally Identifiable Information, Personal Information, or confidential by the State of New Jersey or applicable law, regulation or standard during any transmission or exchange of that data and/or information, and while at rest.

13. The Program Participant at a minimum shall protect and maintain the security of data and/or information traveling its network in accordance with generally accepted industry practices as updated periodically from time to time, and all then current MVC Information and Technology ("IT") specifications. No State data and/or information shall be processed on or transferred to any portable device or portable storage medium including smart devices and/or USB devices, unless that device or storage medium has been approved in advance in writing by the State of New Jersey. The Program Participant shall encrypt all data and/or information at rest, defined as Personally Identifiable Information or Personal Information by the State of New

Jersey or applicable law, regulation or standard. The Program Participant shall not transfer State of New Jersey data and/or information outside of the United States.

14. The Program Participant shall take precautions from introducing software viruses including but not limited to spyware and malware into the MVC database. These precautions shall include periodic anti-virus software checks of the system to preclude infections and the Program Participant agrees to periodically upgrade its capability to maintain maximum effectiveness against new strains of software viruses in accordance with generally acceptable standards to the MVC as updated periodically from time to time, and all then current MVC IT specifications.

15. The Program Participant shall maintain the Program Participant's network security to include, but not be limited to: network firewall provisioning, intrusion detection and prevention, denial of service protection, annual independent and accredited third-party penetration testing, and shall maintain a hardware inventory including name and network address. The Program Participant shall maintain network security that conforms to current standards set forth and maintained by the National Institute of Standards and Technology (NIST), including those at: <http://web.nvd.nist.gov/view/ncp/repository> and as updated periodically from time to time, and all then current MVC IT specifications.

All Personal Information must be protected in accordance with the federal and State DPPA. Equipment storing MVC data and/or information shall be secured in a manner that ensures no unauthorized/unnecessary access will occur. The Program Participant must secure all data and information, including data and information back-ups, from manipulation, sabotage, theft or breach of confidentiality and integrity.

16. The Commission, at its sole option, may, at any time, audit, engage an independent auditor to review and audit, or require the Program Participant to audit or engage an independent auditor to review and audit, the books and records and/or operations of the Program Participant, and/or technology used by the Program Participant in order to determine compliance with this MOU. Such audit may be required no more than once per calendar year and the cost of such audit shall be borne by the Program Participant.

17. It is the Program Participant's responsibility to know, understand and comply with all MVC IT specifications, including any revisions, amendments and/or successors thereto, and Program Participant shall require its third-parties/end-users to know, understand and comply with all requirements as well. This requirement includes compliance with all periodic updates to MVC IT specifications which may be made from time to time. It is the Program Participant and its third-parties/end-users' responsibility to monitor and be aware of all updates and/or changes. This provision is not subject to section D.5 of this MOU regarding amendments.

18. The Program Participant shall submit all program and administrative fees by check, made payable to the New Jersey Motor Vehicle Commission, and sent to the Motor Vehicle Commission, PO Box 122, Trenton, New Jersey 08666-0122. Under this MOU, the Program Participant's full account number shall be indicated on the face of each check. Checks without the full account number will be returned without processing.

C. COMMISSION OBLIGATIONS

1. Upon the Program Participant's fully processed payment of the administrative fee, the Commission will provide the Program Participant and its authorized employees, information from the database via electronic communications, at the administrative fee rate listed in A.7 of this MOU, and as permitted under this MOU.

D. MOU MODIFICATION AND TERMINATION

1. This MOU may be terminated by the Commission in its sole discretion upon ten (10) days' notice to the Program Participant, sent to the address provided by the Program Participant. This MOU may be terminated immediately without prior notice by the Commission in its sole discretion if it believes individual or public health or individual or public safety may be at risk.

2. The Commission may cancel or amend this MOU without prior notice to the Program Participant if such cancellation or amendment is deemed necessary by the Commission due to any changed requirement in the law or Commission policy that would prohibit such an MOU, or upon a determination by the Commission that there has been a breach of the integrity or security of the data and/or information provided to the Program Participant, or a failure of the Program Participant to comply with established procedures or legal requirements included or incorporated by reference in this MOU.

3. Any breach of the terms of this MOU by the Program Participant will result in the immediate termination of the MOU and the service provided by the Commission under the MOU.

4. This MOU and the service provided to the Program Participant under this MOU shall be terminated by the Commission within thirty (30) days upon its receipt of a written request for such termination by the Program Participant.

5. This MOU may be amended by mutual consent of the Program Participant and the Commission. Any proposed amendment or modification must be submitted in writing to the other party prior to any formal discussion or negotiation of the issue. Any amendment must be signed by both the Program Participant and the Commission in order to become effective and to modify or change this MOU.

Resolution – 5a.

Approval of Memorandum of Understanding (MOU) Between the New Jersey Motor Vehicle Commission and the New Jersey Schools Development Authority

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or Authority) requires that the Members of the Authority approve the execution of Memoranda of Understanding (MOU) between the SDA and other state agencies; and

WHEREAS, the New Jersey Motor Vehicle Commission (the Commission), makes, maintains or keeps on file as required by law, certain driver's license, vehicle, and vessel records for individuals licensed and vehicles and vessels registered in this State; and

WHEREAS, the Commission also maintains, as an administrative convenience, a computer record of the aforementioned records (the Database); and

WHEREAS, the SDA requires access to the Commission's Database to validate the license status of SDA employees utilizing Authority vehicles, an access that previously was granted by the Commission to the SDA in 2016 for a period of one year; and

WHEREAS, SDA ability to continue its access to the Commission's database is essential to the Authority's operations; and

WHEREAS, the terms pursuant to which such access shall be continued are set forth in a MOU which was presented on this date by management for review by the Members of the Authority; and

WHEREAS, as proposed, this MOU between SDA and the Commission will be effective for a period of five years at a cost to SDA of \$150 per year.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and approve the Schools Development Authority's execution of a Memorandum of Understanding with the New Jersey Motor Vehicle Commission consistent with the provisions of the memorandum and Memorandum of Understanding presented to the Board 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: Memorandum of Understanding between the New Jersey Schools Development Authority and the New Jersey Motor Vehicle Commission, dated May 3, 2017

Dated: May 3, 2017

**AMENDMENT - OWNER CONTROLLED INSURANCE PROGRAM II (OCIP II) -
BROKER & ADMINISTRATION SERVICES**



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

5

MEMORANDUM

TO: Members of the Authority

FROM: Karon Simmonds,
Director Risk Management and Vendor Services

DATE: May 3, 2017

SUBJECT: Amendment - Owner Controlled Insurance Program II (OCIP II)
Broker & Administration Services

COMPANY NAME: Consolidated Risk Solutions
 CONTRACT NUMBER: GP-0106-R02
 AMENDMENT NO: 2
 REASON: Compensation for Additional Services
 AMOUNT: \$83,465.00

INTRODUCTION

Management is requesting the Board's approval of an Amendment in the amount of \$83,465 for additional OCIP II administration services provided during the two-year period ending March 31, 2014. Consolidated Risk Solutions (CRS) provided the OCIP II administration services pursuant to an original three-year contract effective March 31, 2009, which was subsequently extended for an additional two years through March 31, 2014. The Board approved the two-year extension on December 7, 2011 (Amendment # 1).

Proposed Amendment # 2 does not meet the minimum dollar value threshold for Board approval as set forth in the NJSDA Operating Authority approved by the Board on December 1, 2010, as amended March 7, 2012, since the amendment amount does not exceed \$100,000 or 10% of the contract value. However, Board approval is nonetheless required since the estimated not-to-exceed fee amount for OCIP II Administration Services approved in Amendment # 1 (\$700,000) is inadequate to cover actual services provided using the agreed upon matrix pricing model for the two-year extended period.

DESCRIPTION

The Board approved the original OCIP II insurance program, including broker and administration services, in November 2008. At that time, the "2008 Capital Plan" consisted of 52 capital projects, all of which projects were expected to begin construction during the three-year OCIP II term. Broker services included marketing, negotiating, placement, policy and claims management of various insurance contracts. Administration services included individual subcontractor workers compensation policy issuance, certificates of insurance tracking of various non-OCIP required insurance coverage for enrollees and all insurance required of ineligible contractors and subcontractors, monthly payroll collection, individual subcontractor project

Members of the Authority
Amendment # 2 – Consolidated Risk Solutions
OCIP II Broker and Administration Services
May 3, 2017
Page 2

5

close-out, and annual audit reconciliation of reported payroll and contract value for all enrollees. The original scope of services anticipated enrollment of 2,100+ contractors and subcontractors based upon an estimated construction value of \$2.2 billion.

In December 2011, the Board approved a two-year extension of the Authority's OCIP II insurance program, including broker and administration services. The extension, among other things, provided the Authority an additional two years to enroll projects in OCIP II, at no additional premium cost to the Authority (excludes broker and administration services), through March 31, 2014. The total maximum insurance costs for OCIP II, inclusive of premiums, claims adjuster fees and loss control services, is approximately \$20.8 million.

Amendment # 1 Approved by the Board on December 7, 2011

The rate of enrollment of projects into OCIP II that was anticipated at the time OCIP II was purchased did not occur for various reasons, including the 2010 review of the Authority's Capital Program by the Christie Administration. As a result, the Authority's broker, Connor Strong Buckelew (CRS's subconsultant) was directed by the Risk Management Department to attempt to negotiate a two year extension with each insurance carrier (General Liability, Workers Compensation and Excess Insurance) at no or minimal additional cost to the Authority. Subsequently, the broker successfully negotiated a two-year extension from each carrier at no additional cost to the Authority. Additionally, the Authority agreed to extend the broker's contract for an additional two years for a lump sum fee of \$150,000 for additional services consisting mainly of policy and claims management.

In recognition of the NJSDA's revised business plan in rolling out the capital projects, a lump sum contract extension did not appear to be cost effective for OCIP II administration services. Instead, the Risk Management Department negotiated a matrix pricing model to be applied to each contract during the two-year extended enrollment period ending March 31, 2014. Under the matrix pricing model, the Authority would be billed only for actual services performed on enrolled contracts up to an initial maximum aggregate fee of \$700,000. Administration fees that otherwise would be generated between \$700,000 and \$1,100,000 based on additional enrolled contracts would not be billed, thus resulting in potential savings of up to \$400,000; however, in the event even more projects were enrolled generating matrix pricing in excess of \$1,100,000, billing would resume based upon a 20% reduction of the fee. If this occurred, the Authority agreed it would seek further Board approval for any additional fees above the \$700,000, which is the basis for proposed Amendment # 2, discussed below.

Proposed Amendment # 2

During the two-year extension, 63 contracts (consisting of 14 general construction/design-build contracts for Capital Projects; 28 construction contracts for Emergent Projects; 13 demolition contracts; and 8 construction management contracts) were enrolled in the OCIP II insurance program and monthly enrollment and administration services were provided for over 900 contractors and subcontractors. Administration services for the last of the 63 contracts were recently completed in 2016. As a result, CRS calculated the final aggregate fees for actual OCIP

Members of the Authority
 Amendment # 2 – Consolidated Risk Solutions
 OCIP II Broker and Administration Services
 May 3, 2017
 Page 3

5

II administration services provided during the two-year extension based upon the matrix pricing model (Amendment # 1). The final fee calculation determined that the aggregate fee amount exceeded the \$1,100,000 by \$104,332; thus, after applying the agreed upon 20% fee reduction, an additional fee in the amount of \$83,465 (80% of \$104,332) was calculated, which is the amount of this proposed Amendment # 2.

REASON FOR CHANGE

The primary reasons for the excess OCIP Administration fees are: (1) the Authority initiated construction on four capital projects sooner than anticipated; and (2) the number of subcontractor enrollments and project durations exceeded NJSDA's projections on several projects.

CALCULATIONS

a. Original Contract Amount (three-year initial contract term)	
Broker Services (effective 12/18/2008)	\$ 800,000.00
Administration Services (effective 3/31/2009)	<u>\$1,900,000.00</u>
	<u>\$2,700,000.00</u>
b. Amendments to Date (Amendment # 1 - two-year contract extension)	
Broker Services (lump sum change)	\$ 150,000.00
Administration Services (not-to-exceed amount)	<u>\$ 700,000.00</u>
	<u>\$ 850,000.00</u>
c. Proposed Amendment # 2 (additional services during extended term)	
Administration Services (lump sum change) - Proposed Change is 2.4% of Current Contract Value	<u>\$ 83,465.00</u>
d. Proposed Adjusted Contract Price	<u>\$3,633,465.00</u>

RECOMMENDATION

Based upon the foregoing reasons, the Members of the Authority are requested to approve Amendment # 2 in the amount of \$83,465 for additional OCIP II Administration Services provided during the two-year extension period. Board approval is required for this amendment since the total fees generated during the extension period exceed the previous Board-approved estimated not-to-exceed amount of \$700,000 (Amendment # 1).

Approval of this amendment will allow the Authority to financially close out the contract for OCIP II broker and administration services.

/s/ Karon Simmonds
 Director, Risk Management and Vendor Services

Reviewed and Recommended by: Donald Guarriello, Vice President and Chief Financial Officer

Resolution—5b.

Owner Controlled Insurance Program II (OCIP II)
Amendment to Broker and Administration Services

Resolution

WHEREAS, in November 2008 the Board approved the Authority's Owner Controlled Insurance Program II (OCIP), including broker and administration services, effective December 19, 2008; and

WHEREAS, in December 2011, the Board approved a two-year extension of the Authority's OCIP II insurance program, including broker and administration services (Amendment No. 1); and

WHEREAS, Amendment No. 1, stipulated, among other things, that any additional fees to be assessed for the services beyond the \$700,000 maximum aggregate amount authorized by the Board would require Board approval; and

WHEREAS, Amendment No. 1 further provided that fees that otherwise would be generated between \$700,000 and \$1,100,000 based on additional enrolled contracts would not be billed, however, should more projects be enrolled and generate matrix pricing in excess of \$1,100,000, billing would resume with a 20% fee reduction; and

WHEREAS, the final fee calculation for the extension period reveals that the aggregate fee amount exceeded the \$1.1 million level by \$104,332, requiring an additional fee in the amount of \$83,465 as set forth in Amendment No. 2 as presented to the Board on this date; and

WHEREAS, the additional OCIP II administration fees are the result of earlier than anticipated SDA construction on four capital projects and a greater than anticipated number of subcontractor enrollments and project durations on several projects; and

WHEREAS, Board approval is required for this amendment since the total fees generated during the extension period exceed the previous Board-approved estimated not-to-exceed amount of \$700,000 (Amendment No.1); and

WHEREAS, the background of the SDA's OCIP II including broker and administration services engagement, along with a description of the previous Amendment No. 1 and the reason for the recommended Amendment No. 2 are 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 Amendment No. 2 to the SDA's OCIP II broker and administration services engagement 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, Owner Controlled Insurance Program II (OCIP II), Contract
Amendment Broker and Administration Services, dated May 3, 2017

Dated: May 3, 2017

2016 AUDITED FINANCIAL STATEMENTS



32 EAST FRONT STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955

5

MEMORANDUM

TO: The Members of the Authority

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

DATE: May 3, 2017

SUBJECT: 2016 Audited Financial Statements

The Office of the Chief Financial Officer is providing the attached draft report of the 2016 audited financial statements to the Members of the Authority for their review and approval as required pursuant to Executive Order 122 (2004), as amended by Executive Order 37 (2006).

Ernst & Young LLP performed the 2016 financial statement audit and has informed management that it will be issuing an unmodified or "clean" opinion, the highest level of assurance an auditor can give. Ernst & Young LLP performed the audit in accordance with Generally Accepted Auditing Standards (GAAS) and Generally Accepted Government Auditing Standards (GAGAS). Separately, the auditors will be issuing a clean report on internal control over financial reporting and on compliance and other matters, which is confirmation that there were no findings of deficiencies or material weaknesses identified during the audit.

Previously on April 17, 2017, the financial management of the Authority presented the draft 2016 financial statements to the Audit Committee. Following an in-depth discussion of the key amounts and other highlights, Ernst & Young LLP presented its audit results and required communications in accordance with Statement of Auditing No. 114. At the conclusion of both presentations, the Audit Committee agreed it would advance the financial statements to the Board for final review and approval.

Recommendation

The Members of the Authority are recommended to approve the attached 2016 audited financial statements pursuant to Executive Order 122, as amended by Executive Order 37.

Attachment

DRAFT
4-24-2017

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, 2016

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, 2016

Table of Contents

Report of Independent Auditors 1

Management’s Discussion and Analysis 3

Statement of Net Position and General Fund Balance Sheet 9

Statement of Activities and General Fund Revenues, Expenditures
and Changes in Fund Balance 10

Notes to Financial Statements 11

Required Supplementary Information

Schedule of the Authority’s Proportionate Share of the Net Pension Liability 38

Schedule of the Authority’s Contributions to the Public Employees’
Retirement System 39

Schedule of Changes in the Total Postemployment Benefits Other Than
Pensions (OPEB) Liability and Related Ratios 41



Ernst & Young LLP
99 Wood Avenue South
Metropark
P.O. Box 751
Iselin, NJ 08830-0471

Tel: +1 732 516 4200
Fax: +1 732 516 4429
ey.com

Report of Independent Auditors

Management and Members of the Authority
New Jersey Schools Development Authority

We have audited the accompanying financial statements 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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2016, and the changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Change in Method of Accounting for Postemployment Benefits Other Than Pensions

As discussed in Note 2 to the financial statements, the Authority changed its method for accounting and financial reporting of postemployment benefits other than pensions as a result of the adoption of Governmental Accounting Standards Board Statement No. 75, *Postemployment Benefits Other Than Pensions*, effective January 1, 2016. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that 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 (PERS) and the schedule of changes in the total postemployment benefits other than pensions (OPEB) liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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, 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.

May xx, 2017

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, 2016

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, 2016. This management discussion and analysis should be read in conjunction with the Authority's financial statements and accompanying notes.

Nature of the Authority

The 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. Organizationally, the Authority is situated in, but not of, the New Jersey Department of the Treasury.

The School Construction Program is the largest public construction program undertaken by the State of New Jersey ("State") and represents one of the largest school construction programs ever undertaken in the nation. The 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.

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 paid from EFCFA funding.

Through December 31, 2016, the Authority has received \$10.4 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 79.4% 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	\$ 9,010,672,453	\$ 6,947,793,676	77.1%
Regular Operating Districts	3,450,000,000	3,493,528,018	2,992,231,083	85.7%
Vocational Schools	150,000,000	151,739,259	109,851,589	72.4%
Totals	<u>\$ 12,500,000,000</u>	<u>\$ 12,655,939,730</u>	<u>\$ 10,049,876,348</u>	79.4%

¹ Program funding includes the amounts authorized under the respective bonding caps in addition to approximately \$156 million of interest income and miscellaneous revenue earned through December 31, 2016.

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 2016, the SDA celebrated the opening of 9 capital plan school facilities projects directly benefitting nearly 8,500 students in the SDA Districts. The total State investment in these 9 projects was \$549 million.

As of December 31, 2016, the SDA has 13 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 3 emergent needs 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, 2016, the School Construction Program has completed 680 projects in the SDA Districts. The completed projects consist of: 77 new schools, including 6 demonstration projects; 44 extensive additions, renovations and/or rehabilitations; 31 rehabilitation projects; 354 health and safety projects; and 174 Section 13 Grants for SDA District-managed projects under \$500,000. The demonstration projects serve as a cornerstone of revitalization efforts and are funded by the Authority but managed by a municipal redevelopment entity and redeveloper. In addition, in the Regular Operating Districts the Authority has completed 26 projects that it managed for the districts, and state funding was provided through Section 15 Grants for 4,133 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				
	2016	2015	2014	2013	2012
EFCFA funding received from State	\$ 342,574	\$ 500,000	\$ 585,000	\$ -	\$ 375,000
Investment earnings, net	1,730	560	170	272	205
Administrative and general expenses *	22,256	18,924	17,293	19,835	34,749
Capital expenditures	124	475	115	295	54
School facilities project costs *	382,980	429,684	282,023	172,238	145,584
Employee count at end of year	229	230	227	243	241

* Commencing January 1, 2013, the Authority began allocating employee salaries and benefit costs between operating expense (i.e., administrative and general expenses) and school facilities project costs.

2016 Financial Highlights

- At year end, the Authority's net position is \$405.6 million.
- At year end, cash and cash equivalents total \$557.2 million.
- For the year, revenues total \$345.1 million, \$342.6 million of which is from EFCFA funding received from the State (or 99.3%).
- For the year, expenses total \$405.4 million, \$383.0 million (94.5%) of which is for school facilities project costs.
- For the year, general fund expenditures exceed general fund revenues by (\$54.2) 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 decreased to \$405.6 million at year-end, primarily due to 2016 expenditures for school facilities projects (\$383.0 million) and administrative and general expenses (\$22.3 million) exceeding State funding under EFCFA (\$342.6 million). The decrease in State funding in 2016 is the result of the Authority having sufficient cash on hand and the reduction in the Authority's forecasted capital requirements for the year due primarily to reduced project expenditures as several school facilities projects were anticipated to be completed during the first three quarters of 2016. Additionally, the Authority recorded an adjustment (i.e., a reduction) to beginning of year net position as a result of the

implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (\$4.1 million).

The following table summarizes the Authority's net position at December 31, 2016 and 2015.

	\$ In thousands			
	2016	2015	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current assets	\$ 558,298	\$ 618,767	\$ (60,469)	(9.8)%
Capital assets-net	707	767	(60)	(7.8)%
Total assets	559,005	619,534	(60,529)	(9.8)%
Deferred outflows of resources	21,940	10,732	11,208	104.4%
Total assets and deferred outflows of resources	\$ 580,945	\$ 630,266	\$ (49,321)	(7.8)%
Current liabilities	\$ 64,027	\$ 70,332	\$ (6,305)	(9.0)%
Non-current liabilities	108,283	88,306	19,977	22.6%
Total liabilities	172,310	158,638	13,672	8.6%
Deferred inflows of resources	3,075	1,616	1,459	90.3%
Net position:				
Net investment in capital assets	707	767	(60)	(7.8)%
Restricted for schools construction	404,853	469,245	(64,392)	(13.7)%
Total net position	405,560	470,012	(64,452)	(13.7)%
Total liabilities, deferred inflows of resources and net position	\$ 580,945	\$ 630,266	\$ (49,321)	(7.8)%

Note: All percentages are calculated using unrounded figures.

The following table summarizes the change in net position for the years ended December 31, 2016 and 2015.

	\$ In thousands			
	2016	2015	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Revenues				
EFCFA funding received from State	\$ 342,574	\$ 500,000	\$ (157,426)	(31.5)%
Investment earnings	1,730	560	1,170	209.1%
Rental property income	808	945	(137)	(14.5)%
Other revenue	1	9	(8)	(83.6)%
Total revenues	345,113	501,514	(156,401)	(31.2)%

	\$ In thousands			
	2016	2015	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Expenses				
Administrative and general expenses	22,256	18,924	3,332	17.6%
Depreciation	184	94	90	95.8%
School facilities project costs	382,980	429,684	(46,704)	(10.9)%
Total expenses	405,420	448,702	(43,282)	(9.6)%
Change in net position	(60,307)	52,812	(113,119)	(214.2)%
Beginning net position:				
Balance as previously stated	470,012	467,121	2,891	0.6%
Adjustment to beginning balance *	(4,145)	(49,921)	45,776	91.7%
Balance as restated	465,867	417,200	48,667	11.7%
Ending net position	\$ 405,560	\$ 470,012	\$ (64,452)	(13.7)%

Note: All percentages are calculated using unrounded figures.

* Restated for the effects of Governmental Accounting Standards Board ("GASB") Statement No. 75 and GASB Statement No. 68/71 in 2016 and 2015, respectively (see Notes 12a and 12d).

The Authority earns interest on invested funds primarily through its participation in the State Cash Management Fund, a fund managed by the Division of Investment under the Department of Treasury. The fund consists of U.S. Treasury obligations, government agencies obligations, certificates of deposit and commercial paper.

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, 2016

	General Fund Total	Adjustments (Note 9)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 557,246,319	\$ -	\$ 557,246,319
Receivables	48,578	152,800	201,378
Prepaid expenses	850,418	-	850,418
Capital assets-net	-	707,104	707,104
Total assets	<u>558,145,315</u>	<u>859,904</u>	<u>559,005,219</u>
Deferred Outflows of Resources			
Deferred amount for pensions	-	21,939,702	21,939,702
Total Assets and Deferred Outflows of Resources	<u>\$ 558,145,315</u>	<u>\$ 22,799,606</u>	<u>\$ 580,944,921</u>
Current Liabilities			
Accrued school facilities project costs	\$ 59,829,788	\$ -	\$ 59,829,788
Other accrued liabilities	716,646	-	716,646
Escrow deposits	3,480,289	-	3,480,289
Total current liabilities	<u>64,026,723</u>	<u>-</u>	<u>64,026,723</u>
Non-Current Liabilities			
Accrued school facilities project costs	-	7,859,047	7,859,047
Net pension liability	-	72,439,355	72,439,355
Total postemployment benefits liability	-	24,500,963	24,500,963
Other accrued liabilities	-	3,483,841	3,483,841
Total non-current liabilities	<u>-</u>	<u>108,283,206</u>	<u>108,283,206</u>
Deferred Inflows of Resources			
Deferred amount for pensions	-	3,074,757	3,074,757
Fund Balance/Net Position			
Net investment in capital assets	-	707,104	707,104
Nonspendable:			
Prepaid expenses	850,418	(850,418)	-
Restricted for schools construction	493,268,174	(88,415,043)	404,853,131
Total fund balance/net position	<u>494,118,592</u>	<u>(88,558,357)</u>	<u>405,560,235</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	<u>\$ 558,145,315</u>	<u>\$ 22,799,606</u>	<u>\$ 580,944,921</u>

See accompanying notes.

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

Statement of Activities and General Fund Revenues,
Expenditures and Changes in Fund Balance

For the Year Ended December 31, 2016

	<u>General Fund Total</u>	<u>Adjustments (Note 9)</u>	<u>Statement of Activities</u>
Revenues			
School Construction Program:			
EFCFA funding received from State	\$ 342,573,648	\$ -	\$ 342,573,648
General:			
Investment earnings	1,730,650	-	1,730,650
Rental property income	807,742	-	807,742
Other revenue	1,482	-	1,482
Total revenues	<u>345,113,522</u>	<u>-</u>	<u>345,113,522</u>
Expenditures/Expenses			
Administrative and general expenses	15,774,494	6,481,554	22,256,048
Capital expenditures	124,183	(124,183)	-
Capital depreciation	-	183,951	183,951
School facilities project costs	383,378,354	(398,388)	382,979,966
Total expenditures/expenses	<u>399,277,031</u>	<u>6,142,934</u>	<u>405,419,965</u>
Deficiency of revenues over expenditures	(54,163,509)	(6,142,934)	-
Change in net position	-	-	(60,306,443)
Fund Balance/Net Position			
Beginning of year – as previously stated	548,282,101	(78,270,038)	470,012,063
Adjustment to beginning balance *	-	(4,145,385)	(4,145,385)
Beginning of year – as restated	<u>548,282,101</u>	<u>(82,415,423)</u>	<u>465,866,678</u>
End of year, December 31, 2016	<u>\$ 494,118,592</u>	<u>\$ (88,558,357)</u>	<u>\$ 405,560,235</u>

* Restated for the effects of Governmental Accounting Standards Board Statement No. 75.

See accompanying notes.

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

Notes to Financial Statements

5

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 (“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) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) EFCFA funding received from the State which monies are restricted to meeting either the operational or capital requirements of the School Construction Program.

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
(a component unit of the State of New Jersey)

Notes to Financial Statements (Continued)

5

(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 under month-to-month lease occupancy agreements. Acquisitions of various properties for the construction of school facilities projects 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 2016 is 40.75%.

For the year ended December 31, 2016, employee salary and benefit costs are allocated as follows:

Employee salary and fringe benefits costs:	
Charged to administrative and general expenses	\$ 17,821,757
Charged to school facilities project costs	14,858,812
Total employee salary and benefits costs	<u>\$ 32,680,569</u>

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

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 2016 Series AAA. As of December 31, 2016, 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 Treasury. It consists of U.S. Treasury obligations, government agencies obligations, certificates of deposit and commercial paper. Cash equivalents are stated at fair value.

(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 \$10,000 for individual items meeting all other capitalization criterion. As of December 31, 2016, the Authority’s capital assets consist of leasehold improvements, equipment, computer software

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

Notes to Financial Statements (Continued)

5

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.

(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. Investments are reported at fair value.

(l) New Accounting Standards Adopted

Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*, was issued in February 2015. The scope of this statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature. The provisions of this statement are effective for financial statements for periods beginning after June 30, 2015. The adoption of this statement had an impact on the Authority's disclosures only (see Note 3).

Further, the Authority adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial

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

Notes to Financial Statements (Continued)

5

reporting for certain external investment pools and pool participants and establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The State of New Jersey Cash Management Fund did not meet the criteria and measures investments at fair value. Therefore, as of December 31, 2016, the Authority measured its investments in the pool at fair value, as provided in paragraph 11 of GASB Statement No. 31. See Note 3 for further information.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of both Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity. In this statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

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

Notes to Financial Statements (Continued)

5

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, Non-employer contributing entities, the OPEB plan administrator, and the plan members.

The statement is effective for fiscal years beginning after June 15, 2017; however, the Authority has elected early adoption of this statement effective January 1, 2016 (see Note 12(d)). Among other things, the implementation of GASB 75 resulted in an adjustment to the Authority's beginning net position thereby reducing it by \$4,145,385 as of January 1, 2016.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (“GAAP”). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The provisions of this statement are effective for fiscal years beginning after June 15, 2015. The adoption of this statement had no impact on the Authority's financial statements.

In March 2016, GASB issued statement No. 82, *Pension Issues*. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The early adoption of this standard had an impact on the Authority's required supplementary information only.

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

Notes to Financial Statements (Continued)

5

(m) Accounting Standards Issued But Not Yet Adopted

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this statement are effective for reporting periods beginning after June 15, 2016. This statement will not have an impact on the Authority's financial statements since the Authority does not have component units.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets presenting its beneficial interest in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interest. This statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. This statement will not have an impact on the Authority's financial statements since it does not have split-interest agreements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations ("AROs"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the

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

Notes to Financial Statements (Continued)

5

estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Authority is in the process of evaluating the impact of this statement on its financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Authority is in the process of evaluating the impact of this statement on its financial statements.

3. Deposits and Investments

(a) Cash Flows

Cash and cash equivalents decreased during the year by \$60.4 million to \$557.2 million as follows:

Cash and cash equivalents, beginning of year	\$ 617,565,303
Changes in cash:	
EFCFA funding received from State	342,573,648
Investment and interest income	1,730,650
Miscellaneous revenue	809,224
School facilities project costs	(391,156,388)
Administrative and general expenses	(15,679,128)
Capital expenditures	(440,369)
Escrow deposits	1,843,379
Cash and cash equivalents, end of year	<u>\$ 557,246,319</u>

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

Notes to Financial Statements (Continued)

5

(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. At December 31, 2016, the carrying amount of operating cash is \$3,344,638 and the bank balance is \$3,499,503. Regarding the amount held by commercial banking institutions, up to \$250,000 at each institution is 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 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. At December 31, 2016, 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. All investments in the NJCMF are governed by the regulations of the State of New Jersey, Department of 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. Treasuries; 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. At December 31, 2016, the Authority’s investments in the NJCMF total \$553,901,681. Of this amount, \$3,480,289 relates to district local share funding requirements (see Note 6).

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.

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

Notes to Financial Statements (Continued)

5

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. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted prices unadjusted in active markets for identical assets;
- Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for an asset or liability.

The fair value of the NJCMF is based on the published market price on an inactive market as of the measurement date (Level 2 inputs).

5. Prepaid Expenses

As of December 31, 2016, the Authority's prepaid expenses are as follows:

Insurance	\$ 533,132
Office rents	122,830
Service contracts	170,337
Other	24,119
Total prepaid expenses	<u>\$ 850,418</u>

6. Escrow Deposits

The Authority has received funds from several local school districts as required by Local Share Agreements for the funding of the local share portion of Regular Operating District school facility projects, or to cover certain ineligible costs pertaining to projects in the SDA Districts. These deposits, including investment earnings, are reflected as liabilities in the accompanying financial statements. As of December 31, 2016, deposits held in SDA bank accounts, inclusive of interest earned but not refunded to the district, are as follows:

City of Newark	\$ 451,663
Egg Harbor City	292,623
Gloucester City	18,613
Perth Amboy	2,007,358
Phillipsburg	411,118
Vineland	50,971
Other	247,943
Total escrow deposits	<u>\$ 3,480,289</u>

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

Notes to Financial Statements (Continued)

5

7. Rental of Office Space

The Authority rents commercial office space for its headquarters facility in Trenton, as well as other office space in Newark. The remaining terms of these leases range from 2 to 7 years including optional years not presented in the table below. With respect to the Trenton office lease, the Authority has the right to terminate the lease after five years. Total rental expense for the year ended December 31, 2016 amounted to \$1,468,548.

Future rent commitments under operating leases as of December 31, 2016 are as follows:

2017	\$ 1,227,651
2018	1,243,113
Total future rent expense	<u>\$ 2,470,764</u>

8. Capital Assets

Capital asset activity for the year ended December 31, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Leasehold improvements	\$ 502,679	\$ -	\$ -	\$ 502,679
Office furniture and equipment	5,813,919	88,185	-	5,902,104
Computer software	568,993	-	-	568,993
Automobiles	427,877	35,998	-	463,875
Capital assets-gross	7,313,468	124,183	-	7,437,651
Less: accumulated depreciation	(6,546,596)	(183,950)	-	(6,730,547)
Capital assets-net	<u>\$ 766,872</u>	<u>\$ (59,767)</u>	<u>\$ -</u>	<u>\$ 707,104</u>

9. 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 (\$494,118,592) differs from the “net position” reported on the statement of net position (\$405,560,235). 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

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

Notes to Financial Statements (Continued)

payment and non-current other postemployment benefits and compensated absences are not recorded in the fund financial statements until paid.

A summary of these differences at December 31, 2016 is as follows:

Fund balances	\$ 494,118,592
Capital assets, net of accumulated depreciation of \$(6,730,547)	707,104
Deferred outflows of resources for pensions	21,939,702
Accrued school facilities project costs, net of related receivable	(7,706,247)
Net pension liability	(72,439,355)
Total other postemployment benefits liability	(24,500,963)
Accrued compensated absences	(1,310,974)
Accrued pension payable	(2,172,867)
Deferred inflows of resources for pensions	(3,074,757)
Net position	<u>\$ 405,560,235</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, 2016 is as follows:

Deficiency of revenues over expenditures	\$ (54,163,509)
School facilities project costs	398,388
Additional pension expense (GASB 68)	(4,207,949)
Other postemployment benefits expense	(2,150,663)
Compensated absences expense	(122,942)
Capital asset acquisitions	124,183
Depreciation expense	(183,951)
Changes in net position	<u>\$ (60,306,443)</u>

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

Notes to Financial Statements (Continued)

5

10. 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 yet realized) in the amount of \$4,288,607 as of December 31, 2016. This liability is included in accrued school facilities project costs reported on the statement of net position. Additionally, as of the same date the Authority has recorded in the statement of net position a receivable in the amount of \$152,800 for realized environmental cost recoveries. 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 numerous 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), payments and cost recoveries 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 12-31-2016
Pre-cleanup activities	\$ 1,234,500	\$ 1,030,895	\$ 203,605
Site remediation work	25,478,565	21,291,464	4,187,101
Post-remediation monitoring	673,355	160,591	512,764
Asbestos and lead based paint removal	1,514,576	269,667	1,244,909
Sub-total	28,900,996	22,752,617	6,148,379
Less: Estimated environmental cost recoveries (ECR) not yet realized	1,859,772	-	1,859,772
Liability for pollution remediation obligations	<u>\$ 27,041,224</u>	<u>\$ 22,752,617</u>	<u>\$ 4,288,607</u>
Receivable for realized ECR	<u>\$ 152,800</u>	<u>\$ -</u>	<u>\$ 152,800</u>

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

Notes to Financial Statements (Continued)

5

The following table summarizes the changes in the Authority's PRO liability during the year ended December 31, 2016:

PRO at 12-31-2015	Increase in Expected Cash Outlays	PRO Payments	Increase in ECR Not Yet Realized	PRO at 12-31-2016
\$5,702,832	\$79,864	\$(1,419,662)	\$(74,427)	\$4,288,607

11. Commitments and Contingencies

(a) Contractual Commitments

At December 31, 2016, the Authority has approximately \$744 million of unaccrued contractual commitments relating to future expenditures associated with school facilities projects.

(b) Contractor Claims

Numerous contractor claims, the vast majority of which are not in litigation, have been filed with the Authority by design consultants, general contractors and project management firms 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, 2016, the Authority's potential loss from these claims has been estimated at approximately \$3.6 million, which represents an increase of \$1.0 million from the prior year end accrual. Accordingly, as of December 31, 2016, an accrued liability of \$3.6 million is reflected in the statement of net position as a component of accrued school facilities project costs and, for the year then ended, \$1.0 million is offset against 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 Owners Protective Professional Indemnity Insurance ("OPPI"), all of which are discussed below. As of December 31, 2016, 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

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

Notes to Financial Statements (Continued)

5

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 from the end of construction for all previously enrolled projects.

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. Similar to OCIP I, policy limits for OCIP II and OCIP III 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 deductible in the event that both a workers' compensation and general liability claim occur from the same incident. Additionally, OCIP II and OCIP III each provide 10 years of completed operations coverage for claims that arise after the completion of construction. Premiums for OCIP II and OCIP III 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

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

Notes to Financial Statements (Continued)

approximately \$18.9 million to partially fund a maximum deductible obligation of \$26 million. 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. All monies deposited in the respective LRFs accrue interest to the benefit of the Authority and are available to pay claim costs arising from construction projects enrolled in a specific OCIP.

As of December 31, 2016, the Authority has incurred general liability and workers' compensation claims totaling approximately \$15.9 million, \$3.7 million and \$473,000, under OCIP I, OCIP II and OCIP III, respectively. All monies deposited in the LRF and not used to pay claims will be refunded to the Authority along with accrued interest. 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 OCIP II 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 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 March 1, 2020 and provides a limit of \$200 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 \$250,000 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.

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

Notes to Financial Statements (Continued)

12. 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, 2016, employees are required to contribute 6.78% (up from 6.64%) of their annual compensation to the Plan. Annual increases of 0.14% will be phased in effective each July 1 during the succeeding 5 years bringing the pension contribution rate for employees up to 7.5%. 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 21, 2010; Tier 4 includes those members enrolled in the PERS after May 21, 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

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

Notes to Financial Statements (Continued)

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.

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").

At December 31, 2016, the Authority's reported a liability of \$72.4 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The actuarial valuation was rolled forward to June 30, 2016 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. At June 30, 2016, the Authority's proportionate share was estimated to be 0.24459%. The change in proportion since the prior measurement date was a decrease of 0.01565%.

In accordance with GASB 68, for the year ended December 31, 2016, the Authority recognized pension expense of \$6,445,281 of which \$2,237,332 (the amount of the Authority's 2016 contractually required pension contribution to the PERS) was recorded in the General Fund Revenues, Expenditures and Changes in Fund Balance. The Authority's 2017 pension contribution, due on April 1, 2017, will be \$2,172,867. Pension expense is reported in the Authority's financial statements as a component of administrative and general expenses.

The Authority's contractually required contribution rate for the year ended December 31, 2016 was 11.6% of annual payroll, actuarially determined as an amount that, 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. The Authority's 2016 contribution to the PERS was \$2,237,332.

At December 31, 2016, the Authority's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

Notes to Financial Statements (Continued)

5

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 2,762,179	\$ -
Differences between expected and actual experience	1,347,152	-
Changes in assumptions or other inputs	15,005,565	-
Changes in proportion	651,939	3,074,757
Contributions subsequent to the measurement date	2,172,867	-
Total deferred outflows and inflows of resources	<u>\$ 21,939,702</u>	<u>\$ 3,074,757</u>

Deferred outflows of resources of \$2,172,867 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. 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 (2017)	\$ 3,556,658
Year 2 (2018)	3,556,658
Year 3 (2019)	3,556,658
Year 4 (2020)	3,556,658
Year 5 (2021)	2,465,446
Total	<u>\$ 16,692,078</u>

Actuarial methods and assumptions

The collective total pension liability in the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was roll forward to June 30, 2016. The key actuarial assumptions are summarized as follows:

Rate of inflation	3.08%
Salary increase:	
Through 2026	1.65% – 4.15% (based on age)
Thereafter	2.65% – 5.15% (based on age)
Investment rate of return	7.65%
Cost of living adjustment	None assumed

Mortality rates were based on the RP-2000 Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

Notes to Financial Statements (Continued)

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The contribution percentage is the average percentage of the annual actual contribution paid over the annual actuarially determined contribution during the most recent five-year period. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2034. Accordingly, the long-term expected rate on Plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining 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
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	(0.25)%
REIT	5.25%	5.63%

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

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 3.98% as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate:

	1% Point Decrease	Discount Rate Assumption	1% Point Increase
PERS (2.98%, 3.98%, 4.98%)	\$88,765,975	\$72,439,355	\$58,960,315

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

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

Notes to Financial Statements (Continued)

5

contribute 3% to the DCRP (“employer matching”) based on the member’s annual compensation (base salary) in excess of the maximum compensation limit.

For the year ending December 31, 2016, the Authority had twelve active employees enrolled in the DCRP and made matching contributions totaling \$12,019. Employer matching contributions relating to 2015, 2014 and 2013 totaled \$11,485, \$9,239 and \$8,271, 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 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
(a component unit of the State of New Jersey)

Notes to Financial Statements (Continued)

5

The information presented below for fiscal year 2016 is based upon an actuarial valuation performed as of January 1, 2016 and a measurement date of the same. The Authority has chosen to early adopt GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), effective for the fiscal year ending December 31, 2016, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("GASB 45") as amended. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Additionally, for defined benefit OPEB, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Required note disclosure and supplementary information requirements are also improved under GASB 75.

Retirees and employees covered by OPEB Plan

At December 31, 2016, the following employees were covered by the benefit terms:

Retired employees and/or beneficiaries currently receiving benefit payments	22
Active employees	232
Total	<u>254</u>

Total OPEB liability

The Authority's total OPEB liability of \$24,500,963 was measured as of January 1, 2016, and was determined by an actuarial valuation as of that date. The Authority has fully recognized this liability in the statement of net position as of December 31, 2016 in accordance with GASB 75.

Actuarial methods and assumptions

Actuarial valuations of a perpetual plan involve formulating estimates and assumptions about the probability of occurrence of future events, such as employment, mortality and healthcare costs, among other things. Consequently, the amounts derived from an actuarial valuation are subject to continual revision as actual results will undoubtedly differ from past expectations and assumptions.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation date and the historical pattern of benefit cost sharing between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility

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

Notes to Financial Statements (Continued)

5

in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability in the January 1, 2016 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	2.50%
Annual salary increases	3.00%
Discount rate	3.57%
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 Bond Buyer Go 20-Bond Municipal Bond Index.

The actuarial valuation included the use of the latest available mortality improvement scale published by the Society of Actuaries ("SOA"). The assumed mortality is the SOA RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted mortality with Scale MP-2016 full generational improvement.

The annual healthcare cost inflation rate for retiree benefits is 11% for prescription drug and 6% for Medical-Pre Medicare for 2016. The trend on prescription drug costs is assumed to reach an ultimate rate of 5% in 2025. The trend on medical-pre Medicare costs is assumed to reach an ultimate rate of 5% in 2026. A flat trend of 4.5% to ultimate is assumed to apply to medical-post Medicare costs and Medicare Part B premium reimbursements.

The actuarial valuation included the impact of the healthcare reform law (i.e., excise "Cadillac" tax). Accordingly, a 10% load is applied to the present value costs results.

The decrement assumptions (i.e., retirement, turnover and disability) and age based costs for the Authority were estimated using information from the State of New Jersey Health Benefits Program OPEB report dated June 30, 2016. The age-based costs include medical and prescription drug with a reduction in prescription drug costs for the Employer Group Waiver Plan ("EGWP") for those on Medicare.

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

Notes to Financial Statements (Continued)

5

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	\$ 1,578,355
Interest cost	849,309
Changes in benefit terms	-
Differences between actual and expected experience	-
Changes in assumptions	-
Benefit payments	<u>(277,001)</u>
Net change in total OPEB liability	2,150,663
Total OPEB liability – beginning of year *	<u>22,350,300</u>
Total OPEB liability – end of year	<u>\$ 24,500,963</u>

* Includes an adjustment (i.e., increase) of \$4,145,385 related to GASB 75 implementation effective January 1, 2016.

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:

	<u>1% Point Decrease</u>	<u>Discount Rate Assumption</u>	<u>1% Point Increase</u>
Total OPEB liability (2.57%, 3.57%, 4.57%)	\$30,266,306	\$24,500,963	\$20,080,459

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:

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

Notes to Financial Statements (Continued)

5

	1% Point Decrease	Healthcare Cost Trend Assumption	1% Point Increase
Total OPEB liability (3.5%, 4.5%, 5.5%)	\$19,517,468	\$24,500,963	\$31,260,780

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

For the year ended December 31, 2016, the Authority recognized OPEB expense of \$2,427,664 in the statement of activities as a component of administrative and general expenses. At December 31, 2016, no amounts were reported as deferred inflows and outflows of resources related to OPEB since the date of the actuarial valuation of January 1, 2016 is the measurement date. Additionally, the discount rate did not change from the beginning to the end of the measurement period, therefore no deferral item resulted from a change in the discount rate.

13. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority recorded a liability in the amount of \$1,310,974 as of December 31, 2016 in the statement of net position. The liability is the value of employee accrued vacation time as of the balance sheet 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.

14. Long-Term Liabilities

During 2016, 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	\$ 8,257,434	\$ 1,033,396	\$ (1,431,783)	\$ 7,859,047
Net pension liability	58,417,776	14,021,579	-	72,439,355
Total other postemployment benefits liability *	22,350,300	2,150,663	-	24,500,963
Accrued pension payable	2,237,332	6,528,512	(6,592,977)	2,172,867
Compensated absences	1,188,032	122,942	-	1,310,974
Total long-term liabilities	\$ 92,450,874	\$ 23,857,092	\$ (8,024,760)	\$ 108,283,206

* Beginning of year balance includes an adjustment (i.e., increase) of \$4,145,385 related to GASB 75 implementation effective January 1, 2016.

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

Notes to Financial Statements (Continued)

5

For further information, see Notes 12 and 13.

15. Net Position

The Authority's net position is categorized as either invested in capital assets, or restricted for schools construction. At December 31, 2016, the Authority's net position is \$405.6 million. Invested in capital assets includes leasehold improvements, furniture and fixtures, equipment and computer software used in the Authority's operations, net of accumulated depreciation.

The changes during 2015 and 2016 in net position are as follows:

	Net Investment in Capital Assets	Restricted for Schools Construction	Totals
Net position, January 1, 2015	\$ 386,044	\$ 416,813,396	\$ 417,199,440
(Loss)/excess before receipt of EFCFA funding and transfers	(93,943)	(17,409,593)	(17,503,536)
Capital assets acquired	474,771	(474,771)	-
EFCFA funding received from State	-	500,000,000	500,000,000
School facilities project costs	-	(429,683,841)	(429,683,841)
Net position, December 31, 2015 – as previously stated	766,872	469,245,191	470,012,063
Effects of GASB Statement No. 75 implementation on beginning of year net position	-	(4,145,385)	(4,145,385)
Net position, December 31, 2015 – as restated	766,872	465,099,806	465,866,678
(Loss)/excess before receipt of EFCFA funding and transfers	(183,951)	(19,716,174)	(19,900,125)
Capital assets acquired	124,183	(124,183)	-
EFCFA funding received from State	-	342,573,648	342,573,648
School facilities project costs	-	(382,979,966)	(382,979,966)
Net position, December 31, 2016	\$ 707,104	\$ 404,853,131	\$ 405,560,235

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>2016 *</u>
Authority's proportion of the net pension liability	0.24459%
Authority's proportionate share of the net pension liability	\$72,439,355
Authority's covered employee payroll	\$18,574,888
Authority's proportionate share of the net pension liability as a percentage of covered employee payroll	390.0%
Plan fiduciary net position as a percentage of the total pension liability	31.2%

* The amounts presented in the table above were determined as of June 30, 2016

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

Schedule of Authority's Contributions
to the Public Employees' Retirement System (Continued)

Mortality

RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females for 2016 through 2013. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. The RP-2000 Employee Preretirement Mortality table was used and was set back 2 years for males and 7 years for females for 2012, and was set back 4 years for females prior to 2012.

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

Schedule of Changes in the Total Postemployment Benefits
Other Than Pensions (OPEB) Liability and Related Ratios

	<u>2016</u>
Service cost	\$1,578,355
Interest cost	849,309
Changes in benefit terms	-
Differences between actual and expected experience	-
Changes in assumptions	-
Benefit payments	<u>(277,001)</u>
Net change in total OPEB liability	2,150,663
Total OPEB liability – beginning of year *	<u>22,350,300</u>
Total OPEB liability – end of year	<u>\$24,500,963</u>
Covered employee payroll	\$17,954,600
Total OPEB liability as a percentage of covered employee payroll	136.64%

* Includes an adjustment (i.e., increase) of \$4,145,385 related to GASB 75 implementation effective January 1, 2016.

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

Notes to Schedule:

Changes in benefit terms – None.

Changes in assumptions – None.

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

Resolution—5c.**Resolution Approving the 2016 SDA Audited Financial Statements**

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

WHEREAS, consistent with N.J.S.A 52:18A-237(1), the Authority’s bylaws, at Article VIII, Section 8.2, provide that “the Authority shall provide for an annual audit of the financial statements of the Authority by a certified public accountant, and cause a copy thereof to be filed with the Secretary of State, the Director of the Division of Budget and Accounting in the Department of Treasury, and the State Auditor”; and

WHEREAS, in accordance with Executive Order No. 122 (2004) as amended by Executive Order No. 37 (2006) and consistent with Article VIII, Section 8.3 of the Authority’s bylaws, the Authority shall prepare a comprehensive report regarding its operations and, following approval of same by the members of the Authority, submit the report to the Governor’s Authorities Unit and the State Treasurer and post it on the Authority’s website; and

WHEREAS, the comprehensive report shall, among other things, include “authority financial statements”; and

WHEREAS, the independent accounting firm of Ernst & Young (E&Y) has completed an audit of the Authority’s financial statements for 2016; and

WHEREAS, E&Y has expressed its intent to issue an “unmodified” opinion on the financial statements, the highest level of assurance that an audit firm can provide for a financial statements audit; and

WHEREAS, pursuant to Article IX, Section 9.5 of the Authority’s bylaws and Article VI of the SDA Audit Committee Charter, the Audit Committee met on April 17, 2017 to review and discuss the integrity and quality of the Authority’s financial statements and E&Y’s audit of the Authority’s 2016 financial statements; and

WHEREAS, following presentation of the 2016 financial statements to the Committee by executive management and E&Y and following the Committee’s discussions with executive management and E&Y, and following its deliberations, the Committee recommends approval of same by the Authority’s Board of Directors; and

WHEREAS, the 2016 financial statements are presented as an attachment hereto.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve the Authority's 2016 financial statements as presented by executive management and the accounting firm, Ernst & Young, and as recommended by the SDA Audit Committee and appended hereto.

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 2016 Audited Financial Statements, dated May 3, 2017

Dated: May 3, 2017

2016 ANNUAL REPORT PURSUANT TO EXECUTIVE ORDER NO. 37 (2006)

**New Jersey Schools
Development Authority**

**Annual Report
2016**



Christie Administration Accomplishments 2010-2016	
Capital Projects completed	28
Estimated Total Costs of Completed Capital Projects	More than \$1.3 Billion
Number of students impacted by completed Capital Projects	Approximately 24,500
Contracts Awarded for Capital and Emergent Projects	Approximately \$980 Million
Emergent Projects (SDA-Managed) Completed	63
Estimated Total Project Costs of Completed Emergent Projects	\$68.7 Million
Regular Operating District (ROD) Grants Executed	2,390
ROD Grants State Share	\$698 Million
ROD Grants Estimated Total Project Costs	\$1.65 Billion

About This Report

The 2016 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 2016.

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 (for the period April 1 through September 30, 2016). The Biannual Report can be found at the following link:

https://www.njsda.gov/njsda/RP/Biannual_Report/2016_2.PDF.

The Mission of the New Jersey Schools Development Authority is to deliver high-quality educational facilities that best meet the needs of the students of the State of New Jersey. While providing efficiently designed facilities that enhance the academic environment, we promote fiscal responsibility in the management of taxpayers' resources.

2016 SDA YEAR IN REVIEW

FEBRUARY		Newark Elliott Street School Ribbon Cutting Ceremony
MARCH		Start of the SDA's 2016 SMWBE Contractor Training Program
MAY		Demolition of the Madison Avenue Elementary School in Irvington
JUNE		Newark Oliver Street School Ribbon Cutting Ceremony
SEPTEMBER		Opening of 7 new or renovated schools in Bridgeton, Elizabeth, Jersey City, Keansburg, Paterson (2) and Phillipsburg.
SEPTEMBER		Newark South Street School Groundbreaking
SEPTEMBER		Announcement of a new Perth Amboy High School project
NOVEMBER		Vineland Lincoln Avenue Middle School Groundbreaking
NOVEMBER		New Brunswick Paul Robeson Community Theme School for the Arts Groundbreaking
DECEMBER		Trenton Central High School Groundbreaking
DECEMBER		Passaic Leonard Place Elementary School Groundbreaking

TABLE OF CONTENTS

CEO MESSAGE 5

PROJECT ACCOMPLISHMENTS 7

 New Schools Open to Students..... 7

 Breaking Ground for a Bright Future..... 9

 Capital Construction..... 10

 SDA Advances Largest Single Project to Date 11

 Contracts Awarded..... 11

 Emergent Projects..... 12

 Regular Operating Districts 12

 Safety First..... 13

PROGRAM SUCCESS 14

HELPING SUPPORT NEW JERSEY’S BUSINESSES AND CONSTRUCTION WORKFORCE..... 15

 SMWBE Contractor Training Program..... 15

 Providing Opportunities for New Jersey’s Small Businesses..... 15

 Workforce Compliance..... 16

 NJ-GIVS – Preparing Students for Careers in the Construction Industry 16

FINANCIAL INFORMATION 17

 Annual Report Delay 17

 2016 Bond Sales 17

 Budgetary and Financial Controls 18

CERTIFICATIONS PURSUANT TO SECTION 22C OF EXECUTIVE ORDER 37 (2006) 20

CERTIFICATION PURSUANT TO SECTION 2 OF EXECUTIVE ORDER 37 (2006) 21

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION 22

CEO MESSAGE

By any method of measurement, 2016 was an incredibly successful year for the New Jersey Schools Development Authority. More important, it was a successful year for the districts and children that the NJSDA serves. The Authority delivered 1.25 million square feet of new construction, providing seats for 8,500 students. We opened two schools in Paterson (School 16 and the Dr. Hani Awadallah School); two schools in Newark (Oliver and Elliott Street Schools); the Dr. Maya Angelou School – P.S. 20 in Jersey City; the Joseph C. Caruso School in Keansburg; the addition and renovation to the Buckshutem Road School in Bridgeton; and two new high schools – the Frank J. Cicarell Academy in Elizabeth and Phillipsburg High School. Thousands of children now learn in these state-of-the-art facilities and will do so for years to come.

In addition to delivering schools on-time and on-budget, the percentage of change orders that make up the cost of the schools has been lowered dramatically. Indeed, on design-build projects – which now make up the lion's share of SDA projects, change order costs are less than one percent of the overall value of the projects – an astoundingly low number. This timely and cost-effective outcome is a direct result of the changes instituted by the Christie Administration. My predecessor received a fair amount of criticism for taking the time to make the necessary changes that brought about this efficiency but the productivity, adherence to project schedules and most importantly, the budgetary predictability are all the rewards of the work he spearheaded.

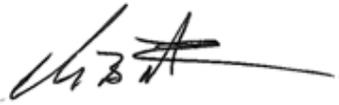
This year also brought great progress on other projects, most notably in Trenton where ground was broken for the new Trenton Central High School. Ground was also broken in Garfield (James Madison Elementary School), Newark (South Street School), Passaic (Leonard Place School), Vineland (Lincoln Avenue Middle School) and for the addition and renovation of the Paul Robeson Community Theme School for the Arts in New Brunswick. Thus, the success of the year has not slowed our forward movement. In fact, 2016 ended with 11 schools in various phases of construction. Finally, land has been purchased and planning has begun for a new high school in Perth Amboy which, when completed, will educate 2,800 students and will be the largest single building constructed by the SDA.

While the focus naturally falls on the capital program, 2016 also saw the execution of 138 Regular Operating District grants representing \$42 million in state funded dollars. Along with the local share, those grants represent a total of \$98 million in construction projects all around the state, which benefit the children of New Jersey.

The SDA has also taken the nurturing of small, minority and women-owned businesses (SMWBE) seriously. We have continued to offer our training program to the SMWBE community at no cost. The courses are taught by SDA professionals as well as instructors from other agencies and the private sector.

They are well-received by the participants and illustrate this organization's dedication to making the New Jersey construction industry one that is more reflective of our diverse population.

These accomplishments have been generated through the hard work and dedication of all the women and men of the SDA who share the overall mission of providing great facilities to further the education of schoolchildren around this state, especially those in fiscally-challenged districts. Our employees understand that a good education starts with a great facility. The SDA also benefits from a motivated and engaged Board of Directors who work with us to move the important work of the Authority forward. We continue to engage the communities in which we work and partner with legislators to ensure that we are working towards the goals of our constituents. We accomplished great work in 2016 and are looking forward to a productive 2017 as we move ahead.



Charles McKenna

PROJECT ACCOMPLISHMENTS

New Schools Open to Students

On their first day of school, Jersey City students walked from the 115-year-old P.S. 20 School into the courtyard of the new Dr. Maya Angelou School P.S. 20. The kindergarten through fifth grade children were visibly happy and excited to walk through the doors of their new school, an inviting 108,800 square foot facility. While the school it replaced lacked even basic amenities such as bathrooms on each floor, the new school has a media center and technology classroom among its features which provide an appropriate, modern learning environment.



Governor Christie was on hand to celebrate the opening of the Phillipsburg High School, a day long awaited by that community. Students eagerly explored the new 330,000 square foot school, utilizing the color-coded hallways to help them navigate their new environment. The championship wrestling team – concerned about the expansion of the new gymnasium – has since made themselves at home in their new arena – continuing their winning tradition.

In Newark, students of the former Elliott Street School entered their new 138,000 square foot school in February. After the demolition of the original school following a lightning strike and subsequent fire, students in the North Ward were lacking a neighborhood school. Governor Christie was present to welcome them home.



In all, nine new or renovated school facilities opened to students in 2016, exemplifying the positive impact of New Jersey's school construction program has on the children of our state. The SDA delivered over 1.25 million square feet of new construction in 2016 alone. More than 8,500 new seats for students throughout the State represent significant progress in reducing the overcrowding that exists in many school districts. These facilities represent an investment of \$553 million, and confirmation of the State's commitment to providing New Jersey students with the facilities they need.

The students who started this school year in a new facility were overwhelmingly excited for the opportunities their buildings afford them. Repeatedly, students shared their enthusiasm for new spaces that include media centers, gymnasiums, cafeterias, technology classrooms and outdoor play spaces. Bright new classrooms with abundant natural light, one to one computer ratio and smart boards all encourage students' desire to learn.

The 2016 school openings are the successful result of the diligence and commitment applied throughout an era of responsible and accountable school construction implemented under the Christie Administration. All nine schools opened on or ahead of schedule and within their approved budgets.

SDA 2016 School Openings					
District	School	Project Type	Square Footage	Max Student Capacity	Total Project Costs
Bridgeton	Buckshutem Road Elementary School	Addition/ Renovation	41,000	645	\$23.3 M
Elizabeth	Elizabeth High School – Frank J. Cicarell Academy	New School	183,000	1,284	\$64.1 M
Jersey City	Dr. Maya Angelou Public School #20	New School	108,000	698	\$49.3 M
Keansburg	Joseph C. Caruso Elementary School	New School	122,000	842	\$50.9 M
Newark	Elliott Street Elementary School	New School	138,000	932	\$46.7 M
Newark	Oliver Street Elementary School	New School	137,000	932	\$73.6 M
Paterson	Dr. Hani Awadallah Elementary School	New School	105,500	722	\$55.2 M
Paterson	School #16	New School	109,500	705	\$62.4 M
Phillipsburg	Phillipsburg High School	New School	330,000	2,172	\$127.5 M

The schools opened in 2016 were all designed incorporating the guidelines developed by the United States Green Building Council (USGBC) known as the "Leadership in Energy & Environmental Design ("LEED®") program in order to achieve maximum energy efficiency and environmental sustainability in the design of schools. Consistent with SDA's policy, the new schools will be submitted for LEED certification, with some expected to achieve Silver or Gold designations. This effort highlights SDA's commitment to achieve maximum energy efficiency and environmental sustainability in the design of schools.

In addition, all of the new schools were built utilizing the materials and systems standards that were instituted by the SDA in 2011. The use of standardized design elements affords efficiencies in the design and construction of school facilities, ultimately supporting the faster delivery of schools. It also clearly establishes requirements for SDA school facilities projects to be built in an educationally appropriate, sustainable, clean and environmentally friendly manner.

Six of the schools opened in 2016 were built using a design-build approach with the kit of parts as their design foundation. The remaining three schools were built utilizing a traditional design-bid-build approach. Each project's planning stage includes an assessment of which approach is most suitable to the project's needs and circumstances. Both design-build and design-bid-build approaches have proven successful with the projects opened this year, and we expect to continue to employ both going forward.

Breaking Ground for a Bright Future

Along with 2016 school openings, many additional projects also advanced into construction during the year. In 2016, SDA broke ground on five new schools and one addition/renovation project. Once complete, these projects will provide more than 5,300 new seats for students in six school districts.

Governor Christie was on hand to break ground for the new Trenton Central High School (TCHS) in December 2016. The construction of a new TCHS is one part of the Governor's efforts to revitalize the City of Trenton. The new \$155 million Trenton Central High School will be a 374,000 square foot school designed to educate 1,900 students in grades 10 through 12. This project is a prime example of the SDA's cooperation and partnership with the local school districts and communities. Throughout the planning and construction of the school, SDA worked with the Trenton School District to ensure open communication and dialogue with community members and to receive input from various stakeholders. The District school board also provided direction for the design of the new school.

In Passaic City, the ground breaking of the new Leonard Place Elementary School marked the second of three projects that, once completed, will provide seats for more than 4,000 students helping to address the community's needs. The new 105,000 square foot, three-story school will be designed to educate approximately 700 students in kindergarten through fifth grades. Located near the heart of the downtown, this school is a refreshing replacement for the previous blight and has spurred nearby economic development.



In the heat of the summer, SDA joined district and local officials at a groundbreaking for the new James Madison Elementary School Number 10 in Garfield. The construction site is the location of the former Most Holy Name School. That school facility was demolished by the SDA in 2015 to make way for the new, approximately 53,000 square foot elementary school

facility is designed to educate approximately 275 students from kindergarten through fifth grades.

In the Southern part of the State, the new Lincoln Avenue Middle School broke ground in Vineland. The primarily masonry structure will be a one-story, 99,000 square foot facility designed to accommodate 620 students in grades six through eight.

The new Newark South Street Elementary School, an approximately 103,000 square foot facility was designed to accommodate 657 students in grades Pre-kindergarten through eighth. The original South

Street Elementary School was built more than 130 years ago. Students from South Street are currently attending the original Oliver Street School that was vacated when the new Oliver Street School was completed this year, and will remain there until the new building is completed.

The groundbreaking for the addition/renovation at the Paul Robeson Community Theme School for the Arts in New Brunswick marked the start of a project that will significantly increase student capacity. The project will double the school building size through an addition of 60,000 square feet and renovate the existing structure.

Capital Construction

With the start of construction for projects in Garfield, Newark, New Brunswick, Passaic City, Trenton and Vineland, the SDA ended 2016 with 11 projects in construction. Representing more than \$636 million in total estimated project costs, the State continues to invest heavily in the educational facilities students need to excel.

SDA Capital Projects in Construction (As of December 31, 2016)				
District	School	Project Type	Max Student Capacity	Total Project Costs
Bridgeton	Quarter Mile Lane E.S.	Addition/Renovation	795	\$39 Million
Elizabeth	New Elementary School	New Construction	956	\$55.3 Million
Garfield	James Madison E.S.	New Construction	305	\$29.7 Million
Gloucester City	New Middle School	New Construction	763	\$63.8 Million
Jersey City	Patricia M. Noonan E.S.	New Construction	848	\$54 Million
New Brunswick	Paul Robeson Community Theme School for the Arts	Addition/Renovation	893	\$47 Million
Newark	South Street E.S.	New Construction	657	\$69.9 Million
Passaic City	E.S. at Leonard Place	New Construction	698	\$55.9 Million
Trenton	Trenton Central H.S.	New Construction	2,176	\$155.4 Million
Vineland	Lincoln Road M.S.	New Construction	624	\$49.8 Million
West New York	Harry L. Bain E.S.	Renovation	814	\$16.9 Million
Total (11 Projects)			8,934	\$636.7 Million

SDA projects help to ensure that New Jersey students have access to the facilities and educational resources they need to receive a quality education. Once complete, these 11 school facility projects will positively affect the education of more than 8,900 students, meaningfully addressing overcrowding and providing essential educational programs to replace substandard, deficient learning environments.

There are many more projects in various stages of development. Early site preparation activities commenced for the Madison Avenue Elementary School in Irvington and the Mildred B. Garvin Elementary School in East Orange. The design phase of a design build contract is in progress for the Seaman Avenue Elementary School in Perth Amboy. Design-build procurements have advanced for the addition/renovation project at Millville Senior High School, Madison Avenue Elementary School in Irvington and the new Harrison Elementary School.

Governor Christie also announced the planned construction of a new Camden High School. Current expectations are for the school project to advance in two phases: The first phase will involve the demolition of the current high school and site preparation; while the second phase will include the design and construction of the new facility. The new school is preliminarily anticipated to be ready for student occupancy in 2021.

SDA Advances Largest Single Project to Date

Surrounded by third grade students, SDA joined Perth Amboy City and District officials in September to announce the advancement of the new Perth Amboy High School. This new high school project will be the largest single school building that the SDA has undertaken to date. SDA anticipates that the new, state-of-the-art school will be an approximately 535,000 square foot facility designed to educate 2,800 students in grades nine to twelve. The preliminary estimated project costs total \$234 million.



The announcement came following Perth Amboy School District's purchase of an 11.63-acre property, formerly home to the Delaney Homes Public Housing development, from the Perth Amboy Housing Authority. Currently, the project is in design development with the SDA's in-house design studio.

Contracts Awarded

This year alone, the SDA posted 33 advertisements for work related to capital and emergent projects. The SDA awarded more than \$265 million in contracts in 2016. The projects that are moving forward as a result of these contract awards benefit New Jersey students, communities, businesses and workers. This investment in school projects helps create good local jobs and spur other private and public investments in the communities that need it the most.

In 2017, the SDA expects to advertise work valued at between \$500 and \$600 million, effectively doubling its 2016 portfolio of advertisements. The 2017 forecast includes advertisements for site preparation work, emergent work and new construction, including a few projects with construction cost estimates valued at \$150-\$200 million each. The SDA's 2017 construction forecast is available on our website at: https://www.njsda.gov/njsda/Business/CV/2017_Project_Forecast.pdf.

Emergent Projects

At the end of 2016, the SDA was managing five emergent projects that were in the design phase. In addition, SDA Districts were managing ten delegated projects, also all in design. As of December 2016, 162 emergent projects (both SDA-managed and district-delegated) have been completed since the program inception.

This year, the SDA, in partnership with the New Jersey Department of Education (DOE), launched another statewide effort to identify and evaluate potential emergent projects for SDA Districts. Projects to be considered were limited to those with scopes that address the following: building envelope conditions allowing water infiltration, including roofing and wall systems; existing mechanical system failures or anticipated failures; structural issues, and fire and life safety issues, including existing fire alarm and fire suppression systems. Following completion of the review and prioritization of potential emergent projects, final determination letters will be issued and the work will advance on approved projects.

Regular Operating Districts

SDA Regular Operating District (ROD) grants fund at least 40 percent of eligible costs for projects in the New Jersey's ROD Districts, addressing health and safety issues, and other critical needs. In 2016, the SDA executed 138 grants to 50 school districts for school improvement projects. This nearly \$43 million state investment leverages a local contribution of nearly \$55 million. It is important to note that the entire \$3.45 billion authorized for ROD facility projects has been committed, therefore the number of project executions has decreased. Of the \$150 million authorized in funding for vocational school grants, there is \$10 million remaining in uncommitted funds.

Examples of ROD Grant project executions in 2016 include:

- Bay Head School District, Bay Head Elementary School (Ocean County): Mechanical upgrades. Total Project Costs - \$863,800; State Investment - \$345,520.

- Blairstown Township School District, Blairstown Elementary School (Warren County): Window replacement. Total Project Costs - \$1,121,639; State Investment - \$448,656.
- Camden County Vocational School District, Camden County Technical Vocational School (Camden County): Fire alarm replacement – entire campus. Total Project Costs - \$1,846,772; State Investment - \$1,012,770.
- Roselle Borough School District, Abraham Clark High School (Union County): New HVAC, associated piping and electrical upgrades. Total Project Costs - \$3,041,351; State Investment - \$1,805,881.

REGULAR OPERATING DISTRICT GRANTS			
2016 Grant Executions		Grant Executions Since Inception	
No. of Grants Executed	138	No. of Grants Executed	5,385
State Share	\$42,963,118	State Share	\$2,997,416,159
Local Share	\$54,903,816	Local Share	\$5,942,554,573
Total Est. Costs	\$97,866,934	Total Est. Costs	\$8,939,970,732
No. of Districts Impacted	50	No. of Districts Impacted	524
No. of Counties Impacted	18	No. of Counties Impacted	21

Safety First

SDA is proud of its safety record in 2016. SDA's Field Compliance Inspectors were active during 2016 as they each conducted approximately 400 safety inspections on their assigned SDA projects. The SDA received no OSHA citations in 2016. In addition, SDA conducted OSHA training for 11 SBE firms, providing 30-hour OSHA cards. The 30-hour OSHA card is required on all SDA projects for certain positions, signifying a level of safety awareness.

PROGRAM SUCCESS

Through the significant programmatic and organizational changes instituted at the SDA under the Christie Administration, the school construction program has experienced significant success in both the delivery of school projects and the careful stewardship of taxpayer resources.

SDA staff recently provided the Board of Directors with a report detailing the successes achieved by the school construction program over the last few years. The presentation focused on 12 school projects delivered under Governor Christie, including nine delivered in 2016. The 12 projects include seven design-build projects and five design-bid-build projects.

The 12 projects were completed within or under budget. In terms of change orders, the average across all projects is 2.2 percent and 1.9 percent when excluding change orders related to school district initiated IT plan adjustments. Looking at just the design-build projects, change order levels drop to 0.5 percent. These numbers are even more impressive when compared to 17 projects initiated between 2006 and 2009 where the change order activity represented 12.2 percent of construction.

In terms of schedule, 11 of the 12 projects opened to students as originally projected or earlier with four projects delivered ahead of schedule. This includes the Newark Elliott Street School, which opened in February 2016, and the Newark Oliver Street School, which opened in June 2016. The overall duration for design-bid-build projects is 58 months vs. 43 months for design-build projects.

This data highlights the success achieved by the SDA under the Christie Administration. The updated processes and approaches now employed by the SDA are delivering schools on budget, on schedule and with more predictability. This is the result of great work by the entire organization since 2010 — design work, planning, procurement, project teams, payables, safety, risk management, contract management and the contribution of SDA Counsel's Office.

HELPING SUPPORT NEW JERSEY'S BUSINESSES AND CONSTRUCTION WORKFORCE

SMWBE Contractor Training Program

Since 2011, the SDA has proudly conducted a dedicated, in-house, Small Minority and Women-owned Business Enterprise (SMWBE) Contractor Training Program. This program aims to assist small business entities throughout the State of New Jersey and promote SDA's SBE goals. The program concentrates on helping small businesses initiate, fortify and advance a set of core skills that are crucial to operating a successful and profitable business.

The 2016 program included modifications to the format and content in order to benefit newer start-up companies. The revised program, which offered six weeks of instructional classes followed by a graduation/networking event, commenced in March 2016 with classes held in both Trenton and Newark. Additional instruction on business plan development, prevailing wage, and navigating SDA and State websites was included in the 2016 program.

Twenty-five small business enterprises successfully completed the 2016 SMWBE Contractor Training Program. The firms participated in a graduation and networking event that provided them with an opportunity to introduce their small businesses to the more established Construction Management Firms and General Contractors working on SDA projects.



Providing Opportunities for New Jersey's Small Businesses

The SDA prides itself on its effective and proactive Small Business Enterprise (SBE) program that abides by the current State set-aside law and Executive Order 71 (2003). The SDA continually exceeds the mandated 25 percent SBE participation level based upon the total dollar value of publicly advertised contracts awarded by SDA. In 2016, SBE participation was 29 percent. This represents \$82,357,369 million in SDA contract values for SBE companies.

At the end of 2016, the SDA had 1,796 firms prequalified to do business. Of those firms, the NJ Department of the Treasury certified 754 (or 42% of all firms) as SBE firms.

Workforce Compliance

SDA Field Compliance Inspectors verify contractor-reported data regarding the number of women and minority workers on SDA's construction sites to ensure that prime contractors make good faith efforts to meet appropriate workforce goals through the hire of women and minorities. In 2016, minority and female workers performed approximately 21 percent of construction work on SDA projects.

NJ-GIVS – Preparing Students for Careers in the Construction Industry

The SDA continued its partnership with the New Jersey Higher Education Student Assistance Authority (HESAA) to execute the Governor's Industry Vocations Scholarship for Women and Minorities (NJ-GIVS). Funding for the NJ-GIVS program, announced in 2013, is in furtherance of the SDA's effort to provide funding for on-the-job or off-the-job outreach and training programs for minority group members and women in construction trade occupations or other occupations – including engineering and management occupations – utilized in the performance of public works contracts.

NJ-GIVS pays up to \$2,000 per year to women and minority students who reside in New Jersey towards the cost of enrollment in a NJ-GIVS eligible program at one of New Jersey's approved county colleges or vocational schools. During 2016, SDA was proud to provide \$223,804 to 127 qualifying students throughout New Jersey. Grant recipients are attending programs at schools including Bergen Community College, Middlesex County College, Morris County Vocational & Technical Schools, Ocean County Vocational-Technical School, Union County College and the Hohokus School of Trade. The grants benefit women and minority students who are pursuing programs preparing them for careers in the construction industry.

FINANCIAL INFORMATION

2016 PROJECT EXPENDITURES	
SDA District Capital Projects	\$269.4 Million
SDA District Emergent Projects	\$16.9 Million
ROD Grant Projects	\$94.2 Million
Other Project Costs – Program	\$10.6 Million
TOTAL PROJECT EXPENDITURES	\$391.2 Million

Annual Report Delay

The SDA's Annual Report release date is typically in April, as required by statute. However, the delayed release of the 2016 Annual Report until May 2017 was necessary due to the Authority was awaiting receipt of its 2016 pension allocation from the Department of the Treasury's Division of Pension & Benefits pursuant to GASB No. 68. The required pension information was recently made available to all stakeholders on April 6, 2017, therefore permitting the Authority's independent auditor to complete its audit of the 2016 financial statements.

2016 Bond Sales

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

During 2016, the EDA approved bond sales in December to provide an additional \$343 million to support the state's school construction program.

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; that responsibilities are appropriately segregated; that financial statements are prepared in accordance with accounting principles generally accepted in the United States; and that 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 the Authority's 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 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 are used to monitor the status of projects and to review and analyze costs in comparison to approved budgets. The information obtained from these sessions are summarized and presented to the Audit Committee in a monthly report.

Financial Controls

The Authority maintains effective financial controls in part through the use of an integrated accounting and budgeting system, which enables the Authority to view, analyze and report on various financial data. Separate financial reporting software is utilized by the Authority 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. Policies and procedures (or other analogous documents) have been implemented 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.

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 2016 financial statements is accurate, and that such information fairly presents the financial condition and operational results of the Authority as of December 31, 2016 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 2016 financial statements is accurate, and that such information fairly presents the financial condition and operational results of the Authority as of December 31, 2016 and for the year then ended.

Charles B. McKenna
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") 2016 comprehensive report of Authority operations (the "2016 Annual Report"). This report highlights the significant actions of the Authority for the year ending December 31, 2016, 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 and Young LLP is included within the financial statements section of the 2016 Annual Report. The completion of the audit report fulfills the Authority's requirements under Executive Order 37 and the audit requirements of Executive Order 122 (2004).

Executive Order 37 Section 2 Certification:

I, Charles B. McKenna, certify that, from January 1, 2016, to December 31, 2016, the Authority has, to the best of my knowledge, followed all of its standards, procedures and internal controls.

Charles B. McKenna
Chief Executive Officer

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, 2016

Resolution—5d.**Resolution Approving the SDA Annual Report****5**

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

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 April 17, 2017 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 same shall be submitted to the Governor’s Authorities Unit and the posted on the Authority’s website; and

WHEREAS, the 2016 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 2016 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: Memorandum and 2016 SDA Annual Report, dated May 3, 2017

Dated: May 3, 2017

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

**RELEASE OF FUNDS FROM PROGRAM RESERVE, AWARD OF CONTRACT AND APPROVAL
OF FINAL PROJECT CHARTER - CAMDEN SCHOOL DISTRICT - CRAMER ELEMENTARY
SCHOOL - EMERGENT PROJECT - STRUCTURAL REPAIRS, MASONRY REPAIRS, LINTELS
AND WINDOW REPAIRS AND/OR REPLACEMENT**



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

6

MEMORANDUM

TO: Members of the Authority

FROM: Sean Murphy
Director, Procurement

C. Aidita Milsted
Program Director, Program Operations

RE: District: Camden School District
School: Cramer Elementary School
Description: Emergent Project - Structural Repairs, Masonry Repairs, Lintels,
and Window Repairs and/or Replacement
Package No.: EP-0080-C01
Award: \$1,349,235
CM: NJSDA Self-Managed

DATE: May 3, 2017

SUBJECT: Release of Funds from Program Reserve, Award of Contract, and Approval of the Final
Project Charter
Camden School District – Cramer Elementary School
Emergent Project – Structural Repairs, Masonry Repairs, Lintels, and Window Repairs
and/or Replacement

INTRODUCTION

We are writing to recommend approval by the Members of the Authority of three related actions to address an emergent condition at the Cramer School in the Camden School District:

1. The release of funds from the NJSDA Program Reserve, maintained for emergent projects;
2. The award of a construction contract to T.N. Ward Company (T.N. Ward), in the Not-To-Exceed (N.T.E.) amount of \$1,349,235; and
3. The Final Charter (copy attached) representing the project budget inclusive of N.T.E. dollar values for the award for construction, appropriate contingency, allowances, NJSDA staff costs, other costs, and prior allocation of funds for design services.

Members of the Authority

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Project Charter
Camden School District – Cramer Elementary School - Emergent Project EP-0080-C01

May 3, 2017

Page 2 of 5

As discussed below, the recommended actions represent N.T.E. values to support development and implementation of the most appropriate, efficient and timely action to address the emergent condition.

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 release of monies from the Program Reserve for emergent projects or emergency situations exceeding \$500,000. Further, the Operating Authority requires Board approval for the award of construction contracts greater than \$500,000 as well as the approval of a Final Project Charter. Both the construction award amount and the release of funds from the reserve exceed \$500,000.

At its March 2, 2011 Board meeting, the Members approved the 2011 Capital Program which allocated \$100 Million to fund emergent projects in the 31 NJSDA Districts. Upon the Board's approval of the funding for emergent projects, the NJSDA and DOE launched an extensive State-wide effort to identify and evaluate eligible emergent projects throughout the NJSDA Districts. This effort has resulted in the identification of emergent conditions at the Cramer Elementary School in the Camden School District for advancement as an emergent project: to address structural repairs, and repair and/or replacement of various masonry, lintels, and windows.

NJSDA staff shall provide Construction Management for the project.

BACKGROUND

The Cramer Elementary School (Cramer ES), built in 1914, with 2 additions completed in 1922 and 1996, is a 108,769 square foot facility educating 550 students in grades pre-kindergarten through eight.

After identification of the conditions as an emergent project and after receipt of the Pre-Construction Approval from New Jersey Department of Education (NJDOE), the NJSDA sought and received information from the Camden School District (District) to review and recommend a scope of work appropriate to address the condition. After analyzing the information, inclusive of the age of the facility and nature of the emergent condition, NJSDA staff performed additional site visits to assess the condition of the masonry, lintels, and window assemblies.

While developing the relevant scope of work, the NJSDA was notified that the NJDOE and the District were reviewing and evaluating all District facilities, to determine which facilities would continue to be utilized to best meet the needs of the students of Camden. In July, 2013 the NJDOE made the determination not to advance the emergent project at the Cramer ES at that time pending completion of the review.

In June, 2014, the District informed the NJSDA that its review of its facilities was completed and that the District's plans include the continued utilization of the Cramer ES as an educational facility. Based upon this determination, the NJSDA initiated the process of procuring Pre-Design services.

Members of the Authority

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Project Charter
Camden School District – Cramer Elementary School - Emergent Project EP-0080-C01

May 3, 2017

Page 3 of 5

The NJSDA engaged Heritage Architecture, LLC (Heritage) to perform Pre-Design services including an assessment of identified emergent conditions associated with water infiltration, and submission of a report with recommended options to address each of the identified conditions.

Informed by Heritage's Pre-Design work and report, the NJSDA has determined that the most appropriate, efficient and timely action to address the emergent condition within a schedule that best recognizes restrictions given the school calendar, is to advance the project utilizing the NJSDA's General Construction Services Task Order (GCTO) Contract. This Task Order engagement shall provide design services, including development of architectural and structural details and documents, and construction services to be performed. This approach enables construction work to commence during the upcoming summer months.

PROCUREMENT PROCESS

This package will be awarded pursuant to the GCTO Contract.

At the August 3, 2016 Board Meeting, the Members of the Authority approved the use of the GCTO Contract. The GCTO Contract has been structured so that the Authority has a pool of contractors to perform certain work. Overall, no individual task order can exceed \$3 million and no individual firm can receive more than \$5 million of work per region during the duration of the pool. Bidders were required to select a region (North, South, or both) for task order assignments and accept the defined cost multiplier of 1.10, as decided by the Authority, for use in establishing compensation for those task order assignments to be performed, at least for the initial phases, on a time and materials basis. GCTO work may also be assigned on a lump sum basis after competitive bidding among Task Order Contractors.

This package will be awarded on a time and materials basis pursuant to the GCTO Contract. NJSDA determined to advance the project by way of a rotational assignment. Procurement staff contacted T.N. Ward on February 17, 2017, and confirmed its interest in the project.

SCOPE OF WORK

Site visits were held on February 27 and March 6, 2017 with T.N. Ward to review and assess the condition of the structural components, masonry, and window assemblies as it relates to the source of the water infiltration and performance of the corrective work. NJSDA staff instructed T.N. Ward to engage a design consultant and structural engineer necessary for developing a proposal, cost estimate and schedule that recognizes an approach to implementing appropriate action(s) to address the emergent condition related to water infiltration.

Members of the Authority

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Project Charter
Camden School District – Cramer Elementary School - Emergent Project EP-0080-C01

May 3, 2017

Page 4 of 5

The scope of work for this engagement includes:

1. Provide Design Services;
 - Perform destructive field investigative activities to determine the cause of the concerning conditions related to the windows assemblies, lintels, and structural concrete;
 - Provide quantification of brick repointing and replacement and brownstone repairs during field investigative activities;
 - Preparation of all necessary plans, specifications and construction documents representing construction activities, inclusive of modifications to the existing structure;
 - Preparation of documents to secure construction permits; and
 - Preparation of record set drawings and plans at project completion.
2. The Construction Services is comprised of;
 - Remedy water infiltration at fresh intake louver of unit ventilators;
 - Masonry repairs to inner courtyard, specifically repair of spalling concrete at surrounding columns, and spalling ceiling in basement area;
 - Brick replacement, re-pointing, and brownstone repairs;
 - Repair/Replacement of select windows and window assemblies;
 - Replacement of failed or missing lintels and sills;
 - Waterproofing of courtyard area including replacement of drains; and
 - Minor roof replacement.
3. Performance of hazardous material abatement activities as necessary to implement the above described scope of work; and
4. Performance of any code or regulatory improvements which are necessitated by implementation of the above-described scope of work.

An allowance of \$200,000 has been established for testing and inspections and for unforeseen conditions including but not limited to additional brick replacement, repointing, brownstone repair. It is expected that the purpose and value of the allowance will be further defined upon the completion of construction documents.

On April 7, 2017, T.N. Ward provided the NJSDA with a cost estimate to complete the entirety of the work, inclusive of the assessment, design services, and implementation of the scope of work proposed by NJSDA to remedy the emergent condition. The above-mentioned assessment when completed will enable the NJSDA to determine whether the windows require replacement rather than repair and will also enable quantification of square footage of brick and brownstone replacement and/or repair. The recommended award in the N.T.E. amount of \$1,349,235 represents T.N. Ward's cost proposal for the most extensive solution, including selective window replacement rather than repair and for corrective brick and brownstone work of the most extensive square footage based upon visual inspection and Heritage's report.

Members of the Authority

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Project Charter
Camden School District – Cramer Elementary School - Emergent Project EP-0080-C01

May 3, 2017

Page 5 of 5

Upon completion of design, the NJSDA shall review and validate the final projected cost and schedule for the scope of work. This review shall result in a determination to either advance the construction work on a time and material basis, or to establish a fixed cost for the scope of work defined in the construction documents.

The Contract Management Division (CMD) and Program Operations reviewed T.N. Ward's cost proposal in the amount of \$1,349,235, and determined it was reasonable for the elements included in the Scope of Work. The Program Operations Deputy Director, Program Operations Director, and CMD recommend that Procurement proceed with the issuance of a task order to T.N. Ward.

RECOMMENDATION

The Members of the Authority are requested to approve:

1. The release of \$1,796,020 from the Program Reserve to address the emergent project at the Cramer Elementary School in the Camden School District;
2. The award of the construction contract to T.N. Ward for a N.T.E. value in the amount of \$1,349,235; and
3. The Final Project Charter for the emergent project at Cramer Elementary School in the Camden School District.

/s/ Sean Murphy

Sean Murphy, Director, Procurement

/s/ C. Aidita Milsted

C. Aidita Milsted, Program Director, Program Operations

Reviewed and Recommended by: Andrew Yosha, EVP, Program Operations and Strategic Planning

Reviewed and Recommended by: Donald Guarriello, Vice President and Chief Financial Officer

Reviewed and Recommended by: Raymond A. Arcario, Vice President, Construction Operations

Reviewed and Recommended by: Gregory Voronov, Managing Director, Program Operations

Prepared and Recommended by: Katherine Gallo, Deputy Director, Program Operations

Prepared and Recommended by: Vincent Lechmanick, Deputy Program Director, Program Operations

New Jersey Schools Development Authority Emergent Project Charter - Summary

Charter Date
05/03/17
Supersedes Charter Dated
N/A

Region: Southern
District: Camden School District
School Name: Cramer Elementary School
Project Type: Emergent
DOE # / Project #: 0680-170-12-0ACF
Project Location: 2800 Mickle Street, Camden, NJ 08105

Project Budget: \$ 1,932,429
Anticipated Construction NTP Date: 06/15/17
Anticipated Final Completion Date: 12/19/17
Project Initiation Date: 05/04/12

Funding Source
2011 Emergent Reserve

Charter Version and Date	Revision # and Date	Project Summary
<input checked="" type="checkbox"/> Final	05/03/17	Design and implement the necessary alterations to address water infiltration specifically related to the exterior masonry and structural elements inclusive of brick replacement, re-pointing, masonry and brownstone repairs, lintel replacement, repair/replacement of select windows.
<input type="checkbox"/> One		
<input type="checkbox"/> Two		
<input type="checkbox"/> Three		
		Purpose for Advancement of Emergent Charter
		To establish the final budget for the project inclusive of dollar values for the award for construction, appropriate contingency, allowances, NJSDA staff costs, and estimated other costs.

Recommendation

Program Director - Project C. Aidita Milsted	Date	Managing Director - Program Operations Gregory Voronov	Date
VP - Construction Operations Raymond Arcario	Date	EVP - Prog. Ops. And Strategic Planning Andrew Yosha	Date

Approval

(If Project Budget is greater than \$500,000 Attach Board Memo and Minutes indicating authorization of funding)

Chief Executive Officer Date
 Charles McKenna

New Jersey Schools Development Authority Emergent Project Charter Project Budget

District / Project Name:	Camden School District/Cramer ES
DOE # / Project #:	0680-170-12-0ACF
Charter Date:	05/03/17

Special Considerations:

The project budget is based upon the award value of the GCTO. An allowance of \$200,000 is included in Building Costs for testing and inspections, and for unforeseen conditions related to construction activities including but not limited to additional brick replacement, repointing, brownstone repair. The allowance shall be further defined upon the completion of construction documents. Design Costs are based on the prior engagement of Heritage. Other Costs for projects range from 2% to 5% of Building Costs, with such costs for Emergent Projects budgeted at 5%. These costs are inclusive of projected DCA fees for permits and anticipated inspections.

Project Budget:

Construction Costs:	
Building Costs	\$1,349,235
Site Costs	\$0
Construction Contingency	\$269,847
Total Construction Costs	\$1,619,082
Other Costs:	
Design	\$57,085
Construction Admin	N/A
Project Management (SDA Staff)	\$178,000
Other Costs	\$67,462
Total Other Costs	\$302,547
PreDevelopment & Environmental Costs:	
PreDevelopment	\$10,800
Environmental/Remediation	\$0
Total PreDevelopment & Environmental Costs	\$10,800
Total Project Budget	\$1,932,429
2011 Emergent Reserve Impact	
Prior Funding Approved	\$136,409
Current Funding Requested	\$1,796,020

Resolution—6a.

Award of Contract, Release of Funds from Program Reserve and Approval of Final Charter
Camden School District – Cramer Elementary School – Emergent Project – Structural Repairs
Masonry Repairs, Lintels, and Window Repairs and/or Replacement

District:	Camden School District
School:	Cramer Elementary School
Description:	Emergent Project - Structural Repairs, Masonry Repairs, Lintels, and Window Repairs and/or Replacement
Package No.:	EP-0080-C01
Award:	\$1,349,235
CM:	NJSDA Self-Managed

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or the Authority) requires that the Members of the Authority approve the release of funds from the Program Reserve for emergent projects or emergency situations exceeding \$500,000; and

WHEREAS, the Operating Authority further requires that the Members of the Authority approve the award of construction contracts greater than \$500,000 and final charters; and

WHEREAS, the construction award amount and the release of funds from the program reserve in this matter before the Board each individually exceed \$500,000; and

WHEREAS, the Cramer Elementary School (Cramer ES), built in 1914, with 2 additions completed in 1922 and 1996, is a 108,769 square foot facility educating 550 students in grades pre-kindergarten through eight; and

WHEREAS, SDA and Department of Education have identified emergent conditions at the Cramer ES in the Camden School District (District) for advancement as an emergent project in order to address structural repairs, and repair and/or replace various masonry, lintels, and windows; and

WHEREAS, SDA engaged Heritage Architecture, LLC (HA) to assess identified emergent conditions associated with water infiltration and submit a report with recommended options to address each of the identified conditions; and

WHEREAS, based on HA's report, the SDA has determined that the most appropriate, efficient and timely approach to address the emergent condition recognizing the needs of the school calendar, is to advance the project utilizing the SDA's General Construction Services Task Order (GCTO) Contract; and

WHEREAS, this task order engagement shall provide design services, including development of architectural and structural details and documents, and construction services to be performed, enabling construction work to commence during the upcoming summer months; and

WHEREAS, this package will be awarded on a time and materials basis, through a rotational assignment, to T.N. Ward who has confirmed its interest in the project; and

WHEREAS, the background of this emergent project, a scope of work, and details as to the procurement process followed are set forth in detail in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, funding for the project is available within the emergent project funding allocation as approved by the Board; and

WHEREAS, the SDA contract management division (CMD) and program operations staff reviewed T.N. Ward's cost proposal in the not-to-exceed amount of \$1,349,235 and determined it was reasonable for the elements included in the scope of work; and

WHEREAS, following review, T.N. Ward has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents; and

WHEREAS, executive management and associated program staff recommend Board approval of the final project charter and the release of \$1,796,020 from the Program Reserve to address the structural repairs, masonry repairs, lintels, and window repairs and/or replacement at the Camden Cramer ES; and

WHEREAS, the program operations deputy director, program operations director, and CMD recommend that staff proceed with the issuance of a task order to T.N. Ward consistent with the memorandum presented to the Board on this date.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and approve the release of \$1,796,020 from the Program Reserve and the award of the construction contract to T.N. Ward for a not-to-exceed value in the amount of \$1,349,235 to address the emergent project at the Cramer Elementary School in the Camden School District, along with the project's final charter as presented to the Board.

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, Award of Contract, Release of Funds from Program Reserve, Approval of Final Project Charter, Camden School District – Cramer Elementary School, Emergent Project –Structural Repairs, Masonry Repairs, Lintels, and Window Repairs and /or Replacement, dated May, 3 2017

Dated: May 3, 2017

**APPROVAL OF CHANGE ORDER NO. 4, RELEASE OF FUNDS FROM PROGRAM
CONTINGENCY RESERVE, REVISED FINAL CHARTER AND REESTABLISH CONSTRUCTION
CONTRACT VALUE - EGG HARBOR CITY SCHOOL DISTRICT - EGG HARBOR CITY MIDDLE
SCHOOL**



MEMORANDUM

TO: Members of the Authority

FROM: C. Aidita Milsted
Program Director, Program Operations

DATE: May 3, 2017

SUBJECT: Egg Harbor City Public School District – Egg Harbor City Middle School
Corrective HVAC and Repair of Gymnasium Flooring

Approval of Change Order No. 4
Approval of Release of Funds from Program Contingency Reserve
Approval of the Revised Final Charter
Approval to Reestablish Adjusted Construction Contract Value

COMPANY NAME:	IEW Construction Group, Inc.
DISTRICT:	Egg Harbor City School District
CONTRACT NO:	ET-0097-C02
PMF/CM:	NJSDA Self-Managed
SCHOOL NAME:	Egg Harbor City Middle School
CHANGE ORDER NO.:	4
REASON:	Revised Scope of Work
AMOUNT:	\$1,075,000
TIME EXTENSION:	727 Days
CONTRACT STATUS:	74.3% Paid to Date against the Current Contract Value
OCCUPANCY DATE:	N/A

INTRODUCTION

I am writing to recommend approval by the Members of the Authority of three (3) related actions due to a necessary modification to the scope of the corrective HVAC and site work at Egg Harbor City Middle School in the Egg Harbor City School District (District):

1. The approval of for Change Order No. 4 \$1,075,000. Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended March 7, 2012, a change order which singularly exceeds \$500,000 or singularly or in the aggregate is greater than 10% of the contract value requires approval by the Members of the Authority. Change Order No. 4 exceeds \$500,000 and 10% of the contract value.
2. The approval of the release of monies from the Program Contingency Reserve in the amount of \$1,345,393 a sum representing 9% of the most recent Board-approved Project Charter. As discussed in more detail below, the funds sought from the Program Contingency represent the total needed to address the revised scope of work (and the resulting adjusted construction Contract value), construction contingency, NJSDA staff costs, and other costs. NJSDA staff shall provide

Members of the Authority

Change Order – IEW Construction Group

Egg Harbor City Public School District – Egg Harbor City Middle School

May 3, 2017

Page 2 of 5

Construction Management for the entirety of the project. 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 release of monies from the Program Reserve for unforeseen project events when the funds to be released singularly or in the aggregate exceed 10% of the most recent Board-approved Project Charter estimate or final project budget. This release of additional monies in the aggregate exceeds 10% of the most recent Board-approved Project Charter.

3. The approval of the revised Final Project Charter (copy attached). The revised Final Project Charter recognizes revision to the scope of corrective work, as well as an adjusted Project Budget reflecting adjusted values for construction services, and construction contingency, along with NJSDA staff costs, and other costs. Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended March 7, 2012, a revision to a Project Budget which singularly exceeds 10% of the most recent Board-approved Project Charter requires approval by the Members of the Authority. The revised Project Budget represents an aggregate increase of 15% to the Revised Project Charter approved by the Chief Executive Officer (CEO) on June 28, 2010.

I am also requesting approval from the Members of the Authority to establish the adjusted construction contract value as the baseline construction contract value for the purpose of the application of ongoing operating authority requirements. The reestablished value for this purpose shall be the contract value inclusive of Change Order No. 4.

BACKGROUND

Initial Project History

The Egg Harbor City Middle School, built in 2011, currently educates 364 students in grades four (4) through eight (8). The construction contract for this 61,954 square foot middle school was awarded to Tamburro Brothers Construction Company, Inc. (TBC) on January 21, 2009. The project achieved Substantial Completion and received a Temporary Certificate of Occupancy (TCO) on November 23, 2010.

The school facility was delivered to the District in 2011 and is presently occupied pursuant to a TCO. The scope of work for Change Order No. 4 includes corrective work required in order to remedy identified deficiencies with the HVAC system, inclusive of modifications needed to achieve proper Testing and Balancing of the system as required to obtain a Certificate of Occupancy.

At a point after the conclusion of work by TBC, concerns were identified regarding the performance of the HVAC and controls system. In order to address the identified conditions, and due to TBC no longer being in existence, the NJSDA decided to engage a contractor through the use of the NJSDA GC Task Order procurement process in order to perform appropriate corrective work. The Task Order Construction Contract engagement was utilized to specifically address necessary repair work to the HVAC system, cracked hallway floor tile and mortar, spalling concrete sidewalks, exterior lighting, and regrading and reseeded of the outdoor play area.

GC Task Order and Task Order Issuance

At the September 4, 2013 Board Meeting, the Members of the Authority approved the use of the GC Task Order Contract. The GC Task Order Contract has been structured so that the Authority has a pool of

Members of the Authority

Change Order – IEW Construction Group

Egg Harbor City Public School District – Egg Harbor City Middle School

May 3, 2017

Page 3 of 5

contractors to perform certain work. Overall, no individual task order can exceed \$3 million and no individual firm can receive more than \$5 million of work per region during the duration of the pool. Bidders were required to select a region (North, South, or both) for task order assignments and accept the defined cost multiplier of 1.10, as decided by the Authority, for use in establishing compensation for those task order assignments to be performed, at least for the initial phases, on a time and materials basis. GC Task Order work may also be assigned on a lump sum basis after competitive bidding among Task Order Contractors.

NJSDA determined to advance the corrective work needed at Egg Harbor City Middle School by way of a GC Task Order rotational assignment. Procurement staff contacted IEW Construction Group, Inc. (IEW) on May 28, 2015, and confirmed its interest in the Project. On May 29, 2015 and again on June 16, 2015, site visits were held with IEW to review the HVAC corrective scope of work and various other site conditions, and to discuss appropriate actions to address the conditions. NJSDA staff instructed IEW to develop a proposal, cost estimate and schedule to address the identified corrective work.

IEW was issued a Notice-To-Proceed on August 21, 2015 for a Not-To-Exceed award amount of \$389,789.19 (inclusive of an allowance for additional HVAC work that may be required to bring the HVAC into conformance with design standards), for corrective construction activities including: regrading and seeding of the outside play area, repair to interior floor tile, replacement of the grease trap, replacement of selected sidewalks and curbs, and limited repairs to specific HVAC system components. The limited HVAC scope, prepared in coordination with the original Design Consultant (The Vaughn Collaborative) and the Project Management Firm/Commissioning Agent (Greyhawk) for the facility project, consisted of minor modification to specific system components to improve performance of the system that could potentially resolve system performance issues and archive proper balancing as required to obtain a Certificate of Occupancy.

In addition, the District requested the NJSDA address a deficiency in the sanitary sewer line that runs beneath the gym floor, hallway, and boys and girls locker rooms. In August 2016, the NJSDA directed IEW to address the backup and overflow of the sanitary sewer line. It was found that the original sewer line had improper fittings impacting flow and causing backups. IEW performed the necessary corrective work and the line was re-routed on a changed angle to alleviate backup and potential overflow. Previous backups and overflow resulted in damage to a section of the gymnasium floor. The repair of the gymnasium floor shall be addressed as part of the scope of corrective work within change order No. 4 as discussed below.

REASON FOR CHANGE

Following IEW's completion of the original scope of work for the engagement, it was determined that the limited modifications to the HVAC and controls system, inclusive of testing and balancing services on six (6) Air Handling Units, as well as modifications to existing dampers and minor reprogramming of the BMS system, would not fully address system performance issues.

On September 28, 2016, the NJSDA issued an allowance authorization to IEW to engage their design consultant, Concord Engineering (Concord), to provide HVAC investigative, design and commissioning services. The allowance utilization enabled the NJSDA to fully develop the needed project scope and identify alternative solutions to address system wide conditions. IEW/Concord provided repair/replacement plans and specifications to address all identified system deficiencies necessary to bring

Members of the Authority
 Change Order – IEW Construction Group
 Egg Harbor City Public School District – Egg Harbor City Middle School
 May 3, 2017
 Page 4 of 5

the facility into conformance with design parameters and standards and to achieve system performance, as needed for issuance of a Certificate of Occupancy by the New Jersey Department of Community Affairs.

6

The appropriate scope of work to address the conditions through Change Order No. 4 is as follows:

1. Modifications to HVAC system and components including installation of two high efficiency boilers, replacement of air dampers and air handling unit motors, and changes to the Building Management System.
2. Repair to gymnasium wood flooring including the removal and replacement of approximately 450 square feet of damaged floor and refinishing of entire gymnasium wood flooring.

Change Order No. 4 will also establish an allowance of \$100,000 to address unforeseen miscellaneous equipment repair/replacement in the event that such work is required for the HVAC and controls system to conform to design standards.

All documents supporting this change order have been reviewed by the associated NJSDA Project Team members as well as the Program Director, Deputy Program Director of Program Operations and the Contract Management Division (CMD) for adherence to current NJSDA policy and procedures. All reviewing NJSDA staff members, including CMD, have determined that the change order is justified and that the amount is reasonable and appropriate.

CALCULATIONS

c.	Proposed Change Order Amount	\$	1,075,000
d.	Total Change Orders to Date including this Change Order (Total of Line (b.) and Line (c.))	\$	1,502,534
e.	Percentage Change to Original Contract (Line (d.) represents a percent of Line (a.))		385%
f.	Proposed Adjusted Contract Price (Line (a.) plus Line (d.))	\$	1,892,323

REASON FOR RE-ESTABLISHING CONTRACT VALUE

As detailed above, this Project has encountered a significant change in the scope of work after completion of an investigation and partial redesign of the HVAC system, resulting in the need for significant alterations to system components including dampers, air handling units and boiler. We believe that the value inclusive of Change Order No. 4 represents the true value of the corrective scope of work necessary to address the conditions. Therefore, we recommend that the adjusted value inclusive of Change Order No. 4 is the appropriate baseline for ongoing application of Operating Authority requirements.

Members of the Authority
Change Order – IEW Construction Group
Egg Harbor City Public School District – Egg Harbor City Middle School
May 3, 2017
Page 5 of 5

If approved, management will again seek Board approval should future change orders individually exceed \$500,000, or singularly or in the aggregate exceed 10% of the reestablished Contract amount as set forth above.

6

RECOMMENDATION

The Members of the Authority are requested to approve the following actions:

1. The approval of Change Order No. 4 in the amount of \$1,075,000.
2. Release of monies from the Program Contingency Reserve in the amount of \$1,345,393.
3. The approval of the revised Final Project Charter (copy attached). The revised Final Project Charter recognizes a modification to the scope of corrective work, as well as an adjusted Project Budget reflecting adjusted values for construction services, and construction contingency, along with NJSDA staff costs, and other costs.
4. Reestablishment of the adjusted construction Contract value as the baseline construction Contract value for the purpose of the application of ongoing Operating Authority requirements. The reestablished value for this purpose shall be the contract value inclusive of Change Order No. 4.

/s/ C. Aidita Milsted

C. Aidita Milsted, Program Director, Program Operations

Reviewed and Recommended by: Andrew Yosha, EVP, Program Operations and Strategic Planning

Reviewed and Recommended by: Raymond A. Arcario, Vice President, Construction Operations

Reviewed and Recommended by: Greg Voronov, Managing Director, Program Operations

Reviewed and Recommended by: Katherine Gallo, Deputy Director, Program Operations

Reviewed and Recommended by: Ricardo Didier, Program Officer, Program Operations

Prepared and Recommended by: Mirna I. Quintana, Program Officer, Program Operations

New Jersey Schools Development Authority Project Charter - Summary

Charter Date

05/03/17

**Supersedes
Charter Dated**

06/28/10

Region: Southern
District: Egg Harbor City
Project Name: Egg Harbor City Middle School
School Type: ES/MS
DOE # / Project #: 1300-x01-04-0ADY
Project Type (New/Add/Reno): New School
Project Location: Egg Harbor City
Number of Students: 364

Land Acquisition Required? Yes No

Temporary Space Required? Yes No

Funding Source

ROD Funding

Project Budget: \$ 16,515,075

Anticipated Substantial Completion Date 10/02/17

Anticipated School Occupancy Date Occupied

Funding Allocated

\$15,169,682

Project Team Leader: C. Aidita Milsted

Project Initiation Date: Feb-06

SDA Board - Project Charter Approval Date: 05/03/17

District Local Share

(\$7,579,846)

Charter Version and Date	Project Summary
<input type="checkbox"/> Planning	New approximately 62,000 SF school for grades 4 through 8.
<input type="checkbox"/> Preliminary	
<input checked="" type="checkbox"/> Final 03/04/09	
Purpose for Advancement of Current/Revised Project Charter	
Revision # and Date	Revised Final Project charter to provide necessary funding to complete corrective HVAC work necessary to achieve a Certificate of Occupancy.
<input type="checkbox"/> One 06/28/10	
<input checked="" type="checkbox"/> Two 05/03/17	
<input type="checkbox"/> Three	District Project Goals
<input type="checkbox"/> Four	
<input type="checkbox"/> Five	
<input type="checkbox"/> Six	
New MS to address district student needs.	

Recommendation

Program Director - Program Operations _____ Date
 C. Aidita Milsted

Managing Director - Capital Planning _____ Date
 Gregory Voronov

Vice President - Construction Operations _____ Date
 Raymond Arcario

EVP- Prog. Ops. and Strategic Planning _____ Date
 Andrew Yosha

Approval

_____ Date
 Chief Executive Officer
 Charles McKenna

6

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

Charter Date
05/03/17

District / Project Name:	Egg Harbor City / Egg Harbor City Middle School
DOE # / Project #:	1300-x01-04-0ADY

Project Milestones	Date
School Occupancy Date	Occupied

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

<u>Real Estate Services</u>	Start	Est.	Act.	Finish	Est.	Act.
Feasibility	_____	□	□	_____	□	□
Site Investigations	_____	□	□	_____	□	□
Site Acquisition	_____	□	□	_____	□	□
Relocation	_____	□	□	_____	□	□
Demolition	_____	□	□	_____	□	□
Early Site Package	_____	□	□	_____	□	□
Deed Restriction Required?	Date					
District Notified?	_____	□	□			
Classification Exception Area?	_____	□	□			
District Notified?	_____	□	□			

Special Considerations

Land Acquisition activities were performed by the Egg Harbor City School District

<u>Design:</u>	Date	Est.	Act.		Est.	Act.
Design Start (NTP)	02/07/06	□	x			
Design Restart (if applicable)	_____	□	□			
	Start	Est.	Act.	Finish	Est.	Act.
Program Concept Phase	Complete	□	□	Complete	□	□
Schematic Design	Complete	□	□	Complete	□	□
Design Documents	Complete	□	□	Complete	□	□
Construction Documents	Complete	□	□	Complete	□	□
DCA Review	Complete	□	□	Complete	□	□
Bid and Award	Complete	□	□	Complete	□	□

Special Considerations

<u>Construction:</u>	Date	Est.	Act.
Construction Start (NTP)	05/24/17	□	□
Substantial Completion (TCO)	10/02/17	□	□
School Occupancy Date	Occupied	□	□
Title Transfer	_____	□	□
Final Completion (C of O)	_____	□	□
Post Occupancy Walk Through	_____	□	□
Project Close-Out	_____	□	□

Special Considerations

The construction schedule above is reflective of the corrective HVAC work only. The new school project achieved substantial completion in November 2010.

New Jersey Schools Development Authority Project Charter - Project Budget		Charter Date
		05/03/17
District / Project Name: Egg Harbor City / Egg Harbor City Middle School		
DOE # / Project #: 1300-x01-04-0ADY		
2012 Capital Plan Funding Allocation		\$ 15,169,682
Special Considerations:		
Project Budget:		
Gross Building Area (GSF):		Grossing Factor:
New	61,954	
Addition	0	
Renovation	0	
Total Gross Building Area (GSF):		61,954
Estimated Building Cost / GSF		
New Construction Cost/GSF	\$244.71	
Renovation Cost/GSF		
Construction Costs		
Building Costs - Original GC Award	\$15,160,480	
Corrective HVAC Work Award	\$389,789	
Corrective HVAC Work Expanded Scope	\$1,075,000	
E-Rate (If separately bid)		
Utilized Construction Contingency - Original GC	\$509,417	
Construction Contingency HVAC Work	\$145,245	
Total Construction Costs		\$17,279,931
Pre-Development Costs:		
Consultant Services	\$223,566	
Early Site Package (Demolition/Remediation)	\$0	
Land Acquisition	\$1,745,010	
Relocation	\$0	
Property Maintenance/Carry Costs	\$0	
Total Pre-Development Costs		\$1,968,576
Other Costs:		
Design Services	\$1,646,518	
Project Management (SDA Staff)	\$353,000	
PMF/CM	\$1,575,963	
FF&E	\$678,303	
Technology	\$477,087	
Commissioning	\$0	
Temporary Space	\$0	
Other Costs	\$184,244	
Total Other Costs		\$4,915,115
Other Funding Sources		
Rebates & Refunds	(\$68,701)	
District Local Share Funds	(\$7,579,846)	
Total Other Funding Sources		(\$7,648,547)
Total Project Budget		\$16,515,075
Prior Board Approved Funding		\$14,351,611
Prior CEO Approved Additional Funding		\$818,071
Current Additional Funding Requested		\$1,345,393

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

Charter Date

05/03/17

District / Project Name: Egg Harbor City / Egg Harbor City Middle School
DOE # / Project #: 1300-x01-04-0ADY

Project Budget:

	Rev. Final Charter 06/28/10	Current Budget	VARIANCE Fav/(Unfav)
Grossing Factor:			
Gross Building Area (GSF):			
New	61,954	61,954	0
Addition		0	
Renovation		0	
Total Gross Area (GSF):	61,954	61,954	0
Construction Costs			
Building Costs - Original General Contractor	\$15,160,480	\$15,160,480	\$0
Corrective Work - HVAC Work	\$0	\$389,789	(\$389,789)
Demolition		\$1,075,000	(\$1,075,000)
E-Rate (If separately bid)		\$0	\$0
Utilized Construction Contingency - Original GC		\$509,417	\$404,245
Construction Contingency HVAC Work	\$1,058,907	\$145,245	
Total Construction Costs	\$16,219,387	\$17,279,931	(\$1,060,544)
Pre-Development Costs:			
Consultant Services	\$233,897	\$223,566	\$10,331
Early Site Package (Demolition/Remediation)		\$0	\$0
Land Acquisition	\$1,761,957	\$1,745,010	\$16,947
Relocation		\$0	\$0
Property Maintenance/Carry Costs		\$0	\$0
Total Pre-Development Costs	\$1,995,854	\$1,968,576	\$27,278
Other Costs:			
Design Services	\$1,634,618	\$1,646,518	(\$11,900)
Project Management (SDA Staff)	\$0	\$353,000	(\$353,000)
PMF/CM	\$1,480,050	\$1,575,963	(\$95,913)
FF&E	\$696,878	\$678,303	\$18,575
Technology	\$538,497	\$477,087	\$61,410
Commissioning		\$0	\$0
Temporary Space		\$0	\$0
Other Costs	\$184,244	\$184,244	\$0
Total Other Costs	\$4,534,287	\$4,915,115	(\$380,828)
Other Funding Sources			
Rebates & Refunds		(\$68,701)	\$68,701
District Local Share Funds	(\$7,579,846)	(\$7,579,846)	\$0
Total Other Funding Sources	(\$7,579,846)	(\$7,648,547)	\$68,701
Total Project Budget	\$15,169,682	\$16,515,075	(\$1,345,393)
Prior Board Approved Funding	\$14,351,611	\$14,351,611	\$0
Prior CEO Approved Additional Funding	\$818,071	\$818,071	\$0
Current Additional Funding Requested	\$0	\$1,345,393	(\$1,345,393)

Budget Variance Analysis:

Schedule Variance Analysis:

Resolution—6b.

Approval of Change Order No. 4, Release of Funds from Program Contingency Reserve,
Revised Final Project Charter, Reestablish Adjusted Construction Contract Value

COMPANY NAME:	IEW Construction Group
DISTRICT:	Egg Harbor City School District
CONTRACT NO:	ET-0097-C02
PMF/CM:	NJSDA Self-Managed
SCHOOL NAME:	Egg Harbor City Middle School
CHANGE ORDER NO.:	4
REASON:	Revised Scope of Work
AMOUNT:	\$1,075,000
TIME EXTENSION:	727 Days
CONTRACT STATUS:	74.3% Paid to Date against the Current Contract Value
OCCUPANCY DATE:	N/A

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or the Authority) provides that change orders that singularly exceed \$500,000 or singularly or in the aggregate are greater than 10% of the contract value require approval by the Members of the Authority; and

WHEREAS, the SDA Operating Authority further requires that the Members of the Authority approve the release of funds from a project's program reserve and the revision of final project charters when the same exceed 10% of the approved final project charter estimate or final project budget or the most recent Board approved project charter respectively; and

WHEREAS, the Egg Harbor City Middle School (Middle School), built in 2011, currently educates 364 students in grades four (4) through eight (8); and

WHEREAS, the construction contract for the 61,954 square foot Middle School was awarded in 2009 and the project achieved substantial completion and received a Temporary Certificate of Occupancy (TCO) in 2010; and

WHEREAS, the Middle School was delivered to the District in 2011 and is presently occupied pursuant to a TCO; and

WHEREAS, following completion of the work, problems with the Middle School's HVAC system were identified; and

WHEREAS, in 2015 SDA determined to advance the necessary corrective work by way of a GC Task Order rotational assignment to IEW Construction Group (IEW) who developed a scope of work for the project; and

WHEREAS, following IEW's completion of the original scope of work for the task order engagement, it was determined that the limited modifications to the HVAC and controls system would not fully address system performance issues; and

WHEREAS, the scope of work for Change Order No. 4 in the amount of \$1,075,000 includes corrective work required in order to remedy identified deficiencies with the HVAC system, inclusive of modifications needed to achieve proper testing and balancing of the system as required to obtain a Certificate of Occupancy; and

WHEREAS, the value inclusive of Change Order No. 4 represents the true value of the corrective scope of work necessary to address the conditions requiring that the adjusted value inclusive of Change Order No. 4 is the appropriate baseline for ongoing application of Operating Authority requirements; and

WHEREAS, the funds sought from the program contingency reserve in the amount of \$1,345,393 represent the total needed to address the revised scope of work (and the resulting adjusted construction contract value), construction contingency, SDA staff costs, and other costs; and

WHEREAS, executive management and associated program staff recommend Board approval of the revised final project charter; and

WHEREAS, all documents supporting Change Order No. 4 have been reviewed by the associated SDA project team members as well as the program operations director and deputy director and the contract management division for adherence to current SDA policy and procedures and all reviewing SDA staff members have determined that the change order is justified and that the amount is reasonable and appropriate; and

WHEREAS, the project background, reason for the change and basis for reestablishment of the contract value 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 approve Change Order No. 4 in the amount of \$1,075,000 and the release of funds from the Program Contingency Reserve in the amount of \$1,345,393 for the Egg Harbor City Middle School project.

BE IT FURTHER RESOLVED, that the Members of the Authority further approve the project's revised final project charter as presented, representing a modification to the scope of corrective work, as well as an adjusted project budget reflecting adjusted values for construction services, and construction contingency, along with SDA staff costs, and other costs.

BE IT FURTHER RESOLVED, that the Members of the Authority authorize reestablishment of the adjusted construction contract value as the baseline construction contract value for the purpose of the application of ongoing Operating Authority requirements, with the reestablished value for this purpose equaling the contract value inclusive of Change Order No. 4.

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, IEW Construction Group; Contract No. ET-0097-C02, Change Order No. 4, Egg Harbor City Middle School, Egg Harbor City School District, Notification of Release of Funds from Program Contingency Reserve, Approval of Revision of Final Project Charter, Approval to Reestablish Adjusted Construction Contract Value, dated May 3, 2017

Dated: May 3, 2017

**AWARDS FOR CONSTRUCTION MANAGEMENT SERVICES - IRVINGTON AND
HARRISON SCHOOL DISTRICTS - IRVINGTON NEW MADISON AVENUE
ELEMENTARY SCHOOL AND HARRISON NEW ELMENTARY SCHOOL**



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

32 EAST FRONT STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955MEMORANDUM

6

TO: Members of the Authority

FROM: Sean Murphy
Director, Procurement

RE: District: Irvington
School: New Madison Avenue Elementary School
Description: Construction Management Services
Package No.: ES-0027-M01
Estimated Fee: \$1,434,000
Award: \$1,433,100
Contractor: Ernest Bock & Sons, Inc.

District: Harrison
School: New Elementary School
Description: Construction Management Services
Package No.: HU-0027-M01
Estimated Fee: \$1,434,000
Award: \$1,445,000
Contractor: Brockwell & Carrington Contractors, Inc.

DATE: May 3, 2017

SUBJECT: Awards for Construction Management Services

INTRODUCTION

I am writing to recommend approval by the Members of the Authority of the award of two (2) contracts for Construction Management (CM) Services. These contracts are for services to manage the following design-build construction projects:

- Construction of New Madison Avenue Elementary School (IMES) in the Irvington Public School District.
- Construction of New Elementary School in the Harrison Public School District.

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 consultant contracts greater than \$100,000. Funding for the proposed engagement of two construction management firms is provided within the corresponding Project Budgets as presented in the respective Final Project Charters approved by the Members on December 7, 2016 (IMES) and November 2, 2016 (Harrison New ES).

BACKGROUND

The Irvington New Madison Avenue ES will be designed and constructed to educate 463 students in grades Pre-Kindergarten through 5. The building will encompass 3 stories and approximately 73,000 square feet. The project will be constructed on property owned by the Irvington Public Schools District, the site of the

Members of the Authority
 Package Nos. ES-0027-M01 and HU-0027-M01
 Irvington – New Madison Avenue ES - Construction Management Services
 Harrison New ES - Construction Management Services
 May 3, 2017
 Page 2

demolished, former Madison Avenue Elementary School, also known as 163 Madison Avenue, which is bounded by Madison Avenue, Cummings Street and Orange Avenue. On December 7, 2016, the Members of the Authority approved the Final Project Charter and the award of a Design-Build Construction contract to Ernest Bock & Sons, Inc. in the amount of 26,800,000. On January 19, 2017 the notice to proceed for design phase services was issued to Ernest Bock & Sons, Inc.

The Harrison New Elementary school will be designed and constructed to educate 392 students in Pre-Kindergarten through first grade. The new, three-story structure of approximately 67,800 square feet will be constructed on property owned by Harrison Public Schools. The subject property is located at 507-515 Harrison Avenue and is bounded by South 5th and Washington Streets in the Town of Harrison, County of Hudson. On November 2, 2016, the Members of the Authority approved the Final Project Charter and the award of a Design-Build Construction contract to Brockwell & Carrington Contractors, Inc. in the amount of \$25,899,600. On December 15, 2016, the notice to proceed for design phase services was issued to Brockwell and Carrington Contractors, Inc.

PROCUREMENT PROCESS

This multi-project procurement package for CM Services was advertised as a “Price and Other Factors” solicitation beginning on February 6, 2017 on the NJSDA website, NJ State website, and in selected newspapers for interested firms to participate in the bidding process. In addition, the advertisement was distributed to those firms that are pre-qualified in the area of Construction Management (P029) by both the Department of Treasury-Division of Property Management and Construction and the NJSDA. The advertisement stated that the NJSDA would make awards to two separate construction management firms, one firm for New Madison Avenue ES and one firm for Harrison New ES; however, firms were permitted to compete for either one or both of the projects by submitting, along with a single Qualifications and Technical Proposal (applicable to one or more of the projects), a separate Price Proposal for each project the firm was interested in. The advertisement further stated that in the event a single firm achieved the highest Final Combined Score for more than one project, the NJSDA would determine which project would be awarded to that firm, based upon considerations of overall price (i.e., determining the projects in which one single firm had been identified as having the highest Final Combined Score, and selecting that combination of bids from the highest-scoring and second-highest scoring firms that resulted in the most cost-effective overall pricing and supplying the most benefit to the Authority and the School Construction Program). For this multi-project procurement, price was weighted as 40% of the Final Combined Score, and all non-price other factors were weighted as 60% of the Final Combined Score.

A Selection Committee consisting of five NJSDA staff members and one alternate was established.

Firms interested in submitting a proposal were required to send an e-mail giving Notice of Intent to Participate (NOI) by February 21, 2017. NOIs were received from eighteen (18) prequalified construction management firms. Responsive proposals were received from thirteen (13) firms by March 10, 2017. Qualifications and Technical Proposals were evaluated by the Selection Committee. Evaluations were based upon the information provided by the firms in response to the RFQ/RFP for this project. The committee members evaluated the Qualifications and Technical Proposals for Construction Management Services separately based on the following criteria:

- Firm’s CM Experience on Similarly Sophisticated Projects
- Staffing Proposal
- Key Team Members’ Experience on Similarly Sophisticated Projects

Members of the Authority
 Package Nos. ES-0027-M01 and HU-0027-M01
 Irvington – New Madison Avenue ES - Construction Management Services
 Harrison New ES - Construction Management Services
 May 3, 2017
 Page 3

Each Selection Committee member evaluated each Qualifications and 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/RFP requirements with no deficiencies.
- Sufficient (5-6): meets RFQ/RFP requirements with no significant deficiencies.
- Minimal (3-4): meets RFQ/RFP requirements but contains some significant deficiencies.
- Marginal (1-2): comprehends intent of RFQ/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

Criteria	Weighting Factor (Applied to Raw Score)	Maximum Weighted Points
Firm’s CM Experience on Similarly Sophisticated Projects	2.0	20
Staffing Proposal	5.0	50
Key Team Members’ Experience on Similarly Sophisticated Projects	3.0	30
Total Possible Points		100

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

TABLE 2

Firm	Final Qualifications and Technical Proposal Score	Qualifications and Technical Proposal Rank
Epic Management, Inc.	68.300	1
Joseph Jingoli & Son, Inc.	66.000	2
GREYHAWK North America, LLC	63.200	3
Gilbane Building Company	55.600	4
MAST Construction Services, Inc.	55.300	5
The McKissack Group, Inc.	54.000	6
Heery International, Inc.	53.040	7
The McCloud Group, LLC	52.620	8
HAKS Engineers, Architects and Land Surveyors, PC	52.460	9
Pinnacle Consulting & Construction Services, Inc.	51.000	10
STV Construction, Inc.	50.400	11
Jay Shapiro & Associates, Inc.	48.260	12
ACB Consulting Services LLC	47.800	13

Members of the Authority
 Package Nos. ES-0027-M01 and HU-0027-M01
 Irvington – New Madison Avenue ES - Construction Management Services
 Harrison New ES - Construction Management Services
 May 3, 2017
 Page 4

The RFQ/RFP stipulated that a shortlist of the six (6) highest-ranked firms would be determined based on the Final Qualifications and Technical Proposal Scores. The shortlisted firms were invited to participate in interviews with the Selection Committee on March 31, 2017. The McKissack Group, Inc. advised NJSDA staff the day before its scheduled interview that it would not be attending and was withdrawing its bid from further consideration. The Selection Committee interviewed each of the five (5) remaining shortlisted firms and evaluated each firm on Interview Criteria and Weighting Factors that were the same as those used in the evaluation of the Qualifications and 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 ranks are listed in Table 3 below:

TABLE 3

Firm	Final Interview Score	Interview Rank
GREYHAWK North America, LLC	65.300	1
Epic Management, Inc.	64.900	2
MAST Construction Services, Inc.	61.100	3
Joseph Jingoli & Son, Inc.	55.800	4
Gilbane Building Company	44.500	5

The Final Interview Score for each shortlisted firm was added to the Final Qualifications and Technical Proposal Score for such firm, and the two scores were averaged to arrive at a Non-Price Score for each shortlisted firm. A firm's Non-Price Score was applicable to all projects for which the firm was competing. The maximum Non-Price Score is 100. The shortlisted firms, their scores and ranks are listed in Table 4 below:

TABLE 4

Firm	Non-Price Score	Non-Price Rank
Epic Management, Inc.	66.600	1
GREYHAWK North America, LLC	64.250	2
Joseph Jingoli & Son, Inc.	60.900	3
MAST Construction Services, Inc.	58.200	4
Gilbane Building Company	50.050	5

Once all the Non-Price Scores for all shortlisted firms were calculated, the NJSDA opened the sealed Price Proposals and reviewed them for responsiveness. The Price Proposals were publicly opened on April 5, 2017 and the bids were read aloud as required by law.

The lowest responsive Price Proposal on an individual project basis was awarded the maximum number of points for the price component, which is 100. All other Price Proposals for that specific project were then awarded points based on the percentage that each proposal exceeded the lowest bid for that project. The results of the NJSDA's review of the Price Proposals are listed in Tables 5 and 6 below:

Members of the Authority
 Package Nos. ES-0027-M01 and HU-0027-M01
 Irvington – New Madison Avenue ES - Construction Management Services
 Harrison New ES - Construction Management Services
 May 3, 2017
 Page 5

TABLE 5 (New Madison Avenue ES)

Firm	Bid Price	Price Score	Price Rank
Gilbane Building Company	\$1,224,800.00	100.000	1
Joseph Jingoli & Son, Inc.	\$1,340,000.00	90.594	2
Epic Management, Inc.	\$1,433,100.00	82.993	3
GREYHAWK North America, LLC	\$1,438,000.00	82.593	4
MAST Construction Services, Inc.	\$1,599,950.00	69.371	5

TABLE 6 (Harrison New ES)

Firm	Bid Price	Price Score	Price Rank
Gilbane Building Company	\$1,322,300.00	100.000	1
Joseph Jingoli & Son, Inc.	\$1,445,000.00	90.721	2
GREYHAWK North America, LLC	\$1,532,000.00	84.141	3
Epic Management, Inc.	\$1,547,450.00	82.973	4
MAST Construction Services, Inc.	\$1,708,150.00	70.820	5

After the Price Scores were determined for all shortlisted firms, the Price Scores were adjusted by a weighting factor of 40%. The Non-Price Scores for “Other Factors” criteria were adjusted by a weighting factor of 60%. The Price Scores and Non-Price Score for each shortlisted firm were added together to calculate a unique and separate Final Combined Score for each project for which the firm was competing. The maximum Final Combined Score is 100. The Final Combined Scores and Final Rankings are listed in Tables 7 and 8 below:

TABLE 7 (New Madison Avenue ES)

Firm	Raw Non-Price Score	Raw Price Score	Weighted Non-Price Score (60%)	Weighted Price Score (40%)	Final Combined Score	Final Rank
Epic Management, Inc.	66.600	82.993	39.960	33.197	73.157	1
Joseph Jingoli & Son, Inc.	60.900	90.594	36.540	36.238	72.778	2
GREYHAWK North America	64.250	82.593	38.550	33.037	71.587	3
Gilbane Building Company	50.050	100.000	30.030	40.000	70.030	4
MAST Construction Services, Inc.	58.200	69.371	34.920	27.748	62.668	5

The highest ranked firm after combining the weighted non-price and price scores for the New Madison Avenue ES project was Epic Management, Inc. (Epic). Epic was also the highest ranked firm for the Harrison New ES project. However, per the terms of the RFQ/RFP, firms are not eligible to provide CM services for more than one project in this multi-project procurement, and no firm will be awarded a CM contract for more than one project. Therefore, it is recommended that the New Madison Avenue ES project be awarded to Epic and the Harrison New ES project be awarded to Joseph Jingoli & Son, Inc. (Jingoli) since this combination of awards from the highest-scoring and second-highest scoring firms from both projects results in the most cost-effective overall pricing and provides the most benefit to the Authority and the School Construction Program.

The bid submitted by Epic was less than the NJSDA estimate. In order to ensure the firm’s Price Proposal was inclusive of all scope elements, a conference was conducted on April 10, 2017 with Procurement, Program Operations, Contract Management Division, and Epic to review the bid. At the time of the review,

Members of the Authority
 Package Nos. ES-0027-M01 and HU-0027-M01
 Irvington – New Madison Avenue ES - Construction Management Services
 Harrison New ES - Construction Management Services
 May 3, 2017
 Page 6

Epic confirmed that its Price Proposal is inclusive of all scope elements contained in the Contract Documents.

The Program Operations Director and the Contract Management Division recommend award of the New Madison Avenue ES project to Epic Management, Inc.

TABLE 8 (Harrison New ES)

Firm	Raw Non-Price Score	Raw Price Score	Weighted Non-Price Score (60%)	Weighted Price Score (40%)	Final Combined Score	Final Rank
Epic Management, Inc.	66.600	82.973	39.960	33.189	73.149	1
Joseph Jingoli & Son, Inc.	60.900	90.721	36.540	36.288	72.828	2
GREYHAWK North America	64.250	84.141	38.550	33.657	72.207	3
Gilbane Building Company	50.050	100.000	30.030	40.000	70.030	4
MAST Construction Services, Inc.	58.200	70.820	34.920	28.328	63.248	5

The highest ranked firm after combining the weighted non-price and price scores for Harrison New ES project was Epic. Epic was also the highest ranked firm for the New Madison Avenue ES project. However, per the terms of the RFQ/RFP, firms are not eligible to provide CM services for more than one project in this multi-project procurement, and no firm will be awarded a CM contract for more than one project. Therefore, it is recommended that the Harrison New ES project be awarded to Jingoli and the New Madison Avenue ES project be awarded to Epic since this combination of awards from the highest-scoring and second-highest scoring firms from both projects results in the most cost-effective overall pricing and provides the most benefit to the Authority and the School Construction Program.

The bid submitted by Jingoli was greater than the NJSDA estimate. In order to ensure the firm's Price Proposal was inclusive of all scope elements, a conference was conducted on April 10, 2017 with Procurement, Program Operations, Contract Management Division, and Jingoli to review the bid. At the time of the review, Jingoli confirmed that its Price Proposal is inclusive of all scope elements contained in the Contract Documents.

The Program Operations Director and the Contract Management Division recommend award of the Harrison New ES project to Joseph Jingoli & Son, Inc.

RECOMMENDATION

The Members of the Authority are requested to approve the following:

1. The award of a contract to Epic Management, Inc. in the amount of \$1,433,100 for Construction Management Services for the New Madison Avenue ES project located in the Irvington Public School District; and
2. The award of a contract to Joseph Jingoli & Son, Inc. in the amount of \$1,445,000 for Construction Management Services for the Harrison New ES project located in the Harrison Public School District.

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

Members of the Authority
Package Nos. ES-0027-M01 and HU-0027-M01
Irvington – New Madison Avenue ES - Construction Management Services
Harrison New ES - Construction Management Services
May 3, 2017
Page 7

/s/ Sean Murphy
Sean Murphy, Director, Procurement

Reviewed and Recommended by: Andrew Yosha, EVP, Program Operations and Strategic Planning
Reviewed and Recommended by: Donald Guarriello, Vice President & Chief Financial Officer
Reviewed and Recommended by: Raymond Arcario, Vice President, Construction Operations
Reviewed and Recommended by: C. Aidita Milsted, Program Director, Program Operations
Reviewed and Recommended by: Corrado Minervini, Program Director, Program Operations

Resolution—6c.

Awards for Construction Management Services

District:	Irvington
School:	New Madison Avenue Elementary School
Description:	Construction Management Services
Package No.:	ES-0027-M01
Estimated Fee:	\$1,434,000
Award:	\$1,433,100
Contractor:	Ernest Bock & Sons, Inc.

District:	Harrison
School:	New Elementary School
Description:	Construction Management Services
Package No.:	HU-0027-M01
Estimated Fee:	\$1,434,000
Award:	\$1,445,000
Contractor:	Brockwell & Carrington Contractors, Inc.

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or the Authority) requires that the Members of the Authority approve the award of consultant contracts greater than \$100,000; and

WHEREAS, the New Madison Avenue ES (Madison Avenue ES project) in the Irvington Public School District will be will be an approximately 73,000 square foot facility designed and constructed to educate 463 students in grades Pre-Kindergarten through 5; and

WHEREAS, the New Elementary School in the Harrison Public School District will be an approximately 67,800 square foot facility designed and constructed to educate 392 students in Pre-Kindergarten through first grade (New ES project); and

WHEREAS, on December 7, 2016 the Board approved the final project charter and award of a design-build construction contract in the amount of \$26,800,000 and the notice to proceed for design phase services subsequently was issued to Ernest Bock and Sons, Inc. for the Madison Avenue ES project; and

WHEREAS, on November 2, 2016 the Board approved the final project charter and award of a design-build construction contract in the amount of \$25,899,600 and the notice to proceed for design phase services subsequently was issued to Brockwell & Carrington Contractors, Inc. for the New ES project; and

WHEREAS, a multi-project procurement package for construction management (CM) services was advertised as a “price (40%) and other factors (60%)” solicitation beginning February 6, 2017; and

WHEREAS, the details of the procurement process conducted by SDA are comprehensively set forth in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, management now is seeking Board approval to contract for CM services for the Irvington Madison Avenue ES and Harrison New ES projects respectively; and

WHEREAS, upon completion of the procurement process, the program operations director and contract management division recommend the award of a contract in the amount of \$1,433,100 for CM services for the Irvington Madison Avenue ES project to the highest ranked firm, Epic Management, Inc. and a contract in the amount of \$1,445,000 for CM services for the Harrison New ES project to the highest ranked firm, Joseph Jingoli & Son, Inc.; and

WHEREAS, upon review, Epic Management, Inc. and Joseph Jingoli & Son, Inc. have confirmed that their price proposals are inclusive of all scope elements contained in the contract documents for their respective projects; and

WHEREAS, funding for these engagements is available within the respective projects' budgets, in accordance with their individual final project charters approved by the Board on December 7, 2016 (Irvington Madison Avenue ES) and November 2, 2016 (Harrison New ES); and

WHEREAS, prior to execution, 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 and approve the award of a contract to Epic Management, Inc. in the amount of \$1,433,100 for construction management services for the New Madison Avenue ES project located in the Irvington Public School District.

BE IT FURTHER RESOLVED, that the Members of the Authority hereby authorize and approve the award of a contract to Joseph Jingoli & Son, Inc. in the amount of \$1,445,000 for construction management services for the Harrison New ES project located in the Harrison Public School District.

BE IT FURTHER RESOLVED, that, prior to execution of the contracts, the contracts 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, Consolidated Construction Manager Awards, (Package No.: ES-0027-M01; HU-0027-M02) in the Irvington and Harrison School Districts, dated May 3, 2017

Dated: May 3, 2017

**AWARD OF CONTRACT AND APPROVAL OF FINAL PROJECT CHARTER -
NEWARK SCHOOL DISTRICT - SCIENCE PARK HIGH SCHOOL - CORRECTIVE
WORK FOR SMOKE CONTROL SYTEM MODIFICATIONS, MEP AND OTHER
REPAIRS**



MEMORANDUM

TO: Members of the Authority

FROM: Sean Murphy
Director, Procurement

C. Aidita Milsted
Program Director, Program Operations

RE: District: Newark Public Schools
School: Science Park High School
Description: Corrective Work for Smoke Control System
Modifications, MEP, and Other Repairs

Package No.: NE-0001-C02
CCE: \$867,091
Advertised CCE Range: \$700,000 to \$950,000
Award: \$1,450,343
CM: NJSDA Self-Managed

DATE: May 3, 2017

SUBJECT: Award of Contract and Approval of Final Charter

INTRODUCTION

We are writing to recommend approval by the Members of the Authority of the following actions necessary to address deficiencies related to the Smoke Control System (SCS), Mechanical Electrical Plumbing Systems (MEP), and to perform other repairs at the Science Park High School in the Newark Public Schools:

1. The award of a construction contract to Precision Building and Construction, LLC¹ (Precision) in the amount of \$1,450,343; and
2. The Final Charter (copy attached) representing the project budget for the corrective work being undertaken is inclusive of dollar values for the award for construction, appropriate contingency, allowances, NJSDA staff costs, other costs, and prior expended funds for corrective design and construction services performed as discussed below.

¹ Precision Building & Construction, LLC listed the following subcontractors for the required trades in its Price Proposal: Phoenix HVAC (HVACR), Boz Electrical Contractors, Inc. (Electrical), Peter Hywel Plumbing & Heating, Inc. (Plumbing), Industrial Services Enterprises Inc. (Structural Steel & Ornamental Iron), and Patwood Contracting Corporation (Roofing-Membrane PVC/CPE/CSPE).

Members of the Authority
Award of Contract and Approval of Final Charter
Package No. NE-0001-C02
Newark Science Park High School-Smoke Control System Modifications
May 3, 2017
Page 2 of 6

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 award of construction contracts greater than \$500,000. The Science Park High School project was initiated and delivered prior to the requirement for project charters. Nonetheless, a budget for the new construction project had been established and the required funding necessary to complete the current corrective work is available within the original project budget for the new school. Funding for the corrective work shall be allocated from the original Project Budget in accordance with the Final Project Charter.

In accordance with the provisions outlined in the Operating Authority, the reasons for the needed scope of work have been forwarded to the NJSDA Special Projects Group for determination of potential recovery.

BACKGROUND

Science Park High School is a technology magnet high school in the Newark Public Schools (NPS) District. The school encompasses 275,000 square feet, educating 1,200 students in grades Seven (7) through Twelve (12).

The New Jersey Economic Development Authority (EDA) initiated the Science Park High School project in 2002, utilizing a design contract with Einhorn Yaffee Prescott Architecture & Engineering, P.C. (EYP) that was assumed by the EDA from NPS. The construction contract for the new school was awarded to Hunt Construction and a Notice to Proceed was issued in December 2004. The project achieved Substantial Completion and received a TCO on November 13, 2006, excluding the Smoke Control System (SCS) which was determined at the time to be non-compliant with International Building Code (IBC) requirements.

Modification of the school's SCS is the primary element necessary for the completion of the Science Park High School project, issuance of the CO and final transfer of the school facility to NPS. While the school is operating under a TCO, the safety of the students and staff is ensured by the facility's fire alarm system, emergency power system, and a NPS-provided fire watch during and after school hours.

Following the test of the SCS performed in the fall of 2006, the NJSDA directed EYP to design a retrofit for the SCS to address deficiencies. There were several design iterations necessary in order to achieve release of the plans and specifications by the DCA in 2011.

Based on the EYP-developed construction documents, a construction contract was awarded to Grafas Painting Contractors, Incorporated (GPC) and a Notice to Proceed was issued on June 29, 2011 to retrofit the SCS. Following completion of the SCS retrofit, the NJSDA engaged Triad Fire Protection Engineering Corporation (Triad) to perform an inspection and determine that the

Members of the Authority
Award of Contract and Approval of Final Charter
Package No. NE-0001-C02
Newark Science Park High School-Smoke Control System Modifications
May 3, 2017
Page 3 of 6

SCS will function properly and comply with applicable codes. The Triad inspection report states that the retrofit to the SCS did not fully comply with the IBC code requirements. The contract with GPC was terminated for convenience. The NJSDA determined that development of a design solution by a different design consultant was at this point the best approach to deliver an appropriate retrofit of the SCS that would fully comply with code requirements and remedy the deficiencies.

On March 26, 2014, a Limited Notice of Proceed was issued to USA Architects for Pre-Design Services, authorizing USA Architects to conduct detailed investigations and provide a complete definition of the scope of work and associated budget necessary to address code compliance and operational deficiencies. Upon completion of Pre-Design activities, USA Architects was authorized to proceed with Design Services, and has completed that work such that we are now seeking to engage a construction contractor to perform the corrective work. USA Architects will perform Construction Administration services for the project, and the NJSDA will provide construction management for the project.

SCOPE OF WORK

Work is comprised of the following:

1. Smoke Control System modifications to bring the system into full functionality and code compliance necessary to obtain a Certificate of Occupancy;
2. Perform emergency generator load test and provide As-Built load calculation of emergency loads;
3. Removal of two (2) existing aboveground fuel storage tanks and replacement with a new aboveground fuel storage tank to serve the emergency generator;
4. HVAC systems modifications to Auditorium, Office, and Guidance Rooms;
5. Corrective work to storm water ponding on the roof; and
6. Limited site re-grading, replacement of concrete walkway, and installation of storm water inlet adjacent to Stair #5 exit doors.

The project includes allowances for the following: Smoke Control System additional programming, testing, balancing, and related activities, and unidentified impacted soils.

PROCUREMENT PROCESS

This construction package was advertised beginning on March 1, 2017 on the NJSDA website, NJ State website, and in selected newspapers for interested firms to participate in the bidding process.

A mandatory pre-bid conference and site visit was held on March 17, 2017.

Members of the Authority
Award of Contract and Approval of Final Charter
Package No. NE-0001-C02
Newark Science Park High School-Smoke Control System Modifications
May 3, 2017
Page 4 of 6

Project Rating Proposals were received by March 23, 2017. Bidders were evaluated based on the largest of four projects completed in the past seven years, safety records as well as reference checks. Based on evaluation of the information submitted, six (6) bidders received a Project Rating Limit.

Requests for Information (RFIs) were received by March 28, 2017. An addendum containing the responses to the RFIs was issued to the bidders on April 5, 2017.

Price Proposals were received on April 18, 2017. The Price Proposals were publicly opened and the lump sum base bids were read aloud as required by law.

Following the public bid opening, the NJSDA performed a review of the Price Proposals to determine the responsiveness of each bidder to the solicitation. The review determined that one (1) bidder was responsive. The results of the review are listed below:

Contractor	Bid Amount	Comments
Intercontinental Construction Contracting, Inc.	\$951,156.00	Non-responsive bidder. Bid rejected.
NEIE Construction Services, LLC	\$1,399,700.00	Non-responsive bidder. Bid rejected.
Precision Building & Construction, LLC	\$1,857,171.00	Qualified and responsive bidder.

The single responsive bidder was Precision.

After consultation with the Program Operations Team, the Office of Chief Counsel and the Executive Team, it was determined that NJSDA staff would negotiate with the single responsive bidder as authorized by the "Educational Facilities Construction and Financing Act" P.L. 2000, c.72, codified at N.J.S.A. 52:18A-243j. NJSDA's "Negotiating Construction Contracts Standard Operating Procedures" provides procedural guidance in securing and negotiating contracts with contractors under conditions when there is no public bid (public exigency), when no bids have been received after having twice solicited (or when bids received are deemed unresponsive), or when only one responsive bid is secured. A "Request for Contract Negotiation Form" was approved by the Chief Financial Officer and Chief Counsel. This approval authorized NJSDA staff to initiate negotiations with Precision.

Initial discussions with Precision commenced on April 27, 2017 to negotiate the contract amount. NJSDA staff from Procurement, Program Operations, and Contract Management Divisions and the Design Consultant negotiated a \$406,828 reduction to Precision's bid amount of \$1,857,171, thereby, reducing its price to \$1,450,343. Adjustments were obtained in the areas of the General Requirements, HVACR, Electrical, and Electronic Safety and Security. Precision confirmed that the negotiated contract price is inclusive of all scope elements contained in the

Members of the Authority
Award of Contract and Approval of Final Charter
Package No. NE-0001-C02
Newark Science Park High School-Smoke Control System Modifications
May 3, 2017
Page 5 of 6

6

Contract Documents. Recognizing that the advertised CCE undervalued costs associated with the project's unique scope elements, materials requirements and coordination complexities, the negotiating team believes that the adjusted value represents a fair and reasonable price for the project's scope of work.

The Program Operations Director and the Contract Management Division recommend award of the project to Precision.

FINAL PROJECT CHARTER

The attached Final Project Budget represents the project budget for the corrective work at the Science Park High School inclusive of actual dollar values for the award of the general construction contract and appropriate contingency. Additionally, the budget is inclusive of costs incurred related to design services, prior completed corrective work and NJSDA staff costs. The project budget of \$2.75 million in the Final Project Charter represents an increase of \$1,908,747 from the Board approved Preliminary Project Charter due to increased project scope and costs associated with the necessary modifications to the SCS that are more extensive than what was anticipated at the time of approval of the Preliminary Project Charter in May 2011. Additionally, the budget has been updated to include NJSDA staff costs which were not included in the Preliminary Project Charter consistent with the practice at the time it was approved. Funding for the increased costs is available within the original project budget for the Science Park High School new construction project.

RECOMMENDATION

The Members of the Authority are requested to approve the following:

1. The award of the construction contract to Precision in the amount of \$1,450,343.
2. The Final Project Charter for the Science Park High School Project in the Newark Public Schools.

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, Director, Procurement

/s/ C. Aidita Milsted

C. Aidita Milsted, Program Director, Program Operations

Members of the Authority

Award of Contract and Approval of Final Charter

Package No. NE-0001-C02

Newark Science Park High School-Smoke Control System Modifications

May 3, 2017

Page 6 of 6

Reviewed and Recommended by: Andrew Yosha, EVP, Program Operations and Strategic Planning

Reviewed and Recommended by: Donald Guarriello, Vice President and Chief Financial Officer

Reviewed and Recommended by: Raymond A. Arcario, Vice President, Construction Operations

Reviewed and Recommended by: Gregory Voronov, Managing Director, Program Operations

Reviewed and Recommended by: Ronald Dworkis, Program Officer, Program Operations

Prepared and Recommended by: Katherine Gallo, Deputy Director, Program Operations

New Jersey Schools Development Authority Project Charter - Summary

Charter Date

05/03/17

**Supersedes
Charter Dated**

05/04/11

Region: Northern
 District: Newark
 Project Name: Science Park High School
 School Type: High School
 DOE # / Project #: 3570-X01-01-0617
 Project Type (New/Add/Reno): Atrium Retrofit/Punchlist Repairs
 Project Location: 260 Norfolk Street, Newark, NJ
 Number of Students: 1,200

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

Funding Source

Project Budget

Project Budget: \$ 2,752,747

Funding Allocated

\$ 2,752,747

Anticipated Substantial Completion Date 09/11/17

Anticipated School Occupancy Date Occupied

Project Team Leader: C. Aidita Milsted

District Local Share

Project Initiation Date: March-12

\$0.00

SDA Board - Project Charter Approval Date: 05/03/17

Charter Version and Date		Project Summary
<input type="checkbox"/> Planning		The project consists of retrofitting the Atrium smoke evacuation system and corrective work to remedy DCA identified deficiencies at Science Park HS necessary to obtain a certificate of occupancy.
<input type="checkbox"/> Preliminary	05/04/11	
<input checked="" type="checkbox"/> Final	05/03/17	
Purpose for Advancement of Current/Revised Project Charter		
Revision # and Date		Approval of the Final Project Charter for the corrective work at Science Park High School inclusive of the final budget and schedule for the project based upon the award of the contract for general construction.
<input type="checkbox"/> One		
<input type="checkbox"/> Two		
<input type="checkbox"/> Three		
District Project Goals		
<input type="checkbox"/> Four		
<input type="checkbox"/> Six		

Recommendation

Program Director - Program Operations _____ Date
 C. Aidita Milsted

Managing Director - Capital Planning _____ Date
 Gregory Voronov

Vice President - Construction Operations _____ Date
 Raymond Arcario

EVP- Prog. Ops. and Strategic Planning _____ Date
 Andrew Yosha

Approval

Chief Executive Officer _____ Date
 Charles McKenna

New Jersey Schools Development Authority Project Charter - Milestones & Delivery Method						Charter Date	
						05/03/17	
District / Project Name:		Newark / Science Park High School					
DOE # / Project #:		3570-X01-01-0617					
Project Milestones						Date	
School Occupancy Date						Occupied	
DELIVERY METHOD				Design/Bid/Build			
<u>Real Estate Services</u>		Start	Est.	Act.	Finish	Est.	Act.
Feasibility		_____	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Site Investigations		_____	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Site Acquisition		_____	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Relocation		_____	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Demolition		_____	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Remediation		_____	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Deed Restriction Required?		_____	Date		_____	<input type="checkbox"/>	<input type="checkbox"/>
District Notified?		_____	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Classification Exception Area?		_____	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
District Notified?		_____	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Special Considerations							
<u>Design:</u>		Date	Est.	Act.			
Design Start (NTP)		07/30/15	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Design Restart (if applicable)		_____	<input type="checkbox"/>	<input type="checkbox"/>			
		Start	Est.	Act.	Finish	Est.	Act.
Program Concept Phase		04/01/14	<input type="checkbox"/>	<input checked="" type="checkbox"/>	01/12/15	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Schematic Design Phase		07/30/15	<input type="checkbox"/>	<input type="checkbox"/>	09/30/15	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Design Development Phase		10/01/15	<input type="checkbox"/>	<input checked="" type="checkbox"/>	10/27/15	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Construction Documents Phase		10/28/15	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/24/15	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DCA Review		12/17/15	<input type="checkbox"/>	<input checked="" type="checkbox"/>	02/07/17	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bid and Award		12/27/16	<input type="checkbox"/>	<input checked="" type="checkbox"/>	06/15/17	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Special Considerations							
The design schedule above is reflective of corrective work for Smoke Control System Modifications, MEP, and other repairs. The new school project achieved substantial completion in November 2006.							
<u>Construction:</u>		Date	Est.	Act.			
Construction Start (NTP)		06/16/17	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Substantial Completion (TCO)		09/11/17	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
School Occupancy Date		Occupied	<input type="checkbox"/>	<input type="checkbox"/>			
Title Transfer		05/03/13	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Final Completion (C of O)		12/06/17	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Post Occupancy Walk Through		_____	<input type="checkbox"/>	<input type="checkbox"/>			
Project Close-Out		01/08/18	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Special Considerations							
The construction schedule above is reflective of corrective work for Smoke Control System Modifications, MEP, and other repairs. The new school project achieved substantial completion in November 2006.							

New Jersey Schools Development Authority Project Charter - Project Budget		Charter Date
		05/03/17
District / Project Name:	Newark / Science Park High School	
DOE # / Project #:	3570-X01-01-0617	
Funding Allocated	\$	2,752,747
Special Considerations:		
<p>The project budget represented below is inclusive of the actual dollar values for the award of the general construction contract and appropriate contingency. Additionally, the budget is inclusive of costs committed related to design services, prior completed corrective work and NJSDA Staff Costs.</p>		
Project Budget:		
Gross Building Area (GSF):		Grossing Factor:
New	275,000	N/A
Addition		
Renovation		
Total Gross Building Area (GSF):	275,000	
Estimated Building Cost / GSF (unescalated)		
New Construction Cost/GSF	N/A	
Renovation Cost/GSF	N/A	
Construction Costs		
Current Corrective Work	\$1,450,343	
Prior Completed Corrective Work	\$249,404	
Cost Escalation months at 5 % per year	\$0	
Design Contingency	\$0	
Construction Contingency	\$290,000	
Total Construction Costs	\$1,989,747	
Pre-Development Costs:		
Consultant Services	\$0	
Early Site Package (Demolition/Remediation)	\$0	
Land Acquisition	\$0	
Relocation	\$0	
Property Maintenance/Carry Costs	\$0	
Total Pre-Development Costs	\$0	
Other Costs:		
Design	\$412,000	
Project Management (SDA Staff)	\$278,000	
PMF/CM	\$0	
FF&E	\$0	
Technology	\$0	
Commissioning	\$0	
Temporary Space	\$0	
Other Costs	\$73,000	
Total Other Costs	\$763,000	
Other Funding Sources		
Rebates & Refunds	\$0	
District Local Share Funds	\$0	
Total Other Funding Sources	\$0	
Total Project Budget	\$2,752,747	
Funding from Prior Allocation	\$2,752,747	
Funding from Current Capital Plans	\$0	

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

Charter Date
05/03/17

District / Project Name: Newark / Science Park High School
DOE # / Project #: 3570-X01-01-0617

Project Budget:

	Preliminary Charter 5/4/11	Current Budget	VARIANCE Fav/(Unfav)
Grossing Factor:	N/A	N/A	
Gross Building Area (GSF):	275,000	275,000	0
New			
Addition			
Renovation			
Total Gross Area (GSF):	275,000	275,000	0
Construction Costs			
Current Corrective Work	\$420,596	\$1,450,343	(\$1,029,747)
Prior Completed Corrective Work	\$249,404	\$249,404	\$0
Cost Escalation	\$0	\$0	\$0
Design Contingency	\$0	\$0	\$0
Construction Contingency	\$134,000	\$290,000	(\$156,000)
Total Construction Costs	\$804,000	\$1,989,747	(\$1,185,747)
Pre-Development Costs:			
Consultant Services	\$0	\$0	\$0
Early Site Package (Demolition/Remediation)	\$0	\$0	\$0
Land Acquisition	\$0	\$0	\$0
Relocation	\$0	\$0	\$0
Property Maintenance/Carry Costs	\$0	\$0	\$0
Total Pre-Development Costs	\$0	\$0	\$0
Other Costs:			
Design Services	\$40,000	\$412,000	(\$372,000)
Project Management (SDA Staff)	\$0	\$278,000	(\$278,000)
PMF/CM	\$0	\$0	\$0
FF&E	\$0	\$0	\$0
Technology	\$0	\$0	\$0
Commissioning	\$0	\$0	\$0
Temporary Space	\$0	\$0	\$0
Other Costs	\$0	\$73,000	(\$73,000)
Total Other Costs	\$40,000	\$763,000	(\$723,000)
Other Funding Sources			
Rebates & Refunds	\$0	\$0	\$0
District Local Share Funds	\$0	\$0	\$0
Total Other Funding Sources	\$0	\$0	\$0
Total Project Budget	\$844,000	\$2,752,747	(\$1,908,747)
Funding from Prior Allocation	\$844,000	\$2,752,747	(\$1,908,747)
Funding from Current Capital Plans	\$0	\$0	\$0

Budget Variance Analysis:

The project budget of \$2.75 million represents an increase of \$1,908,747 from the Board approved Preliminary Project Charter due to increased project scope and costs associated with the necessary modifications to the Smoke Control System that are more extensive than what was anticipated at the time of approval of the Preliminary Project Charter in May 2011. Additionally, the budget has been updated to include SDA staff costs which were not included in the Preliminary Project Charter consistent with the practice at the time it was approved.

Schedule Variance Analysis:

Resolution—6d.

Award of Contract and Approval of Final Project Charter

District:	Newark Public Schools
School:	Science Park High School
Description:	Corrective Work for Smoke Control System Modifications, MEP, and Other Repairs
Package No.:	NE-0001-C02
CCE:	\$867,091
Advertised CCE Range:	\$700,000 to \$950,000
Award:	\$1,450,343
CM:	NJSDA Self-Managed

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA) requires that the Members of the Authority (SDA Board or the Authority) approve the award of construction contracts greater than \$500,000 and final project charters; and

WHEREAS, Science Park High School is a technology magnet high school in the Newark Public Schools District (District), encompasses 275,000 square feet and educates 1,200 students in grades 7 through 12; and

WHEREAS, the New Jersey Economic Development Authority initiated the Science Park High School project in 2002 and a Notice to Proceed was issued in December 2004; and

WHEREAS, the Science Park High School Project achieved substantial completion and received a TCO in November 2006, excluding the smoke control system (SCS) which was determined to be non-compliant with code requirements; and

WHEREAS, modification of the non-compliant SCS (SCS project) is the primary element necessary for the completion of the Science Park High School Project, the issuance of the Certificate of Occupancy and final transfer of the school facility to the District; and

WHEREAS, a construction package for the SCS project was advertised on March 1, 2017; and

WHEREAS, upon completion of the competitive procurement process and subsequent negotiations, the program operations director and contract management division recommend award of the contract for construction services in the amount of \$1,450,343 to Precision Building and Construction, LLC for the SCS project; and

WHEREAS, at the time of review, Precision Building and Construction, LLC confirmed that the negotiated contract price is inclusive of all scope elements contained in the contract documents; and

WHEREAS, Board approval is required in connection with this contract award as it exceeds \$500,000; and

WHEREAS, the final project budget represents the project budget for the SCS project work inclusive of actual dollar values for the award of the general construction contract and appropriate contingency and is inclusive of costs incurred related to design services, prior completed corrective work and SDA staff costs; and

WHEREAS, the project budget in the final project charter further represents an increase from the Board approved preliminary project charter due to increased project scope and costs and funding for the increased costs is available within the original budget for the Science Park High School project; and

WHEREAS, the SCS project background, details of the final project charter and a description of the scope of work and procurement process followed for the recommended construction contract award are fully set forth in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, prior to execution of the 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 and approve the award of a contract to Precision Building and Construction, LLC (Package No. NE-0001-C02) in the amount of \$1,450,343 for construction services for the Newark Science Park High School SCS project, with such approval conditioned upon the agreement and related documentation being reviewed and approved by the SDA Division of Chief Counsel.

BE IT FURTHER RESOLVED, that the Members of the Authority hereby approve the final project charter for the Newark Science Park High School SCS project presented to the Board on this date and representing all expended and projected funds necessary for completion of the project.

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, Award of Contract, Approval of Final Project Charter, Newark Public Schools District, Science Park High School (Package No. No. NE-0001-C02), dated May 3, 2017

Dated: May 3, 2017

**DEMOLITION CONTRACTOR AWARD - PATERSON SCHOOL DISTRICT - NEW
MIDDLE SCHOOL AT UNION AVENUE - DEMOLITION OF EXISTING SCHOOL
BUILDINGS**



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

32 EAST FRONT STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955**MEMORANDUM**

TO: Members of the Authority

FROM: Sean Murphy
Director, Procurement

Thomas Schrum
Program Director, Program Operations

RE: District: Paterson
School: New Middle School at Union Avenue
Description: Demolition of Existing School Buildings
Package No.: PA-0011-N01
CCE: \$6,648,885
Advertised CCE Range: \$6,000,000 to \$6,800,000
Award: \$3,474,000
CM: N/A

DATE: May 3, 2017

SUBJECT: Demolition Contractor Award

INTRODUCTION

We are writing to recommend approval by the Members of the Authority of the award of a contract in the amount of \$3,474,000 to Tricon Enterprises, Inc.¹ for the demolition of all existing structures on the NJSDA-owned Union Avenue site in the Paterson School District (District), in preparation for the delivery by the NJSDA of a New Middle School for the District at that site.

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 construction contracts greater than \$500,000.

BACKGROUND

At the March 7, 2012 NJSDA Board meeting, the Members approved the Authority's 2012 Capital Plan. That Plan identified a Paterson elementary school grade level project for validation and advancement in order to address severe District-wide overcrowding, a high priority educational need. Working with representatives of the District and the New Jersey Department of Education (NJDOE), NJSDA staff reviewed and validated the District's needs, including a review of the District's Long Range Facilities Plan (LRFP) and identification of existing and proposed school facilities in that plan. That review identified several constraints that limited the number of project options readily available due to the fact

¹ Tricon Enterprises, Inc. listed the following subcontractors for the required trades in its Price Proposal: Magic Touch Construction Company (Electrical) and Tricon Enterprises, Inc. (Asbestos Removal/Treatment).

Members of the Authority
Demolition Contractor Award
Package No. PA-0011-N01
Paterson - New Middle School at Union Avenue
May 3, 2017
Page 2 of 4

6

that most District owned facilities and sites are fully developed or would offer only modest capacity gains through additions to existing school buildings.

The review concluded that the advancement of a new middle school facility on the Authority-owned Union Avenue property would provide the most expeditious course of action to assist the District in relieving overcrowding at the elementary school grade levels. A new middle school project serving grades 6 to 8 would provide the District with flexibility to alleviate district-wide overcrowding by drawing students from multiple facilities throughout the District.

The Union Avenue property was acquired by NJSDA in May 2004 to provide temporary space for school facility projects in the District during their construction and, later, as the site for building a permanent school facility based upon the District needs. Since being acquired, the Union Avenue property has provided temporary space for International HS and BUILDS academy students, and later for 600 Don Bosco School students in grades 6 to 8 to relieve severe overcrowding in the District's PS #5 and PS #27 facilities. The Don Bosco students have now been relocated to temporary space acquired by NJSDA in 2016 at the former Paterson Catholic High School (Paterson Catholic) facility. Once the Union Avenue Middle School project is complete, the former Paterson Catholic will provide the District with a permanent facility for additional education capacity.

On April 1, 2015, the Members of the Board approved the Preliminary Project Charter approving construction of a new middle school facility on the Union Avenue site to educate 996 students in grades 6 to 8. This project will utilize a standard SDA Kit of Parts programmatic model and design, with in-house schematic design development and a Design-Build project delivery for the new school. The Members also approved the acquisition of the former Paterson Catholic facility to serve as a temporary facility during construction and as a permanent facility upon completion of the new middle school to assist in alleviating remaining district-wide overcrowding.

The Demolition Contract scope consists of the demolition of the three existing structures on the NJSDA-owned Union Avenue site, totaling 116,000 SF.

A Design-Builder will subsequently be procured to undertake the construction of a new school facility on the site, of approximately 161,000 SF.

PROCUREMENT PROCESS

This package was advertised beginning on March 2, 2017 on the NJSDA website, NJ State website, and in selected newspapers for interested firms to participate in the bidding process.

A mandatory pre-bid conference and site visit was held on March 20, 2017.

Project Rating Proposals were received from bidders by March 27, 2017. Bidders were evaluated based on the largest of four projects completed in the past seven years, safety records as well as reference checks. Based on evaluation of the information submitted, eleven (11) bidders received a Project Rating Limit.

Members of the Authority
 Demolition Contractor Award
 Package No. PA-0011-N01
 Paterson - New Middle School at Union Avenue
 May 3, 2017
 Page 3 of 4

6

Requests for Information (RFIs) were received by March 28, 2017. An addendum containing responses to the RFIs was issued to the bidders on April 6, 2017.

Price Proposals were received on April 19, 2017. The Price Proposals were publicly opened and the lump sum base bids were read aloud as required by law.

Following the public bid opening, the NJSDA performed a review of the Price Proposals to determine the responsiveness of each bidder to the solicitation. The review determined that two (2) bidders were responsive. The results of the review are listed below:

Contractor	Bid Amount	Comments
Tricon Enterprises, Inc.	\$3,474,000.00	Qualified and responsive bidder.
Site Enterprises, Inc.	\$4,329,000.00	Non-responsive bidder. Bid rejected.
S & R Corporation	\$5,125,000.00	Non-responsive bidder. Bid rejected.
USA Environmental Management, Inc.	\$5,385,000.00	Qualified and responsive bidder.
Intercontinental Construction Contracting	\$6,886,680.00	Non-responsive bidder. Bid rejected.

The responsive low bidder was Tricon Enterprises, Inc. (Tricon).

The bid submitted by Tricon was below the CCE. In order to understand the differential between the CCE and the bid price and to ensure the contractor's price proposal was inclusive of all scope elements, a conference was conducted on April 21, 2017 with Procurement, Program Operations, Contract Management Division and Tricon to review the bid. The discussion verified that Tricon had included all work per the scope of the project and identified variances between the NJSDA's CCE and Tricon's price proposal in several areas. The majority of the overall variance is attributable to the contractor's ability to perform the majority of the construction activities including asbestos abatement and demolition with its own forces and equipment. At the time of review, Tricon confirmed that its price proposal is inclusive of all scope elements contained in the Contract Documents.

The Program Operations Director and the Contract Management Division recommend award of the project to Tricon Enterprises, Inc.

Members of the Authority
Demolition Contractor Award
Package No. PA-0011-N01
Paterson - New Middle School at Union Avenue
May 3, 2017
Page 4 of 4

RECOMMENDATION

The Members of the Authority are requested to approve the award of a contract to Tricon Enterprises, Inc. for Contract No. PA-0011-N01 in the amount of \$3,474,000. 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, Director, Procurement

/s/ Thomas Schrum
Thomas Schrum, Program Director, Program Operations

- Reviewed and Recommended by: Andrew Yosha, EVP, Program Operations and Strategic Planning
- Reviewed and Recommended by: Donald Guarriello, Vice President & Chief Financial Officer
- Reviewed and Recommended by: Raymond Arcario, Vice President, Construction Operations
- Reviewed and Recommended by: Gregory Voronov, Managing Director, Program Operations
- Reviewed and Recommended by: Joseph Lucarelli, Deputy Program Director, Program Operations
- Prepared and Recommended by: Jeannette Thannikary, Program Officer, Program Operations

Resolution—6e.

Demolition Contractor Award

District:	Paterson
School:	New Middle School at Union Avenue
Description:	Demolition of Existing School Buildings
Package No.:	PA-0011-N01
CCE:	\$6,648,885
Advertised CCE Range:	\$6,000,000 to \$6,800,000
Award:	\$3,474,000
CM:	N/A

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 construction contracts greater than \$500,000; and

WHEREAS, in March 2012, the Members of the Authority approved the Authority's 2012 Capital Plan identifying a Paterson School District (District) elementary school grade level project for validation and advancement to address District-wide overcrowding; and

WHEREAS, in May 2004, SDA acquired property located on Union Avenue in the City of Paterson to provide temporary space for school facility projects in the District during their construction and, later, as the site for building a permanent school facility based upon the District's needs; and

WHEREAS, a review and validation process conducted by SDA, Department of Education and Paterson School District staff concluded that advancement of a new middle school facility on the SDA-owned Union Avenue property would provide the most expeditious course of action to assist the District in relieving overcrowding at the elementary school grade levels; and

WHEREAS, in April 2015, the Members of the Board approved the Preliminary Project Charter authorizing construction of a new middle school facility on the Union Avenue site to educate 996 students in grades 6 to 8; and

WHEREAS, advancement of construction on the Union Avenue site will require the demolition of three existing structures located on the site and totaling 116,000 square feet; and

WHEREAS, on March 2, 2017, SDA began the process to procure demolition services for the project; and

WHEREAS, upon completion of the procurement process, the SDA program operations director and contract management division recommend award of the contract for demolition services in the amount of \$3,474,000 to Tricon Enterprises, Inc. (Tricon); and

WHEREAS, the Project background and details relative to the procurement process followed are set forth in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, following review, Tricon has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents; and

WHEREAS, prior to execution of the 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 and approve the award of Package No. PA-0011-N01 in the amount of \$3,474,000, to Tricon Enterprises, Inc. for the demolition of existing SDA-owned structures on the Union Avenue site in the Paterson School District in preparation for the delivery by the SDA of a new middle school at that site consistent with the memorandum presented to the Board on this date and incorporated herein.

BE IT FURTHER RESOLVED, that such approval is contingent upon the agreement and related documentation being 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, Demolition Award (PA-0011-N01), Paterson School District, Existing SDA-Owned Structures on Union Avenue Site, dated May 3, 2017

Dated: May 3, 2017

**DEMOLITION AND SITE PREPARATION CONTRACTOR AWARD - PEMBERTON
SCHOOL DISTRICT - DENBO-CRICHTON ELEMENTARY SCHOOL -
DEMOLITION OF EXISTING SCHOOL BUILDING AND SITE PREPARATION**



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY32 EAST FRONT STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955**MEMORANDUM**

TO: Members of the Authority

FROM: Sean Murphy
Director, Procurement

Thomas Schrum
Program Director, Program Operations

RE: District: Pemberton
School: Denbo-Crichton Elementary School
Description: Demolition of Existing School
Building and Site Preparation
Package No.: WT-0023-N01
CCE: \$2,169,123
Advertised CCE Range: \$2,000,000 to \$2,500,000
Award: \$1,299,900
CM: TBD

DATE: May 3, 2017

SUBJECT: Demolition and Site Preparation Contractor Award

INTRODUCTION

We are writing to recommend approval by the Members of the Authority of the award of a contract in the amount of \$1,299,900 to Tricon Enterprises, Inc.¹ for demolition and site restoration of the Aletta Crichton Elementary School (Crichton ES), in preparation for the delivery by the NJSDA of the New Denbo-Crichton School for the Pemberton School District (District).

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 construction contracts greater than \$500,000.

BACKGROUND

At the January 2, 2014 NJSDA Board meeting, the Members approved the Authority's Amendment to the Capital Plan Portfolio. That Amendment identified a project to address Facilities Efficiency Standards (FES) Compliance needs at the Alexander Denbo Elementary School (Denbo ES) in the Pemberton School District. The NJSDA's Capital Plan Amendment identified the Denbo ES project for validation and advancement.

¹ Tricon Enterprises, Inc. listed the following subcontractors for the required trades in its Price Proposal: Magic Touch Construction Company (Plumbing and Electrical) and Tricon Enterprises, Inc. (Asbestos Removal/Treatment).

Members of the Authority
Demolition and Site Preparation Contractor Award
Package No. WT-0023-N01
Pemberton – Denbo-Crichton Elementary School
May 3, 2017
Page 2 of 4

6

The Denbo ES and the Crichton ES share the same site. The Denbo ES, constructed in 1965, is a 38,656 square foot facility educating 359 students in grades 3 through 5. The Crichton ES, constructed in 1969, is a 59,053 square foot facility educating 349 students in grades Pre-K through 2.

Upon inclusion of the project in the Capital Plan, NJSDA staff worked with representatives of the District and the New Jersey Department of Education (NJDOE) to conduct several site visits to review and validate conditions in order to consider and analyze both school facilities and their shared site, to define the most appropriate project for advancement. Options that were considered included a renovation and addition to either existing school and a new school to replace both existing schools.

Based upon findings including a cost benefit analysis of the options, and after discussion with the District and NJDOE, NJSDA staff recommended the advancement of a new two-story, 131,000 square foot replacement school. A new two-story school represents the most effective and efficient option in terms of budget and schedule and will fully address all educational program needs, something the other options would not satisfy. The new school option will also allow for implementation of the NJSDA Kit of Parts and full compliance with all NJSDA Materials and System Standards.

On July 6, 2016, the Board Members approved the Preliminary Project Charter for a new two-story school facility on the District-owned Denbo-Crichton site to educate 846 students in grades Pre-K through 5. The Members also authorized the advancement of the project utilizing Kit of Parts components, the design-build delivery process and in-house design staff resources.

The award for a Demolition and Site Preparation Contractor will be for the demolition of the Crichton ES facility and the preparation of the school site, including road access work and a site separation barrier. Since students and staff will remain in the Denbo ES facility on the same site while the new school is being constructed, a site separation barrier will be constructed to insure the continued and safe use of the Denbo facility during the construction period. Students and staff in the Crichton ES facility will be moved to temporary space within the District at the Isaiah Haines ES, prior to the Crichton ES demolition.

A Design-Builder will subsequently be procured to undertake the construction of the new two-story school on the site, of approximately 131,000 square feet. Upon the new school's completion, the Design-Builder will also demolish the Denbo ES facility on the site, after students and staff have moved into the new school.

PROCUREMENT PROCESS

This package was advertised beginning on March 1, 2017 on the NJSDA website, NJ State website, and in selected newspapers for interested firms to participate in the bidding process.

A mandatory pre-bid conference and site visit was held on March 17, 2017.

Project Rating Proposals were received from bidders by March 24, 2017. Bidders were evaluated based on the largest of four projects completed in the past seven years, safety records as well as reference

Members of the Authority
 Demolition and Site Preparation Contractor Award
 Package No. WT-0023-N01
 Pemberton – Denbo-Crichton Elementary School
 May 3, 2017
 Page 3 of 4

6

checks. Based on evaluation of the information submitted, fourteen (14) bidders received a Project Rating Limit.

Requests for Information (RFIs) were received by March 27, 2017. An addendum containing responses to the RFIs was issued to the bidders on March 30, 2017.

Price Proposals were received on April 12, 2017. The Price Proposals were publicly opened and the lump sum base bids were read aloud as required by law.

Following the public bid opening, the NJSDA performed a review of the Price Proposals to determine the responsiveness of each bidder to the solicitation. The review determined that eight (8) bidders were responsive. The results of the review are listed below:

Contractor	Bid Amount	Comments
Tricon Enterprises, Inc.	\$1,299,900.00	Qualified and responsive bidder.
Yannuzzi Group, Inc.	\$1,514,583.00	Qualified and responsive bidder.
Neuber Environmental Services, Inc.	\$1,636,000.00	Qualified and responsive bidder.
Site Enterprises, Inc.	\$1,772,650.00	Qualified and responsive bidder.
SMAC Corporation	\$1,867,600.00	Qualified and responsive bidder.
Dobtol Construction, LLC	\$1,869,000.00	Qualified and responsive bidder.
Two Brothers Contracting, Inc.	\$1,930,000.00	Qualified and responsive bidder.
USA Environmental Management, Inc.	\$2,279,000.00	Qualified and responsive bidder.

The responsive low bidder was Tricon Enterprises, Inc. (Tricon).

The bid submitted by Tricon was below the CCE. In order to understand the differential between the CCE and the bid price and to ensure the contractor's price proposal was inclusive of all scope elements, a conference was conducted on April 17, 2017 with Procurement, Program Operations, Contract Management Division and Tricon to review the bid. The discussion verified that Tricon had included all work per the scope of the project and identified variances between the NJSDA's CCE and Tricon's price proposal in several areas. The majority of the overall variance is attributable to the contractor's ability to perform the majority of the construction activities including asbestos abatement and demolition with its own forces and equipment. At the time of review, Tricon confirmed that its price proposal is inclusive of all scope elements contained in the Contract Documents.

The Program Operations Director and the Contract Management Division recommend award of the project to Tricon Enterprises, Inc.

Members of the Authority
Demolition and Site Preparation Contractor Award
Package No. WT-0023-N01
Pemberton – Denbo-Crichton Elementary School
May 3, 2017
Page 4 of 4

RECOMMENDATION

The Members of the Authority are requested to approve the award of a contract to Tricon Enterprises, Inc. for Contract No. WT-0023-N01 in the amount of \$1,299,900. 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, Director, Procurement

/s/ Thomas Schrum
Thomas Schrum, Program Director, Program Operations

- Reviewed and Recommended by: Andrew Yosha, EVP, Program Operations and Strategic Planning
- Reviewed and Recommended by: Donald Guarriello, Vice President & Chief Financial Officer
- Reviewed and Recommended by: Raymond Arcario, Vice President, Construction Operations
- Reviewed and Recommended by: Gregory Voronov, Managing Director, Program Operations
- Reviewed and Recommended by: Joseph Lucarelli, Deputy Program Director, Program Operations
- Reviewed and Recommended by: Denise Petraglia, Program Officer, Program Operations
- Prepared and Recommended by: Jeannette Thannikary, Program Officer, Program Operations

Resolution—6f.

Demolition and Site Preparation Contractor Award

District:	Pemberton
School:	Denbo-Crichton Elementary School
Description:	Demolition of Existing School Building and Site Preparation
Package No.:	WT-0023-N01
CCE:	\$2,169,123
Advertised CCE Range:	\$2,000,000 to \$2,500,000
Award:	\$1,299,900
CM:	TBD

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or the Authority) requires that the Members of the Authority approve the award of construction contracts greater than \$500,000; and

WHEREAS, in January 2014, the Members of the Authority approved an amendment to the Capital Plan Portfolio, identifying a project to address facilities efficiency standards (FES) compliance needs at the Denbo Elementary School (Denbo ES) in the Pemberton School District (District) for validation and advancement; and

WHEREAS, the Denbo ES shares a site with the Crichton Elementary School (Crichton ES); and

WHEREAS, the Denbo ES is a 38,656 square foot facility educating 359 students in grades 3 through 5 and the Crichton ES is a 59,053 square foot facility educating 349 students in grades Pre-K through 2; and

WHEREAS, upon inclusion of the project in the Capital Plan, SDA, Department of Education (DOE) and District staff conducted site visits to review and validate conditions in order to consider and analyze both school facilities and their shared site, to define the most appropriate project for advancement; and

WHEREAS, based upon findings including a cost benefit analysis of the options, and after discussion with the District and DOE, SDA staff recommended advancement of a new two-story, 131,000 square foot replacement school as the most effective and efficient option in terms of budget and schedule for fully addressing all educational program needs; and

WHEREAS, on July 6, 2016, the Members of the Authority approved the preliminary project charter for a new two-story school facility on the District-owned Denbo-Crichton site to educate 846 students in grades PK through 5 and authorized the advancement of the project utilizing kit of parts components, the design-build delivery process and in-house design staff resources; and

WHEREAS, management determined the need to obtain the services of a demolition and site preparation contractor for the demolition of the Crichton ES facility and the preparation of the school site, including road access work and a site separation barrier; and

WHEREAS, a package for demolition and early site preparation services was advertised on March 1, 2017; and

WHEREAS, the Project background and the details of the procurement process followed for the proposed contract award are comprehensively set forth in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, at the time of review, Tricon Enterprises, Inc. (Tricon) confirmed that its price proposal is inclusive of all scope elements contained in the contract documents; and

WHEREAS, the program operations director and the contract management division recommend award of the contract to Tricon, in the amount of \$1,299,900; and

WHEREAS, prior to execution of the 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 and approve the award of a contract (Contract No. WT-0023-N01) in the amount of \$1,299,900 to Tricon Enterprises, Inc. for demolition and site preparation services for the Pemberton Denbo-Crichton ES project.

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, Construction Award, to Tricon Enterprises, Inc. (Package No. WT-0023-N01), Demolition and Site Preparation, Denbo-Crichton Elementary School, Pemberton School District, Dated May 3, 2017

Dated: May 3, 2017

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: May 3, 2017

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 4/18/17

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	Award for D-B approved Oct. 2013 Board. (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	Award for D-B approved May 2013 Board. (Dobco, Inc.)	6/25/12 2/25/13
Jersey City	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	Construction Contract approved Apr. 2016 Board. (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 4/18/17

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	Award for D-B approved Jul. 2014 Board. (Terminal Construction)	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	\$25.8	Design-Bid-Build	Revised Planning Charter approved Dec. 2016 Board.	TBD
New Brunswick	Robeson ES	PK-5	823	893	\$47.1	Kit of Parts/ Design-Build	Award for D-B approved Sep. 2015 Board. (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	Award for D-B approved Oct. 2015 Board. (Bock)	6/28/13 6/29/15
Passaic	Dayton Ave. Campus	PK-8	2,741	2,997	\$209.5	Kit of Parts/ Design-Build	Preliminary Charter approved Nov. 13 Board.	TBD
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.

7



2011 & 2012 Portfolio Projects Activities Summary

as of 4/18/17

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	George Washington Carver ES	PK-5	470	512	\$42.0	Kit of Parts/ Design-Build	DB Advertisement 1/20/17. Proposals received 4/12/17.	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	Award for D-B approved Nov. 2014 Board. (Torcon)	6/9/14
Garfield	James Madison ES	K-5	275	305	\$29.7	Existing Design	Award for GC approved Oct. 2015 Board. (Brockwell & Carrington)	2/19/14 6/30/15
Harrison	New ES	PK - 1	392	432	\$36.1	Kit of Parts/ Design-Build	Award for D-B approved Nov. 2016 Board. (Brockwell and Carrington)	11/10/15 7/13/16
Irvington	Madison Avenue ES	PK-5	463	504	\$35.4	Kit of Parts/ Design-Build	ROA for D-B approved Dec. 2016 Board. (Bock)	11/19/15 8/16/16
Millville	Senior HS Addition/Renovation	HS	2,026	2,391	\$110.0	Design-Build	ROA for D-B approved Apr. 2017 Board. (Hall Construction)	9/30/16
Passaic	New ES @ Leonard Place	K-5	628	698	\$55.9	Kit of Parts/ Design-Build	Award for D-B approved Dec. 2015 Board. (Dobco, Inc.)	8/13/15
Paterson	New MS @ Union Ave.	6-8	996	1107	\$112.9	Design-Build	Preliminary Charter approved Apr. 2015 Board. ESP Proposals due 4/19/17.	3/2/17
Pemberton	Denbo ES	PK-5	846	930	\$62.0	Design-Build	Preliminary Charter approved Jul. 2016 Board. ESP Advertisement 3/1/17.	3/1/17
Perth Amboy	High School	HS	2,800	3,304	\$234.4	Design-Build	Preliminary Charter approved Jun. 2016 Board.	4Q 2017
Perth Amboy	Seaman Avenue ES	K-5	724	804	\$56.8	Kit of Parts/ Design-Build	Award for D-B approved Jul. 2016 Board. (Epic Management).	2/3/16
Plainfield	New Woodland ES	K-5	756	839	\$56.9	Kit of Parts/ Design-Build	Preliminary Charter approved Sep. 2016 Board.	3Q 2017
Union City	ES Grade Level	7-9	756	840	\$64.2	Kit of Parts/ Design-Build	Preliminary Charter approved Mar. 2017 Board.	4Q 2017
Vineland	Lincon Ave. MS (New MS)	6-8	562	624	\$49.8	Kit of Parts/ Design-Build	Award for D-B approved Jan. 2016 Board. (Bock)	9/24/15

*PLEASE NOTE - Projected Construction Advertisement Date reflects the first construction activity for the Project. Dates in the Past are ACTUAL.
 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 4/18/17

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	\$132.7	Design-Build	Preliminary Charter approved Oct. 2016 Board.	2Q 2017
Hoboken	Connors ES	ES	TBD	TBD	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Orange	Cleveland St. ES	PK-6	306	336	\$24.3	Design-Bid-Build	Preliminary Charter approved Mar. 2017 Board. ESP Proposals due 5/4/17.	2/21/17
Orange	High School	9-12	1,440	1,694	\$46.2	Design-Bid-Build	Planning Charter approved Jan. 2017 Board.	TBD
Trenton	Central HS	9-12	1,850	2,176	\$155.4	Design-Build	Award for D-B approved Mar. 2016 Board. (Terminal)	12/19/14 9/29/15

*PLEASE NOTE - Projected Construction Advertisement Date reflects the first construction activity for the Project. Dates in the Past are ACTUAL.
 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 4/1/2017

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	Bridgeton	Quarter Mile Lane ES	Addition/Renovation	Construction	2Q 2017	On-target	Sep-17	On-target	\$ 39,043,619
2	Elizabeth	New ES	New Construction	Construction	2Q 2017	On-target	Sep-17	On-target	\$ 55,312,580
3	Garfield	New James Madison ES	New Construction	Construction	2Q 2018	On-target	Sep-18	On-target	\$ 29,650,092
4	Gloucester City	New ES/MS	New Construction	Substantial Completion	Dec-16	Achieved	2017	On-target	\$ 65,269,937
5	Harrison	New Elementary School	New Construction	Design-Build Design Phase	2Q 2019	On-target	Sep-19	On-target	\$ 36,115,640
6	Irvington	New Madison Ave ES	New Construction	Design-Build Design Phase	2Q 2019	On-target	Sep-19	On-target	\$ 38,589,795
7	Jersey City	Patricia Noonan ES (New ES #3)	New Construction	Construction	Apr-17	On-target	Apr-17	On-target	\$ 54,004,014
8	New Brunswick	Paul Robeson Community ES	Addition/Renovation	Construction	2Q 2018	On-target	Sep-18	On-target	\$ 47,012,849
9	Newark	South Street ES	New Construction	Construction	2Q 2018	On-target	Sep-18	On-target	\$ 69,876,694
10	Passaic City	New ES at Leonard Place	New Construction	Construction	3Q 2018	On-target	Sep-18	On-target	\$ 55,884,039
11	Perth Amboy	New Seaman Ave ES	New Construction	Design-Build Design Phase	1Q 2019	On-target	Sep-19	On-target	\$ 56,435,971
12	Trenton	New Central HS	New Construction	Construction	2Q 2019	On-target	Sep-19	On-target	\$ 155,404,000
13	Vineland	Lincoln Road MS (New Middle School)	New Construction	Construction	2Q 2018	On-target	Sep-18	On-target	\$ 49,787,025
14	West New York	Harry L. Bain ES	Renovation	Construction	2Q 2017	On-target	Sep-17	On-target	\$ 16,848,500



**Active Project Status Report
Status as of 4/1/2017**

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	Irvington HS	HVAC & Roofing	Construction	May-16	Achieved	2Q 2017	On-Target	\$ 6,526,284
2	Trenton	Hedgepeth-Williams School	Domestic Wate Line Replacement	Construction	Dec-16	Achieved	2Q 2017	On-Target	\$ 2,153,476
3	Vineland	High School South	HVAC	Construction	Oct-16	Achieved	2Q 2017	On-Target	\$ 13,652,573

PROJECT CLOSEOUT STATUS REPORT



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

32 EAST FRONT STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-858-5395

To: Members of the Authority

From: /s/ Ayisha Cooper, Research Specialist

Date: May 3, 2017

Subject: Project Close-Out Status Report

The attached report, provided by the Special Projects Division, shows a listing of all SDA managed Capital and Emergent projects which have achieved school occupancy but have not yet been contractually and administratively closed. The listing further details projects which have achieved building and/or land transfer to the district, but also have outstanding open contracts. Finally, to emphasize the accomplishments of project close-out, we have included a running total of all school facilities projects, health and safety contracts, and suspended design contracts which have been closed.

For the current reporting period we do not have any activity to report, however, we continue to advance projects and contracts through the close-out process.

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of April 1, 2017**

Year of Occupancy	DOE #	School	Disposition	Land & School Transferred Date	Outstanding Issues Remaining for Complete Close Out
Bridgeton					
2016	0540-050-13-0ACN	Buckshutem Road Elementary School			
Burlington City					
2007	0600-020-01-0957	New High School	Land and/or School Transferred	12/29/11	Open contract(s) - Legal matter pending
Camden					
2007	0680-140-01-0939	Octavius V. Catto Community School - Demonstration Project	Land and/or School Transferred	01/09/12	Open contract(s) - Pending audit completion
2009	0680-350-01-0938	HB Wilson Elementary School	Land and/or School Transferred	04/14/10	Open contract(s)
2009	0680-190-01-0927	Dudley Elementary School	Land and/or School Transferred	02/06/12	Open contract(s)
2011	0680-245-01-0930	Morgan Village Academy	Land and/or School Transferred	02/25/13	Open contract(s) - Legal matter pending
Cumberland					
2009	0997-030-02-0926	Cumberland Regional High School	Land and/or School Transferred	06/25/10	Open contract(s) - Legal matter pending
East Orange					
2009	1210-150-01-1178	Cicely Tyson School of Performing and Fine Arts - Demonstration Project	Land and/or School Transferred	12/01/09	Open contract(s) - Pending audit completion
Egg Harbor City					
2010	1300-X01-04-0ADY	New Middle School	Land and/or School Transferred	01/01/12	Open contract(s)
Egg Harbor Township					
2011	1310-005-04-0AEB	Egg Harbor Township High School			
Elizabeth					
Legacy	1320-X06-01-0866	#30 Ronald Reagan Academy	Land and/or School Transferred	07/09/12	Open contract(s) - Legal matter pending
2013	1320-240-03-0339	Victor Mravlag Elementary School # 21			
2016	1320-x07-01-0867	Frank J. Cicarell Academy (New Academic HS)			
Garfield					
2007	1700-N01-02-0114	Garfield Middle School	Land and/or School Transferred	06/25/09	Open contract(s) - Legal matter pending
Gloucester City					
Legacy	1770-160-01-0245	Cold Springs Elementary School	Land and/or School Transferred	06/05/09	Open contract(s)
Harrison					
2007	2060-X01-01-0832	New Harrison High School	Land and/or School Transferred	10/23/12	Open contract(s)

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of April 1, 2017**

Year of Occupancy	DOE #	School	Disposition	Land & School Transferred Date	Outstanding Issues Remaining for Complete Close Out
Jersey City					
Legacy	2390-N01-99-0227	New Elementary School #3 (Frank R. Conwell Elementary School #3)	Land and/or School Transferred	12/19/15	Open contract(s) - Legal matter pending
Legacy	2390-N02-99-0228	Jersey City Middle School # 4 (Frank R. Conwell Middle School #4)	Land and/or School Transferred	12/19/15	Open contract(s) - Legal matter pending
2007	2390-N03-99-0147	Heights Middle School #7			
2016	2390-190-01-0581	New Public School #20			
Keansburg					
2016	2400-E01-02-0116	New Caruso Elementary School			
Long Branch					
2008	2770-X03-01-0635	Long Branch High School & Athletic Fields	Land and/or School Transferred	12/07/12	Open contract(s) - Legal matter pending
2014	2770-080-03-1043	George L. Catrambone Elementary School			
New Brunswick					
2010	3530-N05-03-0791	New Brunswick High School - Demonstration Project	Land and/or School Transferred	08/19/11	Open contract(s) - Pending audit completion
2014	3530-060-03-1032	A. Chester Redshaw Elementary School	Land and/or School Transferred	01/15/16	Open contract(s)
Newark					
Legacy	3570-x01-01-0617	Science Park	Land and/or School Transferred	05/03/13	Open contract(s) - Legal matter pending
2008	3570-X03-01-0665	Central High School	Land and/or School Transferred	03/28/12	Open contract(s) - Legal matter pending
2010	3570-X07-01-0693	Speedway Elementary School	Land and/or School Transferred	10/21/15	Open contract(s)
2016	3570-390-04-00BJ	Elliott Street Elementary School	Land and/or School Transferred	01/31/17	Open contract(s)
2016	3570-590-02-0315	Oliver Street Elementary School			
Orange					
2009	3880-120-01-0967	Park Ave Elementary School	Land and/or School Transferred	07/19/12	Open contract(s) - Legal matter pending
Passaic					
2015	3970-X01-01-X760	New Henry Street Elementary School			
Paterson					
Legacy	4010-N02-02-0393	Roberto Clemente Elementary School	Land and/or School Transferred	04/12/13	Unable to close due to upcoming repairs.
2008	4010-S01-02-0101	International High School			
2008	4010-270-02-0608	#24 Elementary School			
2016	4010-N01-02-0169	Dr. Hami Awadallah School (New Marshall Street ES)			
2016	4010-N09-04-00HP	New Public School #16			

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY SPECIAL PROJECTS DIVISION PROJECT STATUS REPORT - As of April 1, 2017					
Year of Occupancy	DOE #	School	Disposition	Land & School Transferred Date	Outstanding Issues Remaining for Complete Close Out
Pemberton					
2011	4050-E01-02-0082	Pemberton Early Childhood Education Center	Land and/or School Transferred	02/01/13	Open contract(s)
Phillipsburg					
2016	4100-x01-99-0464	New High School			
Trenton					
2008	5210-N02-01-0912	Daylight/Twilight Alternative School - Demonstration Project	Land and/or School Transferred	12/01/08	Open contract(s) - Pending audit completion
Union City					
2009	5240-x07-01-0571	Union City High School and Athletic Complex - Demonstration Project	Land and/or School Transferred	10/27/11	Open contract(s) - Pending audit completion
2012	5240-N03-02-0397	Columbus Elementary School	Land and/or School Transferred	02/24/15	Open contract(s) - Legal matter pending
Vineland					
2007	5390-N05-04-000C	Gloria M. Sabater Elementary School - Demonstration Project	Land and/or School Transferred	05/06/11	Open contract(s) - Pending audit completion
West New York					
2009	5670-065-01-0559	Elementary School #2	Land and/or School Transferred	05/14/13	Open contract(s) - Legal matter pending
2012	5670-070-01-0556	West New York #3	Land and/or School Transferred	01/29/14	Open contract(s) - Legal matter pending
Capital and Demonstration Projects Totals					
Total Capital and Demonstration Projects			142		
Closed Capital and Demonstration Projects			97		
Capital and Demonstration Projects Not Closed			45		
Capital and Demonstration Projects Not Closed, Land and/or School Transferred			30		
			Legal Matter	14	
			Pending Audit	6	
			Miscellaneous	10	

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of April 1, 2017**

Year of Occupancy	DOE #	School	Disposition	Land & School Transferred Date	Outstanding Issues Remaining for Complete Close Out
Emergent Projects					
Bridgeton					
	0540-030-12-0ACJ	Broad Street Elementary School	Land and/or School Transferred	10/21/2016	Open contract(s)
Irvington					
	2330-090-12-0ACT	Chancellor Avenue Elementary School			
	2330-050-10-00CH	Irvington High School - Roof, HVAC, Bathroom			
Newark					
	3570-690-08-0GAK	Speedway			
	3570-720-08-0GAO	American History High School (Warren Street Elementary School)			
Orange					
	3880-115-10-00CM	Orange Middle School (Orange Preparatory Academy)			
Passaic					
	3970-050-12-0ADZ	Passaic City High School			
Trenton					
	5210-080-12-0ABZ	Hedgepeth-Williams School			
Vineland					
	5390-050-12-0ACK	Vineland High School South			
Emergent Project Totals					
Total Emergent Projects			73		
Emergent Projects Closed			63		
Emergent Projects Not Closed			10		
Emergent Projects Not Closed but Transferred			1		
Health and Safety Contract Totals					
Total Contracts			399		
# of Open Contracts			7		
# of Contracts Closed			392		
Open Design Contracts					
Total Contracts			109		
# of Open Contracts			11		
# of Contracts Closed			98		

PROJECT STATUS REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director – Program Operations

DATE: May 3, 2017

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:

Burlington City High School – Revised Final Project Charter to establish revised final budget and schedule for corrective work to remedy HVAC deficiencies at Burlington City HS.



Projects that have Expended 75% or More of Board Approved Contingency

Reporting Period: Jan. 1, 2008 to March 31, 2017

District	Project	Board Approved Project Charter Contingency	Contingency Expended/Committed	Contingency Remaining ¹	% of Contingency Expended/Committed	Project Completion %	Cause(s)	Current Status
----------	---------	--	--------------------------------	------------------------------------	-------------------------------------	----------------------	----------	----------------

In Construction

NO DATA TO REPORT								
-------------------	--	--	--	--	--	--	--	--

Substantially Complete & Building Occupied

Please refer to the Project Close-Out Activity Report for status of close-out activities

Burlington City	Burlington City H.S.	\$19,180,848	\$19,100,848	\$80,000	99.6%	99%	1. Unforeseen soil remediation 2. Unforeseen asbestos abatement. 3. Unforeseen HVAC corrective work	Project substantially complete and building occupied. HVAC corrective work scheduled for completion in Q3 2017.
Camden	Dudley E.S.	\$3,215,000	\$2,615,168	\$599,832	81.3%	99%	1. Installation of IT/AV systems	Project complete and building occupied. Working towards project close-out.
East Orange	Mildred B. Garvin E.S.	\$1,429,632	\$1,305,993	\$123,639	91.4%	99%	1. Unforeseen soil remediation 2. Modifications to security system	Project complete and building occupied. Working towards project close-out.
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. Working towards project close-out.
Orange	Lincoln Ave E.S.	\$5,615,000	\$4,906,339	\$708,661	87.4%	99%	1. Unforeseen asbestos abatement 2. Structural repairs to interior walls 3. Extended general conditions	Project complete and building occupied. Working towards project close-out.
Orange	Park Avenue E.S.	\$3,360,000	\$3,275,103	\$84,897	97.5%	99%	1. Unforeseen asbestos abatement	Project complete and building occupied. Working towards project close-out.
Paterson	E.S. #24	\$4,616,120	\$4,313,389	\$302,731	93.4%	99%	1. Unforeseen soil remediation and clean fill.	Project complete and building occupied. Working towards project close-out.
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. Working towards project close-out.

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: March 2017

#	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
---	------------	----------	---------	---	----------------------------------	--	------------------------------	----------	----------------

No Activity During the Reporting Period



Revisions to Project Charters
Reporting Period: March 2017

#	District	Project	Financial & Schedule Impacts	Additional Funds Approved	Additional Funds as % of Total Project Budget	Operating Authority Approval Requirement	Description of Revision
1	Burlington City	Burlington City High School	Budget Increase	\$ 984,535	1.73%	CEO Approval	Revised Final Project Charter to establish revised final budget and schedule for corrective work to remedy HVAC deficiencies at Burlington City HS.

CONTRACTS EXECUTED REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Program Operations

DATE: May 3, 2017

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 March 1 through March 31, 2017.

Noteworthy Items during the reporting period:

- No noteworthy items during the reporting period.

Amendments & Change Orders Report

This report contains the activity of Amendments and Change Orders executed during the period March 1 through March 31, 2017.

Noteworthy Items during the reporting period:

- Execution of 11 Amendments for Design Services totaling a credit of \$1.6M, of the 11 executed amendments one required board approval totaling a credit of \$418k.
- Execution of 14 Construction Services Change Orders totaling a credit of \$225k, of the 14 executed change orders two required board approval totaling a credit of \$770k.

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



Contracts Executed Report

Reporting Period: 3/1/2017 through: 3/31/2017

District	School Name(s)	Project Type	Contract Type	Contract Number	Vendor	MWSBE Cert(s)	Contract Award Amount	Contract Execution Date	Per School CCE	Total CCE	
Part 4. Other Contracts & Services											
Others											
Bridgeton	Quarter Mile Lane E.S.	RenoAdd	FFE	ST-0044-K36	Troxell Communications, Inc.		\$60,820	03/08/2017	-		
Bridgeton	Quarter Mile Lane E.S.	RenoAdd	FFE	ST-0044-K37	Washington Computer Services		\$57,845	03/23/2017	-		
Bridgeton	Quarter Mile Lane E.S.	RenoAdd	FFE	ST-0044-K39	Washington Computer Services		\$22,412	03/23/2017	-		
Bridgeton	Quarter Mile Lane E.S.	RenoAdd	FFE	ST-0044-K40	Washington Computer Services		\$16,673	03/23/2017	-		
Bridgeton	Quarter Mile Lane E.S.	RenoAdd	FFE	ST-0044-K41	Dell Marketing LP		\$39,732	03/24/2017	-		
Bridgeton	Quarter Mile Lane E.S.	RenoAdd	FFE	ST-0044-K42	Apple Computer Inc.		\$61,343	03/27/2017	-		
Bridgeton	Quarter Mile Lane E.S.	RenoAdd	FFE	ST-0044-K43	MRA International, Inc.		\$13,116	03/27/2017	-		
Bridgeton	Quarter Mile Lane E.S.	RenoAdd	FFE	ST-0044-K44	Apple Computer Inc.		\$45,450	03/29/2017	-		
Bridgeton	Quarter Mile Lane E.S.	RenoAdd	FFE	ST-0044-Q20	Krueger International, Inc.		\$226,016	03/07/2017	-		
Bridgeton	Quarter Mile Lane E.S.	RenoAdd	FFE	ST-0044-Q21	Krueger International, Inc.		\$27,257	03/16/2017	-		
Gloucester City	New Elementary/Middle School	New	FFE	ST-0014-K26	Data Industries, Ltd.		\$20,250	03/28/2017	-		
Others											
Part 4. Other Contracts & Services							\$590,913				
							Total Contract Award	Total Contracts Awarded			
Grand Totals - Professional and Construction Services Combined							\$590,913	11			

** Contracts less than \$10,000 are not displayed



Contracts Executed Report

Reporting Period: 3/1/2017 through: 3/31/2017

Project Types Legend

HS Health & Safety
New New Constuction
Add Addition
RenoAdd Addition & Renovation
Reno Renovation

Contract Types Legend

Aquisition Property Acquisition Related Costs
Appraisal Appraisal, Appraisal Review, NRE
Construction Construction
Design Design or Site Investigation
DB Design-Build
E-Rate E-Rate
FFE Furniture, Fixtures, and Equipment
General General Program Cost
Legal Legal
Material Material Supply
ProjectMgmt Project Management Firm
PreDevelopment Predevelopment or Demolition
Relocation Relocation Services
SiteInvstgtn Site Investigation
Testing Testing

MWSBE CERTIFICATIONS

M = Minority Business Enterprise
W = Women Business Enterprise
S = Small Business Enterprise



Amendments & Change Orders Report

Reporting Period: 3/1/2017 through: 3/31/2017

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 Apporoval Date	Revised Contract Amount	Cumulative CO %
Professional Services													
Design Consultant													
Camden City	Camden H.S.	CA-0022-A01	09/11/2015	1	Design Ideas Group Architecture + Planning, LLC	03/27/2017	\$1,189,870	\$0	(\$100,000)			\$1,089,870	-8.40%
Camden City	Camden H.S.	CA-0022-A01	09/11/2015	2	Design Ideas Group Architecture + Planning, LLC	03/27/2017	\$1,189,870	(\$100,000)	(\$94,060)			\$995,810	-16.30%
Camden City	Camden H.S.	CA-0022-A01	09/11/2015	3	Design Ideas Group Architecture + Planning, LLC	03/27/2017	\$1,189,870	(\$194,060)	(\$455,155)			\$540,655	-54.56%
Camden City	Camden H.S.	CA-0022-A01	09/11/2015	4	Design Ideas Group Architecture + Planning, LLC	03/27/2017	\$1,189,870	(\$649,215)	(\$178,400)			\$362,255	-69.55%
Camden City	Cramer E.S.	EP-0080-A01	10/07/2015	1	Heritage Architecture, LLC	03/16/2017	\$67,940	\$0	(\$10,855)			\$57,085	-15.97%
City Of Orange Township	Cleveland Street E.S.	ES-0009-A01	08/06/2003	5	Ives Group (The) - The Montoro Group Joint Venture	03/08/2017	\$590,983	\$1,056,092	(\$100,000)			\$1,547,075	161.77%
Keansburg Borough	Port Monmouth Road School	ET-0098-A01	03/09/2016	2	Lan Associates, Engineering, Planning, A	03/01/2017	\$2,205,745	\$0	(\$158,449)			\$2,047,296	-7.18%
Newark	Speedway Avenue E.S.	EP-0014-A01	07/24/2009	1	RSC Architects	03/13/2017	\$22,000	\$0	(\$7,040)			\$14,960	-32.00%
Newark	Warren Street E.S.	EP-0015-A01	07/30/2009	2	RSC Architects	03/27/2017	\$181,000	\$40,870	(\$76,545)			\$145,325	-19.71%
Paterson	Dr. Hani Awadallah Elementary School	PA-0006-A01	05/01/2003	18	Design Ideas Group Architecture + Planning, LLC	03/13/2017	\$1,525,855	\$1,515,820	(\$10,555)			\$3,031,121	98.65%
West New York	Harry L. Bain E.S.	HU-0005-A01	10/03/2003	7	STV Architects, Inc.	03/08/2017	\$2,149,000	\$382,510	(\$417,611)	Y	2/1/2017	\$2,113,899	-1.63%
Design Consultant													
Professional Services													
									(\$1,608,670)				



Amendments & Change Orders Report

Reporting Period: 3/1/2017 through: 3/31/2017

7

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 Apporoval Date	Revised Contract Amount	Cumulative CO %	
Construction Services														
Contractor														
Elizabeth	Number 21, Victor Mravlag E.S.	EL-0016-C03	11/16/2006	172	Ernest Bock & Sons, Inc.	03/29/2017	\$20,587,000	\$12,634,427	(\$553,960)	Y	2/1/2017	\$32,667,467	58.68%	
Harrison	New E.S.	HU-0027-N01	03/16/2016	3	Ambient Group, LLC	03/09/2017	\$1,047,685	\$75,537	(\$215,541)	Y	2/1/2017	\$907,681	-13.36%	
Newark	Oliver Street E.S.	NE-0013-B01	04/17/2013	12	Epic Management, Inc.	03/07/2017	\$40,895,000	(\$168,740)	\$500,000			\$41,226,260	0.81%	
Phillipsburg	New HS (-x01)	NT-0003-C02	06/06/2013	92	Epic Management, Inc.	03/07/2017	\$80,490,000	\$4,616,882	\$7,400			\$85,114,282	5.74%	
Phillipsburg	New HS (-x01)	NT-0003-C02	06/06/2013	99	Epic Management, Inc.	03/07/2017	\$80,490,000	\$4,624,282	\$3,201			\$85,117,483	5.74%	
Phillipsburg	New HS (-x01)	NT-0003-C02	06/06/2013	101	Epic Management, Inc.	03/07/2017	\$80,490,000	\$4,627,483	\$15,750			\$85,133,233	5.76%	
Phillipsburg	New HS (-x01)	NT-0003-C02	06/06/2013	104	Epic Management, Inc.	03/09/2017	\$80,490,000	\$4,643,233	\$4,561			\$85,137,794	5.77%	
Phillipsburg	New HS (-x01)	NT-0003-C02	06/06/2013	105	Epic Management, Inc.	03/09/2017	\$80,490,000	\$4,647,794	\$7,418			\$85,145,212	5.78%	
Phillipsburg	New HS (-x01)	NT-0003-C02	06/06/2013	103	Epic Management, Inc.	03/24/2017	\$80,490,000	\$4,655,212	\$5,650			\$85,150,862	5.79%	
Phillipsburg	New HS (-x01)	NT-0003-C02	06/06/2013	106	Epic Management, Inc.	03/24/2017	\$80,490,000	\$4,660,862	\$3,231			\$85,154,093	5.79%	
Phillipsburg	New HS (-x01)	NT-0003-C02	06/06/2013	107	Epic Management, Inc.	03/24/2017	\$80,490,000	\$4,664,093	\$1,027			\$85,155,120	5.79%	
Trenton	Hedgepeth-Williams M.S.	EP-0073-C01	08/20/2015	1	Grafas Painting Contrs Inc. T/A GPC, Inc.	03/16/2017	\$158,235	\$0	(\$35,825)			\$122,410	-22.64%	
Trenton	Hedgepeth-Williams M.S.	EP-0073-C03	07/01/2016	6	D&K Construction Co., Inc.	03/24/2017	\$1,287,000	\$31,202	\$30,686			\$1,348,888	4.80%	
West New York	Harry L. Bain E.S.	HU-0026-C01	05/11/2016	12	Paul Otto Building Co., Inc.	03/24/2017	\$10,978,000	\$101,781	\$1,712			\$11,081,493	0.94%	
Contractor														
Construction Services														
									(\$224,690)					

Total Change Order Summary	Total Change Orders
(\$1,833,360)	25

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

REPORT ON SETTLEMENT OF LITIGATION

1. Egg Harbor Township Board of Education v. The Design Collaborative, P.A., et al. On March 28, 2017, the NJSDA entered into a settlement agreement terminating this litigation relating to alleged defects in the HVAC systems at two schools. The District had demanded \$150,000. The litigation was settled for \$9,500.00.
2. In Re: Gibson Tarquini Group, Inc. (Chapter 7 Bankruptcy) – Andrew Sklar, Trustee v. NJSDA. On March 24, 2017, the NJSDA entered into a settlement agreement terminating this Adversary Proceeding. The settlement is anticipated to become effective on April 26, 2017, after passage of the opportunity for interested parties to interpose objections as established under the United States Bankruptcy Code. The Chapter 7 Trustee asserted a right to recover \$10,923.50 for services rendered by the debtor in connection with four (4) projects in Jersey City. Under the settlement, the NJSDA agrees to pay a total of \$7,500.00 in satisfaction of all claims.

CONTRACTOR AND WORKFORCE COMPLIANCE REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Karon Simmonds /s/ Karon Simmonds
Director Risk Management and Vendor Services
Office of the Chief Financial Officer

DATE: May 3, 2017

SUBJECT: Contractor and Workforce Compliance Monthly Update for February 2017

Vendor Services staff continues to participate at mandatory pre-bid and pre-construction meetings to instruct and inform bidders regarding SDA's SBE goals, policies and procedures, including:

- Small Business Enterprise subcontracting goal of 25% of all contracts
- 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

At these meetings, vendors are strongly encouraged to identify and hire minority-owned and women-owned firms, as well as locally-based enterprises, for diverse business participation on all school building projects. Additional outreach strategies are discussed and utilized.

SMALL BUSINESS ENTERPRISE (SBE) COMPLIANCE MONITORING

The SDA regularly exceeds the State-mandated 25% SBE goal. The total SDA contract dollars awarded through February 28, 2017 was \$1,904,000. The figures below demonstrate compliance with this requirement.

SBE Breakdown

The total contract dollars awarded to all SBE contractors was \$1,552,300 (including minorities and women). This represents 81.53% of all SDA contracts.

Type of Business Enterprise	Contract Amount	% of Total SDA Contracts
Small Business Enterprises	\$ 1,427,300	74.96%
Small/ Minority Business Enterprises	\$ 125,000	6.57%
Small/Women Business Enterprises	\$ -0-	0.00%
Small/Veteran Owned Business Enterprises	\$ -0-	0.00%
Small/Minority/Women Business Enterprises	\$ -0-	0.00%
TOTAL SBE CONTRACTS	\$ 1,552,300	81.53%

Members of the Authority
 Contractor and Workforce Compliance Monthly Update
 May 3, 2017
 Page 2 of 4

Ethnic Breakdown

Through the month of February 28, 2017 the total SBE contracts awarded with minority participation was 8.05%.

Ethnicity	Contract Amount	Percentage
American Indian	\$ -0-	0.00%
Asian	\$ 125,000	8.05%
Black	\$ -0-	0.00%
Hispanic	\$ -0-	0.00%
Total	\$ 125,000	8.05%

WORKFORCE COMPLIANCE MONITORING

For the month of February, 2017, there was a contractor workforce of 675 on SDA projects. This represents a total of 36,641 contractor workforce hours as follows:

Contractor Workforce Breakdown (All Trades/Districts/Counties)			
Ethnicity	Total Workforce	Total Workforce Hours	Workforce Hours Percentage
Black	79	4,584	12.41%
Hispanic	111	6,107	16.67%
American Indian	1	52	0.14%
Asian	0	0	0.00%
Total Minority Participation	191	10,707	29.22%
Total Non-Minority Participation	484	25,934	70.78%

Members of the Authority
 Contractor and Workforce Compliance Monthly Update
 May 3, 2017
 Page 3 of 4

There was a contractor workforce of 74,666 total workforce hours and 144 total female workforce hours on SDA projects for the period of January 1, 2017 through February 28, 2017. The following table highlights the *Local County Contractor Workforce* participation for that period:

Local County Workforce Participation	Workforce Hours	Percentage
*Total Workforce Hours	74,666	100.00%
*Total Local County Workforce Hours	3,184	4.26%
Total Local County Non-Minority Workforce Hours	1,544	2.07%
Total Local County Female Workforce Hours	32	0.04%
Total Local County Minority Workforce Hours	1,640	2.20%
**Local County Workforce Hours by Ethnicity:		
Black	1,279	1.71%
Hispanic	361	0.48%
American Indian	0	0.00%
Asian	0	0.00%

*Total workforce and total local county workforce represent all laborers including females.

**Minority breakdown represents Black, Hispanic, American Indian, and Asian laborers. Minority female laborers are captured as female laborers only and are not included in the minority breakdown.

Members of the Authority
 Contractor and Workforce Compliance Monthly Update
 May 3, 2017
 Page 4 of 4

The following table represents contractor and female workforce for all SDA active Capital Projects and all active and completed Emergent Projects for the period of January 1, 2017 through February 28, 2017.

SDA Managed Project	Total Workforce Hours	Minority Workforce Hours & Percentage		Local County Workforce Hours & Percentage	
Bridgeton, Quarter Mile Lane ES	4,218	457	10.83%	0	0.00%
Elizabeth, New Elementary School	24,697	8,476	34.32%	0	0.00%
Garfield, James Madison ES	2,467	456	18.48%	0	0.00%
Gloucester, New MS	1,751	192	10.97%	65	3.71%
Harrison ES	112	64	57.14%	0	0.00%
Jersey City, ES #3	1,846	280	15.17%	32	1.73%
New Brunswick, Paul Robeson School	7,618	1,669	21.91%	267	3.50%
Newark, South Street ES	5,419	1,518	28.01%	448	8.27%
Passaic, Leonard Place ES	1,325	118	8.91%	66	4.98%
Trenton HS	11,776	3,434	29.16%	2,054	17.44%
Vineland, Lincoln Ave MS	3,642	903	24.79%	284	7.80%
West New York, Harry L. Bain ES	9,613	4,051	42.14%	0	0.00%
Emergent Projects	182	0	0.00%	0	0.00%

Prepared by: Charlotte Brooks
 JaDawna Brown-Mooney

REGULAR OPERATING DISTRICTS (RODs) ACTIVITY REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Program Operations

DATE: May 3, 2017

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 March 2017. Also included is a detailed list of grants executed and grants offered during the reporting period.

Monthly Update:

- No grants were offered during the reporting period.
- No grants were executed during the reporting period.
- 41 grants impacting 20 districts were closed out during the reporting period representing \$34.9M in total project costs and state share of \$12.0M.
- Since inception, over \$2.7B 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.



STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY

Monthly Regular Operating District Grant Report - Summary

March 2017

ROD Grant Summary Since Program Inception				
	Offered ¹	Executed	Closed-Out	Active
Districts Impacted	48	524	507	260
Number of Grant Projects	133	5,402	4,236	1,166
Total Project Cost Estimate	\$ 144,198,414	\$ 8,970,191,385	\$ 7,806,070,762	\$ 1,164,120,623
Grant Amount	\$ 63,842,805	\$ 3,023,959,096	\$ 2,543,377,317	\$ 480,581,780
Amount Disbursed	N/A	\$ 2,715,158,651	\$ 2,543,377,317	\$ 171,781,334

Total Funding Offered to School Districts via Grant Program	\$ 3,342,209,450
---	------------------

Total ROD Grant Funding remaining for new Grant Projects	\$ 43,453,783
--	---------------

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	-	20
Number of Grant Projects	-	41
Total Project Cost Estimate	\$ -	\$ 34,926,286
Grant Amount	\$ -	\$ 11,976,436
Amount Disbursed	N/A	\$ 11,976,256

* 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.

7

**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, CPA /s/ Sherman E. Cole
 Controller

DATE: May 3, 2017

SUBJECT: Monthly Financial Report – March 2017

The Office of the Chief Financial Officer is providing the attached monthly financial report to the Members of the Authority for their information. Included on pages 1 and 2 of this report is a “Financial Summary” of the Authority’s activities for the year. On pages 3 and 4 of the report is a summary of the Authority’s operating expenditures. Page 5 contains a breakdown of the Authority’s headcount information by department/division. The basic financial statements follow on pages 6 and 7.

Year-to-Date Authority Operating Expenses (Actual vs. Budget)

For March 2017 year to date, Authority operating expenses, **\$6.6 million**, are **down \$544K** as compared to the operating budget for the *corresponding period*. The deviation of actual expenses versus budget is due to:

- Lower salary & benefit costs **\$460K**. The Authority is currently 14 FTEs under budget. This variance is offset by the year to date allocation – of payroll expense to project cost – that is lower than projected, **(\$240K)**;

Year-to-Date Authority Operating Expenses (Actual vs. Prior Year Actual)

For March 2017 year to date, Authority operating expenses, **\$6.6 million**, are **\$433K** higher as compared to the corresponding prior year. This variance is primarily due to the impact of a non-cash accrual for pension expense recorded for GASB 68.

Year-to-Date School Facilities Project Expenditures (Actual vs. Forecast)

For March 2017 year to date, project expenditures, **\$89.5 million**, are **higher by \$7.8 million** as compared to the capital spending forecast for the *corresponding period*. The variance is due to lower than anticipated expenditures in construction work **\$1.1M**, project property acquisitions **\$991K** and insurance **\$781K**. These spending reductions are offset by an increase in grant activity, **\$9.1M**, and school furniture, fixtures and equipment **\$3.1M**.

Year-to-Date School Facilities Project Expenditures (Actual vs. Prior Year Actual)

For March 2017 year to date, project expenditures, **\$89.5 million**, have **decreased by \$2.3 million** as compared to the *corresponding prior year*. This variance is due to comparative cost reductions in; construction activity **\$14.5M**, property acquisitions **\$865K**, project insurance **\$663K**, design services **\$393K**, PMF/CM services costs **\$173K**, and other related project costs **\$1.4M**. Offsetting these cost reductions are spending increases in grants **\$14M**, and school furniture, equipment & technology **\$1.7M**.

Members of the Authority
May 3, 2017
Page 2

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 facilities projects and 4% relate to operating expense.

The *estimated value* of active school facilities projects is approximately \$2.2B.

Attachment

New Jersey Schools Development Authority
Monthly Financial Report
March 2017
(Unaudited)

New Jersey Schools Development Authority

Overview of Financial Position

March 31, 2017

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, March 31, 2017.

► Overall **Cash and Cash Equivalents** have decreased by \$94.4 million to \$462.8 million, as follows:

■ Receipt of bond and note proceeds (Issued by EDA)	\$ -
■ Investment earnings	725,992
■ Miscellaneous revenue	15,032
■ Project costs	(89,538,551)
■ SDA operating expenses	(5,398,693)
■ SDA capital expenditures	-
■ Deposits (primarily district local shares)	(204,394)
Net Change in Cash	\$ (94,400,614)

► **Prepaid Expenses** total \$709,716 as follows:

- Prepaid insurance of \$399,849.
- Prepaid rents of \$122,830 for the Authority's leased office space in Trenton and Newark.
- Prepaid MIS maintenance service contracts of \$153,257.
- Other prepaids of \$33,780.

► **Capital Assets** total \$655,127 (net of accumulated depreciation of \$6,782,524), consisting of leasehold improvements (SDA offices), 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 \$51,977.

► **Accrued Liabilities** total \$115.5 million, as follows:

- Accrued project costs of \$21.7 million consisting of unpaid invoices (\$5.0 million); and retainage (\$16.7 million).
- Accrued net pension liability of \$58.9 million.
- Pollution remediation obligations (PRO) under GASB 49 net to \$4.2 million (PRO liability \$6.1 million, offset by expected cost recoveries of \$1.9 million).
- Estimated liability for loss contingencies totaling \$3.6 million (contractor claims \$3.6 million).
- Payroll related liabilities of \$2.0 million.
- Post-employment benefits obligation of \$25.0 million.
- Other accrued liabilities of \$0.1 million.

► **Deposits** total \$3.3 million, as follows:

- \$3.2 million is held for local share agreements (pass-through item).

► The Authority's **Net Position** at month end is \$352.5 million.

New Jersey Schools Development Authority School Facilities Project Expenditures & Funding Allocation March 31, 2017

► School Facilities Construction Bond / Note Proceeds & Project Expenditures

- During the current year to date, the SDA has received \$0 million bond and note proceeds. The total amount of proceeds received since program inception is \$10.448 billion.
- Project expenditures for the month and year-to-date periods total \$39.2 million and \$89.5 million, respectively, as follows:

<u>Category</u>	<u>Current Month</u>	<u>Current Year-To-Date</u>	<u>Since Program Inception</u>
Construction	\$ 18,762,111	\$ 40,770,050	\$ 4,503,837,418
Design Services	363,181	635,333	409,622,818
PMF/CM Services	626,637	1,576,341	446,827,448
SDA Project Management	1,562,201	3,593,627	60,967,036
Property Acquisition, Relocation & Enviro	191,031	1,207,864	578,528,805
School Furniture, Fixtures & Equipment	2,158,850	5,499,663	146,308,410
Project Insurance	76,260	(16,894)	107,594,687
NJ State Inter-Agency Transfers	-	79,922	48,766,622
SDA District Grant & Funding Agreements	1,055,634	2,257,502	833,355,769
Regular Operating District Grant Agreements	14,217,630	33,263,744	2,724,091,203
Real-Time Project Audits	-	6,556	445,074
Property Management, Maintenance & Utils	38,888	243,775	15,893,583
Outside Legal & Claims Resolution Services	55,121	170,765	7,714,301
Other Project Costs	149,080	299,298	62,598,757
Project Credits	-	-	(54,902,944)
Total Project Expenditures	39,256,624	89,587,546	9,891,648,987
Less: Local Share Contributions	(48,995)	(48,995)	(182,529,630)
Project Expenditures (State Share)	\$ 39,207,629	\$ 89,538,551	\$ 9,709,119,357
 2017 Capital Spending Forecast	 \$ 28,501,947	 \$81,766,717	

Allocations Since Program Inception

► Program Funding & Expenditures

	<u>Bonding Caps</u> ¹	<u>Total Funding</u> ²	<u>Paid to Date</u> ³
■ SDA Districts	\$ 8,900,000,000	\$ 9,011,193,991	\$ 7,007,612,868
■ Regular Operating Districts	3,450,000,000	3,493,739,062	3,026,460,765
■ Vocational Schools	150,000,000	151,747,701	110,739,959
Total - State Share	\$ 12,500,000,000	\$ 12,656,680,754	\$ 10,144,813,592

► Percentage of Total Funding Paid to Date

■ SDA Districts	77.8%
■ Regular Operating Districts	86.6%
■ Vocational Schools	73.0%
Total - State Share	80.2%

1 Of the \$12.5 billion authorized for the school construction program, \$10,447,702,648 principal amount of bond and note proceeds have been received to date.

2 Includes bonding cap amounts and other income and miscellaneous revenue earned to date (i.e., interest income on invested funds and State appropriations).

3 These amounts include the allocation of SDA operating expenses and capital expenditures totaling \$435,694,235.

New Jersey Schools Development Authority Operating Expenses vs Budget March 31, 2017

7

<u>Category</u>	<u>Actual Year-To-Date</u>	<u>Budget Year-To-Date</u>	<u>Increase/ (Decrease)</u>
Personnel Expenses:			
Employee Salaries	\$ 4,601,772	\$ 4,822,938	\$ (221,166)
Employee Benefits	4,445,359	4,662,291	(216,932)
Direct Hire Temporary Employee Costs	50,660	72,666	(22,006)
Total Employee Salaries & Benefits Costs	9,097,791	9,557,895	(460,104)
Less: Employee Salaries & Benefits Costs			
Charged to Projects	3,593,627	3,833,515	(239,888)
Salaries & Benefits Charged to Operating Expense	5,504,164	5,724,380	(220,216)
Temporary Staffing Services	38,812	37,500	1,312
Travel & Expense Reimbursements	1,754	8,295	(6,541)
Training & Professional Development	10,582	33,369	(22,787)
Total Personnel Expenses	5,555,312	5,803,544	(248,232)
Non-Personnel Operating Expenses:			
Facilities & General Office Expenses	581,297	659,835	(78,538)
Information Systems	316,645	366,846	(50,201)
Professional & Other Contracted Services	44,187	147,526	(103,339)
Property & Casualty Insurance	101,018	102,198	(1,180)
SDA-Owned Automobiles	18,475	28,749	(10,274)
Communications & Outreach	-	126	(126)
Reserve for Unforeseen Events & New Initiatives	1,334	12,501	(11,167)
Total Operating Expenses (Non-Capital)	6,618,268	7,121,325	(503,057)
Capitalized Operating Expenses	-	41,250	(41,250)
Total Authority Operating Expenses	\$ 6,618,268	\$ 7,162,575	\$ (544,307)
 2017 Annual Operating Budget		 \$ 22,924,694	

New Jersey Schools Development Authority

Operating Expenses vs Prior Year

March 31, 2017

<u>Category</u>	<u>Actual</u> <u>Year-To-Date</u>	<u>2016</u> <u>Year-To-Date</u>	<u>Increase/</u> <u>(Decrease)</u>
Personnel Expenses:			
Employee Salaries	\$ 4,601,772	\$ 4,638,397	\$ (36,625)
Employee Benefits	4,445,359	4,105,878	339,481
Direct Hire Temporary Employee Costs	50,660	48,367	2,293
Total Employee Salaries & Benefits Costs	9,097,791	8,792,642	305,149
Less: Employee Salaries & Benefits Costs Charged to Projects	3,593,627	3,680,366	(86,739)
Salaries & Benefits Charged to Operating Expense	5,504,164	5,112,276	391,888
Temporary Staffing Services	38,812	18,362	20,450
Travel & Expense Reimbursements	1,754	5,834	(4,080)
Training & Professional Development	10,582	10,316	266
Total Personnel Expenses	5,555,312	5,146,788	408,524
Non-Personnel Operating Expenses:			
Facilities & General Office Expenses	581,297	571,411	9,886
Information Systems	316,645	269,651	46,994
Professional & Other Contracted Services	44,187	228	43,959
Property & Casualty Insurance	101,018	102,060	(1,042)
SDA-Owned Automobiles	18,475	16,757	1,718
Communications & Outreach	-	-	-
Reserve for Unforseen Events & New Initiatives	1,334	-	1,334
Total Operating Expenses (Non-Capital)	6,618,268	6,106,895	511,373
Capitalized Operating Expenses	-	78,518	(78,518)
Total Authority Operating Expenses	\$ 6,618,268	\$ 6,185,413	\$ 432,855

New Jersey Schools Development Authority

Employee Headcount

March 31, 2017

7

<u>SDA Department</u>	<u>Current Month End</u>	<u>Budget</u>	<u>Increase/ (Decrease)</u>
Office of Chief Executive Officer (CEO)	2	3	-1
CEO, Contract Management	10	12	-2
COS, Program Assessment & Development	7	8	-1
COS, Special Projects	8	9	-1
Program Operations, Executive	5	5	0
Program Operations, Capital Planning & Grants Admin.	24	26	-2
Program Operations, Safety	8	8	0
Program Operations - Design Studio	16	16	0
Program Operations, Project Teams	53	56	-3
Corp Governance & Operations, Executive	3	3	0
Corporate Governance & Operations, Human Resources	7	8	-1
Corporate Governance & Operations, Chief Counsel	13	15	-2
Corporate Governance & Operations, Information Systems	16	16	0
Corporate Governance & Operations, Facilities	5	5	0
Corporate Governance & Operations, Communications	7	8	-1
Financial Operations, Executive	5	5	0
Financial Operations, Controller	12	12	0
Financial Operations, Real Estate Services	5	5	0
Financial Operations, Procurement & Contract Services	9	9	0
Financial Operations, Risk Management & Vendor Services	<u>11</u>	<u>11</u>	<u>0</u>
Total Full-Time Employees	<u>226</u>	<u>240</u>	<u>-14</u>

New Jersey Schools Development Authority
Statement of Net Position
March 31, 2017

7

	<u>Current</u> <u>Month End</u>	<u>2016</u> <u>Year End</u>	<u>Increase/</u> <u>(Decrease)</u>
ASSETS			
Cash and Cash Equivalents	\$ 462,845,705	\$ 557,246,319	\$ (94,400,614)
Receivables	197,613	201,378	(3,765)
Prepaid Expenses	709,716	850,418	(140,702)
Capital Assets (Net of Accumulated Depr.)	655,127	707,104	(51,977)
Total Assets	<u>464,408,161</u>	<u>559,005,219</u>	<u>(94,597,058)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount for Pensions	8,494,437	8,494,437	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
	<u>\$ 472,902,598</u>	<u>\$ 567,499,656</u>	<u>\$ (94,597,058)</u>
LIABILITIES			
Accrued Project Costs	\$ 29,517,501	\$ 67,688,835	\$ (38,171,334)
Net Pension Liability	58,850,277	58,417,776	432,501
Accrued Other Post-Employment Benefits	25,041,141	24,500,963	540,178
Other Accrued Liabilities	2,134,944	2,027,620	107,324
Deposits	3,275,895	3,480,289	(204,394)
Total Liabilities	<u>118,819,758</u>	<u>156,115,483</u>	<u>(37,295,725)</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount for Pensions	1,615,990	1,615,990	-
NET POSITION			
Invested in Capital Assets	655,127	707,104	(51,977)
Restricted for Schools Construction:			
Special Revenue Fund	351,811,723	409,061,079	(57,249,356)
Net Position	<u>352,466,850</u>	<u>409,768,183</u>	<u>(57,301,333)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION			
	<u>\$ 472,902,598</u>	<u>\$ 567,499,656</u>	<u>\$ (94,597,058)</u>

New Jersey Schools Development Authority
Statement of Activities
March 31, 2017

7

	<u>Current Year-To Date</u>	<u>2016 Year-To Date</u>	<u>Increase/ (Decrease)</u>
REVENUES			
Program Revenues:			
Bond and Note Proceeds (Issued by EDA)	\$ -	\$ -	-
Bidding Fees-Plans & Specs	-	-	-
General Revenues:			
Investment Earnings	725,992	445,048	280,944
Rental Income	15,012	513,790	(498,778)
Other Revenue-OPRA	20	20	-
Total Revenues	<u>741,024</u>	<u>958,858</u>	<u>(217,834)</u>
EXPENSES			
Administrative & General Expenses	6,618,268	6,106,895	511,373
Capital Depreciation	51,977	30,494	21,483
School Facilities Project Costs	51,372,112	54,830,545	(3,458,433)
Total Expenses	<u>58,042,357</u>	<u>60,967,934</u>	<u>(2,925,577)</u>
CHANGE IN NET POSITION	(57,301,333)	(60,009,076)	2,707,743
Beginning of Period Net Position	<u>409,768,183</u>	<u>470,012,063</u>	<u>(60,243,880)</u>
NET POSITION END OF PERIOD	<u>\$ 352,466,850</u>	<u>\$ 410,002,987</u>	<u>\$ (57,536,137)</u>

DESIGN CONTRACT DE-OBLIGATIONS REPORT *(no activity)*

PUBLIC COMMENT STATEMENT

We will now begin the Public Comment Portion of the Meeting consistent with the New Jersey Open Public Meetings Act.

We would ask that any member of the public who wishes to address the Board limit their comments to 3 minutes. If there are multiple individuals from the same organization or district who wish to address the Board on the same matter, we would ask that you come up together to offer your remarks.

Please keep in mind that public comment is to afford citizens the opportunity to comment on matters pertinent to the Authority's business. Should you seek answers to questions on any topic, please contact the Authority at 609-943-4585 at your convenience.