

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD MEETING
WEDNESDAY, JUNE 8, 2022 AT 9:00 A.M.
32 E. FRONT STREET, TRENTON, NJ
BOARD ROOM**

1. NOTICE OF PUBLIC MEETING/PLEDGE OF ALLEGIANCE
2. ROLL CALL
3. APPROVAL OF MEETING MINUTES
 - a. Board Open Session Meeting Minutes of May 4, 2022
4. AUTHORITY MATTERS
 - a. CEO Report
 - b. Chairman's Report
5. REPORT AND RECOMMENDATIONS OF THE AUDIT COMMITTEE (CHAIRMAN'S REPORT)
 - a. 2021 Audited Financial Statements
6. REPORT AND RECOMMENDATIONS OF THE SCHOOL REVIEW COMMITTEE (CHAIRMAN'S REPORT)
 - a. Award of Task Order - Perth Amboy Public Schools – Rose M. Lopez Elementary School Safety and Security Upgrades
 - b. Proposed Readoption With Amendments: School Facilities Projects: Section 15 Grant Procedures, N.J.A.C. 19:32
 - c. Design-Build Award and Approval of Final Project Charter – Union City Public School District – Union City New Grade 7 to 9 School **(to be discussed in Executive Session and voted on upon the Board's return to Open Session).**
7. REPORT AND RECOMMENDATIONS OF THE REAL ESTATE COMMITTEE (CHAIRMAN'S REPORT) – TO BE PROVIDED IN EXECUTIVE SESSION
 - a. Recommendation for and Extension of the License Agreement between SDA and NJ Transit regarding the Premises located at 371-395 Ferry Street, NJ, Block 2487, Lot 1.02
8. MONTHLY REPORTS
 - a. *For Informational Purposes*
 - i. Active Projects Report
 - ii. Project Status Reports
 - iii. Contracts Executed Report/Amendments & Change Orders Executed Report
 - iv. Contract Terminations Report *(no activity)*
 - v. Settlement Activities Report *(no activity)*
 - vi. Diversity and Workforce Participation Report
 - vii. Regular Operating District Grant Activity Report
 - viii. Notification of Amendments to Goods and Services Contracts Not Exceeding \$100,000 or 10% of the Contract Value *(no activity)*
 - ix. Communications Report
 - x. Monthly Financial Report
 - xi. Design Contract De-Obligations Report *(no activity)*

9. EXECUTIVE SESSION

- Design-Build Award and Approval of Final Project Charter – Union City Public School District – Union City New Grade 7 to 9 School
- Recommendation for and Extension of the License Agreement between SDA and NJ Transit regarding the Premises located at 371-395 Ferry Street, NJ, Block 2487, Lot 1.02
- Litigation/Contract Matter(s) – OPMA Exemption N.J.S.A. 10:4-12b (7)
CCD Report (*no activity*)

10. ADJOURNMENT

APPROVAL OF MEETING MINUTES

MAY 4, 2022 OPEN SESSION MINUTES

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, MAY 4, 2022**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, May 4, 2022 at 9:00A.M. at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Chairman
David Moore (Treasury)
Bernard Piaia (DOE)
Juan Burgos (EDA)
Kevin Luckie (DCA)
Richard Elbert
Michael Maloney
Lester Lewis-Powder
Mario Vargas

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

At the Chairman's request, Manuel Da Silva, chief executive officer; Donald Guarriello, vice president and chief financial officer; Jane F. Kelly, vice president and assistant secretary; Albert Barnes, chief counsel; and Cecelia Haney, deputy chief counsel of the SDA, participated in the meeting. Joy Johnson of the Governor's Authorities Unit (GAU) also participated in the meeting.

Pledge of Allegiance

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

The meeting was called to order by Mr. Nixon, who requested that Ms. Kelly read the requisite notice of the meeting. Ms. Kelly announced that the meeting notice had been sent to the *Trenton Times* and *Star-Ledger* at least 48 hours prior to the meeting, and had been duly posted on the Secretary of State's bulletin board at 20 West State Street in Trenton, New Jersey and on the SDA Website. Ms. Kelly then conducted a roll call and indicated that a quorum of the Members of the Board was present.

Approval of Meeting Minutes

The Chairman presented for consideration and approval the minutes of the Board's April 6, 2022 Open Session meeting. A copy of the meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Mr. Maloney, the Open Session minutes of the April 6, 2022 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3a***.

Mr. Nixon then presented for consideration and approval the minutes of the Board's April 6, 2022 Executive Session meeting. A copy of the meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Vargas, the Executive Session minutes of the April 6, 2022 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3b***.

Authority Matters

CEO Report

The Chairman asked Mr. Da Silva for the Report of the CEO. Mr. Da Silva began his report with an update on design-build projects in construction. He advised that Phase IV building

enclosure continues for the Millville High School project. For the Perth Amboy High School project, he said that slabs on deck work is continuing and mechanical, electrical and plumbing (MEP) rough in work is ongoing on all floors. He reported that for the Plainfield Woodland Avenue Elementary School project, exterior brick installation is ongoing, as well as interior framing and drywall.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva reported that for the Keansburg Port Monmouth Road School project, interior MEP rough in work is complete in the new addition as well as in the existing building. He advised that site work and interior finish work is underway. For the Orange High School project, he said that installation of furniture and IT equipment in the addition is complete. He added that renovation of the cafeteria and other areas of the building is ongoing.

Mr. Da Silva then provided an update on projects in the programming/pre-design/in-house design stages. He said that technical and price proposals are due next week for the Union City New Grade 7 to 9 School.

Mr. Da Silva advised that it is anticipated that the Millville High School, Keansburg High School, and Passaic Dayton Avenue Educational Campus projects will be delivered this year.

Turning to non-project related matters, Mr. Da Silva reported that on Friday, April 8, SDA participated in a beam signing ceremony for the new Perth Amboy High School. He said that management was pleased that Board Members Robert Nixon, Mario Vargas and Michael Maloney were able to participate in the celebration. He said that the highlight of the ceremony was a speech by 9th grader Jesus de Jesus.

Mr. Da Silva informed the Members that he, CFO Donald Guarriello and managing director Gregory Voronov appeared before the Senate Budget and Appropriations Committee on Thursday, April 28. He advised the Board that management would be responding to follow-up

questions received from both the Assembly Budget Committee and, as required, following Thursday's Senate hearing, from the Senate Budget Committee. He added that management will continue to engage with the Legislature and the Governor's Office as the FY 2023 budget process continues.

Mr. Da Silva then reminded the Members that Financial Disclosure Statements are due to be filed with the State Ethics Commission by May 15. He noted that post-May 15, a late penalty of \$50 per day will be assessed.

In continuing, Mr. Da Silva provided an update on the Astor Place Community Garden (Community Garden). He reminded the Members that in 2009, with a use and occupancy agreement, the Authority authorized the Jersey City School District (District) to use the property located adjacent to the Julia Barnes School for play space and parking. He said that when management discovered last year that the terms of the license were being violated, the Authority had no choice but to terminate the use and occupancy agreement. He explained that management has consistently said, however, that the SDA would support the use of the property for a Community Garden going forward. He added that this would require that the SDA enter into a licensing agreement with the District. He advised that management has provided both the District and the Black Interest Team Enterprise (BITE) organization with the forms of license that the Authority uses when management authorizes public bodies to utilize SDA-owned lands for Community Gardens. Mr. Da Silva said that, to date, management has received no proposed document revisions from the District that are acceptable to both the District and to BITE.

In continuing, Mr. Da Silva reported that earlier this week, he wrote a letter to the Superintendent and President of the Jersey City School Board. He said that in the letter, SDA inquired as to whether the District remains interested in entering into a licensing agreement with the SDA for use of the property. He said that, if so, management would expect that the District

would need to come to terms with BITE on the license and sub-license and then share any suggested revisions with the Authority. He added that he knows that representatives of BITE are present at the meeting today and suggested that they encourage their attorney to communicate with the District's attorney and negotiate terms that are acceptable to both the District and BITE.

Finally, Mr. Da Silva informed the Members that program director Andrew Oakley has determined to move on from the SDA and pursue a new opportunity. He said that he wanted to thank Mr. Oakley for his years of service and commitment to the SDA and the children of New Jersey.

Audit Committee

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on April 18, 2022 at which time management provided the Committee with the March 2022 New Funding Allocation and Capital Plan Update. He reported that there was a \$4.1 million decrease in the unforeseen events reserve balance following CEO approval of the revised final project charter for the Orange High School Addition and Renovation project. He noted that the decrease was to allocate additional contingency to the project to account for the cost impacts of several unforeseen events related to the renovation and site work portion of the project. Additionally, he reported a \$230,000 increase in the 2011 Emergent Projects Reserve balance following a reduction in the budget for the Newark Cleveland boiler repair emergent project based on the award of the "general construction with design" task order engagement. He advised that there were no changes in any of the other reserve balances for the reporting period. Mr. Nixon then reported that the reserve balance for the Regular Operating Districts (RODs) increased by \$800,000 during the reporting period due to a reduction in state share for grant projects nearing completion.

Next, Mr. Nixon informed the Board that the Committee was provided with the results of 2 interim [real time] project audits. He noted that the audits were conducted to comply with the statutory requirement that capital portfolio projects with a state share over \$10 million be reviewed to assess whether state funds were expended in accordance with contractual terms, SDA practices and state regulations.

Lastly, Mr. Nixon provided the Board with an overview of the March 2022 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$5.2 million, down \$730,000 as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to lower than projected employee salary and benefit costs, partially offset by lower than projected payroll expense allocation to project costs. He noted that other contributing factors to the variance include lower than anticipated spending for contracted services, general office expenses, SDA-owned vehicles and information systems. He reported that the current full-time equivalent (FTE) headcount was at the 143 level through March 31, representing a 21 FTE decrease compared to year-to-date projections. Mr. Nixon reported that year-to-date Authority operating expenses (Actual vs. Prior Year Actual) are \$449,000 lower as compared to the operating budget for the corresponding prior year period. He explained that this decrease is mainly attributable to lower employee salary and benefit costs, offset by year over year lower payroll expense allocation to project costs. He reported that the headcount of 143 is down 26 FTEs as compared to the prior year. Mr. Nixon noted that the Committee discussed its concerns with the impact of these staff reductions on the Authority's ability to handle its current and future workload. He reminded the Members that the current year budget authorizes and provides funding for a 175 member workforce. He explained that 175 is the number of staff identified as

necessary to meet the current demand. He said that the Committee will be monitoring the situation to ensure that the Authority is adequately staffed.

Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$105 million, approximately \$31 million higher as compared to the capital spending forecast for the corresponding period. He advised the Members that this variance is the result of higher than forecasted expenditures for grant activity and school furniture purchases, offset by lower than forecasted spending in construction activity. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at approximately \$105 million, are higher by approximately \$49.1 million when compared to the capital spending forecast for the corresponding prior year period. He advised that this variance is the result of an increase in expenditures for grant activity and school furniture purchases, offset by decreased spending in construction activity.

Mr. Nixon said that, since program inception, 91.3% of the funds authorized for the SDA districts have been disbursed. Additionally, he noted that 96% of all SDA disbursements relate to school facilities projects, while 4% relate to operating expenses. He advised that the estimated value of active school facilities capital projects, along with emergent and regular operating district grant projects, is approximately \$1.1 billion.

School Review Committee

The Chairman asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie reported that the School Review Committee met on April 16, 2022, at which time one item that requires Board consideration was discussed. He informed the Members that management is seeking Board approval of the proposed re-adoption with amendments of the Authority's Equal Employment Opportunity (EEO) and Affirmative Action Rules (Rules) for the school construction program. He advised that the SDA is statutorily required to adopt regulations

to establish an affirmative action program for the hiring of minority workers on its construction projects. He said that in 2007 the Schools Construction Corporation (SCC) adopted regulations for this purpose which were later readopted by the SDA with amendments in 2015. He noted that these regulations are due to expire on May 12, 2022. Mr. Luckie explained that the Rules proposed for re-adoption with amendments address the EEO and Affirmative Action requirements that apply to SDA-engaged construction and goods and services contractors and consultants. He said that the Rules also address SDA's set-aside and subcontracting goals for small business entity participation and implement the requirement that the Authority set aside three-percent of its total contracts and subcontracts for construction and goods and services to Disabled Veteran Owned Businesses. He noted that there are also several minor and clarifying amendments which are described in the Board memorandum, including provisions which pertain to the imposition of sanctions on firms that have failed to meet their obligations under the law.

Ms. Haney advised that the proposed amendments are largely driven by the new set-aside and subcontracting requirements for Disabled Veteran Owned Businesses which would be three-percent subcontracting or a set-aside requirement for all SDA contracts.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Maloney and seconded by Mr. Burgos, the proposed re-adoption of the Authority's Equal Employment Opportunity and Affirmative Action Rules with amendments, issuance of the Notice of Proposal, and filing of the Notice with the Office of Administrative Law were approved with the Board's unanimous vote in favor of ***Resolution 6a.***

Public Comments

The Chairman opened the Public Comments portion of the meeting. He initially asked that one spokesperson speak on behalf of the BITE organization given that the matter at hand,

the Astor Place Community Garden in Jersey City, has been the subject of significant public comment at numerous Board meetings and the issues are well understood. The Chairman also noted that there is no disagreement with BITE on the part of the Board, SDA management and staff regarding the value of the Community Garden but that its resumption must be preceded by the execution of licensing agreements.

The Chairman then indicated that he would receive comments from 10 speakers on behalf of the BITE organization. He asked Bishop Antonio Merino to address the Board. Bishop Merino's remarks were interpreted from his native language, Spanish, to English by Alejandro Perez. Bishop Merino advised the Board that he was speaking on behalf of BITE and his fellow Bishops. He said that the issue of the Community Garden should have been resolved by now and not allowed to drag on. He said that a sign has now materialized on the site indicating that the property has been shut down. He offered that what has been done is unimaginable and horrible, and that the property should be used for teaching.

At the Chairman's request, Deborah Alston spoke to the Board. She expressed her concern that there is nothing growing on the property. She said that the Authority has become a "slumlord" as people are now throwing trash on the site. She said that it is important for children to learn about growing through the Garden. She said that BITE would partner with the School to this end.

Next, Elvira Callist offered comments to the Board. She said that it is important that BITE be able to train children to grow—a skill the Community Garden can provide. She asked that the Board work with BITE to start over.

The Chairman then asked Marie Pierre to address the Board. Ms. Pierre said that it is important to provide children with a solid foundation. She said that the Community Garden serves this purpose and provides a benefit to the community as well.

Next, the Chairman requested Vera Bland approach the podium and address the Board. Ms. Bland emphasized that those present on behalf of BITE in support of the Community Garden are all volunteers as well as local homeowners and property owners. She asked for the Board's support, emphasizing that the volunteers simply want to plant and grow food. She stressed the need to get beyond the legalities.

The Chairman then requested that Landon Beckett approach the podium. Mr. Beckett said that Bishop Militinia Bland helps the community at no charge. He said that he thinks of the Community Garden as a "mini Botanical Garden" of New Jersey. He asked that the Board support the re-opening of the Community Garden.

At the Chairman's request, Alejandro Perez approached the podium. Mr. Perez urged that the property be restored to its former beauty. He asked that the Board help to make that happen, noting that New Jersey is the Garden State and that the people would like to see greenery in their community.

Next, Rosa Roney was invited by the Chairman to speak. Ms. Roney advised that she was previously a crossing guard in the area of the garden. She said that the Community Garden had been beautiful and that now that it is closed, there have been problems. She reminded the Board that New Jersey is the Garden State.

The Chairman then asked Shirley Peters to speak. Ms. Peters offered that the Community Garden had been beautiful but was destroyed by SDA's neglect. She urged that the Community Garden be re-opened. She asked that SDA stop destroying the community and work with BITE.

At the Chairman's request, Clifford Campbell approached the podium. Mr. Campbell said that the Community Garden is needed by the community. He asked that the SDA provide BITE with access to the property once again.

Next, Nikki Barker addressed the Board at the Chairman's invitation. Ms. Barker said that she was the representative of the Healthy Schools Now Coalition of the Work Environment Council. She reminded the Members that she had introduced herself to the Board at the April Board meeting. She reiterated her and her organization's interest in connecting with the Authority regarding matters of mutual interest.

The Chairman asked Michael Coleman to speak. Mr. Coleman said that the Community Garden is a "hinge point" in the community. He said that the garden is important to the children and requested the Board's support for its continuation.

Frank Touma was invited by the Chairman to address the Board. Mr. Touma said that SDA has written to BITE through attorneys. He said that the volunteers are present at the meeting today to show the Board their support for the Community Garden. He said that the garden is now full of drugs and in disrepair.

Mr. Nixon said that he would like to close the Public Comment section of the meeting by reemphasizing that there is no disagreement between the Board, the staff and BITE about the value of the Community Garden. He added that all involved are on the same page. He reiterated that the issue is that we are dealing with public land and that SDA, as a government entity, must ensure that the proper procedural requirements are adhered to. He added that the SDA cannot just give away the land. He said that there has to be a process that follows the law and is done through a specific sublicense and licensing agreement. He said that he can assure BITE that there isn't a person present who wants the land to be littered, misused and taken over by bad actors. Mr. Nixon said that he can assure BITE that Mr. Da Silva has been pushing the lawyers and the district – that it's a work in progress. He informed BITE that the Board doesn't want BITE's members to have to drive from Jersey City to tell the Board something that the Board already agrees with. He said that he is hopeful that the parties are getting closer to a formal agreement.

He said that he wants BITE to go back and do good for the community because, as one of the speakers said, it is all about the children.

Adjournment

There being no further business to come before the Board, upon motion by the Chairman and with unanimous consent, the meeting was adjourned.

Certification: The foregoing represents a true and complete summary of the actions taken by the Board of the New Jersey Schools Development Authority at its May 4, 2022 meeting.

/s/ Jane F. Kelly
Assistant Secretary

Resolution—3a.

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 May 4, 2022 Board meeting of the New Jersey Schools Development Authority, for the Open Session were duly forwarded to the Office of the Governor following the meeting.

NOW, THEREFORE, BE IT RESOLVED, that the minutes of the New Jersey Schools Development Authority's May 4, 2022 Open Session meeting is 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: June 8, 2022

AUTHORITY MATTERS

CEO REPORT

CHAIRMAN'S REPORT

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

2021 Audited Financial Statements

**MEMORANDUM**

TO: Members of the Authority

FROM: Sherman E. Cole, MBA, CPA
Controller

DATE: June 8, 2022

SUBJECT: Approval of the 2021 Draft Audited Financial Statements

Background

Management, through the Audit Committee, is requesting the Board's approval of the 2021 draft audited financial statements in accordance with Executive Order 122 (2004), as amended by Executive Order 37 (2006). The audited financial statements will be finalized after the Authority receives the requisite GASB Statement No. 68 pension information from the New Jersey Department of the Treasury, Division of Pensions & Benefits. The pension information is currently expected to be available in June 2022, the earliest.

Aside from examining the pending June 30, 2021 GASB 68 pension information and the ensuing effects this information will have on the 2021 financial statements, the Authority's independent auditor, Ernst & Young LLP (EY), is by and large through with its substantive audit testing. EY performed its audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States in accordance with U.S. Generally Accepted Auditing Standards.

Now with its audit nearly complete, EY can anticipate issuing an unmodified opinion on the 2021 financial statements. An unmodified opinion is the highest level of assurance an auditor can give in a financial statement audit.

In accordance with *Government Auditing Standards*, EY will also be issuing a report on internal control over financial reporting and on compliance and other matters. The purpose of this report is to describe the scope of testing of internal control and compliance and the results of that testing; the report is not intended to offer an opinion on the effectiveness of the Authority's internal control and compliance. EY has advised that during the performance of its audit it did not identify any deficiencies in internal control that are considered to be a material weakness, nor did the results of its tests disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Audit Committee Review

On May 16, 2022, the Audit Committee was provided a draft of the 2021 audited financial statements, accompanied by a financial analysis, prepared by staff, of key amounts including sensitive accounting estimates, reserves and accruals, and judgmental areas. Independently, EY presented its audit results and required communications in accordance with Statement of Auditing No. 114. At the conclusion of EY's presentation, the Audit Committee agreed to advance the draft 2021 financial statements to the Members of the Authority for final approval.

Recommendation

The Members of the Authority are recommended to approve the attached 2021 draft audited financial statements as outlined in this memorandum.

If there is any material change to the draft financial statements aside from the impacts of GASB 68, management will advise of such change to the Audit Committee, which in turn, will update the Board.

When complete, the 2021 audited financial statements will be included in the Authority's 2021 Annual Report and posted to the SDA web site.

Attachment

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



FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2021

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

Financial Statements and Required Supplementary Information

For the Year Ended December 31, 2021

Contents

I. Financial Section

Report of Independent Auditors.....1

Management’s Discussion and Analysis3

Statement of Net Position and General Fund Balance Sheet10

Statement of Activities and General Fund Revenues, Expenditures and
Changes in Fund Balance11

Notes to Financial Statements.....12

Required Supplementary Information

Schedule of the Authority’s Proportionate Share of the Net Pension Liability39

Schedule of the Authority’s Contributions to the Public Employees’
Retirement System.....40

Schedule of Changes in the Total Postemployment Benefits Other Than Pensions
(OPEB) Liability and Related Ratios.....42

II. Government Auditing Standards Section

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

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

Management's Discussion and Analysis

For the Year ended December 31, 2021

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

2021 Financial Highlights

- At year end, the Authority's net position is \$475.5 million.
- At year end, cash and cash equivalents total \$621.2 million.
- For the year, revenues total \$625.2 million, consisting primarily of EFCFA funding and budget appropriations from the State (99.9%).
- For the year, expenses total \$282.3 million, \$267.5 million (94.8%) of which is for school facilities project costs.
- For the year, general fund revenues exceed general fund expenditures by \$344.4 million.

Overview of the Financial Statements

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

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

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

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

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

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

Financial Analysis of the Authority

The Authority's net position increased to \$475.5 million at year-end, primarily due to 2021 total revenues (\$625.2 million) exceeding expenditures for school facilities projects (\$267.5 million) and administrative and general expenses (\$14.6 million).

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

	\$ In thousands			
	2021	2020	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current assets	\$ 621,321	\$ 268,904	\$ 352,417	131.1%
Capital assets-net	1,556	1,498	58	3.9%
Total assets	<u>622,877</u>	<u>270,402</u>	<u>352,475</u>	<u>130.4%</u>
Deferred outflows of resources	14,663	14,692	(29)	(0.2)%
Total assets and deferred outflows of resources	<u>\$ 637,540</u>	<u>\$ 285,094</u>	<u>\$ 352,446</u>	<u>123.6%</u>
Current liabilities	\$ 57,905	\$ 49,894	\$ 8,011	16.1%
Non-current liabilities	77,939	75,831	2,108	2.8%
Total liabilities	<u>135,844</u>	<u>125,725</u>	<u>10,119</u>	<u>8.0%</u>
Deferred inflows of resources	26,236	26,874	(638)	(2.4)%
Net position:				
Net investment in capital assets	1,556	1,498	58	3.9%
Restricted for schools construction	473,904	130,997	342,907	261.8%
Total net position	<u>475,460</u>	<u>132,495</u>	<u>342,965</u>	<u>258.9%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 637,540</u>	<u>\$ 285,094</u>	<u>\$ 352,446</u>	<u>123.6%</u>

Note: All percentages are calculated using unrounded figures.

Significant Account Variances for Net Position

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

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

Deferred outflows of resources: The decrease is due mainly to lower deferred outflows of resources associated with other postemployment benefits ("OPEB") as a result of the change in assumption related to the decrease in discount rate.

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

Non-current liabilities: The increase is due primarily to the higher total other postemployment benefits liability as a result of the decrease in the discount rate assumption.

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

	\$ In thousands			
	2021	2020	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Revenues				
EFCFA funding received from State	\$ 350,000	\$ -	\$ 350,000	N/A
Appropriation from State	275,000	-	275,000	N/A
Investment earnings	230	2,696	(2,466)	(91.5)%
Rental property income	12	37	(25)	(67.7)%
Other revenue	7	7	-	7.6%
Total revenues	<u>625,249</u>	<u>2,740</u>	<u>622,509</u>	22,718.2%
Expenses				
Administrative and general expenses	14,628	13,143	1,485	11.3%
Depreciation	123	162	(39)	(23.7)%
School facilities project costs	267,533	291,279	(23,746)	(8.2)%
Total expenses	<u>282,284</u>	<u>304,584</u>	<u>(22,300)</u>	(7.3)%
Change in net position	<u>342,965</u>	<u>(301,844)</u>	<u>644,809</u>	213.6%
Beginning net position	<u>132,495</u>	<u>434,339</u>	<u>(301,844)</u>	(69.5)%
Ending net position	<u>\$ 475,460</u>	<u>\$ 132,495</u>	<u>\$ 342,965</u>	258.9%

Note: All percentages are calculated using unrounded figures.

Significant Account Variances for the Change in Net Position

EFCFA funding received from State: The Authority received \$350 million from bond sales during the year.

Appropriation from State: The Authority received \$275 million in budget appropriations in 2021.

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

Administrative and general expenses: The increase is due primarily to higher pension and OPEB expenses. Also contributing to the increase are higher spending for information systems and insurance offset by lower general office expenses and contracted services.

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

School Construction Program Authorized Funding and Disbursements

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

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

	<u>Bonding Cap</u>	<u>Program Funding¹</u>	<u>Disbursements</u>	<u>% Paid</u>
SDA Districts	\$ 8,900,000,000	\$ 9,027,039,019	\$ 8,207,828,843	90.9%
Regular Operating Districts	3,450,000,000	3,500,277,699	3,282,078,895	93.8%
Vocational Schools	150,000,000	152,009,246	122,731,776	80.7%
Totals	<u>\$ 12,500,000,000</u>	<u>\$ 12,679,325,964</u>	<u>\$ 11,612,639,514</u>	91.6%

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

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

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

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

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

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

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

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

	\$ In thousands				
	2021	2020	2019	2018	2017
EFCFA funding received from State	\$ 350,000	\$ -	\$ 350,000	\$ 350,000	\$ 350,000
Appropriation from State	275,000	-	-	-	-
Investment earnings, net	230	2,696	9,341	7,204	3,787
Administrative and general expenses	14,628	13,143	15,910	18,466	19,821
Capital expenditures	182	577	628	312	25
School facilities project costs	267,533	291,279	306,967	333,271	341,480
Employee count at end of year	152	174	183	222	211

Contacting the Authority's Financial Management

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

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

Statement of Net Position and General Fund Balance Sheet

December 31, 2021

	General Fund Total	Adjustments (Note 8)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 621,160,163	\$ -	\$ 621,160,163
Receivables	4,847	-	4,847
Prepaid expenses	155,694	-	155,694
Capital assets-net	-	1,556,300	1,556,300
Total assets	<u>621,320,704</u>	<u>1,556,300</u>	<u>622,877,004</u>
Deferred Outflows of Resources			
Deferred amount for pensions	-	9,730,218	9,730,218
Deferred amount for other postemployment benefits	-	4,933,042	4,933,042
Total deferred outflows of resources	<u>-</u>	<u>14,663,260</u>	<u>14,663,260</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 621,320,704</u>	<u>\$ 16,219,560</u>	<u>\$ 637,540,264</u>
Current Liabilities			
Accrued school facilities project costs	\$ 50,389,560	\$ -	\$ 50,389,560
Other accrued liabilities	892,129	-	892,129
Escrow deposits	6,623,369	-	6,623,369
Total current liabilities	<u>57,905,058</u>	<u>-</u>	<u>57,905,058</u>
Non-Current Liabilities			
Accrued school facilities project costs	-	2,518,217	2,518,217
Net pension liability	-	42,434,159	42,434,159
Total postemployment benefits liability	-	29,188,405	29,188,405
Other accrued liabilities	-	3,798,560	3,798,560
Total non-current liabilities	<u>-</u>	<u>77,939,341</u>	<u>77,939,341</u>
Deferred Inflows of Resources			
Deferred amount for pensions	-	19,961,760	19,961,760
Deferred amount for other postemployment benefits	-	6,274,042	6,274,042
Total deferred inflows of resources	<u>-</u>	<u>26,235,802</u>	<u>26,235,802</u>
Fund Balance/Net Position			
Net investment in capital assets	-	1,556,300	1,556,300
Nonspendable:			
Prepaid expenses	155,694	(155,694)	-
Restricted for schools construction	563,259,952	(89,356,189)	473,903,763
Total fund balance/net position	<u>563,415,646</u>	<u>(87,955,583)</u>	<u>475,460,063</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	<u>\$ 621,320,704</u>	<u>\$ 16,219,560</u>	<u>\$ 637,540,264</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, 2021

	General Fund Total	Adjustments (Note 8)	Statement of Activities
Revenues			
School Construction Program:			
EFCFA funding received from State	\$ 350,000,000	\$ -	\$ 350,000,000
Appropriation from State	275,000,000	-	275,000,000
General:			
Investment earnings	229,809	-	229,809
Rental property income	12,000	-	12,000
Other revenue	7,493	-	7,493
Total revenues	<u>625,249,302</u>	-	<u>625,249,302</u>
Expenditures/Expenses			
Administrative and general expenses	13,831,380	796,574	14,627,954
Capital expenditures	182,149	(182,149)	-
Depreciation expense	-	123,562	123,562
School facilities project costs	266,829,941	703,124	267,533,065
Total expenditures/expenses	<u>280,843,470</u>	<u>1,441,111</u>	<u>282,284,581</u>
Excess of revenues over expenditures/Change in net position	344,405,832	(1,441,111)	342,964,721
Fund Balance/Net Position			
Beginning of year, January 1, 2021	219,009,814	(86,514,472)	132,495,342
End of year, December 31, 2021	<u>\$ 563,415,646</u>	<u>\$ (87,955,583)</u>	<u>\$ 475,460,063</u>

See accompanying notes.

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

Notes to Financial Statements

1. Nature of the Authority

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

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

2. Summary of Significant Accounting Policies

(a) Government-Wide and Fund Financial Statements

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

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

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

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

Notes to Financial Statements (Continued)

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

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

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

(c) Revenue Recognition

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

(d) Allocation of Employee Salaries and Benefits Costs

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

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

Employee salary and fringe benefits costs:	
Charged to administrative and general expenses	\$ 10,790,940
Charged to school facilities project costs	<u>10,992,309</u>
Total employee salary and benefits costs	<u><u>\$ 21,783,249</u></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 2021 Series QQQ. As of December 31, 2021, no rebate arbitrage liabilities exist.

(f) Cash and Cash Equivalents

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

(g) Prepaid Expenses

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

(h) Capital Assets

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

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

Notes to Financial Statements (Continued)

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

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

(i) Taxes

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

(j) Use of Estimates

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

(k) Pensions

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

(l) New Accounting Standards Adopted

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

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

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

Notes to Financial Statements (Continued)

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

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

(m) Accounting Standards Issued But Not Yet Adopted

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

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

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

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

Notes to Financial Statements (Continued)

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

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

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

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

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

Notes to Financial Statements (Continued)

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

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

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

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

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

Notes to Financial Statements (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued in June 2020. The primary objective of GASB 97 is to require that Internal Revenue Code (“IRC”) Section 457 deferred compensation plans (“Section 457 plans”) be classified as either a pension plan or another employee benefit plan, depending on whether the plan meets the definition of a pension plan and (2) clarifies that GASB 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of GASB 97 are effective for either fiscal years or reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

3. Deposits and Investments

(a) Cash Flows

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

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

(b) Cash and Cash Equivalents

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

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

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

Notes to Financial Statements (Continued)

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

(c) Investments

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

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

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

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

4. Prepaid Expenses

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

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

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

Notes to Financial Statements (Continued)

5. Escrow Deposits

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

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

6. Rental of Office Space

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

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

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

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

Notes to Financial Statements (Continued)

7. Capital Assets

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

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

8. Reconciliation of Government-Wide and Fund Financial Statements

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

“Total fund balances” for the Authority’s general fund (\$563,415,646) differs from the “net position” reported on the statement of net position (\$475,460,063). This difference results from the long-term economic focus of the statement of net position versus the current financial resources focus of the fund balance sheet. When capital assets that are to be used in the Authority’s activities are constructed or acquired, the costs of those assets are reported as expenditures in the fund financial statements. However, the statement of net position includes those capital assets among the assets of the Authority as a whole. In addition, expenses associated with depreciation, accrued school facilities project costs not currently due for payment and non-current other postemployment benefits and compensated absences are not recorded in the fund financial statements until paid.

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

Notes to Financial Statements (Continued)

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

Fund balances	\$ 563,415,646
Capital assets, net of accumulated depreciation of \$(4,678,208)	1,556,300
Deferred outflows of resources for pensions and other postemployment benefits	14,663,260
Accrued school facilities project costs	(2,518,217)
Net pension liability	(42,434,159)
Total other postemployment benefits liability	(29,188,405)
Accrued compensated absences	(1,326,478)
Accrued pension payable	(2,472,082)
Deferred inflows of resources for pensions and other postemployment benefits	<u>(26,235,802)</u>
Net position	<u>\$ 475,460,063</u>

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

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

Excess of revenues over expenditures	\$ 344,405,832
School facilities project (costs)/credits	(703,124)
Pension (expense)/credit (GASB 68)	-
Other postemployment benefits expense (GASB 75)	(897,133)
Compensated absences (expense)/credit	100,559
Capital expenditures	182,149
Depreciation expense	<u>(123,562)</u>
Changes in net position	<u>\$ 342,964,721</u>

9. Pollution Remediation Obligations

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

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

Notes to Financial Statements (Continued)

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

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

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

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

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

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

Notes to Financial Statements (Continued)

10. Commitments and Contingencies

(a) Contractual Commitments

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

(b) Contractor and Other Claims

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

(c) Insurance

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

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

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

Notes to Financial Statements (Continued)

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

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

Concurrent with the Authority’s purchase of OCIP II, the insurer agreed to transfer a portion of the remaining available funds from the Authority’s DRF to a new Loss Reimbursement Fund (“LRF”). The LRF for OCIP II was initially established at approximately \$18.9 million to partially fund a maximum deductible obligation of \$26 million. Approximately \$9.9 million remained in the LRF for OCIP I. In connection with the OCIP II extension, discussed above, the maximum deductible obligation was reduced to \$16 million. In 2015, concurrent with the purchase of OCIP III with a new insurer, the Authority was required to fund a new LRF in the amount of approximately \$4.5 million to partially fund a maximum deductible obligation of \$12.4 million. Likewise, the purchase of OCIP IV with a new insurer required the Authority to partially fund a new LRF in the amount of \$4.5 million with a maximum obligation of \$10.9 million. All monies deposited in the respective LRFs are available to pay claim costs arising from construction projects enrolled in a specific OCIP.

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

Notes to Financial Statements (Continued)

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

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

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

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

11. Employee Benefits

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

Plan description and benefits provided. All active, full-time employees of the Authority are required as a condition of employment to participate in the Public Employees' Retirement System of New Jersey ("PERS" or "Plan"), a cost-sharing, and multiple-employer defined

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

Notes to Financial Statements (Continued)

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

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

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

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.

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

Notes to Financial Statements (Continued)

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

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

As of December 31, 2021, the Authority reported a liability of \$42.4 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The actuarial valuation was rolled forward to June 30, 2020 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, 2020, the Authority’s proportionate share was estimated to be 0.22598%. The change in proportion since the prior measurement date was a decrease of 0.01847%.

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

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

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

Notes to Financial Statements (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,450,434	\$ -
Differences between expected and actual experience	772,656	150,066
Changes in assumptions or other inputs	1,376,612	17,767,584
Changes in proportion	3,658,434	2,044,110
Contributions subsequent to the measurement date	2,846,614	-
Total deferred outflows and inflows of resources	\$ 10,104,750	\$ 19,961,760

Deferred outflows of resources of \$2,472,082 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year 1 (2022)	\$ (4,719,337)
Year 2 (2023)	(4,551,281)
Year 3 (2024)	(2,620,190)
Year 4 (2025)	(654,243)
Year 5 (2026)	(158,573)
Total	\$ (12,703,624)

Actuarial methods and assumptions

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

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

Mortality rates were based on the SOA's Scale MP-2020 mortality improvement scale.

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 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Expected rate of return on investments

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	7.71%
Non-U.S. developed market equity	13.50%	8.57%
Emerging market equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

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 7.00% as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
PERS	\$46,754,105	\$42,434,159	\$28,983,698

Pension plan fiduciary net position

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

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

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

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

Notes to Financial Statements (Continued)

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

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

(c) Deferred Compensation

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

(d) Other Postemployment Benefits

Plan description and benefits provided. The Authority provides postemployment healthcare benefits (including Medicare Part B reimbursement) and prescription drug coverage through participation in the New Jersey State Health Benefits Program, as sponsored and administered by the State of New Jersey, to eligible retirees having either: (1) 25 years or more of service in the PERS if hired on or prior to June 28, 2011, or; (2) 30 years or more of service in the PERS if hired after June 28, 2011, or (3) to those individuals approved for disability retirement. These postemployment benefits also extend to the retirees’ covered dependents. Health benefits and prescription 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)

Retirees and employees covered by OPEB Plan

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

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

Total OPEB liability

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

Actuarial methods and assumptions

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

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

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

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

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

Notes to Financial Statements (Continued)

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

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

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

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

Changes in total OPEB liability

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

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

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

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

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

Notes to Financial Statements (Continued)

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements (Continued)

12. Compensated Absences

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

13. Long-Term Liabilities

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

	Beginning Balance	Additions	Deductions	Ending Balance
Accrued school facilities project costs	\$ 1,815,093	\$ 1,692,607	\$ (989,483)	\$ 2,518,217
Net pension liability	42,434,159	-	-	42,434,159
Total other postemployment benefits liability	27,307,940	1,880,465	-	29,188,405
Accrued pension payable	2,846,614	2,472,082	(2,846,614)	2,472,082
Compensated absences	1,427,037	-	(100,559)	1,326,478
Total long-term liabilities	<u>\$ 75,830,843</u>	<u>\$ 6,045,154</u>	<u>\$ (3,936,656)</u>	<u>\$ 77,939,341</u>

For further information, see Notes 11 and 12.

14. Net Position

The Authority's net position is categorized as either invested in capital assets or restricted for schools construction. As of December 31, 2021, the Authority's net position is \$475.5 million. Net investment in capital assets includes leasehold improvements, automobiles, furniture and fixtures, equipment and computer software used in the Authority's operations, net of accumulated depreciation.

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

Notes to Financial Statements (Continued)

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

	Net Investment in Capital Assets	Restricted for Schools Construction	Totals
Net position, January 1, 2020	\$ 1,082,884	\$ 433,255,789	\$ 434,338,673
Loss before receipt of EFCFA funding and transfers	(162,032)	(10,402,402)	(10,564,434)
Capital expenditures	576,861	(576,861)	-
School facilities project costs	-	(291,278,897)	(291,278,897)
Net position, December 31, 2020	1,497,713	130,997,629	132,495,342
Loss before receipt of EFCFA funding and transfers	(123,562)	(14,378,652)	(14,502,214)
Capital expenditures	182,149	(182,149)	-
EFCFA funding received from State	-	350,000,000	350,000,000
Appropriation from State	-	275,000,000	275,000,000
School facilities project costs	-	(267,533,065)	(267,533,065)
Net position, December 31, 2021	\$ -	\$ 473,903,763	\$ 475,460,063

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>2021*</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's proportion of the net pension liability	0.22598%	0.26021%	0.24445%	0.25282%
Authority's proportionate share of the net pension liability	\$ 42,434,159	\$ 42,434,159	\$ 44,045,377	\$ 49,778,974
Authority's covered payroll	\$ 15,233,316	\$ 16,333,372	\$ 19,098,021	\$ 17,849,263
Authority's proportionate share of the net pension liability as a percentage of covered payroll	278.6%	259.8%	230.6%	278.9%
Plan fiduciary net position as a percentage of the total pension liability	42.9%	42.9%	42.0%	40.4%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Authority's proportion of the net pension liability	0.25811%	0.24459%	0.26024%	
Authority's proportionate share of the net pension liability	\$ 60,083,669	\$ 72,439,355	\$ 58,417,776	
Authority's covered payroll	\$ 18,573,489	\$ 18,574,888	\$ 18,072,739	
Authority's proportionate share of the net pension liability as a percentage of covered payroll	323.5%	390.0%	323.2%	
Plan fiduciary net position as a percentage of the total pension liability	36.8%	31.2%	38.2%	

Notes to Schedule:

* The amounts presented in the table above were determined as of June 30, 2021.

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

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

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

New Jersey Schools Development Authority
(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

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

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

Notes to Schedule:

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

Benefit changes – none.

New Jersey Schools Development Authority
(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

Changes in assumptions:

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

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

II. Government Auditing Standards Section- [PLACEHOLDER]

Resolution—5a.

Resolution Approving the 2021 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 amended May 7, 2014 and September 4, 2019; and

WHEREAS, consistent with N.J.S.A 52:18A-237(l), 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 LLP (EY) has substantially and in all material respects, except as described below, completed an audit of the Authority’s financial statements for 2021; and

WHEREAS, EY 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 May 17, 2021 to review and discuss the integrity and quality of the Authority’s 2021 financial statements and EY’s audit of the aforesaid financial statements; and

WHEREAS, following presentation of the 2021 financial statements to the Committee by executive management and EY and following the Committee’s discussions with executive management and EY, and following its deliberations, the Committee recommends approval of the same by the Authority’s Board of Directors; and

WHEREAS, executive management has advised the Members of the Authority that the 2021 SDA Financial Statements, as presented to the Board by executive management and EY and as recommended by the SDA Audit Committee on this date, will require further revisions following receipt of the GASB Statement No. 68 pension information from the State of New Jersey; and

WHEREAS, executive management has further advised the Members of the Authority that unrelated to the GASB Statement No. 68 entries and related note disclosures, there may be additional changes to the 2021 SDA financial statements required prior to finalization of the financial audit by EY; and

WHEREAS, executive management has further advised the Members of the Authority that the GASB Statement No. 68 pension information and related note disclosures, and any unrelated additional material changes to the 2021 SDA financial statements will be reported to the SDA Audit Committee prior to finalization of the financial audit; and

WHEREAS, executive management has further advised the Members of the Authority that should there be no material change to the SDA Financial Statements as presented to the Board on this date, management shall so advise the SDA Audit Committee at such time as the audit is completed, including notification as to the date of the auditor's report.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve the Authority's 2021 financial statements as presented by executive management and the accounting firm of Ernst & Young LLP and as recommended by the SDA Audit Committee, consistent with the memorandum presented to the Board on this date.

BE IT FURTHER RESOLVED, that the Members of the Authority recognize and acknowledge that the 2021 SDA Financial Statements, as presented to the Board by executive management and the accounting firm of Ernst & Young LLP and as recommended by the SDA Audit Committee on this date, will require further revisions following receipt of the GASB Statement No. 68 pension information from the State of New Jersey.

BE IT FURTHER RESOLVED, that prior to finalization of the financial audit by Ernst & Young LLP, management shall advise the Authority's Audit Committee of any material change to the SDA 2021 Financial Statements as presented to the Board on this date that may arise and that is unrelated to the recording of the forthcoming GASB Statement No. 68 entries and related note disclosures.

BE IT FURTHER RESOLVED, that, should there be no material change to the SDA Financial Statements as presented to the Board on this date, management shall so advise the SDA Audit Committee when the audit is completed, including notification of the date of the auditor's report.

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 2021 Audited Financial Statements, dated June 8, 2022

Dated: June 8, 2022

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

**Award of Task Order - Perth Amboy Public Schools – Rose M. Lopez Elementary School
Safety and Security Upgrades**



MEMORANDUM

TO: Members of the Authority

FROM: Sean Murphy
Director, Procurement

Bob Ryan
Program Director, Construction Operations

RE: District: Perth Amboy School District
School: Rose M. Lopez ES (Formerly Seaman Avenue School)
Package No: ET-0031-C01
Award: \$1,121,767.66
CM: NJSDA Self-Managed

DATE: June 8, 2022

SUBJECT: Award of Task Order
Perth Amboy Public Schools – Rose M. Lopez Elementary School Safety and Security Upgrades

INTRODUCTION

We are writing to recommend approval by the Members of the Authority of the award of a Task Order to Delric Construction Company, Inc. (“Delric”) in the Not-To-Exceed (“N.T.E.”) amount of \$1,121,767.66 for the performance of work at Rose M. Lopez Elementary School (“RMLES”) in the Perth Amboy School District (“District”). Specifically, pursuant to the Task Order, Delric would upgrade RMLES’s safety and security systems consistent with current NJSDA Safety and Security standards.

As discussed below, the recommended action represents an N.T.E value to support development and implementation of the most appropriate, efficient and timely action to address the necessary upgrades. The N.T.E. value further represents the most extensive scope of work that includes the replacement of hardware as opposed to the adjustment of existing hardware.

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 \$500,000.00. Funding for this Task Order is available within the Project Budget for the new RMLES project, in accordance with the Final Project Charter approved by the Members on March 2, 2016.

NJSDA staff will provide Construction Management oversight for the project.

BACKGROUND

NJSDA has implemented new School Security Systems Guidelines which are intended to ensure a consistent approach in the design of school security systems and bring those designs into conformance with the 2016 School Security Law (PL 2016 c. 79). The Standards were developed throughout 2018. The NJSDA determined that these new Standards would be applied to all projects currently under contract for design or construction, and began applying the requirements to schools that were delivered for opening in September 2019.

Members of the Authority
Award of a Task Order
Package No. ET-0031-C01
Perth Amboy School District
Seaman Avenue Elementary School (aka Rose M. Lopez ES) – Safety and Security Upgrades
June 8, 2022
Page 2 of 5

The new Perth Amboy RMLLES is an approximately 128,000 square foot elementary school designed to educate 724 students in grades Pre-K to Five. The new RMLLES was delivered through a Design-Build Construction Contract with Epic Management, Inc. (“Epic”) after the SDA Board’s July 6, 2016 approval of that contract in the amount of \$43,570,000.00.

After development of the updated security standards, the NJSDA Design Studio provided a Security Enhancement Scope consistent with those standards and applicable to the new RMLLES facility for an in-person review with representatives of the District. The result of that meeting was the District’s acceptance of the Security Enhancement Scope.

The NJSDA originally intended that the security enhancement scope would be added to the Epic engagement for the work to be performed after issuance to the project of a Temporary Certificate of Occupancy, with such timing based upon important project schedule commitments and so as not to interfere with the scheduled school opening.

After Epic declined interest in performing the security enhancement scope, the NJSDA determined that the project would be advanced through the engagement of a General Contractor utilizing the NJSDA’s General Construction Services Task Order Contract (“GC Task Order”). NJSDA further determined to require the General Contractor to engage the services of a Design Consultant to complete the needed Design Services.

In summary, this Task Order Award is necessary in order to implement the NJSDA Security Enhancements to comply with the 2016 School Security Law (PL 2016 c. 79) at the RMLLES project.

PROCUREMENT PROCESS

The construction task order assignment recommended for this project results from utilization of the NJSDA’s GC Task Order Contract.

The Members of the Authority initially approved the use of the GC Task Order Contract on September 4, 2019, and amended this approval on February 16, 2022 to increase the total award amount that each individual firm can receive per region. The GC Task Order Contract has been structured so that the NJSDA has a pool of contractors to perform certain work. Overall, no individual task order can exceed \$3 million and, as amended, no individual firm can receive more than \$7.5 million of work per region during the duration of the Contract. Bidders were required to select a region (North, South, or both) for job order assignments and accept the defined cost multiplier of 1.15, as determined by the NJSDA, for use in establishing compensation for those task order assignments to be performed on a time and materials basis. GC Task Order Contract work may also be assigned on a lump sum basis after competitive bidding among Task Order Contractors.

NJSDA determined to advance the RMLLES Safety and Security Upgrades utilizing a rotational task order assignment.

Multiple GC Task Order Contract firms contacted in rotational order by Procurement staff refused the opportunity. On August 18, 2021, Procurement staff contacted Delric, the next firm on the contractor rotational list, and on the same day, Delric confirmed acceptance of the Task Order assignment.

This package will be awarded pursuant to the NJSDA’s existing GC Task Order Contract on a Time and Material (“T&M”) basis for a N.T.E. value representing the most extensive scope of work.

SCOPE OF WORK

A site visit was held with Delric on November 8, 2021, at RMLLES to review and assess the scope of work associated with the Safety and Security Upgrades. After the first price proposal was submitted, a second site visit was conducted on April 7, 2022 to further review the scope, the hardware and design portions specifically.

The scope of work for this engagement includes appropriate and defined safety and security system enhancements and modifications. The scope of work described below represents the design and construction services to be performed by the Contractor:

1. Design Services

- Performance of field investigative activities necessary to confirm the current conditions and enable the SDA to determine an appropriate course of action for the following:

Within the building:

- Installation of integrated access control, including but not limited to door position indicators, card readers, electromagnetic hold-open devices, etc., at various doors located throughout the building.
- Install barrier-free card reader control of call buttons at each floor landing, and deactivate and remove card reader control system within elevator cab.
- Replace panic hardware with interior thumb latches on select doors throughout the school or make appropriate and satisfactory adjustments to that existing hardware.
- Installation of an Emergency Alert System for “Alyssa’s Law” compliance.
- Installation of Wire Mesh stair tower gates to limit access to the roof level of the building in Stairs 1 and 3.

School site security beyond the building:

- Installation of integrated access control, including but not limited to installation of a card reader at the Middle Playground and Personnel exterior gate locations, and relocation of card reader to driver’s side at Sayre Ave Teach Parking Lot Gate, etc.
- Installation of integrated access control with a card reader at each exterior door to the playground.

- Preparation of necessary plans, specifications and construction documents representing construction activities, inclusive of modifications to the existing structures;
- Preparation of documents to secure construction permits; and
- Preparation of record set drawings and plans at completion of the project.

2. Construction Services

- Within the building:

- Installation of integrated access control, including but not limited to door position indicators, card readers, electromagnetic hold-open devices, etc., at various doors located throughout the building.
- Install barrier-free card reader control of call buttons at each floor landing, and deactivate and remove card reader control system within elevator cab.

- Replace panic hardware with interior thumb latches on select doors throughout the school or make appropriate and satisfactory adjustments to that existing hardware.
 - Installation of an Emergency Alert System for “Alyssa’s Law” compliance.
 - Installation of Wire Mesh stair tower gates to limit access to the roof level of the building in Stairs 1 and 3.
 - School site security beyond the building:
 - Installation of integrated access control, including but not limited to installation of a card reader at the Middle Playground and Personnel exterior gate locations, and relocation of card reader to driver’s side at Sayre Ave Teach Parking Lot Gate, etc.
 - Installation of integrated access control with a card reader at each exterior door to the playground.
3. Performance of any code or regulatory improvements which are necessitated by implementation of the above-described scope of work.

On January 13, 2022, Delric provided the NJSDA with an initial cost proposal to complete the entirety of the work, inclusive of design services and implementation of the most extensive scope of work to address the Safety and Security Upgrades. The initial proposal, in the amount of \$1,334,089.70, was found to be excessive and did not provide the level of detail and back up required. NJSDA identified the deficiencies and requested a revised proposal. In addition to requesting the additional proper proposal breakdown and back up, NJSDA required that the design and construction related costs be based on the schedule timeframes identified in the bid package.

As a result of the conversations held after the first proposal was received, a second site visit was conducted on April 7, 2022. On April 28, 2022, Delric provided the NJSDA with a second, revised cost proposal in the amount of \$1,091,407.20. The proposal did not adequately state the basis for the contractor’s price proposal and NJSDA sought clarification by Delric in the form of a revised proposal. In addition, it was confirmed with the contractor that this work is not covered under NJSDA’s OCIP insurance.

Delric provided a third, revised proposal to NJSDA on May 5, 2022. This proposal addressed NJSDA’s previously noted deficiencies. The recommended award for work to be performed on a T&M basis, at an N.T.E. value of \$1,121,767.66, represents Delric’s cost proposal for the most extensive solution to address all scope elements. The most extensive scope of work represents the replacement of hardware as opposed to the adjustment of existing hardware.

Upon completion of design, the NJSDA will review and validate the appropriate scope, the final projected cost and schedule for the scope of work. This review will result in a determination to either advance the construction work on a T&M basis at the N.T.E. value, or to establish a fixed cost for the scope of work defined in the construction documents.

Financial Operations and Construction Operations reviewed Delric’s cost proposal in the amount of \$1,121,767.66, and determined it was reasonable for the elements included in the Scope of Work. The Construction Operations Director and the Financial Operations Director recommend the award of a task order to Delric for the work.

Members of the Authority
Award of a Task Order
Package No. ET-0031-C01
Perth Amboy School District
Seaman Avenue Elementary School (aka Rose M. Lopez ES) – Safety and Security Upgrades
June 8, 2022
Page 5 of 5

RECOMMENDATION

The Members of the Authority are requested to approve the award of a General Construction Services Task Order to Delric Construction Company, Inc. in the N.T.E. amount of \$1,121,767.66 to provide Safety and Security Upgrades at Rose M. Lopez ES in the Perth Amboy School District.

/s/ Sean Murphy
Sean Murphy, Director, Procurement

/s/ Bob Ryan
Bob Ryan, Program Director, Construction Operations

Reviewed and Recommended by: Donald Guarriello, Vice President and Chief Financial Officer
Reviewed and Recommended by: Gregory Voronov, Managing Director, Planning and Program Operations
Reviewed and Recommended by: Robert Carney, Director, Financial Operations

Resolution—6a.

Award of Task Order Contact,
Perth Amboy Rose M. Lopez Elementary School, Safety and Security Upgrades

District:	Perth Amboy
School:	Rose M. Lopez ES (Seaman Avenue School)
Package No.:	ET-0031-C01
Award:	\$1,121,767.66
CM:	SDA 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 authorize and approve the award of construction contracts greater than \$500,000; and

WHEREAS, SDA has implemented revised school security systems guidelines intended to ensure a consistent approach in the design of school security systems and to bring those designs into conformance with the 2016 School Security Law (P.L. 2016, c. 79) and with standards developed throughout 2018; and

WHEREAS, SDA is applying these updated standards to all projects currently under contract for design or construction, and has begun applying the requirements to schools that were delivered for opening in September 2019; and

WHEREAS, the new Perth Amboy Rose M. Lopez Elementary School (Lopez School), delivered through a design-build construction contract in 2016, is an approximately 128,000 square foot elementary school designed to educate 724 students in grades Pre-K to Five; and

WHEREAS, after development of the updated security standards, the SDA Design Studio provided a security enhancement scope consistent with those standards and applicable to the Lopez School facility, which was accepted by the District; and

WHEREAS, when the project's construction contractor declined interest in performing the security enhancement scope, SDA determined that the same would be advanced through the engagement of a general contractor utilizing the SDA's General Construction Services Task Order Contract (GC Task Order), and require the general contractor to engage the services of a design consultant to complete needed design services; and

WHEREAS, SDA determined to advance the Lopez School safety and security upgrades utilizing a rotational task order assignment; and

WHEREAS, consistent with the prescribed process, on August 18, 2021, procurement staff contacted Delric Construction Company, Inc. (Delric), the next firm on the contractor rotational list, and Delric confirmed acceptance of the Task Order assignment; and

WHEREAS, this package will be awarded on a time and material basis for a not-to-exceed (NTE) value representing the most extensive scope of work; and

WHEREAS, the scope of work for this engagement is described in detail in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, the final cost proposal to complete the entirety of the work, at a NTE value of \$1,121,767.66, represents Delric's cost proposal for the most extensive solution to address all scope elements as described in the Board memorandum; and

WHEREAS, SDA financial operations and construction operations staff reviewed Delric's NTE cost proposal in the amount of \$1,121,767.66 and determined that it was reasonable for the elements included in the scope of work; and

WHEREAS, the construction operations director and financial operations director recommend the award of a task order to Delric in the NTE amount of \$1,121,767.66 to provide safety and security upgrades at the Lopez School in the Perth Amboy School District.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and approve the award of a General Construction Services Task Order contract to Delric Construction Company, Inc. in the not-to-exceed amount of \$1,121,767.66 to provide safety and security upgrades at the Rose M. Lopez Elementary School in the Perth Amboy School District.

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 Task Order Contract – Safety and Security Upgrades –Rose M. Lopez Elementary School, Perth Amboy School District, Package No. ET-0031-C01, dated June 8, 2022

Dated: June 8, 2022

**Proposed Readoption With Amendments: School Facilities Projects: Section 15 Grant Procedures,
N.J.A.C. 19:32**



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

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

DATE: June 8, 2022

RE: Proposed Readoption with Amendments: N.J.A.C. 19:32, School Facilities
Projects: Section 15 Grant Procedures

Management of the New Jersey Schools Development Authority (“Authority” or “SDA”) is seeking the approval of the Board for the Readoption of the Authority’s School Facilities Projects: Section 15 Grant Procedures, N.J.A.C. 19:32, with amendments. A Notice of Proposal that specifies the proposed amendments to the existing Rules is provided with this Memorandum, as well as a full copy of the existing rules.

Background

The Rules proposed for readoption with amendments govern the SDA’s administration of a grant program for the state share of the final eligible costs of certain school facilities projects undertaken by non-SDA districts, pursuant to Section 15 of the Educational Facilities Construction and Financing Act (“EFCFA” or “the Act”), P.L. 2000 c. 72 (N.J.S.A. 18A:7G-1 et seq.). The Rules were significantly revised and updated as part of their prior readoption in 2015; as a result, the Rules are proposed for readoption with minimal amendments at this time. The SDA has reviewed Chapter 32 and has determined that, with the addition of the few minor amendments described herein, this chapter remains adequate, reasonable, and necessary for the purposes for which it was originally promulgated.

Prior Regulatory History

Chapter 32 was originally adopted as special new rules for the administration of the Section 15 grant program by the New Jersey Economic Development Authority (“EDA”), the entity previously responsible for funding and management of the schools construction program under EFCFA. See 33 N.J.R. 2702(a). Chapter 32 was subsequently adopted as new rules by the SDA effective January 7, 2008, and was most recently readopted by SDA with substantial amendments in 2015. The current rules are set to expire on July 1, 2022.

Summary of Amendments

The proposed amendments to the Rules are minimal and are intended to conform the Rules to the Authority's current procedures for grant administration, or to facilitate electronic submissions in the grant administration process. Only two sections of the existing rules are proposed for amendment, with the remainder of the rules proposed for re adoption in their current form.

The first section, N.J.A.C. 19:32-2.4, captioned "Execution of the grant agreement," is proposed for re adoption with an amendment to delete a requirement that the district submit a "certified, true sealed copy" of the district resolution authorizing entering into the grant agreement, in favor of requiring only the submission of a "true copy" of the resolution. This amendment is proposed in order to facilitate administration of the grant process utilizing electronic documents. An additional amendment to this section is proposed to delete reference to an obsolete signage requirement for grant projects.

The second section, N.J.A.C. 19:32-2.4, captioned "Checklists," is proposed for re adoption with an amendment to specify that the filing of checklists electronically, rather than as hard-copy documents, is at the Authority's option, not the district's.

Requested Board Action

The Members of the Authority are requested to approve the proposed re adoption of the Authority's Rules for Section 15 Grant Procedures with amendments, as well as the issuance of the attached Notice of Proposal, and the filing of the Notice with the Office of Administrative Law.

/s/ Jane F. Kelly
Jane F. Kelly, Vice President
Corporate Governance & Legal Affairs

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

JFK/ceh

OTHER AGENCIES

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY

School Facilities Projects: Section 15 Grant Procedures

Proposed Readoption with Amendments: N.J.A.C. 19:32- 1.1 through 4.2

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

Authority: P.L. 2007, c.137, § 4k (N.J.S.A. 52:18A-238k; 52:18A-240) (rulemaking authority); P.L. 2000, c. 72 (N.J.S.A. 18A:7G-1 et seq.); P.L. 2007, c.137, (N.J.S.A. 52:18A-235 et seq.) (enabling statutes).

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

Proposal Number: PRN 2022-

Submit written comments by _____ 2022 to:

Cecelia Haney, Administrative Practice Officer

New Jersey Schools Development Authority

PO Box 991

Trenton, NJ 08625-0991

chaney@njsda.gov

The agency proposal follows:

Summary

The New Jersey Schools Development Authority (SDA) proposes to readopt with amendments N.J.A.C. 19:32, School Facilities Projects: Section 15 Grant Procedures (the “Rules”).

Chapter 32 governs the SDA’s administration of a grant program for the state share of the final eligible costs of certain school facilities projects undertaken by non-SDA districts, pursuant to Section 15 of the Educational Facilities Construction and Financing Act (“EFCFA” or “the Act”), P.L. 2000 c. 72 (N.J.S.A. 18A:7G-1 et seq.). Chapter 32 was originally adopted as special new rules for the administration of the Section 15 grant program by the New Jersey Economic Development Authority (“EDA”), the entity previously responsible for funding and management of the schools construction program under EFCFA. See 33 N.J.R. 2702(a). Chapter 32 was subsequently adopted as new rules by the SDA effective January 7, 2008, and was most recently readopted by SDA with significant amendments in 2015. The current rules are set to expire on July 1, 2022.

The SDA has reviewed Chapter 32 and has determined that, with the addition of a few minor proposed amendments as described herein, this chapter remains adequate, reasonable, and necessary for the purposes for which it was originally promulgated: to provide a mechanism by which eligible school districts can receive Section 15 grants, and to ensure that such grant funds are used properly by the grantee school districts.

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

A summary of the proposed substantive amendments follows.

All sections of the existing rules are proposed for re-adoption without amendments, with the exception of two sections: section 19:32-2.4, captioned “Execution of the grant agreement”, and 19:32-2.4, captioned “Checklists.” These sections are proposed for re-adoption with amendments, as follows:

19:32-2.4 Execution of the grant agreement

This section is proposed for re-adoption with an amendment to delete a requirement that the district submit a “certified, true sealed copy” of the district resolution authorizing entering into the grant agreement, in favor of requiring only the submission of a “true copy” of the resolution, in order to facilitate administration of the grant process utilizing electronic documents. An additional amendment is proposed to delete reference to an obsolete signage requirement for grant projects.

19:32-3.6 Checklists

This section is proposed for re-adoption with an amendment to specify that the filing of checklists electronically, rather than as hard-copy documents, is at the Authority’s option, not the district’s.

Social Impact

The proposed re-adoption with amendments will apply to all non-SDA school districts that seek to have the State share of the final eligible costs of a school facilities project funded by an SDA grant under section 15 of the Act, conditioned upon available State grant funding. The SDA believes that the rules proposed for re-adoption with amendments will have a positive social impact and that no negative impact will result. The provision of State share for these school

facilities projects will affect school administrators, parents, students, teachers and local taxpayers in a variety of ways. The funding of State share through Section 15 grants will enable students, teachers and parents to benefit from school facilities that satisfy health and safety standards, and with increased capacity to meet expanding enrollments.

Economic Impact

The economic impact of the Rules proposed for re-adoption with amendments has not changed since the original promulgation of the Rules. The proposed re-adoption will allow for the continued implementation of section 15 of the Act, one of the largest public infrastructure investments programs in the State's history. From its inception in 2002 through September 30, 2014, the SDA has executed 4,661 Section 15 grant agreements in all 21 counties of the state. To date, 1,706 schools in 515 districts have been impacted by the Section 15 grant program. Total project costs amount to over \$8.4 billion for which the state share totals over \$2.8 billion.

State share funding provided through section 15 grants will encourage many districts to undertake school facilities projects that they could not otherwise afford and may have previously deferred. Significant activity in the planning, construction, architecture and engineering professions will directly result from these rules, providing obvious State-wide economic benefits in the short term. New and improved school facilities will support the achievement of the Core Curriculum Content Standards by New Jersey's students, providing longer-term economic benefits as well. Section 15 grants may be funded with State contract bonds issued by the New Jersey Economic Development Authority pursuant to section 14 of the Act. The Rules proposed for re-adoption with amendments further provide that the SDA may collect fees and recover expenses from school districts incurred in the collection of the repayment of the grant or in the

enforcement of performance or observation of any other duties of the district upon an event of default.

Federal Standards Statement

The Rules proposed for readoption with amendments implement a State statute, specifically N.J.S.A. 18A:7G-15. There are no Federal standards or requirements applicable to these Rules. A Federal standards analysis, therefore, is not required.

Jobs Impact

The Rules proposed for readoption with amendments provide a mechanism for grants to fund the state share of schools facilities projects in eligible districts. Thus to the extent the Rules have an effect on jobs, it will be to create jobs in New Jersey, primarily in the construction, consulting and service sectors, rather than eliminate positions.

Agriculture Industry Impact

The Rules proposed for readoption with amendments will have no impact on the agriculture industry.

Regulatory Flexibility Analysis

The Rules proposed for readoption with amendments do not impose recording, recordkeeping or other compliance requirements on small businesses as defined by N.J.S.A. 52:14B-16 et seq., the Regulatory Flexibility Act. The Rules proposed for readoption with amendments primarily impact New Jersey public schools.

Housing Affordability Impact

The Rules proposed for readoption with amendments address the administration of a grant program for funding the state share of the construction of school facilities projects, and therefore will not have an impact on affordable housing or evoke a change in the average costs of housing in the State of New Jersey.

Smart Growth Development Impact

The rules proposed for readoption with amendments will have an insignificant impact on Smart Growth Development because it is extremely unlikely that the adoption of the rules would evoke a change in the average price or availability of housing in the State of New Jersey Planning Areas 1 or 2, or within designated centers under the State Development and Redevelopment Plan.

Full text of the rules proposed for readoption may be found in the New Jersey Administrative Code at N.J.A.C. 19:32.

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

§ 19:32-2.4 Execution of the grant agreement

(a) The district shall execute the grant agreement pursuant to such terms and conditions as the Authority may determine in its sole discretion.

1. The grant agreement shall be executed by an authorized officer. A [~~certified,~~] true [~~sealed~~] copy of the authorizing resolution of the district shall also be submitted to

the Authority at such time, together with all certifications, opinions and documents required to be submitted at the time of execution of the grant agreement including, but not limited to, a certificate executed by the school business administrator in the form to be provided by the Authority.

2. Upon execution of the grant agreement by the district, the district shall return the grant agreement together with all applicable attachments to the Authority for execution by the Authority whereupon the Authority shall transmit a copy of the executed grant agreement to the district~~[, as well as a sign which is to be erected by the district at the school facilities project site to the extent permitted by zoning laws indicating that financing was made available to the district through the Authority].~~

3. The Authority shall have no obligation to execute a grant agreement unless and until the Authority has determined that all conditions precedent to the execution of the grant agreement have been satisfied as the Authority may determine.

(b) The district shall execute the grant agreement within such period of time as the Authority may determine in its sole discretion.

1. The district shall have eighteen (18) months from the date of the Department's determination of final eligible costs for a school facilities project to secure funding for the local share of the project.

2. In the event that the district has not secured funding for the local share of the project within eighteen (18) months from the date of the Department's determination of final eligible costs pursuant to N.J.S.A. 18A:7G-5(h) and N.J.A.C. 6A:26-3.6, the grant agreement shall be automatically rescinded. No action need be taken by the Authority to effect or confirm the rescission of the grant agreement offer.

3. After a grant agreement offer has been rescinded, a district interested in having the grant offer reinstated shall request in writing that the Authority reinstate the grant offer.

4. If the Authority receives a request from the district to reinstate the grant offer and the district remains eligible for the grant, the Authority shall reinstate the grant offer and so notify the district.

* * *

§ 19:32-3.6 Checklists

(a) The district shall be required to report to the Authority on the progress of the school facilities project by completing various checklists at various time points during the design and construction of the school facilities project as outlined in this section unless a district is not required to submit one or more checklists prior to disbursement, pursuant to N.J.A.C. 19:32-3.5. Such checklists may, at the option of the [~~district~~] **Authority**, be filed electronically.

1. Design phase: Upon completion of the design of the school facilities project as evidenced by the approval by the Department of the final plans and specifications, the district must complete the design phase checklist in the form provided by the Authority which shall evidence, to the satisfaction of the Authority, that the district has complied with the PSCL and all other applicable laws and regulations regarding the engagement of consultants by the district for the design of the school facilities project.

2. Construction phase: The district shall be required to provide the Authority a construction checklist for each separate bid advertisement and ensuing contract prior to the Authority's disbursement for construction percentage completed that includes each

such contract's work. The district shall be required to complete the construction phase checklist in the form provided by the Authority which shall provide evidence, to the satisfaction of the Authority, that the district has complied with the PSCL and all other applicable laws and regulations in the engagement of contractors for the school facilities project.

3. Final completion: Upon final completion, the district shall complete the final completion checklist in the form provided by the Authority to evidence, to the satisfaction of the Authority, that the school facilities project has been completed and that all applicable laws and regulations have been complied with.

NEW JERSEY ADMINISTRATIVE CODE
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*** New Jersey Register, Vol. 48 No. 3, February 1, 2016 ***

TITLE 19. OTHER AGENCIES
NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
CHAPTER 32. SCHOOL FACILITIES PROJECTS: SECTION 15 GRANT PROCEDURES

N.J.A.C. 19:32 (2016)

Title 19, Chapter 32 -- Chapter Notes

CHAPTER AUTHORITY:

P.L. 2007, c. 137, § 4k (N.J.S.A. 52:18A-238k; 52:18A-240) (rulemaking authority); P.L. 2000, c. 72 (N.J.S.A. 18A:7G-1 et seq.); and P.L. 2007, c. 137 (N.J.S.A. 52:18A-235 et seq., specifically 52:18A-238.k).

CHAPTER SOURCE AND EFFECTIVE DATE:

R.2015 d.120, effective July 1, 2015.

See: 47 N.J.R. 519(a), 47 N.J.R. 2001(a).

CHAPTER EXPIRATION DATE:

Chapter 32, School Facilities Projects: Section 15 Grant Procedures, expires on July 1, 2022.

CHAPTER HISTORICAL NOTE:

Chapter 32, School Facilities Projects: P.L. 2000, c.72, Section 15 Grant Procedures, was adopted as new rules by R.2001 d.263, effective June 29, 2001. See: 33 N.J.R. 2702(a).

Chapter 32, School Facilities Projects: P.L. 2000, c.72, Section 15 Grant Procedures, was readopted as R.2002 d.184, effective May 22, 2002. See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a). Chapter 32, School Facilities Projects: P.L. 2000, c.72, Section 15 Grant Procedures, expired on May 22, 2007.

Subchapter 5, Affirmative Action and Set Asides In Authority-Financed School Facilities Construction Projects Financed and Contracted For by the Authority, was adopted as new rules by R.2002 d.302, effective September 16, 2002. See: 33 N.J.R. 2737(a), 34 N.J.R. 3274(a).

Subchapter 5, Affirmative Action and Set Asides In Authority-Financed School Facilities Construction Projects Financed and Contracted For by the Authority, was readopted as R.2007 d.380, effective November 14, 2007. As a part of R.2007 d.380, Subchapter 5 was recodified to *N.J.A.C. 19:39* and renamed Affirmative Action Rules, and Subchapter 5 Appendices 1 and 2 were repealed, effective December 17, 2007. See: 39 N.J.R. 2003(a), 39 N.J.R. 5369(a).

Chapter 32, School Facilities Projects: Section 15 Grant Procedures, was adopted as new rules by R.2008 d.8, effective January 7, 2008. See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 32, School Facilities Projects: Section 15 Grant Procedures, was scheduled to expire on January 7, 2015. See: 43 N.J.R. 1203(a).

Chapter 32, School Facilities Projects: Section 15 Grant Procedures, was readopted as R.2015 d.120, effective July 1, 2015. See: Source and Effective Date. See, also, section annotations.

§ 19:32-1.1 Applicability and scope

These rules are promulgated by the New Jersey Schools Development Authority ("SDA" or the "Authority") to implement Section 15 of the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (*N.J.S.A. 18A:7G-15*) and section 26 of P.L. 2007, c. 137 (collectively, the "Act"). Section 15 of the Act establishes a grant program to fund the State share of the final eligible costs of school facilities projects undertaken by school districts other than SDA school districts. These rules are adopted in order to provide the mechanism whereby school districts which are eligible to receive grants from the Authority can receive such grants and to ensure that these grant funds are used properly by the school districts. Any district applying for a grant or having received a grant pursuant to the Act shall at a minimum comply with the requirements of this chapter, as applicable.

§ 19:32-1.2 Construction of rules

This chapter shall be liberally construed to permit the Authority to discharge its statutory functions under the Act.

§ 19:32-1.3 Definitions

(a) The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise. Words in the singular shall include the plural and words in the plural shall include the singular where the context so requires.

"Act" means the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (*N.J.S.A. 18A:7G-1 et seq.*), as amended, and P.L. 2007, c. 137 (*N.J.S.A. 52:18A-235 et seq.*), which authorizes the school construction program.

"Agreement" or "grant agreement" means the grant agreement (and all attachments thereto) between the Authority and the district. The agreement shall set forth the terms and conditions of the grant, amount of the grant, final eligible costs, State share, local share, and disbursement schedule.

"Approved costs" means costs of the school facilities project which are eligible to be paid from the proceeds of the grant and have been paid or shall be paid by the district.

"Authority" or "SDA" means the New Jersey Schools Development Authority established, pursuant to section 3 of P.L. 2007, c. 137 (*N.J.S.A. 52:18A-237*), as successor to the New Jersey Schools Construction Corporation. The SDA is statutorily charged with undertaking and funding school facilities projects pursuant to the Act.

"Authorized officer" means:

1. With respect to the district, any person or persons authorized pursuant to a resolution of the governing body of the district to perform any act or execute any document relating to the grant and the grant agreement, including the school business administrator; and

2. With respect to the Authority, any person or persons authorized to perform any act or execute any document relating to the grant and the grant agreement.

"Bond counsel" means any lawyer or firm of lawyers nationally recognized in the field of municipal finance and satisfactory to the NJEDA.

"Capital maintenance project" means a school facilities project intended to extend the useful life of a school facility, including upgrades and replacements of building systems, such as structure, enclosure, mechanical, plumbing and electrical systems.

"Capital reserve account" means the account of the district established pursuant to N.J.A.C. 6A:23-2.13.

"Change order" means a written order, directing or authorizing some change, in whatever degree to a design consultant contract or construction contract, including, but not limited to, an increase or decrease in the scope of work to be performed by the design consultant or the contractor, as the case may be, or an acceleration of time for the performance of such work, or a change in the sequence in which such work is being performed.

"Checklist" means a form to be provided by the Authority and to be completed by the district at various milestones in the design and construction of the school facilities project prior to receiving certain disbursements of the grant. There may be a design phase checklist, a construction phase checklist, a final completion checklist or a checklist or other certification to be submitted by the district for other stages in the completion of a school facilities project. The district may file a checklist electronically if such option is made available to the district by the Authority.

"Closeout" means the process by which the Authority determines that all applicable administrative actions and all required work have been completed by the district.

"Code" means the "Internal Revenue Code of 1986, as amended," as the same may from time to time be amended and supplemented, including any regulations promulgated thereunder, any successor code thereto, and administrative and judicial interpretations thereof.

"Commencement date" means the date on which a grant agreement has been fully executed by all the parties thereto and the district has delivered, to the satisfaction of the Authority, the documentation required by the grant agreement and *N.J.A.C. 19:32-2.4*.

"Commissioner" means the Commissioner of the New Jersey Department of Education or his or her designee.

"Completion date" means the date specified by the district for completion of the school facilities project which may be changed by the district upon notice to the Authority.

"Construction contract" means an agreement between the district and the contractor governing the construction of all or a portion of a school facilities project and any documents attached thereto and amendments thereof. There may be one or more construction contracts for a school facilities project.

"Construction phase" means that phase of a school facilities project in which construction of the school facilities project is undertaken by a contractor or contractors.

"Consultant" means a consultant, including a design consultant, engaged by the district for a school facilities project providing professional services associated with research, development, design and construction administration, alteration, or renovation of real property, as well as incidental services that members of these professions and those in their employ may logically or justifiably perform. A consultant may provide services including studies, investigations, surveys, evaluations, consultations, planning, programming, conceptual designs, plans and specifications, cost estimates, construction management, inspections, shop drawing reviews, preparation of operating and maintenance manuals, and other related services. There may be one or more consultants engaged by the district for a school facilities project.

"Contract" means a contract between a contracted party and the district for a school facilities project. The term "contract" includes a design consultant contract, a construction contract and any other contracts, subcontracts and agreements between:

1. The district and its consultants;
2. The district and its contractors;
3. Contractors and their subconsultants and subcontractors; and
4. Consultants and their subconsultants and subcontractors.

"Contracted party" means a consultant, contractor, and their subconsultants and subcontractors and any other party providing material or services to the district in connection with a school facilities project.

"Contractor" means that person or firm engaged by the district to undertake the construction of a school facilities project. There may be either a single "general" contractor who has overall contractual responsibility for delivering all of

the construction services needed to complete a school facilities project or there may be multiple contractors who have responsibility for delivering particular aspects of a school facilities project.

"DCA" means the New Jersey Department of Community Affairs.

"Department" means the New Jersey Department of Education.

"Department regulations" means regulations issued by the Commissioner and/or the State Board of Education which govern the financing, construction and maintenance of school facilities projects.

"Design consultant" means an architect or engineer or other consultant selected by the district to provide design services and/or construction administration services in connection with a school facilities project pursuant to a design consultant contract.

"Design consultant contract" means an agreement between the district and the design consultant for design of a school facilities project and any documents attached to such agreement and any amendments to such agreement.

"Design phase" means that phase of a school facilities project in which a school facilities project is designed by the design consultant.

"Disbursement" means a release of a portion of the grant to the district to pay for approved costs.

"District aid percentage" means the number, expressed as a percentage derived from dividing the district's actual core curriculum standards aid calculated pursuant to *N.J.S.A. 18A:7F-15* available as of the date of the Commissioner's determination of preliminary eligible costs by the district's actual Thorough and Efficient (T & E) budget calculated pursuant to *N.J.S.A. 18A:7F-13(d)* available as of the date of the Commissioner's determination of preliminary eligible costs.

"District board" means the board of education of the district.

"Event of default" means any event specified in *N.J.A.C. 19:32-1.12*.

"Excess costs" means the additional costs of a school facilities project, if any, which shall be borne by the district, which result from design factors that are not required to meet the facilities efficiency standards and are not approved pursuant to *N.J.S.A. 18A:7G-5(g)* or are not authorized as community design features included in final eligible costs pursuant to *N.J.S.A. 18A:7G-6(c)*. Excess costs are to be distinguished from the additional costs arising out of design factors that are required to meet the facilities efficiency standards and that are either approved or authorized pursuant to *N.J.S.A. 18A:7G-5* or 6.

"Expiration date" means the date upon which the term of the grant agreement automatically ends, which shall be the third anniversary of the date of final payment of the grant and closeout.

"Final completion" means that point in time when all requirements of all contracts for a school facilities project have been fully performed, all items on the punchlist have been fully performed, all manuals, warranties and as-builts are delivered, all liens have been released and a final certificate of occupancy, continued use or completion has been issued.

"Final eligible costs" means the final approved costs of a school facilities project as determined pursuant to *N.J.S.A. 18A:7G-5(h)(1)* and *N.J.A.C. 6A:26-3.6*.

"Governmental authority" means the United States, the State or any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality which has jurisdiction over a school facilities project or any part thereof or over the design, construction, equipping, use or occupancy of a school facilities project.

"Grant" means the funds to be provided to the district by the Authority to pay for the approved costs of a school facilities project pursuant to this chapter.

"Local share" means the total costs less the State share as determined pursuant to *N.J.S.A. 18A:7G-15*.

"Long-range facilities plan" means the plan required to be submitted to the Commissioner by a district pursuant to *N.J.S.A. 18A:7G-4*.

"LWD" means the New Jersey Department of Labor and Workforce Development.

"Milestones" means the critical activities of the design and construction of a school facilities project which are expected to be completed and the percentage of the grant to be paid provided that all conditions precedent have been satisfied to the sole satisfaction of the Authority.

"NJEDA" means the New Jersey Economic Development Authority established pursuant to P.L. 1974, c. 80 (*N.J.S.A. 34:1B-1 et seq.*)

"NJEDA bonds" means bonds issued by the New Jersey Economic Development Authority pursuant to section 25 of P.L. 2007, c. 137, the proceeds of which may fund all or part of the grant.

"Office of the Attorney General" means the New Jersey Department of Law and Public Safety, Office of the Attorney General, as successor to the Unit of Fiscal Integrity within the Office of the Attorney General created by N.J.S.A. 18A:7G-43.

"Other facilities" means athletic stadiums, swimming pools, any associated structures or related equipment tied to such facilities, including, but not limited to, grandstands and night field lights, greenhouses, facilities used for non-instructional or non-educational purposes, and any structure, building or facility used solely for school administration.

"Performance evaluation policy and procedure" means the policies and procedures developed by the Authority for the purpose of evaluating the performance of consultants and contractors who perform services in connection with school facilities projects.

"Plans and specifications" means the plans and specifications of a school facilities project prepared by a design consultant and approved by the Department pursuant to *N.J.A.C. 6A:26-5.4*.

"Preliminary eligible costs" means the initial approved costs of a school facilities project determined pursuant to the formulas set forth in *N.J.S.A. 18A:7G-7* which shall be deemed to include the costs of construction and other allowable costs.

"PSCL" means the Public School Contracts Law, *N.J.S.A. 18A:18A-1 et seq.*, together with all applicable regulations and guidance issued by the DCA in connection therewith.

"Punchlist" means the list, prepared before substantial completion, of incomplete or defective work to be performed or remedied by a contractor after substantial completion, but before final completion.

"Request for disbursement" means a written certified statement by the district, in such form and manner as specified by the Authority requesting that grant funds be disbursed to the district by the Authority for approved costs which shall provide a complete description of the approved costs that have been paid or shall be paid, as applicable, and shall be certified by the vendor and the authorized officers of the district. The request for disbursement shall include a voucher.

"Requirements" means any law, ordinance, order, rule or regulation of a governmental authority applicable to a school facilities project, a grant and the work performed thereunder.

"School bonds" means the bonds, notes or other obligations issued by a district to finance the local share.

"School business administrator" means the person appointed by the district board pursuant to *N.J.A.C. 6:11-9*.

"School facility" means and includes any structure, building or facility used wholly or in part for educational purposes by a district and facilities that physically support such structures, buildings and facilities, such as district wastewater treatment facilities, power generating facilities, and steam generating facilities, but shall exclude other facilities.

"School facilities project" means the planning, acquisition, demolition, construction, improvement, alteration, modernization, renovation, reconstruction or capital maintenance of all or any part of a school facility or of any other personal property necessary for, or ancillary to, any school facility, and shall include fixtures, furnishings and equipment, and shall also include, but is not limited to, site acquisition, site development, the services of design professionals, such as engineers and architects, construction management, legal services, financing costs and administrative costs and expenses incurred in connection with the school facilities project.

"SDA school district" means a school district that received education opportunity aid or preschool expansion aid in the 2007-2008 school year, as defined at P.L. 2007, c. 260, § 39 (*N.J.S.A. 18A:7G-3*).

"State" means the State of New Jersey.

"State share" means the State's proportionate share of the final eligible costs, which equals the district aid percentage or 40 percent, whichever is greater as provided in N.J.S.A. 18A:7G-15.

"Subconsultant" means a consultant or contractor to whom a consultant subcontracts part of the work of a school facilities project for which the consultant is responsible.

"Subcontractor" means a contractor to whom a contractor or consultant subcontracts part of the work of a school facilities project for which such contractor or consultant is responsible.

"Substantial completion" means that point in time for a school facilities project when all of the following have occurred:

1. All essential requirements of the contracts have been fully performed so that the purpose of the contracts is accomplished;
2. The punchlist has been created;
3. There are no important or material omissions or technical defects or deficiencies regarding the school facilities project;
4. A temporary certificate of occupancy, continued use or completion has been issued; and
5. The school facilities project is ready for occupancy in accordance with its intended purpose.

"Suspension" means a temporary cessation of disbursements to the district.

"Term" means the term of the grant agreement which shall commence on the commencement date and shall end on the expiration date, unless sooner terminated.

"Termination" means the cancellation of the grant agreement as a result of an event of default or by mutual consent of the parties pursuant to *N.J.A.C. 19:32-1.13*.

"Time-sensitive project" means either an emergent project, as that term is defined in *N.J.A.C. 6A:26-1.2*, or a school facilities project necessitating an abbreviated grant disbursement schedule because the standard disbursement schedule would not accommodate a district's need to have the school facility operational by the commencement of or during the school year.

"Total costs" means the actual total amount spent on a school facilities project.

"Unavoidable delays" means any delays due to weather, strikes, acts of God, governmental restrictions, enemy action, civil commotion, fire, unavoidable casualty or other causes similarly beyond the control of the district; provided, however, that any lack of funds beyond those funds to be provided pursuant to the grant agreement shall not be deemed a cause beyond the control of the district.

"Voucher" means a form required by SDA in support of a district's grant disbursement request, that certifies the progress of the school facilities project and the amount of grant disbursements to date, and which must be executed by the district's authorized officer and delivered to the Authority by the district, together with a request for disbursement.

(b) Words and terms implementing the Act but not defined in this section shall have the meanings defined in *N.J.A.C. 6A:26-1.2*.

§ 19:32-1.4 Administration and performance of grant agreements

The district is responsible for the administration and success of the school facilities project, and the provision of the grant by the Authority shall not in any way be deemed to imply that the Authority shall have any responsibility for the administration or success of the school facilities project. Although districts are encouraged to seek the advice and opinion of the Authority on problems that may arise regarding the school facilities project, the giving of such advice by the Authority shall not shift the responsibility for final decisions from the district to the Authority, nor render the Authority responsible for such advice. Moneys awarded pursuant to this chapter shall be used in conformance with the Act, this

chapter and the provisions of the grant agreement to achieve the grant objectives and to insure that the purposes set forth in the Act are fully executed.

§ 19:32-1.5 Disclosure and publicity

(a) All applications and submissions received by the Authority shall constitute public records of the Authority. The Authority shall make them available to persons who request their release to the extent required by State law.

(b) Press releases and other public dissemination of information by the district concerning the school facilities project shall acknowledge Authority financial assistance.

§ 19:32-1.6 Access and record retention

(a) The NJEDA, the Authority, the Department, the DCA, the Office of the Attorney General, the LWD, and their duly authorized agents may, at their discretion and cost, investigate, audit, examine, and inspect the activities, documents, work product arising from audits, records, and accounts (pertaining to the school facilities project) of the district and other parties involved with the school facilities project as further set forth below:

1. They shall have the right to enter upon and examine, inspect or audit the school facilities project at reasonable times and upon prior notice but shall not be required to do so if in their sole judgment such notice and times cannot be provided.

2. They shall have the right to make any copies or abstracts of any document, record or account relating to the school facilities project.

(b) The responsibilities of the district and/or the contracted parties with regard to access to the activities, documents, records, and accounts pertaining to school facilities projects shall be the following:

1. The district or the contracted parties, as the case may be, shall furnish facilities for such access, inspection and document reproduction.

2. The districts shall include in all contracts a provision requiring contracted parties to permit the NJEDA, the Authority, the Office of the Attorney General, the Department, the LWD, the DCA, and their duly authorized agents to investigate, audit, examine, and inspect in such manner and at such times as these parties deem necessary.

(c) The district shall keep those records and accounts and shall require all contracted parties to keep those records and accounts for the school facilities project as necessary in order to evidence compliance with the Act, the PSCL, the grant agreement, and all applicable regulations and requirements. Financial records, supporting documents, and all other records of the district and the contracted parties which relate in any way to the school facilities project and/or to the grant shall be retained for 10 years following closeout, provided however, if any litigation, claim or audit relating to the school facilities project and/or to the grant is commenced prior to closeout, such records and documents shall be retained until all litigation, claims or audit findings involving the records have been fully resolved.

§ 19:32-1.7 Fraud and other unlawful or corrupt practices

(a) The district shall administer moneys pursuant to this chapter, the grant agreement and any contracts entered into in connection with the school facilities project free from bribery, graft and corrupt practices. The district has the primary responsibility for the prevention, detection and cooperation in the prosecution of any such conduct. The Authority shall have the right to pursue administrative or other legally available remedies in the event it suspects the occurrence of such conduct.

(b) The district shall diligently pursue available judicial and administrative remedies and take any other appropriate remedial action with respect to any allegations or evidence of such illegality or corrupt practices. The district shall im-

mediately notify the Authority and the Office of the Attorney General in writing when any such allegation or evidence comes to its attention and shall periodically advise the Authority and the Office of the Attorney General in writing of the status and ultimate disposition of any related matter.

§ 19:32-1.8 Debarment

(a) The district and its consultants or contractors shall not enter into a contract for work on the school facilities project with any person or firm who has been debarred, suspended or disqualified from State, NJEDA, Authority or Federal government contracting.

(b) The district shall insert in all contracts with all contracted parties, and all contractors and consultants shall insert into all of their contracts with all subconsultants and subcontractors, a clause stating that the contracted party, its subconsultants or contractors may be debarred, suspended or disqualified from contracting and/or working on the school facilities project if the contracted party commits any of the acts listed in *N.J.A.C. 19:38A-4.6* or any applicable regulation issued by the NJEDA or the Authority.

(c) The district's bid specification for any work on the school facilities projects shall require all bidders to submit a sworn statement by the bidder, or an officer or partner of the bidder, indicating whether or not the bidder is, at the time of the bid, included on the State Treasurer's, the NJEDA's, the Authority's, or the Federal government's List of Debarred, Suspended or Disqualified Bidders as a result of action taken by any State or Federal agency, as the case may be. Bid specifications for the school facilities project shall also state that the district shall immediately notify the State, the Authority, and the Office of the Attorney General in writing whenever it appears that a bidder is on the Treasurer's, the NJEDA's, the Authority's, or the Federal government's List. The State and the Authority reserve the right in such circumstances to immediately suspend such bidder from contracting and/or engaging in work on the school facilities project and to take such other action as it deems appropriate pursuant to *N.J.A.C. 19:38A-4* or any applicable regulation issued by the NJEDA or the Authority.

(d) The district shall have a continuing and affirmative obligation so long as the grant agreement is in effect to immediately notify the State and the Authority in writing whenever it obtains knowledge that any contracted party, subconsultant or subcontractor is on the Treasurer's, the NJEDA's, the Authority's, or the Federal government's List of Debarred, Suspended or Disqualified Bidders. The State and the Authority reserve the right in such circumstances to immediately suspend such contracted party, subconsultant, or subcontractor from contracting and/or engaging in work on the school facilities project and to take such other action as it deems appropriate pursuant to *N.J.A.C. 19:38A-4* or any applicable regulation issued by the NJEDA or the Authority.

§ 19:32-1.9 Noncompliance

(a) In addition to any other remedies as may be provided by law or by the grant agreement, in the event of noncompliance with any provisions of the Act, any condition of the grant agreement or any requirement of this chapter, the Authority may take any of the following actions or combinations thereof.

1. Issue a notice of noncompliance pursuant to *N.J.A.C. 19:32-1.10*;
2. Withhold grant moneys pursuant to *N.J.A.C. 19:32-1.11*;
3. Suspend the provision of grant moneys pursuant to *N.J.A.C. 19:32-1.12*; and/or
4. Terminate the grant agreement or rescind the grant moneys pursuant to *N.J.A.C. 19:32-1.12*.

§ 19:32-1.10 Notice of noncompliance

In the event that the Authority determines that the district is not in compliance with any provision of the Act, any condition of the grant agreement, or any condition of this chapter, it will notify the district of the noncompliance in writing. The Authority may require the district, its consultants and/or contractors to take and complete corrective action. If the corrective action is not taken within the requisite time period specified or if the action taken is inadequate as determined by the Authority, the Authority may take any of the following actions or combinations contained in *N.J.A.C. 19:32-1.11* and *1.12*.

§ 19:32-1.11 Withholding of funds

The Authority may withhold or require the district to repay, upon written notice to the district, grant disbursements or any portion thereof where it determines that a district has failed to comply with any provision of the Act, any condition of the grant agreement or any requirement of this chapter. The Authority may also release the grant disbursement but refer the matter to the Department for further action, which may include audit and/or a request to the Treasurer to withhold funds payable by the State from the district.

§ 19:32-1.12 Termination of the grant agreement for cause

(a) The Authority may terminate the grant agreement upon an event of default, which shall include, but not be limited to:

1. Failure by the district to observe and perform any duty, covenant, condition or agreement on its part to be observed or performed under the grant agreement, which failure shall continue for a period of 30 days after receipt of written notice specifying such failure and requesting that it be remedied is given to the district by the Authority, unless the Authority shall agree in writing to an extension of such time prior to its expiration, provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the Authority may not unreasonably withhold its consent to an extension of such time up to 120 days from delivery of the written notice referred to above or if corrective action is instituted by the district within the applicable period and diligently pursued until the event of default is corrected;

2. Any representation made by or on behalf of the district contained in the grant agreement, or in any instrument furnished in compliance with or with reference to the grant agreement or the grant, is false or misleading in any material respect;

3. A determination is made by the Authority that:

- i. The grant was obtained by fraud; or
- ii. Gross abuse or corrupt practices have occurred in the administration of the school facilities project by the district;

4. Subject to unavoidable delays, the construction of the school facilities project has not commenced within 18 months after the commencement date;

5. Subject to unavoidable delays, the construction of the school facilities project has not reached final completion on or before the completion date;

6. The district has utilized grant moneys for costs that are not approved costs;

7. Work on the school facilities project has ceased without good cause as agreed to by the Authority. The term "good cause" shall include, but not be limited to, circumstances beyond the control of the district or any of the contracted parties such as fire, flood, riot or strike.

8. The district has contracted with a contractor or a subcontractor in one of the four branches specified in *N.J.S.A. 18A:18A-18* and such contractor or subcontractor has not been prequalified;

9. The district has disbursed grant monies to a firm which is debarred, suspended or disqualified from State, NJEDA or Authority contracting or to a firm which has not been prequalified; or

10. The district fails to permit the Authority or the Office of the Attorney General immediate entry or inspection.

(b) The Authority shall promptly notify the district, in writing, of its determination to terminate the grant agreement and the reasons for the termination, together with the date on which the termination shall take effect.

(c) Upon termination of the grant agreement, the Authority may demand that an amount equal to the grant received by the district be immediately returned to the Authority and the district shall waive payment by the Authority of the undistributed balance, and upon notice to the district, the amount of the grant disbursed by the Authority shall be immediately due and payable by the district together with any costs to the Authority resulting from an event of default by the district.

(d) In addition to any termination action, the Authority retains the right to pursue any and all other remedies as may be available under State law as warranted.

(e) The Authority may, upon written notice to the district, suspend the grant agreement and withhold further payments there-under and prohibit the district from incurring additional obligations of grant funds pending corrective action by the district.

(f) At the option of the Authority, in its sole discretion, the Authority may, without prejudice to any other rights or remedies, take an assignment of any of the contracts in order to complete the school facilities project, and the district shall take whatever actions are necessary in order to ensure the proper assignment to the Authority of such contracts.

(g) The district shall on demand pay to the Authority the reasonable fees and expenses of attorneys and other reasonable expenses (including without limitation the reasonably allocated costs of in-house counsel and legal staff) incurred by the Authority in the collection of the repayment of the grant or in the enforcement of performance or observation of any other duties, covenants, obligations or agreements, of the district upon an event of default.

§ 19:32-1.13 Termination by mutual agreement

The Authority and the district may terminate the grant agreement when both parties agree that the continuation of the school facilities project would not produce beneficial results commensurate with the further expenditure of funds. The Authority and the district shall agree upon the conditions for termination including the date on which the termination shall take effect. The closeout provisions specified in N.J.A.C. 19:32-3.8 shall apply.

§ 19:32-1.14 Severability

If any provision of this chapter or the application thereof to any person or circumstances is held invalid by a court of competent jurisdiction, such invalidity shall not affect other provisions or applications, and to this end, the provisions of this chapter are declared to be severable.

§ 19:32-1.15 Appeals

(a) Appeals arising from decisions of the Authority may be requested in writing, and an opportunity given for any informal hearing on the papers, in person or via telephone with Authority staff. Such written request for an informal hearing must be made within 30 days of the receipt of the Authority's decision.

(b) In the event of an adverse decision after an informal hearing under (a) above, or if a district determines not to seek an informal hearing, and providing further, that the dispute or controversy is a contested case, as defined in *N.J.S.A. 52:14B-2(b)*, a district may request, within 45 days of the written decision resulting from the informal hearing or the determination of the Authority if an informal hearing is not sought, a formal hearing.

(c) Upon filing of the initial pleading in a contested case, the Board of the Authority may by resolution either retain the matter for hearing directly or transmit the matter for hearing before the Office of Administrative Law. Such hearings shall be governed by the provisions of the Administrative Procedure Act, *N.J.S.A. 52:14B-1 et seq.* and *52:14F-1 et seq.*, and the Uniform Administrative Procedure Rules, *N.J.A.C. 1:1*.

(d) Every determination of a dispute or controversy arising from this chapter by the Authority, constituting final agency action by the Board, shall be embodied in a written decision which shall set forth findings of fact and conclusions of law pursuant to the applicable rules of the Office of Administrative Law.

§ 19:32-1.16 (Reserved)

§ 19:32-1.17 (Reserved)

§ 19:32-2.1 Applicability

This subchapter establishes the Authority's procedures and requirements governing the eligibility determination for a grant and the execution of every grant agreement pursuant to Section 15 of the Act. Any affected district applying for a grant or having received a grant pursuant to Section 15 of the Act shall at a minimum conform with the requirements of this subchapter, as applicable.

§ 19:32-2.2 Eligibility

(a) All of the following conditions shall apply regarding eligibility for a grant:

1. The district shall obtain approval of the district's long-range facilities plan pursuant to *N.J.A.C. 6A:26-2.3*.

2. The district shall obtain approval of the school facilities project from the Department pursuant to *N.J.S.A. 18A:7G-5* and *N.J.A.C. 6A:26-3.3*.

3. There is a determination of the final eligible costs and the State share of the school facilities project by the Department pursuant to *N.J.S.A. 18A:7G-5(h)* and *N.J.A.C. 6A:26-3.6*.

4. The district shall obtain approval of educational specifications and schematic plans from the Department pursuant to *N.J.A.C. 6A:26-5.2* and *5.3*, if applicable. If land was acquired as part of the school facilities project, the district shall obtain approval of the land acquisition from the Department pursuant to *N.J.A.C. 6A:26-7.1*. If an existing facility was acquired, the district shall obtain the approvals of the school site and the facility from the Department pursuant to *N.J.A.C. 6A:26-7.3*.

5. Any appeals by the district regarding any of the above approvals required to be obtained by the district from the Department for the school facilities project shall have been taken and completed at the highest level of appeal so that a final nonappealable order shall have been issued establishing approval for the school facilities project and determination of final eligible costs and State share.

6. The district shall obtain approval for the local share in accordance with the provisions for the approval of capital projects pursuant to *N.J.S.A. 18A:22-1 et seq.*, *N.J.S.A. 18A:24-1* and P.L. 1991, c.139 (*N.J.S.A. 18A:7A-46.1 et seq.*), as applicable to the district pursuant to *N.J.S.A. 18A:7G-11* and *N.J.A.C. 6A:26-3.7*.

i. If the local share is funded through the issuance of school bonds, the district shall submit a referendum to the voters pursuant to *N.J.S.A. 18A:22-39* and *N.J.A.C. 6A:26-3.7* and the voters shall have approved the referendum in the amount of the local share.

ii. If the local share is to be funded through the capital reserve account, the district shall comply with the requirements of *N.J.A.C. 6A:26-3.7* and *6A:23-2.13* governing the use of the capital reserve account for the local share.

iii. If the local share is to be funded through sources other than bonds or capital reserve, such as a lease purchase agreement of not in excess of five years duration, the district shall obtain approval of local share in accordance with *N.J.A.C. 6A:26-3.7* and any statutory and regulatory authorities specifically governing that source of local share, such as *N.J.S.A. 18A:20-4.2(f)* and *N.J.A.C. 6A:26-10*.

7. The district shall delegate to the school business administrator or other authorized officer supervision of the school facilities project.

§ 19:32-2.3 Eligibility determination

(a) To evidence eligibility for a grant, the district shall submit to the Authority evidence of the approvals required pursuant to *N.J.A.C. 19:32-2.2*.

(b) Eligibility determinations shall be made in the order in which the requirements of (a) above have been met.

§ 19:32-2.4 Execution of the grant agreement

(a) The district shall execute the grant agreement pursuant to such terms and conditions as the Authority may determine in its sole discretion.

1. The grant agreement shall be executed by an authorized officer. A certified, true sealed copy of the authorizing resolution of the district shall also be submitted to the Authority at such time, together with all certifications, opinions and documents required to be submitted at the time of execution of the grant agreement including, but not limited to, a certificate executed by the school business administrator in the form to be provided by the Authority.

2. Upon execution of the grant agreement by the district, the district shall return the grant agreement together with all applicable attachments to the Authority for execution by the Authority whereupon the Authority shall transmit a copy of the executed grant agreement to the district, as well as a sign which is to be erected by the district at the school facilities project site to the extent permitted by zoning laws indicating that financing was made available to the district through the Authority.

3. The Authority shall have no obligation to execute a grant agreement unless and until the Authority has determined that all conditions precedent to the execution of the grant agreement have been satisfied as the Authority may determine.

(b) The district shall execute the grant agreement within such period of time as the Authority may determine in its sole discretion.

1. The district shall have 18 months from the date of the Department's determination of final eligible costs for a school facilities project to secure funding for the local share of the project.

2. In the event that the district has not secured funding for the local share of the project within 18 months from the date of the Department's determination of final eligible costs pursuant to *N.J.S.A. 18A:7G-5.h* and *N.J.A.C. 6A:26-3.6*, the grant agreement shall be automatically rescinded. No action need be taken by the Authority to effect or confirm the rescission of the grant agreement offer.

3. After a grant agreement offer has been rescinded, a district interested in having the grant offer reinstated shall request in writing that the Authority reinstate the grant offer.

4. If the Authority receives a request from the district to reinstate the grant offer and the district remains eligible for the grant, the Authority shall reinstate the grant offer and so notify the district.

§ 19:32-2.5 No assignment of grant agreement or grant by the district

The district shall not assign the grant agreement or its right to receive disbursements of the grant. The Authority may, at any time and in its sole option, assign the grant agreement to another instrumentality of the State.

§ 19:32-2.6 Effect of grant awards

(a) At the time of the execution of the grant agreement by the district and the Authority, the grant for the school facilities project shall become effective and shall constitute an obligation of moneys in the amount and for the purposes set forth in the grant agreement

(b) The award of the grant by the Authority shall not be used as a defense by the district to any action brought against the district by any governmental agency on account of the district's failure to comply with the Act or in order to obtain any requisite permit, license or operating certificate.

§ 19:32-3.1 Amount of the grant

(a) The grant shall be in the amount of the State share and may be reduced upon final completion as set forth in the following paragraph.

(b) Prior to final completion and the final disbursement, the district shall certify to the Authority the total costs of the school facilities project. If such amount is less than the final eligible costs, the Authority shall adjust the amount of the grant accordingly pursuant to the following:

1. The total costs shall be subtracted from the final eligible costs;
2. The amount determined in (b)1 above shall be multiplied by the district aid percentage or 40 percent, whichever is greater; and
3. The number determined in (b)2 above shall be subtracted from the original amount of the grant. The remaining number represents the final amount of the grant.

§ 19:32-3.2 Cost overruns

Cost overruns of the school facilities project shall be the sole responsibility of the district. The grant shall in no case exceed the amount of the State share, and the award of the grant shall not commit the Authority or the State to award any continuation or supplemental funds to cover cost overruns of the school facilities project.

§ 19:32-3.3 Legal and/or equitable interest

The district shall have no legal or equitable interest in the assets of the NJEDA or the Authority or in any amount from time to time on deposit in the funds and accounts of the NJEDA or the Authority which may provide funding of the grant.

§ 19:32-3.4 Disbursements

(a) Disbursement of grant funds shall be made at intervals as work progresses and expenses are incurred by the district and approved by the Authority for payment. Total disbursements shall not exceed the grant amount and in any case shall not exceed the State share. No disbursement of the grant shall be made until the Authority receives all documentation required for that disbursement, including all forms and information required by the Authority and completed in a manner satisfactory to the Authority.

1. A request by the district that grant monies be paid by the Authority shall be in writing, provide a complete description of the approved costs incurred, be signed by an authorized officer of the district, and include a voucher.

2. A request for disbursement shall only be for approved costs which have already been incurred by the district.

(b) Except as provided in (c) or (d) below, the disbursement schedule shall be as follows:

1. The first disbursement of the grant in the amount of 10 percent of the grant shall be made upon:

i. Completion to the satisfaction of the Authority of the design phase checklist;

ii. Satisfactory compliance with Executive Order No. 215 (1989) (regarding the preparation and submission of environmental impact statements), Executive Order No. 24 (2002) (regarding inclusion of LEED (Leadership in Energy and Environmental Design) green building principles in school facility projects), and P.L. 2007, c. 1 (*N.J.S.A. 52:27D-130.5*) (regarding issuance of construction permits for child care or education centers in certain locations), if applicable, as determined by the Authority;

iii. Approval by the Department of the final plans and specifications pursuant to *N.J.A.C. 6A:26-5.4*, if applicable;

iv. Submission to the Authority of acceptable documentation of required insurance coverages; and

v. Submission of a request for disbursement as set forth in (a) above.

2. Following the first disbursement and up to the disbursement upon final completion, the Authority shall make disbursements to the district upon submission to the satisfaction of the Authority of a request for disbursement based upon construction completion as follows:

i. When the school facilities project is 35 percent complete, the district will receive 30 percent of the grant;

ii. When the school facilities project is 65 percent complete, the district will receive 40 percent of the grant; and

iii. When the school facilities project is substantially complete, the district will receive 15 percent of the grant.

3. The Authority shall not make scheduled disbursements for construction percentages completed as identified in (b)3 above unless and until:

i. A construction phase checklist has been completed to the satisfaction of the Authority for each contract/bid advertisement of the work constituting the relevant percentage completed; and

ii. Acceptable documentation of required insurance coverages has been submitted to the Authority; and

iii. Submission of a request for the applicable disbursement as set forth in (a) above.

4. Upon final completion, the district shall prepare and submit to the Authority, for review and approval, a request for disbursement together with the final completion checklist. Upon approval, the Authority shall disburse the amounts remaining under the grant, the district shall thereupon make final payment to its contracted parties and thereupon, the Authority shall be released from any further responsibility to make any payments in connection with the school facilities project.

(c) In the case of a school facilities project with final eligible costs less than or equal to \$ 250,000, there shall be only three disbursements as follows:

1. The first disbursement of the grant in the amount of 50 percent of the grant shall be made after execution of the grant agreement upon a showing to the satisfaction of the Authority of 50 percent construction completion, after submission of acceptable documentation of required insurance coverages, and after submission of a request for disbursement as set forth in (a) above.

2. The second disbursement of the grant in the amount of 45 percent of the grant shall be made upon a showing to the satisfaction of the Authority of substantial completion, acceptable documentation of required insurance coverage has been submitted to the Authority and submission of a request for disbursement as set forth in (a) above.

3. Upon final completion, the district shall prepare and submit to the Authority, for review and approval, a request for disbursement together with the final completion checklist. Upon approval, the Authority shall disburse the amounts remaining under the grant, the district shall thereupon make final payment to its contracted parties and thereupon, the Authority shall be released from any further responsibility to make any payments in connection with the school facilities project.

(d) In the case of special circumstances and/or extraordinary need, the district may request a waiver from the above applicable schedule of disbursements upon application to the Authority indicating the reasons for such request and a proposed schedule of disbursements. Upon review by the Authority, the Authority may approve the waiver and shall notify the district accordingly.

§ 19:32-3.5 Conditions precedent to payment of a disbursement

(a) When all of the following conditions precedent to the payment of a disbursement have been met, the Authority will provide the district with the disbursement.

1. The grant agreement has been executed and delivered;
2. No event of default has occurred and is continuing;
3. Costs listed in the request and voucher contain only approved costs;
4. The costs, including the costs paid by the Authority previously, do not exceed the grant;
5. The applicable checklist, if any, has been reviewed and approved by the Authority;
6. None of the items for which payment is requested has formed the basis for any previous request for disbursement; and
7. The district is in compliance with all requirements of governmental authorities with respect to the school facilities project.

§ 19:32-3.6 Checklists

(a) The district shall be required to report to the Authority on the progress of the school facilities project by completing various checklists at various time points during the design and construction of the school facilities project as outlined in this section unless a district is not required to submit one or more checklists prior to disbursement, pursuant to *N.J.A.C. 19:32-3.5*. Such checklists may, at the option of the district, be filed electronically.

1. Design phase: Upon completion of the design of the school facilities project as evidenced by the approval by the Department of the final plans and specifications, the district must complete the design phase checklist in the form provided by the Authority which shall evidence, to the satisfaction of the Authority, that the district has complied with the PSCL and all other applicable laws and regulations regarding the engagement of consultants by the district for the design of the school facilities project.

2. Construction phase: The district shall be required to provide the Authority a construction checklist for each separate bid advertisement and ensuing contract prior to the Authority's disbursement for construction percentage completed that includes each such contract's work. The district shall be required to complete the construction phase checklist in the form provided by the Authority which shall provide evidence, to the satisfaction of the Authority, that the district has complied with the PSCL and all other applicable laws and regulations in the engagement of contractors for the school facilities project.

3. Final completion: Upon final completion, the district shall complete the final completion checklist in the form provided by the Authority to evidence, to the satisfaction of the Authority, that the school facilities project has been completed and that all applicable laws and regulations have been complied with.

§ 19:32-3.7 Closeout procedures

(a) Closeout shall occur when all applicable administrative actions and all required work have been completed by the district. This process shall include the steps enumerated below:

1. In the event there are any grant proceeds which have not been expended on approved costs, such unexpended grant proceeds shall be released to the Authority and the amount of the grant shall be reduced by the amount of the unexpended proceeds.

2. Any proceeds of school bonds issued by the district for the purpose of funding the local share of the school facilities project which remain unspent upon completion of the school facilities project shall be used by the district to reduce the outstanding principal amount of the school bonds either through redeeming bonds at the earliest call date or applying such proceeds to payment of principal as principal becomes due, as further set forth in *N.J.A.C. 6A:26-4.6*. In no event shall such proceeds be utilized to pay the interest expense on the school bonds issued for any school facilities project.

3. The district shall refund to the Authority any grant funds spent on any costs which were disallowed by the Authority as not being approved costs. Such refund shall be made within 30 days of the request by the Authority.

4. If a final audit has not been performed on behalf of the district prior to closeout of the school facilities project, the Authority retains the right to recover any appropriate amount after full consideration of any recommendation on disallowed costs resulting from the final audit.

5. The Authority may require additional information from the district or its consultants and contractors and/or retain any grant amount not disbursed until closeout is completed.

§ 19:32-4.1 General provisions

(a) The district shall design and construct the school facilities project pursuant to the plans and specifications and as approved by the Department pursuant to *N.J.S.A. 18A:7G-5*. Any changes in the school facilities project which may impact educational adequacy (the number, size, configuration, location or use of educational spaces) shall be reviewed and approved by the Department as required under *N.J.A.C. 6A:23-7.1* and *6A:26-4.9* prior to such changes being made. Notwithstanding anything to the contrary, any changes whether reviewed by the Department or not, shall not be eligible for funding under the grant agreement.

(b) The district shall, with all due diligence, proceed to construct the school facilities project in accordance with the plans and specifications. If during the construction of the school facilities project, the district determines that a change in a construction contract is required, it shall comply with any and all requirements for approval of a request for a change order pursuant to *N.J.A.C. 6A:26-4.9* and any other applicable Department regulations.

(c) The district shall promptly notify the Authority in writing of events or proposed changes in the scope of the school facilities projects, the schedule for completion and/or any other significant changed conditions concerning the school facilities project.

§ 19:32-4.2 Contract award and compliance

(a) The district shall be responsible for the letting of contracts for the design, acquisition, construction and installation of the school facilities project, supervision of design and construction, acceptance of the completed school facilities project or parts thereof, and all other matters incidental to performance of the duties and powers expressly granted here-

in to be undertaken in connection with the acquisition, construction and completion of the school facilities project. The district shall continually monitor its performance to assure that time schedules are being met and that the completion of the school facilities project will occur in a timely, efficient and effective manner. In the event of default of any contracted party under any contract, or in the event of a breach of warranty with respect to any contract, the district shall reasonably exhaust the remedies against the defaulting contracted party and against each such surety for the performance of such contracts. The district shall diligently prosecute or defend any action or proceeding, or take any other action involving the contracted party, that the district deems reasonably necessary.

(b) The district shall obtain and maintain all licenses, certifications, authorizations, or any documents required by all governmental authorities wherever necessary. The district shall promptly notify the Authority and the Office of the Attorney General, in writing of any disciplinary action against itself or, if it has knowledge of, any contracted party or any change in the status of any license, permit, or other authorization required for the school facilities project.

(c) The district shall award all contracts for the school facilities project in accordance with the PSCL and the rules and regulations adopted pursuant thereto.

(d) All contractors engaged by the district and subcontractors named in the four branches specified in *N.J.S.A. 18A:18A-18* who perform any work on the school facilities project shall be prequalified pursuant to the Authority prequalification process. Any contractor whose contract amount is less than the bid threshold pursuant to *N.J.S.A. 18A:18A-3* shall not be subject to the prequalification process for bidders on school facilities projects pursuant to Section 59 of the Educational Facilities Construction Financing Act, P.L. 2000, c.72 (*N.J.S.A. 18A:7G-33*).

(e) All construction contracts shall contain provisions that the contractor and subcontractor, as applicable, shall comply with the New Jersey Prevailing Wage Act, *N.J.S.A. 34:11-56.25* et seq. The district shall not hire any contractor or subcontractor to perform any work for the district who is listed or is on record in the Office of the Commissioner, Department of Labor, as having failed to pay prevailing wages in accordance with the provision of the New Jersey Prevailing Wage Act.

(f) All contracts shall contain provisions that the contracted party shall comply with the anti-discrimination provisions of *N.J.S.A. 10:2-1* et seq., the New Jersey Law Against Discrimination, *N.J.S.A. 10:5-1* et seq., *N.J.A.C. 17:27* and *N.J.A.C. 6A:7-1.8*. The district and its contracted parties shall in addition agree by contract and guarantee to afford equal opportunity in performance of the contracts in accordance with an affirmative action program approved by the State Treasurer. During the design and construction of the school facilities project, the district and the contracted parties shall abide by the following provisions and shall provide in any contracts provisions as follows:

1. The district and its contracted parties shall not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation or sex. The district and its contracted parties shall take affirmative action to ensure that such applicants are recruited and employed, that employees are treated during employment without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation or sex. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The district and its contracted parties agree to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

2. The district and its contracted parties shall, in all solicitations or advertisements for employees placed by or on behalf of the district and its contracted parties state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation or sex.

3. The district and its contracted parties shall send to each labor union or representative of workers with whom they have a collective bargaining agreement or other contract or understanding, a notice, to be provided by the district, advising the labor union or workers representative of the district's and its contracted parties' commitments under the grant agreement and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(g) No official or employee of the district who is authorized in his or her official capacity to negotiate, make, accept, or approve or to take part in such decision regarding a contract in connection with the school facilities project shall have any financial or other personal interest in any such contract. The School Ethics Law, *N.J.S.A. 18A:12-21* et seq., and *N.J.A.C. 6A:28* shall by reference be incorporated as part of the grant agreement.

1. The district shall report in writing to the Attorney General and the State Ethics Commission the solicitation of any fee, commission, compensation, gift, gratuity, or other thing of value by any State officer or employee or special State officer or employee from any State vendor.

2. The district shall not influence, or attempt or influence or cause to be influenced, any State officer or employee or special State officer or employee in his or her official capacity in any manner that might tend to impair the objectivity or independence of judgment of said officer or employee.

(h) All contractors and subcontractors bidding on the school facilities project shall be registered pursuant to *N.J.S.A. 34:11-56.48* et seq.

(i) Upon final completion and thereafter, the district shall ensure that the school facilities project is properly maintained so that its useful life can be achieved and shall ensure that all warranties remain in full force and effect. The district shall submit a plan for the maintenance of the school facility project to the Department and the Authority prior to closeout, which plan shall, in addition to other requirements, provide for the establishment and funding of a maintenance reserve fund in accordance with *N.J.A.C. 6A:26A*. In addition, prior to closeout, the district shall establish dates for equipment testing, acceptance periods, warranties and instructional requirements and shall thereafter maintain the school facilities project in accordance therewith.

(j) The district shall submit proof to the Authority that it and any contracted party shall comply with all insurance requirements of the grant agreement and, when appropriate, shall certify that the insurance is in full force and effect and that the premiums have been paid.

(k) The district shall not take any action or omit to take any action that would result in the loss of the exclusion of the interest on any NJEDA bonds from Federal gross income for purposes of Federal income taxation as that status is governed by Section 103(a) of the Code. The district shall submit information at the times and in the manner as may be required by bond counsel, from time to time.

(l) The district shall require all contracted parties to enter into certifications at the times and in the manner specified by the Authority in the grant agreement. Such certifications shall include a certification by the design consultant, upon award of its contract, at construction completion stages identified in the schedule of disbursements and again at final completion; certifications by any other consultants upon award of their contracts; certification by the contractors upon award of their contracts; and certification by the school business administrator, upon award of the design consultant contract and again at final completion. The district shall also complete tax certifications as may be required by the NJEDA to ensure the tax-exempt status of the NJEDA bonds.

(m) The district shall require all bidders to submit with their bids an unconditional certified check, cashier's check, or bid bond in an amount of 10 percent of the bidder's base bid but not in excess of \$ 20,000. Such bid guarantee serves as a guarantee that, should a bidder's bid be accepted, the bidder will execute and comply with the contract.

(n) The district shall require the provision of performance bonds or other security pursuant to *N.J.S.A. 18A:18A-25*.

(o) The following concern contracts:

1. The district shall include the following statements in each contract awarded by the district in connection with the school facilities project: "This contract or subcontract is or may be funded in part with funds from the New Jersey Schools Development Authority. Neither the State, the New Jersey Economic Development Authority, the New Jersey Schools Development Authority, nor any of its departments, agencies, board members or employees is, or will be, a party to this contract or subcontract or any lower tier contract or subcontract. This contract or subcontract is subject to the requirements contained in *N.J.A.C. 19:32*. In accordance with the provisions of *N.J.S.A. 18A:7G-15*, the contractor (subcontractor) (consultant) (subconsultant) agrees to comply with all of the provisions of *N.J.A.C. 19:32*."

2. The district shall include a provision in each contract awarded by the district in connection with the school facilities project which states that the contracts are assignable to the Authority.

(p) The Authority may impose such other conditions as may be necessary and appropriate to implement the laws of the State and effectuate the purpose and intent of the Act.

Resolution—6b.

Proposed Readoption with Amendments:
School Facilities Projects: Section 15 Grant Procedures, N.J.A.C. 19:32

Resolution

WHEREAS, Chapter 32 (the Rules), adopted in January 2008 and readopted with significant amendments in 2015, governs the SDA’s administration of a grant program for the state share of the final eligible costs of certain school facilities projects undertaken by non-SDA districts, pursuant to Section 15 of the Educational Facilities Construction and Financing Act (“EFCFA” or “the Act”), P.L. 2000 c. 72 (N.J.S.A. 18A:7G-1 et seq.); and

WHEREAS, Chapter 32 is scheduled to expire on July 1, 2022; and

WHEREAS, upon review, SDA staff determined that, with the addition of a few minor amendments as fully described in the Board materials, Chapter 32 at present remains adequate, reasonable, and necessary for the purposes for which it was originally promulgated; and

WHEREAS, the Rules’ background, prior regulatory history and a summary of the proposed revisions are set forth in detail in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, SDA management recommends that the Members of the Authority approve the proposed readoption of the Authority’s Section 15 Grant Procedures Rules with minor amendments and authorize the issuance of the Notice of Re-adoption as presented and the filing of the Notice with the Office of Administrative Law.

NOW, THEREFORE, BE IT RESOLVED, that, consistent with the memorandum presented to the Board on this date, the Members of the Authority hereby approve the proposed readoption of the Authority’s Rules for Section 15 Grant Procedures with amendments, and authorize the issuance of the Notice of Proposal as presented, and the filing of the Notice with the Office of Administrative Law.

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

Attached: Memorandum, Proposed Readoption with Amendments: N.J.A.C. 19:32, School Facilities
Projects: Section 15 Grant Procedures, dated June 8, 2022
Date: June 8, 2022

**Design-Build Award and Approval of Final Project Charter – Union City Public School District
– Union City New Grade 7 to 9 School**



MEMORANDUM

TO: Members of the Authority

FROM: Sean Murphy
Director, Procurement

Robert Ryan
Program Director, Construction Operations

RE: District: Union City Public School District
School: New Grade 7-9 School
Description: Design-Build
Package No.: HU-0029-B01
CCE: \$65,300,000
Advertised CCE Range: \$58,000,000 to \$68,000,000
Award: \$74,000,000
CM: TBD

DATE: June 8, 2022

SUBJECT: Design-Build Award and Approval of Final Project Charter

INTRODUCTION

We are writing to recommend approval by the Members of the Authority of the award of a contract in the amount of \$74,000,000 to Dobco, Inc.¹ for Design-Build services for the new Grade 7-9 Middle School (“School”) in the Union City Public School District.

The Design-Build Team (“Team”) will complete the design of the new School facility utilizing NJSDA-developed schematic design documents. The Team will also provide construction and construction administration services, including securing of all required permits and approvals, for construction of the new School (“the project”). The form of contract for this engagement is a Design-Build contract with the general contractor as the lead and with relevant trades and design disciplines serving in sub-contractor and sub-consultant roles.

We are also recommending Board approval of the attached Final Project Charter for the School representing the project budget inclusive of dollar values for the award of the Design-Build package.

¹ Dobco, Inc. listed the following subcontractors for the required trades in its Price Proposal: Epic Mechanical, Inc. (HVACR), Abco Electric, LLC (Electrical), Galdi Mechanicals Corporation (Plumbing), and B&B Iron Works, Inc. (Structural Steel & Ornamental Iron). Dobco, Inc. also listed a design consultant team lead by NK Architects, P.A. (Architecture), and includes A&J Consulting Engineering Services, P.C. (HVAC Engineering, Electrical Engineering and Plumbing Engineering), Dresdner Robin Environmental Management, Inc. (Civil Engineering and Environmental Engineering), and Harrison-Hamnett, P.C. (Structural Engineering).

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 and for the approval of the Final Project Charter. Since the value of this construction contract is greater than \$500,000, Board approval is required.

BACKGROUND

At the December 4, 2019 Board Meeting, the Members approved the revised Preliminary Project Charter for the new School. The project is planned to be an approximately 132,000 SF facility designed to educate 827 students in grades 7 to 9.

The project includes the completed acquisition by NJSDA of four (4) properties required to provide an adequately sized site for the project. These NJSDA owned properties adjoin a larger site acquired by the District from the Union City Parking Authority. Taken together, these comprise the complete project site. At the August 4, 2021 Board Meeting, the Members approved the engagement of a Contractor to demolish existing structures on the NJSDA owned properties, remove underground storage tanks (“UST”), and perform limited site restoration activities in preparation for construction activities. At this time, all demolition and UST activities have been completed.

A Construction Management Firm will be engaged to manage the construction of the new School. Advertisement for the procurement of these services will initiate during the second quarter of 2022.

PROCUREMENT PROCESS

Advertisement

The NJSDA employed a two-phase process for this procurement consisting of the issuance of a Request for Qualifications (“RFQ”) followed by the issuance of a Request for Proposals (“RFP”). This procurement for Design-Build Services was advertised beginning on November 15, 2021 on the NJSDA website, the NJ State website, and in selected newspapers in accordance with the requirements of the Design-Build Construction Services Procurement Act, N.J.S.A. 52:35-1 et seq. (“Design-Build Act”), as well as NJSDA’s enabling legislation at N.J.S.A. 52:18-243; and the NJSDA’s regulations at N.J.A.C. 19:36-1 et seq. (regarding Design-Build procurements). For this procurement, price was weighted as 60% of the Composite Score, and all non-price factors were weighted as 40% of the Composite Score.

Technical Review Committee

A three-person Technical Review Committee was established in accordance with N.J.S.A. 52:35B-4 a(4) for the independent evaluation and scoring of RFQ and RFP Proposal submissions with respect to the non-price evaluation criteria. A representative of the School District was invited to participate in the Technical Review Committee on a non-voting basis.

Request for Qualifications

The RFQ, representing the first phase of the procurement was issued on November 15, 2021 and required interested bidders to simultaneously submit a Project Rating Proposal and a Qualifications Proposal.

In advance of submission of Project Rating Proposals and Qualifications Proposals, interested bidders were permitted to submit questions seeking clarification of the procurement documents up to November 29, 2021. An Addendum with responses to Bidder Questions was issued to interested bidders on December 3, 2021.

Project Rating Proposals and Qualifications Proposals were received on December 16, 2021 from five (5) bidders.

Calculation of Project Rating Limits

The Project Rating Proposal was used by the NJSDA to determine each bidder's Project Rating Limit (i.e., the maximum amount that a bidder may bid for the project). Bidders were evaluated based on the largest of their four projects completed in the past ten years, their safety records and their reference checks. Based on an evaluation of the information submitted, five (5) bidders received a Project Rating Limit.

The Project Rating Limits resulting from the Project Rating Evaluations are listed in Table 1 below:

TABLE 1

Firm	Project Rating Limit
Dobco, Inc.	\$144,500,000
Epic Management, Inc.	\$252,840,000
Ernest Bock & Sons, Inc.	\$160,454,097
Terminal Construction Corporation	\$240,974,051
The Morganti Group, Inc.	\$118,729,360

Additionally, each bidder's Project Rating Limit was provided to the Technical Review Committee for evaluation as an indicator of the firm's "capability to perform" as part of the scoring of the "Design-Builder's Experience on Comparable Projects including Specialized Experience, Technical Competence and Capability to Perform" evaluation criterion as indicated in Table 2 below.

Evaluation and Scoring of Qualifications Proposals

The Qualifications Proposal provided information regarding the experience and qualifications of the Design-Builder, its Design Consultant, its Subconsultants, and the individuals designated as Key Team Members of the Design-Build Team. The Qualifications Proposals were evaluated by the Technical Review Committee based upon the information provided by the firms in response to the RFQ for this

project. The Technical Review Committee members separately evaluated the Qualifications Proposals based on the following criteria:

- Design-Builder’s Experience on Comparable Projects including Specialized Experience, Technical Competence and Capability to Perform
- Design-Builder’s Design Consultant’s Experience on Comparable Projects
- Qualifications, Training Certifications and Past Experience of Required Key Team Members
- Design-Builder’s Safety Modification Rating
- Design-Builder’s Demonstrated Prior Affirmative Action Experience
- Design-Builder’s Principal Location in Relation to Project Site

Each Technical Review Committee member evaluated each Qualifications 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 requirements with no deficiencies.
- Sufficient (5-6): meets RFQ requirements with no significant deficiencies.
- Minimal (3-4): meets RFQ requirements but contains some significant deficiencies.
- Marginal (1-2): comprehends intent of RFQ but contains many significant deficiencies.
- Unsatisfactory (0): requirements not addressed and lack of detail precludes adequate evaluation.

Weighting factors were then applied to each of the Technical Review Committee member’s raw scores for each criterion to arrive at a total weighted score as indicated in Table 2 below:

TABLE 2

Qualifications Proposal Evaluation Criteria	Weighting Factor (Applied to Raw Score)	Maximum Weighted Points
Design-Builder’s Experience on Comparable Projects including Specialized Experience, Technical Competence and Capability to Perform	3.0	30
Design-Builder’s Design Consultant’s Experience on Comparable Projects	2.5	25
Qualifications, Training Certifications and Past Experience of Required Key Team Members	3.0	30
Design-Builder’s Safety Modification Rating	0.5	5
Design-Builder’s Demonstrated Prior Affirmative Action Experience	0.5	5
Design-Builder’s Principal Location in Relation to Project Site	0.5	5
Total Possible Qualifications Proposal Points		100

For each Qualifications Proposal, the individual Qualifications Proposal Evaluation Criteria scores awarded by a particular Technical Review Committee member were added together to calculate a Total Qualifications Score for that Qualifications Proposal. The maximum Total Qualifications Score is 100. All of the Total Qualifications Scores awarded to a Qualifications Proposal by the Technical Review Committee members were added together and averaged to arrive at a Final Qualifications Score for each Qualifications Proposal submitted.

The results of the Technical Review Committee’s review and scoring of the Qualifications Proposals are listed in Table 3 below:

TABLE 3

Contractor	Qualifications Score	Qualifications Rank
Terminal Construction Corporation	67.500	1
Epic Management, Inc.	64.917	2
Ernest Bock & Sons, Inc.	63.167	3
Dobco, Inc.	63.000	4
The Morganti Group, Inc.	58.417	5

The RFQ stipulated that a shortlist consisting of a maximum of six (6) firms would be established comprised of the highest-ranked firms as determined through scoring of the Qualifications Proposals. Since each of the five (5) bidders submitted responsive Qualifications Proposals meeting the material terms of the RFQ, and each bidder’s Project Rating Limit met or exceeded the lowest value in the Advertised CCE Range, all five (5) bidders were shortlisted.

Request for Proposals

The RFP, representing the second phase of the procurement, was issued to the five (5) shortlisted firms on February 23, 2022 and required the firms to simultaneously submit a Technical Proposal and a Price Proposal.

The five (5) bidders were required to attend a mandatory pre-bid conference and a mandatory site visit. Both meetings were held on March 2, 2022.

In advance of submission of Technical and Price Proposals, bidders were permitted to submit questions seeking clarification of the procurement documents, until March 30, 2022. Addenda responses to Bidder Questions were issued to the bidders on March 10, March 24, April 5, April 14, April 21 and April 28, 2022.

Technical and Price Proposals were received on May 11, 2022 from four (4) bidders.

Public Opening of Technical and Price Proposals

Timely submitted Technical and Price Proposals were publicly opened on May 11, 2022. NJSDA Procurement Staff publicly read the Technical Proposal Synopsis Statement submitted by each Design-Builder and then, without publicly disclosing the pricing information or other contents of the Price Proposal, confidentially recorded the Bid Amount of each Design-Builder's Price Proposal.

Evaluation and Scoring of Technical Proposals

The Technical Proposal provided information pertaining to the bidder's understanding of the project scope and challenges as well as the bidder's approach to various elements of the project. Interviews were held with each of the four (4) Design-Build teams on May 23, 2022 affording members of the Technical Review Committee an opportunity to obtain any additional information from each team as needed to complete their evaluations of the Technical Proposals. The Technical Review Committee members separately evaluated the Technical Proposals based on the following criteria:

- Design-Builder's Understanding of Project Scope and Challenges
- Design-Builder's Approach to Design
- Design-Builder's Approach to Purchasing
- Design-Builder's Approach to Construction
- Design-Builder's Approach to Project Schedule
- Design-Builder's Approach to LEED requirements

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

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

Weighting factors were then applied to each of the Technical Review Committee member's raw scores for each criterion to arrive at a total weighted score as indicated in Table 4 below:

TABLE 4

Technical Proposal Evaluation Criteria	Weighting Factor (Applied to Raw Score)	Maximum Weighted Points
Design-Builder’s Understanding of Project Scope and Challenges	1.5	15
Design-Builder’s Approach to Design	2.0	20
Design-Builder’s Approach to Purchasing	2.0	20
Design-Builder’s Approach to Construction	2.0	20
Design-Builder’s Approach to Project Schedule	1.5	15
Design-Builder’s Approach to LEED Requirements	1.0	10
Total Possible Technical Proposal Points		100

For each Technical Proposal, the individual Technical Proposal Evaluation Criteria scores awarded by a particular Technical Review Committee member were added together to calculate a Total Non-Price Score for that Technical Proposal. The maximum Total Non-Price Score is 100. All Total Non-Price Scores awarded to a Technical Proposal by the Technical Review Committee members were added together and averaged to arrive at a Final Non-Price Score for each Technical Proposal.

The results of the Technical Review Committee’s review and scoring of the Technical Proposals are listed in Table 5 below:

TABLE 5

Contractor	Non-Price Score	Non-Price Rank
Dobco, Inc.	65.667	1
Terminal Construction Corporation	58.750	2
Ernest Bock & Sons, Inc.	58.250	3
Epic Management, Inc.	56.167	4

Scoring of Price Proposals

Once all the Technical Proposals were scored, the Price Proposals were scored in accordance with the procedure detailed in the RFP. The responsive Price Proposal with the lowest bid amount was awarded the maximum number of points for the price component, which is 100. All other Price Proposals were awarded points based on the percentage by which each bid amount exceeded the lowest bid amount.

The results of the NJSDA’s review and scoring of the Price Proposals are listed in Table 6 below:

TABLE 6

Contractor	Bid Amount	Price Score	Price Rank
Dobco, Inc.	\$74,000,000.00	100.000	1
Terminal Construction Corporation	\$74,984,000.00	98.670	2
Epic Management, Inc.	\$80,898,000.00	90.678	3
Ernest Bock & Sons, Inc.	\$85,585,000.00	84.345	4

As stipulated in the RFP, each Bid Amount is inclusive of NJSDA-established Allowances totaling \$1,200,000, as follows: \$500,000 for General Design and Construction; \$450,000 for Vehicular Closures; \$150,000 for Subsurface Conditions; and \$100,000 for Emergency Responder Radio System.

Calculation of Composite Scores

After the Price Scores were determined for all bidders, the Price Scores were adjusted by a weighting factor of 60%. The Non-Price Scores for “Other Factors” criteria were adjusted by a weighting factor of 40%. The weighted Price Score and weighted Non-Price Score for each bidder were added together for a Composite Score. The maximum Composite Score is 100. The Composite Scores and Final Rankings are listed in Table 7 below:

TABLE 7

Contractor	Raw Non-Price Score	Raw Price Score	Weighted Non-Price Score (40%)	Weighted Price Score (60%)	Composite Score	Final Rank
Dobco, Inc.	65.667	100.000	26.267	60.000	86.267	1
Terminal Construction Corporation	58.750	98.670	23.500	59.202	82.702	2
Epic Management, Inc.	56.167	90.678	22.467	54.407	76.874	3
Ernest Bock & Sons, Inc.	58.250	84.345	23.300	50.607	73.907	4

The highest ranked bidder was Dobco, Inc. (“Dobco”).

Highest Ranked Bidder’s Price Proposal

The bid submitted by Dobco was greater than the CCE and the upper limit of the advertised CCE Range. 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 May 26, 2022 with Dobco and staff from Procurement, Construction Operations, Program Operations, Design Studio and

Financial Operations to review the bid. The discussion verified that Bidder had included all project scope work in its bid and identified variances between the NJSDA's CCE and Dobco's Price Proposal in several areas, with the majority of the overall variance representing costs related to the building superstructure and interior construction resulting from current market conditions especially related to structural steel costs. Additionally, the logistics and complexity of undertaking construction in downtown Union City contributed to the increased costs. At the time of review, Dobco confirmed that its Price Proposal is inclusive of all scope elements contained in the Contract Documents.

The Construction Operations Director and the Financial Operations Director recommend award of the project to Dobco.

FINAL PROJECT CHARTER

The attached Final Project Budget represents the project budget inclusive of actual dollar values for the award of the Design-Build contract, current estimates for all future scope elements such as FF&E and technology, and appropriate contingencies. Additionally, the budget is inclusive of costs incurred related to site acquisition and demolition of the acquired properties, as well as NJSDA Staff costs for both Design and Project Management. The Final Project Charter budget of \$93.7 million represents an increase of approximately \$18.2 million from the Board-approved Revised Preliminary Project Charter due to increased construction costs based upon the award value for the design-build engagement. Additionally, the CM Fee, FF&E and Technology budgets have been increased to reflect more recent project experience.

RECOMMENDATION

The Members of the Authority are requested to approve the award of a contract to the highest ranked bidder, Dobco, Inc., for Contract No. HU-0029-B01 in the amount of \$74,000,000 inclusive of NJSDA-established Allowances totaling \$1,200,000. Prior to execution of the contract, the contract and related documentation will be reviewed and approved by the NJSDA Division of Chief Counsel.

The Members of the Authority are also requested to approve the attached Final Project Charter representing all expended and projected funds necessary for completion of the project.

/s/ Sean Murphy

Sean Murphy, Director, Procurement

/s/ Robert Ryan

Robert Ryan, Program Director, Construction Operations

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

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

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

Reviewed and Recommended by: Robert Carney, Director, Financial Operations

New Jersey Schools Development Authority Project Charter - Summary

Charter Date
06/08/22
Supersedes Charter Dated
12/04/19

Region: Northern
District: Union City
Project Name: New Grade 7 to 9 School
School Type: MS/HS
DOE # / Project #: 5240-N10-16-0AEN
Project Type (New/Add/Reno): New
Project Location: Union City, NJ
Number of Students: 827 (FES Capacity) 936 (Maximum Capacity)

Land Acquisition Required? Yes
Temporary Space Required? Yes No

Funding Source
2012 Capital Plan

Project Budget: \$ 93,696,300
Anticipated Substantial Completion Date: 06/25/25
Anticipated School Occupancy Date: September-25

Funding Allocated
\$93,696,300

Project Team Leader: Robert Ryan
Project Initiation Date: Mar-17
SDA Board - Project Charter Approval Date: 06/08/22

District Local Share
\$821,400

Charter Version and Date	Project Summary
<input type="checkbox"/> Planning	New Grades 7 to 9 School facility on District-acquired site to educate 827 students.
<input type="checkbox"/> Preliminary 12/04/19	
<input checked="" type="checkbox"/> Final 06/08/22	
Purpose for Advancement of Current/Revised Project Charter	
Revision # and Date	Approval of the Final Project Charter inclusive of final budget and schedule for the project based upon the award of the Design-Build contract.
<input type="checkbox"/> One	District Project Goals A new school to mitigate district-wide overcrowding at all grade levels.
<input type="checkbox"/> Two	
<input type="checkbox"/> Three	
<input type="checkbox"/> Four	
<input type="checkbox"/> Five	
<input type="checkbox"/> Six	

Recommendation

/s/ Robert Ryan	6/8/2022	/s/ Gregory Voronov /s/ Ritchard Sherman	6/8/2022
Program Director - Program Operations	Date	Managing Directors - Capital Planning / Design	Date
Robert Ryan		Gregory Voronov / Ritchard Sherman	
Vice President - Construction Operations	Date	VP - Prog. Ops. and Strategic Planning	Date
Vacant		Vacant	

Approval

/s/ Manuel Da Silva	6/8/2022
Chief Executive Officer	Date
Manuel Da Silva	

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

Charter Date

06/08/22

District / Project Name: Union City / New Grade 7 to 9 School
DOE # / Project #: 5240-N10-16-0AEN

Project Milestones	Date
School Occupancy Date	09/01/25

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

<u>Real Estate Services</u>	Start	Est.	Act.	Finish	Est.	Act.
Feasibility	03/18/16	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/01/16	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Site Investigations	03/18/16	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Complete	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Site Acquisition	09/26/19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Complete	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Relocation	Complete	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Complete	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Existing School Demolition & Site Work	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>
Early Site Package	09/08/21	<input type="checkbox"/>	<input checked="" type="checkbox"/>	04/28/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Deed Restriction Required?	TBD	Date				
District Notified?	_____	<input type="checkbox"/>	<input type="checkbox"/>			
Classification Exception Area?	TBD					
District Notified?	_____	<input type="checkbox"/>	<input type="checkbox"/>			

Special Considerations

<u>Design:</u>	Date	Est.	Act.	Start	Est.	Act.	Finish	Est.	Act.
Design Start (NTP)	12/17/18	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Design Restart (if applicable)	NA	<input type="checkbox"/>	<input type="checkbox"/>						
Program Concept Phase	12/17/18	<input type="checkbox"/>	<input checked="" type="checkbox"/>	03/01/21	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Schematic Design	01/12/21	<input type="checkbox"/>	<input checked="" type="checkbox"/>	07/15/21	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bridging Documents	04/26/21	<input type="checkbox"/>	<input checked="" type="checkbox"/>	02/22/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Design-Build Bid/Award	11/15/21	<input type="checkbox"/>	<input checked="" type="checkbox"/>	07/21/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>
Design-Build NTP	07/22/22	<input checked="" type="checkbox"/>	<input type="checkbox"/>	07/22/22	<input type="checkbox"/>	<input checked="" type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>
Final Design	07/22/22	<input checked="" type="checkbox"/>	<input type="checkbox"/>	05/03/23	<input type="checkbox"/>	<input checked="" type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>

Special Considerations

<u>Construction:</u>	Date	Est.	Act.
Construction Start (NTP)	05/04/23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Substantial Completion (TCO)	06/25/25	<input checked="" type="checkbox"/>	<input type="checkbox"/>
School Occupancy Date	Sep-25	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Title Transfer	08/24/25	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Completion (C of O)	09/22/25	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Post Occupancy Walk Through	05/20/26	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Project Close-Out	06/18/26	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

The above schedule information is based upon the NJSDA's schedule for project completion consistent with the contract requirements for the design-build engagement. Adjustments to the Charter schedule may be made after review and approval of the design-builder awardee's proposed project schedule.

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

Charter Date

06/08/22

District / Project Name: Union City / New Grade 7 to 9 School
DOE # / Project #: 5240-N10-16-0AEN

2012 Capital Plan Funding Allocation \$ **93,696,300**

Special Considerations:

The project budget is based upon the award amount for the Design-Build engagement, current estimates for all project scope elements and estimated costs for future scope elements. The award amount is inclusive of NJSDA-established Allowances totaling \$1,200,000, as follows: \$500,000 for General Design and Construction; \$450,000 for Vehicular Closures; \$150,000 for Subsurface Conditions; and \$100,000 for Emergency Responder Radio System

Project Budget:

Gross Building Area (GSF):		Grossing Factor:
		1.56
	New	132,000
	Addition	0
	Renovation	0
Total Gross Building Area (GSF):		132,000
Estimated Building Cost / GSF		
New Construction Cost/GSF	\$492.48	
Renovation Cost/GSF		

Design-Builder Costs

Design	\$3,600,000
Building Costs	\$65,007,500
Site Development Costs	\$5,392,500
Allowances	\$1,200,000
Design Contingency	\$0
Construction Contingency	\$3,700,000

Total Construction Costs **\$78,900,000**

Pre-Development Costs:

Consultant Services	\$1,600,000
ESP Demolition & Tank Removal	\$567,700
Land Acquisition	\$1,960,000
Relocation	\$250,000
Property Maintenance/Carry Costs	\$200,000

Total Pre-Development Costs **\$4,577,700**

Other Costs: %

In-House Design & Project Management	\$2,440,000
PMF/CM	\$2,400,000
FF&E	\$2,400,000
Technology	\$2,800,000
Commissioning	\$0
Temporary Space	\$0
Other Costs	\$1,000,000

Total Other Costs **\$11,040,000**

Other Funding Sources

Rebates & Refunds	\$0
District Local Share Funds	(\$821,400)

Total Other Funding Sources **(\$821,400)**

Total Project Budget **\$93,696,300**

Funding from Prior Allocation **\$0**

Funding from 2012 Capital Plan **\$93,696,300**

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

Charter Date

06/08/22

District / Project Name: Union City / New Grade 7 to 9 School
DOE # / Project #: 5240-N10-16-0AEN

Project Budget:

	Rev. Prelim. Charter 12/4/2019	Final Charter	VARIANCE Fav/(Unfav)
Grossing Factor:	1.55	1.56	-0.01
Gross Building Area (GSF):			
New	125,000	132,000	(7,000)
Addition	0	0	0
Renovation	0	0	0
Total Gross Area (GSF):	125,000	132,000	(7,000)
Design-Builder Costs			
Design	\$2,590,000	\$3,600,000	(\$1,010,000)
Building Costs	\$44,019,000	\$65,007,500	(\$20,988,500)
Site Development Costs	\$7,091,000	\$5,392,500	\$1,698,500
Allowances	\$750,000	\$1,200,000	(\$450,000)
Design Contingency	\$4,000,000	\$0	\$2,600,000
Construction Contingency	\$2,300,000	\$3,700,000	
Total Construction Costs	\$60,750,000	\$78,900,000	(\$18,150,000)
Pre-Development Costs:			
Consultant Services	\$1,500,000	\$1,600,000	(\$100,000)
ESP Demolition & Tank Removal	\$400,000	\$567,700	(\$167,700)
Land Acquisition	\$2,116,400	\$1,960,000	\$156,400
Relocation	\$550,325	\$250,000	\$300,325
Property Maintenance/Carry Costs	\$176,200	\$200,000	(\$23,800)
Total Pre-Development Costs	\$4,742,925	\$4,577,700	\$165,225
Other Costs:			
In-House Design & Project Management	\$2,440,000	\$2,440,000	\$0
PMF/CM	\$2,100,000	\$2,400,000	(\$300,000)
FF&E	\$2,300,000	\$2,400,000	(\$100,000)
Technology	\$2,200,000	\$2,800,000	(\$600,000)
Commissioning	\$0	\$0	\$0
Temporary Space	\$0	\$0	\$0
Other Costs	\$1,000,000	\$1,000,000	\$0
Total Other Costs	\$10,040,000	\$11,040,000	(\$1,000,000)
Other Funding Sources			
Rebates & Refunds	\$0	\$0	\$0
District Local Share Funds	\$0	(\$821,400)	\$821,400
Total Other Funding Sources	\$0	(\$821,400)	\$821,400
Total Project Budget	\$75,532,925	\$93,696,300	(\$18,163,375)
Funding from Prior Allocation	\$0	\$0	\$0
Funding from 2012 Capital Plan	\$75,532,925	\$93,696,300	(\$18,163,375)

Budget Variance Analysis:

The project budget represents a net increase of approximately \$18.2 million from the Board approved Revised Preliminary Project Charter due to increased construction costs based upon the award value of the design-build engagement. The values estimated within the Preliminary Project Charter were based upon the application of planning assumptions to proposed project scope at the time the charter was advanced for approval in December 2019. The increased cost are attributable to cost escalation and complexity of the construction in a tight urban setting. Additionally, the CM Fee, FF&E and Technology budgets have been increased to reflect more recent project experience. These increases are partially offset through the utilization of design contingency included within the Preliminary Project Charter to account for potential cost increases prior to the award of the design-build contract.

Resolution—6c.

Approval of Design-Build Services Award and Final Project Charter

District:	Union City Public School District
School:	New Grade 7-9 School
Description:	Design-Build
Package No.:	HU-0029-B01
CCE:	\$65,300,000
Advertised CCE Range:	\$58,000,000 to \$68,000,000
Award:	\$74,000,000
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 final project charters; and

WHEREAS, the new Union City Grade 7-9 School (School) is planned to be an approximately 132,000 square foot facility to educate 827 students; and

WHEREAS, on December 4, 2019, the Members of the Authority approved the revised preliminary project charter for the new School and on August 4, 2021, the Members approved the engagement of a contractor to perform site preparation activities; and

WHEREAS, at this time, all demolition and underground storage tank activities have been completed; and

WHEREAS, beginning November 15, 2021 SDA advertised a package for design-build services with price weighted as 60% of the composite score and all non-price factors having a combined weight of 40% of the composite score; and

WHEREAS, the design-builder will complete the design of the new School facility utilizing SDA-developed schematic design documents and will also provide both construction and construction administration services, including securing all required permits and approvals, for construction of the School; and

WHEREAS, upon completion of the competitive procurement process, the construction operations director and the financial operations director recommend award of the contract to the highest ranked bidder, Dobco Inc (Dobco), for Contract No. HU-0029-B01 in the amount of \$74,000,000, inclusive of SDA-established allowances totaling \$1,200,000; and

WHEREAS, at the time of review, Dobco confirmed that its price proposal is inclusive of all scope elements contained in the contract documents; and

WHEREAS, along with the contract award, SDA executive management recommends that the Board approve the final charter for the Project as presented to the Board on this date and representing all expended and projected funds necessary for completion of the School; and

WHEREAS, the background of the Project, a detailed description of the procurement process followed and the specifics of the final charter recommended for approval are set forth in detail 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 in the amount of \$74,000,000, inclusive of SDA-established allowances totaling \$1,200,000, to the highest ranked bidder, Dobco Inc. for the new Grade 7-9 School in the Union City School District.

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

BE IT FURTHER RESOLVED, that the Members of the Authority also approve the Project's final charter as 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 the same, in which case such action shall become effective upon such approval.

Attached: Memorandum, Design-Build Award and Approval of Final Project Charter, Union City Public School District, New Grade 7-9 School (Contract No. HU-0029-B01), dated June 8, 2022

Dated: June 8, 2022

**REPORT AND RECOMMENDATIONS OF THE REAL ESTATE COMMITTEE
(CHAIRMAN'S REPORT) – TO BE PROVIDED IN EXECUTIVE SESSION**

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: June 8, 2022

SUBJECT: Active Project Status Report
(For Informational Purposes Only)

The 1st section of the report includes an Activities Summary of projects identified for advancement in the Authority's Capital Plans.

The 2nd part of the report displays project completion milestones for all other active major capital projects and emergent projects for which a contract for construction has been awarded.

2011 & 2012 Portfolio Projects Activities Summary

as of 5/23/22

2011 Portfolio Projects - sorted by District

1

District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Bridgeton	Buckshutem ES	K-8	581	645	\$23.3	Kit of Parts/ Design-Build	School occupied Sep. 2016. (Bock)	5/31/13
Bridgeton	Quarter Mile Lane ES	PK-8	731	795	\$39.0	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Bock)	5/31/13
Elizabeth	Frank J. Cicarell Academy (Academic HS)	9-12	1,091	1,284	\$64.1	Existing Design	School occupied Sep. 2016. (Patoek)	12/8/11 7/11/12
Jersey City	Patricia M. Noonan ES (ES 3)	PK-5	778	848	\$54.0	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Dobco, Inc.)	6/25/12 2/25/13
Jersey City	Dr. Maya Angelou PS #20	K-5	628	698	\$49.3	Existing Design	School occupied Sep. 2016. (Dobco, Inc.)	4/17/12 3/6/13
Long Branch	Catrambone ES	PK-5	794	867	\$40.0	Existing Design	School occupied Sep. 2014. (Terminal Construction)	12/20/11
New Brunswick	Redshaw ES	PK-5	906	990	\$51.2	Kit of Parts/ Design-Build	School occupied Jan. 2015. (Hall Construction)	5/29/12
Newark	Oliver St. ES	PK-8	848	932	\$73.6	Kit of Parts/ Design-Build	School occupied May 2016. (Epic Management)	6/27/12 11/29/12
Paterson	Dr. Hani Awadallah ES (Marshall St. ES)	K-8	650	722	\$55.2	Existing Design	School occupied Sep. 2016. (Dobco, Inc.)	6/13/12 2/12/13
Paterson	PS 16	PK-8	641	705	\$62.4	Kit of Parts/ Design-Build	School occupied Sep. 2016. (Hall Construction)	3/27/12 8/28/13
West New York	Harry L. Bain PS 6	PK-6	736	814	\$16.8	Design-Bid-Build	School occupied Sep. 2017. (Paul Otto)	2/27/12 12/29/15

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.

NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions. Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

2011 & 2012 Portfolio Projects Activities Summary

as of 5/23/22

2012 Portfolio Projects - sorted by District

1

District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Gloucester City	Elementary/Middle School	4-8	687	763	\$65.3	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Terminal)	3/4/14
Keansburg	Caruso ES	K-4	758	842	\$50.9	Kit of Parts/ Design-Build	School occupied Sep. 2016. (Hall Construction)	10/20/11 6/27/13
Keansburg	Port Monmouth Road School	PK	318	318	\$28.4	Design-Bid-Build	Award for D-B approved Nov. 2019 Board. (Niram)	6/24/19
New Brunswick	Robeson ES	PK-5	823	893	\$48.5	Kit of Parts/ Design-Build	School occupied Sep. 2018. (Hall Construction)	4/22/15
Newark	Elliot Street ES	PK-8	848	932	\$46.7	Kit of Parts/ Design-Build	School occupied Jan. 2016. (Hall Construction)	12/27/12
Newark	South Street ES	PK-8	597	657	\$69.9	Kit of Parts/ Design-Build	School occupied Sep. 2018. (Bock)	6/28/13 6/29/15
Passaic	Dayton Ave. Campus	PK-8	2,760	3,020	\$240.9	Kit of Parts/ Design-Build	Award for D-B approved Nov. 2017 Board. (Terminal)	6/13/17
Phillipsburg	High School	9-12	1,846	2,172	\$127.5	Existing Design	School occupied Sep. 2016. (Epic Management)	9/27/12
West New York	Memorial HS	9-12	1,859	2,194	\$16.0	Alternative Delivery (acquisition) & Renovation	Acquisition of Existing St. Joseph's HS complete. Renovation work delegated to District via Grant.	n/a

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.
NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions.
 Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

2011 & 2012 Portfolio Projects Activities Summary

as of 5/23/22

2012 Portfolio Projects (Educational Priority that require further conversations with District & 2013 Amended Projects) - sorted by District

1								
District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
East Orange	Sheila Y. Oliver Academy (GW Carver ES)	PK-5	470	512	\$41.2	Kit of Parts/ Design-Build	School delivered Sep. 2020 (Dobco)	4/26/16 1/20/17
Elizabeth	New ES @ Halloran PS #22 ES Site	2-8	860	956	\$55.3	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Torcon)	6/9/14
Garfield	James Madison ES	K-5	275	305	\$29.7	Existing Design	School occupied Sep. 2018. (Brockwell & Carrington)	2/19/14 6/30/15
Harrison	New ES	PK - 1	392	432	\$36.1	Kit of Parts/ Design-Build	School delivered Nov. 2020 (Dobco)	11/10/15 7/13/16
Irvington	Madison Avenue ES	PK-5	463	504	\$38.6	Kit of Parts/ Design-Build	School occupied Sep. 2019. (Bock)	11/19/15 8/16/16
Millville	Senior HS Addition/Renovation	HS	2,026	2,384	\$145.0	Design-Build	Award for D-B approved Apr. 2017 Board. (Hall Construction)	9/30/16
Passaic	Sonia Sotomayor ES (New ES @ Leonard Place)	K-5	628	698	\$55.9	Kit of Parts/ Design-Build	School occupied Sep. 2019. (Dobco, Inc.)	8/13/15
Paterson	New MS @ Union Ave.	6-8	996	1107	\$113.9	Design-Build	Award for D-B approved Sep. 2018 Board. (Epic Management)	3/2/17 4/26/18
Pemberton	Denbo-Crichton ES	PK-5	846	930	\$58.7	Design-Build	School delivered Sep. 2020. (Bock)	3/1/17 9/13/17
Perth Amboy	High School	HS	2,800	3,295	\$283.8	Design-Build	Award for D-B approved Nov. 2019 Board. (Terminal)	3/26/19
Perth Amboy	Rose M. Lopez ES (Seaman Avenue ES)	K-5	724	804	\$56.4	Kit of Parts/ Design-Build	School occupied Sep. 2019. (Epic Management).	2/3/16
Plainfield	New Woodland ES	K-5	756	840	\$59.4	Kit of Parts/ Design-Build	Award for D-B approved Feb. 2020 Board. (Epic Management)	5/23/18 8/29/19
Union City	New Grade 7 to 9 School	7-9	756	840	\$75.5	Kit of Parts/ Design-Build	Award for D-B advancing to the Jun. 2022 Board	5/19/21 11/15/21
Vineland	Lincoln Ave. MS (New MS)	6-8	562	624	\$49.8	Kit of Parts/ Design-Build	School occupied Sep. 2018. (Bock).	9/24/15

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.
NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions.
 Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

2011 & 2012 Portfolio Projects Activities Summary

as of 5/23/22

2012 Portfolio Projects (Facilities Deficiencies) - sorted by District

1								
District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Camden	High School	9-12	1,244	1,468	\$132.6	Design-Build	School occupied Sep. 2021 (Bock)	6/9/17 3/23/18
Hoboken	Demarest ES	ES	TBD	TBD	TBD	Design-Bid-Build	Pre-Design Services ongoing.	TBD
Orange	Cleveland St. ES	PK-6	316	348	\$38.9	Design-Bid-Build	Award for GC approved Mar. 2019 Board. (Brockwell & Carrington)	9/10/18 11/14/18
Orange	High School	9-12	1,440	1,694	\$56.1	Design-Bid-Build	Award for GC approved Mar. 2019 Board. (Terminal)	10/12/18
Trenton	Central HS	10-12	1,850	2,176	\$155.4	Design-Build	School occupied Sep. 2019. (Terminal)	12/19/14 9/29/15

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.
NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions.
 Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

Active Project Status Report

Status as of 5/1/2022

Major Capital Projects - With Contract for Building Construction Awarded

#	District	Project Name	Project Scope	Project Status	Substantial Completion	Status Substantial Completion	School Opening	Status of School Opening	Total Estimated Project Cost
1	City of Orange	Cleveland Street ES	Addition/Renovation	Construction	Under Review	Under Review	Under Review	Under Review	\$ 38,860,332
2	City of Orange	Orange High School	Addition/Renovation	Construction	3Q 2022	On-target	Phased	On-target	\$ 56,063,605
3	Keansburg	Port Monmouth Road School	Addition/Renovation	Construction	3Q 2022	On-target	Sep-22	On-target	\$ 28,440,130
4	Millville	Millville Senior High School	Addition/Renovation	Construction	3Q 2022	On-target	Phased	On-target	\$ 145,005,733
5	Perth Amboy	New High School	New Construction	Construction	2Q 2024	On-target	Sep-24	On-target	\$ 283,830,000
6	Plainfield	New Woodland ES	New Construction	Construction	3Q 2023	On-target	Sep-23	On-target	\$ 59,440,000

Active Project Status Report

Status as of 5/1/2022

Emergent Projects - With Contract for Construction Awarded

#	District	Project Name	Project Scope	Project Phase	Substantial Completion	Status Substantial Completion	Final Completion	Status of Final Completion	Total Estimated Project Cost
1	Irvington	Grove Street School	Boiler Replacement	GCTO w/ Design Design Phase	2Q 2023	On Target	2Q 2023	On-Target	\$ 3,762,782
2	Newark	Cleveland School	Boiler Room Vault Repairs	GCTO w/ Design Design Phase	2Q 2023	On Target	2Q 2023	On-Target	\$ 1,664,389
3	Newark	Ivy Hill School	Boiler Room Vault Repairs	Construction	2Q 2022	On Target	2Q 2022	On-Target	\$ 1,758,900
4	Newark	Malcolm X. Shabazz HS	Structural Repairs	Construction	2Q 2022	On Target	2Q 2022	On-Target	\$ 3,189,000
5	Newark	Roberto Clemente School	Sub-Basement Water Infiltration	Construction	3Q 2022	On Target	4Q 2022	On-Target	\$ 1,456,800
6	Newark	Techonology High School	Structural Vault Repairs and Façade Repairs	GCTO w/ Design Design Phase	2Q 2022	On Target	2Q 2022	On-Target	\$ 2,867,680
7	Paterson	PS #5	Roof Replacement & Masonry Repairs	Construction	2Q 2022	On Target	2Q 2022	On-Target	\$ 10,968,112
8	Plainfield	Plainfield HS	Boiler Room Roof Repairs	Construction	3Q 2022	On Target	4Q 2022	On-Target	\$ 674,800

PROJECT STATUS REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director – Program Operations

DATE: June 8, 2022

SUBJECT: Executive Summary – Monthly Project Status Reports

MONTHLY PROJECT STATUS REPORT

Projects that have Expended 75% or More of Board Approved Contingency:

No activity during the reporting period

Projects Greater than 90 Days Behind Schedule:

No activity during the reporting period

Revisions to Project Charters:

No activity during the reporting period

Projects that have Expended 75% or More of Board Approved Contingency

Reporting Period: January 2008 to April 2022

District	Project	Board Approved Project Charter Contingency	Contingency Expended/Committed	Contingency Remaining ¹	% of Contingency Expended/Committed	Project Completion %	Cause(s)	Current Status
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In Construction

Millville	Millville Senior HS - Addition & Renovation	\$5,000,000	\$5,000,000	\$0	100.0%	84%	Board approved additional building condition repair work and flood hazard area mitigation work added to the project.	Project is in construction and scheduled for completion per the original schedule. Revised Final Project Charter approved by the CEO in June 2021 to allocate additional contingency to the project from the Unforeseen Events Reserve.
Orange	Orange HS - Addition & Renovation	\$4,525,000	\$4,525,000	\$0	100.0%	90%	Unforeseen conditions related to the site and renovation portions of the project and connection of the HS to the Orange Preparatory Academy.	Project is in construction and scheduled for completion this year. Revised Final Project Charter approved by the CEO to allocate additional contingency to the project from the Unforeseen Events Reserve.

Substantially Complete & Building Occupied

Please refer to the Project Close-Out Activity Report for status of close-out activities

Newark	Speedway Avenue E.S.	\$1,826,000	\$1,754,119	\$71,881	96.1%	99%	1. Removal of unforeseen impacted materials	Project complete and building occupied. Project close-out pending resolution of open contracts.
West New York	West New York P.S. #2	\$2,708,883	\$2,708,883	\$0	100.0%	99%	1. Unforeseen site foundation issues	Project complete and building occupied. Project close-out pending resolution of open contracts.

¹ Does not include expended contingency or contingency funds allocated for change orders, amendments



Projects Greater than 90 Days Behind Schedule or with Occupancy Date in Jeopardy

Reporting Period: April 2022

#	Event Date	District	Project	Board Approved Project Charter SubComp Date	Current Contract SubComp Date	Forecasted Contract SubComp Date	# of Days Behind Schedule	Cause(s)	Current Status
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No Data During the Reporting Period



Revisions to Project Charters

Reporting Period: April 2022

#	District	Project	Financial & Schedule Impacts	Additional Funds Approved	Additional Funds as % of Total Project Budget	Operating Authority Approval Requirement	Description of Revision
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No Data During the Reporting Period

CONTRACTS EXECUTED REPORT/AMENDMENTS & CHANGE ORDERS REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Program Operations

DATE: June 8, 2022

SUBJECT: Contracts Executed Report and Amendments & Change Orders Report
(For Informational Purposes Only)

Contracts Executed Report

This report contains the activity of Contracts executed during the period April 1 through April 30, 2022.

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 April 1 through April 30, 2022.

Noteworthy Items during the reporting period:

- 6 Professional Services Amendments were executed during the reporting period totaling a credit of \$331k, of the 6 executed amendments none required Board approval.
- 33 Construction Services Change Orders were executed during the reporting period totaling \$2.6 million, of the 33 executed change orders 2 required Board Approval totaling \$2.5 million.

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



STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY

Amendments & Change Orders Report

Reporting Period: 4/1/2022 through: 4/30/2022

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %
Professional Services													
Design Consultant													
City Of Orange Township	Orange H.S.	ES-0042-A01	5/5/2015	21	Kliment Halsband Architects LLP	4/1/2022	\$3,558,511	\$513,970	\$54,000			\$4,126,481	15.96%
Design Consultant													
Construction Management Services													
Bridgeton	Bridgeton Senior H.S.	EP-0105-M02	8/27/2020	1	GREYHAWK North America LLC	4/27/2022	\$677,400	\$0	(\$98,548)			\$578,852	-14.54%
Bridgeton	Bridgeton Senior H.S.	EP-0105-M02	8/27/2020	2	GREYHAWK North America LLC	4/27/2022	\$677,400	(\$98,548)	(\$20,000)			\$558,852	-17.50%
Camden City	Camden H.S.	CA-0022-M01	2/20/2019	1	CBRE Heery, Inc.	4/12/2022	\$2,645,285	\$0	(\$187,030)			\$2,458,255	-7.07%
Camden City	Camden H.S.	CA-0022-M01	2/20/2019	2	CBRE Heery, Inc.	4/12/2022	\$2,645,285	(\$187,030)	(\$40,000)			\$2,418,255	-8.58%
Passaic City	Dayton Ave. Educational Campus	NT-0052-M02	5/21/2018	2	Gilbane Building Company	4/26/2022	\$4,043,560	(\$434,787)	(\$40,000)			\$3,568,773	-11.74%
Construction Management Services													
Professional Services													
									(\$331,578)				
Construction Services													
Contractor													
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	65	Terminal Construction Corp.	4/6/2022	\$37,000,000	\$4,034,364	\$67,931			\$41,102,295	11.08%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	81	Terminal Construction Corp.	4/6/2022	\$37,000,000	\$4,102,295	\$582,965	Y	2/2/2022	\$41,685,260	12.66%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	106	Terminal Construction Corp.	4/6/2022	\$37,000,000	\$4,685,260	\$7,913			\$41,693,172	12.68%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	108	Terminal Construction Corp.	4/6/2022	\$37,000,000	\$4,693,172	\$50,000			\$41,743,172	12.81%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	124	Terminal Construction Corp.	4/6/2022	\$37,000,000	\$4,743,172	\$14,876			\$41,758,048	12.85%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	68	Terminal Construction Corp.	4/7/2022	\$37,000,000	\$4,758,048	\$5,682			\$41,763,730	12.87%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	88	Terminal Construction Corp.	4/7/2022	\$37,000,000	\$3,944,919	\$18,393			\$40,963,312	10.71%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	105	Terminal Construction Corp.	4/7/2022	\$37,000,000	\$4,763,730	\$10,421			\$41,774,151	12.90%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	123	Terminal Construction Corp.	4/7/2022	\$37,000,000	\$4,774,151	\$17,881			\$41,792,032	12.95%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	125	Terminal Construction Corp.	4/7/2022	\$37,000,000	\$4,792,032	\$83,499			\$41,875,531	13.17%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	21	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,875,531	\$3,516			\$41,879,047	13.18%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	25	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,879,047	\$5,603			\$41,884,650	13.20%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	29	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,884,650	\$5,547			\$41,890,197	13.21%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	107	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,890,197	\$17,468			\$41,907,664	13.26%

Amendments & Change Orders Report

Reporting Period: 4/1/2022 through: 4/30/2022

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	109	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,907,664	\$20,480			\$41,928,145	13.31%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	110	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,928,145	\$4,569			\$41,932,714	13.33%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	111	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,932,714	\$10,009			\$41,942,723	13.35%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	112	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,942,723	\$2,390			\$41,945,113	13.36%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	113	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,945,113	\$9,836			\$41,954,949	13.39%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	117	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,954,949	\$4,479			\$41,959,427	13.40%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	118	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,959,427	\$22,903			\$41,982,331	13.46%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	133	Terminal Construction Corp.	4/28/2022	\$37,000,000	\$4,982,331	\$70,000			\$42,052,331	13.65%
Keansburg Borough	Port Monmouth Road School	ET-0098-C01	12/19/2019	8	Niram Inc.	4/13/2022	\$18,645,000	\$1,092,571	\$62,650			\$19,800,221	6.19%
Millville Newark	Millville Early Childhood Center	ST-0010-C02	8/20/2021	2	T.N. Ward Company	4/27/2022	\$434,943	(\$10,000)	(\$60,556)			\$364,387	-16.22%
	Ivy Hill	EP-0111-C01	5/25/2021	2	Catcord Construction Co., Inc.	4/8/2022	\$843,900	\$14,836	\$918			\$859,653	1.86%
Newark	Ivy Hill	EP-0111-C01	5/25/2021	3	Catcord Construction Co., Inc.	4/8/2022	\$843,900	\$15,753	\$3,919			\$863,573	2.33%
Newark	Malcolm X. Shabazz H.S.	EP-0114-C01	10/4/2021	2	Hall Building Corporation	4/27/2022	\$1,699,000	\$13,206	(\$380,000)			\$1,332,206	-21.58%
Paterson	Number 5 E.S.	EP-0113-C01	6/15/2021	8	Paul Otto Building Co., Inc.	4/8/2022	\$7,494,000	\$309,159	\$22,244			\$7,825,403	4.42%
Paterson	Number 5 E.S.	EP-0113-C01	6/15/2021	5	Paul Otto Building Co., Inc.	4/20/2022	\$7,494,000	\$331,403	\$21,694			\$7,847,097	4.71%
Millville	High School	ST-0046-B01	05/24/2017	21	Hall Construction Co., Inc.	4/1/2022	\$114,453,000	\$5,028,854	\$1,915,177	Y	5/6/2020	\$121,397,031	6.06%
Millville	High School	ST-0046-B01	05/24/2017	42	Hall Construction Co., Inc.	4/8/2022	\$114,453,000	\$6,944,031	\$22,221			\$121,419,252	6.08%
Newark	Oliver Street E.S.	NE-0013-B01	04/17/2013	13	Epic Management, Inc.	4/11/2022	\$40,895,000	\$234,311	(\$74,900)			\$41,054,411	0.38%
Perth Amboy	New Perth Amboy High School	ET-0099-B01	01/06/2020	10	Terminal Construction Corp.	4/6/2022	\$247,950,000	\$2,777,817	\$8,000			\$250,735,817	1.12%

Contractor	
Construction Services	\$2,577,728

	Total Change Order Summary	Total Change Orders
Grand Totals	\$2,246,150	39

Column Description Legend	
CO Execution Date	Date the Change Order was entered into the SIMS system
Revised Contract Amount	Current value of the contract (excluding additional assignments) including current change order

CONTRACT TERMINATIONS REPORT *(no activity)*

SETTLEMENT CLAIMS *(no activity)*

DIVERSITY AND WORKFORCE PARTICIPATION REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Karon L. Simmonds, Director, Risk Management

DATE: June 8, 2022

SUBJECT: Diversity and Workforce Participation Monthly Update for March 2022

The Risk Management staff continues to participate at mandatory pre-bid and pre-construction meetings to instruct and inform bidders regarding SDA’s Small Business Enterprise (SBE) and Workforce goals, policies and procedures, including:

- SBE subcontracting goal of 25% of all contracts
- County workforce goals for minorities and females
- Local county workforce goals for minorities and females
- Detailed process procedures to monitor and track the progress made toward these goals throughout the life cycle of each project

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 ATTAINMENT

The SDA regularly exceeds the State-mandated 25% SBE goal. The total SDA contract dollars awarded through March 31, 2022 was \$5,022,896. The total contract dollars awarded to all SBE contractors was \$784,405 (including minorities, women and veterans). This represents an initial participation of 15.61% of all SDA contracts awarded in calendar year 2022. Participation will continue to increase as the Prime contractor continues to hire additional subcontractors/subconsultants through the lifecycle of the construction project.

Diversity Breakdown

Type of Business Enterprise	Contract Amount	% of Total SDA Contracts
Small Business Enterprises	\$ 709,480	14.12%
Small/ Minority Business Enterprises	\$ 74,925	1.49%
Small/Women Business Enterprises	\$ -0-	0.00%
Small/Veteran Owned Business Enterprises	\$ -0-	0.00%
Small/Minority/Women Business Enterprises	\$ -0-	0.00%
TOTAL DIVERSITY CONTRACTS	\$ 784,405	15.61%

WORKFORCE PARTICIPATION

For the month of March 2022, there was a contractor workforce of 513 on SDA projects. This represents a total of 44,066 contractor workforce hours as follows:

Contractor Workforce Breakdown (All Trades/Districts/Counties)			
Ethnicity	Total Workforce	Total Workforce Hours	Workforce Hours Percentage
Black	27	2,801	6.36%
Hispanic	106	8,957	20.33%
American Indian	2	48	0.11%
Asian	0	0	0.00%
Total Minority Participation	135	11,806	26.79%
Total Non-Minority Participation	378	32,260	73.21%
Total Contractor Workforce	513	44,066	100.00%

There was a contractor workforce of 113,000 total workforce hours and 414 total female workforce hours on SDA projects for the period of January 1, 2022 through March 31, 2022. The following table highlights the *Local County Contractor Workforce* participation for this period:

Local County Contractor Workforce Participation	Workforce Hours	Percentage
*Total Workforce Hours	113,000	100.00%
*Total Local County Workforce Hours	10,649	9.42%
Total Local County Non-Minority Workforce Hours	5,214	4.61%
Total Local County Female Workforce Hours	0	0.00%
Total Local County Minority Workforce Hours	5,435	4.81%
**Local County Workforce Hours by Ethnicity:		
Black	1,716	1.52%
Hispanic	3,719	3.29%
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.

The following table represents contractor minority and female workforce for all SDA active Capital Projects and all active and completed Emergent Projects for the period of January 1, 2022 through March 31, 2022.

SDA Managed Project	Total Workforce Hours	Minority Workforce Hours & Percentage		Local County Workforce Hours & Percentage	
Port Monmouth Road School	10,128	2,486	24.55%	0	0.00%
Millville HS	21,944	5,454	24.85%	2,767	12.61%
Dayton Ave Campus	779	97	12.45%	0	0.00%
Union Ave MS	476	149	31.30%	0	0.00%
Cleveland ES	698	75	10.74%	0	0.00%
Orange HS	5,511	1,463	26.55%	0	0.00%
Perth Amboy HS	51,478	10,773	20.93%	3,974	7.72%
Plainfield ES	18,788	6,714	35.74%	3,908	20.80%
Emergent Projects	3,174	1,452	45.75%	0	0.00%

Prepared by: Charlotte Brooks

REGULAR OPERATING DISTRICTS (RODs) ACTIVITY REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Program Operations

DATE: June 8, 2022

SUBJECT: Regular Operating District Grant Activity Report
(For Informational Purposes Only)

This report summarizes the Regular Operating District Grant activity from inception to date and for the month of April 2022. Also included is a detailed list of grants executed and grants offered during the reporting period if applicable.

Monthly Update:

- No grants were offered during the reporting period.
- No grants were executed during the reporting period.
- 2 grants impacting 1 district were closed out during the reporting period representing total project costs of \$5.9 million and state share of \$2.2 million.
- Since inception, over \$2.9B has been disbursed to 524 regular operating districts through the grant program.
- Since inception over \$3.3B in funding has been approved by the Department of Education and offered to regular operating districts through the grant program.



SCHOOLS DEVELOPMENT AUTHORITY

Monthly Regular Operating District Grant Report - Summary

April 2022

ROD Grant Summary Since Program Inception				
	Offered ¹	Executed	Closed-Out	Active
Districts Impacted	-	524	520	52
Number of Grant Projects	-	5,404	5,195	209
Total Project Cost Estimate	\$ -	\$ 8,942,015,784	\$ 8,777,147,629	\$ 164,868,155
Grant Amount	\$ -	\$ 3,001,524,497	\$ 2,921,839,272	\$ 79,685,225
Amount Disbursed	N/A	\$ 2,948,587,178	\$ 2,921,839,272	\$ 26,747,906

Total Funding Offered to School Districts via Grant Program	\$ 3,342,209,450
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Total ROD Grant Funding remaining for new Grant Projects	\$ 118,060,547
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1. Includes grants that have been offered to District's but have not yet been executed.

Monthly Activity ROD Grant Summary		
	Executed	Closed-Out
Districts Impacted	-	1
Number of Grant Projects	-	2
Total Project Cost Estimate	\$ -	\$ 5,870,640
Grant Amount	\$ -	\$ 2,210,924
Amount Disbursed	NA	\$ 2,210,924

* Report is inclusive of all Regular Operating Districts grants (including vocational school districts).

** Total Project Cost Estimate and Grant Amount may be adjusted as the projects advance. Grant Amount is capped at the value approved in the DOE Final Eligible Cost Approval.

**NOTIFICATION OF AMENDMENTS TO GOODS AND SERVICES CONTRACTS NOT
EXCEEDING \$100,000 OR 10% OF THE CONTRACT VALUE (*no activity*)**

COMMUNICATIONS MONTHLY REPORT *(no report)*

MONTHLY FINANCIAL REPORT



MEMORANDUM

TO: Members of the Authority

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

DATE: June 8, 2022

SUBJECT: Monthly Financial Report – April 2022

Fund Reporting Operating Expenses (Year-to-Date Actual vs. Budget)

For April 2022 year to date, Authority operating expenses, **\$6.2M**, are **\$889K** lower than budget for the corresponding period. This variance is attributable to lower employee salary and benefit costs as compared to budget, **\$1.1M**, partially offset by a lower payroll and benefits expense allocation to project costs, **\$820K**. Other contributing factors include lower spending for; contracted services, **\$246K**, general office expenses, **\$134K**, SDA-owned vehicles, **\$70K**, and information system purchases, **\$34K**.

The full time employee (FTE) headcount is 140 as of April 30, 2022. This total represents a 24 FTE decrease in comparison to the year to date budget.

Fund Reporting Operating Expenses (Year-to-Date Actual vs. Prior Year Actual)

For April 2022 year to date, Authority operating expenses, **\$6.2M**, are **\$385K** lower when compared to the corresponding prior year. This variance is due to a decrease in year over year employee salary and benefit costs, **\$1.1M**, partially offset by a lower payroll and benefits expense allocation to project costs, **\$763K**.

The current number of FTEs, 140, is down 27 FTEs as compared to the corresponding prior year.

School Facilities Project Expenditures (Year-to-Date Actual vs. Forecast)

For April 2022 year to date, project expenditures, **\$126.0M**, are **\$30.6M** higher than the capital spending forecast for the corresponding period. This variance is due to higher than forecasted spending for grant activity, **\$54.9M**, and school furniture and fixture purchases, **\$1.2M**, partially offset by lower than forecasted spending for construction work, **\$23.5M**.

School Facilities Project Expenditures (Year-to-Date Actual vs. Prior Year Actual)

For April 2022 year to date, project expenditures **\$126.0M**, are higher by **\$51.8M**, when compared to the corresponding prior year. This variance is related to increased spending activity in grants, **\$56.6M** and school furniture and fixtures, **\$8.1M**, offset by a decrease in spending activity for construction work, **\$11.6M**.

Other

Since program inception, 91.5% of the funds authorized for the SDA Districts have been disbursed. Additionally, since program inception, 96% of all SDA disbursements relate to school facility projects and 4% relate to operating expense.

The estimated value of active school facilities, capital, emergent and ROD grant projects is approximately \$1.1B.

Attachment

New Jersey Schools Development Authority
Monthly Financial Report
April 2022
(Unaudited)

New Jersey Schools Development Authority

Overview of Financial Position

April 30, 2022

To: The Audit Committee

From: Sherman E. Cole, Controller

The information contained in this monthly financial report is for the period as of, and for the year-to-date ending, April 30, 2022.

► Overall **Cash and Cash Equivalents** have decreased by \$131.6 million to \$489.5 million, as follows:

■ Receipt of bond and note proceeds (Issued by EDA)	\$ -
■ Investment earnings	317,770
■ Miscellaneous revenue	13,984
■ Project costs	(126,040,149)
■ SDA operating expenses	(6,831,793)
■ SDA capital expenditures	-
■ Deposits (primarily district local shares)	903,909
Net Change in Cash	\$ (131,636,279)

► **Prepaid Expenses** total \$403,363 as follows:

- Prepaid insurance of \$372,555.
- Prepaid security deposit of \$1,950 for the Authority's flexible spending accounts.
- Prepaid MIS maintenance service contracts of \$26,326.
- Other prepaids of \$2,532.

► **Capital Assets** total \$1,372,991 (net of accumulated depreciation of \$4,834,446), consisting of leasehold improvements (SDA office), and capitalized software, equipment, furniture and fixtures in support of SDA operations. Depreciation on capital assets is generally calculated using the straight-line method over the life of each asset. For the year to date, **Capital Expenditures** are \$0 and **Depreciation Expense** is \$183,309.

► **Accrued Liabilities** total \$95.9 million, as follows:

- Accrued project costs of \$19.7 million consisting of unpaid invoices (\$2.6 million) and retainage (\$17.1 million).
- Net pension liability of \$42.4 million.
- Other post-employment benefits obligation of \$29.5 million.
- Pollution remediation obligations (PRO) under GASB 49 net to \$2.1 million (PRO liability \$2.1 million, offset by expected cost recoveries of \$0 million).
- Estimated liability for loss contingencies totaling \$0.4 million.
- Payroll related liabilities of \$1.6 million.
- Other accrued liabilities of \$0.2 million.

► **Deposits** total \$7.5 million, as follows:

- \$7.5 million is held for local share agreements (pass-through item).

► The Authority's **Net Position** at month end is \$373.8 million.

New Jersey Schools Development Authority

School Facilities Project Expenditures & Funding Allocation

April 30, 2022

► **School Facilities Construction Bond / Note Proceeds & Project Expenditures**

- During the current year to date, the SDA has received \$0 million in bond proceeds.
The total amount of bond/note proceeds received since program inception is \$11.848 billion.
- Project expenditures for the month and year-to-date periods total \$21.0 million and \$126.0 million, respectively, as follows:

<u>Category</u>	<u>Current Month</u>	<u>Current Year-To-Date</u>	<u>Since Program Inception</u>
Construction	\$ 9,640,399	\$ 50,252,327	\$ 5,549,494,261
Design Services	24,584	679,211	413,422,055
PMF/CM Services	317,961	1,697,368	476,866,455
SDA Project Management	662,611	3,197,586	124,815,193
Property Acquisition, Relocation & Enviro	172,446	634,553	585,550,820
School Furniture, Fixtures & Equipment	105,626	8,337,099	229,732,584
Project Insurance	(630,293)	(605,782)	113,985,606
NJ State Inter-Agency Transfers	-	-	52,505,486
SDA District Grant & Funding Agreements	5,967,283	42,831,624	921,796,359
Regular Operating District Grant Agreements	4,649,547	18,660,776	2,973,346,070
Real-Time Project Audits	38,190	116,722	907,431
Property Management, Maintenance & Utils	20,346	83,798	18,938,214
Outside Legal & Claims Resolution Services	23,172	73,085	11,586,670
Temporary Staffing	8,170	30,068	10,706,632
Other Project Costs	48,258	51,714	62,244,317
Project Credits	-	-	(54,902,944)
Total Project Expenditures	21,048,300	126,040,149	11,490,995,209
Less: Local Share Contributions	-	-	(185,112,439)
Project Expenditures (State Share)	\$ 21,048,300	\$ 126,040,149	\$ 11,305,882,770
 2022 Capital Spending Forecast	 \$ 21,376,106	 \$ 95,414,433	

Allocations Since Program Inception

► **Bond/Note Funding & Expenditures**

	<u>Bonding Caps</u> ¹	<u>Total Funding</u> ²	<u>Paid to Date</u> ³
■ SDA Districts	\$ 8,900,000,000	\$ 9,027,217,840	\$ 8,263,439,310
■ Regular Operating Districts	3,450,000,000	3,500,346,381	3,276,900,451
■ Vocational Schools	150,000,000	152,011,994	122,610,348
Total - State Share	\$ 12,500,000,000	\$ 12,679,576,215	\$ 11,662,950,109

► **Percentage of Total Bond/Note Funding Paid to Date**

■ SDA Districts	91.5%
■ Regular Operating Districts	93.6%
■ Vocational Schools	80.7%
Total - State Share	92.0%

1 Of the \$12.5 billion authorized for the school construction program, \$11,847,702,648 principal amount of bond/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).

3 These amounts include the allocation of SDA operating expenses and capital expenditures totaling \$514,519,713.

New Jersey Schools Development Authority
Fund Reporting Operating Expenses vs Budget
April 30, 2022

<u>Category</u>	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>Over/</u> <u>(Under)</u>
Personnel Expenses:			
Employee Salaries	\$ 4,302,657	\$ 5,177,100	\$ (874,443)
Employee Benefits	3,618,373	3,858,125	(239,752)
Direct Hire Temporary Employee Costs	-	16,148	(16,148)
Total Employee Salaries & Benefits Costs	7,921,030	9,051,373	(1,130,343)
<u>Less:</u> Employee Salaries & Benefits Costs			
Charged to Projects	3,197,586	4,017,903	(820,317)
Salaries & Benefits Charged to Operating Expense	4,723,444	5,033,470	(310,026)
Temporary Staffing Services	-	50,000	(50,000)
Travel & Expense Reimbursements	5,374	8,736	(3,362)
Training & Professional Development	11,238	32,836	(21,598)
Total Personnel Expenses	4,740,056	5,125,042	(384,986)
Non-Personnel Operating Expenses:			
Facilities & General Office Expenses	681,883	816,196	(134,313)
Information Systems	467,663	501,424	(33,761)
Professional & Other Contracted Services	106,880	352,846	(245,966)
Property & Casualty Insurance	152,988	155,768	(2,780)
SDA-Owned Automobiles	18,691	88,332	(69,641)
Communications & Outreach	-	600	(600)
Reserve for Unforeseen Events & New Initiatives	-	16,668	(16,668)
Total Authority Operating Expenses	\$ 6,168,161	\$ 7,056,876	\$ (888,715)

2022 Annual Operating Budget

\$ 15,754,151

New Jersey Schools Development Authority

Fund Reporting Operating Expenses vs Prior Year

April 30, 2022

<u>Category</u>	<u>Actual</u> <u>Year-To-Date</u>	<u>2021</u> <u>Year-To-Date</u>	<u>Over/</u> <u>(Under)</u>
Personnel Expenses:			
Employee Salaries	\$ 4,302,657	\$ 4,937,815	\$ (635,158)
Employee Benefits	3,618,373	4,132,861	(514,488)
Direct Hire Temporary Employee Costs	-	-	-
Total Employee Salaries & Benefits Costs	7,921,030	9,070,676	(1,149,646)
Less: Employee Salaries & Benefits Costs			
Charged to Projects	3,197,586	3,960,491	(762,905)
Salaries & Benefits Charged to Operating Expense	4,723,444	5,110,185	(386,741)
Temporary Staffing Services	-	-	-
Travel & Expense Reimbursements	5,374	4,444	930
Training & Professional Development	11,238	8,972	2,266
Total Personnel Expenses	4,740,056	5,123,601	(383,545)
Non-Personnel Operating Expenses:			
Facilities & General Office Expenses	681,883	678,264	3,619
Information Systems	467,663	465,254	2,409
Professional & Other Contracted Services	106,880	133,506	(26,626)
Property & Casualty Insurance	152,988	134,407	18,581
SDA-Owned Automobiles	18,691	18,254	437
Communications & Outreach	-	-	-
Reserve for Unforeseen Events & New Initiatives	-	-	-
Total Authority Operating Expenses	\$ 6,168,161	\$ 6,553,286	\$ (385,125)

New Jersey Schools Development Authority

Employee Headcount

April 30, 2022

	<u>Current</u> <u>Month End</u>	<u>Budget</u>	<u>Over/</u> <u>(Under)</u>
Office of Chief Executive Officer	3	3	-
Human Resources	4	4	-
Vacant Positions	0	8	(8)
Communications	3	3	-
Information Systems	12	13	(1)
Central Records Management	3	3	-
Legislative Affairs	1	1	-
Office of Program Operations & Strategic Planning	1	2	(1)
Capital Planning & Program Operations	7	7	-
Design Studio	13	16	(3)
Grants Administration	8	9	(1)
Real Estate Services & Predevelopment	4	4	-
Office of Construction Operations	0	0	-
Project Teams	23	26	(3)
Office of Corporate Governance & Legal Affairs	5	5	-
Chief Counsel	7	8	(1)
Safety	8	8	-
Internal Audit	2	3	(1)
Office of Chief Financial Officer	2	2	-
Financial Operations	7	7	-
Financial Accounting & Disbursements	9	10	(1)
Procurement	8	8	-
Risk Management	5	8	(3)
Property Management	1	2	(1)
Facilities	4	4	-
Total Full-Time Employees at Month End	<u>140</u>	<u>164</u>	<u>(24)</u>
Total Full-Time Employees at Year End		<u>175</u>	

New Jersey Schools Development Authority
Statement of Net Position
April 30, 2022

Excludes 2021 GASB 68 Entries

	<u>Current</u> <u>Month End</u>	<u>2021</u> <u>Year End</u>	<u>Over/</u> <u>(Under)</u>
ASSETS			
Cash and Cash Equivalents	\$ 489,523,884	\$ 621,160,163	\$ (131,636,279)
Receivables	5,321	4,847	474
Prepaid Expenses	403,363	155,694	247,669
Capital Assets (Net of Accumulated Depr.)	1,372,991	1,556,300	(183,309)
Total Assets	491,305,559	622,877,004	(131,571,445)
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount for Pensions & OPEB	12,191,178	14,663,260	(2,472,082)
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
	\$ 503,496,737	\$ 637,540,264	\$ (134,043,527)
LIABILITIES			
Accrued Project Costs	\$ 22,160,272	\$ 52,907,777	\$ (30,747,505)
Net Pension Liability	42,434,159	42,434,159	-
Accrued Other Post-Employment Benefits	29,497,344	29,188,405	308,939
Other Accrued Liabilities	1,803,119	4,690,689	(2,887,570)
Deposits	7,527,278	6,623,369	903,909
Total Liabilities	103,422,172	135,844,399	(32,422,227)
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount for Pensions & OPEB	26,235,802	26,235,802	-
NET POSITION			
Invested in Capital Assets	1,372,991	1,556,300	(183,309)
Restricted for Schools Construction:			
Special Revenue Fund	372,465,772	473,903,763	(101,437,991)
Net Position	373,838,763	475,460,063	(101,621,300)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION			
	\$ 503,496,737	\$ 637,540,264	\$ (134,043,527)

New Jersey Schools Development Authority
Statement of Activities
April 30, 2022

Excludes 2021 GASB 68 Entries

	<u>Current</u> <u>Year-To Date</u>	<u>2021</u> <u>Year-To Date</u>	<u>Over/</u> <u>(Under)</u>
REVENUES			
Program Revenues:			
Bond and Note Proceeds (Issued by EDA)	\$ -	\$ 350,000,000	\$ (350,000,000)
Bidding Fees-Plans & Specs	-	-	-
General Revenues:			
Investment Earnings	317,770	80,061	237,709
Rental Income	3,000	4,000	(1,000)
Other Revenue-OPRA	10,984	-	10,984
Total Revenues	<u>331,754</u>	<u>350,084,061</u>	<u>(349,752,307)</u>
EXPENSES			
Administrative & General Expenses	6,477,100	6,816,800	(339,700)
Capital Depreciation	183,309	190,490	(7,181)
School Facilities Project Costs	95,292,645	51,788,725	43,503,920
Total Expenses	<u>101,953,054</u>	<u>58,796,015</u>	<u>43,157,039</u>
CHANGE IN NET POSITION	(101,621,300)	291,288,046	(392,909,346)
Beginning of Period Net Position	<u>475,460,063</u>	<u>132,495,342</u>	<u>342,964,721</u>
NET POSITION END OF PERIOD	<u>\$ 373,838,763</u>	<u>\$ 423,783,388</u>	<u>\$ (49,944,625)</u>

DESIGN CONTRACT DE-OBLIGATIONS REPORT (*no activity*)

RESOLUTION TO ADJOURN INTO EXECUTIVE SESSION

Resolution—9.

Resolution to Adjourn into Executive Session

Resolution

WHEREAS, the “Senator Byron M. Baer Open Public Meetings Act” (OPMA), N.J.S.A. 10:4-6, declares “the right of the public to be present at all meetings of public bodies” except as expressly provided in the Act; and

WHEREAS, N.J.S.A. 10:4-12 (b) provides that a public body may exclude the public from that portion of a meeting at which the public body discusses, among other things, any matter involving the lease... of real property with public funds...or any pending or anticipated litigation or contract negotiations in which the public body is or may become a party...falling within the attorney-client privilege, to the extent that confidentiality is required to preserve the attorney-client relationship; and

WHEREAS, the Members of the New Jersey Schools Development Authority (SDA or the Authority) have before them on this date two matters that, pursuant to N.J.S.A. 10:4-12, are appropriate for consideration in Executive Session; and

WHEREAS, the matters for Executive Session consideration include a design-build award and final project charter for the New Grade 7 to 9 School in the Union City Public School District and a recommendation for Extension of the License Agreement between the SDA and New Jersey Transit for the latter’s utilization of SDA-owned property located at 371-395 Ferry Street, Newark, NJ, Block 2487, Lot 1.02; and

WHEREAS, the minutes of the Board’s June 8, 2022 Executive Session meeting will be available for release for public review upon the full and final conclusion of all negotiations, legal proceedings, and settlements, and associated matters and/or the execution of all documentation, agreements and leases associated therewith.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby resolve to adjourn into Executive Session to consider and deliberate with regard to the matters described herein and, thereafter, to vote on Agenda Item Nos. 6c. and 7a. upon the Board’s return to Open Session.

BE IT FURTHER RESOLVED, that the minutes of the Board’s June 8, 2022 Executive Session meeting will be available for release for public review upon the full and final conclusion of all negotiations, legal proceedings, settlements, and associated matters, and/or the execution of all documentation, agreements and leases associated therewith.

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: Resolution to Adjourn into Executive Session, dated June 8, 2022

Dated: June 8, 2022