

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD MEETING
WEDNESDAY, APRIL 3, 2013 AT 9:00 A.M.
ONE WEST STATE STREET, ONE WEST BOARD ROOM

AGENDA

1. NOTICE OF PUBLIC MEETING
2. ROLL CALL
3. APPROVAL OF MEETING MINUTES
 - a. Board Open Session Meeting Minutes of March 6, 2013
 - b. Board Executive Session Meeting Minutes of March 6, 2013
4. AUTHORITY MATTERS
 - a. CEO Report
 - i. 2012 Annual Report
 - b. Chairman's Report
5. REPORT AND RECOMMENDATIONS OF THE AUDIT COMMITTEE (CHAIRMAN'S REPORT)
 - a. 2012 Financial Statements
6. REPORT AND RECOMMENDATIONS OF THE SCHOOL REVIEW COMMITTEE (CHAIRMAN'S REPORT)
 - a. Approval of Award
 - i. Design-Build Award and Approval of Final Project Charter - Newark School District - Elliott Street Elementary School
 - ii. Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter - Trenton Public Schools - Trenton Central High School West Campus - Emergent Project – Replacement of Condensate System
 - iii. Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter - Passaic City Public School District – Wm. B. Cruise Memorial School #11 - Emergent Project – Masonry Repairs and Lintel Replacement
 - iv. Release of Funds from Program Reserve - Millville School District – Holly Heights Elementary School - Emergent Project – Roof Replacement
 - b. Construction Award
 - i. Newark School District – Oliver Street Elementary School – Construction Management Award – Approval of Revised Final Project Charter
 - ii. Award of Construction Contract and Approval of Final Project Charter – Phillipsburg School District – Phillipsburg High School – Construction of New School
7. MONTHLY REPORTS
 - a. *For Informational Purposes*
 - i. Active Projects Report
 - ii. Project Close Out Status Report
 - iii. Project Status Reports
 - iv. Contracts Executed Report/Amendments & Change Orders Executed Report
 - v. Contract Terminations Report

- vi. Settlement Activities Report (*no activity*)
- vii. Contractor and Workforce Compliance Report
- viii. Regular Operating District Grant Activity Report
- ix. Notification of Amendments to Goods and Services Contracts Not Exceeding \$250,000
(*no activity*)
- x. Communications Report
- xi. Monthly Financial Report

8. PUBLIC COMMENT(S)

9. EXECUTIVE SESSION

- a. Litigation Matter(s) – OPMA Exemption N.J.S.A. 10:4-12b (7)
CCD Report (*no activity*)

10. ADJOURNMENT

APPROVAL OF MEETING MINUTES

MARCH 6, 2013 OPEN SESSION

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING**

WEDNESDAY, MARCH 6, 2013

A meeting of the Board of Directors of the New Jersey Schools Development Authority (“SDA”, “NJSDA” or “the Authority”) was held on Wednesday, March 6, 2013 at 9:00 AM at the offices of the Authority at One West State Street, Trenton, New Jersey.

Participating were:

Edward Walsh, Chairman
Maureen Hassett (NJEDA)
Kevin Luckie (NJDCA)
Jennifer D’Autrechy (Treasury)
Bernard Piaia (NJDOE)
Kevin Egan
Karim Hutson
Loren Lemelle
Lester Lewis-Powder
Michael Maloney
Joseph McNamara
Robert Nixon
Martin Perez
Mario Vargas

being a quorum of the Board. Ms. Lemelle, Mr. Nixon, Mr. Lewis-Powder, Mr. Perez, Mr. McNamara, Mr. Hutson and Mr. Piaia participated in the meeting via telephone conference.

At the Chairman’s request, Marc Larkins, chief executive officer; Jason Ballard, chief of staff; Jane Kelly, vice president and assistant secretary; Andrew Yosha, vice president; Donald Guarriello, vice president and chief financial officer; Albert Barnes, acting chief counsel; James

Adams, program director; and Sean Murphy, director, of the SDA participated in the meeting. Nicole Crifo of the Governor's Authorities Unit also participated in the meeting.

The meeting was called to order by the Chairman of the Board, Mr. Walsh. Mr. Walsh 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 that a meeting notice had been duly posted on the Secretary of State's bulletin board at the State House in Trenton, New Jersey.

Mr. Walsh introduced the new Department of Treasury (Treasury) designee, Jennifer D'Autrechy, to the SDA Board. Mr. Walsh stated that the SDA is happy to have Ms. D'Autrechy on board and is looking forward to working with her as the Treasury representative on the SDA Audit Committee and Board of Directors.

Approval of Meeting Minutes

Mr. Walsh then presented the minutes of the Open and Executive Session meetings of the Board held January 3, 2013 for consideration and approval. A copy of the minutes and resolutions presented had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Vargas, and seconded by Mr. Luckie, the Open and Executive Session meeting minutes were approved by the Board upon its vote in favor of the resolutions attached hereto as *Exhibit 3a & 3b*.

Authority Matters

CEO Report

Mr. Walsh asked Mr. Larkins to provide the report of the CEO. Mr. Larkins reported that, with regard to SDA events, SDA staff attended the grand opening/dedication ceremony for the new Colin Powell Elementary School (formerly ES # 3/Christopher Columbus Elementary

School) in the Union City School District in early February. He noted that the Governor and City officials also attended the event.

Next, Mr. Larkins reported that, on February 12, the SDA began the third session of its in-house pre-qualifying training for Small Minority and Women Owned Business Enterprises (SMWBE). He said that the SDA has successfully graduated approximately twenty-eight (28) SMWBEs through two sessions of the in-house program and noted that seventeen (17) SMWBEs are enrolled in the current program. Mr. Larkins said that the next graduation will take place in April.

Mr. Larkins then reported that, on February 22, he and Mr. Ballard attended an event in Essex County sponsored by the West Ward Development Corporation. He said that the event was in celebration of the completion, by a number of community high school students and others, of Occupational Safety and Health Association (OSHA) training. Mr. Larkins stated that the goal of the Corporation is to train individuals from the community to do work in the construction trades. He said that the SDA offered the group and other participants the opportunity to get involved in the work of the SDA by visiting the Authority's offices or its construction sites.

In continuing, Mr. Larkins reported that, yesterday, he and staff participated in a hearing held by the Joint Committee on the Public Schools' Facilities Sub-Committee chaired by Senator Norcross. He noted that it was a very dynamic hearing and one that he looks forward to attending because it affords him the opportunity to discuss the work of the SDA and to receive feedback and input on ways that the SDA can improve and be more successful in its work.

With regard to project work, Mr. Larkins reported that a notice to proceed (NTP) was issued to Hall Construction to advance footings and foundations for the A. Chester Redshaw Elementary School (Redshaw) project in the New Brunswick School District.

Mr. Larkins informed the Members that SDA staff had a couple of follow-up meetings with Dobco Inc. (Dobco) regarding the award of the New Henry Street Elementary School (Henry Street) project in the Passaic School District. He said that the meetings were productive for determining the scope of work (SOW) and how it should advance. Mr. Larkins said that the SDA issued a notice of award to Dobco last week and that an NTP will follow.

In terms of procurements, Mr. Larkins reported that the SDA advertised for two (2) construction management (CM) awards in February. He said that the SDA received eight (8) proposals in response to the PS #20 CM advertisement on March 5. Mr. Larkins said that, with regard to the Paterson Marshall Street Elementary School project (Marshall Street), the SDA is expecting CM proposals on March 19. He said that the SDA received seven (7) proposals for the Newark Oliver Street Elementary School (Oliver Street) project. He said that these proposals are currently under review.

Next, Mr. Larkins reminded the Members that the SDA rebid the Phillipsburg High School (Phillipsburg) project following bid protests. He said that the re-advertisement proceeded in February and that proposals are expected on March 15. Mr. Larkins further reported that the SDA advertised the Marshall Street project for construction and noted that eleven (11) bidders attended the pre-bid conference. He said that proposals are due on April 10. He also reported that, in February, the SDA advertised for a new elementary school for ES #3 in the Jersey City School District. Mr. Larkins said that the SDA expects to advertise this month for a general

contractor (GC) award for the PS #20 Elementary School (PS #20) project in the Jersey City School District.

Mr. Larkins informed the Members that the emergent project work is ongoing and is continuing to move along. He noted that a number of emergent projects were awarded and approved last month, and that the issuance of NTPs is pending in order for those projects to advance.

Chairman's Report

Mr. Walsh reported that he and Mr. Larkins met with Dobco, Inc. (Dobco) a few weeks ago to discuss the Henry Street project. He reported that the meeting went well. Mr. Walsh noted that State Department of Education (DOE) staff and Mr. Luckie, representing the State Department of Community Affairs (DCA), also had a successful meeting with Dobco. He said that Dobco was awarded the project and that the Members and management will be keeping a close watch on the project.

Audit Committee Report

The Chairman then requested that Mr. Nixon provide the Board with the Report of the Audit Committee. Mr. Nixon advised the Members that the Audit Committee met on February 19, 2013. He said that management had provided the Committee with the January 2013 New Funding Allocation and Capital Plan Update. He said that management reported a \$2.2 million increase in the Unforeseen Events Reserve balance and no change in either the Planning Reserve or 2008 Capital Plan Emergent Projects Reserve. He reported a \$4.7 million decrease in the 2011 Capital Plan Emergent Projects Reserve balance. Mr. Nixon advised that the reserve balance for the Regular Operating Districts ("RODs") increased by \$100,000 due entirely to a reduction in State Share for projects nearing completion.

Mr. Nixon then reported that management had advised the Committee that the Audit Recommendations Progress matrix has been revised to track and report progress on a “recommendation basis” rather than on an “audit basis”. He explained that this change will eliminate multiple reporting of duplicate and/or similar recommendations. He noted that the program assessment and development staff, in consultation with the Office of the State Comptroller, is developing an audit program for the statutorily required audits in order to address those projects that were occupied by students by December 31, 2008. He added that the new audit program will be a cost review audit focused on the direct costs of the project. Mr. Nixon then outlined the key points of the Pemberton Early Childhood Center No.1 Audit (“Audit”). He said that the Audit was conducted as a statutorily mandated audit of a capital portfolio project over \$10 million. He said that these audits assess whether State funds were expended in accordance with contractual terms, SDA practices and NJ rules and regulations. He explained that the Audit spanned an eleven (11) year period and revealed that 84% of the costs tested were supported, approved and recorded in SDA computer applications. He advised that the Audit noted that the procurement group had refined its processes over the course of the audit. He said that the Audit observations and recommendations were presented to the Committee. Mr. Nixon advised the Board that potential cost recovery items will be forwarded to the Special Projects Division for investigation.

Mr. Nixon said that the Committee was provided with the December 2012 monthly Financial Report with management advising that, as of December 2012, the Authority’s operating expenditures totaled \$34.7 million which is \$4.8 million lower than budget for the period. He noted that this is a \$1 million decrease from the corresponding period in the prior year.

He reported that, as of December 2012, school facilities project expenditures total \$190 million which is \$16 million higher than spending for the corresponding prior year.

Mr. Nixon reported that, since inception, 96% of all SDA disbursements relate to school facilities projects and 4% relate to program administrative and general expenses. In continuing, he said that of current year operating expenses of \$34.7 million, approximately \$15.7 million in personnel costs can be attributed to school facilities projects. He said that the estimated value of current school facilities project activity is approximately \$2.2 billion.

School Review Committee Report

Design-Build Award and Approval of Final Project Charter – Newark School District – Oliver Street Elementary School; Release of Funds From Program Reserve, Award of Contract, and Approval of Final Charter – Newark Public Schools – Sussex Avenue Elementary School – Emergent Project – Boiler Replacement; Design Consultant Services for Emergent Projects, Capital Improvement Projects and Other School Facilities Projects (*Informational Memorandum*)

Mr. Luckie advised the Members that the School Review Committee met on February 19, 2013 and discussed various issues. He said that the Committee was provided with a proposed design-build award and approval of final project charter for the Oliver Street Elementary School project (Oliver Street) in the Newark School District. Mr. Murphy then provided the Members with an update with respect to the project. He noted that an award is being recommended to Epic Management Inc. in the amount of \$40,895,000.00.

A resolution pertaining to the design-build award and final project charter for the Oliver Street project had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Vargas, seconded by Ms. Hassett, and with Mr. McNamara abstaining, the design-build award to Epic Management, Inc. and the final project charter were approved by the Board upon its vote in favor of the resolution attached hereto as *Exhibit 6ai*.

Mr. Murphy then presented his memorandum regarding the release of funds from the Program Reserve, award of contract and approval of the final charter for Sussex Avenue Elementary School (Sussex Ave. ES) in the Newark School District for a boiler replacement emergent project. He explained that the Members are requested to approve the award of a construction contract in the amount of \$452,000 to Amco Enterprises, Inc.; the release of \$652,960 from the Program Reserve to address the emergent project; and the final charter for the boiler replacement emergent project. Mr. Murphy provided the Members with an overview of the project. Mr. Maloney inquired about the large differential in bid amounts. Mr. Murphy noted that the SDA performed a side by side review of Amco's bid and is confident in the numbers. He noted that Amco's bid number is higher than the Authority's Construction Cost Estimate.

A resolution pertaining to the release of funds from the Program Reserve, award of contract to Amco Enterprises, Inc. and approval of the final charter for Sussex Ave. ES in the Newark School District for a boiler replacement emergent project had been provided to the Members in advance of the meeting. Following discussion, upon a motion by Mr. Vargas, and seconded by Mr. Piaia, the award, final charter and release of funds were approved by the Board upon its unanimous vote in favor of the resolution attached hereto as *Exhibit 6aii*.

Mr. Luckie then presented the informational memorandum regarding Design Consultant Services for Emergent Projects, Capital Improvement Projects and Other School Facilities Projects. He reported that, in January, the Members delegated authority to the Chairman of the Board, CEO and SRC Chair for the award of twenty (20) contracts for the Design Consultant Services. He said that the Committee had received a status update from management. Mr. Murphy then referenced his memorandum that was provided to the Members for review and provided an update to the full Board.

Reports

Mr. Walsh asked Mr. Ballard to update the Members regarding Project Closeouts. Mr. Ballard informed the Members that in 2012 Special Projects staff successfully transferred fifteen (15) deeds to the local school districts, thereby eliminating State liability. He noted that the cost recovery team recouped \$87,000.00 in connection with a Manchester High School related settlement matter.

Public Comments

Mr. Walsh announced that the Public Comments portion of the meeting would begin. He requested, whenever possible, that multiple individuals from the same organization or district come up together to offer comments. He advised that the public comment period is to afford citizens the opportunity to comment on matters pertinent to the Authority's business. He requested that those speaking hold their comments to between three (3) and five (5) minutes.

Mr. Walsh then invited those wishing to comment on matters related to the Trenton School District to address the Board. Thirteen (13) members of the public addressed the Board concerning conditions at Trenton Central High School (TCHS). They were: Ms. Tiawanda Terry-Wilson, TCHS Advocate, Better High School Plan for Trenton (BHSPT), Team Trenton, Tupac Organization and Education Advocate; Mr. Andrew Bobbitt, CEO of the Never Give Up Organization, Team Trenton and Graduate of TCHS; Mr. Emerson Simmonds, Education Advocate for the City of Trenton; Ms. Frances Martinez, parent; Mr. James Golden, Trenton citizen and former police director for the City of Trenton; Mr. Patrick Hall, Trenton citizen, declared Trenton Mayoral candidate and graduate of TCHS; Reverend Julio Guzman, Trenton citizen; Mr. Michael Goodman, TCHS PTA President; Ms. Stephanie D. Velasquez, TCHS ninth (9th) grader; Ms. Naomi Johnson-Lafleur, Member, New Jersey Education Association ("NJEA")

and teacher at TCHS; Ms. Janice Williams, teacher at TCHS; Minister Lee Ingram, Trenton citizen; Ms. Denise Millington, mother and grandmother. The speakers reported and discussed deplorable conditions at TCHS citing continued deterioration of the TCHS building; lack of repairs; length of time TCHS has been waiting for repairs and/or rebuilding; water leakage issues; flooring and asbestos issues; urine leaking through ceilings and walls into basement, classrooms and on computers; and ceiling material falling on students and teacher. The Authority was requested to provide asbestos abatement and a timeline for repairs. A question was presented as to how OSHA was able to give TCHS a clean bill of health and why windows would be replaced in a school building that should be condemned. Commenters noted that TCHS issues have spanned five (5) New Jersey governors; that various elected officials have visited TCHS with no positive action taken and that \$8.8 billion dollars were originally set aside for the Abbott School Districts when the State knew the needs were over \$20 billion. Some speakers requested the immediate remediation of conditions at the TCHS while others requested that a new school be built. Concerns were expressed by some Commenters, including a TCHS student and TCHS teachers, regarding health issues occurring as a result of the poor conditions at TCHS---specifically mold, putrid smells from bathrooms and amputations resulting from the conditions at TCHS. Safety concerns were expressed on the basis that TCHS cannot be locked down if needed. Minister Ingram and Ms. Millington's comments were provided at the end of the public comments period and are recorded below.

Mr. Walsh then invited the public speakers from the City of Paterson to address the Board. The four (4) Paterson Commenters were: Jonathan Hodges, M.D., member of the Paterson Board of Education (PBOE); Ms. Linda Reid, President of the Parents Organization in Paterson; Reverend Corey Teague, PBOE and Ms. Alveria Spencer, parent of a special needs

child. Some Commenters reported that Paterson has the worst conditions in the State and others expressed their serious concern with respect to the conditions at TCHS. Dr. Hodges opined that SDA should fix the TCHS problems first. Commenters requested definitive answers regarding the Don Bosco School site and asked that measures be taken to address overcrowding in the schools. They reported a lack of cafeteria space and the unsatisfactory food served to the children. Paterson Commenters also noted a lack of adequate space and poor conditions affecting the education of special needs children.

Next, Camden residents addressed the Board. Ms. Laverne Harvey, NJEA and Camden Education Association (CEA) member and Reverend Eddie Torres, resident of Camden, spoke to the Members. Issues discussed were the age of the schools in Camden and health concerns for students and staff. Problems were reported with respect to water filtration; air flow, mold, classrooms with no ventilation, irregular heating and cooling systems and the impact of these conditions on human health. Issues regarding asbestos abatement were also raised by the Commenters along with cramped conditions. Complaints were voiced about the cancelation of the Lanning Square School project. Questions were also raised regarding the Camden High School project. The Commenters asked SDA to act on behalf of the Camden children and to start building schools. Concerns were expressed by Reverend Torres regarding political influence in connection with the Lanning Square School project.

Next, Mary Karriem, NJEA, and Mr. Thomas Puryear, President, Orange & Maplewood NAACP, spoke on behalf of the Orange School District. Issues raised were replacement of the Cleveland East School (CES) where lunch is served in the basement due to the lack of a functioning kitchen. Other conditions noted at CES were: flooding, inadequate classroom size, lack of space and overcrowding.

Next, Ms. Eileen Wesley, NJEA member and President of the Irvington Education Association addressed the Board. Issues raised were: the advanced age of schools in the district; repairs promised by one governor and not followed through by his successor; students housed in a condemned building; classrooms with no heat; roofs needing repair. Concerns were raised regarding the ability of children to learn in adverse and unsafe conditions. Requests were made to address all failing schools and adverse conditions in Irvington.

Next, Mr. John Rodden, President of the Gloucester City Education Association and teacher addressed the Board concerning the previously proposed Gloucester Middle School (GMS). He requested that SDA cut red tape and build the GMS. He expressed concerns regarding the ten (10) year span of the project. He described vacant sites where homes had been razed and businesses relocated causing the community a loss of tax ratables. Conditions at the presently occupied middle school described by Mr. Rodden included: asbestos issues; roof leaks requiring buckets in hallways; insect issues; health issues; structural chimney issues and a boiler that has surpassed its life expectancy. Also noted were: the lack of internet service due to poor wiring resulting from ongoing conditions and shared classrooms. The reduction of State aid to the City was also cited. Mr. Rodden said that the children are at a disadvantage when taking standardized tests due to the adverse conditions in the school. He added that numerous robberies involving guns have taken place at a bank across the street from the school, but security measures have not been put in place at the school.

Next Mr. Ronald Greco, NJEA member and teacher at Lincoln High School (LHS) addressed the Members regarding the Jersey City School District. Issues he cited included: the advanced age of schools in the district, including many dating to the 1800's; heating issues; the need to juggle students from classroom to classroom because of adverse conditions; rattling

windows; urine and feces leaking from ceilings; falling bricks and lack of white boards. A plea was made to help the district.

Ms. Marie Blistan, Teacher and Secretary-Treasurer of the NJEA then addressed the Board. She expressed concerns about the willingness of the State to ensure that every child and school employee is provided a safe, healthy school conducive to learning and success. Other comments made pertained to unsafe school buildings, additional school funding set aside in 2008; bureaucratic delays; the stopping and starting of projects and lack or slow activity of the SDA over the last three (3) years. Ms. Blistan requested that projects be approved and started immediately. She requested timelines for completion of all proposed projects.

Next, Mr. Charles Hall, Jr., Chairman of Working Families for New Jersey addressed the Members. He discussed conditions at TCHS; creating a “fair school environment for less advantaged children”; the State budget cuts for education and negative results caused by underfunded schools.

Ms. Deborah Cornavaca spoke on behalf of the Healthy Schools Now organization and addressed the Board. She suggested that the SDA hold their next Board meeting at TCHS. Her comments also focused on: delays; deplorable conditions at schools; adverse learning environments; lack of completion dates and concerns for the wellbeing of the children of New Jersey.

Next, Ms. Liz Munalland, parent and taxpayer, addressed the Board. She commented on: poor school conditions; delays in construction; anger at the lengthy review period taken by the new administration; broken promises to the children of New Jersey and the wasted funds associated with projects ready for construction but not appearing on any of the lists of schools to be constructed.

Mr. Willie Rowe, a resident of Newark, Vice President of the Ivey Hill PTA and various other organizations then addressed the Board. He offered comparisons between the charter schools and public schools; offered concerns regarding students lacking a sense of self-worth and SDA not allowing the use of personal funds to make necessary repairs at that school. He raised questions as to the capacity to complete projects given the shell game that goes on with regard to what projects are on what lists. He noted that although \$3 million in repairs were made to the Wilson School, students had to be housed at an alternate site, causing the students to be a year behind in their education and also creating discipline problems. Other issues discussed were Newark schools slated to be built and ready for construction that were abandoned by the new administration. He raised concerns regarding the housing of students from the 18th Avenue School at the Cleveland School which is in worse condition than the 18th Avenue School. He also discussed existing vacant lots which represent a loss of tax ratables due to demolition of businesses and homes for a proposed school project that has now been abandoned. He noted the lack of a playground at the new Speedway School and expressed dissatisfaction with the slow pace at which corrections are made in response to construction errors.

Next, Mr. Thomas Puryear, President of the Oranges and Maplewood NAACP spoke to the Members regarding the SDA's failure to adhere to its mandate. He cited a failure to provide quality school maintenance and coordinate the proactive construction of schools in SDA communities and expressed concern for the future of the students. He opined that, without outstanding schools, children will fail and pointed to the SDA's slow progress over the last few years. He demanded that SDA respond to the needs of the children; develop a more transparent process and improve its communication with stakeholders; expend dollars to increase the rate of

completion of school projects, and ascertain the amount of money needed to address all of the SDA school districts' capital needs.

Next, Cheryl Y. Skeete, Vice President of the Newark Teachers Union (NTU) and AFT Local 481 spoke to the Members regarding the Newark School District. He extended an invitation to the Members to visit the district and some of the schools during the week. He expressed concerns regarding: wasted space at three (3) of the new schools built in the district along with the lack of input allowed by parents regarding those schools. He also commented on scheduled repairs at the Oliver and Sussex schools and questioned why those schools were approved when other schools in the district are in more dire need of repair. He expressed concerns regarding the future of the hundreds of schools that were not chosen to receive repairs and asked that SDA put the children first and build all of the schools needed for the children of New Jersey.

Next, Minister Lee Ingram, a Trenton school bus driver addressed the Board regarding the Trenton District Schools. He discussed the current TCHS students' likelihood of being diagnosed with asbestos lung cancer twenty (20) years from now; expressed concerns with the violence at TCHS; opined that overcrowding and poor conditions at TCHS are creating delinquent children who now meet on the streets of downtown Trenton to conduct their fights. He also offered that the children of TCHS feel forgotten, lost, and angry and ultimately many ending up incarcerated due to low self-worth.

Mr. Walsh then invited Mr. Ron Berman to address the Members. Mr. Berman asked that the Members consider the history that the SDA has with the One West State Street building when considering the upcoming lease extension. He discussed the history of the building and its historic value. He noted the sunk costs made by the SCC when initially occupying the building.

He requested that the Board take into consideration the likelihood that the building will be vacant for some time if the Authority decides not to exercise its lease option at One West State Street. In closing, Mr. Berman stated that if the SDA does not extend the One West State Street lease, the building will become an eyesore rather than being an icon.

Next, Ms. Denise Millington, a mother and grandmother from the Trenton district addressed the Board. Ms. Millington noted that everything she was going to discuss had already been voiced by other speakers. She asked how the Board members can put their heads on their pillows at night and go to sleep while aware of the deplorable conditions at TCHS. She said that she has been fighting for a new TCHS for thirteen (13) years and pleaded for a new school for her three (3) grandchildren.

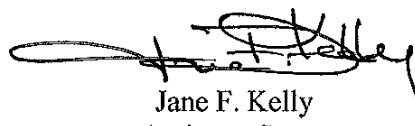
Written and photographic material(s) pertaining to facilities in the Camden, Gloucester, Irvington, Maplewood, Newark, Orange, Paterson and Trenton districts were provided for Board review.

Mr. Walsh then asked for approval of a resolution to adjourn into Executive Session to discuss competing lease proposals for future SDA administrative office space and a proposed settlement in a delay claims matter. Upon motion and with unanimous consent, the meeting adjourned into Executive Session.

Following discussion in Executive Session, the Board returned to Open Session. Upon motion duly made by Mr. Egan, seconded by Mr. Perez, and with Mr. Walsh recused from the vote and abstaining, the Board approved the proposed lease extension and modification with Matrix East Front Street Operating Co., LLC with its vote in favor of the resolution attached hereto as *Exhibit A2*.

Mr. Walsh then asked for a motion to adjourn the meeting. Upon motion 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 March 6, 2013 meeting.



Jane F. Kelly
Assistant Secretary

RESOLUTION—3a./3b.**Approval of Minutes**

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

WHEREAS, pursuant to Section 3(k) of P.L. 2007, Chapter 137, the minutes of the March 6, 2013 Board meetings of the New Jersey Schools Development Authority, for the Open and Executive Sessions were forwarded to the Governor on March 8, 2013.

NOW, THEREFORE, BE IT RESOLVED, that the minutes of the New Jersey Schools Development Authority's March 6, 2013 Open and Executive Session meetings are hereby approved.

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

Dated: April 3, 2013

AUTHORITY MATTERS

CEO REPORT


2012 ANNUAL REPORT



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

1 WEST STATE STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955

TO: Members of the Authority 

FROM: Marc D. Larkins, Chief Executive Officer

RE: 2012 Report Pursuant to Executive Order No. 37 (2006)

DATE: April 3, 2013

Executive Order No. 37 (2006) requires that each state authority, on an annual basis, prepare a comprehensive report concerning that authority's operations.

The Executive Order specifically provides that the report shall:

- Set forth the significant actions from the previous year, including the degree of success the authority had in promoting the State's economic growth strategies
- Include authority financial statements and identify internal financial controls that govern expenditures, financial reporting, procurement and other financial matters

Consistent with the requirements of Executive Order No. 37, Executive management is providing the attached report for review and approval by the Members.

Following approval of the report by the Members and expiration of the Governor's veto period, a copy of the Annual Report will be submitted to the Governor's Authorities Unit and posted on the SDA website.

Attachment

STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY1 WEST STATE STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955

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April 3, 2013

The following report is presented by the New Jersey Schools Development Authority ("SDA") as required by Executive Order 37 (Corzine 2006). This report discusses significant accomplishments of the SDA during 2012 as well as the SDA's role in promoting the State's economic growth strategies and other policies.

I am pleased to inform you that the independent auditing firm of Ernst & Young, LLP has issued an unqualified opinion with regard to the SDA's 2012 financial statements. An unqualified opinion is issued by an auditor when the financial statements are found to be free of material misstatement and are represented fairly in accordance with generally accepted accounting principles. It is the highest level of assurance given by an external auditor on a company's financial statements. The financial statements included in this report complete the SDA's requirements under Executive Order No. 37 concerning the comprehensive report.

In addition, as discussed in the section that details the SDA's internal financial controls, management employs the services of both internal and external auditors to evaluate the effectiveness of its internal financial control structure and procedures. In the performance of their audits, the auditors will, from time to time, make recommendations with regard to internal controls that require appropriate corrective action by management. Management views these kinds of remedial actions as part of a long-term continuous process to improve internal controls. Management does not consider any known deficiency to be a material weakness.

Accordingly, I certify that, to the best of my knowledge, during the preceding year ended December 31, 2012 the SDA has, in all material respects, followed its standards, procedures and internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc D. Larkins".

Marc D. Larkins
Chief Executive Officer

**New Jersey Schools
Development Authority**

**Annual Report
2012**



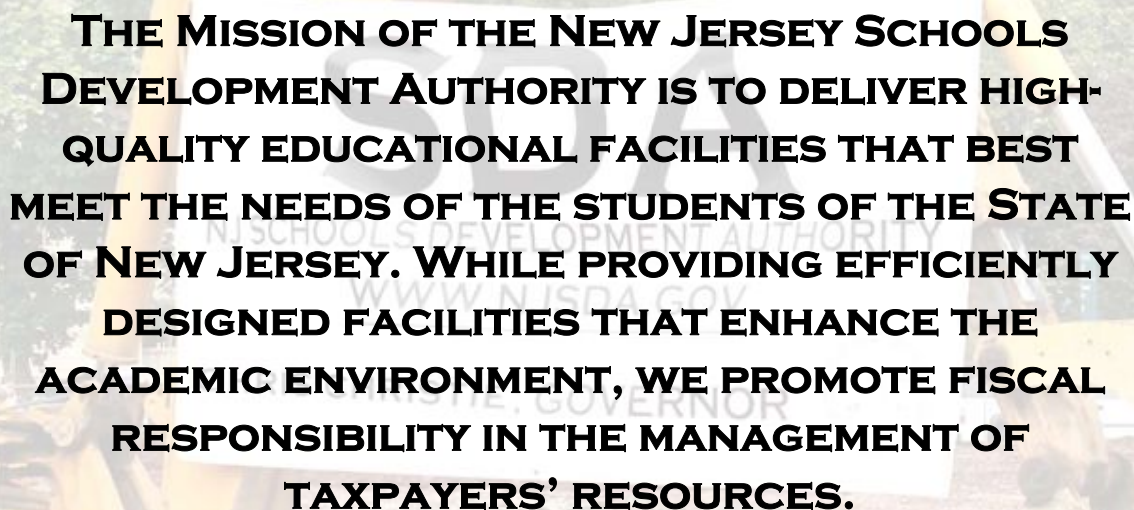
About This Report

The 2012 Annual Report on the operations of the New Jersey Schools Development Authority (SDA) is presented pursuant to the provisions of Executive Order No. 37 (Corzine), issued on September 26, 2006. The report provides a comprehensive overview of the SDA's operations—highlighting significant actions taken in 2012—and includes a discussion of 2012 Capital Program execution as well as the Authority's 2012 financial statements.

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

Since its inception, the school construction program has been authorized to expend up to \$12.5 billion, comprising \$8.9 billion for SDA Districts and \$3.6 billion for Regular Operating Districts (RODs). Of the ROD funding, \$150 million is set aside for vocational schools. Funding is provided through the issuance of bonds by the New Jersey Economic Development Authority (EDA).

For more information, please refer to the SDA website at www.njsda.gov or the most recent Biannual Report on the School Construction Program (for the period April 1 through September 30, 2012). The Biannual Report can be found at the following link: http://www.njsda.gov/RP/Biannual_Report/2012_2.PDF.



THE MISSION OF THE NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY IS TO DELIVER HIGH-QUALITY EDUCATIONAL FACILITIES THAT BEST MEET THE NEEDS OF THE STUDENTS OF THE STATE OF NEW JERSEY. WHILE PROVIDING EFFICIENTLY DESIGNED FACILITIES THAT ENHANCE THE ACADEMIC ENVIRONMENT, WE PROMOTE FISCAL RESPONSIBILITY IN THE MANAGEMENT OF TAXPAYERS' RESOURCES.

2012: SDA Year In Review

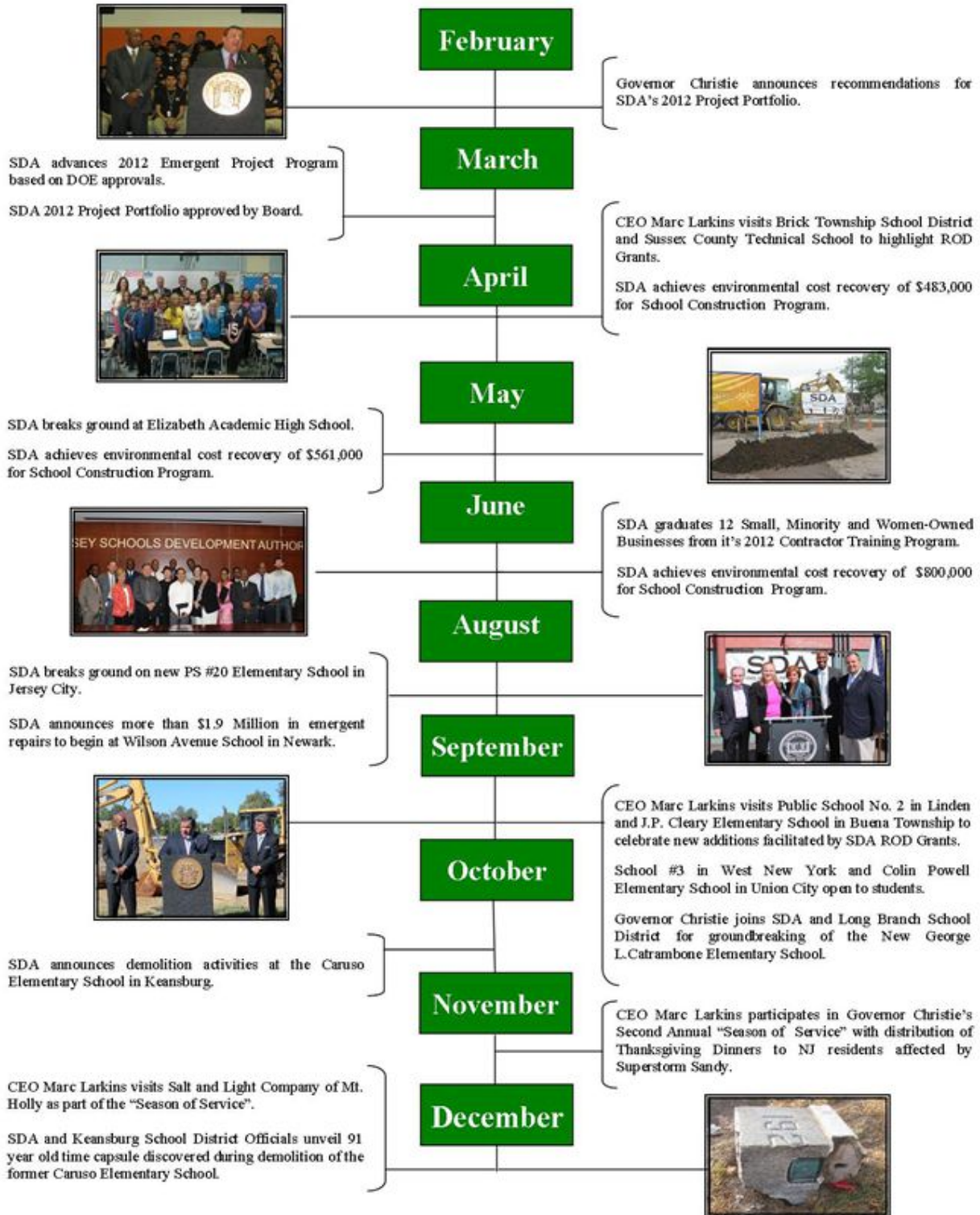


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Message from CEO Marc Larkins



In 2012, the State's school construction program began to reap the benefits of the new processes and procedures that were put in place during the two previous years. Our active project portfolio, currently valued at more than \$2 billion, saw significant advancement activities following the reforms instituted under the Christie Administration. These reforms are allowing for efficiency and accountability on projects like never before. In keeping with Governor Christie's commitment to education and fiscal responsibility, the results will ultimately benefit the schoolchildren and taxpayers of New Jersey.

The quality of the work in this portfolio will prove as important as the volume. Our efforts have been driven largely by focusing on predictable outcomes. The attempt to achieve greater predictability began in 2011 with the development of the SDA Kit of Parts and the introduction of materials and systems standards. These developments were followed in 2012 by the advancement of Early Site Packages (ESP) and Constructability Reviews for our large capital projects.

During our review of the program in 2010, we confirmed that SDA projects were historically plagued by cost overruns attributable in large part to (1) a failure to provide clean sites to contractors for construction and (2) problems identified in the construction documents and drawings during the construction phase. In response, we set out to find ways to limit and, if possible, eliminate these two issues.

In 2012, we advanced ESPs for seven (7) projects in our capital portfolio. These ESPs properly prepare our school sites for the second phase of construction and also reduce the possibility of encountering unforeseen site conditions that result in delays and cost overruns.

We also advanced two (2) projects into Constructability Review. The Constructability Review affords a collective look, prior to construction, at all phases

and details of contract drawings and documents by all major contributors to the project – the architect, the general contractor, named subcontractors and the construction manager. This process seeks to identify problems before they begin. The Catrambone Elementary School in Long Branch broke ground in September 2012, after successful completion of this new enhanced Constructability Review. We look forward to realizing the continued benefits as this process is utilized on other portfolio projects.

The changes in the Authority and the way it pursues its mission will continue to be evident as we move through 2013. By the end of 2013, the SDA anticipates nearly a dozen large-scale school projects in construction across the state representing a State investment of more than \$650 million. While improving school facilities, advancement of these projects is helping to create desperately needed jobs for our partners in the construction industry. We understand the vital role that the school construction program plays in the State's economic stimulus efforts and look forward to providing continued opportunities for New Jersey's construction industry.

While our capital program has seen marked improvement, we have not lost sight of our responsibility for emergent projects. This Administration has started and completed more emergent projects than any before, and we look forward to continuing our activities. Of the 76 emergent projects announced in 2012, we have seen activity on all that remained active. To date, the SDA has delegated 37 projects to the local districts for management. Of those remaining, being managed by the SDA, all have been advanced either into construction, design, scope development or procurement for design or construction.

The volume of work advanced in the past year would not have been possible without the dedication and hard work of SDA employees and the ongoing cooperation of our partners. Through collaborative working groups comprised of New Jersey Department of Education (DOE) officials, school districts and local officials, the SDA is answering its call — advancing the most appropriate and financially sound projects to benefit New Jersey's students.

Despite continued progress, we understand that we must continue to adapt and improve. Therefore, we have broadened our outreach to our partners and

constituencies to field recommendations for improvements and efficiencies. It is through partnership with our stakeholders that we will be able to protect our limited resources while delivering quality educational facilities. We look forward to continuing this dialogue as we strive to identify and implement the best approaches for meeting the needs of New Jersey students and communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Larkins", with a stylized flourish at the end.

Marc Larkins

SDA's Portfolio: Providing the Building Blocks of Education One Brick at a Time

The accomplishments of the SDA during 2012 are a true representation of its commitment to provide the best educational facilities for New Jersey students. Every school construction project completed by the SDA provides or enhances a physical environment supportive of meaningful educational opportunity, – one that will help prepare students for a bright future. Throughout the year, significant accomplishments were realized on SDA projects – Capital Projects, as well as the Emergent Project Program and ROD Grant Program.

2012 PROJECT EXPENDITURES	
SDA-managed projects (new/addition/renovation)	
• SDA District Projects	\$62,869,023
• ROD District Projects	\$1,443,266
• <i>SDA expenditures</i>	\$1,245,670
• <i>District local Share</i>	\$197,596
SDA- managed emergent projects	\$3,249,779
SDA District-managed emergent projects	\$5,289,150
ROD grant projects	\$294,394,984
• <i>SDA grant expenditures</i>	\$117,757,994
• <i>District local share</i>	\$176,636,990
TOTAL	\$367,246,202

Capital Project Completions

SDA's efforts in 2012 resulted in the completion of two projects, both newly constructed facilities. A total of 1,400 New Jersey students benefited from the completion of these projects, which provide modern classroom spaces, science labs, computers and other technology necessary for New Jersey students to realize their educational potential. These projects represent a state investment of more than \$110 million and demonstrate SDA's thorough commitment to deliver modern school facilities efficiently and effectively, while successfully addressing project delivery challenges.



Ribbon Cutting for West New York PS #3

The \$66.3 million Public School Number 3 in West New York (Hudson County) opened its doors to more than 700 students in grades pre-kindergarten through sixth. The SDA overcame significant delays that had occurred in the advancement of this project under the previous administration. Through

close collaboration with its state and local partners, the SDA was able to resolve major issues to ensure student safety and facilitate the completion of this project.

Completed under budget, the Colin Powell Elementary School in Union City (Hudson County) exemplifies the Administration's commitment to ensuring safe and healthy learning environments for New Jersey's students, without the wasteful spending that existed under previous administrations and with previous school construction programs. The \$46.2 million school opened to 700 students in grades kindergarten through fifth this September.



Ribbon Cutting for Colin Powell Elementary School

2011 Project Portfolio – Keeping Promises Through Real Progress



CEO Marc Larkins speaks at a groundbreaking ceremony in Long Branch

A groundbreaking ceremony in September for a new elementary school in Long Branch (Monmouth County) marked the culmination of two years of hard work to ensure efficiency and accountability for New Jersey school construction projects. Following successful completion of the SDA's enhanced Constructability Review process,

construction of the George L. Catrambone Elementary School began.

This is just one of many projects from the 2011 project portfolio that made significant progress over the course of the year. SDA advanced site packages for multiple projects to ensure clean building sites prior to construction and reduce the potential for encountering site issues during construction. SDA's in-house design studio began work on preliminary designs to be used as bridging documents for multiple design-build projects. The planning team conducted dozens of site visits and working group meetings to ensure the advancement of the most appropriate projects to meet the identified needs.

By the end of 2012, the SDA had advanced eight of the projects announced in the 2011 Capital Portfolio. As a result of ongoing collaboration through working group meetings, the project originally identified for Bridgeton was revised, with District concurrence, to better address educational need by providing two separate addition/renovation projects as opposed to construction of a replacement school. At the end of 2012, the status of the 2011 Portfolio was:

- Long Branch (Monmouth County) - Catrambone Elementary School Project is in construction.
- Paterson (Passaic County) – PS Number 16 Elementary School Project site preparation activities began in June 2012.
- West New York (Hudson County) – Harry L. Bain Elementary School Project - demolition of the former Warminster building began in July 2012 and is ongoing.
- Bridgeton (Cumberland County) – Cherry Street Elementary School Project was replaced by two separate projects: Buckshutem ES and Quarter Mile Lane ES. The preliminary charters for these projects were approved at the August Board meeting.
- Paterson (Passaic County) – Marshall & Hazel Elementary School Project site preparation activities were completed in August 2012.
- Jersey City (Hudson County) – Elementary School 3 Project site preparation work commenced in October 2012.

- New Brunswick (Middlesex County) – A. Chester Redshaw Elementary School Project design portion of the Design-Build award began in October 2012.
- Elizabeth (Union County) - Academic High School Project construction award approved at the November 2012 Board Meeting. SDA began the Constructability Review.
- Jersey City (Hudson County) – PS 20 Elementary School Project site preparation work completed in November 2012.
- Newark (Essex County) – Oliver Street Elementary School Project site preparation work is ongoing. Design-build advertisement was issued in November 2012.

2012 Project Portfolio – Working to Impact as Many Facilities as Possible

In February 2012, just one year after Governor Christie announced recommendations for a new Capital Program and overall program reforms, the Governor outlined an additional 20 projects set to advance in 2012 as part of the SDA's Capital Program. The projects identified for advancement in 2012 were evaluated using the same factors that were utilized in 2011. The Governor's 2012 project portfolio was subsequently approved by the SDA Board of Directors in March 2012.



*Governor Chris Christie Announces
Recommendations for the 2012 Capital Program*

The first eight projects address high educational priority needs, efficient construction factors and, in some instances, are in the final validation stages to proceed. The projects scheduled to advance are:

- Gloucester City – Gloucester City Middle School

- Keansburg – Caruso Elementary School
- New Brunswick – Paul Robeson Community Elementary School
- Newark – Elliott Street Elementary School
- Newark – South Street Elementary School
- Passaic – Dayton Avenue Elementary School Campus
- Phillipsburg – Phillipsburg High School
- West New York – Memorial High School

The second category addresses high educational priority needs that require further discussions with the district in order to determine the specific project that should advance. This category includes:

- Elizabeth – Elementary School Grade level
- Garfield – Elementary School Grade level
- Harrison – Middle School Grade level
- Millville – High School Grade level
- Paterson – Elementary School Grade level
- Perth Amboy – All grade levels
- Union City – Elementary School Grade level

The final group of projects was selected to address serious facility deficiencies based on data provided by the districts, information presented in the DOE's Educational Facilities Needs Assessment and findings from DOE/SDA site visits. These projects include:

- Camden – Camden High School
- Hoboken – Thomas G. Connors Elementary School
- Orange – Cleveland Elementary School
- Orange – Orange High School

- Trenton – Trenton Central High School

The SDA wasted no time working to advance these projects as well. The Memorial High School project in West New York (Hudson County) is a prime example of the out-of-the-box thinking that is happening at the SDA to try to stretch our resources as far as possible. In December, SDA completed its purchase of a former parochial school property in West New York to address the severe overcrowding concerns that exist at the city's Memorial High School.



Demolition Activities at Caruso Elementary School in Keansburg

In addition, during 2012, SDA advanced site preparation activities at the Caruso Elementary School in Keansburg (Monmouth County), advertised for the construction of a new Phillipsburg High School (Warren County), and advertised for design-build of the Elliott Street Elementary School in Newark (Essex County).

Repairing Facilities Through Emergent Projects

In 2011, the SDA and DOE launched its second statewide effort to identify and evaluate eligible emergent conditions in the 31 SDA Districts. The districts detailed all concerns related to their school facilities that they believed represented an “emergent condition” as defined by the law. This process generated for review and validation a list of 716 submitted conditions in 28 school districts. Following a thorough review and nearly 300 site visits, SDA and DOE staff were able to group the conditions into four categories: Routine and/or Required Maintenance, Potential Capital Maintenance Project, Potential Schools Facilities Project and Potential Emergent Project. The end result of this review yielded a March 2012 announcement of 76 potential emergent projects. These potential emergent conditions identified for advancement fell into the following categories: fire safety, structural issues, boilers and heating, ventilation and air conditioning (HVAC), electrical, domestic water and building envelope (roof, masonry, windows, etc.).

As of December 2012, the original list of 76 projects announced in March had been pared down to 70 due to certain schools being taken offline or the projects having been completed by the district. Of the remaining projects, 35 were delegated to the local school districts for management in 2012. Two additional projects were delegated in early 2013. In these instances, the SDA and the district execute a grant agreement, and the district is then responsible for procuring and disbursing payment to the consultants and contractors. The SDA maintains oversight throughout this process.

Multiple advancement methods are being utilized to expedite completion of the remaining projects being managed by the SDA. These techniques include the use of an architectural pool, task order contracts and traditional bidding methods. Significant work occurred on these projects in 2012. SDA engaged environmental consultants to develop abatement designs to allow for the advancement of repair/replacement activities. Projects were advertised through the SDA's task order contractor pool. Multiple projects underwent additional scope confirmation and development to prepare the specifications necessary to bid the work. At the end of 2012, the status of the SDA-managed emergent projects from the March announcement was:

- 4 in construction
- 12 in construction procurement phase
- 4 in design procurement phase; and
- 13 undergoing scope confirmation and development

In addition to the projects announced in March 2012, the SDA continues work on emergent projects that were approved prior to this announcement.

STATUS OF EMERGENT PROJECTS APPROVED PRIOR TO 2012								
SDA Managed			District Delegated			Total All Projects		
Phase	Number of projects	Estimated Total Project Costs	Phase	Number of projects	Estimated Total Project Costs	Phase	Number of projects	Estimated Total Project Costs
Complete	32	\$25,393,467	Complete	35	\$21,001,717	Complete	67	\$46,395,183
Construction	2	\$5,371,406	Construction	21	\$9,333,396	Construction	23	\$14,704,802
Design	1	\$310,228	Design	24	\$11,280,058	Design	25	\$11,590,286
Pre-development	2	\$3,840,625	Pre-development	1	\$190,000	Pre-development	3	\$4,030,625

Grant Funding Leverages Local Resources

A far-reaching and vital piece of the SDA's program is the Regular Operating District (ROD) Grant Program. This program provides New Jersey's 559 RODs in operation with state funding to help offset the costs of much-needed school facility improvements and repairs. In 2012 alone, SDA provided ROD Grant funding for 169 projects at 102 schools in 39 school districts throughout the state. These grants represent at least 40 percent of eligible costs for projects that are also funded through local referenda or individual school-district budgets. ROD grant projects are managed locally, with funds disbursed by SDA as project milestones are met.

Throughout the year, CEO Marc Larkins, took the opportunity to visit some school districts that were recipients of ROD Grant funding to highlight the impact these funds have on the local community. At the Sussex County Technical High School, \$1.4 million for two state grants enabled the County to make needed renovations that included improvements to the auditorium, repointing of masonry, installation of masonry anchors, replacement of stone coping and modifications to the roof. At the other end of the state in Minotola (Atlantic County), \$4.9 million in



CEO Marc Larkins at a Ribbon Cutting for the addition at Dr. J.P. Cleary Elementary School

funding enabled the Buena Regional School District to complete an addition/renovation to the Dr. J.P. Cleary Elementary School that provided for the addition of a new cafeteria, specialized classrooms and stage, demolition of a three story wing (original school) and alterations to the remaining wings of the school.

REGULAR OPERATING DISTRICT GRANTS			
2012 Grant Executions		Grant Executions Since Inception	
No. of Grants Executed	169	No. of Grants Executed	3,947
State Share	\$62,644,232.35	State Share	\$2,610,717,556
Local Share	\$98,860,781.54	Local Share	\$5,445,047,211
Total Est. Costs	\$161,505,013.89	Total Est. Costs	\$8,055,764,767
No. of Districts Impacted	39	No. of Districts Impacted	506
No. of Counties Impacted	19	No. of Counties Impacted	21

Working In Partnership to Improve New Jersey Schools

Committed to Our Stakeholders

SDA is committed to interacting with our stakeholders wherever opportunities are present. One prime example of this effort is the SDA's launch of its electronic newsletter in 2012. The SDA electronic newsletter, issued on a quarterly basis, provides a forum for updating our stakeholders and keeping them apprised of the actions of the Authority. This newsletter goes to legislators, district officials, trade organizations and other partner agencies. It is also available on the SDA's website.

The SDA's Communications Department staffs a Customer Service Hotline which provides a portal to the public for assistance with any questions related to SDA activities. In 2012, SDA staff responded to more than 70 inquiries received via the hotline.

In addition, throughout 2012, CEO Marc Larkins, Chief of Staff Jason Ballard, and other members of the management team met with various stakeholder groups to continue an open dialogue and help inform the activities of the SDA. Over the course of the year, these meetings or appearances included: Alliance for Action, New Jersey Association of School Business Officials (NJASBO), the Joint Committee on the Public Schools, Legislative Budget Committees, New Jersey Subcontractors Association, Camden Parent Advocacy Group, The Healthy Schools Now Coalition, 3rd Annual Diversity Conference Construction Roundtable, African American Chamber of Commerce, and the Business Contractors Association of New Jersey.

Meetings with our various stakeholders also help to influence SDA practices. For example, as a result of meetings with NJASBO, SDA was able to improve our lines of communication with ROD officials. Through this communication, some suggestions made by NJASBO have been implemented by SDA thus streamlining and improving SDA's processes. They are as follows:

- Development of unified grant report detailing the specifics of each grant with outstanding balances for the given district, which was emailed to each ROD district in December 2012;
- Strengthening front-end conversations with districts by walking them through the grants process;
- Sharing of SDA's Grants Division organization chart and contact information for each district at the NJASBO Convention in June 2012;
- Emphasizing the close out of the most challenging grant projects from the original funding (executed 2001-2008). SDA closed out 141 projects impacting 49 ROD districts during 2012. In addition, 271 grant projects (executed post 2008) impacting 117 ROD districts were closed out during 2012; and
- Conversion of SDA grant documents to electronic format began in 2012.

Open communication with our stakeholders is of utmost importance to the SDA. We strive to provide frequent updates and information on projects. To that end, the SDA enhanced its website in 2012 to include a progress photo section. With this enhancement, members of the public can go on our website and see the progress of construction projects throughout the state.

Committed to New Jersey Businesses

The SDA is focused on doing its part to carry out the Christie Administration's commitment to the growth and success of small businesses in New Jersey. The SDA oversees and implements an effective and proactive Small Business Enterprise (SBE) program. The SBE program abides by the current State set-aside law and Executive Order 71, providing for 25 percent of the total dollar value of publicly advertised contracts awarded by SDA during a fiscal year to go to small business enterprises. The SDA historically has met and exceeded the 25 percent mandate and continues to do so today. The SBE participation total in 2012 was 26.13%. This total represents more than \$33 million in contracts for SBE companies.

In an effort to increase the participation of small businesses in our projects, the SDA designates certain set-aside projects to be bid on by SBE registered consultants or SBE registered prime contractors. SDA also requires consultants and prime contractors for all contracts, to award contracts to SBE subconsultants and SBE subcontractors.

Seeking to do even more for small businesses, in 2011, SDA launched an in-house free Small, Minority or Women owned Business Enterprises (SMWBE) Contractor Training Program to provide companies with valuable knowledge on how to do business with the SDA. Participants receive instruction from SDA staff and subject matter experts on bidding, estimating, scheduling, budgeting, accounting, bonding and marketing. The 2011 and 2012 programs together successfully graduated 28 firms. The third offering of the program launched in February 2013 has 17 firms participating at locations in Trenton and Newark.

Continuing to Demonstrate Cost Efficiencies

Cost efficiency is an essential component of the SDA program. Every dollar that is saved is one more dollar available for a future project. Since the start of the Christie Administration, there has been a focus on realizing efficiencies through reduced costs, improved processes and recovery of funds.

SDA Budget Savings

In March 2010 when Marc Larkins became CEO, the SDA had 331 permanent employees. At the end of 2012, the SDA had 241 full time employees, representing a reduction of 27%, with savings of approximately \$8 million in salaries and benefits. In 2012 alone, the Operating Budget included a decrease in headcount of 50 full-time equivalents (FTE) as compared to the 2011 year budget. As compared to the 2011 budget, the 2012 Operating Budget reflected a total reduction of \$7.8 million (16%), inclusive of accounting reclassifications. Additional savings were realized in 2012 due to lower expenditures in contract services and management information services.

Cost Recovery/Cost Avoidance

With limited resources available to address school facilities issues around the state, it is imperative that the SDA actively pursue cost recovery and cost avoidance whenever appropriate and responsible. This is accomplished through various methods including litigation, settlements, rebate programs and refunds. In 2012, SDA was able to reinvest \$4,258,655 into the school construction program as the result of this effort.

- In March, the SDA received an \$800,000 settlement for an environmental cost recovery matter associated with a property in Newark.

- Also in March, the SDA received \$1,105,661 in Green Acres Funding (a publicly and privately funded program that serves to preserve and enhance New Jersey's natural environment and its historic, scenic, and recreational resources for public use and enjoyment) for the Octavius V. Catto Community School in Camden.
- In May, SDA received the full settlement of \$483,534 for an environmental cost recovery matter involving a property in Elizabeth.
- In June, an environmental cost recovery matter involving a property in Jersey City reached settlement for \$561,924.
- In July, the Authority recovered \$43,500 in damages resulting from design errors and/or omissions identified at an addition/renovation project in East Orange.
- In November, errors and/or omissions damages at Paterson's PS#24 were negotiated and settled with two separate parties. As a result, the SDA recovered \$60,000 in total.
- In January, \$608,002 in E-Rate Rebates was received by the SDA attributed to the Park Avenue Elementary School project in Newark. The E-Rate program is a federal grant program through the FCC that is designed to ensure that all eligible schools and libraries have affordable access to modern telecommunications and information services. The E-Rate program provides discounts of 20 percent to 90 percent for eligible telecommunications services, depending on economic need and location (urban or rural). Discounts can be used for eligible services including the acquisition and installation of equipment to provide internal connections.
- In February, \$431,638 in E-Rate Rebates was received by the SDA for the Lincoln Avenue Elementary School in Orange.
- In April, the SDA received a \$6,000 rebate from the New Jersey Smart Start Incentive Rebate Program for the Union Avenue Middle School project in Irvington. This program provides financial incentives for energy efficient measures.
- In June, SDA successfully received \$158,396 in E-Rate rebates for the Summerfield Elementary School project in Neptune.

The SDA constantly reviews current expenses to identify opportunities for cost avoidance. In 2012, SDA took several actions that realized millions in cost avoidance. Cost avoidance occurred across divisions at the SDA in 2012, including negotiated insurance savings, close out of older projects – thereby eliminating SDA’s liability and carrying costs, and a clear commitment to negotiating settlements that are in the best interests of the State’s taxpayers.

SDA’s Risk Management division initiated discussions with SDA’s insurers and insurance broker that led to SDA receiving 2 years of additional coverage for the Owner Controlled Insurance Program (OCIP) II at no charge (cost avoidance of \$4.5 million). SDA was also able to receive a 1 year policy extension to the Builders Risk OCIP II program at no cost (\$600,000 cost avoidance).

With a revised focus on close out activities, 15 deeds were transferred during 2012, resulting in over \$136,000 in cost avoidance for insurance payments. Also during 2012, 30 Capital and Emergent projects were closed or transferred to the Districts and 32 design consultant contracts were closed out. These close-outs deobligated \$527,000. In addition, beginning in 2011, an effort was made by SDA to remove the inventory of 292 temporary classroom units (TCUs) from its property portfolio. Through proactive outreach, by the end of 2012, 247 TCU titles were transferred to the SDA Districts (\$81,000 cost avoidance annually). An additional 42 TCUs were sold for \$61,000, the proceeds of which were put back into the program. The school districts continue to use these TCUs for administrative space, classroom space and other district needs.

Finally, in 2012 the Division of Chief Counsel was able to resolve \$24.16 million in claims for negotiated settlements totaling \$5.26 million. These settlements equal roughly 22% of the original amounts claimed and reflect a cost avoidance of \$18,894,553. In addition, claims settlements negotiated in 2012 and consummated in January 2013 resulted in the resolution of an additional \$8.74 million in claims for negotiated settlements of \$1.31 million. These additional claims settlements reflect 15% of the original amounts claimed and a further cost avoidance of \$7,428,153.89.

Out-of-the-Box Thinking and New Processes Benefit New Jersey's School Construction Program

Alternative Delivery Method Saves Millions

As the SDA advances projects from the 2011 and 2012 portfolios, staff actively considers identification and pursuit of appropriate alternative delivery methods to address facility needs. Significantly, one such example was realized in 2012. During working group meetings comprised of SDA, DOE and District staff, the closure of a nearby parochial school was discussed as a possible option to meet the overcrowding needs that existed at West New York Memorial High School.

The SDA purchased property from the Church of Saint Joseph of the Palisades for \$12 million in December 2012. The 127,113 square-foot facility was a former Catholic High School and includes 35 classrooms (including labs), a cafeteria, kitchen and auditorium/gymnasium. This property will be utilized by the District as a Freshman and Sophomore Academy that can accommodate 850 students.

The acquisition of this property enabled the SDA to deliver needed educational space more immediately than would have been possible through a traditional delivery method for this project. This unique approach to addressing the needs of the District realized more than \$40 million in savings when compared to prior proposed plans. The SDA will continue to identify and pursue alternative delivery methods when appropriate.

Standardization Program Continues to Evolve

Following Governor Christie's announcement of the Capital Program in March 2011, SDA began development of the SDA Model Schools Program to use standardization in public school facilities projects managed by the SDA.

In 2012, the SDA's in-house Design Studio further developed and refined standardized design components through application on school projects. Bridging documents were developed for four design-build school facility procurements in New Brunswick, Newark and Jersey City. In addition to schematic design documents, this included working closely with school districts to define specific materials and systems requirements and working with consultants in the development of site design documents. It also included the development of building sections, building elevations, other drawings, and performance specifications to describe unique project requirements.

SDA also worked with DOE to develop standardized programmatic models for eight variations on PK-Grade 8 school facilities which establish the number and type of rooms to be provided as part of a school facilities project.

The SDA's Kit of Parts was utilized to develop conceptual plans for another 8 potential school facility projects. As part of the refinement of Kit of Parts, the SDA developed a Model Rooms Catalog. For each room type, the catalog includes a narrative educational specification, a room layout plan, a list of furniture, fixtures and equipment which identifies who (contractor, SDA, District) is responsible for providing each item.

Constructability Review Proves Successful

The George L. Catrambone Elementary School in Long Branch was the first SDA contract employing an enhanced constructability review scope of work - with the awarded Contractor identifying any potential conflicts and resulting cost impacts prior to the start of construction. Following completion of this review process which involved the Contractor, Contract manager, architect and SDA staff, only minor deficiencies were identified. In total, a \$107,000 change order was issued to address the deficiencies identified, mostly related to subcontractor coordination issues. This change order represents less than one half of 1% of the total contract value of \$27,500,000 awarded to the contractor for the construction of the school.

In addition, throughout the course of the review, the architect made additional changes to the documents at no cost to the SDA. Good design is critical to a project schedule, and this review provides for resolution of design missteps prior to starting

construction, helping to prevent project suspension while additional design work proceeds. SDA is confident that this process will help to avoid the lengthy project delays and costly change orders that plagued the school construction program under previous Administrations.

Management's Report on Internal Financial Controls

Governance

Pursuant to P.L.2007, c.137, s.3 (N.J.S.A. 52:18A-237) and Executive Order 122 (2004), the New Jersey Schools Development Authority (the "Authority") is required to undergo an annual financial statement audit. The Authority's 2012 financial statements have been audited by Ernst & Young LLP, an independent auditing firm. In performing its audit, Ernst & Young LLP considered the Authority's internal control structure in determining the extent of audit procedures to be applied. In addition, Ernst & Young LLP was given unrestricted access to all financial records and related data of the Authority, including minutes of all Board and Audit Committee meetings. Ernst & Young LLP has issued an unqualified opinion on the Authority's 2012 financial statements, which audit report, dated March 5, 2013, is presented on pages 1 and 2 of the 2012 financial statements.

The Authority is responsible for both the accuracy of the financial data and the completeness and fairness of its presentation, including all disclosures. The financial statements are prepared in accordance with accounting principles generally accepted in the United States. In preparing the financial statements, management makes informed judgments and estimates the expected effects of events and transactions that are currently being reported.

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the integrity and quality of the Authority's financial statements, the financial reporting process, the system of internal controls, the external auditor's qualifications and independence, the performance of the Authority's internal audit function and external auditors, the audit process and the Authority's process for monitoring compliance with laws, regulations and ethical requirements. The Audit Committee periodically meets with management, as well as the SDA's independent auditors and internal auditors. Both the independent auditors and the internal auditors have unrestricted access to the Audit Committee. At least twice a year, the Audit Committee meets privately with the independent auditors without management present to discuss internal controls and

other financial matters. The Audit Committee may request to meet with SDA's management, internal auditor, or counsel, as necessary to fulfill its responsibilities.

Management considers the internal and external auditors' recommendations concerning the Authority's internal controls and takes appropriate responsive action. Regularly a report showing the status of open audit recommendations is reviewed with the Audit Committee to ensure that appropriate progress is being made to address all audit recommendations. The Authority has already taken corrective action to respond to certain internal control deficiencies and will continue to take appropriate action to respond to other internal control areas. Management views these types of remedial actions as part of a long-term continuous process to improve internal controls and efficiencies.

Budgetary and Financial Controls

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

Budgetary Controls

The Authority maintains budgetary controls to ensure operating expenditures do not exceed the annual level approved by the Board. A variance analysis of accounts is performed monthly and the results are summarized and presented to the Audit Committee in a monthly report. As appropriate, the Authority may allocate a portion of

its operating budget for various internal capital projects such as expenditures for leasehold improvements, and the acquisition of equipment, computer software, furniture and fixtures. The Authority's Capitalization & Depreciation policy prescribes when capitalization of an asset is appropriate.

In addition, the Authority develops and maintains comprehensive project budgets and schedules for each of the school facilities projects that it manages. The Authority uses various Primavera software products to plan, record and monitor project budgets and schedules, and various other software products are used for cost estimating, analyses and reporting. Project budgets include all financial aspects of a project and are reviewed and revised monthly, as necessary. The data obtained from regular monthly re-forecasting sessions are used to track the current and anticipated status of projects relative to their approved budgets. The results are then summarized and presented to the Audit Committee in a monthly report.

Financial Controls

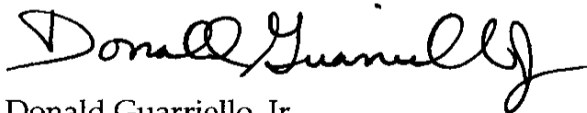
The Authority maintains financial controls through the use of an integrated accounting and budgeting system which enables the Authority to access, analyze and report financial data. Furthermore, the Authority uses financial reporting software to: (1) efficiently and effectively monitor its financial performance; (2) identify financial trends; and (3) generate accurate and timely financial data. These capabilities are continuously improved to meet new information needs.

In order to document and evaluate the appropriateness of the Authority's internal controls, policies and procedures are developed and periodically updated to ensure they remain current. These policies and procedures include a Code of Ethics to foster a strong ethical climate, and are communicated to the Authority's employees as deemed appropriate. These policies and procedures provide a system of internal controls and accountability which is designed to safeguard the Authority's assets. The Authority's internal auditors periodically review the Authority's adherence to internal control policies and procedures.

The Authority's Board of Directors periodically reviews and approves modifications to the SDA's Operating Authority policy. The Operating Authority is a key control document as it designates staff levels of those persons who are required (either generally or in specific transactions) to approve contracts and/or to execute documents legally binding on the Authority, or to sign checks and approve disbursements on behalf of the Authority. Several other policies and procedures (or other analogous documents, including, but not limited to: policy notices, bulletins, standard operating procedures, etc.) have been implemented in the areas of accounting, accounts payable, procurement and program operations.

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

I certify that, to the best of my knowledge, the financial information provided to the Authority's independent auditors in connection with their audit of the 2012 financial statements is accurate, and that such information fairly presents the financial condition and operational results of the Authority as of December 31, 2012 and for the year then ended.



Donald Guarriello, Jr.

Chief Financial Officer

I certify that, to the best of my knowledge, the financial information provided to the Authority's independent auditors in connection with their audit of the 2012 financial statements is accurate, and that such information fairly presents the financial condition and operational results of the Authority as of December 31, 2012 and for the year then ended.



Marc Larkins

Chief Executive Officer

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

In accordance with Executive Order 37 (2006), please find enclosed the New Jersey Schools Development Authority's (the "Authority") 2012 comprehensive report of Authority operations (the "2012 Annual Report"). This report highlights the significant actions of the Authority for the year ending December 31, 2012, including the degree of success the SDA had in promoting the State's economic growth strategies and other policies during the year.

The report of independent auditors, issued by Ernst and Young LLP on March 5, 2013, is included within the financial statements section of the 2012 Annual Report. The completion of the audit report fulfills the Authority's requirements under Executive Order 37 and the audit requirements of Executive Order 122 (2004).

Executive Order 37 Section 2 Certification:

I, Marc Larkins, certify that, from January 1, 2012, to December 31, 2012, the Authority has, to the best of my knowledge, followed all of its standards, procedures and internal controls.



Marc Larkins

Chief Executive Officer

SDA Board Members

Public Members

Edward Walsh
SDA Chairman
*Principal and Managing Director,
Avison Young*

Michael Capelli
*Executive Secretary-Treasurer,
NJ Regional Council of Carpenters*

Kevin Egan
Business Representative, I.B.E.W. Local 456

Karim A. Hutson
*Managing Partner and Founder,
Genesis Companies*

Lester Lewis-Powder
*Executive Director,
Let's Celebrate, Inc.*

Loren P. Lemelle
Retired Executive, Johnson and Johnson

Michael Maloney
*Business Manager/ Financial Secretary,
Plumbers & Pipefitters Local Union No. 9
President, Mercer County Central Labor
Council*

Joseph McNamara
Director, LECET & Health and Safety

Robert Nixon
*Director of Government Affairs,
NJ State Policeman's Benevolent Assn.*

Martin Perez, Esq.
*President, Latino Leadership Alliance
Partner, Perez & Bombelyn
Member, Rutgers University Board of
Governors*

Mario Vargas
*Executive Director, Puerto Rican Action
Board*

Ex-Officio Members

Michele A. Brown
*Chief Executive Officer, New Jersey Economic
Development Authority*

Christopher D. Cerf
*Commissioner, New Jersey Department of
Education*

Richard E. Constable, III
*Commissioner, New Jersey Department of
Community Affairs*

Andrew P. Sidamon-Eristoff
*State Treasurer, New Jersey Department of the
Treasury*

SDA Executive Staff

Marc D. Larkins
Chief Executive Officer

Jason E. Ballard
Chief of Staff

Donald R. Guarriello
*Vice President – Chief
Financial Officer*

Jane F. Kelly
*Vice President –
Corporate Governance
and Operations*

Andrew D. Yosha
*Vice President – Program
Operations*

SDA Offices

State Street Office: 1 West State Street, Trenton, NJ 08625
Mailing Address: Post Office Box 991, Trenton, NJ 08625-0991
Delivery Address: 1 West State Street, Trenton, NJ 08608
Phone: 609-943-5955

Front Street Office: 32 East Front Street, Trenton NJ 08625
Mailing Address: Post Office Box 991, Trenton, NJ 08625-0991
Phone: 609-292-5788 Fax: 609-826-3968

Website: www.njsda.gov
Email: schools@njsda.gov

DRAFT
3-5-2013

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, 2012

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, 2012

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Report of Independent Auditors

Members of the Authority
New Jersey Schools Development Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of the New Jersey Schools Development Authority (the Authority), a component unit of the State of New Jersey, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2012, and the changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and the schedule of funding progress on pages 3 through 8 and page 30, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

March 5, 2013

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, 2012

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, 2012. This management discussion and analysis should be read in conjunction with the Authority's financial statements and accompanying notes.

Nature of the Authority

The SDA was established on August 6, 2007 to replace the New Jersey Schools Construction Corporation ("SCC") pursuant to reform legislation (P.L.2007, c.137). As of the date of the legislation, the SCC was dissolved and all its functions, powers, duties and employees were transferred to the SDA. Organizationally, the Authority is situated in, but not of, the New Jersey Department of the Treasury.

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

School Construction Program Authorized Funding and Disbursements

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

Through December 31, 2012, the Authority has received \$9.02 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 68.5% of the currently authorized program funding, as follows:

	<u>Bonding Cap</u>	<u>Program Funding</u> ¹	<u>Disbursements</u>	<u>% Paid</u>
SDA Districts	\$8,900,000,000	\$9,006,730,272	\$5,962,968,183	66.2%
Regular Operating Districts	3,450,000,000	3,492,733,621	2,605,886,099	74.6%
Vocational Schools	150,000,000	151,707,483	97,835,261	64.5%
Totals	<u>\$12,500,000,000</u>	<u>\$12,651,171,376</u>	<u>\$8,666,689,543</u>	68.5%

¹ Program funding includes the amounts authorized under the respective bonding caps in addition to approximately \$151 million of interest income and miscellaneous revenue earned through December 31, 2012.

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 2012, the Authority completed two new school facilities projects in the SDA Districts, which benefited approximately 1,400 students.

From inception through December 31, 2012, the School Construction Program has completed 636 projects in the SDA Districts. The completed projects consist of: 65 new schools, including 6 demonstration projects; 42 extensive additions, renovations and/or rehabilitations; 26 rehabilitation projects; 354 health and safety projects; and 149 Section 13 Grants for SDA District-managed projects under \$500,000. The demonstration projects serve as a cornerstone of revitalization efforts and are funded by the Authority but managed by a municipal redevelopment entity and redeveloper. In addition, in the Regular Operating Districts the Authority has completed 26 projects that it managed for the districts, and state funding was provided through Section 15 Grants for 3,097 school projects throughout the 21 counties of New Jersey.

As of December 31, 2012, the SDA has four 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 four 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.

Through the approval of various capital plans, the Authority's current capital portfolio of school facilities projects includes 34 projects consisting of: 29 new or addition/major renovation projects; and 5 capital maintenance projects that address serious facility deficiencies. The total estimated project costs for the current capital program exceeds \$1.5 billion. The SDA continues to evaluate other school facilities projects for advancement.

The following un-audited 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				
	2012	2011	2010	2009	2008
EFCFA funding received from State	\$375,000	\$-	\$499,200	\$775,000	\$450,000
Investment earnings, net	205	546	1,299	2,345	12,060
Administrative and general expenses	34,749	35,699	44,333	44,707	41,021
Capital expenditures	54	26	52	234	526
School facilities project costs	145,584	154,930	274,584	509,462	922,823
Employee count at end of year	241	255	304	332	298

2012 Financial Highlights

- At year end, the Authority's net position is \$373.5 million.
- At year end, cash and cash equivalents total \$514.5 million.
- For the year, revenues total \$375.8 million, \$375 million of which is from EFCFA funding received from the State (or 99.8%)
- For the year, expenses total \$181.2 million, \$145.6 million (80.3%) of which is for school facilities project costs.
- For the year, general fund revenues exceed general fund expenditures by \$181.1 million.

Overview of the Financial Statements

The financial section of this annual report consists of three parts: Management's Discussion and Analysis (this section); 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 and liabilities, with the difference between the two 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 financial statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

Financial Analysis of the Authority

Net Position - The Authority's net position increased to \$373.5 million at year-end, primarily due to 2012 State funding under the EFCFA (\$375 million) exceeding 2012 expenditures for school facilities projects (\$145.6 million).

The following table summarizes the Authority's net position at December 31, 2012 and 2011.

	\$ In thousands			
	2012	2011	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current assets	\$516,391	\$365,855	\$150,536	41.1%
Capital assets-net	645	1,469	(824)	(56.1)%
Total assets	<u>\$517,036</u>	<u>\$367,324</u>	<u>\$149,712</u>	40.8%
Current liabilities	\$47,738	\$78,271	\$(30,533)	(39.0)%
Non-current liabilities	95,834	110,147	(14,313)	(13.0)%
Total liabilities	<u>\$143,572</u>	<u>\$188,418</u>	<u>(\$44,846)</u>	(23.8)%
Net position:				
Invested in capital assets	645	1,469	(824)	(56.1)%
Restricted for schools construction:				
Build America Bond program	98,297	258,300	(160,003)	(61.9)%
Special revenue fund	274,522	(80,863)	355,385	439.5%
Net position	<u>373,464</u>	<u>178,906</u>	<u>194,558</u>	108.8%
Total liabilities and net position	<u>\$517,036</u>	<u>\$367,324</u>	<u>\$149,712</u>	40.8%

Note: All percentages are calculated using unrounded figures.

Operating Activities – In October 2012, the Authority received proceeds of \$375 million from the sale of tax exempt EDA School Facilities Construction Bonds and Notes. This raises the total amount of bond and note proceeds received since program inception to \$9.02 billion.

During the bidding process, the Authority charges a minimal fee ranging from \$50 up to \$500 for copies of design plans and specifications as specified in the construction project advertisements.

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

The following table summarizes the change in net position for the years ended December 31, 2012 and 2011.

	\$ In thousands			
	2012	2011	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Revenues				
EFCFA funding received from State	\$375,000	\$-	\$375,000	N/A
Bidding fees-plans and specs	30	5	25	564.5%
Investment earnings, net	205	546	(341)	(62.5)%
Rental property (loss)/income	186	309	(123)	(39.7)%
Other revenue	348	3	345	11,971.2%
Total revenues	<u>\$375,769</u>	<u>\$863</u>	<u>374,906</u>	43,452.4%

	\$ In thousands			
	2012	2011	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Expenses				
Administrative and general expenses	\$34,749	\$35,699	\$ (950)	(2.7)%
Depreciation	878	1,032	(154)	(14.9)%
School facilities project costs	145,584	154,930	(9,346)	(6.0)%
Total expenses	181,211	191,661	(10,450)	(5.5)%
Change in net position	194,558	(190,798)	385,356	202.0%
Beginning net position	178,906	369,704	(190,798)	(51.6)%
Ending net position	\$373,464	\$178,906	\$194,558	108.8%

Note: All percentages are calculated using unrounded figures.

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, 2012

	General Fund Total	Adjustments (Note 8)	Statement of Net Position
Assets			
Cash and cash equivalents	\$514,531,670		\$514,531,670
Receivables	551,353	\$558,297	1,109,650
Prepaid expenses	749,536		749,536
Capital assets-net		645,218	645,218
Total assets	515,832,559	1,203,515	517,036,074
Liabilities			
Accrued school facilities project costs	37,230,956	83,138,303	120,369,259
Other post-employment benefits obligation		11,635,026	11,635,026
Other accrued liabilities	585,058	1,061,136	1,646,194
Deposits	9,920,837		9,920,837
Total liabilities	47,736,851	95,834,465	143,571,316
Fund Balance/Net Position			
Invested in capital assets		645,218	645,218
Nonspendable:			
Prepaid expenses	749,536	(749,536)	
Restricted for schools construction:			
Build America Bond program	98,297,315		98,297,315
Special revenue fund	369,048,857	(94,526,632)	274,522,225
Total fund balance/net position	468,095,708	(94,630,950)	373,464,758
Total liabilities and fund balance/net position	\$515,832,559	\$1,203,515	\$517,036,074

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, 2012

	General Fund Total	Adjustments (Note 8)	Statement of Activities
Revenues			
School Construction Program:			
EFCFA funding received from State	\$375,000,000		\$375,000,000
Bidding fees-plans and specs	30,425		30,425
General:			
Investment earnings	204,840		204,840
Rental property income	186,440		186,440
Other revenue	348,132		348,132
Total revenues	<u>375,769,837</u>		<u>375,769,837</u>
Expenditures/Expenses			
Administrative and General:			
Salaries and benefits	26,745,674	\$2,138,548	28,884,222
Other administrative and general	5,864,567		5,864,567
Capital expenditures	54,142	(54,142)	
Capital depreciation		878,427	878,427
School facilities project costs	162,035,812	(16,451,252)	145,584,560
Total expenditures/expenses	<u>194,700,195</u>	<u>(13,488,419)</u>	<u>181,211,776</u>
Excess of revenues over expenditures	181,069,642	13,488,419	
Change in net position			194,558,061
Fund Balance/Net Position			
Beginning of year, January 1, 2012	<u>287,026,066</u>	<u>(108,119,369)</u>	<u>178,906,697</u>
End of year, December 31, 2012	<u>\$468,095,708</u>	<u>\$(94,630,950)</u>	<u>\$373,464,758</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 (“State”) for funding. Organizationally, the Authority is situated in, but not of, the New Jersey Department of the Treasury.

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

2. Summary of Significant Accounting Policies

(a) Government-Wide and Fund Financial Statements

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

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

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

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(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 restricted schools construction special revenue 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

The Authority charges a minimal fee during the bidding process for copies of the design plans and specifications as specified in the construction project advertisements. Rental revenue is received under month-to-month lease occupancy agreements. Acquisitions of various properties for the construction of school facilities projects generate rental revenue prior to the relocation of the occupants. Fees and rental revenues are generally recognized when received.

(d) 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

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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 2012 Series KK, G, and H. As of December 31, 2012, no rebate arbitrage liabilities exist.

(e) Cash Equivalents

Cash equivalents consist of highly liquid debt instruments with original maturities of three months or less, and participation in the State's Cash Management Fund ("NJCMF"), a fund managed by the Division of Investment under the Department of Treasury. It consists of U.S. Treasury obligations, government agencies obligations, certificates of deposit and commercial paper. Cash equivalents are stated at fair value.

(f) 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.

(g) Capital Assets

Capital assets are reported in the governmental activity column in the government-wide financial statements and are recorded at historical cost or estimated historical cost if purchased and constructed. The Authority's current capitalization threshold is \$10,000 for individual items meeting all other capitalization criterion. As of December 31, 2012, the Authority's capital assets consist of leasehold improvements, 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.

(h) Taxes

The Authority is exempt from all federal and state income taxes and real estate taxes.

(i) 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

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affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(j) Recently Adopted Accounting Pronouncements

In June 2011, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (“GASB 63”). The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. Amounts that are required to be reported as deferred outflows should be reported in a statement of financial position in a separate section following assets. Similarly, amounts required to be reported as deferred inflows of resources should be reported in a separate section following liabilities. The statement of net position should report the residual amount as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The Authority’s adoption of GASB 63 in 2012 resulted in a change in the presentation of the Statement of Net Assets to what is now referred to as the Statement of Net Position and the term “net assets” was changed to “net position” throughout the financial statements.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments; Application of Hedge Accounting Termination Provisions* (“GASB 64”). The objective of this Statement is to clarify GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as it applies to termination provisions when a counterparty of an interest rate or commodity swap is replaced. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. The Authority does not have interest rate or commodity swaps; therefore, the implementation of GASB 64 did not have an impact on its financial statements.

(k) Recent Accounting Pronouncements

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”). Pursuant to this Statement, certain items that were previously reported as assets and liabilities will either (a) be properly classified as deferred outflows of resources or deferred inflows of resources, or (b) be recognized as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Authority is currently evaluating the impact GASB 65 will have on its financial statements.

In March 2012, GASB issued Statement No. 66, *Technical Corrections–2012* (“GASB 66”). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from

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the issuance of two pronouncements—Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Authority does not anticipate the implementation of GASB 66 to have an impact on its financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (“GASB 67”). The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. GASB 67 will not have an impact on the Authority.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”). The objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not completed the process of evaluating the impact of GASB 68.

3. Cash, Cash Equivalents and Investments

(a) Cash Flows

Overall cash and cash equivalents increased during the year by \$152.1 million to \$514.5 million as follows:

Cash and cash equivalents, beginning of year	\$362,471,682
Changes in cash:	
EFCFA funding received from State	375,000,000
Investment and interest income	204,840
Miscellaneous revenue	230,997
School facilities project costs	(189,648,010)
Administrative and general expenses	(32,441,010)
Capital expenditures	(54,142)
Deposits	(1,232,687)
Cash and cash equivalents, end of year	<u>\$514,531,670</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. At December 31, 2012, the

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carrying amount of operating cash is \$550,080 and the bank balance is \$1,399,933. Regarding the amount held by commercial banking institutions, up to \$250,000 at each institution is insured with Federal Deposit Insurance.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, NOW accounts are profiled in order to determine exposure, if any, to custodial credit risk (risk that in the event of failure of the counterparty the account owner would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to custodial credit risk if they are: uninsured and uncollateralized (securities not pledged to the depositor); collateralized with securities held by the pledging financial institution; or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2012, 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.

As of December 31, 2012, cash and cash equivalents include deposits of \$9,920,837 consisting mainly of district local share funding requirements (see Note 5).

(c) Investments

In order to maximize liquidity, the Authority utilizes the NJCMF as its sole investment. The NJCMF invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries; short-term commercial paper; U.S. Agency Bonds; Corporate Bonds; and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At December 31, 2012, the Authority's investments in the NJCMF total \$513,981,590.

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.

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4. Prepaid Expenses

As of December 31, 2012, the Authority's prepaid expenses are as follows:

Insurance	\$532,020
Office rents	145,564
Service contracts	41,888
Other	30,064
Total prepaid expenses	<u>\$749,536</u>

5. Local Share Deposits

The Authority has received funds from several local school districts as required by Local Share Agreements for the funding of the local share portion of Regular Operating District school facility projects, or to cover certain ineligible costs pertaining to projects in the SDA Districts. These deposits, including investment earnings, are reflected as liabilities in the accompanying financial statements.

As of December 31, 2012, local share deposits held in SDA bank accounts, inclusive of interest earned but not refunded to the district, are as follows:

City of Newark	\$6,317,480
Egg Harbor City	1,348,764
Greater Egg Harbor	827,960
Buena Borough	933,266
Other	363,617
Total local share deposits	<u>\$9,791,087</u>

6. Rental of Office Space

The Authority rents commercial office space for its headquarters facility in Trenton, as well as rents other office space in Trenton and Newark. The remaining terms of these leases range from one year to 22 months. Total rental expense for the year ended December 31, 2012 amounted to \$2,335,819.

The Authority is currently in the process of negotiating extensions and modifications of its existing lease(s) for commercial office space. It is currently expected that one or more of the leases will be extended for an additional 10 years expiring on December 31, 2023, with the right to terminate the lease after five years.

Future rent commitments under operating leases as of December 31, 2012 are as follows:

2013	\$1,585,479
2014	127,617
Total future rent expense	<u>\$1,713,096</u>

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7. Capital Assets

Capital asset activity for the year ended December 31, 2012 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Leasehold improvements	\$7,916,738	\$-	\$-	\$7,916,738
Office furniture and equipment	5,094,937	-	-	5,094,937
Computer software	568,993	-	-	568,993
Automobiles	235,473	54,142	-	289,615
Capital assets-gross	13,816,141	54,142	-	13,870,283
Less: accumulated depreciation	12,346,638	878,427	-	13,225,065
Capital assets-net	<u>\$1,469,503</u>	<u>\$(824,285)</u>	<u>\$-</u>	<u>\$645,218</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 (\$468,095,708) differs from the “net position” reported on the statement of net position (\$373,464,758). 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 post-employment benefits and compensated absences are not recorded in the fund financial statements until paid. A summary of these differences at December 31, 2012 is as follows:

Fund balances	\$468,095,708
Capital assets, net of related depreciation of \$13,225,065	645,218
Accrued school facilities project costs, net of related receivable	(82,580,006)
Accrued other post-employment benefits	(11,635,026)
Accrued compensated absences	(1,061,136)
Net position	<u>\$373,464,758</u>

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(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, 2012 is as follows:

Excess of revenues over expenditures	\$181,069,642
School facilities project costs	16,451,252
Other post-employment benefits expense	(2,089,503)
Compensated absences expense	(49,045)
Capital asset acquisitions	54,142
Depreciation expense	(878,427)
Changes in net position	<u>\$194,558,061</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 yet realized) in the amount of \$34,748,298 as of December 31, 2012. Additionally, as of the same date the Authority has recorded in the statement of net position a receivable in the amount of \$558,297 for realized environmental cost recoveries. The Authority’s PRO liability and asset are charged or credited to school facilities project costs in the statement of activities. The Authority’s PRO liability is measured based on the current cost of future activities. Also, the PRO liability was estimated using “the expected cash flow technique,” which measures the liability as the sum of probability weighted amounts in a range of possible estimated outcomes.

The Authority owns numerous properties with environmental issues that meet the criteria for “obligating events” and disclosure under GASB Statement No. 49. All of the properties meeting the criteria were acquired by the Authority for the purpose of constructing a school facilities project on behalf of an SDA District and, at the present, the Authority believes it has obligated itself to commence clean-up activities. The Authority will continue to evaluate the applicability of this Statement relating to specific project sites as adjustments are made to its portfolio of school facilities projects. The Authority’s remediation activities generally include: pre-clean-up activities including preliminary assessment and site investigation;

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asbestos and lead based paint removal; underground storage tank removal; neutralization, containment, removal and disposal of ground pollutants; site restoration; and post-remediation monitoring and oversight. The following table summarizes the Authority's expected cash outlays (estimated costs), payments and cost recoveries related to numerous SDA-owned properties associated with school facilities projects in various stages of pre-development and construction.

Description	Estimated Cost	Payments to Date	PRO at 12-31-2012
Pre-cleanup activities	\$5,973,362	\$5,311,192	\$662,170
Site remediation work	76,304,985	44,783,922	31,521,063
Post-remediation monitoring	1,069,299	384,346	684,953
Asbestos and lead based paint removal	19,054,003	15,388,546	3,665,457
Sub-total	102,401,649	65,868,006	36,533,643
Less: Estimated environmental cost recoveries (ECR) not yet realized	1,785,345	-	1,785,345
Liability for pollution remediation obligations	\$100,616,304	\$65,868,006	\$34,748,298
Receivable for realized ECR	\$558,297	\$-	\$558,297

The following table summarizes the changes in the Authority's PRO liability during the year ended December 31, 2012:

PRO at 12-31-2011	Increase in Expected Cash Outlays	PRO Payments	Increase in ECR Not Yet Realized	PRO at 12-31-2012
\$37,847,100	\$1,371,654	\$(5,215,973)	\$745,517	\$34,748,298

10. Commitments and Contingencies

(a) Contractual Commitments

At December 31, 2012, the Authority has approximately \$606 million of unaccrued contractual commitments relating to future expenditures associated with school facilities projects.

(b) Contractor Claims

Numerous contractor claims, the vast majority of which are not in litigation, have been filed with the Authority by design consultants, general contractors and project management firms relating to disputes concerning school construction matters (e.g., delays, labor and material price increases). The Authority resolves contractor claims by following the administrative

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process noted in the relevant contract. As of December 31, 2012, the Authority's potential loss from these claims has been estimated at approximately \$48.4 million, which represents a decrease of \$13.3 million from the prior year end accrual. Accordingly, as of December 31, 2012, an accrued liability of \$48.4 million is reflected in the statement of net position and, for the year then ended, \$13.3 million is offset against school facilities project costs on the statement of activities.

(c) Insurance

The Authority maintains commercial insurance coverage for, among other things, workers' compensation, tort liability (including public liability and automobile) and property damage. Additionally, in support of its construction operations the Authority has implemented an Owner-Controlled Insurance Program ("OCIP") and has also purchased Owners Protective Professional Indemnity Insurance ("OPPI"), both of which are discussed below. As of December 31, 2012, management is not aware of any insurable claim that is expected to exceed its commercial insurance coverage. The Authority is also involved in several lawsuits not covered under its commercial insurance; however, in the opinion of management, none of the claims is expected to have a material effect on the Authority's financial statements.

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, umbrella/excess liability and builders risk insurance for all eligible contractors performing labor on school facilities projects. OCIP I was subsequently extended to March 31, 2009. Builders risk coverage for OCIP I expired as of December 31, 2009. Policy limits for OCIP I vary depending upon, among other things, the type of insurance coverage; a \$300 million umbrella/excess liability program provides additional protection against potentially catastrophic losses resulting from workers' compensation and commercial general liability claims. Losses are subject to a \$250,000 per claim deductible. Although OCIP I is no longer enrolling new projects into the program since its expiration, completed operations coverage continues for 10 years from the end of construction for all previously enrolled projects.

In 2009, the Authority purchased a new five-year OCIP ("OCIP II"). 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 provides an additional two years for the completion of enrolled projects. Builders risk coverage for OCIP II had an initial three-year term commencing December 31, 2009 and was subsequently extended for an additional year to include projects that will begin construction prior to December 31, 2013. Similar to OCIP I, policy limits for OCIP II 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

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commercial general liability claims. Losses are subject to either a \$250,000 per claim deductible or a \$350,000 deductible in the event that both a workers' compensation and general liability claim occur from the same incident. Additionally, OCIP II provides 10 years of completed operations coverage for claims that arise after the completion of construction. Premiums for OCIP II are adjustable based upon actual construction values for enrolled contractors (not all trades are eligible for enrollment) on insured projects, estimated at \$2 billion when the program was purchased.

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 the 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. The funds remaining, totaling approximately \$9.9 million, were allocated to fund the LRF for OCIP I. All monies deposited in the LRF accrue interest to the benefit of the Authority and are available to pay claim costs arising from construction projects enrolled within the respective OCIP.

As of December 31, 2012, the Authority has incurred general liability and workers' compensation claims totaling approximately \$3.2 million and \$11.1 million, respectively, under OCIP I and OCIP II. All monies deposited in the LRF and not used to pay claims will be refunded to the Authority along with accrued interest. Under the terms of the contract, the Authority has no claim or interest in the LRF until six (6) months after the expiration of the program. At this time, and annually thereafter, the LRF for OCIP I shall be reviewed and the deductible obligation re-determined.

In connection with the OCIP II extension, discussed above, the maximum deductible obligation is \$16 million. A reasonable estimate of future refunds from the OCIP II LRF is not yet known since the majority of covered school facilities projects are in various stages of completion and therefore the Authority's ultimate obligation cannot be immediately determined.

In October 2009, the Authority purchased a 5-year, \$25 million limit 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

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\$500,000 self-insured retention, and provides coverage for construction projects. In addition, the policy provides an Extended Reporting Period (“ERP”) of up to 10 years to report claims. The ERP commences on the earlier of project completion or the policy expiration date of October 1, 2014.

11. Employee Benefits

(a) Public Employees Retirement System of New Jersey

All active, full-time employees of the Authority are required as a condition of employment to participate in the Public Employees Retirement System of New Jersey (“PERS” or “Plan”), a cost-sharing, and multiple-employer defined benefit plan administered by the State. Effective July 1, 2012, employees are required to contribute 6.64% (up from 6.5%) of their annual compensation to the Plan. An additional 0.86% increase will be phased in over the next 6 years, bringing the total pension contribution rate to 7.5%. All Plan participants are categorized within membership Tiers in accordance with their enrollment date in the PERS, as follows: Tier 1 includes those members enrolled in PERS prior to July 1, 2007; Tier 2 includes those members enrolled in PERS on or after July 1, 2007 and prior to November 2, 2008; Tier 3 includes those members enrolled in PERS on or after November 2, 2008 and on or before May 21, 2010; Tier 4 includes those members enrolled in PERS after May 21, 2010 and prior to June 28, 2011; and Tier 5 includes those members enrolled in 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 Authority’s total payroll for the years ended December 31, 2012, 2011 and 2010, which approximates its covered payroll, was \$18,472,472, \$19,904,178 and \$23,961,013, respectively.

In 2012, 2011 and 2010, the Authority’s pension contributions to the PERS totaled \$2,673,145, \$2,545,016, and \$1,793,455, respectively; such amounts were charged to salaries and benefits expense. The Authority’s 2013 pension contribution, due on April 1, 2013, is expected to be \$2,163,895.

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

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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 percent 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 percent per month) for each year the member is under age 60 (until age 55) and 3% per year (1/4 of 1 percent 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 percent per month) for each year the member is under age 62 (until age 55) and 3% per year (1/4 of 1 percent 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 percent per month) for each year the member is under age 65.

The PERS also provides death and disability benefits. The State of New Jersey has the authority to establish and/or amend any of the benefit provisions and contribution requirements. 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. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

(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

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

direct benefit of those participating in the DCRP, the Authority would be required to contribute 3% to the DCRP (“employer matching”) based on the member’s annual compensation (base salary) in excess of the maximum compensation limit.

For the year ending December 31, 2012, the Authority had eight active employees enrolled in the DCRP and made matching contributions totaling \$5,596. Employer matching contributions relating to 2011, 2010 and 2009 totaled \$6,858, \$4,853, and \$5,819, 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 Post-Employment Benefits

The Authority provides post-employment healthcare benefits (including Medicare Part B reimbursement) and prescription drug coverage through participation in the New Jersey Health Benefits Program, as sponsored and administered by the State of New Jersey, to retirees having 25 years or more of service in the PERS, or to those individuals approved for disability retirement. These post-employment benefits also extend to the retirees’ covered dependents. 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 to retirees in an amount equal to 3/16 of their average salary during the final 12 months of active employment. These post-employment benefits, referred to as OPEB, are presently provided by the Authority at no cost to the retiree. The State has the authority to establish and amend the benefit provisions offered and contribution requirements. The plan is considered an agent multiple-employer defined benefit plan for financial reporting purposes. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements for the State Health Benefits Program Funds. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

The Authority accounts for its OPEB obligations in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Authority’s OPEB cost is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if

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

paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The Authority's annual OPEB cost for 2012 and 2011 and the related information for the plan are as follows:

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$1,928,499	\$2,072,654
Adjustment to annual required contribution *	287,154	(77,840)
Annual OPEB cost	2,215,653	1,994,814
Contributions made	(126,150)	(114,444)
Increase in net OPEB obligation	2,089,503	1,880,370
Net OPEB obligation – beginning of year	9,545,523	7,665,153
Net OPEB obligation – end of year	<u>\$11,635,026</u>	<u>\$9,545,523</u>

* The adjustment to the ARC includes interest on the net OPEB obligation, less amortization of the net OPEB obligation.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011, and 2010 is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2012	\$2,215,653	5.7%	\$11,635,026
12/31/2011	\$1,994,814	5.7%	\$9,545,523
12/31/2010	\$3,594,282	2.5%	\$7,665,153

As of the most recent valuation date (January 1, 2012), the Authority's actuarial accrued liability was \$15,905,032, all of which was unfunded as of December 31, 2012. The Authority is recognizing this liability over a 30-year period using level dollar amortization, which is representative of amortizing on a level percentage of payrolls on an open basis. The covered payroll (annual payroll of active employees covered by the plan) as of the valuation date was \$18,788,600 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 84.7%. Additionally, as of the valuation date seven active and seven retired employees were eligible for post-employment benefits.

The Authority has elected at this time to finance its annual OPEB cost on a pay-as-you-go basis in view of the fact that the Authority 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. Payments for retiree post-employment benefits totaled \$126,150 and \$114,444, respectively, in 2012 and 2011.

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

Actuarial Methods and Assumptions: Actuarial valuations of a perpetual plan involve formulating estimates and assumptions about the probability of occurrence of future events, such as employment, mortality and healthcare costs, among other things. Consequently, the amounts derived from an actuarial valuation are subject to continual revision as actual results will undoubtedly differ from past expectations and assumptions. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

For the January 1, 2012 actuarial valuation the projected unit credit actuarial cost method was used with a 4.5% discount rate. Pursuant to this method, benefits are recognized from date of hire to the date the employee is first eligible for benefits. No investment return was assumed in the current valuation since there are no OPEB plan assets. The annual healthcare cost inflation rates (trend) for retiree benefits is 10% for 2013, which is assumed to decline 1% per year to an ultimate trend assumption of 5% for the year 2018 and beyond. The same trend rates are assumed for Medicare Part B premium reimbursement and prescription drug costs. As required in GASB Technical Memorandum 2006 1 on the accounting for the federal Retiree Drug Subsidy (“RDS”), the Authority’s actuarial liabilities are shown without a reduction for the RDS even though the NJ Health Benefits Program has opted to receive the RDS.

In the fall of 2012, the NJ Health Benefits Program incorporated both the healthcare reform impact (excise “Cadillac” tax), and the mortality improvement projection scale in the valuation report that was released to the public. These assumptions were not applied in previous state valuations. To remain consistent with the state health plan, the Authority elected to include both changes in their 2012 actuarial valuation. The results included an increase to the unfunded accrual liability and the annual OPEB cost by \$1,045,973 and \$189,547, respectively.

12. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority recorded a liability in the amount \$1,061,136 as of December 31, 2012 in the statement of net position. The liability is the value of employee accrued vacation time as of

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

Notes to Financial Statements (Continued)

the balance sheet date and vested sick leave benefits that are probable of payment to employees upon retirement. The vested sick leave benefit to future retirees for unused accumulated sick leave is calculated at the lesser of ½ the value of earned time or \$15,000. The payment of sick leave benefits, prior to retirement, is dependent on the occurrence of sickness as defined by the Authority's policy; therefore, such unvested benefits are not accrued.

13. Long-Term Liabilities

During 2012, 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	\$99,589,555	\$745,517	\$(17,196,769)	\$83,138,303
Other post-employment benefits obligation	9,545,523	2,215,653	(126,150)	11,635,026
Compensated absences	1,012,091	49,045	-	1,061,136
Total long-term liabilities	<u>\$110,147,169</u>	<u>\$3,010,215</u>	<u>\$(17,322,919)</u>	<u>\$95,834,465</u>

For further information, see Notes 11(d) and 12.

14. Net Position

The Authority's net position are categorized as either invested in capital assets, or restricted for schools construction. At December 31, 2012, the Authority's net position is \$373.5 million. Invested in capital assets includes leasehold improvements, furniture and fixtures, equipment and computer software used in the Authority's operations, net of accumulated depreciation. Restricted for schools construction includes sub-categories for Build America Bond ("BAB") proceeds and special revenue fund for all other sources. Net position arising from BAB proceeds are more restricted than those in the special revenue fund. Additionally, only the portion of the Authority's operating costs deemed capitalizable may be funded from BAB proceeds. The special revenue fund includes all net position not included in the other categories. When both restricted and unrestricted resources are available for use, it is the Authority's policy to first use restricted resources then unrestricted resources as needed.

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

The changes during 2011 and 2012 in net position are as follows:

	Invested in Capital Assets	Restricted for Schools Construction Build America Bond Program	Restricted for Schools Construction Special Revenue Fund	Totals
Net position, January 1, 2011	\$2,475,270	\$345,002,960	\$22,225,653	\$369,703,883
(Loss)/excess before receipt of EFCFA funding and transfers	(1,031,909)	(14,712,814)	(20,123,248)	(35,867,971)
Capital assets acquired	26,142	-	(26,142)	-
School facilities project costs	-	(71,990,189)	(82,939,026)	(154,929,215)
Net position, December 31, 2011	1,469,503	258,299,957	(80,862,763)	178,906,697
(Loss)/excess before receipt of EFCFA funding and transfers	(878,427)	(13,245,207)	(20,733,745)	(34,857,379)
Capital assets acquired	54,142	-	(54,142)	-
EFCFA funding received from State	-	-	375,000,000	375,000,000
School facilities project costs	-	(146,757,435)	1,172,875	(145,584,560)
Net position, December 31, 2012	\$645,218	\$98,297,315	\$274,522,225	\$373,464,758

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 Funding Progress - Post-Employment Healthcare Benefit Plan

\$ In thousands

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Level Dollar (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b) - (a) / (c)
1-1-2012	\$ -	\$15,905	\$15,905	- %	\$18,789	85%
1-1-2011	\$ -	\$15,706	\$15,706	- %	\$22,667	69%
1-1-2010	\$ -	\$18,876	\$18,876	- %	\$24,658	77%

RESOLUTION—4ai.**Resolution Approving the NJSDA Annual Report**

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

WHEREAS, pursuant to law, the Authority is authorized to “adopt bylaws for the regulation of its affairs and the conduct of its business” which bylaws were adopted by the Authority on August 15, 2007; and

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

WHEREAS, the Authority’s financial statements were presented to the SDA Audit Committee on March 18, 2013 and are presented for Board approval on this date; and

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

WHEREAS, the 2012 SDA Annual Report has been prepared by executive management consistent with Executive Order No. 37 and is presented in the attachment hereto with a recommendation for Board approval.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board hereby approves the Authority’s 2012 Annual Report as presented by executive management.
2. 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 - 2012 Annual Report, dated April 3, 2013

Dated: April 3, 2013

CHAIRMAN'S REPORT (*ORAL*)

REPORT AND RECOMMENDATIONS OF THE AUDIT COMMITTEE

CHAIRMAN'S REPORT

2012 FINANCIAL STATEMENTS



1 WEST STATE STREET
P.O. BOX 991
MANTON, NJ 08625-0991
609-943-5955

MEMORANDUM

TO: Members of the Authority

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

DATE: April 3, 2013

RE: 2012 Financial Statements

I am pleased to inform you that the accounting firm Ernst & Young LLP has issued an “unqualified” opinion on the Authority’s 2012 Financial Statements, the highest level of assurance that an audit firm can provide for a financial statement audit. The annual financial statements are being presented to the Members for their review and approval, a requirement of Executive Order 122, as amended by Executive Order 37 (2006).

On March 18, 2013, the 2012 Financial Statements were presented and discussed at length with the Audit Committee, and Ernst & Young LLP presented their results booklet and required communication in accordance with Statement of Auditing No. 114.

Recommendation

The Members of the Authority are recommended to approve the attached 2012 Financial Statements.

Attachment

DRAFT
3-5-2013

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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, 2012

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, 2012

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DRAFT

Report of Independent Auditors

Members of the Authority
New Jersey Schools Development Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of the New Jersey Schools Development Authority (the Authority), a component unit of the State of New Jersey, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2012, and the changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and the schedule of funding progress on pages 3 through 8 and page 30, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

March 5, 2013

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, 2012

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, 2012. This management discussion and analysis should be read in conjunction with the Authority's financial statements and accompanying notes.

Nature of the Authority

The SDA was established on August 6, 2007 to replace the New Jersey Schools Construction Corporation ("SCC") pursuant to reform legislation (P.L.2007, c.137). As of the date of the legislation, the SCC was dissolved and all its functions, powers, duties and employees were transferred to the SDA. Organizationally, the Authority is situated in, but not of, the New Jersey Department of the Treasury.

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

School Construction Program Authorized Funding and Disbursements

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

Through December 31, 2012, the Authority has received \$9.02 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 68.5% of the currently authorized program funding, as follows:

	<u>Bonding Cap</u>	<u>Program Funding</u> ¹	<u>Disbursements</u>	<u>% Paid</u>
SDA Districts	\$8,900,000,000	\$9,006,730,272	\$5,962,968,183	66.2%
Regular Operating Districts	3,450,000,000	3,492,733,621	2,605,886,099	74.6%
Vocational Schools	150,000,000	151,707,483	97,835,261	64.5%
Totals	<u>\$12,500,000,000</u>	<u>\$12,651,171,376</u>	<u>\$8,666,689,543</u>	68.5%

¹ Program funding includes the amounts authorized under the respective bonding caps in addition to approximately \$151 million of interest income and miscellaneous revenue earned through December 31, 2012.

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 2012, the Authority completed two new school facilities projects in the SDA Districts, which benefited approximately 1,400 students.

From inception through December 31, 2012, the School Construction Program has completed 636 projects in the SDA Districts. The completed projects consist of: 65 new schools, including 6 demonstration projects; 42 extensive additions, renovations and/or rehabilitations; 26 rehabilitation projects; 354 health and safety projects; and 149 Section 13 Grants for SDA District-managed projects under \$500,000. The demonstration projects serve as a cornerstone of revitalization efforts and are funded by the Authority but managed by a municipal redevelopment entity and redeveloper. In addition, in the Regular Operating Districts the Authority has completed 26 projects that it managed for the districts, and state funding was provided through Section 15 Grants for 3,097 school projects throughout the 21 counties of New Jersey.

As of December 31, 2012, the SDA has four 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 four 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.

Through the approval of various capital plans, the Authority's current capital portfolio of school facilities projects includes 34 projects consisting of: 29 new or addition/major renovation projects; and 5 capital maintenance projects that address serious facility deficiencies. The total estimated project costs for the current capital program exceeds \$1.5 billion. The SDA continues to evaluate other school facilities projects for advancement.

The following un-audited 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				
	2012	2011	2010	2009	2008
EFCFA funding received from State	\$375,000	\$-	\$499,200	\$775,000	\$450,000
Investment earnings, net	205	546	1,299	2,345	12,060
Administrative and general expenses	34,749	35,699	44,333	44,707	41,021
Capital expenditures	54	26	52	234	526
School facilities project costs	145,584	154,930	274,584	509,462	922,823
Employee count at end of year	241	255	304	332	298

2012 Financial Highlights

- At year end, the Authority's net position is \$373.5 million.
- At year end, cash and cash equivalents total \$514.5 million.
- For the year, revenues total \$375.8 million, \$375 million of which is from EFCFA funding received from the State (or 99.8%)
- For the year, expenses total \$181.2 million, \$145.6 million (80.3%) of which is for school facilities project costs.
- For the year, general fund revenues exceed general fund expenditures by \$181.1 million.

Overview of the Financial Statements

The financial section of this annual report consists of three parts: Management's Discussion and Analysis (this section); 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 and liabilities, with the difference between the two 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 financial statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

Financial Analysis of the Authority

Net Position - The Authority's net position increased to \$373.5 million at year-end, primarily due to 2012 State funding under the EFCFA (\$375 million) exceeding 2012 expenditures for school facilities projects (\$145.6 million).

The following table summarizes the Authority's net position at December 31, 2012 and 2011.

	\$ In thousands			
	2012	2011	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current assets	\$516,391	\$365,855	\$150,536	41.1%
Capital assets-net	645	1,469	(824)	(56.1)%
Total assets	<u>\$517,036</u>	<u>\$367,324</u>	<u>\$149,712</u>	40.8%
Current liabilities	\$47,738	\$78,271	\$(30,533)	(39.0)%
Non-current liabilities	95,834	110,147	(14,313)	(13.0)%
Total liabilities	<u>\$143,572</u>	<u>\$188,418</u>	<u>(\$44,846)</u>	(23.8)%
Net position:				
Invested in capital assets	645	1,469	(824)	(56.1)%
Restricted for schools construction:				
Build America Bond program	98,297	258,300	(160,003)	(61.9)%
Special revenue fund	274,522	(80,863)	355,385	439.5%
Net position	<u>373,464</u>	<u>178,906</u>	<u>194,558</u>	108.8%
Total liabilities and net position	<u>\$517,036</u>	<u>\$367,324</u>	<u>\$149,712</u>	40.8%

Note: All percentages are calculated using unrounded figures.

Operating Activities – In October 2012, the Authority received proceeds of \$375 million from the sale of tax exempt EDA School Facilities Construction Bonds and Notes. This raises the total amount of bond and note proceeds received since program inception to \$9.02 billion.

During the bidding process, the Authority charges a minimal fee ranging from \$50 up to \$500 for copies of design plans and specifications as specified in the construction project advertisements.

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

The following table summarizes the change in net position for the years ended December 31, 2012 and 2011.

	\$ In thousands			
	2012	2011	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Revenues				
EFCFA funding received from State	\$375,000	\$-	\$375,000	N/A
Bidding fees-plans and specs	30	5	25	564.5%
Investment earnings, net	205	546	(341)	(62.5)%
Rental property (loss)/income	186	309	(123)	(39.7)%
Other revenue	348	3	345	11,971.2%
Total revenues	<u>\$375,769</u>	<u>\$863</u>	<u>374,906</u>	43,452.4%

	\$ In thousands			
	2012	2011	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Expenses				
Administrative and general expenses	\$34,749	\$35,699	\$ (950)	(2.7)%
Depreciation	878	1,032	(154)	(14.9)%
School facilities project costs	145,584	154,930	(9,346)	(6.0)%
Total expenses	181,211	191,661	(10,450)	(5.5)%
Change in net position	194,558	(190,798)	385,356	202.0%
Beginning net position	178,906	369,704	(190,798)	(51.6)%
Ending net position	\$373,464	\$178,906	\$194,558	108.8%

Note: All percentages are calculated using unrounded figures.

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
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Statement of Net Position and General Fund Balance Sheet

December 31, 2012

	General Fund Total	Adjustments (Note 8)	Statement of Net Position
Assets			
Cash and cash equivalents	\$514,531,670		\$514,531,670
Receivables	551,353	\$558,297	1,109,650
Prepaid expenses	749,536		749,536
Capital assets-net		645,218	645,218
Total assets	515,832,559	1,203,515	517,036,074
Liabilities			
Accrued school facilities project costs	37,230,956	83,138,303	120,369,259
Other post-employment benefits obligation		11,635,026	11,635,026
Other accrued liabilities	585,058	1,061,136	1,646,194
Deposits	9,920,837		9,920,837
Total liabilities	47,736,851	95,834,465	143,571,316
Fund Balance/Net Position			
Invested in capital assets		645,218	645,218
Nonspendable:			
Prepaid expenses	749,536	(749,536)	
Restricted for schools construction:			
Build America Bond program	98,297,315		98,297,315
Special revenue fund	369,048,857	(94,526,632)	274,522,225
Total fund balance/net position	468,095,708	(94,630,950)	373,464,758
Total liabilities and fund balance/net position	\$515,832,559	\$1,203,515	\$517,036,074

See accompanying notes.

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

For the Year Ended December 31, 2012

	General Fund Total	Adjustments (Note 8)	Statement of Activities
Revenues			
School Construction Program:			
EFCFA funding received from State	\$375,000,000		\$375,000,000
Bidding fees-plans and specs	30,425		30,425
General:			
Investment earnings	204,840		204,840
Rental property income	186,440		186,440
Other revenue	348,132		348,132
Total revenues	<u>375,769,837</u>		<u>375,769,837</u>
Expenditures/Expenses			
Administrative and General:			
Salaries and benefits	26,745,674	\$2,138,548	28,884,222
Other administrative and general	5,864,567		5,864,567
Capital expenditures	54,142	(54,142)	
Capital depreciation		878,427	878,427
School facilities project costs	162,035,812	(16,451,252)	145,584,560
Total expenditures/expenses	<u>194,700,195</u>	<u>(13,488,419)</u>	<u>181,211,776</u>
Excess of revenues over expenditures	181,069,642	13,488,419	
Change in net position			194,558,061
Fund Balance/Net Position			
Beginning of year, January 1, 2012	<u>287,026,066</u>	<u>(108,119,369)</u>	<u>178,906,697</u>
End of year, December 31, 2012	<u>\$468,095,708</u>	<u>\$(94,630,950)</u>	<u>\$373,464,758</u>

See accompanying notes.

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Notes to Financial Statements

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1. Nature of the Authority

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

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

2. Summary of Significant Accounting Policies

(a) Government-Wide and Fund Financial Statements

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

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

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

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Notes to Financial Statements (Continued)

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

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

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

The Authority charges a minimal fee during the bidding process for copies of the design plans and specifications as specified in the construction project advertisements. Rental revenue is received under month-to-month lease occupancy agreements. Acquisitions of various properties for the construction of school facilities projects generate rental revenue prior to the relocation of the occupants. Fees and rental revenues are generally recognized when received.

(d) 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

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Notes to Financial Statements (Continued)

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 2012 Series KK, G, and H. As of December 31, 2012, no rebate arbitrage liabilities exist.

(e) Cash Equivalents

Cash equivalents consist of highly liquid debt instruments with original maturities of three months or less, and participation in the State's Cash Management Fund ("NJCMF"), a fund managed by the Division of Investment under the Department of Treasury. It consists of U.S. Treasury obligations, government agencies obligations, certificates of deposit and commercial paper. Cash equivalents are stated at fair value.

(f) 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.

(g) Capital Assets

Capital assets are reported in the governmental activity column in the government-wide financial statements and are recorded at historical cost or estimated historical cost if purchased and constructed. The Authority's current capitalization threshold is \$10,000 for individual items meeting all other capitalization criterion. As of December 31, 2012, the Authority's capital assets consist of leasehold improvements, 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.

(h) Taxes

The Authority is exempt from all federal and state income taxes and real estate taxes.

(i) 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

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Notes to Financial Statements (Continued)

affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(j) Recently Adopted Accounting Pronouncements

In June 2011, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (“GASB 63”). The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. Amounts that are required to be reported as deferred outflows should be reported in a statement of financial position in a separate section following assets. Similarly, amounts required to be reported as deferred inflows of resources should be reported in a separate section following liabilities. The statement of net position should report the residual amount as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The Authority’s adoption of GASB 63 in 2012 resulted in a change in the presentation of the Statement of Net Assets to what is now referred to as the Statement of Net Position and the term “net assets” was changed to “net position” throughout the financial statements.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments; Application of Hedge Accounting Termination Provisions* (“GASB 64”). The objective of this Statement is to clarify GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as it applies to termination provisions when a counterparty of an interest rate or commodity swap is replaced. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. The Authority does not have interest rate or commodity swaps; therefore, the implementation of GASB 64 did not have an impact on its financial statements.

(k) Recent Accounting Pronouncements

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”). Pursuant to this Statement, certain items that were previously reported as assets and liabilities will either (a) be properly classified as deferred outflows of resources or deferred inflows of resources, or (b) be recognized as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Authority is currently evaluating the impact GASB 65 will have on its financial statements.

In March 2012, GASB issued Statement No. 66, *Technical Corrections–2012* (“GASB 66”). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from

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Notes to Financial Statements (Continued)

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the issuance of two pronouncements—Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Authority does not anticipate the implementation of GASB 66 to have an impact on its financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (“GASB 67”). The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. GASB 67 will not have an impact on the Authority.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”). The objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not completed the process of evaluating the impact of GASB 68.

3. Cash, Cash Equivalents and Investments

(a) Cash Flows

Overall cash and cash equivalents increased during the year by \$152.1 million to \$514.5 million as follows:

Cash and cash equivalents, beginning of year	\$362,471,682
Changes in cash:	
EFCFA funding received from State	375,000,000
Investment and interest income	204,840
Miscellaneous revenue	230,997
School facilities project costs	(189,648,010)
Administrative and general expenses	(32,441,010)
Capital expenditures	(54,142)
Deposits	(1,232,687)
Cash and cash equivalents, end of year	<u>\$514,531,670</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. At December 31, 2012, the

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Notes to Financial Statements (Continued)

carrying amount of operating cash is \$550,080 and the bank balance is \$1,399,933. Regarding the amount held by commercial banking institutions, up to \$250,000 at each institution is insured with Federal Deposit Insurance.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, NOW accounts are profiled in order to determine exposure, if any, to custodial credit risk (risk that in the event of failure of the counterparty the account owner would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to custodial credit risk if they are: uninsured and uncollateralized (securities not pledged to the depositor); collateralized with securities held by the pledging financial institution; or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2012, 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.

As of December 31, 2012, cash and cash equivalents include deposits of \$9,920,837 consisting mainly of district local share funding requirements (see Note 5).

(c) Investments

In order to maximize liquidity, the Authority utilizes the NJCMF as its sole investment. The NJCMF invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries; short-term commercial paper; U.S. Agency Bonds; Corporate Bonds; and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At December 31, 2012, the Authority's investments in the NJCMF total \$513,981,590.

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.

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Notes to Financial Statements (Continued)

4. Prepaid Expenses

As of December 31, 2012, the Authority's prepaid expenses are as follows:

Insurance	\$532,020
Office rents	145,564
Service contracts	41,888
Other	30,064
Total prepaid expenses	<u>\$749,536</u>

5. Local Share Deposits

The Authority has received funds from several local school districts as required by Local Share Agreements for the funding of the local share portion of Regular Operating District school facility projects, or to cover certain ineligible costs pertaining to projects in the SDA Districts. These deposits, including investment earnings, are reflected as liabilities in the accompanying financial statements.

As of December 31, 2012, local share deposits held in SDA bank accounts, inclusive of interest earned but not refunded to the district, are as follows:

City of Newark	\$6,317,480
Egg Harbor City	1,348,764
Greater Egg Harbor	827,960
Buena Borough	933,266
Other	363,617
Total local share deposits	<u>\$9,791,087</u>

6. Rental of Office Space

The Authority rents commercial office space for its headquarters facility in Trenton, as well as rents other office space in Trenton and Newark. The remaining terms of these leases range from one year to 22 months. Total rental expense for the year ended December 31, 2012 amounted to \$2,335,819.

The Authority is currently in the process of negotiating extensions and modifications of its existing lease(s) for commercial office space. It is currently expected that one or more of the leases will be extended for an additional 10 years expiring on December 31, 2023, with the right to terminate the lease after five years.

Future rent commitments under operating leases as of December 31, 2012 are as follows:

2013	\$1,585,479
2014	127,617
Total future rent expense	<u>\$1,713,096</u>

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Notes to Financial Statements (Continued)

7. Capital Assets

Capital asset activity for the year ended December 31, 2012 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Leasehold improvements	\$7,916,738	\$-	\$-	\$7,916,738
Office furniture and equipment	5,094,937	-	-	5,094,937
Computer software	568,993	-	-	568,993
Automobiles	235,473	54,142	-	289,615
Capital assets-gross	13,816,141	54,142	-	13,870,283
Less: accumulated depreciation	12,346,638	878,427	-	13,225,065
Capital assets-net	<u>\$1,469,503</u>	<u>\$(824,285)</u>	<u>\$-</u>	<u>\$645,218</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 (\$468,095,708) differs from the “net position” reported on the statement of net position (\$373,464,758). 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 post-employment benefits and compensated absences are not recorded in the fund financial statements until paid. A summary of these differences at December 31, 2012 is as follows:

Fund balances	\$468,095,708
Capital assets, net of related depreciation of \$13,225,065	645,218
Accrued school facilities project costs, net of related receivable	(82,580,006)
Accrued other post-employment benefits	(11,635,026)
Accrued compensated absences	(1,061,136)
Net position	<u>\$373,464,758</u>

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Notes to Financial Statements (Continued)

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(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, 2012 is as follows:

Excess of revenues over expenditures	\$181,069,642
School facilities project costs	16,451,252
Other post-employment benefits expense	(2,089,503)
Compensated absences expense	(49,045)
Capital asset acquisitions	54,142
Depreciation expense	(878,427)
Changes in net position	<u>\$194,558,061</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 yet realized) in the amount of \$34,748,298 as of December 31, 2012. Additionally, as of the same date the Authority has recorded in the statement of net position a receivable in the amount of \$558,297 for realized environmental cost recoveries. The Authority’s PRO liability and asset are charged or credited to school facilities project costs in the statement of activities. The Authority’s PRO liability is measured based on the current cost of future activities. Also, the PRO liability was estimated using “the expected cash flow technique,” which measures the liability as the sum of probability weighted amounts in a range of possible estimated outcomes.

The Authority owns numerous properties with environmental issues that meet the criteria for “obligating events” and disclosure under GASB Statement No. 49. All of the properties meeting the criteria were acquired by the Authority for the purpose of constructing a school facilities project on behalf of an SDA District and, at the present, the Authority believes it has obligated itself to commence clean-up activities. The Authority will continue to evaluate the applicability of this Statement relating to specific project sites as adjustments are made to its portfolio of school facilities projects. The Authority’s remediation activities generally include: pre-clean-up activities including preliminary assessment and site investigation;

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Notes to Financial Statements (Continued)

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asbestos and lead based paint removal; underground storage tank removal; neutralization, containment, removal and disposal of ground pollutants; site restoration; and post-remediation monitoring and oversight. The following table summarizes the Authority's expected cash outlays (estimated costs), payments and cost recoveries related to numerous SDA-owned properties associated with school facilities projects in various stages of pre-development and construction.

Description	Estimated Cost	Payments to Date	PRO at 12-31-2012
Pre-cleanup activities	\$5,973,362	\$5,311,192	\$662,170
Site remediation work	76,304,985	44,783,922	31,521,063
Post-remediation monitoring	1,069,299	384,346	684,953
Asbestos and lead based paint removal	19,054,003	15,388,546	3,665,457
Sub-total	102,401,649	65,868,006	36,533,643
Less: Estimated environmental cost recoveries (ECR) not yet realized	1,785,345	-	1,785,345
Liability for pollution remediation obligations	\$100,616,304	\$65,868,006	\$34,748,298
Receivable for realized ECR	\$558,297	\$-	\$558,297

The following table summarizes the changes in the Authority's PRO liability during the year ended December 31, 2012:

PRO at 12-31-2011	Increase in Expected Cash Outlays	PRO Payments	Increase in ECR Not Yet Realized	PRO at 12-31-2012
\$37,847,100	\$1,371,654	\$(5,215,973)	\$745,517	\$34,748,298

10. Commitments and Contingencies

(a) Contractual Commitments

At December 31, 2012, the Authority has approximately \$606 million of unaccrued contractual commitments relating to future expenditures associated with school facilities projects.

(b) Contractor Claims

Numerous contractor claims, the vast majority of which are not in litigation, have been filed with the Authority by design consultants, general contractors and project management firms relating to disputes concerning school construction matters (e.g., delays, labor and material price increases). The Authority resolves contractor claims by following the administrative

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Notes to Financial Statements (Continued)

process noted in the relevant contract. As of December 31, 2012, the Authority's potential loss from these claims has been estimated at approximately \$48.4 million, which represents a decrease of \$13.3 million from the prior year end accrual. Accordingly, as of December 31, 2012, an accrued liability of \$48.4 million is reflected in the statement of net position and, for the year then ended, \$13.3 million is offset against school facilities project costs on the statement of activities.

(c) Insurance

The Authority maintains commercial insurance coverage for, among other things, workers' compensation, tort liability (including public liability and automobile) and property damage. Additionally, in support of its construction operations the Authority has implemented an Owner-Controlled Insurance Program ("OCIP") and has also purchased Owners Protective Professional Indemnity Insurance ("OPPI"), both of which are discussed below. As of December 31, 2012, management is not aware of any insurable claim that is expected to exceed its commercial insurance coverage. The Authority is also involved in several lawsuits not covered under its commercial insurance; however, in the opinion of management, none of the claims is expected to have a material effect on the Authority's financial statements.

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, umbrella/excess liability and builders risk insurance for all eligible contractors performing labor on school facilities projects. OCIP I was subsequently extended to March 31, 2009. Builders risk coverage for OCIP I expired as of December 31, 2009. Policy limits for OCIP I vary depending upon, among other things, the type of insurance coverage; a \$300 million umbrella/excess liability program provides additional protection against potentially catastrophic losses resulting from workers' compensation and commercial general liability claims. Losses are subject to a \$250,000 per claim deductible. Although OCIP I is no longer enrolling new projects into the program since its expiration, completed operations coverage continues for 10 years from the end of construction for all previously enrolled projects.

In 2009, the Authority purchased a new five-year OCIP ("OCIP II"). 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 provides an additional two years for the completion of enrolled projects. Builders risk coverage for OCIP II had an initial three-year term commencing December 31, 2009 and was subsequently extended for an additional year to include projects that will begin construction prior to December 31, 2013. Similar to OCIP I, policy limits for OCIP II 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

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

commercial general liability claims. Losses are subject to either a \$250,000 per claim deductible or a \$350,000 deductible in the event that both a workers' compensation and general liability claim occur from the same incident. Additionally, OCIP II provides 10 years of completed operations coverage for claims that arise after the completion of construction. Premiums for OCIP II are adjustable based upon actual construction values for enrolled contractors (not all trades are eligible for enrollment) on insured projects, estimated at \$2 billion when the program was purchased.

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 the 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. The funds remaining, totaling approximately \$9.9 million, were allocated to fund the LRF for OCIP I. All monies deposited in the LRF accrue interest to the benefit of the Authority and are available to pay claim costs arising from construction projects enrolled within the respective OCIP.

As of December 31, 2012, the Authority has incurred general liability and workers' compensation claims totaling approximately \$3.2 million and \$11.1 million, respectively, under OCIP I and OCIP II. All monies deposited in the LRF and not used to pay claims will be refunded to the Authority along with accrued interest. Under the terms of the contract, the Authority has no claim or interest in the LRF until six (6) months after the expiration of the program. At this time, and annually thereafter, the LRF for OCIP I shall be reviewed and the deductible obligation re-determined.

In connection with the OCIP II extension, discussed above, the maximum deductible obligation is \$16 million. A reasonable estimate of future refunds from the OCIP II LRF is not yet known since the majority of covered school facilities projects are in various stages of completion and therefore the Authority's ultimate obligation cannot be immediately determined.

In October 2009, the Authority purchased a 5-year, \$25 million limit 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

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

\$500,000 self-insured retention, and provides coverage for construction projects. In addition, the policy provides an Extended Reporting Period (“ERP”) of up to 10 years to report claims. The ERP commences on the earlier of project completion or the policy expiration date of October 1, 2014.

11. Employee Benefits

(a) Public Employees Retirement System of New Jersey

All active, full-time employees of the Authority are required as a condition of employment to participate in the Public Employees Retirement System of New Jersey (“PERS” or “Plan”), a cost-sharing, and multiple-employer defined benefit plan administered by the State. Effective July 1, 2012, employees are required to contribute 6.64% (up from 6.5%) of their annual compensation to the Plan. An additional 0.86% increase will be phased in over the next 6 years, bringing the total pension contribution rate to 7.5%. All Plan participants are categorized within membership Tiers in accordance with their enrollment date in the PERS, as follows: Tier 1 includes those members enrolled in PERS prior to July 1, 2007; Tier 2 includes those members enrolled in PERS on or after July 1, 2007 and prior to November 2, 2008; Tier 3 includes those members enrolled in PERS on or after November 2, 2008 and on or before May 21, 2010; Tier 4 includes those members enrolled in PERS after May 21, 2010 and prior to June 28, 2011; and Tier 5 includes those members enrolled in 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 Authority’s total payroll for the years ended December 31, 2012, 2011 and 2010, which approximates its covered payroll, was \$18,472,472, \$19,904,178 and \$23,961,013, respectively.

In 2012, 2011 and 2010, the Authority’s pension contributions to the PERS totaled \$2,673,145, \$2,545,016, and \$1,793,455, respectively; such amounts were charged to salaries and benefits expense. The Authority’s 2013 pension contribution, due on April 1, 2013, is expected to be \$2,163,895.

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

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Notes to Financial Statements (Continued)

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 percent 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 percent per month) for each year the member is under age 60 (until age 55) and 3% per year (1/4 of 1 percent 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 percent per month) for each year the member is under age 62 (until age 55) and 3% per year (1/4 of 1 percent 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 percent per month) for each year the member is under age 65.

The PERS also provides death and disability benefits. The State of New Jersey has the authority to establish and/or amend any of the benefit provisions and contribution requirements. 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. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

(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

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Notes to Financial Statements (Continued)

direct benefit of those participating in the DCRP, the Authority would be required to contribute 3% to the DCRP (“employer matching”) based on the member’s annual compensation (base salary) in excess of the maximum compensation limit.

For the year ending December 31, 2012, the Authority had eight active employees enrolled in the DCRP and made matching contributions totaling \$5,596. Employer matching contributions relating to 2011, 2010 and 2009 totaled \$6,858, \$4,853, and \$5,819, 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 Post-Employment Benefits

The Authority provides post-employment healthcare benefits (including Medicare Part B reimbursement) and prescription drug coverage through participation in the New Jersey Health Benefits Program, as sponsored and administered by the State of New Jersey, to retirees having 25 years or more of service in the PERS, or to those individuals approved for disability retirement. These post-employment benefits also extend to the retirees’ covered dependents. 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 to retirees in an amount equal to 3/16 of their average salary during the final 12 months of active employment. These post-employment benefits, referred to as OPEB, are presently provided by the Authority at no cost to the retiree. The State has the authority to establish and amend the benefit provisions offered and contribution requirements. The plan is considered an agent multiple-employer defined benefit plan for financial reporting purposes. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements for the State Health Benefits Program Funds. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

The Authority accounts for its OPEB obligations in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Authority’s OPEB cost is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if

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Notes to Financial Statements (Continued)

paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The Authority's annual OPEB cost for 2012 and 2011 and the related information for the plan are as follows:

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$1,928,499	\$2,072,654
Adjustment to annual required contribution *	287,154	(77,840)
Annual OPEB cost	2,215,653	1,994,814
Contributions made	(126,150)	(114,444)
Increase in net OPEB obligation	2,089,503	1,880,370
Net OPEB obligation – beginning of year	9,545,523	7,665,153
Net OPEB obligation – end of year	<u>\$11,635,026</u>	<u>\$9,545,523</u>

* The adjustment to the ARC includes interest on the net OPEB obligation, less amortization of the net OPEB obligation.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011, and 2010 is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2012	\$2,215,653	5.7%	\$11,635,026
12/31/2011	\$1,994,814	5.7%	\$9,545,523
12/31/2010	\$3,594,282	2.5%	\$7,665,153

As of the most recent valuation date (January 1, 2012), the Authority's actuarial accrued liability was \$15,905,032, all of which was unfunded as of December 31, 2012. The Authority is recognizing this liability over a 30-year period using level dollar amortization, which is representative of amortizing on a level percentage of payrolls on an open basis. The covered payroll (annual payroll of active employees covered by the plan) as of the valuation date was \$18,788,600 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 84.7%. Additionally, as of the valuation date seven active and seven retired employees were eligible for post-employment benefits.

The Authority has elected at this time to finance its annual OPEB cost on a pay-as-you-go basis in view of the fact that the Authority 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. Payments for retiree post-employment benefits totaled \$126,150 and \$114,444, respectively, in 2012 and 2011.

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Notes to Financial Statements (Continued)

Actuarial Methods and Assumptions: Actuarial valuations of a perpetual plan involve formulating estimates and assumptions about the probability of occurrence of future events, such as employment, mortality and healthcare costs, among other things. Consequently, the amounts derived from an actuarial valuation are subject to continual revision as actual results will undoubtedly differ from past expectations and assumptions. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

For the January 1, 2012 actuarial valuation the projected unit credit actuarial cost method was used with a 4.5% discount rate. Pursuant to this method, benefits are recognized from date of hire to the date the employee is first eligible for benefits. No investment return was assumed in the current valuation since there are no OPEB plan assets. The annual healthcare cost inflation rates (trend) for retiree benefits is 10% for 2013, which is assumed to decline 1% per year to an ultimate trend assumption of 5% for the year 2018 and beyond. The same trend rates are assumed for Medicare Part B premium reimbursement and prescription drug costs. As required in GASB Technical Memorandum 2006 1 on the accounting for the federal Retiree Drug Subsidy (“RDS”), the Authority’s actuarial liabilities are shown without a reduction for the RDS even though the NJ Health Benefits Program has opted to receive the RDS.

In the fall of 2012, the NJ Health Benefits Program incorporated both the healthcare reform impact (excise “Cadillac” tax), and the mortality improvement projection scale in the valuation report that was released to the public. These assumptions were not applied in previous state valuations. To remain consistent with the state health plan, the Authority elected to include both changes in their 2012 actuarial valuation. The results included an increase to the unfunded accrual liability and the annual OPEB cost by \$1,045,973 and \$189,547, respectively.

12. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority recorded a liability in the amount \$1,061,136 as of December 31, 2012 in the statement of net position. The liability is the value of employee accrued vacation time as of

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Notes to Financial Statements (Continued)

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the balance sheet date and vested sick leave benefits that are probable of payment to employees upon retirement. The vested sick leave benefit to future retirees for unused accumulated sick leave is calculated at the lesser of ½ the value of earned time or \$15,000. The payment of sick leave benefits, prior to retirement, is dependent on the occurrence of sickness as defined by the Authority's policy; therefore, such unvested benefits are not accrued.

13. Long-Term Liabilities

During 2012, 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	\$99,589,555	\$745,517	\$(17,196,769)	\$83,138,303
Other post-employment benefits obligation	9,545,523	2,215,653	(126,150)	11,635,026
Compensated absences	1,012,091	49,045	-	1,061,136
Total long-term liabilities	<u>\$110,147,169</u>	<u>\$3,010,215</u>	<u>\$(17,322,919)</u>	<u>\$95,834,465</u>

For further information, see Notes 11(d) and 12.

14. Net Position

The Authority's net position are categorized as either invested in capital assets, or restricted for schools construction. At December 31, 2012, the Authority's net position is \$373.5 million. Invested in capital assets includes leasehold improvements, furniture and fixtures, equipment and computer software used in the Authority's operations, net of accumulated depreciation. Restricted for schools construction includes sub-categories for Build America Bond ("BAB") proceeds and special revenue fund for all other sources. Net position arising from BAB proceeds are more restricted than those in the special revenue fund. Additionally, only the portion of the Authority's operating costs deemed capitalizable may be funded from BAB proceeds. The special revenue fund includes all net position not included in the other categories. When both restricted and unrestricted resources are available for use, it is the Authority's policy to first use restricted resources then unrestricted resources as needed.

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Notes to Financial Statements (Continued)

The changes during 2011 and 2012 in net position are as follows:

	Invested in Capital Assets	Restricted for Schools Construction Build America Bond Program	Restricted for Schools Construction Special Revenue Fund	Totals
Net position, January 1, 2011	\$2,475,270	\$345,002,960	\$22,225,653	\$369,703,883
(Loss)/excess before receipt of EFCFA funding and transfers	(1,031,909)	(14,712,814)	(20,123,248)	(35,867,971)
Capital assets acquired	26,142	-	(26,142)	-
School facilities project costs	-	(71,990,189)	(82,939,026)	(154,929,215)
Net position, December 31, 2011	1,469,503	258,299,957	(80,862,763)	178,906,697
(Loss)/excess before receipt of EFCFA funding and transfers	(878,427)	(13,245,207)	(20,733,745)	(34,857,379)
Capital assets acquired	54,142	-	(54,142)	-
EFCFA funding received from State	-	-	375,000,000	375,000,000
School facilities project costs	-	(146,757,435)	1,172,875	(145,584,560)
Net position, December 31, 2012	\$645,218	\$98,297,315	\$274,522,225	\$373,464,758

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
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REQUIRED SUPPLEMENTARY INFORMATION

New Jersey Schools Development Authority
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Schedule of Funding Progress - Post-Employment Healthcare Benefit Plan

\$ In thousands

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Level Dollar (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b) - (a) / (c)
1-1-2012	\$ -	\$15,905	\$15,905	- %	\$18,789	85%
1-1-2011	\$ -	\$15,706	\$15,706	- %	\$22,667	69%
1-1-2010	\$ -	\$18,876	\$18,876	- %	\$24,658	77%

RESOLUTION—5a.**Resolution Approving the SDA 2012 Financial Statements**

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

WHEREAS, pursuant to law, the Authority is authorized to “adopt bylaws for the regulation of its affairs and the conduct of its business” which bylaws were adopted by the Authority on August 15, 2007; and

WHEREAS, consistent with N.J.S.A 52:18A-237(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 (E&Y) has completed an audit of the Authority’s financial statements for 2012; and

WHEREAS, E&Y has expressed its intent to issue an “unqualified” 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 March 18, 2013 to review and discuss the integrity and quality of the Authority’s financial statements and E&Y’s audit of the Authority’s 2012 financial statements; and

WHEREAS, following presentation of the 2012 financial statements to the Committee by executive management and E&Y and following the Committee's discussions with executive management and E&Y, and following its deliberations, the Committee recommends approval of same by the Authority's Board of Directors; and

WHEREAS, the 2012 financial statements are presented in the attachment hereto.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board hereby approves the Authority's 2012 financial statements as presented by executive management and the accounting firm, Ernst & Young, and as recommended by the SDA Audit Committee and appended hereto.
2. 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 dated April 3, 2013 and 2012 Financial Statements

Dated: April 3, 2013

REPORT AND RECOMMENDATIONS OF THE SCHOOL REVIEW COMMITTEE

CHAIRMAN'S REPORT

APPROVAL OF AWARD

**DESIGN/BUILD - AWARD AND APPROVAL OF FINAL PROJECT CHARTER -NEWARK SCHOOL
DISTRICT -ELLIOTT STREET ELEMENTARY SCHOOL**

MEMORANDUM

TO: Members of the Authority

FROM: Sean Murphy
 Procurement Director

James D. Adams
 Program Director, Program Operations

RE: District: Newark
 School: Elliott Street E.S.
 Description: Design-Build
 Package No.: NE-0067-B02
 CCE: \$36,320,000
 Award: \$37,937,000
 CM: TBD

DATE: April 3, 2013

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 \$37,937,000 to Hall Construction Company, Inc.¹ for Design-Build services for the new Elliott Street Elementary School in the Newark Public School District. The Design-Build Team will complete the design for the facility utilizing SDA-developed documents and will also provide construction and construction administration services, including securing of all required permits and approvals, for a new three-story, Pre-K through grade Eight school facility. 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 approval by the Members of the attached Final Project Charter representing the project budget inclusive of dollar values for the award of the design-build package. The Project Charter includes \$15 million in local share funds anticipated to be received for the project, as well as costs of \$859,000 in Prior Design Services, both discussed in the “Background” section, below.

Pursuant to the SDA 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.

BACKGROUND

The Elliott Street Elementary School project will provide an approximately 138,000 square-foot facility designed to educate 848 students in grades Pre-K through Eight.

¹ Hall Construction Company, Inc. listed the following subcontractors for the required trades in its Price Proposal: Preferred Mechanical, Inc. (HVAC), Brooks Mechanical Consultants, Inc. (Plumbing), Beach Electric Company, Inc. (Electrical), and Weir Welding Company, Inc. (Structural Steel & Ornamental Iron). Hall Construction Company, Inc. also listed a design consultant team lead by Paulus, Sokolowski & Sartor Engineering, PC (Architecture), and including Paulus, Sokolowski and Sartor, LLC (HVAC Engineering, Electrical Engineering, Plumbing Engineering, Civil Engineering and Structural Engineering).

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The funding for a replacement for the Elliott Street E.S. was allocated in 2007 after a lightning strike rendered the original Elliot Street E.S. unusable. Other decisions made at the time included amending an engagement with Einhorn Yaffee Prescott Architecture & Engineering (EYP) such that a design and related services originally purchased for a replacement for the Ann Street School would instead be applied to the Elliot Street E.S. On January 13, 2009, the SDA initiated a solicitation for Design-Build services for a replacement facility, utilizing design documents prepared by EYP who were engaged as the bridging architect for the anticipated Design-Build engagement. The solicitation for Design-Build services for the project was held in abeyance pending a challenge to that methodology for SDA project delivery brought before the Appellate Division of the New Jersey Superior Court. The solicitation was ultimately cancelled to enable the SDA to conform to procedural requirements after the Appellate Division confirmed the SDA's authority to utilize a Design-Build project delivery method.

In the period since the 2009 Design-Build solicitation, two relevant initiatives occurred: 1) the joint DOE/SDA statewide prioritization to ensure advancement of highest priority projects; and 2) SDA establishment of design standards for efficient, consistent project advancement. To ensure that advancement of the Elliott Street E.S. replacement remained appropriate, the need for the project was evaluated according to the criteria applied during the 2010 statewide review. That evaluation confirmed the educational priority represented by the Elliott Street E.S. replacement project. NJSDA staff undertook a review and validation of the project's existing schematic design, finding opportunities to improve efficiency and better conform the design to current NJSDA materials and systems standards. Further assessment revealed the suitability of the NJSDA developed "Kit of Parts" for this project. The project's schematic design based on the NJSDA-developed "Kit of Parts" for the school facility is complete. The Elliott Street Elementary School project was approved to advance under the Authority's 2012 Capital Plan at the March 7, 2012 NJSDA Board Meeting.

The Project Charter includes \$15 million in local share funds, representing the approximate amount of insurance proceeds expected to be received by Newark Public Schools after the original Elliott Street E S was rendered unusable. The Project Charter is also inclusive of \$859,000 in Prior Design Services. This amount represents the cost of bridging design services from the original Architect, EYP. The amount included is the entirety of the contract value, which includes costs for work not performed, and for which the SDA anticipates a credit from EYP. It is anticipated that the amount of that credit amendment will require Board approval.

A Construction Management firm (CM) will be hired to manage the Design-Build construction phase of the new Elliott Street School and these services are currently being procured.

PROCUREMENT PROCESS

This package was advertised as a design-build solicitation on December 27, 2012 on the SDA website, NJ State website, and in selected newspapers for interested firms to participate in the bidding process. For this procurement, "Price" was weighted as more important than all "Other Factors," with price equaling 60% of the overall weight, and all non-price factors having a combined weight of 40%.

A mandatory pre-bid conference was held on January 9, 2013.

In accordance with regulations, the SDA employed a two-step process for this procurement. The first step required interested bidders to submit a Project Rating Proposal, which was used by the SDA to determine each bidder's Project Rating Limit, or maximum amount that a bidder may bid, for the project. Project Rating Proposals were received on January 16, 2013. Bidders were evaluated based on the largest of four

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projects completed in the past seven years, safety records as well as reference checks. Based on evaluation of the information submitted, seven (7) 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
Delric Construction Company, Inc.	\$49,850,921
Epic Management, Inc.	\$231,312,160
Ernest Bock & Sons, Inc.	\$107,084,530
Hall Building Corporation	\$50,248,578
Hall Construction Company, Inc.	\$131,295,840
Prismatic Development Corporation	\$103,600,000
Terminal Construction Corporation	\$212,681,000

Bidder Questions were received until February 6, 2013. Addenda responses to Bidder Questions were issued to the bidders on January 25, February 8, February 13, and February 21, 2013.

The second step of the response required bidders to simultaneously submit a Technical Proposal and a sealed Price Proposal. Technical and Price Proposals were received on March 5, 2013 from five (5) bidders. The Technical Proposal provided information regarding the bidder’s past experience and qualifications as well as the bidder’s overall approach to the project and to the Design portion of the project. Interviews were held with each of the five (5) Design-Build teams at SDA offices in Trenton on March 13, 2013, affording members of the Selection Committee an opportunity to obtain any additional information from each team as needed to complete their evaluations of the Technical Proposals.

Members of the Selection Committee, comprised of two (2) SDA Program Operations representatives and one (1) Newark School District representative, were responsible for independently evaluating and scoring the Technical Proposal submittals with respect to the non-price evaluation criteria. The proposals were evaluated by the Selection Committee members based on the following criteria:

- Design-Builder’s experience on similar projects
- Experience of Design-Builder’s Design Consultant on similar projects
- Design-Builder’s prior affirmative action experience
- Approach to Project
- Approach to Schedule
- Approach to LEED requirements

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

- 9 - 10 points - outstanding response - offers significant advantages.
- 7 - 8 points - superior response - exceeds requirements with no deficiencies.
- 5 - 6 points - sufficient response - meets the requirements with no significant deficiencies.
- 3 - 4 points - minimal response - meets the requirements but contains some significant deficiencies.
- 1 - 2 points - marginal response - comprehends requirements, but contains many significant deficiencies.
- 0 points - unsatisfactory response - requirements not addressed and lack of detail precludes adequate evaluation.

Members of the Authority
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 Package No. NE-0067-B02
 Elliott Street E.S. – Design-Build
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Weighting factors were then applied to each of the Selection Committee member’s raw scores for each criterion to arrive at a total weighted score as follows in Table 2 below:

TABLE 2

Criteria	Weighting Factor (Applied to Raw Score)	Maximum Weighted Points
Design-Builder’s experience on similar projects	2.5	25
Experience of Design-Builder’s Design Consultant on similar projects	1.5	15
Design-Builder’s prior affirmative action experience	0.5	5
Approach to Project	3.0	30
Approach to Schedule	1.0	10
Approach to LEED requirements	1.5	15
Total Possible Points		100

For each Technical Proposal, the individual criteria scores awarded by a particular Selection 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 of the Total Non-Price scores awarded to a Technical Proposal by the Selection Committee members were added together and averaged to arrive at a final non-price score for each Technical Proposal.

The results of the Selection Committee’s review of the Technical Proposals are listed in Table 3 below:

TABLE 3

Contractor	Raw Non-Price Score	Non-Price Rank
Prismatic Development Corporation	74.667	1
Hall Construction Company, Inc.	72.333	2
Ernest Bock & Sons, Inc.	59.833	3
Epic Management, Inc.	51.750	4
Hall Building Corporation	37.917	5

Once all the Technical Proposals were scored, the Authority opened the sealed Price Proposals and reviewed them for responsiveness. The Price Proposals were publicly opened on March 15, 2013 and the bids were read aloud as required by law.

The lowest responsive Price Proposal 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 that each proposal exceeded the lowest bid.

The results of the SDA’s review of the Price Proposals are listed in Table 4 below:

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TABLE 4

Contractor	Bid Amount	Raw Price Score	Price Rank
Ernest Bock & Sons, Inc.	\$36,369,000	100.000	1
Hall Construction Company, Inc.	\$37,937,000	95.689	2
Epic Management, Inc.	\$37,940,000	95.680	3
Hall Building Corporation	\$39,978,000	90.077	4
Prismatic Development Corporation	\$41,372,000	86.244	5

Before being combined with the non-price scores, the price scores for all bidders were adjusted by a weighting factor of 60%, and the scores for the non-price “Other Factors” criteria were adjusted by a 40% weighting factor.

The combined scores and final rankings are listed in Table 5 below:

TABLE 5

Contractor	Raw Non-Price Score	Weighted Non-Price Score	Raw Price Score	Weighted Price Score	Combined Score	Final Rank
Hall Construction Company, Inc.	72.333	28.933	95.689	57.413	86.347	1
Ernest Bock & Sons, Inc.	59.833	23.933	100.000	60.000	83.933	2
Prismatic Development Corporation	74.667	29.867	86.244	51.746	81.613	3
Epic Management, Inc.	51.750	20.700	95.680	57.408	78.108	4
Hall Building Corporation	37.917	15.167	90.077	54.046	69.213	5

The highest ranked bidder was Hall Construction Company, Inc.

The bid submitted by Hall Construction Company, Inc. was above the CCE. In order to understand the differential between the CCE and the bid price and to ensure the contractor’s Price Proposal was inclusive of all scope elements, a conference was conducted on March 20, 2013 with Procurement, Program Operations, Contract Management Division and Hall Construction Company, Inc. to review the bid. The discussion identified variances between the CCE and Price Proposal in several areas, with the majority of the overall variance representing costs related to foundation work, interior construction and electrical. At the time of review, Hall Construction Company, Inc. confirmed that its price proposal is inclusive of all scope elements contained in the Contract Documents.

The Program Operations Deputy Director, the Program Operations Director, the Contract Management Deputy Director and the Contract Management Director recommend award of the project to Hall Construction Company, Inc.

FINAL PROJECT CHARTER

The attached Final Project Charter represents the project budget inclusive of actual dollar values for the award of the Design-Build contract, pre-development expenses, prior engaged design services, as well as SDA staff design and project management costs and estimated costs for the CM services currently being procured, as well as future project scope elements such as FF&E, technology and appropriate contingencies.

Members of the Authority
Approval of Award
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Elliott Street E.S. – Design-Build
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RECOMMENDATION

The Members of the Authority are requested to approve the award of a contract to the highest ranked bidder, Hall Construction Company, Inc., for Contract No. NE-0067-B02 in the amount of \$37,937,000. Such approval is conditioned upon the agreement and related documentation being reviewed and approved by the SDA 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, Procurement Director

/s/ James D. Adams
James D. Adams, Program Director, Program Operations

New Jersey Schools Development Authority Project Charter - Summary

Charter Date
04/03/13
Supersedes Charter Dated
03/04/08

Region: Northern
District: Newark
Project Name: Elliott Street ES
School Type: Elementary School
DOE # / Project #: 3570-390-04-00BJ
Project Type (New/Add/Reno): New Construction
Project Location: 721 Summer Avenue, Newark NJ
Number of Students: 848

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

Funding Source
2012 Capital Plan

Project Budget: \$ 46,678,296
Anticipated Substantial Completion Date: 01/18/16
Anticipated School Occupancy Date: 04/11/16

Funding Allocated
\$48,913,766

Project Team Leader: James Adams
Project Initiation Date: September-11
SDA Board - Project Charter Approval Date: 04/03/13

District Local Share
\$15,000,000

Charter Version and Date	Project Summary
<input type="checkbox"/> Planning	New elementary school to be constructed on the District owned former Elliott Street School site and SDA acquired properties to educate 848 students in grades Pre-K through Eight.
<input type="checkbox"/> Preliminary 03/04/08	
<input checked="" type="checkbox"/> Final 04/03/13	
Purpose for Advancement of Current/Revised Project Charter	
Revision # and Date	Approval of the Final Charter inclusive of the final budget and schedule for the project based upon the award of the Design-Build Contract.
<input type="checkbox"/> One	
<input type="checkbox"/> Two	District Project Goals
<input type="checkbox"/> Three	
<input type="checkbox"/> Four	
<input type="checkbox"/> Five	
<input type="checkbox"/> Six	Construction of a new school to address overcrowding in grades Pre-K through Eight.

Recommendation

Program Director - Program Operations _____ **Date** _____
 James Adams _____ **Managing Director - Capital Planning** _____ **Date** _____
 Gregory Voronov _____

Vice President - Program Operations _____ **Date** _____
 Andrew Yosha _____

Approval

_____ **Chief Executive Officer** _____ **Date** _____
 Marc Larkins _____

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

Charter Date
04/03/13

District / Project Name:	Newark / Elliott Street ES
DOE # / Project #:	3570-390-04-00BJ

Project Milestones	Date
School Occupancy Date	04/11/16

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

<u>Real Estate Services</u>	Start	Est.	Act.	Finish	Est.	Act.
Feasibility	09/22/06	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/01/06	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Site Investigations	09/22/06	<input type="checkbox"/>	<input checked="" type="checkbox"/>	02/01/09	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Site Acquisition	09/22/06	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/23/08	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Relocation	06/01/07	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/23/18	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Demolition	04/01/08	<input type="checkbox"/>	<input checked="" type="checkbox"/>	08/01/10	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Remediation	04/01/08	<input type="checkbox"/>	<input checked="" type="checkbox"/>	01/18/16	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Deed Restriction Required?	Yes			Date		
District Notified?	No	01/18/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Classification Exception Area?	No					
District Notified?	N/A	<input type="checkbox"/>	<input type="checkbox"/>			

Special Considerations

District has been notified regarding Deed Restriction. Final notification with the Deed Notice. Remediation final date is the date the site will be capped.

<u>Design:</u>	Date	Est.	Act.	Start	Est.	Act.	Finish	Est.	Act.
Design Start (NTP)	NA	<input type="checkbox"/>	<input type="checkbox"/>						
Design Restart (if applicable)	01/21/11	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Program Concept Phase	11/21/11	<input type="checkbox"/>	<input checked="" type="checkbox"/>	07/19/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Schematic Design	05/10/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/24/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Bridging Documents	10/09/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/24/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Design-Build Bid/Award	11/05/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>	05/05/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Design-Build NTP	05/16/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>	05/16/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Final Design	05/16/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>	01/02/14	<input checked="" type="checkbox"/>	<input type="checkbox"/>			

Special Considerations

Dates are reflective of the advancement of the project via in-house design utilizing the Kit-of-Parts / Design-Build model.

<u>Construction:</u>	Date	Est.	Act.
Construction Start (NTP)	01/03/14	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Substantial Completion (TCO)	01/18/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
School Occupancy Date	04/11/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Title Transfer	05/12/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Completion (C of O)	04/12/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Post Occupancy Walk Through	12/09/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Project Close-Out	01/10/17	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

New Jersey Schools Development Authority Project Charter - Project Budget		Charter Date
		04/03/13
District / Project Name:	Newark / Elliott Street ES	
DOE # / Project #:	3570-390-04-00BJ	
2012 Capital Plan Funding Allocation	\$	48,913,766
Special Considerations:		
- Design-Builder Costs are based upon award amount for the design builder. - Prior Design Services reflect costs submitted on a prior engagement for bridging architect services. The amount included is the entirety of the contract value, which includes costs for work not performed, and for which the SDA anticipates a credit from EYP. It is anticipated that the amount of that credit amendment will require Board approval. - District Local Share Funds reflect anticipated value of insurance proceeds to be provided by the District.		
Project Budget:		
Gross Building Area (GSF):		Grossing Factor:
New	138,000	1.58
Addition	_____	
Renovation	_____	
Total Gross Building Area (GSF):	138,000	
Estimated Building Cost / GSF		
New Construction Cost/GSF	\$261.88	
Renovation Cost/GSF	_____	
Design-Builder Costs		
Design	\$1,796,875	
Building Costs	\$33,767,425	
Site Costs	\$2,372,700	
Demolition	\$0	
E-Rate (If separately bid)	\$0	
Cost Escalation 0 months at 5 % per year	\$0	
Construction Contingency	\$3,793,700	
Total Construction Costs	\$41,730,700	
Pre-Development Costs:		
Consultant Services	\$1,372,080	
Early Site Package (Demolition/Remediation)	\$3,533,663	
Land Acquisition	\$6,202,889	
Relocation	\$1,290,906	
Property Maintenance/Carry Costs	\$100,852	
Total Pre-Development Costs	\$12,500,391	
Other Costs:		
Design		%
Prior Design Services	\$859,000	
In-House Design	\$722,803	
Project Management (SDA Staff)	\$1,198,000	
PMF/CM	\$1,364,000	
FF&E	\$1,366,200	
Technology	\$1,214,400	
Commissioning	\$0	
Temporary Space	\$0	
Other Costs	\$722,803	
Total Other Costs	\$7,447,205	
Other Funding Sources		
Rebates & Refunds	\$0	
District Local Share Funds	(\$15,000,000)	
Total Other Funding Sources	(\$15,000,000)	
Total Project Budget	\$46,678,296	
Funding from Prior Allocation	\$4,068,699	
Funding from 2012 Capital Plan	\$42,609,597	

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

Charter Date

04/03/13

District / Project Name: Newark / Elliott Street ES
DOE # / Project #: 3570-390-04-00BJ

Project Budget:

	2012 Capital Plan Estimate	Current Budget	VARIANCE Fav/(Unfav)
Grossing Factor:		1.58	-1.58
Gross Building Area (GSF):	126,500	138,000	(11,500)
Total Gross Area (GSF):	126,500	138,000	(11,500)
Design-Builder Costs			
Design	\$2,264,151	\$1,796,875	\$467,276
Building Costs	\$33,962,264	\$33,767,425	\$194,839
Site Costs	\$3,773,585	\$2,372,700	\$1,400,885
Demolition	\$0	\$0	\$0
E-Rate (If separately bid)	\$0	\$0	\$0
Cost Escalation	\$0	\$0	\$0
Construction Contingency	\$2,000,000	\$3,793,700	(\$1,793,700)
Total Construction Costs	\$42,000,000	\$41,730,700	\$269,300
Pre-Development Costs:			
Consultant Services	\$677,395	\$1,372,080	(\$694,685)
Early Site Package (Demolition/Remediation)	\$4,450,000	\$3,533,663	\$916,337
Land Acquisition	\$8,199,244	\$6,202,889	\$1,996,355
Relocation	\$1,844,127	\$1,290,906	\$553,221
Property Maintenance/Carry Costs	\$0	\$100,852	(\$100,852)
Total Pre-Development Costs	\$15,170,766	\$12,500,391	\$2,670,375
Other Costs:			
Design			
Prior Design Services	\$945,000	\$859,000	\$86,000
In-House Design	\$0	\$722,803	(\$722,803)
Project Management (SDA Staff)	\$1,198,000	\$1,198,000	\$0
PMF/CM	\$1,200,000	\$1,364,000	(\$164,000)
FF&E	\$1,200,000	\$1,366,200	(\$166,200)
Technology	\$1,600,000	\$1,214,400	\$385,600
Commissioning	\$0	\$0	\$0
Temporary Space	\$0	\$0	\$0
Other Costs	\$600,000	\$722,803	(\$122,803)
Total Other Costs	\$6,743,000	\$7,447,205	(\$704,205)
Other Funding Sources			
Rebates & Refunds	\$0	\$0	\$0
District Local Share Funds	(\$15,000,000)	(\$15,000,000)	\$0
Total Other Funding Sources	(\$15,000,000)	(\$15,000,000)	\$0
Total Project Budget	\$48,913,766	\$46,678,296	\$2,235,470
Funding from Prior Allocation	\$4,068,699	\$4,068,699	\$0
Funding from 2012 Capital Plan	\$44,845,067	\$42,609,597	\$2,235,470

Budget Variance Analysis:

Schedule Variance Analysis:

Resolution—6ai

Design-Build Award and Approval of Final Project Charter

District: Newark
 School: Elliott Street E.S.
 Description: Design-Build
 Package No.: NE-0067-B02
 CCE: \$36,320,000
 Award: \$37,937,000
 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 the approval of Final Project Charters; and

WHEREAS, the Elliott Street Elementary School project (the “Project”) in the Newark School District, will provide a new 138,000 square foot facility designed to educate 848 students in grades Pre-K through Eight; and

WHEREAS, the funding for a replacement for the Elliott Street Elementary School was allocated in 2007 after a lightning strike rendered the original Elliott Street Elementary School unusable; and

WHEREAS, the details as to subsequent intervening events which impacted the Project’s advancement are described in the memorandum presented to the Board on this date; and

WHEREAS, the Elliott Street Elementary School project was approved to advance under the Authority’s 2012 Capital Plan at the March 7, 2012 SDA Board Meeting; and

WHEREAS, the background and status of the Project, the particulars of the Procurement Process commencing December 27, 2012 for design-build services, and the details of the proposed revisions to the Final Project Charter are comprehensively set forth in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, upon completion of the procurement process, and the program operations deputy director and director, and the contract management deputy director and director recommend award of the project to Hall Construction Company, Inc..

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and approve the award of a contract for design/build services to Hall Construction Company, Inc. (Contract No. NE-0067-B02) in the amount of \$37,937,000 for the Elliott Street Elementary School Project in the Newark School District, with such approval conditioned upon

the agreement and related documentation being reviewed and approved by the SDA Division of Chief Counsel.

BE IT FURTHER RESOLVED, that the Members of the Authority further authorize and approve the attached revised Final Project Charter representing all expended and projected funds necessary for completion of the project.

BE IT FURTHER RESOLVED, 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, Design-Build Award (Contract No. NE-0067-B02) and Approval of Final Project Charter, Elliott Street Elementary School, Passaic School District, dated April 3, 2013

Dated: April 3, 2013

**RELEASE OF FUNDS FROM PROGRAM RESERVE, AWARD OF CONTRACT, AND APPROVAL OF FINAL
CHARTER**

**TRENTON PUBLIC SCHOOLS - TRENTON CENTRAL HIGH SCHOOL WEST CAMPUS - EMERGENT
PROJECT - REPLACEMENT OF CONDENSATE SYSTEM**



MEMORANDUM

TO: Members of the Authority

FROM: Sean Murphy
Procurement Director

Manuel Da Silva
Program Director, Program Operations

RE: District: Trenton
School: Trenton Central High School West Campus
Description: Emergent Project – Replacement of Condensate System
Package No.: EP-0072-C01
CCE: \$ 1,170,180
Award: \$ 1,325,000
CM: NJSDA Self-Managed

DATE: April 3, 2013

SUBJECT: Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter
Trenton Public Schools - Trenton Central High School West Campus
Emergent Project – Replacement of Condensate System

INTRODUCTION

We are writing to recommend approval by the Members of the Authority of three related actions to address an emergent condition at the Trenton Central High School West Campus in the Trenton Public School District: the release of funds from the Program Reserve maintained for emergent projects and emergency situations in the amount of \$1,878,853; the award of contract in the amount of \$1,325,000 to Kappa Construction Corporation; and the final charter (copy attached) for this project consistent with the award for construction.

Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended on March 7, 2012, Board approval is required for the release of monies from the Program Reserve for emergent projects or emergency situations exceeding \$500,000. Further, the Operating Authority requires Board approval for the award of construction contracts greater than \$500,000. Both the construction award amount and the release of funds from the reserve exceed \$500,000.

BACKGROUND

Trenton Central High School West Campus, built in 1927, is a 124,945 square foot facility educating 523 students in grades 9 through 12. As a result of site visits conducted by NJSDA and NJDOE in 2011 and 2012 to review potential emergent conditions within the district, the NJDOE issued a Pre-Construction Approval on April 18,

Members of the Authority

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter

Trenton Public Schools, Trenton Central High School West Campus - Emergent Project

April 3, 2013

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2012 for an emergent project to address conditions related to the existing condensate system and all ancillary equipment at the facility. On August 3, 2012, the NJSDA issued a Task Order assignment to E2Project Management, LLC, under an existing Task Order Contract to perform Environmental Services inclusive of the following:

- Identification and Investigation of the environmental condition;
- Collection of samples and performance of required testing;
- Design and Construction Administration Services related to environmental abatement activities and construction; and
- Third party monitoring related to environmental abatement activities.

Based upon the above-mentioned site visits, investigative assessment and preliminary design documents, staff has developed the following scope of work to address the condition:

- Remove traps and condensate lines located within the utility tunnels, condensate room, boiler room and coal room, and complete abatement of asbestos containing materials in these areas; and
- Provide a new condensate system, controls, and ancillary system to be integrated into the existing steam distribution system; and
- Provide plans, inclusive of modifications to the existing structure. Prepare record set drawings/plans at the completion of the project.

PROCUREMENT PROCESS

This package was advertised beginning on February 20, 2013 on the NJSDA website, NJ State website and in selected newspapers for interested firms to participate in the bidding process.

A mandatory pre-bid conference was held on February 27, 2013.

Project Rating Proposals were received by March 4, 2013. Bidders were evaluated based on the largest of four projects completed in the past seven years, safety records as well as reference checks. Based on evaluation of the information submitted, five (5) bidders received a Project Rating Limit.

Price Proposals were received on March 21, 2013. The Price Proposals were publicly opened and the lump sum base bids were read aloud as required by law.

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

Contractor	Bid Amount	Comments
Kappa Construction Corporation	\$1,325,000.00	Qualified and responsive bidder.
Falasca Mechanical, Inc.	\$1,860,000.00	Qualified and responsive bidder.

The responsive low bidder was Kappa Construction Corporation.

Members of the Authority

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter

Trenton Public Schools, Trenton Central High School West Campus - Emergent Project

April 3, 2013

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The bid submitted by Kappa Construction Corporation was above the CCE. In order to understand the differential between the CCE and the bid price and to ensure the contractor's Price Proposal was inclusive of all scope elements, a conference was conducted on March 22, 2013 with Procurement, Program Operations, Contract Management Division and Kappa Construction Corporation to review the bid. After discussion, it was determined that some aspects of the bid were higher and others lower than the CCE, and that the major differential between the CCE and the bid price was due to:

- The contractor's pricing for condensate line demolition and for pipe insulation represents pricing higher than the NJSDA estimate.
- The contractor's pricing for constructing wall openings and feed and vacuum tank equipment represents pricing lower than the NJSDA estimate.

At the time of review, Kappa Construction Corporation confirmed that its Price Proposal is inclusive of all scope elements contained in the Contract Documents. The Program Operations Deputy Director, the Program Operations Director, the Contract Management Deputy Director, and the Contract Management Director recommend award of the project to Kappa Construction Corporation.

FINAL BUDGET

Based on Kappa Construction Corporation's bid, the construction cost to address the emergent project is \$1,325,000. The total funding, including design costs and construction contingency is estimated at \$1,878,853.

BUDGET SUMMARY

▪ Construction Costs	\$1,325,000
▪ Construction Contingency (15%)	\$ 198,750
▪ Design Costs (NJSDA in-house)	\$ 39,750
▪ Project Management (NJSDA managed)	\$ 105,000
▪ Environmental Activities	\$ 144,103
▪ Other Costs (5%)	<u>\$ 66,250</u>
▪ Total	<u>\$1,878,853</u>

SCHEDULE

Construction is anticipated to begin late spring 2013, planned such that the abatement of the asbestos containing materials is to be completed while the school is vacant, during the summer months. The schedule recognizes the purchase of long-lead items and includes an overall construction duration of 170 days. Final completion is anticipated to be reached January 16, 2014.

Members of the Authority

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter

Trenton Public Schools, Trenton Central High School West Campus - Emergent Project

April 3, 2013

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RECOMMENDATION

The Members of the Authority are requested to approve:

1. The release of \$1,878,853 from the Program Reserve to address the emergent project at the Trenton Central High School West Campus in the Trenton Public Schools;
2. The award of the construction contract in the amount of \$1,325,000 to Kappa Construction Corporation; and
3. The final charter for the Trenton Central High School West Campus in the Trenton Public Schools Emergent Project.

/s/ Sean Murphy

Sean Murphy, Procurement Director

/s/ Manuel Da Silva

Manuel Da Silva, Program Director, Program Operations

Reviewed and Recommended by: Andrew Yosha, Vice President, Program Operations

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

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

Reviewed and Recommended by: Katherine Gallo, Program Officer, Program Operations

Prepared and Recommended by: Raymond Klepar, Program Officer, Program Operations

New Jersey Schools Development Authority Emergent Project Charter - Summary

Region: Southern
District: Trenton
School Name: Trenton Central High School West Campus
Project Type: Emergent
DOE # / Project #: 5210-051-12-0ABY
Project Location: 1001 West State Street, Trenton NJ 08618

Charter Date
04/03/13
Supersedes Charter Dated
N/A

Project Budget: \$ 1,878,853
Anticipated Construction NTP Date: 05/16/13
Anticipated Final Completion Date: 01/16/14
Project Initiation Date: 04/18/12

Funding Source
2011 Emergent Reserve

Charter Version and Date	Revision # and Date	Project Summary
<input checked="" type="checkbox"/> Final	04/03/13	Removal of the below grade traps and condensate lines located within the utility tunnels. A complete abatement of the asbestos containing materials is to be performed with this work, within the confines of the project work areas including the utility tunnels and condensate room. Provide a new like-in-kind condensate system, new controls, and new ancillary system to be integrated into the existing steam distribution system and shall include documents and supplementary items necessary to ensure proper installation and operation.
<input type="checkbox"/> One		
<input type="checkbox"/> Two		
<input type="checkbox"/> Three		
		Purpose for Advancement of Emergent Charter
		To establish the final budget for the project inclusive of dollar values for the award for construction, appropriate contingency, and estimated other costs.

Recommendation

Program Director - Project	Date	Managing Director - Programs Operations	Date
Manuel Da Silva		Gregory Voronov	

VP - Program Operations	Date		Date
Andrew Yosha			

Approval

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

Chief Executive Officer	Date
Marc Larkins	

New Jersey Schools Development Authority Emergent Project Charter Project Budget

District / Project Name:	Trenton / Trenton Central High School West Campus
DOE # / Project #:	5210-051-12-0ABY
Charter Date:	04/03/13

Special Considerations:

Other Costs for projects range from 2% to 5% of Building Costs, with such costs for Emergent Projects budgeted at 5%. These costs are inclusive of projected DCA fees for permits and anticipated inspections.

Project Budget:

Construction Costs:	
Building Costs	\$1,325,000
Site Costs	\$0
Construction Contingency	\$198,750
Total Construction Costs	\$1,523,750
Other Costs:	
Design in-house	\$39,750
Construction Admin	N/A
Project Management (SDA Staff)	\$105,000
Other Costs	\$66,250
Total Other Costs	\$211,000
Predevelopment & Environmental Costs:	
Pre-development	\$0
Environmental/Remediation	\$144,103
Total Pre-development & Environmental Costs	\$144,103
Total Project Budget	\$1,878,853
2011 Emergent Reserve Impact	
Prior Funding Approved	\$0
Current Funding Requested	\$1,878,853

Resolution – 6aii.

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter
 Trenton Public Schools - Trenton Central High School West Campus
 Emergent Project – Replacement of Condensate System

District:	Trenton
School:	Trenton Central High School West Campus
Description:	Emergent Project – Replacement of Condensate System
Package No.:	EP-0072-C01
CCE:	\$ 1,170,180.00
Award:	\$ 1,325,000.00
CM:	NJSDA Self-Managed

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA) requires that the Members of the Authority authorize and approve the release of monies from the Program Reserve for emergent projects or emergency situations exceeding \$500,000.00; and

WHEREAS, the Operating Authority further requires Board approval for the award of construction contracts greater than \$500,000.00 and for final project charters; and

WHEREAS, Trenton Central High School West Campus (TCHSWC), built in 1927, is a 124,945 square foot facility educating 523 students in grades 9 through 12; and

WHEREAS, following site visits conducted by SDA and State Department of Education (DOE) staff in 2011 and 2012 to review potential emergent conditions within the district, the DOE issued a Pre-Construction Approval for an emergent project to address conditions related to the existing condensate system and all ancillary equipment at the facility; and

WHEREAS, thereafter, the SDA issued a Task Order assignment to E2Project Management, LLC, under an existing Task Order Contract to perform Environmental Services as detailed in the materials presented to the Board on this date; and

WHEREAS, based upon the site visits, investigative assessment and preliminary design documents, staff has developed a scope of work which is described in detail in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, consistent with all applicable laws and regulations, on February 20, 2013, the SDA, by way of advertisement, commenced a procurement process for interested firms to participate in the bidding process; and

WHEREAS, the details and chronology of the aforementioned procurement process are provided in the materials provided to the Board on this date; and

WHEREAS, following completion of the procurement process, the responsive low bidder was Kappa Construction Corporation who has confirmed that its Price Proposal is inclusive of all scope elements contained in the Contract Documents; and

WHEREAS, the Program Operations Deputy Director and Director, and the Contract Management Deputy Director and Director recommend award of the project to Kappa Construction Corporation; and

WHEREAS, based on Kappa Construction Corporation Contractor's bid, the construction cost to address the emergent project is \$1,325,000.00, and total funding, including design costs and construction contingency is estimated at \$1,878,853.00; and

WHEREAS, the construction award amount and the release of funds from the program reserve both exceed \$500,000.00; and

WHEREAS, the project schedule, with a projected final completion date of January 16, 2014, is set forth in the materials presented to the Board on this date.

WHEREAS, executive management and associated program staff recommend that the Members of the Authority approve the contract award to Kappa Construction Corporation, the release of funds from the program reserve and the final charter for the emergent project at the Trenton Public Schools - Trenton Central High School West Campus.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and approve the release of \$1,878,853.00 from the Program Reserve to address the emergent project at the Trenton Central High School West Campus in the Trenton Public Schools.

BE IT FURTHER RESOLVED, that the Members of the Authority hereby authorize and approve the award of a construction contract in the amount of \$1,325,000.00 to Kappa Construction Corporation and the final charter for the Trenton Public Schools –Trenton Central High School West Campus emergent project.

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

Attached: Memorandum, Release of Funds from Program Reserve, Award of Contract (Package No.:EP-0072-C01), and Approval of the Final Charter, Trenton Public Schools - Trenton Central High School West Campus Emergent Project – Replacement of Condensate System, dated April 3, 2013

Dated: April 3, 2013

**RELEASE OF FUNDS FROM PROGRAM RESERVE, AWARD OF CONTRACT, AND APPROVAL OF FINAL
CHARTER**

**PASSAIC CITY PUBLIC SCHOOL DISTRICT - WM. B. CRUISE MEMORIAL SCHOOL #11 - EMERGENT
PROJECT - MASONRY REPAIRS AND LINTEL REPLACEMENT**



STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Sean Murphy
Procurement Director

Manuel Da Silva
Program Director, Program Operations

RE: District: Passaic City Public School District
School: Wm. B. Cruise Memorial School #11
Description: Emergent Project- Masonry Repairs and Lintel Replacement
Package No.: EP-0092-C01
Award: \$ 1,334,945
CM: NJSDA Self-Managed

DATE: April 3, 2013

SUBJECT: Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter
Passaic City Public School District – Wm. B. Cruise Memorial School #11
Emergent Project – Masonry Repair, Lintel Replacement and Window Assembly Work

INTRODUCTION

We are writing to recommend approval by the Members of the Authority of three related actions to address an emergent condition at the Wm. B. Cruise Memorial School #11 in the Passaic City Public School District: the release of funds from the NJSDA Program Reserve maintained for emergent projects; the award of a construction contract; and the Final Charter. The recommended value for release from the Program Reserve is the not-to-exceed (N.T.E.) amount of \$1,754,983, a dollar value based upon the recommended N.T.E. construction contract value of \$1,334,945. The recommended Final Charter represents the project budget inclusive of N.T.E. dollar values for the award of construction as well as contingency (copy attached). As discussed below, the recommended actions represent N.T.E. values to support development and implementation of the most appropriate, efficient and timely action to address the emergent condition.

Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended on March 7, 2012, Board approval is required for the release of monies from the Program Reserve for emergent projects or emergency situations exceeding \$500,000.00. Further, the Operating Authority requires Board approval for the award of construction contracts greater than \$500,000. Both the construction award amount and the release of funds from the reserve exceed \$500,000.

Members of the Authority

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter

Passaic City Public School District – Wm. B. Cruise Memorial School #11- Emergent Project

April 3, 2013

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BACKGROUND

The Wm. B. Cruise Memorial School #11, built 1922 with an addition completed in 1986, is a 135,220 square foot facility educating 1,200 students in grades 1 through 5. As a result of site visits conducted by NJSDA and New Jersey Department of Education (NJDOE) in 2011 and 2012 to review potential emergent conditions within the district, the NJDOE issued a Pre-Construction Approval on July 18, 2012 for an emergent project to address conditions related to the masonry, window and lintels at this facility.

After receipt of the Pre-Construction Approval from NJDOE, the NJSDA reviewed floor plans and warranty information. After analyzing the information, the NJSDA performed additional site visits to determine the source of the water infiltration at the Wm. B. Cruise Memorial School #11. Those site visits resulted in the scope detailed below.

PROCUREMENT PROCESS

The construction contract award recommended for this project results from utilization of the NJSDA General Construction Services Task Order Contract (GC Task Order).

At the August 3, 2011 Board Meeting, the Members of the Authority approved the use of the GC Task Order. The GC Task Order has been structured so that the Authority has a pool of contractors to perform certain work. Overall, no individual task order can exceed \$3 million and no individual firm can receive more than \$5 million of work per region during the duration of the pool. Bidders were required to select a region (North, South, or both) for job order assignments and accept the defined cost multiplier of 1.10, as decided by the Authority, for use in establishing compensation for those task order assignments, to be performed, at least for the initial phases, on a time and materials basis. GC Task Order work may also be assigned on a lump sum basis after competitive bidding among Task Order Contractors.

This package will be awarded on a time and materials basis pursuant to the NJSDA's existing General Construction Services Task Order Contract.

On January 29, 2013, Procurement staff contacted Circle-A Construction Company, Inc. (Circle-A Construction), the next firm on the contractor rotational list, and confirmed its interest in the project.

SCOPE OF WORK

On February 4, 2013, a site visit was held with Circle-A Construction to review the emergent condition and discuss appropriate action(s) to address the condition. NJSDA staff instructed Circle-A Construction to engage a design consultant necessary for developing a proposal, cost estimate and schedule that recognizes an approach to first defining and then implementing appropriate action to address the emergent condition, as follows:

- Review the existing facility conditions and plans, to evaluate potential appropriate solutions for repairs and/or alterations;
- Provide three (3) proposed alternative solutions and cost analyses to remedy the Emergent Condition; and
- Deliver to NJSDA a Final Report, providing recommended corrective action and a construction cost proposal inclusive of the following services and deliverables:

Members of the Authority

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter
 Passaic City Public School District – Wm. B. Cruise Memorial School #11- Emergent Project
 April 3, 2013
 Page 3 of 4

- Masonry repair, lintel repair/replacement and window assembly work necessarily resulting from the lintel replacement along the entire perimeter of the interior courtyard and in select areas around the exterior perimeter.
- Provide elevations and details for the masonry repair, lintel repair/replacement, and window assembly work, and prepare documents to secure construction permits and prepare record set drawings/plans at the completion of the project.

On March 22, 2013, Circle-A Construction provided the NJSDA with a cost estimate to complete the entirety of the work, inclusive of the assessment, report submission and implementation of the various solutions proposed to remedy the emergent condition. The above-mentioned assessment and deliverables when completed will enable NJSDA staff to evaluate and select the most appropriate solution, and scope of work to address the emergent project timely and efficiently.

The N.T.E. value of the recommended award represents Circle-A Construction’s cost proposal for the most extensive solution presented to address the condition: masonry repair, lintel replacement and window assembly work necessarily resulting from the lintel replacement. Upon completion of the selected design solution, the NJSDA shall review and validate the final projected cost and schedule for the scope of work. This review shall result in a determination to either advance the project on a time and material basis, or to establish a fixed cost for the scope of work defined in the construction documents.

Contract Management Division (CMD) and Program Operations reviewed Circle-A Construction’s cost proposal for the most extensive solution, in the amount of \$1,334,945 and determined it represented a reasonable working estimate for the elements included in the Scope of Work, recognizing that with a time and material not-to-exceed task order such as this one, the actual time and material costs will be monitored and evaluated by NJSDA. The Program Operations Deputy Director, Program Operations Director and CMD Director recommend that Procurement proceed with the issuance of a task order to Circle-A Construction.

FINAL BUDGET

Based on Circle-A Construction’s proposal, the construction cost to address the emergent project is a N.T.E. value of \$1,334,945. The total funding, including design costs and construction contingency, is estimated at a not-to-exceed value of \$1,754,983.

BUDGET SUMMARY

<u>Projected Budget Summary Not-to-Exceed</u>	
▪ Construction Costs	\$1,334,945
▪ Construction Contingency (15 %)	\$ 200,242
▪ Design Costs (in-house)	\$ 40,048
▪ Project Management (NJSDA managed)	\$ 113,000
▪ Other Costs (5%)	<u>\$ 66,748</u>
▪ Total	\$1,754,983

Members of the Authority
 Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter
 Passaic City Public School District – Wm. B. Cruise Memorial School #11- Emergent Project
 April 3, 2013
 Page 4 of 4

SCHEDULE

Construction services to implement the selected solution for this project are anticipated to begin in late summer, 2013 with construction duration of 115 days to Final Completion.

RECOMMENDATION

The Members of the Authority are requested to approve:

1. The release of \$1,754,983 from the Program Reserve to address the emergent project at the Wm. B. Cruise Memorial School #11 in the Passaic City Public School District.;
2. The award of the construction contract to Circle-A Construction for a N.T.E. value, in the amount of \$1,334,945; and
3. The Final Charter for the emergent project at the Wm. B. Cruise Memorial School #11 in the Passaic City Public School District.

After selection of the appropriate solution to address the emergent condition, the NJSDA Program Operations Division will inform the Board of that selection, as well as provide the Board with updated project cost information within the approved N.T.E. value.

/s/ Sean Murphy
 Sean Murphy, Procurement Director

/s/ Manuel Da Silva
 Manuel Da Silva, Program Director, Program Operations

Reviewed and Recommended by: Andrew Yosha, Vice President, Program Operations
 Reviewed and Recommended by: Gregory Voronov, Managing Director, Program Operations
 Reviewed and Recommended by: Vincent Lechmanick, Deputy Program Director, Program Operations
 Reviewed and Recommended by: Katherine Gallo, Program Officer, Program Operations
 Prepared and Recommended by: Theresa dunn Egan, Program Officer, Program Operations

New Jersey Schools Development Authority Emergent Project Charter - Summary

Region: Northern
District: Passaic City Public Schools
School Name: Wm. B. Cruise Memorial School #11
Project Type: Emergent
DOE # / Project #: 3970-140-12-0AEA
Project Location: 390 Gregory Avenue, Passaic, NJ 07055

Charter Date
04/03/13
Supersedes Charter Dated
N/A

Project Budget: \$ 1,754,983
Anticipated Construction NTP Date: 05/16/13
Anticipated Final Completion Date: 02/19/14
Project Initiation Date: 07/18/12

Funding Source
2011 Emergent Reserve

Charter Version and Date	Revision # and Date	Project Summary
<input checked="" type="checkbox"/> Final	04/03/13	The contractor shall review the existing facility conditions and plans to evaluate the emergent condition repairs and/or alterations. Provide three (3) proposed alternative solutions and cost analyses to remedy the emergent condition; and issue a Final Report with a recommended corrective action and construction cost proposal. Design and implement the necessary alterations for masonry repair, lintel replacement and window assembly work necessarily resulting from the lintel replacement along the entire perimeter of the interior courtyard and in select areas around the exterior perimeter to prevent further damage from weather and water infiltration.
<input type="checkbox"/> One		
<input type="checkbox"/> Two		
<input type="checkbox"/> Three		
		Purpose for Advancement of Emergent Charter
		To establish the final budget for the project inclusive of dollar values for the award for construction, appropriate contingency, and estimated other costs.

Recommendation

Program Director - Project Manuel Da Silva	Date	Managing Director - Program Operations Gregory Voronov	Date
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VP - Program Operations Andrew Yosha	Date		Date
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Approval

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

Chief Executive Officer Marc Larkins	Date
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New Jersey Schools Development Authority Emergent Project Charter Project Budget

District / Project Name:	Passaic City Public Schools/Cruise Mem School #11
DOE # / Project #:	3970-140-12-0AEA
Charter Date:	04/03/13

Special Considerations:

Other Costs for projects range from 2% to 5% of Building Costs, with such costs for Emergent Projects budgeted at 5%. These costs are inclusive of projected DCA fees for permits and anticipated inspections.

Project Budget:

Construction Costs:	
Building Costs	\$1,334,945
Site Costs	\$0
Construction Contingency	\$200,242
Total Construction Costs	\$1,535,187
Other Costs:	
Design in-house	\$40,048
Construction Admin	N/A
Project Management (SDA Staff)	\$113,000
Other Costs	\$66,748
Total Other Costs	\$219,796
PreDevelopment & Environmental Costs:	
PreDevelopment	\$0
Environmental/Remediation	\$0
Total PreDevelopment & Environmental Costs	\$0
Total Project Budget	\$1,754,983
2011 Emergent Reserve Impact	
Prior Funding Approved	\$0
Current Funding Requested	\$1,754,983

Resolution— 6a

Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter
 Passaic City Public School District – Wm. B. Cruise Memorial School #11
 Emergent Project – Masonry Repair, Lintel Replacement and Window Assembly Work

District: Passaic City Public School District
 School: Wm. B. Cruise Memorial School #11
 Description: Emergent Project- Masonry Repairs and Lintel Replacement
 Package No.: EP-0092-C01
 Award: \$ 1,334,945
 CM: NJSDA Self-Managed

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA) requires that the Members of the Authority approve the release of funds from the Program Reserve for emergent projects or emergency situations exceeding \$500,000.00; and

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

WHEREAS, both the construction award amount and the release of funds from the reserve exceed \$500,000; and

WHEREAS, the William. B. Cruise Memorial School #11 (Cruise), in the Passaic City Public School District, is a 135,220 square foot facility educating 1,200 students in grades 1 through 5; and

WHEREAS, following site visits conducted by SDA and New Jersey Department of Education (DOE) staff in 2011 and 2012 to review potential emergent conditions within the district, DOE issued a Pre-Construction Approval on July 18, 2012 for an emergent project to address conditions related to the masonry, window and lintels at the Cruise facility; and

WHEREAS, after receipt of the Pre-Construction Approval, SDA reviewed floor plans and warranty information and performed additional site visits to determine the source of the water infiltration at the Cruise facility, resulting in the determination of a scope as detailed in the materials presented to the Board on this date and incorporated herein; and

WHEREAS, the construction contract award recommended for this project results from utilization of the SDA General Construction Services Task Order Contract (GC Task Order) authorized by the Board in August 2011, the details of which are set forth in the Board memorandum; and

WHEREAS, in January 2013, SDA Procurement staff contacted Circle-A Construction Company, Inc. (Circle-A Construction), the next firm on the contractor rotational list, and confirmed its interest in the project; and

WHEREAS, the steps taken to date by Circle-A, steps to be taken going forward, budget details and anticipated construction schedule are set forth with particularity in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, the SDA Contract Management Division (CMD) and Program Operations staff reviewed Circle-A's cost proposal for the most extensive solution, in the amount of \$1,334,945 and determined it represents a reasonable working estimate for the elements included in the Scope of Work, with all relevant factors considered; and

WHEREAS, this package, upon approval, will be awarded on a time and materials basis pursuant to the SDA's existing GC Task Order Contract; and

WHEREAS, the Program Operations Deputy Director and Director and CMD Director recommend that Procurement staff proceed with the issuance of a task order to Circle-A Construction.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the memorandum presented to the Board on this date and incorporated herein, the Members of the Authority hereby authorize and approve the release of \$1,754,983 from the Program Reserve to address the emergent project at the William B. Cruise Memorial School #11 in the Passaic City Public School District., the award of the construction contract to Circle-A Construction for a Not To Exceed value, in the amount of \$1,334,945, and the Final Charter for the emergent project at the Wm. B. Cruise Memorial School #11 in the Passaic City Public 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, Release of Funds from Program Reserve, Award of Contract, and Approval of the Final Charter, Passaic City Public School District – Wm. B. Cruise Memorial School #11 Emergent Project –Masonry Repair, Lintel Replacement and Window Assembly Work, dated April 3, 2012

Dated: April 3, 2013

RELEASE OF FUNDS FROM PROGRAM RESERVE, AWARD OF CONTRACT, AND APPROVAL OF FINAL CHARTER

MILLVILLE SCHOOL DISTRICT - HOLLY HEIGHTS ELEMENTARY SCHOOL - EMERGENT PROJECT - ROOF REPLACEMENT



1 WEST STATE STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955

MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov, Managing Director Program Operations

RE: District: Millville School District
 School: Holly Heights Elementary School
 Description: Emergent Project – Roof Replacement
 Estimated Funding: \$750,000

SUBJECT: Release of Funds from Program Reserve
 Millville School District – Holly Heights Elementary School
 Emergent Project – Roof Replacement

DATE: April 3, 2013

INTRODUCTION:

I am writing to recommend approval of the release of funds from the Program Reserve maintained for emergent projects and emergency situations to address an emergent condition at the Holly Heights Elementary School in Millville. This project will advance pursuant to NJSDA delegation for District management consistent with statutory and regulatory provisions. The release of funding requested is \$750,000.

Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010 as amended on March 7, 2012, Board approval is required for the release of funds from the Program Reserve for emergent projects or emergency situations exceeding \$500,000. The funding requested to address the emergent project at this school exceeds \$500,000.

BACKGROUND:

The Holly Heights Elementary School, built in 1974, is a 93,179 square foot facility that educates 534 students in grades K to 5. As a result of joint NJSDA and NJDOE site visits conducted in the Millville School District to review potential emergent conditions within the district, the NJDOE issued Pre-Construction Approval on July 18, 2012 for an emergent project to address conditions related to the partially failing roof system. Considerations supporting the decision to delegate included the District’s successful prior management of similar emergent projects and recognition of the lack of complexity of this project. Additionally, the District has recently completed a similar project to address a different portion of the roof at this school with District funds. This current project will serve to address the remainder of the failing roof system.

After receipt of Pre-Construction Approval from the NJDOE, the NJSDA issued a grant offer to the District to allow for the advancement of the project. The District has engaged Garrison Architects to review the emergent condition and develop a scope of work to address the failing roof. Due to the age

Members of the Authority
 Release of Program Reserve
 Millville School District – Holly Heights Elementary School – Emergent Project
 April 3, 2013
 Page 2

and deteriorated condition of the existing roof system, the architect’s recommended scope calls for the installation of approximately 37,250 square feet of new Ethylene Propylene Diene Monomer (EPDM) roofing. The scope has been reviewed by NJSDA staff to ensure it adequately addresses the identified condition and does not include work above that required to remedy the condition. Based upon estimates provided by the District’s design consultant that have been reviewed by the NJSDA, the cost of the project including appropriate contingency is estimated to be \$750,000:

Budget Summary

▪ Construction Costs	\$ 620,000
▪ Construction Contingency (10%)	\$ 62,000
▪ Design Costs	\$ 58,000
▪ <u>Other Costs (Permit Fees)</u>	<u>\$ 10,000</u>
▪ Total	\$ 750,000

RECOMMENDATION:

The Members are requested to approve the release of \$750,000 from the Program Reserve to address the emergent roof replacement project at the Millville School District Holly Heights Elementary School.

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

Reviewed and Recommended by: Andrew Yosha, Vice President, Program Operations

Resolution—6iv

Release of Funds from Program Reserve
 Millville School District – Holly Heights Elementary School
 Emergent Project – Roof Replacement

District:	Millville School District
School:	Holly Heights Elementary School
Description:	Emergent Project – Roof Replacement
Estimated Funding:	\$750,000

Resolution

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

WHEREAS, the Holly Heights Elementary School, built in 1974, is a 93,179 square foot facility that educates 534 students in grades K to 5; and

WHEREAS, following joint site visits by SDA and New Jersey Department of Education (DOE) to review potential emergent conditions in the Millville School District, the DOE issued Pre-Construction Approval for an emergent project to address conditions related to the partially failing roof system (the emergent project); and

WHEREAS, background information and details relevant to the emergent project are set forth in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, following receipt of Pre-Construction Approval SDA issued a grant offer to the District to allow for the advancement of the project, which shall proceed pursuant to SDA delegation for District management, and the District engaged an architect to review the emergent condition and develop a scope of work; and

WHEREAS, the scope has been reviewed by NJSDA staff to ensure that it adequately addresses the identified condition and does not include work above that required to remedy the condition; and

WHEREAS, estimates provided by the District’s design consultant and reviewed by the SDA, place the cost of the emergent project, including appropriate contingency, at \$750,000, an amount exceeding \$500,000 and thus requiring approval by the Members of the Authority.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and approve the release of \$750,000 from the Program Reserve to address the emergent roof replacement project at the Holly Heights Elementary School Millville School District, consistent with the memorandum presented to the Board on this date.

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

Attached: Memorandum, Release of Funds from Program Reserve, Millville School District – Holly Heights Elementary School Emergent Project – Roof Replacement, dated April 3, 2013

Dated: April 3, 2013

**CONSTRUCTION AWARD - OLIVER STREET ELEMENTARY SCHOOL - CONSTRUCTION
MANAGEMENT AWARD - APPROVAL OF REVISED FINAL PROJECT CHARTER**



MEMORANDUM

TO: Members of the Authority

FROM: Sean Murphy
 Procurement Director

James D. Adams
 Program Director, Program Operations

RE: District: Newark
 School: Oliver Street Elementary School
 Description: Construction Management Services
 Package No.: NE-0013-M02
 Estimated Fee: \$ 995,000
 Award: \$1,207,951
 Design-Builder: Epic Management, Inc.

DATE: April 3, 2013

SUBJECT: Construction Manager Award and Approval of Revised Final Project Charter

INTRODUCTION

I am writing to request that the Members of the Authority approve the award of a contract for Construction Management (CM) Services and approve a revision to the Final Project Charter to reflect the actual dollar value for the award of the CM contract and appropriate contingency (copy attached). This contract is for services to manage the design-build construction of the new Oliver Street Elementary School located in the Newark School District.

Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended March 7, 2012, Board approval is required for the award of consultant contracts greater than \$100,000. Award of this contract necessitates a revision to the Final Project Charter approved by the Members on March 6, 2013 which included an estimated value for CM Services.

BACKGROUND

The Oliver Street Elementary School project will provide a new 136,778 square-foot facility designed to educate 848 students in grades Pre-K through grade Eight.

The Oliver Street Elementary School project was approved to advance under the Authority’s 2011 Capital Plan at the March 7, 2011 NJSDA Board Meeting. NJSDA staff undertook a review and validation of the project’s existing schematic design, inclusive of design documents relative to site development and environmental considerations, to ensure conformance with the current required approach. Further assessment revealed the suitability of the NJSDA-developed “Kit of Parts” for this project. The review also determined that project cost and schedule efficiencies would be supported by a two phase construction process: Phase I: Early Site Preparation; and Phase II: Design-Build Construction of the Oliver Street ES.

Members of the Authority
 Package No. NE-0013-M02
 Newark – Oliver Street ES - Construction Management Services
 April 3, 2013
 Page 2

The site of the new Oliver Street Elementary school required the NJSDA to demolish four large structures and to perform environmental remedial actions associated with the properties' past usage and regional environmental conditions according to NJDEP requirements. Demolition of the existing structures was completed in August 2010. Remedial investigation work performed during the demolition phase led to the need for additional soils remediation. This work is currently being addressed through the Phase I Early Site Preparation engagement, procured in August 2012 with work scheduled for completion spring 2013.

The Phase II Design-Build Construction engagement was approved by the Members of the Authority on March 6, 2013.

PROCUREMENT PROCESS

This package was advertised as a "Price and Other Factors" solicitation beginning on January 29, 2013 on the NJSDA website and on the State of New Jersey Business Opportunities website. In addition, the advertisement was distributed to those firms that are pre-qualified in the area of Construction Management (P029) by both the Department of Treasury, Division of Property Management and Construction and the NJSDA. For this procurement, price was weighted as 40% of the overall weight, and all non-price factors had a combined weight of 60%.

A Selection Committee consisting of three NJSDA staff members was established.

Firms interested in submitting a proposal were required to send an e-mail giving Notice of Intent to Participate (NOI) by February, 6, 2013. NOIs were received from thirteen (13) prequalified construction management firms. Responsive proposals were received from seven (7) firms by February 20, 2013. Technical Proposals were evaluated by the Selection Committee. Evaluations were based upon the information provided by the firms in response to the RFQ/RFP for this project. The three committee members evaluated the Technical Proposals for Construction Management Services separately based on the following criteria:

- Firm's CM Experience on Similar Projects
- Staffing Proposal
- Key Team Members' Experience on Similar Projects
- Approach to Project

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

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

Weighting factors were applied to each of the Selection Committee member's raw scores for each criterion to arrive at a total weighted score as follows:

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 Newark – Oliver Street ES - Construction Management Services
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Criteria	Weighting Factor (Applied to Raw Score)	Maximum Weighted Points
Firm's CM Experience on Similar Projects	2.0	20
Staffing Proposal	3.0	30
Key Team Members' Experience on Similar Projects	3.0	30
Approach to Project	2.0	20
Total Possible Points		100

For each firm's Technical Proposal, the individual criteria scores awarded by a particular Selection Committee member were added together to calculate a score for that Technical Proposal. The maximum score for a Technical Proposal is 100. All of the scores awarded by the Selection Committee members to a particular firm's Technical Proposal were added together and averaged to arrive at a Final Technical Proposal Score for each firm. The responsive firms, their scores and ranks are listed in Table 1 below:

TABLE 1

Firm	Final Technical Proposal Score	Technical Rank
Gilbane Building Company	79.000	1
STV Construction, Inc.	72.333	2
Heery International, Inc.	66.000	3
Joseph Jingoli & Son, Inc.	61.667	4
Armand Corporation	59.667	5
D'Huy Engineering, Inc.	59.000	6
MAST Construction Services, Inc.	56.667	7

A shortlist of the six (6) highest-ranked firms was determined based on the Final Technical Proposal Scores. The shortlisted firms participated in interviews with the Selection Committee on March 12, 2013. The interviews allowed the firms to expand and detail their firm and team experience with respect to NJSDA requirements for construction management services. The Selection Committee interviewed each of the shortlisted firms and evaluated each firm on Interview Criteria and Weighting Factors that were the same as those used in the evaluation of the Technical Proposals, as detailed above.

The individual criteria scores awarded by a particular Selection Committee member were added together to calculate an Interview Score for that firm. The maximum Interview Score is 100. All of the Interview Scores awarded to a particular firm by the Selection Committee members were added together and averaged to arrive at a Final Interview Score for each firm. The shortlisted firms, their scores and ranks are listed in Table 2 below:

TABLE 2

Firm	Final Interview Score	Interview Rank
Gilbane Building Company	82.333	1
Joseph Jingoli & Son, Inc.	80.667	2
STV Construction, Inc.	74.000	3
Heery International, Inc.	69.000	4
D'Huy Engineering, Inc.	67.667	5
Armand Corporation	51.333	6

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The Final Interview Score for each shortlisted firm was added to the Final Technical Proposal Score for such firm, and the two scores were averaged to arrive at a Non-Price Score for each shortlisted firm. The maximum Non-Price Score is 100. The shortlisted firms, their scores and ranks are listed in Table 3 below:

TABLE 3

Firm	Non-Price Score	Non-Price Rank
Gilbane Building Company	80.667	1
STV Construction, Inc.	73.167	2
Joseph Jingoli & Son, Inc.	71.167	3
Heery International, Inc.	67.500	4
D'Huy Engineering, Inc.	63.333	5
Armand Corporation	55.500	6

Once all the Non-Price Scores for all shortlisted firms were calculated, the NJSDA opened the sealed Price Proposals and reviewed them for responsiveness.

The lowest responsive Price Proposal 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 that each proposal exceeded the lowest bid.

The results of the NJSDA’s review of the Price Proposals are listed in Table 4 below:

TABLE 4

Firm	Bid Price	Price Score	Price Rank
STV Construction, Inc.	\$1,101,447.60	100.000	1
Armand Corporation	\$1,122,485.00	98.090	2
Heery International, Inc.	\$1,172,053.00	93.590	3
Gilbane Building Company	\$1,207,951.00	90.331	4
D'Huy Engineering, Inc.	\$1,411,270.00	71.871	5
Joseph Jingoli & Son, Inc.	\$1,549,047.00	59.363	6

After the Price Scores were determined for all shortlisted firms, the Price Scores were adjusted by a weighting factor of 40%. The Non-Price Scores for “Other Factors” criteria were adjusted by a weighting factor of 60%. The Price Score and Non-Price Score for each shortlisted firm were added together for a Final Combined Score. The maximum Final Combined Score is 100. The Final Combined Scores and Final Rankings are listed in Table 5 below:

TABLE 5

Firm	Raw Non-Price Score	Weighted Non-Price Score	Raw Price Score	Weighted Price Score	Final Combined Score	Final Rank
Gilbane Building Company	80.667	48.400	90.331	36.132	84.533	1
STV Construction, Inc.	73.167	43.900	100.000	40.000	83.900	2
Heery International, Inc.	67.500	40.500	93.590	37.436	77.936	3
Armand Corporation	55.500	33.300	98.090	39.236	72.536	4
D'Huy Engineering, Inc.	63.333	38.000	71.871	28.748	66.748	5
Joseph Jingoli & Son, Inc.	71.167	42.700	59.363	23.745	66.445	6

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The Members are requested to approve the award of a contract to the firm with the highest Final Combined Score, Gilbane Building Company, for a total lump sum fee of \$1,207,951.00 for Construction Management Services for the new Oliver Street Elementary School located in the Newark School District and approve an increase to the Final Project Charter in the amount of \$234,246 to reflect the actual dollar value for the award of the CM contract and appropriate contingency.

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

/s/ Sean Murphy
Sean Murphy
Procurement Director

/s/ James D. Adams
James D. Adams
Program Director, Program Operations

New Jersey Schools Development Authority Project Charter - Summary

Charter Date

04/03/13

**Supersedes
Charter Dated**

03/06/13

Region: Northern
District: Newark
Project Name: Oliver Street ES
School Type: Elementary School
DOE # / Project #: 3570-590-02-0315
Project Type (New/Add/Reno): New Construction
Project Location: 44-76 Oliver Street, Newark NJ
Number of Students 848

Land Acquisition Required? Yes No

Funding Source

Temporary Space Required? Yes No

2011 Capital Plan

Project Budget: \$ 73,548,257

Funding Allocated

Anticipated Substantial Completion Date 12/17/15

\$73,314,011

Anticipated School Occupancy Date 03/14/16

Project Team Leader: James Adams

District Local Share

Project Initiation Date: September-11

\$0.00

SDA Board - Project Charter Approval Date: 04/03/13

Charter Version and Date		Project Summary
<input type="checkbox"/> Planning		New elementary school to be constructed on SDA owned site to educate 848 students in grades Pre-K through Eight.
<input type="checkbox"/> Preliminary	11/06/08	
<input checked="" type="checkbox"/> Final	03/06/13	
Purpose for Advancement of Current/Revised Project Charter		
Revision # and Date		Revision of charter to reflect award amount for Construction Management services and associated contingency.
<input checked="" type="checkbox"/> One	04/03/13	
<input type="checkbox"/> Two		District Project Goals
<input type="checkbox"/> Three		
<input type="checkbox"/> Four		
<input type="checkbox"/> Five		
<input type="checkbox"/> Six		
Construction of a new school to address overcrowding in grades Pre-K through Eight.		

Recommendation

Program Director - Program Operations _____ **Date** _____
James Adams

Managing Director - Capital Planning _____ **Date** _____
Gregory Voronov

Vice President - Program Operations _____ **Date** _____
Andrew Yosha

Approval

_____ **Date** _____
Chief Executive Officer
Marc Larkins

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

Charter Date
04/03/13

District / Project Name:	Newark / Oliver Street ES
DOE # / Project #:	3570-590-02-0315

Project Milestones	Date
School Occupancy Date	03/14/16

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

<u>Real Estate Services</u>	<u>Start</u>	<u>Est.</u>	<u>Act.</u>	<u>Finish</u>	<u>Est.</u>	<u>Act.</u>
Feasibility	03/15/13	<input type="checkbox"/>	<input checked="" type="checkbox"/>	01/30/04	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Site Investigations	02/01/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>	02/22/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Site Acquisition	04/24/04	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/01/08	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Relocation	08/01/04	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/03/08	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Demolition	06/15/09	<input type="checkbox"/>	<input checked="" type="checkbox"/>	03/31/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Remediation	06/15/09	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/17/15	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Deed Restriction Required?	Yes			Date		
District Notified?	Yes	12/15/09	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Classification Exception Area?	Yes					
District Notified?	Yes	12/15/09	<input type="checkbox"/>	<input checked="" type="checkbox"/>		

Special Considerations

Remediation includes installation of engineering cap and vapor barrier by the Design Builder during the construction phase.

<u>Design:</u>	<u>Date</u>	<u>Est.</u>	<u>Act.</u>		<u>Est.</u>	<u>Act.</u>
Design Start (NTP)	NA	<input type="checkbox"/>	<input type="checkbox"/>			
Design Restart (if applicable)	NA	<input type="checkbox"/>	<input type="checkbox"/>			
	<u>Start</u>	<u>Est.</u>	<u>Act.</u>	<u>Finish</u>	<u>Est.</u>	<u>Act.</u>
Program Concept Phase	02/27/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>	07/19/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Schematic Design	11/16/11	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/16/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bridging Documents	09/10/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/26/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Design-Build Bid/Award	10/10/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>	04/17/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Design-Build NTP	04/18/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>	04/18/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Design	04/18/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>	12/04/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

Dates are reflective of the advancement of the project via in-house design utilizing the Kit-of-Parts / Design-Build model.

<u>Construction:</u>	<u>Date</u>	<u>Est.</u>	<u>Act.</u>
Construction Start (NTP)	12/04/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Substantial Completion (TCO)	12/17/15	<input checked="" type="checkbox"/>	<input type="checkbox"/>
School Occupancy Date	03/14/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Title Transfer	04/15/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Completion (C of O)	03/15/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Post Occupancy Walk Through	11/10/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Project Close-Out	12/09/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

New Jersey Schools Development Authority Project Charter - Project Budget		Charter Date
		04/03/13
District / Project Name: Newark / Oliver Street ES		
DOE # / Project #: 3570-590-02-0315		
2011 Capital Plan Funding Allocation		\$ 73,314,011
Special Considerations:		
Design-Builder Costs are based upon the bid received from the proposed awardee Epic Management Inc..		
Project Budget:		
Gross Building Area (GSF):		Grossing Factor:
New	136,778	1.57
Addition		
Renovation		
Total Gross Building Area (GSF):		136,778
Estimated Building Cost / GSF		
New Construction Cost/GSF	\$283.67	
Renovation Cost/GSF		
Design-Builder Costs		
Design	\$2,095,750	
Building Costs	\$35,345,250	
Site Costs	\$3,454,000	
Demolition	\$0	
E-Rate (If separately bid)	\$0	
Cost Escalation 0 months at 5 % per year	\$0	
Construction Contingency	\$4,089,500	
Total Construction Costs		\$44,984,500
Pre-Development Costs:		
Consultant Services	\$3,059,589	
Early Site Package (Demolition/Remediation)	\$4,957,667	
Land Acquisition	\$9,318,035	
Relocation	\$2,797,862	
Property Maintenance/Carry Costs	\$236,782	
Total Pre-Development Costs		\$20,369,934
Other Costs:		
Design		
Prior Design Services	\$1,589,358	
In-House Design	\$775,985	
Project Management (SDA Staff)	\$1,166,000	
PMF/CM	\$1,328,746	
FF&E	\$1,354,102	
Technology	\$1,203,646	
Commissioning	\$0	
Temporary Space	\$0	
Other Costs	\$775,985	
Total Other Costs		\$8,193,823
Other Funding Sources		
Rebates & Refunds	\$0	
District Local Share Funds	\$0	
Total Other Funding Sources		\$0
Total Project Budget		\$73,548,257
Funding from Prior Allocation		\$11,374,918
Funding from 2011 Capital Plan		\$62,173,339

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

Charter Date

04/03/13

District / Project Name: Newark / Oliver Street ES
DOE # / Project #: 3570-590-02-0315

Project Budget:

	Final Charter 3/6/2013	Current Budget	VARIANCE Fav/(Unfav)
Grossing Factor:	1.57	1.57	0.00
Gross Building Area (GSF):	136,778	136,778	0
Total Gross Area (GSF):	136,778	136,778	0
Design-Builder Costs			
Design	\$2,095,750	\$2,095,750	\$0
Building Costs	\$35,345,250	\$35,345,250	\$0
Site Costs	\$3,454,000	\$3,454,000	\$0
Demolition	\$0	\$0	\$0
E-Rate (If separately bid)	\$0	\$0	\$0
Cost Escalation	\$0	\$0	\$0
Construction Contingency	\$4,089,500	\$4,089,500	\$0
Total Construction Costs	\$44,984,500	\$44,984,500	\$0
Pre-Development Costs:			
Consultant Services	\$3,059,589	\$3,059,589	\$0
Early Site Package (Demolition/Remediation)	\$4,957,667	\$4,957,667	\$0
Land Acquisition	\$9,318,035	\$9,318,035	\$0
Relocation	\$2,797,862	\$2,797,862	\$0
Property Maintenance/Carry Costs	\$236,782	\$236,782	\$0
Total Pre-Development Costs	\$20,369,934	\$20,369,934	\$0
Other Costs:			
Design			
Prior Design Services	\$1,589,358	\$1,589,358	\$0
In-House Design	\$775,985	\$775,985	\$0
Project Management (SDA Staff)	\$1,166,000	\$1,166,000	\$0
PMF/CM	\$1,094,500	\$1,328,746	(\$234,246)
FF&E	\$1,354,102	\$1,354,102	\$0
Technology	\$1,203,646	\$1,203,646	\$0
Commissioning	\$0	\$0	\$0
Temporary Space	\$0	\$0	\$0
Other Costs	\$775,985	\$775,985	\$0
Total Other Costs	\$7,959,577	\$8,193,823	(\$234,246)
Other Funding Sources			
Rebates & Refunds	\$0	\$0	\$0
District Local Share Funds	\$0	\$0	\$0
Total Other Funding Sources	\$0	\$0	\$0
Total Project Budget	\$73,314,011	\$73,548,257	(\$234,246)
Funding from Prior Allocation	\$11,374,918	\$11,374,918	\$0
Funding from 2011 Capital Plan	\$61,939,093	\$62,173,339	(\$234,246)

Budget Variance Analysis:

Increase in CM fees to account for actual award amount plus 10% contingency.

Schedule Variance Analysis:

Resolution—6bi

Construction Manager Award and Approval of Revised Final Project Charter

District: Newark
 School: Oliver Street Elementary School
 Description: Construction Management Services
 Package No.: NE-0013-M02
 Estimated Fee: \$ 995,000
 Award: \$1,207,951
 Design-Builder: Epic Management, Inc.

Resolution

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

WHEREAS, the Oliver Street Elementary School project, in the Newark School District, will provide a new 136,778 square-foot facility designed to educate 848 students in grades Pre-K through grade Eight; and

WHEREAS, in March 2011, advancement of the Oliver Street Elementary School Project (Project) was approved by the Board as part of the SDA’s 2011 Capital Plan; and

WHEREAS, as set forth in the memorandum presented to the Board on this date, SDA staff undertook a review and validation of the project’s existing schematic design to ensure conformance with the current required approach and deemed the Project suitable for the SDA developed “Kit of Parts” approach; and

WHEREAS, this assessment also determined that project cost and schedule efficiencies would be supported by a two phase construction process, Phase I: Early Site Preparation and Phase II: Design-Build Construction, for the Project; and

WHEREAS, the Phase II Design-Build Construction engagement was approved by the Board in March 2013; and

WHEREAS, SDA executive management is seeking Board approval to award a contract for Construction Management (CM) Services for the Project along with approval of a necessary revision to the Project’s Final Project Charter to reflect the actual dollar value for the award of the CM contract and appropriate contingency, consistent with the materials provided to the Board on this date and incorporated herein; and

WHEREAS, details as to the background and status of the Project, along with the particulars of the procurement process and proposed revisions to the Project Charter have been provided to the Board in the meeting materials and are incorporated herein; and

WHEREAS, as further set forth in detail in the meeting materials, the procurement process for CM Services was conducted, consistent with applicable laws and regulations, on a “price and other factors” basis; and

WHEREAS, upon completion of the procurement process, executive management and associated staff recommend approval of a contract award in the total lump sum fee amount of \$1,207,951 for Construction

Management Services for the Project to Gilbane Building Company along with approval of an increase to the Final Project Charter in the amount of \$234,246 to reflect the actual dollar value for the award of the CM contract and appropriate contingency; and

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

NOW THEREFORE, BE IT RESOLVED, that the Members of the Authority, upon review and approval of the contract and related documentation by the SDA Division of Chief Counsel, hereby authorize and approve the award of a contract, in the total lump sum fee amount of \$1,207,951 to Gilbane Building Company for Construction Management Services for the new Oliver Street Elementary School in the Newark School District consistent with the memorandum presented to the Board on this date and incorporated herein.

BE IT FURTHER RESOLVED, that the Members of the Authority hereby approve an increase to the Final Project Charter in the amount of \$234,246, as presented to the Board on this date, to reflect the actual dollar value for the award of the Construction Management contract and appropriate contingency.

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

Attached: Memorandum, Construction Manager Award (Package No. NE-0013-M02) and Approval of Revised Final Project Charter, Oliver Street Elementary School Project, Newark School District, dated April 3, 2013

Dated: April 3, 2013

**AWARD OF CONSTRUCTION CONTRACT AND APPROVAL OF FINAL PROJECT CHARTER -
PHILLIPSBURG SCHOOL DISTRICT - PHILLIPSBURG HIGH SCHOOL - CONSTRUCTION OF NEW
SCHOOL**



MEMORANDUM

TO: Members of the Authority

FROM: Sean Murphy
Procurement Director

Thomas Schrum
Program Director, Program Operations

RE: DISTRICT: Phillipsburg
SCHOOL: Phillipsburg High School
PACKAGE #: NT-0003-C02 RB1
WORK TO BE PERFORMED: Construction of New High School
CCE: \$87,097,636
CM: Heery International
DESIGN CONSULTANT: DIGroupArchitecture

DATE: April 3, 2013

SUBJECT: Award of Construction Contract 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 \$80,490,000 to Epic Management, Inc.¹ for construction services for the Phillipsburg High School (Phillipsburg HS) in the Phillipsburg School District. Before construction initiates, the awardee is required to perform a constructability review to identify any potential conflicts and their resulting cost impact.

We are also recommending approval by the Members of the attached Final Project Charter representing the project budget inclusive of dollar values for the award of construction, as well as a construction contingency which is intended to address, but is not limited to, any potential cost impact which may be identified during the constructability review.

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.

¹ Epic listed the following subcontractors for the required trades in its Price Proposal: The Barham Group, LLC (HVAC), Brooks Mechanical Consultants, Inc. (Plumbing), Wind Gap Electric, Inc. (Electrical), and Arnold Steel Company, Inc. (Structural Steel & Ornamental Iron).

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Construction Award and Final Project Charter
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BACKGROUND

Project Definition

When completed, the Phillipsburg HS will be a new 330,021 square foot facility designed to educate 1,846 students from grades nine through twelve in the Phillipsburg School District. The project includes a parking lot and storm water detention/filtration system on a 122-acre hilltop site.

At the March 7, 2012 NJSDA Board Meeting, the Members of the Board approved the Authority's 2012 Capital Plan. This Plan identified the Phillipsburg HS project as one of the projects for advancement.

Project History

The following synopsis, covering the period 2002 – present chronologically, discusses:

- Project scope revisions implemented to address changed district need,
- Value engineering efforts for cost effectiveness and efficiency, most recently with 2011-2012 review and validation of appropriateness, and
- Several important site work aspects that have already been advanced and/or delivered.

On December 20, 2002, NJSCC, now the New Jersey Schools Development Authority (NJSDA), purchased 122 acres of former farmland to serve as the new site for the Phillipsburg HS. In that same month, Heery International was issued a Notice to Proceed (NTP) to serve as the Project Management Firm for the project.

On March 22, 2004, NJK-12 Architects, LLC (since re-formed under the name "Design Ideas Group" and currently under "DIGroupArchitecture" or "DIG") was issued an NTP for design and construction administration services for the project. The project scope consisted of the construction of a school facility to educate 1,774 students in grades nine to twelve, as well as improvements to the county access road and intersection leading to the school, athletic fields, and a community bike path.

By 2005, DIG completed a design for this scope. In May of 2005, NJSDA proceeded with delivery of the athletic fields, an element of the overall site development. The athletic fields were completed in 2006 and have been in use by the Phillipsburg School District since then under a Use and Occupancy Agreement. The remainder of the project's advancement had been suspended in 2005.

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In 2008, the Phillipsburg HS was identified for advancement as part of the NJSDA's 2008 Capital Plan. Upon the recommendation of the New Jersey Department of Education (NJDOE), the project scope was revised to accommodate 1,846 students in grades nine to twelve.

In 2009, DIG proceeded through an amendment with the re-design process to address the revised project scope. The re-design incorporated NJDOE programmatic revisions and several value management recommendations in order to achieve a more efficient school design. A re-design of the county access road to the school was also executed by DIG, with focus to reduce the impact on property owners with regard to Right of Way and additional property acquisitions.

In 2009, D&K Construction Company (D&K) was issued an NTP to undertake early site development of the school property. This work involved the removal of large rock outcroppings to facilitate the future construction of footings and foundations for the school and the grading of the soil on site to within one foot of final building elevation. In addition, the work included construction of soil retention barriers, soil runoff barriers, and other temporary work to assure site conditions on this hilltop property were within Warren County Soil Conservation District requirements for a construction site. The early site work began in September 2009 and was completed in December 2009, leaving the site prepared for construction.

In early 2010, severe winter weather conditions eroded or eliminated many of the measures constructed to maintain the site, resulting in major water runoff. To address these conditions, NJSDA authorized D&K to undertake short-term stabilization measures to slow down the flow of water from the site. NJSDA also authorized DIG, in November 2010, to proceed per amendment with design services for long-term stabilization of the site. Epic Management, Inc. was issued an NTP in October 2011 to serve as the general contractor to implement this long-term stabilization effort. Phase 1 of this construction was completed in December 2011. Phase 2 commenced in March 2012, and was completed on May 29, 2012.

In early 2011, DIG completed the design for the facility, with all prior design and value management revisions incorporated into the drawings. In May of that year, the revised project design received final release for construction from New Jersey Department of Community Affairs (NJCA).

As part of NJSDA's 2011 Capital Plan Review, a Phillipsburg HS project was assessed and ranked amongst the highest priorities in terms of educational needs throughout the State. Given the potential project's size, scope and significant delivery cost for the State, this project was not included in the 2011 Capital Plan portfolio. Instead, a review effort commenced immediately thereafter in order to satisfactorily consider the best method to address Phillipsburg District's high school educational needs and to consider any and all appropriate alternative approaches. The alternative approaches taken into consideration included the utilization of additions and renovations of the existing high school. The SDA performed a cost benefit analysis, analyzing the several alternative approaches, and considering all costs specific to each different approach. The SDA reviewed related schedule considerations as well, and any cost impact dictated by such

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schedule and logistical considerations. In conclusion, the analysis found that any anticipated cost reductions that might be achieved from pursuit of addition and renovation rather than new construction represented a difference of 6%, and therefore were not significant enough to outweigh the unknown cost and schedule impacts often inherent in renovating an existing structure.

After collaborative review with the school district, NJDOE and the NJSDA, and consideration of the results of the cost benefit analysis discussed above, it was determined that, while the educational needs could be satisfactorily addressed through an addition and renovation to the existing high school, such a scope would present significant logistical and perhaps schedule challenges without sufficiently meaningful or guaranteed cost reduction. Therefore, the review concluded, based upon the specific results of this analysis, that the best course of action is to construct a new high school. The current design, therefore, was reviewed to determine if any further cost reductions and facility maintenance efficiencies could be achieved. This review resulted in the identification of value management modifications that would align the project more closely with NJSDA's current materials and systems standards.

Based upon the results of this further review, the NJSDA recommended advancement of the project using the current design with the incorporation of the value management modifications. At the March 7, 2012 NJSDA Board Meeting, the Phillipsburg HS project was approved to advance as part of the Authority's 2012 Capital Plan, with the construction procurement to advance in 2012.

Subsequently, through an amendment approved by the Board in May 2012, DIG proceeded with the incorporation of the needed value management modifications to the project's current design. These design modifications were completed in September 2012.

On September 27, 2012, NJSDA advertised for general contractor services for the project. At bid opening on December 20, 2012, Terminal Construction Corporation (Terminal) was selected as the highest ranked bidder. Subsequently, two other project bidders, Ernest Bock & Sons, Inc. and Hall Construction Co., Inc., filed formal bid protests against the Terminal bid. In review of the formal protests, NJSDA identified ambiguities in specific sections of the bid solicitation documents. As a result, NJSDA cancelled this bid process on February 5, 2013.

On February 11, 2013, NJSDA re-advertised for general contractor services for the project.

PROCUREMENT PROCESS

This package was advertised as a "Price and Other Factors" solicitation on February 11, 2013 on the SDA website, NJ State website, and in selected newspapers for interested firms to participate in the bidding process. For this procurement, "Price" was weighted as significantly more important than all "Other Factors," with price equaling 90% of the overall weight, and all non-price factors having a combined weight of 10%.

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A mandatory pre-bid conference was held on February 20, 2013.

In accordance with regulations, the SDA employed a two-step process for this procurement. The first step required interested bidders to submit a Project Rating Proposal, which was used by the SDA to determine each bidder’s Project Rating Limit, or maximum amount that a bidder may bid, for the project. Project Rating Proposals were received on February 25, 2013. Bidders were evaluated based on the largest of four projects completed in the past seven years, safety records as well as reference checks. Based on evaluation of the information submitted, nine (9) bidders received a Project Rating Limit.

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

TABLE 1

Contractor	Project Rating Limit
Dobco, Inc.	\$ 77,351,010
Epic Management, Inc.	\$231,312,160
Ernest Bock & Sons, Inc.	\$107,084,530
Hall Construction Company, Inc.	\$131,295,840
Hunter Roberts Construction Group, LLC	\$149,990,005
Joseph A. Natoli Construction Corporation	\$113,618,840
Prismatic Development Corporation	\$103,600,000
Terminal Construction Corporation	\$212,681,000
Torcon, Inc.	\$223,440,000

Bidder Questions were received by February 25, 2013. Addenda responses to Bidder Questions were issued to the bidders on February 20 and March 1, 2013.

The second step of the response requires bidders to simultaneously submit a Technical Proposal and a sealed Price Proposal. Technical and Price Proposals were received on March 13, 2013 from five (5) bidders. The Technical Proposal provided information regarding the bidder’s past experience and qualifications as well as the bidder’s overall approach to the project and to the Constructability Review portion of the project. Members of the Selection Committee, comprised of two (2) SDA Program Operations representatives and one (1) Phillipsburg School District representative, were responsible for independently evaluating and scoring the Technical Proposal submittals with respect to the non-price evaluation criteria. The proposals were evaluated by the Selection Committee members based on the following criteria:

- Bidder’s experience on similar projects
- Experience of key team members on similar projects
- Bidder’s prior affirmative action experience
- Bidder’s schedule compliance on similar projects

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- Bidder’s safety record
- Bidder’s history of claims on payment bond
- Approach to project
- Approach to constructability review

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

- 9 - 10 points - outstanding response - offers significant advantages.
- 7 - 8 points - superior response - exceeds requirements with no deficiencies.
- 5 - 6 points - sufficient response - meets the requirements with no significant deficiencies.
- 3 - 4 points - minimal response - meets the requirements but contains some significant deficiencies.
- 1 - 2 points - marginal response - comprehends requirements, but contains many significant deficiencies.
- 0 points - unsatisfactory response - requirements not addressed and lack of detail precludes adequate evaluation.

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

TABLE 2

Criteria	Weighting Factor (Applied to Raw Score)	Maximum Weighted Points
Bidder’s experience on similar projects	2.0	20
Experience of key team members on similar projects	1.5	15
Bidder’s prior affirmative action experience	0.5	5
Bidder’s schedule compliance on similar projects	1.0	10
Bidder’s safety record	0.5	5
Bidder’s history of claims on payment bond	0.5	5
Approach to project	2.5	25
Approach to constructability review	1.5	15
Total Possible Points		100

For each Technical Proposal, the individual criteria scores awarded by a particular Selection 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 of the Total Non-Price Scores awarded to a Technical Proposal by the Selection Committee members were added together and

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averaged to arrive at a Final Non-Price Score for each Technical Proposal.

The results of the Selection Committee’s review of the Technical Proposals are listed in Table 3 below:

TABLE 3

Contractor	Raw Non-Price Score	Non-Price Rank
Hall Construction Company, Inc.	86.167	1
Terminal Construction Corporation	84.333	2
Ernest Bock & Sons, Inc.	79.167	3
Epic Management, Inc.	78.667	4
Hunter Roberts Construction Group	73.500	5

Once all the Technical Proposals were scored, the Authority opened the sealed Price Proposals and reviewed them for responsiveness. The Price Proposals were publicly opened on March 22, 2013 and the bids were read aloud as required by law.

The lowest responsive Price Proposal 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 that each proposal exceeded the lowest bid.

The results of the SDA’s review of the Price Proposals are listed in Table 4 below:

TABLE 4

Contractor	Bid Amount	Raw Price Score	Price Rank
Epic Management, Inc.	\$ 80,490,000.00	100.000	1
Ernest Bock & Sons, Inc.	\$ 80,867,000.00	99.532	2
Terminal Construction Corporation	\$ 81,850,000.00	98.310	3
Hunter Roberts Construction Group	\$ 83,444,000.00	96.330	4
Hall Construction Company, Inc.	\$ 84,929,000.00	94.485	5

Before being combined with the non-price scores, the price scores for all bidders were adjusted by a weighting factor of 90%, and the scores for the non-price “Other Factors” criteria were adjusted by a 10% weighting factor.

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The combined scores and final rankings are listed in Table 5 below:

TABLE 5

Contractor	Raw Non-Price Score	Weighted Non-Price Score	Raw Price Score	Weighted Price Score	Combined Score	Final Rank
Epic Management, Inc.	78.667	7.867	100.000	90.000	97.867	1
Ernest Bock & Sons, Inc.	79.167	7.917	99.532	89.579	97.496	2
Terminal Construction Corporation	84.333	8.433	98.310	88.479	96.912	3
Hunter Roberts Construction Group	73.500	7.350	96.330	86.697	94.047	4
Hall Construction Company, Inc.	86.167	8.617	94.485	85.037	93.653	5

The highest ranked bidder was Epic Management, Inc.

The bid submitted by Epic Management, Inc. was less than the CCE. In order to understand the differential between the CCE and the bid price and to ensure the contractor’s Price Proposal was inclusive of all scope elements, a conference was conducted on March 25, 2013 with Procurement, Program Operations, Contract Management Division and Epic Management, Inc. to review the bid. The discussion identified variances between the CCE and Price Proposal in several areas, with the majority of the overall variance related to project duration: Epic’s bid represents the cost, including general conditions, for a duration of 2 1/2 years consistent with the solicitation documents and different from the CCE which represents a duration of 3 years. Other reductions result from the contractor self-performing certain scope elements, including interior work. At the time of review, Epic Management, Inc. confirmed that its price proposal is inclusive of all scope elements contained in the Contract Documents.

The Program Operations Deputy Director, the Program Operations Director, the Contract Management Deputy Director and the Contract Management Director recommend award of the project to Epic Management, Inc.

FINAL PROJECT CHARTER

The attached Final Project Charter represents the project budget inclusive of actual dollar values for the award of construction contract, pre-development expenses, engaged design and construction management services, as well as estimated costs for future project scope elements such as FF&E, technology, and appropriate contingencies. The project budget of \$127,508,125 in the Final Project Charter represents a decrease of approximately \$13,336,271 from the funding allocated for the project within the 2012 Capital Plan, due to the difference between planning assumptions in place at the time and current market conditions.

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RECOMMENDATION

The Members of the Authority are requested to approve the award of a contract to the highest ranked bidder, Epic Management, Inc., for Contract No. NT-0003-C02 RB1 in the amount of \$80,490,000.

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
Procurement Director

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

Reviewed and Recommended by: Andrew Yosha, Vice President, Program Operations
Reviewed and Recommended by: Greg Voronov, Managing Director, Program Operations
Reviewed and Recommended by: Joseph Lucarelli, Deputy Program Director, Program Operations
Reviewed and Recommended by: Robert Schmidt, Program Officer, Program Operations
Reviewed and Recommended by: Aruna Reddy, Program Officer, Program Operations
Prepared and Recommended by: Jeannette North, Program Officer, Program Operations

New Jersey Schools Development Authority Project Charter - Summary

Charter Date
04/03/13

Supersedes Charter Dated
12/02/08

Region: Northern
District: Phillipsburg
Project Name: New High School
School Type: HS
DOE # / Project #: 4100-X01-99-0464 / NT-0003
Project Type (New/Add/Reno): New Construction
Project Location: 913 Belvidere Road, Phillipsburg, NJ
Number of Students: 1,846

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

Funding Source
2012 Capital Plan

Project Budget: \$ 127,508,125

Funding Allocated
\$140,844,396

Anticipated Substantial Completion Date: 05/24/16

Anticipated School Occupancy Date: 08/19/16

Project Team Leader: Thomas Schrum

District Local Share
\$0.00

Project Initiation Date: May-01

SDA Board - Project Charter Approval Date: 12/05/12

Charter Version and Date		Project Summary
<input type="checkbox"/> Planning		The Phillipsburg New High School is a new 330,021 sf facility that will educate 1,846 students from 9th grade through 12th grade. The Contractor's scope of work includes performance of a constructability review prior to issuance of a NTP for construction
<input type="checkbox"/> Preliminary	12/02/08	
<input checked="" type="checkbox"/> Final	04/03/13	
		Purpose for Advancement of Current/Revised Project Charter
Revision # and Date		Establish Final Project Scope, Schedule and Budget based upon the award for construction.
<input type="checkbox"/> One		
<input type="checkbox"/> Two		District Project Goals
<input type="checkbox"/> Three		
<input type="checkbox"/> Four		
<input type="checkbox"/> Five		
<input type="checkbox"/> Six		Address overcrowding at the High School grade level.

Recommendation

Program Director - Program Operations _____ Date _____
 Thomas Schrum

Managing Director - Capital Planning _____ Date _____
 Gregory Voronov

Vice President - Program Operations _____ Date _____
 Andrew Yosha

Approval

Chief Executive Officer _____ Date _____
 Marc Larkins

6

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

Charter Date
04/03/13

District / Project Name:	Phillipsburg / New High School
DOE # / Project #:	4100-X01-99-0464 / NT-0003

Project Milestones	Date
School Occupancy Date	08/19/16

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

<u>Real Estate Services</u>	<u>Start</u>	<u>Est.</u>	<u>Act.</u>	<u>Finish</u>	<u>Est.</u>	<u>Act.</u>
Feasibility	02/13/02	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5/12/04	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EO215 Requirements	07/01/04	<input type="checkbox"/>	<input checked="" type="checkbox"/>	07/04/09	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Site Acquisition	05/14/02	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/20/02	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Relocation	N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Demolition	N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Remediation	N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Deed Restriction Required?	No	Date			
District Notified?	N/A		<input type="checkbox"/>	<input type="checkbox"/>	
Classification Exception Area?	No				
District Notified?	N/A		<input type="checkbox"/>	<input type="checkbox"/>	

Special Considerations

<u>Design:</u>	<u>Date</u>	<u>Est.</u>	<u>Act.</u>	<u>Start</u>	<u>Est.</u>	<u>Act.</u>	<u>Finish</u>	<u>Est.</u>	<u>Act.</u>
Design Start (NTP)	03/22/04	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Design Restart (if applicable)	05/21/12	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Program Concept Phase	03/22/04	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	05/20/04	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>
Schematic Design Phase	05/24/04	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	07/20/04	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>
Design Development Phase	07/25/04	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	11/20/04	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>
Construction Documents Phase	11/25/04	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	09/18/12*	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>
DCA Review	12/10/10	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5/27/2011**	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>
Bid and Award	09/27/12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	02/14/13	<input checked="" type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>

Special Considerations

* Design was suspended in Construction Documents Phase (CD) - Sept. 2005. Project reinitiated as part of the 2008 Capital Plan. Design restarted April 2009. CD Phase completed and received DCA release for construction in May 2011. Project reinitiated as part of the 2012 Capital Plan. Design restarted in May 2012 to align the project design closely with the current SDA systems and materials standards.

** An amended DCA release is anticipated for current design revisions and also for potential constructability review design revisions

<u>Construction:</u>	<u>Date</u>	<u>Est.</u>	<u>Act.</u>
Construction Start (NTP)	05/17/13*	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Substantial Completion (TCO)	05/24/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
School Occupancy Date	08/19/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Title Transfer	10/16/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Final Completion (C of O)	09/16/16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Post Occupancy Walk Through	04/19/17	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Project Close-Out	05/17/17	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Special Considerations

* Construction Start (NTP) represents the anticipated issuance of the NTP to initiate the Constructability Review. An Authorization-to-Proceed with construction to the General Contractor upon completion of the Constructability Review is anticipated for 08/27/13.

New Jersey Schools Development Authority Project Charter - Project Budget		Charter Date
		04/03/13
District / Project Name:	Phillipsburg / New High School	
DOE # / Project #:	4100-X01-99-0464 / NT-0003	
2012 Capital Plan Funding Allocation	\$	140,844,396
Special Considerations:		
Building costs is based upon the award amount for construction.		
Project Budget:		
Gross Building Area (GSF):		Grossing Factor:
New	330,021	1.58
Addition	_____	
Renovation	_____	
Total Gross Building Area (GSF):	<u>330,021</u>	
Estimated Building Cost / GSF		
New Construction Cost/GSF	\$243.89	
Renovation Cost/GSF	_____	
Construction Costs:		
Building Costs	74,690,000	
Site Costs	5,800,000	
Demolition	\$0	
E-Rate (If separately bid)	\$0	
Cost Escalation 0 months at 5 % per year	\$0	
Design Contingency	\$0	
Construction Contingency	\$5,000,000	
Total Construction Costs	\$85,490,000	
Pre-Development Costs:		
Consultant Services	\$272,499	
Early Site Packages (Demo/Remediation/Athletic Fields)	\$9,717,771	
Land Acquisition	\$2,921,387	
Relocation	\$0	
Property Maintenance/Carry Costs	\$95,128	
Total Pre-Development Costs	\$13,006,785	
Other Costs:		
Design	\$9,365,466	
Project Management (SDA Staff)	\$1,905,000	
PMF/CM	\$5,829,661	
FF&E	\$4,107,950	
Technology	\$3,286,360	
Commissioning	\$0	
Temporary Space	\$2,907,103	
Other Costs	\$1,609,800	
Total Other Costs	\$29,011,340	
Other Funding Sources		
Rebates & Refunds	\$0	
District Local Share Funds	\$0	
Total Other Funding Sources	\$0	
Total Project Budget	\$127,508,125	
Funding from Prior Allocation	\$16,579,651	
Funding from 2012 Capital Plan	\$110,928,474	

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

Charter Date
04/03/13

District / Project Name: Phillipsburg / New High School
DOE # / Project #: 4100-X01-99-0464 / NT-0003

Project Budget:

	2012 Capital Plan Estimate	Current Budget	VARIANCE Fav/(Unfav)
Grossing Factor:	1.58	1.58	0.00
Gross Building Area (GSF):	330,021	330,021	0
New Addition			
Renovation			
Total Gross Area (GSF):	330,021	330,021	0
Construction Costs			
Building Costs	\$90,346,760	\$74,690,000	\$15,656,760
Site Costs	\$4,755,093	\$5,800,000	(\$1,044,907)
Demolition	\$0	\$0	\$0
E-Rate (If separately bid)	\$0	\$0	\$0
Cost Escalation	\$1,981,447	\$0	\$1,981,447
Design Contingency	\$2,377,546	\$0	\$2,377,546
Construction Contingency	\$4,755,093	\$5,000,000	(\$244,907)
Total Construction Costs	\$104,215,939	\$85,490,000	\$18,725,939
Pre-Development Costs:			
Consultant Services	\$446,326	\$272,499	\$173,827
Early Site Packages (Demolition/Remediation)	\$7,708,926	\$9,717,771	(\$2,008,845)
Land Acquisition	\$2,751,552	\$2,921,387	(\$169,835)
Relocation	\$0	\$0	\$0
Property Maintenance/Carry Costs	\$132,121	\$95,128	\$36,993
Total Pre-Development Costs	\$11,038,925	\$13,006,785	(\$1,967,860)
Other Costs:			
Design	\$9,510,185	\$9,365,466	\$144,719
Project Management (SDA Staff)	\$1,905,000	\$1,905,000	\$0
PMF/CM	\$2,225,000	\$5,829,661	(\$3,604,661)
FF&E	\$4,854,165	\$4,107,950	\$746,215
Technology	\$2,912,499	\$3,286,360	(\$373,861)
Commissioning	\$350,000	\$0	\$350,000
Temporary Space	\$1,891,017	\$2,907,103	(\$1,016,086)
Other Costs	\$1,941,666	\$1,609,800	\$331,866
Total Other Costs	\$25,589,532	\$29,011,340	(\$3,421,808)
Other Funding Sources			
Rebates & Refunds	\$0	\$0	\$0
District Local Share Funds	\$0	\$0	\$0
Total Other Funding Sources	\$0	\$0	\$0
Total Project Budget	\$140,844,396	\$127,508,125	\$13,336,271
Funding from Prior Allocation	\$16,579,651	\$16,579,651	\$0
Funding from 2012 Capital Plan	\$124,264,745	\$110,928,474	\$13,336,271

Budget Variance Analysis:

Current budget is based upon the award amount for construction which is less than the estimate at the time of establishment of the 2012 capital plan due to current market conditions versus planning assumptions utilized in development of the plan estimate.

Schedule Variance Analysis:

Resolution—6bi

DISTRICT: Phillipsburg
 SCHOOL: Phillipsburg High School
 PACKAGE #: NT-0003-C02 RB1
 WORK TO BE PERFORMED: Construction of New High School
 CCE: \$87,097,636
 CM: Heery International
 DESIGN CONSULTANT: DIGroupArchitecture

Award of Construction Contract and Approval of
 Final Project Charter

Resolution

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

WHEREAS, when completed, the Phillipsburg HS (the Project), in the Phillipsburg School District, will be a new 330,021 square foot facility designed to educate 1,846 students from grades nine through twelve in the Phillipsburg School District; and

WHEREAS, in March 2012, the SDA Board approved the Authority’s 2012 Capital Plan, identifying the Project as one of the projects for advancement; and

WHEREAS, following a bid protest in connection with a previous process, the contract for construction services for the Project was re-advertised on February 11, 2013; and

WHEREAS, the final project charter has been attached and a comprehensive project history and definition, along with a detailed description of the procurement process followed consistent with applicable regulations for construction services for the Project are set forth in detail in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, executive management requests and recommends that the Members of the Authority approve the final project charter and the award of a contract in the amount of \$80,490,000 for construction services for the Project to Epic Management, Inc. consistent with the memorandum presented to the Board on this date and incorporated herein.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby authorize and approve the award of a contract in the amount of \$80,490,000 to Epic Management, Inc. (Contract No. NT 0003-C02 RB1) for construction services for Phillipsburg High School in the Phillipsburg School District, consistent with the memorandum presented to the Board on this date and incorporated herein.

BE IT FURTHER RESOLVED, that the Members of the Authority hereby approve the Final Project Charter as presented for the Phillipsburg High School Project representing the project budget inclusive of dollar values for the award of construction, as well as a construction contingency which is intended to address any potential cost impact which may be identified during the constructability review.

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, Delegated Authority to Award Construction Contract (NT-0003-C02RB1) and Approve Final Project Charter, Phillipsburg HS Project, Phillipsburg School District, dated April 3, 2013

Dated: April 3, 2013

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: April 3, 2013

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 2011 & 2012 Capital Plans.

The 2nd part of the report displays project completion milestones for all other major capital projects and emergent projects.



2011 & 2012 Portfolio Projects Activities Summary

as of 3/19/13

2011 Portfolio Projects - sorted by District		1					
District	Project	Grade Alignment	Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Bridgeton	Buckshutem ES	K-8	581	\$11.9	Kit of Parts Candidate/ Design-Build	Preliminary Charter approved Aug. 2012 Board. Design Development.	May-13
Bridgeton	Quarter Mile Lane ES	PK-8	731	\$34.9	Kit of Parts Candidate/ Design-Build	Preliminary Charter approved Aug. 2012 Board. Design Development.	May-13
Elizabeth	Academic HS	9-12	1,091	\$64.1	Existing Design	Phase 1 Construction completed Jul. 2012. Phase 2 Award approved Nov. 2012 Board (Patoch Construction)	12/8/11 7/11/12
Jersey City	ES 3	PK-5	814	\$67.3	Kit of Parts/ Design-Build	Phase 1 Construction completed Feb. 2013. Design-Build Currently Advertised.	6/25/12 2/25/13
Jersey City	PS 20	K-5	628	\$54.6	Existing Design	Award for Phase 1 Construction approved at Jun. 2012 Board (Silverlands Services). Construction currently Advertised.	4/17/12 3/6/13
Long Branch	Catrambone ES	PK-5	817	\$40.0	Existing Design	Construction Contract Approved Apr. 2012 Board (Terminal Construction). Groundbreaking 9/24.	12/20/11
New Brunswick	Redshaw ES	PK-5	909	\$51.2	Kit of Parts/ Design-Build	Award for D-B approved at Sep. 2012 Board (Hall Construction).	5/29/12
Newark	Oliver St. ES	PK-8	848	\$77.4	Kit of Parts/ Design-Build	Phase 1 Construction award sent 8/20/12. (Silverlands Services). Design-Build award approved Mar. 2013 Board.	6/27/12 11/29/12
Paterson	Marshall St. ES	K-8	650	\$42.5	Existing Design	Phase 1 Construction complete. Construction currently Advertised	6/13/12 2/12/13
Paterson	PS 16	PK-8	651	\$61.7	Kit of Parts Candidate/ Design-Build	Award for Phase 1 Construction approved at May 2012 Board (Tricon). Design Development.	3/27/12
West New York	Harry L. Bain PS 6	PK-6	736	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District). Award for Demolition of existing structure on SDA owned site approved at Jun. 2012 Board. NTP 7/20/12 (Tricon).	2/27/12

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

NOTE # 1 - Total Estimated Costs, Grade Alignment and Capacity are based upon cost and programmatic assumptions utilized in the 2010 reassessment, which do not include benefits of standardization. Application of principles of standardization and recommendations of DOE/SDA/District Working Groups may impact this information in the future.



2011 & 2012 Portfolio Projects Activities Summary

as of 3/19/13

2012 Portfolio Projects - sorted by District

		1					
District	Project	Grade Alignment	Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Gloucester City	Elementary/Middle School	4-8	811	\$75.7	Kit of Parts Candidate/ Design-Build	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Keansburg	Caruso ES	K-4	736	\$47.3	Kit of Parts Candidate/ Design-Build	Phase 1 Construction complete. Design Development.	10/20/11 Jun-13
Keansburg	Port Monmouth Road School	PK	318	\$15.1	New Design Procurement	Planning Charter approved Oct. 2012 Board. Site Investigation at Port Monmouth Road School ongoing.	3 QTR 15
New Brunswick	Robeson ES	1-5	599	\$29.9	Kit of Parts Candidate/ Design-Build	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Newark	Elliot Street ES	PK-8	848	\$47.7	Kit of Parts Candidate/ Design-Build	Design-Build Advertisement 12/27/12. Award memo advancing to April Board.	12/27/12
Newark	South Street ES	PK-8	640	\$57.1	Kit of Parts Candidate/ Design-Build	Scoping Conversations with Working Group (DOE/SDA/District).	Jun-13
Passaic	Dayton Ave. Campus	PK-8	2,134	\$181.6	Kit of Parts Candidate/ Design-Build	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Phillipsburg	High School	9-12	1,846	\$142.4	Existing Design	Delegated approval of Award and Final Charter approved at Dec. 2012 Board. Project re-advertised 2/11/13 to resolve procurement ambiguities.	9/27/2012
West New York	Memorial HS	9-12	1,859	\$61.1	Alternative Delivery (acquisition) & Renovation	Acquisition of Existing St. Joseph's HS complete. Scoping Conversations with Working Group regarding renovation scope. (DOE/SDA/District).	TBD

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

NOTE # 1 - Total Estimated Costs, Grade Alignment and Capacity are based upon cost and programmatic assumptions utilized in the 2010 reassessment, which do not include benefits of standardization. Application of principles of standardization and recommendations of DOE/SDA/District Working Groups will impact this information in the future.

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2011 & 2012 Portfolio Projects Activities Summary

as of 3/19/13

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

District	Project	Grade Alignment	Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Elizabeth	ES Grade Level	ES	TBD	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Garfield	ES Grade Level	ES	TBD	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Harrison	MS Grade Level	MS	TBD	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Millville	HS Grade level	HS	TBD	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Paterson	ES Grade Level	ES	TBD	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Perth Amboy	All Grade levels	All	TBD	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Union City	ES Grade Level	ES	TBD	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD

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

2012 Portfolio Projects (Facilities Deficiencies) - sorted by District

District	Project	Grade Alignment	Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Camden	High School	9-12	1,244	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Hoboken	Connors ES	PK-4	351	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Orange	Cleveland St. ES	PK-8	492	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Orange	High School	9-12	1,048	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD
Trenton	Central HS	9-12	1,843	TBD	TBD	Scoping Conversations with Working Group (DOE/SDA/District).	TBD

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



Active Project Status Report

Report Date: 3/11/13

Major Capital Projects

#	District	Project Name	Project Scope	Project Status	Substantial Completion	Status Substantial Completion	Occupancy Date	Status of Occupancy Date	Total Estimated Project Cost
1	Elizabeth	Victor Mravlag ES	New Construction	Construction	Jul-13	On-target	Sep-13	On-target	\$ 45,464,204
2	Elizabeth	New Academic HS	New Construction	Constructability Review	Mar-16	On-target	Sep-16	On-target	\$ 64,061,687
3	Long Branch	Catrambone ES	New Construction	Construction	Jun-14	On-target	Aug-13	On-target	\$ 40,026,889
4	New Brunswick	New Redshaw ES	New Construction	Design-Builder	May-15	On-target	Aug-15	On-target	\$ 51,204,641
5	Passaic City	New Henry Street ES	New Construction	Construction	Dec-14	On-target	Jan-15	On-target	\$ 40,250,458
6	Union City	New Columbus ES	New Construction	Complete	Aug-12	Achieved	Sep-12	Achieved	\$ 46,203,896
7	West New York	Public School #3	New Construction	Complete	Apr-12	Achieved	May-12	Achieved	\$ 66,303,105

Emergent Projects

#	District	Project Name	Project Scope	Project Phase	Substantial Completion	Status Substantial Completion	Final Completion	Status of Final Completion	Total Estimated Project Cost
1	Camden City	East Camden M.S.	HVAC	Construction	Mar-13	On-Target	Apr-13	On-Target	\$ 3,379,097
2	Newark	Alma Flagg ES	HVAC	GC TO w/ Design Procurement	Mar-14	On-Target	Apr-14	On-Target	\$ 683,409
3	Newark	Hawkins ES	Boiler Replacement	Construction Procurement	Nov-13	On-Target	Dec-13	On-Target	\$ 998,100
4	Newark	Ridge Street ES	Boiler Replacement	Construction	Oct-13	On-Target	Nov-13	On-Target	\$ 1,102,593
5	Newark	Sussex Ave ES	Boiler Replacement	Construction Procurement	Nov-13	On-Target	Dec-13	On-Target	\$ 652,960
6	Newark	West Side HS	Electrical Switch Gear	Construction	Apr-13	On-Target	May-13	On-Target	\$ 69,008
7	Newark	Wilson Avenue School	Building Envelope	Construction	Apr-13	On-Target	Apr-13	On-Target	\$ 2,308,600
8	Paterson	PS #6	Windows	Construction	Apr-13	On-Target	Apr-13	On-Target	\$ 1,992,309
9	West New York	PS #1	Structural Repairs	GC TO w/ Design Procurement	Sep-13	On-Target	Nov-13	On-Target	\$ 1,409,740
10	West New York	PS #5	Structural Repairs	GC TO w/ Design Procurement	Oct-13	On-Target	Dec-13	On-Target	\$ 1,617,433

PROJECT CLOSEOUT STATUS REPORT



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

1 WEST STATE STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955

To: Members of the Authority

From: /s/ Jason E. Ballard, Chief of Staff

Date: April 3, 2013

Subject: Project Close Out Status Report

The attached report provides a listing of projects managed by the SDA, all of which have achieved school occupancy. The listing is further defined by District and year of occupancy, and details those projects that are fully closed out and those which achieved building and/or land transfer to the district.

We continue to advance projects and contracts through the close out process. The following projects have been transferred and/or closed since the last Board Meeting:

Year of Occupancy	Project #	Project Type	District	School	Status
2011	0680-245-02-0930	Capital Plan	Camden	Morgan Village MS	Transferred
2010	3970-N03-03-0097	Capital Plan	Passaic	Daniel F. Ryan ES #19	Transferred
2007	5670-080-01-0557	Capital Plan	West New York	WNY #4 ES	Closed
N/A	2330-140-10-00CH	Emergent	Irvington	Union Avenue Middle School	Closed

Prepared by: Carol Petrosino
Ayisha Cooper

Reviewed by: Bridget Capasso

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of March 1, 2013**

Year of Occupancy	School	Disposition	Land & School Transferred Date	Date Full Project Close Out	Outstanding Issues remaining for complete close out
Asbury Park					
Legacy	Bradley Primary	Closed		04/29/09	
2008	T. Marshall Primary	Closed		04/29/09	
Barnegat					
Legacy	Barnegat HS	Land and/or School Transferred	10/13/09		Open contract(s)
2007	Brackman MS	Land and/or School Transferred	09/23/09		Open contract(s)
2008	HS Addition	Land and/or School Transferred	10/13/09		Open contract(s)
2008	New Donahue, ES (aka Ronald Reagan)	Land and/or School Transferred	10/13/09		Open contract(s)
2008	Barnegat - Collins, ES	Land and/or School Transferred	07/12/10		Open contract(s)
2009	Barnegat - Dunfee, ES	Land and/or School Transferred	07/12/10		Open contract(s)
Bridgeton					
Legacy	Buckshutem Road ES	Closed		05/12/09	
2009	Bridgeton HS Media Center	Closed		02/23/12	
Buena					
Legacy	Cleary MS	Closed		06/02/09	
2010	Buena MS	Closed		02/23/12	
Burlington City					
Legacy	Burlington City - Samuel Smith ES	Closed		11/24/09	
2007	Wilbur Watt Intermediate School & Stadium Maintenance Bldg. (MB)	Land and/or School Transferred	07/01/11		Open contract(s)
2007	New HS	Land and/or School Transferred	12/29/11		Open contract(s)
Camden					
2009	Camden ECDC	Land and/or School Transferred	11/04/09		Open contract(s)

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of March 1, 2013**

Year of Occupancy	School	Disposition	Land & School Transferred Date	Date Full Project Close Out	Outstanding Issues remaining for complete close out
2009	HB Wilson ES	Land and/or School Transferred	04/14/10		Open contract(s)
2009	Dudley ES	Land and/or School Transferred	02/06/12		Open contract(s)
2011	Morgan Village	Land and/or School Transferred	02/25/13		Deed transferred to District 08/22/12
Clark					
2007	Frank Hehly ES	Land and/or School Transferred	06/03/10		Open contract(s)
2007	Carl Kumpf MS	Land and/or School Transferred	06/03/10		Open contract(s)
2007	Arthur Johnson HS	Land and/or School Transferred	06/03/10		Open contract(s)
2007	Valley Road ES	Land and/or School Transferred	06/03/10		Open contract(s)
Cumberland					
2009	Cumberland Regional HS	Land and/or School Transferred	06/25/10		Open contract(s)
East Orange					
Legacy	Wahlstrom ECC	Closed		06/30/12	
Legacy	New - Langston Hughes Replacement	Closed	08/03/09	01/18/13	
Legacy	East Orange HS	Closed		12/07/12	
2008	Campus #9 CJ Scott HS	Closed		11/23/12	
2008	Mildred Barry Garvin				
2010	Benjamin Banneker (New ES #5)	Land and/or School Transferred	07/23/12		Open contract(s)
Egg Harbor City					
2009	Spragg ES	Closed		02/10/12	

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of March 1, 2013**

Year of Occupancy	School	Disposition	Land & School Transferred Date	Date Full Project Close Out	Outstanding Issues remaining for complete close out
Egg Harbor Township					
2007	Slaybaugh ES	Land and/or School Transferred	10/23/12		Open contract(s)
2007	Davenport ES	Land and/or School Transferred	10/23/12		Open contract(s)
2010	New MS	Land and/or School Transferred	01/01/12		Open contract(s)
2011	Egg Harbor Twp HS - Phase 1 (add/reno)				
2011	Egg Harbor Twp HS - Phase 2 (add/reno)				
Elizabeth					
Legacy	Albert Einstein #29	Closed		09/16/09	
Legacy	#44 aka #51	Closed		09/16/09	
Legacy	Dr. MLK Jr. # 52 aka ECC # 45*	Closed		6/13/2012*	
Legacy	#31 Monsignor Joao Antao School	Closed	07/09/12	01/18/13	
Legacy	#30 Ronald Reagan Academy	Land and/or School Transferred	07/09/12		Open contract(s)
Legacy	New ES	Land and/or School Transferred	09/23/09		Open contract(s)
2008	Pre K-8 #27 Dr. Antonia Pontoja School	Closed		10/29/09	
2009	Elizabeth New PreK-8 #28	Land and/or School Transferred	08/26/10		Open contract(s)
Garfield					
Legacy	Garfield ECC	Land and/or School Transferred	04/23/09		Open Contract(s) DEP Action Required
2007	Garfield MS	Land and/or School Transferred	06/25/09		Open contract(s)
Gloucester City					
Legacy	JR SR HS	Land and/or School Transferred	11/28/12		Open Retainage
Legacy	Cold Springs ES	Land and/or School Transferred	06/05/09		Open contract(s)

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of March 1, 2013**

Year of Occupancy	School	Disposition	Land & School Transferred Date	Date Full Project Close Out	Outstanding Issues remaining for complete close out
Greater Egg Harbor Township					
2008	Oakcrest Regional, HS (Auditorium upgrade)	Land and/or School Transferred	06/02/09		All contracts at \$0, documentation in final review
2010	Greater Egg Harbor HS (Cedar Creek HS)	Land and/or School Transferred	01/01/12		Open contract(s)
Harrison					
2007	New Harrison HS	Land and/or School Transferred	10/23/12		Open contracts(s)
Hoboken					
2007	Calabro ES # 4	Closed		07/09/12	
Irvington					
2007	Augusta ES	Closed		03/13/09	
2007	Irvington - New Mt. Vernon, ES	Closed		03/13/09	
2007	University Six School	Closed		03/13/09	
Jersey City					
Legacy	ECC #9 - School Site only	Closed		05/24/10	
Legacy	ECC #9 - Parking lot only	Closed		05/24/10	
Legacy	Freshman Academy - Lincoln HS				
Legacy	New ES #3 (Frank R. Conwell ES #3)				
Legacy	Jersey City MS # 4 (Frank R. Conwell MS # 4)				
2007	Heights MS # 7				
2008	ES # 34				
Long Branch					
Legacy	New MS - Building	Closed		07/25/09	
Legacy	New Anastasia ES	Closed		10/23/09	
2007	Gregory ES	Land and/or School Transferred	05/25/12		Open Contract(s)
2008	Long Branch - Athletic Fields & High School	Land and/or School Transferred	12/07/12		Open Contract(s)
Manchester					

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of March 1, 2013**

Year of Occupancy	School	Disposition	Land & School Transferred Date	Date Full Project Close Out	Outstanding Issues remaining for complete close out
Legacy	Manchester - Manchester Township MS	Land and/or School Transferred	07/16/09		Open contract(s)
Legacy	Whiting ES	Land and/or School Transferred	07/16/09		Open contract(s)
Legacy	Manchester Township HS				
Millville					
Legacy	Millville ECC	Closed		06/19/09	
Legacy	Lakeside MS	Closed		07/08/09	
Neptune					
Legacy	Neptune ECC	Closed		10/31/06	
Legacy	Gables ES	Closed		04/30/09	
Legacy	Neptune MS	Closed		04/30/09	
Legacy	Summerfield ES	Closed		04/30/09	
Legacy	Shark River Hills ES	Closed		07/13/09	
Legacy	Neptune Township - Green Grove ES	Closed		11/27/09	
Legacy	HS Swing Space	Closed		10/21/11	
2008	Midtown Community ES & Parking	Closed		11/16/11	
2010	Neptune HS Aux. Gym	Closed		10/21/11	
New Brunswick					
2007	McKinley K Center #3	Land and/or School Transferred	07/09/12		Open contract(s)
Newark					
Legacy	Science Park	Deed transferred to District 02/03/12			
2007	1st Avenue ES	Land and/or School Transferred	09/28/11		Open contract(s)
2008	Central HS	Land and/or School Transferred	03/28/12		Open contract(s)
2009	Park ES (aka North Ward Park ES)	Land and/or School Transferred	02/24/10		Open contract(s)
2010	Speedway ES				
Orange					
Legacy	New Main St. ES	Closed		06/22/09	

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of March 1, 2013**

Year of Occupancy	School	Disposition	Land & School Transferred Date	Date Full Project Close Out	Outstanding Issues remaining for complete close out
2009	Park Ave ES	Land and/or School Transferred	07/19/12		
2010	Lincoln Ave ES	Land and/or School Transferred	09/07/12		Open contracts(s)
Passaic					
Legacy	# 7, Grant, ES	Letter sent to District - Documents needed			
2010	Daniel F Ryan #19 ES aka New ES Main Ave	Land and/or School Transferred	03/01/13		Deed Conveyed to District 1/23/2013
Paterson					
Legacy	Panther Academy	Closed		08/15/11	
Legacy	Roberto Clemente, ES	Letter sent to District - No Response			
2008	International HS				
2008	#24 ES				
2010	Roberto Clemente ES K-1 Center (Madison Avenue K Center) parking Lot	Land and/or School Transferred	11/09/11		Open contract(s)
Pemberton					
2011	ECC	Land and/or School Transferred	02/01/13		Open contract(s) Deed transferred to District 03/19/12
Perth Amboy					
Legacy	ECC I - Ignacio Cruz	Land and/or School Transferred	06/17/10		Open contract(s)
Legacy	#10 ES - Dr. N. H. Ritchardson School	Letter sent to District - No Response			
2009	ECC #2 - Edmund Hmielseki ECC				
Phillipsburg					
Legacy	ECC	Closed		04/27/12	

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of March 1, 2013**

Year of Occupancy	School	Disposition	Land & School Transferred Date	Date Full Project Close Out	Outstanding Issues remaining for complete close out
Plainfield					
Legacy	Clinton ES - Site only	Land and/or School Transferred	05/06/10		Open contract(s)
Legacy	Hubbard MS				
2008	Emerson ES School Site only				
2009	Clinton ES - Parking/Playground only				
2009	Emerson ES - Parking/Playground only				
Trenton					
Legacy	Mott ES	Closed		05/07/09	
Legacy	P. J. Hill ES	Closed		05/07/09	
Legacy	Gregory ES	Closed		06/30/09	
Legacy	Joyce Kilmer	Closed		12/29/11	
Legacy	Columbus ES	Closed		02/02/12	
2007	Parker ES	Closed		03/13/09	
2010	MLK-Jefferson	Land and/or School Transferred	12/01/11		Open contract(s)
Union City					
Legacy	Jose Marti MS Jose Marti MS Athletic Field	Closed		08/25/11	
2007	ECC @ JFK - Phase I (School only)	Letter sent to District - Documents needed;			Deed transferred to District 03/20/12
2007	ECC @ JFK - Phase II (Schlemm) Parking/Playgrounds	Letter sent to District - Documents needed			Deed transferred to District 03/20/12
2012	Columbus Elementary School				
Vineland					
Legacy	Petway - ES #1	Closed		03/12/09	
Legacy	MS #1 Thomas Wallace	Closed		03/12/09	
Legacy	Johnstone ES	Closed		05/20/09	
2007	Vets Memorial	Closed		03/13/09	

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of March 1, 2013**

Year of Occupancy	School	Disposition	Land & School Transferred Date	Date Full Project Close Out	Outstanding Issues remaining for complete close out
West New York					
Legacy	West New York MS	Letter sent to District - Documents needed			
2007	#4	Closed	11/21/12	03/01/13	
2009	ES #2				
2012	West New York #3	Deed transferred to District 09/11/12			
Woodlynne					
Legacy	Woodlynne ES	Closed		06/10/09	
Capital Projects Totals					
Total Capital Projects		126			
Closed Capital Projects		52			
Capital Projects Not Closed		74			
	Capital Projects Not Closed, Land & School Transferred	47			
*Dr. MLK Jr. Center for ECC School # 52 aka ECC # 45 (Legacy) has been closed although an NFA is still needed. The District fulfilled its obligations with the DEP 06/08/2011. The SDA has fulfilled all of its obligations regarding this project.					
Emergent Projects					
Camden					
	Broadway Elementary School	Closed		08/12/11	
	Lanning Square at Fetters Elementary School	Closed		11/02/11	
	Sharp Elementary School	Closed		01/30/13	
	Washington Elementary School	Project Transferred	03/20/12		Open contract(s)
	Molina Elementary School	Project Transferred	10/18/12		Open contract(s)
	East Camden Middle School				
	Camden High School				
East Orange					
	Hart Middle School	Closed		12/02/11	
	Jackson Academy	Closed		12/14/11	
	Houston Elementary School	Project Transferred	05/07/12		Open contract(s)

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of March 1, 2013**

Year of Occupancy	School	Disposition	Land & School Transferred Date	Date Full Project Close Out	Outstanding Issues remaining for complete close out
	Warwick Elementary School	Project Transferred	05/07/12		Open contract(s)
	Cochran Academy	Project Transferred	05/07/12		Open contract(s)
	Louverture				
Irvington					
	Union Avenue Middle School	Closed		02/01/13	
	Irvington High School - Roof, HVAC, Bathroom				
	Irvington High School - Physical Ed. Field				
Newark					
	Branch Brook ES	Closed		11/09/11	
	Franklin ES	Closed		11/09/11	
	Sussex Avenue ES	Closed		11/09/11	
	Barringer High School	Closed		12/01/11	
	McKinley	Closed		12/02/11	
	Weequahic High School	Closed		04/02/12	
	South Street	Closed		04/30/12	
	East Side High School	Closed		10/31/12	
	Avon Avenue - Playground	Project Transferred	10/20/11		Open contract(s)
	Maple Avenue	Project Transferred	10/20/11		Open contract(s)
	13th Avenue - Boiler	Project Transferred	11/09/11		Open contract(s)
	Lafayette Street School	Project Transferred	11/09/11		Open contract(s)
	Avon Avenue - Roof				
	Bragaw				
	Horton				
	R. Clemente				
	Speedway				
	American History High School				
	Shabazz				
Passaic					
	School #1 T. Jefferson ES	Closed		10/07/11	
	School #6 MLK Jr.				
	School #11 Memorial				
Paterson					
	Sage Adult School & Alternative MS/HS	Closed		05/23/12	

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
SPECIAL PROJECTS DIVISION
PROJECT STATUS REPORT - As of March 1, 2013**

Year of Occupancy	School	Disposition	Land & School Transferred Date	Date Full Project Close Out	Outstanding Issues remaining for complete close out
	Public School #3	Closed		04/30/12	
	Public School #10	Closed		05/23/12	
	Public School #16	Closed		04/30/12	
	Public School #6				
	Early Learning Center at 14th (aka Rutland Center)				
Trenton					
	Trenton Central HS	Closed		05/21/12	
	TCHS (Main Campus) - Original portion of building				
Emergent Project Totals					
Total Emergent Projects		46			
Emergent Closed Out		20			
Emergent Not Closed		26			
	Emergent Projects Not Closed but Transferred	9			
Health and Safety Contract Totals					
# of Contracts Closed		385			
# of Contracts Open		14			
Total Contracts		399			



STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY

1 WEST STATE STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955

To: Members of the Authority
From: /s/ Jason E. Ballard, Chief of Staff
Date: April 3, 2013
Subject: Demonstration Projects - Close Out Status

We continue to work to advance the close out of the Demonstration Projects.

Special Projects and Program Operations continue to work with the various redevelopment entities to finalize various invoices. Once we reach agreement on these final invoices and allocations, we anticipate the closure of the Demonstration Project Grants.

Prepared by: Bruce Lieblich
Reviewed by: Carol Petrosino
Bridget Capasso

PROJECT STATUS REPORT



STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY

MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director – Program Operations

DATE: April 3, 2013

SUBJECT: Executive Summary – Monthly Project Status Reports

MONTHLY PROJECT STATUS REPORT

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

No new data to report

Projects Greater than 90 Days Behind Schedule:

No new data to report.

Revisions to Project Charters:

No new data to report.

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)



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

Reporting Period: Jan. 1, 2008 to February 22, 2013

District	Project ¹	Board Approved Project Charter Contingency	Contingency Expended/Committed	Contingency Remaining ²	% of Contingency Expended/Committed	Project Completion %	Cause(s)	Current Status
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In Construction

Elizabeth	Number 21, Victor Mravlag E.S.	\$8,240,000	\$7,271,827	\$968,173	88.3%	73%	1. Unforeseen asbestos abatement 2. Unforeseen structural integrity issues. 3. Project changed from addition/renovation to new construction.	Revised Charters were approved by the Board in accordance with the Operating Authority adding a total of \$8.4M against a total project budget of \$31.9M. Close monitoring of the projected costs will continue. The project is scheduled for completion to allow for occupancy in September 2013.
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Substantially Complete & Building Occupied

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

Burlington City	Burlington City H.S.	\$17,830,990	\$17,800,094	\$30,896	99.8%	99%	1. Unforeseen soil remediation 2. Unforeseen asbestos abatement.	Project complete and building occupied. Open contract issues with GC being addressed to advance project to final close-out.
Camden	Dudley E.S.	\$3,215,000	\$3,189,804	\$25,196	99.2%	99%	1. Installation of IT/AV systems	Project complete and building occupied. Open contract issues with GC being addressed to advance project to final close-out.
Camden	Camden ECDC	\$11,314,645	\$9,916,987	\$1,397,658	87.6%	99%	1. Unforeseen soil remediation	Project complete and building occupied. Open contract with GC being addressed to advance project to final close-out.
Camden	HB Wilson E.S.	\$3,097,150	\$3,097,150	\$0	100.0%	99%	1. Installation of centralized water filtration system 2. Installation of IT/AV systems	New school project complete and building occupied. Open contract issues with GC being addressed to advance project to final close-out. Demolition of existing school adjacent to school building being advanced. Additional funding for demolition will require a charter revision.
East Orange	Mildred B. Garvin E.S.	\$1,429,632	\$1,305,993	\$123,639	91.4%	99%	1. Unforeseen soil remediation 2. Modifications to security system	Project complete and building occupied. Working towards project close-out.
Newark	Speedway Avenue E.S.	\$1,826,000	\$1,826,000	\$0	100.0%	99%	1. Removal of unforeseen impacted materials	Project substantially complete and building occupied. Open issues with GC regarding change orders and punchlist items being addressed prior to advancement of project to final close-out.
Orange	Lincoln Ave E.S.	\$5,615,000	\$4,926,196	\$688,804	87.7%	99%	1. Unforeseen asbestos abatement 2. Structural repairs to interior walls 3. Extended general conditions	Project complete and building occupied. Open contract issues with GC being addressed to advance project to final close-out.
Orange	Park Avenue E.S.	\$3,360,000	\$3,275,103	\$84,897	97.5%	99%	1. Unforeseen asbestos abatement	Project complete and building occupied. Open contract issues with GC being addressed to advance project to final close-out.
Passaic	E.S. at Main Avenue	\$9,548,320	\$8,259,178	\$1,289,142	86.5%	99%	1. Atrium design changes required by code 2. Unforeseen subsurface sewage line work 3. Adding back Security/IT System (removed and anticipated to be bid as a separate engagement for E. Rate reimbursement)	Project complete and building occupied. Open contract issues with GC being addressed to advance project to final close-out.



Projects that have Expended 75% or More of Board Approved Contingency
 Reporting Period: Jan. 1, 2008 to February 22, 2013

District	Project ¹	Board Approved Project Charter Contingency	Contingency Expended/Committed	Contingency Remaining ²	% of Contingency Expended/Committed	Project Completion %	Cause(s)	Current Status
Paterson	E.S. #24	\$4,616,120	\$4,535,861	\$80,259	98.3%	99%	1. Unforeseen soil remediation and clean fill.	Project complete and building occupied. Open contract issues with GC being addressed to advance project to final close-out.
Perth Amboy	ECC II	\$2,604,619	\$2,033,074	\$571,545	78.1%	99%	1. Removal of unsuitable soils 2. Adding back Security/IT System (removed and anticipated to be bid as a separate engagement for E-Rate reimbursement)	Project complete and building occupied. Open contract issues with GC being addressed to advance project to final close-out.
West New York	West New York P.S. #2	\$2,708,883	\$2,708,883	\$0	100.0%	99%	1. Unforeseen site foundation issues	Project complete and building occupied. Open contract with GC being addressed to advance project to final close-out.

¹ * Indicates Final Project Charter Revision
² Does not include expended contingency or contingency funds allocated for change orders, amendment

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

Reporting Period: February 2013

#	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 New Data to Report



Revisions to Project Charters

Reporting Period: February 2013

#	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 New Data to Report

CONTRACTS EXECUTED REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director

DATE: April 3, 2013

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 January 1 through February 28, 2013.

Noteworthy Items during the reporting period:

- Execution of 1 contracts for construction:
 - Construction Contract for the Newark Ridge Street ES Emergent Boiler project to Sunnyfield Corporation for \$757,000.

Amendments & Change Orders Report

This report contains the activity of Amendments and Change Orders executed during the period January 1 through February 28, 2013.

Noteworthy Items during the reporting period:

- Execution of 12 Construction Services Change Order totaling a credit of \$122k. Of the 12 executed change orders none required board approval.

Report of change orders less than \$10,000 yet requiring Board Approval

In accordance with the Operating Authority adopted by the Members on December 1, 2010 as amended on March 7, 2012, the Members are to be provided a report of any change order which received delegated approval by the CEO due to the fact that they are valued at less than \$10,000 yet require Board approval due the total change orders exceeding 10% of the contract value.

- No activity during the reporting period



**New Jersey Schools Development Authority
Contracts Executed Report**

Report Period 2/1/13 through 2/28/13

District	School Name(s)	Project Type	Contract Type	Contract Number	Vendor	MWSBE Cert(s)	Contract Award Amount	Contract Execution Date	Per School CCE	Total CCE
Part 2. Construction Services										
	Contractor									
Newark	Ridge Street E.S.	Reno	Construction	EP-0068-C01	Sunnyfield Corporation		\$757,000	2/26/13	731,826	\$731,826
	Contractor									
Part 2. Construction Services							\$757,000			\$731,826

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NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)

Report Period 2/1/13 through 2/28/13

	Total Contract Award	Total Contracts Awarded
Grand Totals - Professional and Construction Services Combined	\$757,000	1

** Contracts less than \$10,000 are not displayed

Project Types Legend

HS	Health & Safety
New	New Construction
Add	Addition
RenoAdd	Addition & Renovation
Reno	Renovation

Contract Types Legend

Acquisition	Property Acquisition Related Costs
Appraisal	Appraisal, Appraisal Review, NRE
Construction	Construction
Design	Design or Site Investigation
DB	Design-Build
E-Rate	E-Rate
FFE	Furniture, Fixtures, and Equipment
General	General Program Cost
Legal	Legal
Material	Material Supply
ProjectMgmt	Project Management Firm
PreDevelopment	Predevelopment or Demolition
Relocation	Relocation Services
SiteInvstgtn	Site Investigation
Testing	Testing
Title	Title Services
Utilities	Utilities Services

MWSBE Certifications

M = Minority Business Enterprise
 W = Women Business Enterprise
 S = Small Business Enterprise

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)



New Jersey Schools Development Authority
Amendments & Change Orders Report

Reporting Period 2/1/13 through 2/28/13

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Prior Board Approval Date (if necessary)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %	RBC Value	Cumulative % since last Board Approval
Professional Services & Grants																
Site Acquisition																
Asbury Park	New Early Childhood Center (-x02)	ET-0038-L08	4/15/05	48	Verizon of New Jersey, Inc.	2/6/13	\$1,399	\$3,419		\$63			\$4,881	248.97%	\$1,399	248.97%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	49	Verizon of New Jersey, Inc.	2/28/13	\$1,399	\$3,482		\$63			\$4,943	253.45%	\$1,399	253.45%
Irvington Township	New Middle School	ES-0038-L56	8/24/05	1	Monte Wilson	2/14/13	\$201,224	\$0		\$-1,280			\$199,944	-0.63%	\$201,224	-0.63%
Irvington Township	New Middle School	ES-0038-L60	3/2/05	1	Samuel Carter	2/14/13	\$176,107	\$0		\$-1,431			\$174,676	-0.81%	\$176,107	-0.81%
Newark	Oliver Street E.S.	NE-0013-L30	3/21/05	2	Nova Realty, LLC	2/14/13	\$954,627	\$-3,644		\$-3,980			\$947,003	-0.79%	\$954,627	-0.79%
Newark	University H.S.	NE-0048-L46	9/28/05	1	City of Newark	2/14/13	\$539,812	\$0		\$-20			\$539,792	0.00%	\$539,812	0.00%
Paterson	Marshall Street Elementary School	PA-0006-L36	12/14/06	4	New Jersey Transit Corporation	2/27/13	\$17,551	\$2,592		\$972			\$21,115	20.30%	\$17,551	20.30%
Site Acquisition																
Site Investigation																
Elizabeth	New Academic HS	ES-0019-L01	9/8/03	4	Langan Engineering & Environmental Services, Inc.	2/15/13	\$2,373,102	\$49,059		\$77,526			\$2,499,687	5.33%	\$2,373,102	5.33%
East Orange	New ES #5 (-x05)	GP-0084-L06	1/18/08	57	Louis Berger Group (The)	2/15/13	\$0	\$3,170,474		\$-8,263			\$3,162,211	0.00%	\$0	NA
Clark Township	Arthur L. Johnson H.S.		1/18/08	58	Louis Berger Group (The)	2/15/13	\$0	\$3,162,211		\$-671			\$3,161,540	0.00%	\$0	NA
Jersey City	Number 20 E.S.		1/18/08	59	Louis Berger Group (The)	2/15/13	\$0	\$3,161,540		\$-846			\$3,160,693	0.00%	\$0	NA
Jersey City	Number 20 E.S.	GP-0171-L03	12/1/11	9	Whitman	2/12/13	\$0	\$497,024		\$119,735			\$616,760	0.00%	\$0	NA
Site Investigation																
Relocation																

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)

Reporting Period 2/1/13 through 2/28/13

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Prior Board Approval Date (if necessary)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %	RBC Value	Cumulative % since last Board Approval	
Professional Services & Grants																	
Relocation																	
Multi-District, Project, or Statewide	New PS# 16 A. Chester Redshaw E.S. Cooper's Poynt E.S. Creative and Performing Arts H.S. Dayton Avenue Middle School ECC 13 ECC Leonard Place & Madison St Elementary School 02 Elliott Street E.S. Gladys Hillman-Jones M.S. Harriet Tubman E.S. James Madison School #10 (Most Holy Name) Lanning Square Lorraine Place ES (formerly New Beachway ES) Magnet K-8 Marshall Street Elementary School New Academic HS New Early Childhood Center New Early Childhood Center (-x02) New ECC PK-2 (Caruso) New ES at Henry St. (-x01) New Franklin Elementary School Replacement New Middle School New North East ES (-x06) Number 1, Thomas Jefferson E.S. Number 10, Roosevelt E.S. Number 21, Victor Mravlag E.S. Ridge Street (Replacement) Roebing School South Street E.S. University H.S. West Side H.S.	GP-0175-R03	2/11/12	21	Bluegrass Hydroseeding, LLC	2/7/13	\$27,996	\$413,482			\$23,443			\$464,921	1,560.66%	\$27,996	1560.66%

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NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)

Reporting Period 2/1/13 through 2/28/13

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Prior Board Approval Date (if necessary)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %	RBC Value	Cumulative % since last Board Approval	
Professional Services & Grants																	
Relocation																	
Multi-District, Project, or Statewide	New PS# 16 A. Chester Redshaw E.S. Cooper's Poynt E.S. Creative and Performing Arts H.S. Dayton Avenue Middle School ECC 13 ECC Leonard Place & Madison St Elementary School 02 Elliott Street E.S. Gladys Hillman-Jones M.S. Harriet Tubman E.S. James Madison School #10 (Most Holy Name) Lanning Square Magnet K-8 Marshall Street Elementary School New Academic HS New Early Childhood Center New Early Childhood Center (-x02) New ES at Henry St. (-x01) New Franklin Elementary School Replacement New Middle School New North East ES (-x06) Number 1, Thomas Jefferson E.S. Number 10, Roosevelt E.S. Number 20 E.S. Number 21, Victor Mravlag E.S. Ridge Street (Replacement) Roebing School South Street E.S. University H.S. West Side H.S.	GP-0175-R03	2/11/12	22	Bluegrass Hydroseeding, LLC	2/22/13	\$27,996	\$436,925			\$16,342			\$481,263	1,619.03%	\$27,996	1619.03%
Relocation																	
Furniture, Fixtures & Equipment																	
Camden City	Morgan Village M.S.	CA-0010-M03	10/27/10	2	Canon Solutions America, Inc.	2/28/13	\$1,989	\$2,200		\$-68			\$4,121	107.16%	\$1,989	107.16%	
Camden City	Morgan Village M.S.	CA-0010-M05	1/5/11	5	Comcast Cable	2/25/13	\$401	\$4,260		\$-365			\$4,296	970.03%	\$401	970.03%	
Furniture, Fixtures & Equipment																	
Others																	
Asbury Park	New Early Childhood Center (-x02)	ET-0038-L05	4/15/05	133	NJ Natural Gas Co.	2/1/13	\$36,693	\$10,088		\$25			\$46,807	27.56%	\$36,693	12.41%	

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)

Reporting Period 2/1/13 through 2/28/13

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Prior Board Approval Date (if necessary)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %	RBC Value	Cumulative % since last Board Approval
Professional Services & Grants																
Others																
Asbury Park	New Early Childhood Center (-x02)	ET-0038-L05	4/15/05	134	NJ Natural Gas Co.	2/1/13	\$36,693	\$10,113		\$25			\$46,832	27.63%	\$36,693	12.48%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	135	NJ Natural Gas Co.	2/1/13	\$36,693	\$10,138		\$25			\$46,857	27.69%	\$36,693	12.54%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	136	NJ Natural Gas Co.	2/1/13	\$36,693	\$10,163		\$26			\$46,883	27.76%	\$36,693	12.62%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	137	NJ Natural Gas Co.	2/1/13	\$36,693	\$10,190		\$25			\$46,908	27.83%	\$36,693	12.68%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	138	NJ Natural Gas Co.	2/1/13	\$36,693	\$10,215		\$25			\$46,933	27.90%	\$36,693	12.75%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	139	NJ Natural Gas Co.	2/27/13	\$36,693	\$10,240		\$101			\$47,034	28.18%	\$36,693	13.03%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	140	NJ Natural Gas Co.	2/27/13	\$36,693	\$10,341		\$25			\$47,059	28.25%	\$36,693	13.10%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	141	NJ Natural Gas Co.	2/27/13	\$36,693	\$10,366		\$121			\$47,179	28.57%	\$36,693	13.42%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	142	NJ Natural Gas Co.	2/27/13	\$36,693	\$10,486		\$30			\$47,209	28.65%	\$36,693	13.51%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	143	NJ Natural Gas Co.	2/27/13	\$36,693	\$10,516		\$42			\$47,251	28.77%	\$36,693	13.62%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	144	NJ Natural Gas Co.	2/27/13	\$36,693	\$10,558		\$47			\$47,298	28.90%	\$36,693	13.75%
Asbury Park	New Early Childhood Center (-x02)	ET-0038-L06	4/15/05	74	JCP&L	2/6/13	\$8,060	\$11,343		\$282			\$19,686	144.23%	\$8,060	144.23%
Asbury Park	New Early Childhood Center (-x02)		4/15/05	75	JCP&L	2/28/13	\$8,060	\$11,625		\$12			\$19,698	144.38%	\$8,060	144.38%
Asbury Park	New Early Childhood Center (-x02)	ET-0038-L16	8/2/11	18	New Jersey American Water	2/22/13	\$410	\$2,765		\$171			\$3,346	716.64%	\$410	716.64%
Black Horse Pike Regional	Highland H.S.	G5-3371-D01	6/4/10	1	District - Black Horse Pike Regional	2/26/13	\$222,418	\$0		\$-37,369			\$185,049	-16.80%	\$222,418	-16.80%
Butler	Richard Butler E.S.	G5-1653-D01	2/22/04	1	District - Butler	2/28/13	\$1,014,652	\$0		\$-1,458			\$1,013,194	-0.14%	\$1,014,652	-0.14%
Camden City	Number 24 E.S.	GP-0194-R01	1/23/13	1	Napco Copy Graphics Center Corp.	2/15/13	\$619	\$0		\$-127			\$492	-20.47%	\$619	-20.47%
Cumberland Regional District	Cumberland Regional H.S.	G5-3660-D01	6/11/10	3	District - Cumberland Regional District	2/27/13	\$3,482,972	\$-441,823		\$31,364			\$3,072,513	-11.78%	\$3,482,972	-11.78%
Deptford Township	Pine Acres E.S.	G5-3413-D01	8/18/09	1	District - Deptford Township	2/20/13	\$175,630	\$0		\$-14,482			\$161,148	-8.24%	\$175,630	-8.24%
Elizabeth	Number 21, Victor Mravlag E.S.	EL-0028-L07	11/18/05	2	Elizabethtown Gas (formerly NUI Corporation)	2/11/13	\$3,811	\$0		\$15			\$3,826	0.39%	\$3,811	0.39%
Garfield	James Madison School #10 (Most Holy Name)	NT-0014-L18	1/16/08	43	Public Service Electric and Gas Company	2/6/13	\$188	\$794		\$6			\$989	424.83%	\$188	424.83%
Garfield	James Madison School #10 (Most Holy Name)		1/16/08	44	Public Service Electric and Gas Company	2/6/13	\$188	\$800		\$17			\$1,006	434.05%	\$188	434.05%
Garfield	James Madison School #10 (Most Holy Name)		1/16/08	45	Public Service Electric and Gas Company	2/28/13	\$188	\$818		\$8			\$1,014	438.12%	\$188	438.12%
Garfield	James Madison School #10 (Most Holy Name)		1/16/08	46	Public Service Electric and Gas Company	2/28/13	\$188	\$825		\$16			\$1,030	446.64%	\$188	446.64%
Hamilton Township - Mercer	Albert E. Grice M.S.	G5-4242-D01	5/17/12	1	District - Hamilton Township - Mercer County	2/26/13	\$647,200	\$0		\$-61,250			\$585,950	-9.46%	\$647,200	-9.46%
Hopewell Valley Regional	Toll Gate/Grammar E.S.	G5-2221-D01	5/11/05	1	District - Hopewell Valley Regional	2/26/13	\$302,331	\$0		\$-80,623			\$221,708	-26.66%	\$302,331	-26.66%
Jefferson Township	Milton E.S.	G5-4296-D01	9/9/11	1	District - Jefferson Township	2/21/13	\$149,782	\$0		\$-7,938			\$141,844	-5.29%	\$149,782	-5.29%

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NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)

Reporting Period 2/1/13 through 2/28/13

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Prior Board Approval Date (if necessary)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %	RBC Value	Cumulative % since last Board Approval
Professional Services & Grants																
Others																
Multi-District, Project, or Statewide	Adverts As Contracts	GP-0004-R01	4/12/01	38	Star Ledger Newspaper	2/12/13	\$130,907	\$14,143		\$490			\$145,540	11.17%	\$130,907	11.17%
Multi-District, Project, or Statewide	Adverts As Contracts	GP-0004-R02	4/12/01	37	Times Newspaper (The)---(Adverts)	2/14/13	\$62,132	\$746		\$15			\$62,893	1.22%	\$62,132	1.22%
Multi-District, Project, or Statewide	Adverts As Contracts		4/12/01	38	Times Newspaper (The)---(Adverts)	2/27/13	\$62,132	\$761		\$12			\$62,905	1.24%	\$62,132	1.24%
Multi-District, Project, or Statewide	A. Chester Redshaw E.S. George L. Catrambone E.S. (formerly Elberon) Oliver Street E.S.	GP-0005-R01	5/1/01	6	National Reprographics Inc.	2/13/13	\$799,128	\$17,246		\$5,359			\$821,733	2.82%	\$799,128	2.82%
Multi-District, Project, or Statewide	New PS# 16 A. Chester Redshaw E.S. ECC 03 Elliott Street E.S. Marshall Street Elementary School New ECC PK-2 (Caruso) New HS (-x01) New International High School Academy Oliver Street E.S.	GP-0005-R10	7/3/02	20	Napco Copy Graphics Center Corp.	2/13/13	\$251,397	\$74,539		\$5,844			\$331,780	31.97%	\$251,397	31.97%
Bridgeton	Buckshutem Road E.S. - G. Foster ECC Quarter Mile Lane E.S. Quarter Mile Lane E.S.	GP-0034-R01	10/1/03	1	Acu-Print Reprographic Services	2/13/13	\$215,281	\$0		\$152			\$215,433	0.07%	\$215,281	0.07%
Camden City	Lanning Square	GP-0089-R08	8/19/08	34	Hill Wallack, LLP	2/21/13	\$2,000	\$152,972		\$1,280			\$156,252	7,712.59%	\$2,000	7712.59%
West New York	Memorial HS/Freshman & Soph Academy	GP-0162-R10	10/20/11	5	Brown & Connery, LLP	2/7/13	\$0	\$14,557		\$4,030			\$18,587	0.00%	\$0	NA
Multi-District, Project, or Statewide	Business & Real Estate Property & Casualty Ins.	GP-0173-R01	12/5/11	2	Safegard Group, Inc.	2/19/13	\$364,670	\$256,124		\$-2,109			\$618,685	69.65%	\$364,670	69.65%
Multi-District, Project, or Statewide	10 Region PMF Selection	PM-0018-P01	11/26/02	19	Sordoni Skanska Inc.	2/28/13	\$9,966,700	\$3,507,231	11/7/12	\$92,370			\$13,566,301	36.11%	\$9,966,700	0.92%

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NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)

Reporting Period 2/1/13 through 2/28/13

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Prior Board Approval Date (if necessary)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %	RBC Value	Cumulative % since last Board Approval
Professional Services & Grants																
Others																
Newark	South Street E.S.	NE-0003-J01	4/8/09	5	Tricon Enterprises, Inc.	2/1/13	\$571,000	\$744,656	8/13/09	\$-126,516			\$1,189,140	108.25%	\$571,000	20.69%
Newark	West Side H.S.	NE-0008-L56	7/1/04	35	City of Newark	2/28/13	\$2,512	\$5,278		\$51			\$7,842	212.13%	\$2,512	212.13%
Newark	West Side H.S.		7/1/04	36	City of Newark	2/28/13	\$2,512	\$5,330		\$51			\$7,894	214.18%	\$2,512	214.18%
Newark	West Side H.S.	NE-0070-L22	4/8/10	99	Public Service Electric and Gas Company	2/6/13	\$22	\$7,797		\$174			\$7,992	36,970.40	\$22	36717.43%
Newark	West Side H.S.		4/8/10	100	Public Service Electric and Gas Company	2/6/13	\$22	\$7,742		\$49			\$7,813	36,136.87	\$22	36945.22%
Newark	West Side H.S.		4/8/10	101	Public Service Electric and Gas Company	2/6/13	\$22	\$7,791		\$5			\$7,818	36,162.05	\$22	36970.40%
Newark	West Side H.S.		4/8/10	102	Public Service Electric and Gas Company	2/27/13	\$22	\$7,971		\$147			\$8,140	37,653.47	\$22	37653.47%
Newark	West Side H.S.		4/8/10	103	Public Service Electric and Gas Company	2/27/13	\$22	\$8,118		\$77			\$8,216	38,008.85	\$22	38008.85%
Paterson	New International High School Academy	PA-0008-R04	3/1/09	24	Paterson Public Schools	2/6/13	\$177,221	\$199,074		\$11,431			\$387,726	118.78%	\$177,221	118.78%
Trenton	Roebling School	WT-0008-L06	2/3/04	133	Public Service Electric and Gas Company	2/22/13	\$30,574	\$17,020		\$98			\$47,691	55.98%	\$30,574	55.98%
Others																
Professional Services & Grants										\$43,392						

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NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)

Reporting Period 2/1/13 through 2/28/13

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Prior Board Approval Date (if necessary)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %	RBC Value	Cumulative % since last Board Approval
Construction Services																
Contractor																
Jersey City	Frank R. Conwell ES #3 (aka New PS3 ES) Frank R. Conwell MS #4 (New Middle School #4)	EP-0060-C01	6/30/11	1	Ingrassia Construction Co Inc	2/20/13	\$156,511	\$0		\$-25,742			\$130,768	-16.44%	\$156,511	-16.44%
Jersey City	Frank R. Conwell ES #3 (aka New PS3 ES) Frank R. Conwell MS #4 (New Middle School #4)		6/30/11	1	Ingrassia Construction Co Inc	2/20/13	\$156,511	\$0		\$-25,742			\$130,768	-16.44%	\$156,511	-16.44%
Long Branch	George L. Catrambone E.S. (formerly Elberon)	ET-0068-C01	8/22/12	4	Terminal Construction Corp.	2/20/13	\$27,500,000	\$28,522		\$1,766			\$27,530,288	0.11%	\$27,500,000	0.11%
Paterson	Early Learning Center at 14th (aka Rutland Center)	EP-0025-C01	7/16/10	3	Grafas Painting Contrs Inc. T/A GPC, Inc.	2/28/13	\$215,000	\$6,491		\$-3,202			\$218,289	1.52%	\$215,000	1.52%
Paterson	Number 6 E.S.	EP-0029-C01	9/7/12	1	Catcord Construction Co., Inc.	2/28/13	\$1,483,300	\$0		\$65,000			\$1,548,300	4.38%	\$1,483,300	4.38%
Pemberton Township	Pemberton ECC #1	WT-0001-C01	4/15/09	86	Tamburro Bros. Const. Co., Inc	2/15/13	\$19,580,048	\$638,123	9/1/11	\$-73,325			\$20,144,846	2.88%	\$19,580,048	2.88%
Union City (Hudson Co.)	Columbus Elementary School (aka New ES)	HU-0012-C01	9/25/09	78	Chanree Construction Co Inc	2/8/13	\$25,276,828	\$1,397,943		\$12,619			\$26,687,390	5.58%	\$25,276,828	5.75%
Union City (Hudson Co.)	Columbus Elementary School (aka New ES)		9/25/09	85	Chanree Construction Co Inc	2/8/13	\$25,276,828	\$1,410,562		\$-42,540			\$26,644,850	5.41%	\$25,276,828	5.58%
Union City (Hudson Co.)	Columbus Elementary School (aka New ES)		9/25/09	86	Chanree Construction Co Inc	2/8/13	\$25,276,828	\$1,442,843		\$-44,900			\$26,674,771	5.53%	\$25,276,828	5.41%
Union City (Hudson Co.)	Columbus Elementary School (aka New ES)		9/25/09	91	Chanree Construction Co Inc	2/8/13	\$25,276,828	\$1,368,022		\$1,315			\$26,646,165	5.41%	\$25,276,828	5.41%
Union City (Hudson Co.)	Columbus Elementary School (aka New ES)		9/25/09	94	Chanree Construction Co Inc	2/8/13	\$25,276,828	\$1,369,337		\$4,156			\$26,650,321	5.43%	\$25,276,828	5.43%
Union City (Hudson Co.)	Columbus Elementary School (aka New ES)		9/25/09	89	Chanree Construction Co Inc	2/28/13	\$25,276,828	\$1,373,493		\$8,207			\$26,658,528	5.46%	\$25,276,828	5.46%
Contractor																
Construction Services										\$-122,389						

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NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)

Reporting Period 2/1/13 through 2/28/13

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Prior Board Approval Date (if necessary)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %	RBC Value	Cumulative % since last Board Approval
Other Contracts & Services																
Appraisals																
Keansburg	New ECC PK-2 (Caruso)	ST-0026-L16	4/22/10	3	Carduner Valuation Services, Inc.	2/22/13	\$0	\$3,000		\$3,500			\$6,500	0.00%	\$0	NA
Appraisals																
Other Contracts & Services																
										\$3,500						

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NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY - Monthly Reports (For Informational Purposes)

Reporting Period 2/1/13 through 2/28/13

Total Change Order Summary

Total Change Orders

Grand Totals

\$-75,496

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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
Cumulative CO %	Cumulative percentage change in contract value (excluding additional assignments) over the original contract award amount
RBC Value	Revised Basis Contract Value – This value is the Original Award amount for contracts executed after July 27, 2005 or contracts for which board approval has been required after July 27, 2005. Otherwise, this value is the contract value as of July 27, 2005.
Cumulative % since last Board Approval	Cumulative percentage change in contract value since either the later of July 27, 2005 or last board action date over the RBC Value. If the current change order received approval prior to July 27, 2005 this value is not applicable.

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CONTRACT TERMINATIONS REPORT

NJSDA Terminated Contracts						
January 1, 2013 through February 28, 2013						
Contract #	School Name	Vendor Type	Vendor	Type of Termination	Scope of Termination	Termination Date
JE-0021-A01	Jersey City - Elementary School Number 3	Design	Urbahn Architects, PC	Convenience	Entire Contract	2/22/2013

SETTLEMENT CLAIMS

(no activity)

CONTRACTOR AND WORKFORCE COMPLIANCE REPORT



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

1 WEST STATE STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955

MEMORANDUM

TO: Members of the Authority

FROM: Karon Simmonds /s/ Karon Simmonds
Director Risk Management and Vendor Services
Office of the Chief Financial Officer

DATE: April 3, 2013

SUBJECT: Contractor and Workforce Compliance Monthly Update for January, 2013

SMALL BUSINESS ENTERPRISE (SBE) COMPLIANCE REVIEW

Project Approvals:

Two emergent construction projects were verified to be compliant with SBE requirements by the Contractor Compliance Coordinator.

Vendor Services staff continues to participate at mandatory pre-bid and pre-construction meetings to instruct and inform bidders regarding SDA's SBE goals, policies and procedures, including:

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

At these meetings, general contractors are strongly encouraged to identify and hire minority-owned and women-owned firms, as well as locally-based enterprises, for diverse business participation on all school building projects. Additional outreach strategies are discussed and utilized.

SMALL BUSINESS ENTERPRISE (SBE) COMPLIANCE MONITORING

The SDA regularly exceeds the State-mandated 25% SBE goal. The figures below demonstrate compliance with this requirement.

SBE Breakdown

The total SDA contract dollars awarded from January 1 through January 31, 2013 was \$144,626.00.

- The total contract dollars awarded to all SBE contractors (January 1 through January 31, 2013), was \$144,626.00 (including minorities and women). This represents 100.00% of all SDA contracts.

Members of the Authority
 Contractor and Workforce Compliance Monthly Update
 April 3, 2013
 Page 2 of 3

Type of Business Enterprise	Contract Amount	% of Total SDA Contracts
Small Business Enterprises	\$144,626.00	100.00%
Small/ Minority Business Enterprises	\$-0-	0.00%
Small/Women Business Enterprises	\$-0-	0.00%
Small/Minority/Women Business Enterprises	\$-0-	0.00%
TOTAL SBE CONTRACTS	\$144,626.00	100.00%

WORKFORCE COMPLIANCE MONITORING

For the month of January, 2013 there was a contractor workforce of 156 on SDA projects. This represents a total of 12,399 contractor workforce hours as follows:

Contractor Workforce Breakdown (All Trades/Districts/Counties)			
Ethnicity	Total Workforce	Total Workforce Hours	Workforce Hours Percentage
Black	15	1,211	9.80.%
Hispanic	29	2,296	18.52%
American Indian	0	0	0.00%
Asian	0	0	0.00%
Total Minority Participation	44	3,507	28.28%
Total Non-Minority Participation	112	8,892	71.72%

There was a contractor workforce of 12,399 total workforce hours and 274 total female workforce hours on SDA projects for the period of January 1, 2013 through January 31, 2013. The following table highlights the Local County contractor workforce participation for that period:

Local County Workforce Participation	Workforce Hours	Percentage
*Total Workforce Hours	12,673	100.00%
*Total Local County Workforce Hours	1,903	15.01%
Total Local County Non-Minority Workforce Hours	1,578	12.45%
Total Local County Female Workforce Hours	0	0.00%
Total Local County Minority Workforce Hours	325	2.56%
**Local County Workforce Hours by Ethnicity:		
Black	277	2.18%
Hispanic	48	0.38%
America Indian	0	0.00%
Asian	0	0.00%

*Total workforce and total local county workforce represent all laborers including females

**Minority breakdown represents Black, Hispanic, American Indian, and Asian laborers. Minority female laborers are captured as female laborers only and are not included in the minority breakdown.

Members of the Authority
 Contractor and Workforce Compliance Monthly Update
 April 3, 2013
 Page 3 of 3

The following table represents contractor and female workforce for all SDA active capital projects and all active and completed emergent projects for the period of January 1, 2012 through January 31, 2013.

SDA Managed Project	Total Workforce Hours	Local County Workforce Hours & Percentage	
		Hours	Percentage
Elizabeth, Victor Mravlag E.S.	2,875	627	21.81%
Elizabeth, New Academic H.S.	0	0	0.00%
Union City, Columbus E.S.	0	0	0.00%
West New York, Number 3 E.S.	1,201	0	0.00%
New Brunswick, New Redshaw ES	73	0	0.00%
Long Branch, Catrambone ES	3,552	1,180	33.22%
All Emergent Projects (YTD)	3,208	0	0.00%
Totals	105,373	1,807	16.66%

Prepared by: Lorena Young, Contractor Compliance Analyst
 Nicholas Torrens, Vendor Analyst

REGULAR OPERATING DISTRICTS (RODs) ACTIVITY REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Program Operations

DATE: April 3, 2013

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 February 2013. Also included is a detailed list of grants executed and grants offered during the reporting period.

Monthly Update:

- No grants were offered during the reporting period.
- 1 grants impacting 1 district were executed during the reporting period representing \$1.5M in total project costs and state share of \$1.0M.
- 13 grants impacting 8 districts were closed out during the reporting period representing \$10.5M in total project costs and state share of \$3.2M.
- Since inception, over \$2.3B has been disbursed to over 500 regular operating districts through the grant program.
- Since inception \$2.8B in funding has been approved by the Department of Education and offered to regular operating districts through the grant program.



Monthly Regular Operating District Grant Report - Summary

February 2013

ROD Grant Summary Since Program Inception				
	Offered ¹	Executed	Closed-Out	Active
Districts Impacted	149	506	474	228
Number of Grant Projects	507	3,950	3,031	919
Total Project Cost Estimate	\$ 682,238,936	\$ 8,059,084,625	\$ 6,339,564,809	\$ 1,719,519,816
Grant Amount	\$ 234,486,184	\$ 2,612,226,145	\$ 2,010,572,630	\$ 601,653,515
Amount Disbursed	N/A	\$ 2,316,958,418	\$ 2,010,572,630	\$ 306,385,788

Total Funding Offered to School Districts via Grant Program	\$ 2,846,712,329
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Total ROD Grant Funding remaining for new Grant Projects	\$ 348,753,481
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1. Includes grants that have been offered to District's but have not yet been executed.

ROD Grant Summary - February 2013		
	Executed	Closed-Out
Districts Impacted	1	8
Number of Grant Projects	1	13
Total Project Cost Estimate	\$ 1,479,311	\$ 10,547,049
Grant Amount	\$ 1,020,268	\$ 3,164,179
Amount Disbursed	NA	\$ 3,164,179

* 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.



Monthly Regular Operating District Grant Report - Monthly Executed Grant Detail

February 2013

County	District	School Name	Total Project Cost Estimate	Grant Amount	Project Description
Cumberland	Fairfield Township - Cumberland	Fairfield Township Elementary School	\$ 1,479,311	\$ 1,020,268	Demolition of Original Fairfield Elementary School
Grand Total		Grants Executed - 1	\$ 1,479,311	\$ 1,020,268	

NOTIFICATION OF AMENDMENTS TO GOODS AND SERVICES CONTRACTS NOT EXCEEDING \$250,000

(no activity)

COMMUNICATIONS MONTHLY REPORT



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

1 WEST STATE STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-943-5955

MEMORANDUM

TO: Members of the Authority

FROM: /s/ Kristen MacLean, Director of Communications

DATE: April 3, 2013

SUBJECT: New Jersey Schools Development Authority Monthly Communications Report

SDA Breaks Ground on New Elementary School in New Brunswick



New Jersey Schools Development Authority (SDA) CEO Marc Larkins joined legislators, local officials, and New Brunswick School District leaders to break ground on the new A. Chester Redshaw Elementary School (Redshaw). The new Redshaw School is the first project under the Christie Administration to be constructed using a design-build approach.

The new Redshaw Elementary School will be a 135,000 square-foot, two-story facility designed to educate approximately 900 students in pre-kindergarten through fifth grades. The building will be constructed on a district-owned site on Livingston Avenue between Comstock and Delavan Streets where the original school formerly stood. The facility will include 46 classrooms, 12 classrooms for special education, basic skills and small group instruction, a cafeteria, a multipurpose room with stage, gymnasium, media center, art room and a music room.

CEO Marc Larkins Testifies Before Joint Committee on the Public Schools, Subcommittee on School Facilities and Construction

On March 5, 2013, SDA CEO Marc Larkins appeared before the Subcommittee on School Facilities and Construction to provide an update on the status of the SDA program. He highlighted the status of the SDA's capital projects, emergent project program, the use of the enhanced constructability review.

Members of the Authority
Communications Report
April 3, 2013
Page 2 of 2

SDA Highlights Recent Project Activity

The SDA issued a press release in March to highlight the delegation of 17 emergent projects in Newark.

Report Prepared by: Edye Maier

MONTHLY FINANCIAL REPORT



1 WEST STATE STREET
P.O. BOX 991
MANTON, NJ 08625-0991
609-943-5955

MEMORANDUM

TO: The Members of the Authority

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

DATE: April 3, 2013

SUBJECT: Monthly Financial Report – February 2013

The Office of the Chief Financial Officer is providing the attached monthly financial report to the Members of the Authority for their information. Included on pages 1 and 2 of this report is a “Financial Summary” of the Authority’s activities for the year. On pages 3 and 4 of the report is a summary of the Authority’s operating expenditures and headcount information. Page 3A contains an itemized breakdown of personnel costs that have been allocated to school facilities project costs from program general and administrative (“Operating”) expense. The basic financial statements and cash flow report follow.

Authority Operating Expenses “before” Allocation of Employee Costs to Project Costs (Actual vs. Budget)

For February 2013 year to date, Authority operating expenses, **\$5.1 million**, are **down \$668K** as compared to the budget for the corresponding period. The deviation of actual expenses versus budget is mainly due to:

- Personnel expenses (i.e., full-time and temporary employee salaries and benefits, business travel, automobile, parking and training and professional development expenses) are under budget (**\$476K**) due mainly to the Authority having 13 less FTEs.
- MIS spending is under budget (**\$106K**) due to timing differences for the Long Range Facility Plan Database project and hardware purchases.

The Members of the Authority
April 3, 2013
Page 2

Authority Operating Expenses “before” Allocation of Employee Costs to Project Costs (Actual vs. Prior Year)

For February 2013 year to date, Authority operating expenses, **\$5.1 million**, are **down \$190K** as compared to the corresponding prior year. The decrease in expenses year-over-year is due to:

- Personnel expenses are lower (**\$241K**) than the prior year due mainly to the Authority having 8 less FTEs.

This is partially offset by:

- Increased spending for internal auditing services (**\$32K**) and DAG legal expenses (**\$28K**).

School Facilities Project Expenditures “after” Allocation of Employee Costs to Project Costs

For February 2013 year to date, project expenditures, **\$26 million**, are **down \$1.7M** as compared to corresponding prior year; and **down \$14.9M** in comparison to the 2013 capital spending forecast. The year-over-year variance is attributable to a decrease in grant activity (**\$9.1M**), offset by increases in construction (**\$5M**), and personnel expenses allocated to school facilities project costs (this is the first year) from Operating expense (**\$2.2M**).

Other

Since program inception, 66.4% of the funds authorized for the SDA Districts have been disbursed. Additionally, since program inception 96% of all SDA disbursements relate to school facilities projects and 4% relate to Operating expense.

The *estimated value* of active school facilities projects is approximately \$2.2B.

Attachment



**New Jersey Schools Development Authority
Monthly Financial Report**

February 2013

(Unaudited)



New Jersey Schools Development Authority
Financial Summary
February 28, 2013

To: The Audit Committee

From: Sherman E. Cole, Controller

The following unaudited financial statements (pages 5 & 6) and supplementary information is presented as of, and for the year-to-date ending, February 28, 2013.

Selected Financial Information:

► Overall **Cash and Cash Equivalents** has decreased by \$28 million to \$486 million, as follows:

■ Receipt of bond and note proceeds (Issued by EDA)	\$ -
■ Investment earnings	56,066
■ Miscellaneous revenue	25,573
■ Project costs	(25,878,242)
■ SDA operating expenses	(2,447,228)
■ SDA capital expenditures	-
■ Deposits (primarily district local shares)	(248,047)
Net Change in Cash	<u>\$ (28,491,878)</u>

► **Prepaid Expenses** total \$656,539 as follows:

- Prepaid insurance of \$443,188.
- Prepaid rents of \$145,864 for the Authority's leased office space in Trenton and Newark.
- Prepaid MIS maintenance service contracts of \$38,080.
- Prepaid security deposits of \$10,937 for the Authority's leased swing space.
- Other prepaids of \$18,470.

► **Capital Assets** total \$.5 million (net of accumulated depreciation of \$13.3 million), consisting of leasehold improvements (SDA offices), capitalized software, equipment, furniture and fixtures in support of SDA operations. Depreciation on capital assets is 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 \$121,079.

► **Accrued Liabilities** total \$118.4 million, as follows:

- Accrued project costs of \$21.7 million consisting of unpaid invoices (\$13.5 million); retainage (\$8.2 million).
- Pollution remediation obligations (PRO) under GASB 49 net to \$34.8 million (PRO liability \$36.6 million, offset by expected cost recoveries of \$1.8 million).
- Estimated liability for loss contingencies totaling \$48.4 million (contractor claims \$48.4 million).
- Payroll related liabilities of \$1.3 million.
- Post-employment benefits obligation of \$12 million.
- Other accrued liabilities of \$.2 million.

► **Deposits** total \$9.7 million, as follows:

- \$9.6 million is held for local share agreements (pass-through item).
- \$0.1 million is for other deposits (pass-through item).

(Continued on Next Page)



New Jersey Schools Development Authority
Financial Summary
February 28, 2013

Financial Summary (Continued)

School Construction Highlights:

► **Bond Proceeds & School Facilities Project Disbursements**

- During the current year to date, the SDA has received \$0 bond and note proceeds. The total amount of proceeds received from program inception is \$9.020 billion.
- Project disbursements for the month and year-to-date periods total \$9.8 million and \$25.9 million, respectively, as follows:

<u>Category</u>	<u>Month</u>	<u>Year-To-Date</u>	<u>From Inception</u>
■ Construction	\$ 3,568,912	\$ 9,430,082	\$ 3,769,722,501
■ Design Services	252,138	591,544	398,011,620
■ PMF/CM Services	178,960	266,440	424,987,588
■ SDA Project Management	1,108,852	2,217,704	2,217,704
■ Property Acquisition, Relocation & Environmental	309,855	688,780	528,059,101
■ School Furniture, Fixtures & Equipment	94,893	94,893	98,225,440
■ Project Insurance	72,890	174,925	95,917,062
■ NJ State Inter-Agency Transfers	-	-	45,068,624
■ SDA District Grant & Funding Agreements	63,183	249,952	784,084,198
■ Regular Operating District Grant Agreements	4,257,515	12,132,441	2,326,565,548
■ Property Management, Maintenance, Utilities & Security	74,724	141,314	11,860,771
■ Legal & Claims Resolution Services	3,903	14,003	2,748,703
■ Other Project Costs	30,286	125,342	52,894,738
■ Project Credits	-	-	(40,159,852)
Total Project Expenditures	10,016,111	26,127,420	8,500,203,746
■ Less: Local Share Disbursements	(214,797)	(249,180)	(173,841,773)
Total Expenditures (State Share)	<u>\$ 9,801,314</u>	<u>\$ 25,878,240</u>	<u>\$ 8,326,361,973</u>
■ Invoice Accruals at Month End (not included above)	\$ 13,541,899	\$ 13,541,899	

► **Program Funding & Disbursements Allocation** (From Inception)

	<u>Bonding Cap</u> ¹	<u>Available Funding</u> ²	<u>Paid to Date</u> ³	<u>% Paid to Date</u>
■ SDA Districts	\$ 8,900,000,000	\$ 9,006,794,961	\$ 5,977,514,785	66.4%
■ Regular Operating Districts	3,450,000,000	3,492,749,919	2,619,395,826	75.0%
■ Vocational Schools	150,000,000	151,708,135	98,104,402	64.7%
Totals - State Share	<u>\$ 12,500,000,000</u>	<u>\$ 12,651,253,015</u>	<u>\$ 8,695,015,013</u>	68.7%

► **Procurement Activity** (Current Year)

- 2 construction contracts have been awarded with an aggregate contract value of \$901,626.
- 19 task order design contracts were awarded on a year-to-date basis.
- 2 Section 15 Grant Agreements have been executed with an aggregate contract value of \$1,266,820 (State Share - Non-SDA Districts).
- 1 purchase order has been issued for school furniture & technology (i.e., computers & related equipment) purchases with an aggregate contract value of \$0.

1 Of the \$12.5 billion authorized for the school construction program, \$9,020,129,000 principal amount of bond and note proceeds have been received to date.

2 Includes bonding cap amounts as well as other income and miscellaneous revenue earned to date, consisting primarily of interest income on invested funds and State appropriations.

3 These amounts include the allocation of SDA operating expenses and capital expenditures totaling \$368,653,038.



New Jersey Schools Development Authority
Flash Operating Report
February 28, 2013

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	Year-To-Date Actual	Year-To-Date Budget	Year-To-Date Prior Yr	Variance - Favorable/(Unfavorable)		Annual Budget
				Actual vs. YTD Budget	Actual vs. Prior Yr	
Authority Operating Expenses:						
Employee Salaries	\$ 2,888,041	\$ 3,229,286	\$ 3,113,460	\$ 341,245	\$ 225,419	\$ 19,375,713
Fringe Benefits	1,254,556	1,319,240	1,345,195	64,684	90,639	10,462,853
Direct Hire Temporary Employee Costs	74,625	121,106	-	46,481	(74,625)	780,463
Total Employee Salaries & Fringe Benefits	4,217,222	4,669,632	4,458,655	452,410	241,433	30,619,029
Less: Employee Salaries & Fringe Benefits Charged to Projects	(2,217,704)	(2,772,126)	-	(554,422)	2,217,704	\$ (16,632,748)
Operating Employee Salaries & Benefit Costs	1,999,518	1,897,506	4,458,655	(102,012)	2,459,137	13,986,281
Temporary Employees	1,202	16,666	-	15,464	(1,202)	100,000
Interagency Agreements	28,636	38,584	964	9,948	(27,672)	231,500
Other Contract & Professional Outside Services	44,863	57,750	469	12,887	(44,394)	440,520
Employee Expense Reimbursements	1,703	4,444	1,357	2,741	(346)	26,700
Training & Professional Development	8,401	10,692	1,401	2,291	(7,000)	65,492
Parking	7,920	8,750	8,160	830	240	52,500
Automobiles	10,883	13,000	10,469	2,117	(414)	78,000
Communications & Outreach	-	84	-	84	-	500
Management Information Systems	247,258	352,816	221,792	105,558	(25,466)	1,555,900
General Office & Facilities	514,826	563,608	569,123	48,782	54,297	3,361,492
Other General	1,756	4,518	1,943	2,762	187	27,100
Sub-Total	2,866,966	2,968,418	5,274,333	101,452	2,407,367	19,925,985
Reserve for Unforeseen Events & New Initiatives	-	12,500	-	12,500	-	75,000
SDA Capital Expenditures (Internal)	-	-	-	-	-	54,000
Total Authority Operating Expenses After Allocation of Employee Costs to Projects	\$ 2,866,966	\$ 2,980,918	\$ 5,274,333	\$ 113,952	\$ 2,407,367	\$ 20,054,985
Total Authority Operating Expenses Before Allocation of Employee Costs to Projects	\$ 5,084,670	\$ 5,753,044	\$ 5,274,333	\$ 668,374	\$ 189,663	\$ 36,687,733

(Continued on Next Page)



New Jersey Schools Development Authority
Flash Operating Report
February 28, 2013

Authority Project Management Expenses:	Year-To-Date Actual	Year-To-Date Budget	Year-To-Date Prior Yr	Variance - Favorable/(Unfavorable)		Annual Budget
				Actual vs. YTD Budget	Actual vs. Prior Yr	
Direct - Project Management Salaries & Benefits						
Design Studio - Employee Salaries	\$ 93,498	\$ 116,872	\$ -	\$ 23,374	\$ (93,498)	\$ 701,229
Design Studio - Employee Benefits	39,604	49,506	-	9,902	(39,604)	297,041
Design Studio - Direct Hire Temps	51,596	64,496	-	12,900	(51,596)	386,978
Field Staff - Employee Salaries	442,596	553,244	-	110,648	(442,596)	3,319,462
Field Staff - Employee Benefits	187,484	234,354	-	46,870	(187,484)	1,406,124
Field Staff - Direct Hire Temps	29,484	36,854	-	7,370	(29,484)	221,129
Support Staff - Employee Salaries	266,352	332,940	-	66,588	(266,352)	1,997,630
Support Staff - Employee Benefits	112,826	141,032	-	28,206	(112,826)	846,196
Total Direct Project Management Salaries & Benefits	1,223,440	1,529,298	-	305,858	(1,223,440)	9,175,789
Indirect - Project Management Salaries & Benefits						
Unallocated - Employee Salaries	697,252	871,564	-	174,312	(697,252)	5,229,363
Unallocated - Employee Benefits	297,012	371,264	-	74,252	(297,012)	2,227,596
Total Indirect Project Management Salaries & Benefits	994,264	1,242,828	-	248,564	(994,264)	7,456,959
Total Authority Project Management Expenses	\$ 2,217,704	\$ 2,772,126	\$ -	\$ 554,422	\$ (2,217,704)	\$ 16,632,748



New Jersey Schools Development Authority
Flash Operating Report
February 28, 2013

Flash Operating Report (Continued)

SDA Headcount by Division/Unit	<u>Current Month</u>	<u>EOY Budget</u>	<u>Variance</u>
Office of Chief Executive Officer (CEO)	3	3	-
COS, Program Assessment & Development	6	8	2
COS, Special Projects	9	11	2
Program Operations, Program Operations Management	6	6	-
Program Operations, Capital Planning & Grants Admin.	23	25	2
Program Operations, Safety	10	10	-
Program Operations, Project Teams	76	80	4
Corp Governance & Operations, Management	3	3	-
Corporate Governance & Operations, Human Resources	8	8	-
Corporate Governance & Operations, Chief Counsel	13	14	1
Corporate Governance & Operations, MIS/Project Services	15	15	-
Corporate Governance & Operations, Facilities	6	6	-
Corporate Governance & Operations, Communications	10	10	-
Financial Operations, CFO Management	4	4	-
Financial Operations, Controller	13	12	(1)
Financial Operations, Contract Management	11	14	3
Financial Operations, Real Estate Services	6	6	-
Financial Operations, Procurement & Contract Services	9	9	-
Financial Operations, Risk Management & Vendor Services	12	12	-
Total Full-Time Employees	<u>243</u>	<u>256</u>	<u>13</u>
EOM Budget	<u>256</u>		



New Jersey Schools Development Authority
Statement of Net Position and General Fund Balance Sheet
February 28, 2013

	General Fund		Statement of Net Position	
	<u>Total</u>	<u>Adjustments</u>	<u>Current Yr</u>	<u>Prior Yr End</u>
ASSETS				
Cash and Cash Equivalents	\$ 486,039,792		\$ 486,039,792	\$ 514,531,670
Receivables	499,039	\$ 558,297	1,057,336	1,109,650
Prepaid Expenses	656,539		656,539	749,536
Capital Assets (Net of Accumulated Depreciation of \$13,346,144)		524,139	524,139	645,218
Total Assets	\$ 487,195,370	\$ 1,082,436	\$ 488,277,806	\$ 517,036,074
LIABILITIES				
Accrued Project Costs	\$ 21,692,411	\$ 83,138,303	\$ 104,830,714	\$ 120,369,259
Accrued Other Post-Employment Benefits Obligation		11,951,646	11,951,646	11,635,026
Other Accrued Liabilities	594,373	1,061,136	1,655,509	1,646,194
Deposits	9,672,790		9,672,790	9,920,837
Total Liabilities	31,959,574	96,151,085	128,110,659	143,571,316
FUND BALANCE/NET POSITION				
Invested in Capital Assets		524,139	524,139	645,218
Nonspendable:				
Prepaid Expenses	656,539	(656,539)		
Restricted:				
Schools Construction Build America Bond Program	98,542,876		98,542,876	98,297,315
Schools Construction Special Revenue Fund	356,036,381	(94,936,249)	261,100,132	274,522,225
Total Fund Balance/Net Position (Deficit)	455,235,796	(95,068,649)	360,167,147	373,464,758
Total Liabilities and Fund Balance/Net Position	\$ 487,195,370	\$ 1,082,436	\$ 488,277,806	\$ 517,036,074



New Jersey Schools Development Authority
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balances
February 28, 2013 Year-To-Date

	<u>General Fund Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>	
			<u>Current Yr</u>	<u>Prior Yr</u>
Revenues				
Program Revenues:				
Bond and Note Proceeds (Issued by EDA)	\$ -		\$ -	\$ -
Bidding Fees-Plans & Specs	-		-	9,200
General Revenues:				
Investment Earnings	56,066		56,066	20,276
Rental Income	25,183		25,183	41,553
Other Revenue-OPRA	390		390	40
Total Revenues	<u>81,639</u>	<u>-</u>	<u>81,639</u>	<u>71,069</u>
Expenditures/Expenses				
Employee Salaries & Benefits	1,682,898	\$ 316,620	1,999,518	4,458,655
Administrative & General Expenses	867,448		867,448	815,678
Capital Expenditures	-		-	-
Capital Depreciation		121,079	121,079	152,194
School Facilities Project Costs	10,391,205		10,391,205	1,837,681
Total Expenditures/Expenses	<u>12,941,551</u>	<u>437,699</u>	<u>13,379,250</u>	<u>7,264,208</u>
Excess of Revenues Over Expenditures	(12,859,912)	(437,699)		
Change in Net Position			(13,297,611)	(7,193,139)
Fund Balance/Net Position (Deficit)				
Beginning of Year	468,095,708	(94,630,950)	373,464,758	178,906,698
End of Period	<u>\$ 455,235,796</u>	<u>\$ (95,068,649)</u>	<u>\$ 360,167,147</u>	<u>\$ 171,713,559</u>



New Jersey Schools Development Authority
 Summary of Cash Receipts & Disbursements
 February 28, 2013

Cash Receipts - State Share

Cash Disbursements - State Share

Year	Principal Amount ¹ Bond Proceeds	Appropriations ² from State	Investment Earnings	Miscellaneous ³ Revenue	Project Costs	Operating Expenses	Gross Capital ⁴ Expenditures	Deposits ⁵	Totals
2000	-	\$1,510,975	\$5,013	-	-	\$639,406	\$1,150	-	\$875,432
2001	\$508,600,000	47,125,988	18,862,686	\$10	\$18,967,828	6,705,756	1,735,148	-	547,179,952
2002	629,400,000	(43,500,000)	9,991,010	221,897	460,970,915	11,318,973	1,440,184	\$11,453,239	133,836,074
2003	607,929,000	-	5,488,373	305,596	1,096,480,983	19,983,448	7,609,761	13,612,751	(496,738,472)
2004	1,700,000,000	-	8,098,130	356,167	1,289,801,167	28,882,347	844,489	6,299,119	395,225,413
2005	2,075,000,000	-	17,472,686	638,597	1,332,923,106	27,460,855	194,394	53,393,712	785,926,640
2006	600,000,000	-	39,701,591	446,994	1,069,330,378	30,483,062	349,158	(9,559,780)	(469,573,793)
2007	800,000,000	-	28,304,347	541,065	890,787,821	35,055,800	572,252	(24,223,201)	(121,793,662)
2008	450,000,000	-	13,584,070	837,796	880,936,507	39,760,922	940,178	12,538,723	(444,677,018)
2009	775,000,000	-	2,197,675	260,902	613,756,613	43,258,213	243,801	(40,375,956)	79,823,994
2010	499,200,000	-	(2,749,864)	171,035	282,888,651	41,612,847	82,769	(10,494,369)	161,542,535
2011	-	-	546,039	316,761	173,991,754	34,509,603	26,142	(1,490,714)	(209,155,413)
2012	375,000,000	-	204,840	230,997	189,648,010	32,441,010	54,142	(1,232,687)	152,059,988
2013	-	-	56,066	25,573	25,878,242	2,447,228	-	(248,047)	(28,491,878)
Totals	9,020,129,000	5,136,963	141,762,662	4,353,390	8,326,361,975	354,559,470	14,093,568	9,672,790	\$486,039,792

Cash & Cash Equivalents

\$486,039,792

1 Pursuant to the provisions of the Educational Facilities Construction and Financing Act (C.18A:7G-14a), as amended, the aggregate principal amount of bonds, notes or other obligations the EDA may issue to finance school facilities projects, and the costs related thereto, shall not exceed \$12.5 billion. This limitation excludes indebtedness incurred for refunding purposes.

2 Represents funds received prior to the first bond issuance by the EDA in 2001.

3 Consists of rental income and cash receipts for bidding fees and OPRA requests.

4 Consists of leasehold improvements (SDA offices), capitalized software, furniture, fixtures & equipment for SDA operations.

5 Consists of deposits held for Section 13(B) Local Share Agreements (\$9,543,025); and other deposits (\$129,765)

6 2010 Investment Earnings includes: 2009 New Brunswick legal settlement, \$144,736, and interest income \$1,299,176, offset by the Rebate Arbitrage payment of \$4,193,776



New Jersey Schools Development Authority
 Interagency Agreements
 February 28, 2013

<u>State of New Jersey Department / Agency</u>	<u>Service(s) Provided to SDA</u>	<u>Current Yr Payments</u>	<u>Payments from Inception through December 31, 2012</u>	<u>Total Payments</u>
<u>Included in Project Costs:</u>				
Department of Community Affairs	Provide code inspections, plan reviews and permits for schools.	\$ -	\$ 19,093,688	\$ 19,093,688
Department of Labor and Workforce Development	Provide training in construction trades to women and minorities pursuant to the Educational Facilities Construction & Financing Act (EFCFA). Also, provide enforcement of prevailing wage requirements on SDA projects.	-	10,541,812	10,541,812
Office of the Attorney General - Division of NJ State Police (services formerly provided by the Bureau of Fiscal Oversight and, prior to that, the Office of Government Integrity)	Perform prequalifying review and investigative services related to vendor integrity as required by the EFCFA.	-	5,344,888	5,344,888
Department of Education	Perform educational adequacy reviews for Abbott district schools.	-	3,276,059	3,276,059
New Jersey Institute of Technology	High Performance Schools guideline development and program implementation costs.	-	4,164,319	4,164,319
Rutgers University	Perform studies on the potential cost savings that could be realized through the use of standardized design elements, components, and construction materials. Also, includes fees paid to NJ Small Business Development Centers.	-	477,326	477,326
Department of Environmental Protection	Provide expedited environmental remediation review and support services.	-	1,635,105	1,635,105
Department of Transportation (terminated)	Provide relocation assistance services.	-	355,875	355,875
Other	Miscellaneous	-	179,552	179,552
Payments Included in Project Costs		-	45,068,624	45,068,624

(Continued on Next Page)



New Jersey Schools Development Authority
 Interagency Agreements
 February 28, 2013

Interagency Agreements (Continued)

<u>State of New Jersey Department / Agency</u>	<u>Service(s) Provided to SDA</u>	<u>Current Yr Payments</u>	<u>Payments from Inception through December 31, 2012</u>	<u>Total Payments</u>
<u>Included in Administrative & General:</u>				
Office of the Attorney General - Division of Law (TRE009)	Provide legal services and contract reviews. Also, provide legal support for environmental cost recoveries.	-	9,648,985	9,648,985
Governor's Authorities Unit	Annual assessment (not all years)	-	109,388	109,388
Office of the Inspector General (TRE030) (terminated in 2010)	Salaries & benefits for Assistant Inspector Generals assigned to SDA.	-	858,872	858,872
Rutgers University, Center for Organizational Development and Leadership (RUT009) (terminated)	Assist SDA in the development of a mission statement, vision statement and statement of values.	-	8,300	8,300
Department of Community Affairs (terminated)	Salaries & benefits for DCA employee assigned to SDA.	-	349,471	349,471
Payments Included in Administrative & General		-	10,975,016	10,975,016
Total Interagency Payments		\$ -	\$ 56,043,640	\$ 56,043,640

PUBLIC COMMENT STATEMENT

We will now begin the Public Comment Portion of the Meeting consistent with the New Jersey Open Public Meetings Act.

We would ask that any member of the public who wishes to address the Board limit their comments to 3 minutes. If there are multiple individuals from the same organization or district who wish to address the Board on the same matter, we would ask that you come up together to offer your remarks.

Please keep in mind that public comment is to afford citizens the opportunity to comment on matters pertinent to the Authority's business. Should you seek answers to questions on any topic, please contact the Authority at 609-943-4585 at your convenience.