

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD MEETING  
WEDNESDAY, SEPTEMBER 4, 2024 AT 9:00 A.M.  
32 E. FRONT STREET, TRENTON, NJ  
JOSEPH A. MCNAMARA BOARD ROOM**

1. NOTICE OF PUBLIC MEETING/PLEDGE OF ALLEGIANCE
2. ROLL CALL
3. APPROVAL OF MEETING MINUTES
  - a. Board Open Session Meeting Minutes of August 7, 2024
  - b. Board Executive Session Meeting Minutes of August 7, 2024
4. AUTHORITY MATTERS
  - a. CEO Report
    - i. Appointment of Records Custodian
  - b. Chairman's Report
5. REPORT AND RECOMMENDATIONS OF THE AUDIT COMMITTEE (CHAIRMAN'S REPORT)
  - a. Proposed Changes to NJSDA Bylaws and Audit Committee Charter to Conform to P.L. 2023, c. 311
  - b. Information Technology Support Service - GP-0295-R01
  - c. 2023 Audited Financial Statements
6. REPORT AND RECOMMENDATIONS OF THE SCHOOL REVIEW COMMITTEE (CHAIRMAN'S REPORT)
  - a. Recommendation for the Settlement of Claims Asserted by Epic Management, Inc. in Connection with the Paterson Union Avenue (Joseph A. Taub) Middle School Project and the Plainfield Elementary (Charles and Anna Booker) School Project **(to be discussed in Executive Session and voted on upon the Board's return to Open Session)**
7. REPORT AND RECOMMENDATIONS OF THE REAL ESTATE COMMITTEE (CHAIRMAN'S REPORT)
  - a. Recommendation for Renewal of Use and Occupancy Agreement with the Jersey City Public Schools for NJSDA-Owned Property Adjacent to Julia A. Barnes School (PS No.12)
  - b. Request for Approval of Proposed Agreement to Resolve Encroachment onto NJSDA-Owned Real Property in Jersey City **(to be discussed in Executive Session and voted on upon the Board's return to Open Session)**
8. MONTHLY REPORTS
  - a. *For Informational Purposes*
    - i. Active Projects Report
    - ii. Project Status Reports
    - iii. Contracts Executed Report/Amendments & Change Orders Executed Report
    - iv. Contract Terminations Report (*no activity*)
    - v. Settlement Activities Report (*no activity*)
    - vi. Diversity and Workforce Participation Report
    - vii. Regular Operating District Grant Activity Report

- viii. Notification of Amendments to Goods and Services Contracts Not Exceeding \$100,000 or 10% of the Contract Value (*no activity*)
- ix. Communications Report
- x. Monthly Financial Report
- xi. Design Contract De-Obligations Report (*no activity*)
- xii. July 1, 2024 Leased/Licensed Real Estate Owned Report for N.J.A.C. 19:35, Disposition of Surplus Real and Personal Property of the New Jersey Schools Development Authority

**9. EXECUTIVE SESSION**

- Recommendation for the Settlement of Claims Asserted by Epic Management, Inc. in Connection with the Paterson Union Avenue (Joseph A. Taub) Middle School Project and the Plainfield Elementary (Charles and Anna Booker) School Project
- Request for Approval of Proposed Agreement to Resolve Encroachment onto NJSDA-Owned Real Property in Jersey City
- Litigation/Contract Matter(s) – OPMA Exemption N.J.S.A. 10:4-12b (7)  
CCD Report (*no activity*)

**10. REQUEST MOTION TO ADJOURN PUBLIC MEETING**

**APPROVAL OF MEETING MINUTES**

**August 7, 2024 Open Session Meeting Minutes**

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING  
WEDNESDAY, AUGUST 7, 2024**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, August 7, 2024 at 9:00A.M. in the Joseph A. McNamara Board Room at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Public Member, Chairman

Juan Burgos (EDA)

Kevin Luckie (DCA)

David Moore (Treasury)

Bernard Piaia (DOE)

John Capo, Public Member

Lester Lewis-Powder, Public Member

Michael Maloney, Public Member

Mario Vargas, Public Member

Nicole Vecchione, Public Member

being a quorum of the Members. Mr. Burgos and Mr. Nixon were present at the meeting. The remaining Members participated by teleconference.

At the Chairman's request, Manuel Da Silva, chief executive officer; Donald Guarriello, vice president and chief financial officer; Janice Venables, vice president and assistant secretary; and Albert Barnes, chief counsel of the SDA participated in the meeting. Alexis Franklin of the Governor's Authorities Unit (GAU) also participated in the meeting by teleconference.

## ***Pledge of Allegiance***

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

The meeting was called to order by Mr. Nixon, who requested that Ms. Venables read the requisite notice of the meeting. Ms. Venables announced that the meeting notice had been sent to the *Trenton Times* and *Star-Ledger* at least 48 hours prior to the meeting, and was duly posted on the Secretary of State's bulletin board at 225 West State Street in Trenton, New Jersey and on the SDA Website. Ms. Venables then conducted a roll call and indicated that a quorum of the Members of the Board was present.

## ***Approval of Meeting Minutes***

The Chairman presented for consideration and approval the minutes of the Board's July 3, 2024 Open Session meeting. A copy of the meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Vargas, the Open Session minutes of the July 3, 2024 SDA Board meeting were approved with the Members' vote in favor of the resolution attached hereto as ***Resolution 3a.***

Mr. Nixon presented for consideration and approval the minutes of the Board's July 3, 2024 Executive Session meeting. A copy of the meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Piaia, the Executive Session minutes of the July 3, 2024 SDA Board meeting were approved with the Members' unanimous vote in favor of the resolution attached hereto as ***Resolution 3b.***

## *Authority Matters*

### *CEO's Report*

Mr. Nixon asked Mr. Da Silva for the report of the CEO. Mr. Da Silva began his report by providing an update on design-build projects in construction. He said that for the Union City Grade 7-9 School project, building enclosure activities continue, along with interior concrete masonry unit walls and rough in work.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva reported that delivery of the Orange Cleveland Street Elementary School project is expected in the next few weeks (August). He said that a recommendation for a certificate of occupancy and a temporary certificate of occupancy have been issued for plumbing and electrical. He added that fire and building inspections are ongoing. He noted that floors are being cleaned and waxed, furniture and technology are being delivered and punchlist is ongoing and issues are being addressed.

With respect to projects with active site preparation, Mr. Da Silva said that for the Garfield New Elementary School project, the existing school has been demolished and foundation removal has commenced. He advised that the design-build procurement was advertised on July 26 and the bid opening is scheduled for October 30. For the Elizabeth New Elementary School project, he noted that the demolition has commenced in the addition portion on the building.

Turning to Authority events, outreach and other activities, Mr. Da Silva informed the Members that the SDA recently joined Garfield's new Superintendent Dr. Tomko and Assemblyman Wimberly at an event to highlight the ongoing demolition activities to ready the site for construction of the a elementary school. He noted that the SDA is demolishing the former Woodrow Wilson School No. 5 to make way for a new 125,000 square foot facility.

Mr. Da Silva said that the SDA is looking to schedule an event in Elizabeth this month to highlight the demolition activities that have recently commenced. He added that the SDA is demolishing the former Joseph Battin School and will construct a new 142,000 square foot facility.

Next, Mr. Da Silva advised that later this month, the SDA will celebrate the ribbon cutting for the new Perth Amboy High School. He added that the Members should have received an invite. He noted that if you have not yet, please let Ms. Venables know if you will be attending.

In continuing, Mr. Da Silva reported that he will be speaking at Alliance for Action tomorrow at the “Inside Scoop” event. He said that he will provide the attendees with an update on the status of projects in the SDA’s capital plan and discuss upcoming project opportunities.

Finally, Mr. Da Silva said that the State Ethics Commission will give a mandatory, live, virtual ethics training class to all Public Members after the September 4, 2024 SDA Board Meeting. He added that the class will last approximately an hour and a half.

### ***Audit Committee***

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on July 15, 2024 at which time management provided the Committee with the June 2024 New Funding Allocation and Capital Plan Update. He said that staff reported a \$7.6 million decrease in the 2011 Capital Plan Emergent Projects Reserve balance due to Board approval of the release of funds for the Burlington City Captain James Lawrence Elementary School emergent window and flooring project and the Millville Holly Height Elementary School emergent HVAC project. He advised that there were no changes in any of the other SDA reserve balances during the reporting period.



Mr. Nixon advised that there were no changes in the program reserve for the Regular Operating Districts.

Next, Mr. Nixon provided the Board with the June 2024 Monthly Financial Report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled \$7 million, down \$1.7 million as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to lower personnel costs, professional and other contracted services, information systems, facilities and general office expenses and SDA owned automobiles. He noted that the variance is partially offset by lower payroll expense allocation to project costs. He reported that the current full time equivalents (FTE) headcount is 129 through June 30, 2024 representing a 12 FTE decrease compared to year-to-date budgeted headcount. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$172.9 million, are \$38.4 million lower as compared to the capital spending forecast for the corresponding period. He advised the Members that this variance is the result of decreased spending in construction activity, grant agreements, project acquisitions and construction management services. He said that the decrease is offset by an increase in school furniture, fixtures and equipment. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at \$172.9 million, are \$19.7 million higher when compared to the capital spending forecast for the corresponding prior year period. He advised that this variance is the result of an increase spending for property acquisition, grant agreements and school furniture, fixtures and equipment, partially offset by a spending decrease in construction work.

Mr. Nixon advised that, since program inception, 82% of the funds authorized for the SDA districts have been disbursed. Additionally, he noted that 96% of all SDA disbursements relate to school facilities projects, while 4% relate to operating expenses. He advised that the

estimated value of active school facilities capital projects, along with emergent and regular operating district grant projects, is approximately \$1.55 billion.

Mr. Nixon then said that the Committee has one item for consideration by the Board today that will be presented by Mr. Vargas. Referencing materials that previously were provided for Board review, Mr. Vargas advised that the Members of Audit Committee are recommending that the Board approve the award of contract for Independent Auditor Services to PKF O'Connor Davies, LLP. He explained that pursuant to Executive Order No. 122 (2004), SDA, through its Audit Committee, is required to engage a qualified public accounting firm to provide independent auditor services. He said that a selection committee, comprised of three Board Members, David Moore, John Capo and himself, conducted the procurement process. Mr. Vargas said that the Request for Proposal was advertised on May 22, 2024 as a "Price and Other Factors" solicitation on the SDA website, the NJ State website and in selected newspapers. He reported that the procurement price was weighted as 20% of overall weight, and all non-price factors had a combined weight of 80%. He said that upon completion of the procurement process, the Audit Committee recommends the award of a contract to the highest ranked firm, PKF O'Connor Davies, LLP, to provide independent auditor services. He noted that the initial term of the annual lump sum fee contract is 3 years covering the financial statements for fiscal years ending 2024, 2025 and 2026. He advised that the contract may be extended for 2 one-year terms subject to approval by the Board of Directors. Mr. Vargas said that the Committee recommends the Members approve the award for Independent Auditor Services to PKF O'Connor Davies, LLP. Mr. Vargas commented that SDA staff, including Sean Murphy and Cecelia Haney, were very helpful to the selection committee, and that the process went smoothly.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Capo and seconded by Mr. Burgos, the Board approved the award for Independent Auditor Services to PKF O'Connor Davies, LLP with its unanimous vote in favor of *Resolution 5a*.

### ***School Review Committee***

The Chairman then asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the School Review Committee met on July 15, 2024 and is advancing one item for Board consideration today. He said that management is seeking Board approval of Credit Change Orders No. 5 and No. 6 for the Newark Salome Urena Elementary School emergent project (Project or School). By way of background, he reported that the School was built in 1928 with several additions, is an approximately 68,000 square foot facility in the Newark Public School District (District) educating approximately 368 students in grades Pre-K through 8. He explained that the SDA confirmed an emergent condition at the School requiring the re-pointing of the masonry at the school, and the project was advanced through the engagement of a General Contractor utilizing the SDA's General Construction Services Task Order Contract. The general contractor was required to engage the services of a design consultant to complete needed design services. He noted that the SDA awarded the contract to Integrated Construction Enterprises (ICE). He advised that during the SDA's design phase and the review for construction of this contract work, the District had, unbeknownst to the SDA, completed the installation of solar panels on the roof of the building within close proximity to the work area to be performed under this contract. He said that after review of the scope of solar panels that would need to be removed and replaced and the cost to do so, the District requested that the work to be performed under SDA's contract be terminated, and funds remaining be granted to the District to perform the work themselves. He added that in an effort to minimize

further cost impact the SDA agreed to terminate the emergent repair work contract and provide the District with a grant to complete the work. He reported that this credit change order singularly exceeds 10% of the contract value and thus its issuance requires approval by the Members of the Authority. He said that the Members are requested to approve credit change order No. 5 in the lump sum credit value of (\$184,910.00) and credit change order No. 6 in the lump sum credit value of (\$8,841.00) to enable finalization of the close out process for the SDA's contract with ICE related to the emergent work that was to be performed at the School.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Piaia, with Mr. Lewis-Powder recused, the Board approved Credit Change Orders No. 5 and No. 6 for the Newark Salome Urena Elementary School emergent project with its unanimous vote in favor of ***Resolution 6a.***

### ***Public Comments***

At this time Mr. Nixon announced that the public comments portion of the Meeting will commence consistent with the New Jersey Open Public Meetings Act. There being no public speakers, Mr. Nixon asked for a motion to adjourn the Open Session of the meeting into Executive Session.

Mr. Nixon asked for a motion to adjourn the Open Session of the meeting into Executive Session. He asked Ms. Venables to announce the matters to be considered by the Board in Executive Session. Ms. Venables advised that, the Board will adjourn into Executive Session to discuss an informational item regarding a settlement of litigation. She said that there will be no formal action taken today upon return to Open Session.

Upon motion by Mr. Luckie and seconded by Mr. Piaia the Board unanimously voted to approve ***Resolution No. 8.*** and thereby adjourn the Open portion of the meeting into Executive

Session.

### *Adjournment*

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

**Certification:** The foregoing represents a true and complete summary of the actions taken by the Board of the New Jersey Schools Development Authority at its August 7, 2024 meeting.

/s/ Janice Venables  
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 August 7, 2024 Board meeting of the New Jersey Schools Development Authority, for the Open and Executive Sessions were duly forwarded to the Office of the Governor following the meeting.

**NOW, THEREFORE, BE IT RESOLVED**, that the minutes of the New Jersey Schools Development Authority's August 7, 2024 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: September 4, 2024

## **AUTHORITY MATTERS**



## **CEO REPORT**

## **Appointment of Records Custodian**



To: Members of the Authority  
From: Janice Venables, Vice President, Corporate Governance  
Date: September 4, 2024  
Subject: Appointment of Records Custodian

Pursuant to the Open Public Records Act, N.J.S.A. 47:1A-1 et seq., (OPRA), requests by members of the public for public documents shall be handled by a public entity's records custodian. The Act defines "custodian of a public record or custodian" as the "...officer officially designated by formal action of that agency's director or governing body..." to perform this function.

In a meeting held in March 2020, the Board approved Jane Folmer-Kelleher to serve as the Authority's Records Custodian. Due to the imminent retirement of Ms. Folmer-Kelleher on September 30, 2024, Management now recommends that Robert S. Daniel be designated by the Members to serve as SDA's Records Custodian.

Mr. Daniel has been working with Ms. Folmer-Kelleher to learn the current practices and procedures for managing requests for public records by members of the public pursuant to OPRA. Mr. Daniel has worked for SDA for 15 years, and currently serves as Senior Research Analyst with the Division of Chief Counsel. Mr. Daniel is familiar with locating SDA documents relative to litigated matters and is well-qualified to assume the responsibilities of Records Custodian. Management recommends that the Members of the Authority elect Robert S. Daniel to serve as the SDA's Records Custodian as of October 1, 2024.

***Resolution — 4ai.***

**Election of Records Custodian  
New Jersey Schools Development Authority**

**Resolution**

**WHEREAS**, the New Jersey Schools Development Authority (SDA or the Authority), a public entity, is subject to the requirements of New Jersey’s Open Public Records Act (OPRA), N.J.S.A. 47:1A-1 et seq.; and

**WHEREAS**, the OPRA provides that requests by members of the public for public documents shall be handled by a public entity’s Records Custodian who shall be officially designated by formal action of that entity’s governing body; and

**WHEREAS**, the OPRA also requires that the person who is proposed to serve in the role of Records Custodian be so designated by the governing body of the SDA; and

**WHEREAS**, the current records custodian, Jane Folmer-Kelleher, has served in the role of records custodian since August 2019 and will retire from the SDA on September 30, 2024; and

**WHEREAS**, SDA employee Robert S. Daniel currently works as Senior Research Analyst and routinely locates records for the Division of Chief Counsel in relation to litigated matters, and has worked with the current Records Custodian to learn the SDA processes followed in responding to requests by the public for SDA public records; and

**WHEREAS**, management now recommends that the Members of the Authority designate Robert S. Daniel to serve as the SDA’s Records Custodian until such time as his successor shall be elected by the Board.

**NOW, THEREFORE, BE IT RESOLVED**, that, consistent with the memorandum presented to the Board on this date, the Members of the Authority hereby designate Robert S. Daniel to the position of SDA Records Custodian and authorize him to serve in that role until such time as his successor shall be elected by the Board.

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

Attached: Memorandum, Election of SDA Records Custodian, dated September 4, 2024  
Date: September 4, 2024



## **CHAIRMAN'S REPORT**

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

**Proposed Changes to NJSDA By-Laws and Audit Committee Charter to Conform to P.L. 2023, c. 311**





---

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Janice Venables, NJSDA Vice-President of Corporate Governance

**DATE:** September 4, 2024

**RE:** Proposed Changes to NJSDA Bylaws and Audit Committee Charter to Conform to P.L. 2023, c. 311.

---

The Members of the New Jersey Schools Development Authority (“Authority” or “NJSDA”) are requested to approve certain proposed changes to the Authority’s Bylaws and to the Charter for the Authority’s Audit Committee. These changes are necessitated by recent legislation that amends the NJSDA enabling statutes.

**BACKGROUND**

Recent legislation advanced as A-4496, enacted into law on January 16, 2024 and codified at P.L. 2023, c. 311, calls for various modifications to NJSDA’s operations, including changes to the composition and obligations of the NJSDA Board.

The new law increases from eleven to twelve the number of public members of the NJSDA Board appointed by the Governor with advice and consent of the Senate; requires the addition of two new members, one appointed by the Governor on the recommendation of the Senate President, and another appointed by the Governor on the recommendation of the Speaker of the Assembly; and makes corresponding changes in the quorum and voting requirement for Board action.

The new law also requires NJSDA Board approval for any hiring, termination or discipline of members of the NJSDA management team, specifically referencing the Chief Executive Officer, Vice President and Chief Financial Officer and the Vice President of Corporate Governance.

NJSDA staff have prepared proposed amendments to both the NJSDA Bylaws and the Audit Committee Charter to reflect the changes required by the new law, P.L. 2023 c. 311, and copies of these documents showing the proposed amendments are appended to this memorandum.

Note that for clarity and completeness, the proposed amendments also reference the position of Vice-President of Program and Construction Operations as a member of the management team, though this position was not specifically mentioned in the recently enacted law.

Members of the Authority

Proposed Changes to NJSDA Bylaws and Audit Committee Charter to Conform to P.L. 2023, c. 311

September 4, 2024

Page 2 of 2

Additionally, the proposed amendments include a deletion of obsolete provisions regarding the term length for the participation of the original eleven NJSDA Board members.

**RECOMMENDATION**

For the foregoing reasons, the Members are requested to authorize and approve the proposed amendments to the NJSDA Bylaws and the Audit Committee Charter, as detailed in this memorandum.

/s/ Janice Venables

---

Janice Venables, Vice-President of Corporate Governance



**BY-LAWS**  
**OF THE**  
**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY**

**Adopted:**

August 15, 2007

# **NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY**

## **BY-LAWS**

### **ARTICLE I** **GENERAL PROVISIONS**

**Section 1.1** **Scope and Provisions of By-Laws.** These by-laws are adopted pursuant to Section 4 of P.L. 2007, c. 137, approved August 6, 2007 (N.J.S.A. 52:18A-238). They are intended to govern the affairs and the conduct of the business of the Authority with respect to the performance of its functions, powers and duties under P.L. 2007, c. 137, and the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (principally codified at N.J.S.A.18A:7G-1 et seq.) (the “EFCFA”).

**Section 1.2** **Name of the Authority.** The name and title of this Authority shall be the “NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY” (hereinafter referred to as the “Authority”).

**Section 1.3** **Principal Office.** The principal office of the Authority shall be One West State Street, P. O. Box 991, Trenton, New Jersey, 08625. All communications to the Authority shall be addressed to its principal office except as may otherwise be specified by resolution, regulation or rule. The Authority may also have offices at such other places as it may from time to time designate by resolution.

**Section 1.4** **Public Inspection.** Authority records shall be available for public inspection at the principal office of the Authority.

**Section 1.5** **Seal.** The Seal of the Authority shall be in the form of a circle enclosing the seal of the State of New Jersey, and shall bear the name of the Authority and the year of its creation (2007).

**Section 1.6** **Rules and Regulations.** The rules and regulations of the Authority shall include, but not be limited to the SDA “Operating Authority”, “Policies, Programs and Benefits Manual”, “Annual Operating Budget”, “Staffing Plan”, “State Uniform Ethics Code”, “SDA Supplemental Ethics Code” and all other policies properly adopted and governing Authority operations.

**Section 1.7** **Staffing Plan.** The Staffing Plan is a representation of the resources required to satisfy the SDA’s mission, goals, commitments and operating needs correlated to the volume and type of work activities to be advanced within a defined period. The Staffing Plan shall include existing SDA resources along with projected resource needs, and shall identify each included resource’s function responsibilities and major accountabilities in support of the SDA’s mission, goals, commitments and operating needs. The Staffing Plan prepared for presentation to the SDA Board shall be developed through a process that includes data-driven analytics.

## ARTICLE II MEMBERS AND DESIGNEES

Section 2.1 Members. The Authority shall consist of eighteen members: the Commissioner of Education, the Commissioner of the Department of Community Affairs, the Executive Director of the Economic Development Authority and the State Treasurer, who shall serve as ex officio members; twelve public members appointed by the Governor with the advice and consent of the Senate; and two additional public members, one appointed by the Governor upon the recommendation of the Senate President, and one appointed by the Governor upon the recommendation of the Speaker of the General Assembly. At least one of the twelve public members appointed by the Governor shall have knowledge or expertise in the area of law enforcement and the remaining public members shall have knowledge or expertise in real estate development, construction management, finance, architectural or building design, or any other related field. The public member appointed by the Governor upon the recommendation of the Senate President and the public member appointed by the Governor upon the recommendation of the Speaker of the General Assembly shall each have knowledge or expertise in real estate development, construction management, finance, architectural or building design, education, or any other related field. The members shall collectively function as the governing body of the Authority to the extent of the powers and authority allocated pursuant to P.L. 2007, c. 137, and the EFCFA, and shall be referred to as the Board of the Authority (or “Board”).

Section 2.2 Terms of Public Members. Each public member shall serve for a term of five years and shall hold office for the term of the member’s appointment and until the member’s successor shall have been appointed and qualified. A member shall be eligible for reappointment. Any vacancy in the membership occurring other than by expiration of term shall be filled in the same manner as the original appointment but for the unexpired term only.

Section 2.3 Compensation of Members. The members shall serve without compensation, but the Authority may reimburse its members for actual expenses incurred in the discharge of their duties.

Section 2.4 Removals. Each of the twelve members appointed by the Governor may be removed from office by the Governor, for cause, after a public hearing, and may be suspended by the Governor pending the completion of such hearing. Each of the members appointed by the Governor upon the recommendation of either the Senate President or the Speaker of the General Assembly may be removed from office by the Governor upon the recommendation of the Senate President or Speaker as applicable, for cause, after a public hearing, and may be suspended by the Governor upon the recommendation of the Senate President or Speaker as applicable pending the completion of the hearing.

Section 2.5 Oath. Each member before entering upon his duties shall take and subscribe an oath to perform the duties of the office faithfully, impartially and justly to the best of his ability. A record of such oath shall be filed in the Office of the Secretary of State.

Section 2.6 Surety Bonds. Each member shall execute a bond to be conditioned upon the faithful performance of the duties of the member in such form and amount as may be prescribed by the Director of the Division of Budget and Accounting in the Department of the Treasury. Such bonds shall be filed in the Office of the Secretary of State. At all times thereafter, the members of the

Authority shall maintain such bonds in full force and effect. All costs of such bonds shall be borne by the Authority.

Section 2.7 Designees. Each ex officio member of the Authority may designate an officer or employee of the member's department or authority to represent the member at meetings of the Authority. Each such designee may lawfully vote and otherwise act on behalf of the member for whom the person constitutes the designee. Any such designation shall be in writing delivered to the Secretary of the Authority and shall continue in effect until revoked or amended by writing delivered to the Secretary of the Authority.

### ARTICLE III MEETINGS

Section 3.1 Place of Meetings. All meetings of the Authority shall be held at a location to be determined by the Chairperson of the Authority, provided that any and all members may participate in a meeting of the Authority by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting, including the public when required, to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 3.2 Annual Organizational Meeting. The Annual Meeting of the Authority shall be held at the principal office of the Authority on the last Wednesday of January of each year at 10:00 a.m., or such earlier or later date in January of each calendar year as the Chairperson may designate in accordance with the notice provisions hereinafter provided, for the purpose of electing the officers of the Authority and for the transaction of such other business as may properly come before the meeting. The Authority shall, at its Annual Meeting, establish a schedule of regular meetings for the following 12-month period, and no further notice of such regularly scheduled meetings need be given to any member of the Authority.

Section 3.3 Regular Meetings. Regular meetings of the Authority shall be held at such times and places as may be determined by resolution of the Authority in accordance with the provisions of the Open Public Meetings Act, P.L. 1975, c. 231, as amended, N.J.S.A. 10:4-1 *et seq.*, or any successor statute (hereinafter referred to as the "Open Public Meetings Act").

Section 3.4 Special Meetings. Special meetings of the Authority may be called by the Chairperson or, in his absence, the Vice Chairperson, and shall be called at the written request of three or more members. Such meetings shall be held in conformity with the provisions of the Open Public Meetings Act. Written notice of each such special meeting shall be given at least 48 hours prior to the time named for the meeting to each member who does not waive such notice in writing, and shall specify the time, place and purpose(s) of the meeting. At such meetings, any and all matters may be considered and acted upon by members of the Authority.

Section 3.5 Public Notice of Meetings of the Authority. Except as provided by Section 3.6 hereof, all meetings of the Authority shall be open to the public, and at the commencement of every meeting the Chairperson, or such other person as shall be presiding, shall announce in public, and shall cause to be entered in the minutes of the meeting, an accurate statement of the matters required by Section

5 of the Open Public Meetings Act. The Secretary or Assistant Secretary of the Authority shall give public notice of meetings of the Authority pursuant to the requirements of the Open Public Meetings Act.

Section 3.6 Executive Sessions. At any regular or special meeting of the Authority, the members may, by resolution, close the session to the public to meet in Executive Session as authorized by the Open Public Meetings Act. Any resolution to meet in Executive Session shall state the general matters or subjects to be discussed in Executive Session and state as precisely as possible the time or circumstances under which the discussions conducted in Executive Session can be disclosed to the public. Minutes of Executive Sessions shall be taken and shall be disclosed to the public when deemed appropriate by the members of the Authority.

Section 3.7 Minutes. Minutes of all meetings, including Executive Sessions as provided in Section 3.6 hereof, shall be kept showing the time and place, the members present, the subjects considered, the actions taken, the vote of each member, and any other information required to be shown in the minutes by law, and shall be promptly made available to the public, to the extent that making such matters public shall not be inconsistent with Section 3.6 hereof in the case of Executive Sessions.

Section 3.8 Quorum. Ten members shall constitute a quorum for the transaction of business. No vacancy in the membership of the Authority shall impair the right of a quorum of the members to exercise all the powers and perform all the duties of the Authority.

Section 3.9 Voting. At every meeting of the Authority, each member shall be entitled to one vote. All elections shall be had, action may be taken and motions and resolutions adopted by the affirmative vote of at least ten members of the Authority. Except when the vote is unanimous, the voting on all questions, resolutions and motions shall be by roll call and the yeas and nays shall be entered into the minutes.

Section 3.10 Submission of the Minutes to the Governor. A true copy of the minutes of every meeting of the Authority shall be delivered by and under the certification of the Secretary thereof to the Governor. No action taken at any meeting of the Authority shall have force or effect until ten days, Saturdays, Sundays, and public holidays excepted, after the copy of the minutes shall have been so delivered, unless during such ten-day period the Governor shall approve the same in which case the action shall become effective upon such approval. If, in that ten-day period, the Governor returns a copy of the minutes with veto of any action taken by the Authority or any member thereof at the meeting, such action shall be null and of no effect. If the Governor shall not return the minutes within said ten-day period, any action therein recited shall have force and effect according to the wording thereof.

Section 3.11. Certification of Resolutions. Each member is authorized to certify, when required, the records, proceedings, documents, or resolutions of the Authority, and to affix the seal of the Authority to all contracts, documents and instruments to be executed by the Authority.

## ARTICLE IV OFFICERS

Section 4.1 Officers of the Authority. The officers of the Authority shall be the Chairperson, Vice Chairperson, Secretary, Treasurer and Chief Executive Officer. The Authority may, by resolution, appoint other officers at its discretion as is necessary to address the affairs of the Authority.

Section 4.2 Officer Selection and Terms of Office. The Chairperson shall be appointed by the Governor from the public members. Any such appointment shall be in writing and shall be delivered to the Authority and shall continue in effect until revoked or amended in writing by the Governor to the Authority. At each Annual Meeting of the Authority, the members shall elect from their remaining number a Vice Chairperson, a Secretary and a Treasurer thereof. The Vice Chairperson, Secretary and Treasurer shall be elected for a term of one year, and shall serve for said term until their successors shall have been duly elected, except as provided otherwise in Section 4.3 concerning filling vacancies. The Authority shall appoint and employ an executive director who shall be its Chief Executive Officer.

Section 4.3 Vacancies. In the event any office of the Authority established under Section 4.1, except if such office is held by an ex officio member, becomes vacant by death, resignation, removal or any other cause, or in the event additional offices are created by the Authority, the members may at any meeting elect an officer to fill such vacancy or additional office, and the officer so elected shall serve until the next Annual Meeting of the Authority and until the election of the officer's successor.

Section 4.4 Chairperson. The Chairperson shall preside at all meetings of the Authority and rule on all questions of order, subject to appeal by the members. The Chairperson shall submit such recommendations considered proper concerning the business, duties and affairs of the Authority and shall have such other powers and shall perform such other duties as the Authority may from time to time prescribe by resolution.

Section 4.5 Vice Chairperson. The Vice Chairperson shall preside over all meetings in the absence or disability of the Chairperson and shall perform the duties of the Chairperson in the event the office of the Chairperson is vacant or the Chairperson is unable to perform such duties by reason of illness, disability or absence. The Vice Chairperson shall have such other powers and perform such other duties as the Authority may from time to time prescribe by resolution.

Section 4.6 Secretary. The Secretary shall act as clerk of all meetings of the Authority, record or cause to be recorded all the proceedings of the meetings of the Authority, and cause such records to be kept in such a manner as to ensure their permanence. The Secretary shall give proper notice of all meetings as described herein and shall have custody of all the books and records of the Authority, except those kept by the Treasurer. The Secretary shall keep in safe custody the seal of the Authority and shall have the power to affix such seal to all contracts and instruments authorized to be executed by the Authority. The Secretary shall in general perform all the duties incident to the office of Secretary, subject to the control of the Authority, and shall have such other powers to do and perform such other duties as the Authority may prescribe from time to time by resolution. The Secretary shall deliver and certify forthwith a true copy of the minutes of every meeting of the Authority to the Governor. The Secretary shall also keep a record, containing the names of all persons who are



members of the Authority or duly appointed designees of the members, showing their places of business and dates of membership or dates of designation.

Section 4.7 Assistant Secretary. The Authority may, by resolution, appoint an Assistant Secretary, who need not be a member of the Authority, and delegate any and all of the duties and confer any and all of the powers of the Secretary to the Assistant Secretary. The Authority may, by resolution, assign responsibility for the corporate governance and compliance responsibilities of the Authority to an Assistant Secretary. If the Authority confers such responsibility to an Assistant Secretary, the Assistant Secretary shall report to both the Chief Executive Officer and the Audit Committee. In the event that the Authority does not confer such responsibility upon an Assistant Secretary, or such Assistant Secretary is unable to fulfill such responsibility, the corporate governance and compliance responsibilities shall be vested in the Chief Executive Officer. The Authority may, by resolution, appoint additional Assistant Secretaries to serve in the event of the Assistant Secretary's absence or disability.

Section 4.8 Treasurer. The Treasurer shall have such powers and perform such duties as the Authority may prescribe from time to time.

Section 4.9 Assistant Treasurer. The Authority may, by resolution, appoint the Chief Financial Officer of the Authority to act as Assistant Treasurer, and may delegate any and all of the duties and confer any and all of the powers of the Treasurer to the Assistant Treasurer.

Section 4.10 Removal of Officers. Any officer of the Authority, other than the Chairperson, may be removed by the Authority whenever in its judgment the best interest of the Authority will be served thereby. The removal of a member of the Authority from an office thereof shall in no way constitute such member's removal as a member of the Authority.

## ARTICLE V STAFF

Section 5.1 Employment Actions Affecting Authority Management Team. An affirmative vote of the development authority shall be required to effect the hiring, termination, or discipline of any member of the management team of the development authority, which shall include the Chief Executive Officer, the Vice President of Program and Construction Operations, the Vice President and Chief Financial Officer, and the Vice President of Corporate Governance.

Section 5.2 Chief Executive Officer. The Authority shall employ a Chief Executive Officer qualified by training and experience for the duties of the office, who shall report to the members of the Authority. Unless otherwise directed by the members of the Authority, subject to the limitations, if any, of the budget adopted by the Authority and subject to the rules and regulations of the Authority, the Chief Executive Officer shall have general supervisory and management responsibility over all activities of the Authority, except in the case of the hiring, termination, or discipline of any other member of the management team of the development authority, which shall include the Vice President of Program and Construction Operations, the Vice President and Chief Financial Officer and the Vice President of Corporate Governance. In such case, an affirmative vote of the development authority shall be required for any such employment action. The Chief Executive Officer shall have the

following powers and duties in addition to any other powers conferred upon him/her or duties assigned to him/her by any other provisions of these By-Laws or by resolution of the Authority:

- A. Personnel. The Chief Executive Officer shall:
- (1) Establish an annual staffing plan;
  - (2) supervise and direct the internal organization;
  - (3) when deemed necessary, establish a reorganization plan for presentation to the appropriate committee of the Board of Directors;
  - (4) employ such additional personnel as may be deemed necessary to exercise the powers, duties and functions of the Authority consistent with the Board approved staffing plan;
  - (5) create, determine and prescribe the duties and qualifications of new and existing positions;
  - (6) assign functions and duties to any employee of the Authority and modify such assignments as needed;
  - (7) appoint, assign, promote, remove, suspend, discipline and supervise employees of the Authority consistent with the rules and regulations of the Authority;
  - (8) at least once per quarter, provide the Audit Committee with an update on matters related to personnel and employee compensation; and
  - (9) administer a compensation plan, including salary range adjustments and merit increases, through consultation with the members of the Authority and/or consistent with the budget adopted by the members of the Authority.
- B. Annual Budget. The Chief Executive Officer shall prepare and submit a proposed annual budget for the Authority for each ensuing year for adoption by the members of the Authority.
- C. Staffing Plan. The Chief Executive Officer shall prepare and submit a proposed annual staffing plan for the Authority for each ensuing year for adoption by the members of the Authority.
- D. Procurement. The Chief Executive Officer shall supervise the procedures for the procurement of all supplies, material, equipment and services needed for the efficient and effective operation of the Authority.
- E. Contracts. The Chief Executive Officer may execute contracts for good and services required for the efficient and effective operation of the Authority as set forth in resolutions adopted by the Authority.
- F. Hearings. The Chief Executive Officer or his designee may authorize and hold hearings which may be required under P.L. 2007, c. 137, and the EFCFA, or which he may otherwise deem appropriate.
- G. Delegation. The Chief Executive Officer may provide appropriate staff members with grants of operating authority in accordance with resolutions adopted by the Authority. In the event of the absence or disability of the Chief Executive Officer, the Chief Executive Officer may delegate one of the Authority's Vice Presidents to exercise the functions and undertake the responsibilities of the office of Chief Executive Officer.

H. Scope of Administrative Powers. The powers vested herein in the Chief Executive Officer shall not be construed or deemed to affect the power of the members of the Authority to act in any case, but where the members of the Authority exercise a power in any such case, such action shall not be construed or deemed to affect the power of the Chief Executive Officer to act in similar cases in the future.

Section 5.3 Chief Financial Officer. The Authority shall employ a Chief Financial Officer who shall be responsible for implementing adequate internal financial controls and shall provide for the custody of the funds and other property of the Authority. The Chief Financial Officer shall report to the Chief Executive Officer.

Section 5.4 Signing Authority. The members of the Authority shall designate by resolution those individual members, officers, employees (or any combination thereof) who shall be authorized (either generally or in specific transactions) to approve contracts and to execute documents legally binding on the Authority, or to sign checks and disbursements on behalf of the Authority. The authority of any such person so designated shall terminate immediately upon resignation, death, removal from office or termination of employment with the Authority, or upon the completion of the specific transaction as set forth in the authorizing resolution.

## **ARTICLE VI** **WAIVER OF NOTICE**

Section 6.1 Waiver of Notice. Whenever the Authority or any officer thereof is authorized to take any action or to hold any meeting or proceeding after notice or after the lapse of a prescribed period of time, such actions may be taken, or such meeting or proceeding held, without notice and without the lapse of any period of time, if at any time before or after the action to be completed or the meeting or proceeding to be held, the notice or lapse of time requirements be waived in writing by the member, person or body entitled to said notice or entitled to the benefit of the lapse of time.

## **ARTICLE VII** **FISCAL YEAR**

Section 7.1 Fiscal Year. The fiscal year of the Authority shall commence on the first day of January of each calendar year and conclude on the last day of December of the same calendar year.

## **ARTICLE VIII** **REPORTS**

Section 8.1 Biannual Report. The Authority shall submit to the Governor, the Joint Budget Oversight Committee, the President of the Senate and the Speaker of the General Assembly a biannual report pursuant to the provisions of section 24 of P.L.2000, c.72 (C.18A:7G-24).

Section 8.2 Annual Audit. 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.

Section 8.3 Comprehensive Annual Report. Annually, the Authority shall prepare a comprehensive report regarding the Authority's operations in accordance with Executive Order No. 37 (Corzine). Following approval of the report by the members of the Authority, the report shall be submitted to the Governor's Authorities Unit and posted on the Authority's web site.

## **ARTICLE IX** **AUDIT COMMITTEE**

Section 9.1 Establishment of the Audit Committee. There is hereby established a standing committee of the Authority, which shall be called the Audit Committee.

Section 9.2 Members. The Audit Committee shall consist of no less than three and no more than seven members, including the Chairperson of the Authority, the State Treasurer and up to five additional members of the Authority appointed by the Chairperson. The Chairperson shall select one of the members of the Audit Committee to chair the Committee. At no time shall a member of the Authority's staff be a member of the Audit Committee. Each Audit Committee member shall be independent of the Authority as required by Executive Order No. 122 (McGreevey) ("EO 122"). At least one Audit Committee member shall have accounting or related financial expertise, and all members shall have knowledge of the Authority's governmental functions and sufficient time to accomplish the responsibilities of the Audit Committee.

Section 9.3 Meetings. The times, places and agenda for the Audit Committee shall be set forth by the Chairperson of the Committee, and shall be in accordance with EO 122.

Section 9.4 Independent Auditor. The Authority shall provide for an annual audit of the financial statements of the Authority as specified by Section 7.2 hereof. The Audit Committee shall assist the Authority in retaining an independent auditor to conduct such an audit by engaging in the auditor selection process prescribed by EO 122 and making a recommendation to the members of the Authority.

Section 9.5 General Duties. The Audit Committee shall proactively assist and advise the members of the Authority in overseeing: (i) the integrity and quality of the Authority's financial statements; (ii) the independent auditor's performance and ability to perform; (iii) the performance of the Authority's internal audit and internal control functions; (iv) the Authority's compliance with legal, regulatory, and ethical requirements; and (v) personnel and compensation policies. The specific duties of the Committee shall be defined by the Audit Committee's Charter, which shall include those duties established by EO 122 and such other duties as may be prescribed from time to time by resolution, provided that the actions of the Audit Committee shall be advisory in nature and shall not bind the members of the Authority or other parties.

Section 9.6 Voting. At every meeting of the Audit Committee at which action may be taken, a majority of the sitting members shall constitute a quorum. All action may be taken and motions and resolutions adopted by the affirmative vote of a majority of the members present.

## **ARTICLE X** **SCHOOL REVIEW COMMITTEE**

Section 10.1 Establishment of the School Review Committee. There is hereby established a standing committee of the Authority, which shall be called the School Review Committee.

Section 10.2 Members. The School Review Committee shall consist of no less than three and no more than seven members of the Authority, who shall be appointed by the Chairperson. The Chairperson shall select one of the members of the School Review Committee to chair the Committee.

Section 10.3 Meetings. The times, places and agenda for the School Review Committee shall be set forth by the Chief Executive Officer in conjunction with the Chairperson of the Committee.

Section 10.4 General Duties. The School Review Committee shall proactively assist and advise the members of the Authority regarding matters related to the planning, design and construction of school facilities projects including, but not limited to, project management issues and related expenditures in accordance with the Operating Authority adopted by the Authority. The Committee shall perform such other duties as may be prescribed from time to time by resolution, provided that the actions of the School Review Committee shall be advisory in nature and shall not bind the members of the Authority or other parties.

Section 10.5 Voting. At every meeting of the School Review Committee at which action may be taken, a majority of the sitting members shall constitute a quorum. All action may be taken and motions and resolutions adopted by the affirmative vote of a majority of the members present.

## **ARTICLE XI** **REAL ESTATE COMMITTEE**

Section 11.1 Establishment of the Real Estate Committee. There is hereby established a standing committee of the Authority, which shall be called the Real Estate Committee.

Section 11.2 Members. The Real Estate Committee shall consist of no less than three and no more than seven members of the Authority, who shall be appointed by the Chairperson. The Chairperson shall select one of the members of the Real Estate Committee to chair the Committee.

Section 11.3 Meetings. The times, places and agenda for the Real Estate Committee shall be set forth by the Chief Executive Officer of the Authority in conjunction with the Chairperson of the Committee.

Section 11.4 General Duties. The Real Estate Committee shall proactively assist and advise the members of the Authority regarding real estate matters related to the school construction program.

The Committee shall perform such other duties as may be prescribed from time to time by resolution, provided that the actions of the Real Estate Committee shall be advisory in nature and shall not bind the members of the Authority or other parties.

Section 11.5 Voting. At every meeting of the Real Estate Committee at which action may be taken, a majority of the sitting members shall constitute a quorum. All action may be taken and motions and resolutions adopted by the affirmative vote of a majority of the members present.

## **ARTICLE XII** **COMMITTEES**

Section 12.1 Establishment of Committees. The Chairperson may, at his discretion, appoint and abolish committees, other than those provided herein, as is necessary to address the affairs of the Authority. The Chairperson of the Authority shall appoint the chairs of these committees.

## **ARTICLE XIII** **AMENDMENT OR SUSPENSION OF BY-LAWS**

Section 13.1 Amendments to By-Laws. These By-Laws may be altered, amended or repealed at any meeting of the Authority by the affirmative vote of at least ten members, after written notice of such an intention is provided by the Secretary to each member.

Section 13.2 Suspension of By-Laws. Any and all provisions of these By-Laws may be suspended by unanimous consent of the members present at any duly constituted meeting of the Authority.



## NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY AUDIT COMMITTEE CHARTER

### I. PURPOSE

Article IX of the By-Laws of the New Jersey Schools Development Authority (the “Authority”) establishes the Audit Committee as a standing committee of the Authority. The purpose of this Audit Committee Charter is to set forth the authority, composition, meetings, voting, and specific responsibilities of the Audit Committee. The responsibilities of the Audit Committee shall include those duties established by *Executive Order 122*, issued July 23, 2004 (McGreevey) (“EO 122”), and such other duties as may be prescribed from time to time by resolution of the members of the Authority, provided that the actions of the Audit Committee shall be advisory in nature and shall not bind the members of the Authority or other parties.

### II. AUTHORITY

The Audit Committee has authority to:

- A. Conduct or authorize investigations into any matters within its scope of responsibility.
- B. Retain accountants, counsel, compensation consultants or other specialists to advise the Audit Committee or assist in the conduct of investigations.
- C. Meet with the Authority’s officers, independent auditor, internal auditor, or counsel, as necessary to fulfill its responsibilities.
- D. Seek any information it requires from employees – all of whom are directed to cooperate with the Audit Committee’s requests – or external parties.

### III. COMPOSITION

- A. The Audit Committee shall consist of no less than three and no more than seven members, including the Chairperson of the Authority, the State Treasurer and up to five additional members of the Authority appointed by the Chairperson. The Chairperson shall select one of the members of the Audit Committee to chair the Committee. At no time shall a member of the Authority’s staff be a member of the Audit Committee.
- B. Each Audit Committee member shall be independent of the Authority as required by EO 122. Independence of a member is satisfied only under the following circumstances:

1. The member has no financial relationship with the Authority, nor is the member a partner, shareholder or officer of an organization that has a financial relationship with the Authority;
  2. Neither the member nor any member's relative is an employee of the Authority;
  3. Neither the member nor any member's relative is currently employed by, or has in the past three years been affiliated with or employed by, a present or former auditor of the Authority;
  4. Neither the member nor any member's relative receives or has received in any of the past three years direct or indirect compensation from the Authority for consulting, legal or financial services, regardless of the amount received and regardless of whether it is or was paid to the member or to a firm with which the member or any member's relative was associated; and
  5. The member is in compliance with all standards regarding independence of auditors as may appear in Generally Accepted Government Auditing Standards (GAGAS) or may be established by the United States General Accounting Office.
- C. At least one Audit Committee member shall have accounting or related financial expertise, and shall be designated as the "financial expert" as defined pursuant to the provisions of the Sarbanes-Oxley Act.
- D. All Audit Committee members shall have knowledge of the Authority's governmental functions and sufficient time to accomplish the responsibilities of the Audit Committee.

#### **IV. MEETINGS**

- A. The Audit Committee shall meet at such times and places as set forth by the Chairperson of the Committee. The Audit Committee has the authority to convene additional meetings as circumstances require. Additional meetings shall be held upon the request of an Audit Committee member, a member of the Authority, the independent auditor, or the internal auditor, and may include such staff members as the Audit Committee determines necessary. All Audit Committee members are expected to attend each meeting, either in person or via teleconference.
- B. The Audit Committee will invite members of management, the independent auditor, the internal auditor or others to attend meetings and provide pertinent information, as necessary.
- C. At least twice each year, the Audit Committee will hold private meetings with the independent auditor. One of these meetings shall be held prior to commencement of the financial audit, and the other upon issuance of the final audit report.
- D. At least once each year, the Audit Committee will meet with the head of internal audit, who shall also report to the Audit Committee.



- E. Meeting agendas shall be prepared and provided in advance to Audit Committee members, along with appropriate briefing materials. Minutes of all Audit Committee meetings shall be prepared and retained.

## **V. VOTING**

At every meeting of the Audit Committee at which action must be taken, a majority of the sitting members shall constitute a quorum. All action may be taken and motions and resolutions adopted by the affirmative vote of a majority of members present.

## **VI. RESPONSIBILITIES**

In carrying out its duties, the Audit Committee shall proactively assist and advise the members of the Authority in overseeing (i) the integrity and quality of the Authority's financial statements; (ii) the independent auditor's performance and ability to perform; (iii) the performance of the Authority's internal audit and internal control functions; (iv) the Authority's compliance with legal, regulatory, and ethical requirements; and (v) personnel and compensation policies. The specific duties of the Audit Committee shall include, but not be limited to, the following:

### **A. Financial Statements and Policies**

1. Review and recommend approval of the Annual Operating Budget and Staffing Plan to the members of the Authority on an annual basis and, at least quarterly, review comparisons of actual expenses to budgeted amounts.
2. Review major financial commitments being contemplated by the management of the Authority.
3. Review major changes in financial policies and procedures.
4. Review analyses prepared by management and/or by the independent auditor setting forth significant accounting or financial reporting issues, including complex or unusual transactions, and judgments made in connection with the preparation of the financial statements, including the effects of alternative accounting methods on the financial statements.
5. Review the audited financial statements and any interim statements and discuss them with management and the independent auditor. These discussions should include a review of particularly sensitive accounting estimates, reserves and accruals, judgmental areas, audit adjustments (recorded or not) and other such matters as the Audit Committee or independent auditor shall deem appropriate.
6. Review recent professional and regulatory pronouncements, and understand their impact on the financial statements.
7. Regularly review with the independent auditor any audit problems, any risks of material misstatements due to fraud, difficulties with management's response (including restrictions or attempts to restrict the auditor's activities, restrictions on access to information, and

significant disagreements with management) and the responsibilities, budget and staffing of the Authority's internal audit and control functions.

8. Review with management and the independent auditor all matters required to be communicated to the Audit Committee under generally accepted auditing standards, including the annual management letter.

## **B. Selection of Independent Auditor**

1. The Audit Committee shall assist the Authority in retaining an independent auditor to conduct an audit of the Authority's financial statements, after engaging in the auditor selection process described below, which is in accordance with EO 122. The auditor selection process shall be based upon public, competitive bidding principles and shall take place no less than once every five years. The contract shall be awarded based upon the Authority's governing statute and regulations, and EO 122. The auditor selected shall report directly to the Audit Committee. At no time shall the independent auditor report to any staff member of the Authority.
2. In order to ensure the independence of the auditor selection process, the Audit Committee shall adhere to the following procedures when making a recommendation to the Authority in awarding a contract to an auditor:
  - a. An evaluation committee shall be established by the Authority to conduct the solicitation and evaluation of eligible auditors. The evaluation committee shall consist of no less than three members of the Authority.
  - b. The evaluation committee shall be responsible for drafting requests for proposals ("RFPs"), soliciting responses to such RFPs, accepting and evaluating proposals, and providing a final written report to the Audit Committee. The evaluation committee may draw upon the expertise of the Division of Purchase and Property to assist it in the drafting of the RFP, soliciting responses to the RFPs, and evaluating proposals. The role of staff of the Authority shall be limited to providing assistance with the RFP design.
  - c. The evaluation committee shall review all responses to RFPs for responsiveness and responsibility and shall evaluate such responses pursuant to criteria established by the Audit Committee, as described below, and shall rank the responses with respect to such criteria. The evaluation committee shall prepare a written report of such evaluation and shall forward the report to the Audit Committee.
  - d. Prior to the solicitation of the engagement of any independent auditor, the Audit Committee shall establish criteria for the selection of an auditor and may weigh the criteria established. The weighted criteria shall be used by the evaluation committee during the evaluation of proposals. In developing the criteria to be used by the evaluation committee, the Audit Committee shall include the following:
    - i. Proposed fee for services;
    - ii. Quality of response to RFP package;

- iii. Demonstrated ability and qualifications to conduct governmental audits;
  - iv. Quality of relevant service to governmental entities in previous transactions; and
  - v. Familiarity with federal laws, rules and regulations relevant to governmental audits.
- e. Upon receipt of the evaluation committee's report, the Audit Committee shall review the report and determine whether to re-rank the responses based upon interviews. In such event, the Audit Committee shall interview the firms responding to the RFP and rank the candidates after such interviews based upon the established evaluation criteria.
  - f. The Audit Committee shall make a recommendation to the members of the Authority for award of an audit contract.
  - g. The members of the Authority shall review the recommendation and make an award to a firm.
  - h. The Audit Committee shall also issue a report to the State Treasurer within six months of making the recommendation to the Authority that sets forth the steps taken to comply with these procedures for the selection of an independent auditor.

### **C. Oversight of Independent Auditor**

1. Review the independent auditor's proposed audit scope and approach, including the extent of coordination of audit effort with internal audit.
2. Review and evaluate audit fees.
3. Review and approve all engagements of the independent auditor with the Authority, including non-audit engagements, giving specific consideration to their effect on the independence of the auditor.
4. Review the performance of the independent auditor, and where the Audit Committee believes that the auditor's performance is not adequate in quality or independence, recommend such steps as may be necessary to elicit appropriate performance, including replacement of the independent auditor.
5. Review and confirm the independence of the independent auditor by obtaining statements from the auditor on relationships between the auditor and the Authority, and discuss any independence issues with the independent auditor.
6. At least once every three years, obtain and review a report of the independent auditor describing for the preceding year: (i) the independent auditor's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control peer review, or by reviews conducted by governmental or professional authorities; and (iii) steps taken by the independent auditor to address such issues, and discuss each of these items with the independent auditor on annual basis.

#### **D. Internal Audit**

1. Review and concur in the assignment, replacement or dismissal of the head of internal audit.
2. Review with management and the head of internal audit the charter, plans, activities, staffing and structure of the internal audit function.
3. Ensure there are no unjustified restrictions or limitations on the internal audit function in performing its audit activities.
4. Review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

#### **E. Internal Control**

1. Review internal control functions such as the planned scope of audit reviews; adequacy of staffing; actions to be taken as a result of audit findings; the effectiveness of electronic data processing procedures and controls; and related security programs.
2. Understand the scope of the internal and independent auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

#### **F. Compliance**

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
2. Review procedures for: (i) the receipt, retention and treatment of complaints received by the Authority regarding accounting, internal control or auditing matters; and (ii) the confidential, anonymous submission by employees of the Authority or other parties of concern regarding questionable accounting or auditing matters, or other matters regarding non-compliance with the Authority's rules and regulations as defined in *Section 1 of the Authority's By-laws*.
3. Review the results of any examinations conducted by regulatory agencies or auditors.
4. Review the process for communicating the New Jersey State Ethics Commission's *Uniform Ethics Code* and the Authority's *Supplemental Ethics Code* to Authority personnel, and for monitoring compliance therewith.
5. Obtain regular updates from management and counsel regarding compliance matters.

## **G. Personnel and Compensation**

1. Review matters relating to the Authority's staffing needs, compensation schedules, health plans and benefits, and make recommendations to the Authority about the same.
2. Review the SDA Annual Staffing Plan as defined in *Section 1.7 of the Authority's Bylaws*.
3. Review matters relating to the hiring, termination or discipline of the members of the management team of the Authority, including the Chief Executive Officer, the Vice President of Program and Construction Operations, the Vice President and Chief Financial Officer and the Vice President of Corporate Governance, and make recommendations to the members of the Authority about the same.
4. At least once per quarter, review matters concerning personnel and compensation as presented by the Chief Executive Officer.

## **H. Reporting Responsibilities**

1. Regularly report to the members of the Authority about Audit Committee activities, issues and related recommendations.
2. Provide an open avenue of communication between the internal auditor, the independent auditor and the members of the Authority.

## **I. Other Responsibilities**

1. Discuss with management, and recommend if necessary, policies with respect to risk assessment and risk management.
2. Institute and oversee special investigations as needed.
3. Review and assess the adequacy of the Audit Committee Charter annually, requesting that the members of the Authority approve proposed changes.
4. In accordance with Executive Order 41, issued June 15, 2005 (Codey), confirm annually to the Governor's Authorities Unit that the Authority has met all requirements of EO 122.
5. Perform other duties as may be assigned by the members of the Authority.

***Resolution-5a.***

**Proposed Changes to NJSDA Bylaws and Audit Committee Charter to Conform to P.L. 2023, c. 311.**

**Resolution**

**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.) and P.L. 2023, c. 311 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**, Article IX, Section 9.1 of the Authority’s Bylaws establishes the Audit Committee as a standing committee of the Authority; and

**WHEREAS**, the Audit Committee Charter sets forth the authority, composition, meetings, voting, and specific responsibilities of the Audit Committee; and

**WHEREAS**, Members of the Authority have determined to amend the SDA Bylaws and Audit Committee Charter to effectuate changes made necessary by recent legislation that amends the SDA enabling statutes regarding the number of Members, what constitutes a voting quorum and the hiring, termination or disciplining of an SDA executive team member; and

**WHEREAS**, those specific provisions of the Authority’s Bylaws and Audit Committee Charter to be amended have been presented to the Board in detail for review on this date along with a memorandum that fully describes each proposed amendment.

**NOW, THEREFORE, BE IT RESOLVED**, that the Members of the Authority hereby authorize and approve amendments to the Bylaws and Audit Committee Charter of the New Jersey Schools Development Authority consistent with the memorandum and proposed revisions presented to the Board on this date and incorporated herein.

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

Attached: Memorandum, Amendments to SDA Bylaws and Audit Committee Charter, dated September 4, 2024

Dated: September 4, 2024

**Information Technology Support Service - GP-0295-R01**



---

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Sean Murphy  
Managing Director, Procurement

Anthony T. Gilfillan  
Director, Information Systems

**DATE:** September 4, 2024

**RE:** Description: Information Technology Support Services  
Package No.: GP-0295-R01

---

**INTRODUCTION**

The NJSDA most recently procured Support Services for the NJSDA Information Systems Department in 2020. Since the current contract will expire in November 2024, the Members of the Authority are requested to approve the award of a contract to a firm with relevant experience and qualifications to successfully perform the required Information Technology Support Services. The term of the agreement for this contract is three (3) years with an option by the NJSDA to extend the agreement for one (1) additional year. The contract will have a not-to-exceed amount of \$1,000,000 over the initial term and any extension thereof.

Pursuant to the NJSDA Operating Authority adopted by the Board on December 1, 2010, as amended March 7, 2012, Board approval is required for the award of goods and services contracts greater than \$100,000.

**BACKGROUND**

In order to ensure that critical systems do not experience failures that lead to excessive network outages or extended system outages, the NJSDA requires the services of a firm to be on call to provide critical network, hardware and software maintenance services, including on-site technical support and consulting services. The firm will assist the NJSDA Information Systems Department with diagnosing computer and network related problems, isolating reported problems, and implementing repairs. The firm will also act in a consultative capacity for software or system changes and will be expected to provide computer components on an as-needed basis.

**PROCUREMENT PROCESS**

This procurement was advertised beginning on May 30, 2024 on the NJSDA website, on the New Jersey State website and in selected newspapers for interested firms to participate in the bidding process. Outreach was also performed via e-mail.

A Selection Committee consisting of four (4) NJSDA staff members was established.

Proposals were received from three (3) firms by July 3, 2024. The Technical Proposals were evaluated by the Selection Committee. Evaluations were based upon the information provided by the firms in response to the Request for Proposals (“RFP”) for this procurement. The Selection Committee members



independently evaluated the Technical Proposals based on the following criteria:

- Firm Experience and Vendor Relationships
- Key Team Member Experience and Qualifications
- Approach to External/Internal Systems Security
- Approach to Planned Project Services within Required Response Times
- Approach to Unanticipated Services within Required Response Times

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 RFP requirements with no deficiencies.
- Sufficient (5-6): meets RFP requirements with no significant deficiencies.
- Minimal (3-4): meets RFP requirements but contains some significant deficiencies.
- Marginal (1-2): comprehends intent of RFP but contains many significant deficiencies.
- Unsatisfactory (0): requirements not addressed and lack of detail precludes adequate evaluation.

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

**TABLE 1**

<b>Criteria</b>	<b>Weighting Factor (Applied to Raw Score)</b>	<b>Maximum Weighted Points</b>
Firm Experience and Vendor Relationships	2.5	25
Key Team Member Experience and Qualifications	1.5	15
Approach to External/Internal Systems Security	2.0	20
Approach to Planned Project Services within Required Response Times	2.0	20
Approach to Unanticipated Services within Required Response Times	2.0	20
<b>Total Possible Points</b>		<b>100</b>

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

**TABLE 2**

<b>Firm</b>	<b>Final Technical Proposal Score</b>	<b>Final Technical Proposal Rank</b>
Custom Computer Specialists, Inc.	65.250	1
Stellar Services, Inc.	58.750	2
Elegant Enterprise-Wide Solutions, Inc.	50.438	3

The RFP stipulated that a shortlist of the three (3) highest-ranked firms would be determined based on the Final Technical Proposal Scores. The shortlisted firms participated in interviews with the Selection Committee on August 6, 2024. The interviews allowed the firms to expand and detail their firm and team experience with respect to NJSDA requirements. The Selection Committee interviewed each of the shortlisted firms and evaluated each firm on Interview Criteria and Weighting Factors that were the same as those used in the evaluation of the Technical Proposals, as detailed above.

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

**TABLE 3**

<b>Firm</b>	<b>Final Interview Score</b>	<b>Final Interview Rank</b>
Custom Computer Specialists, Inc.	69.813	1
Stellar Services, Inc.	59.438	2
Elegant Enterprise-Wide Solutions, Inc.	27.500	3

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

**TABLE 4**

<b>Firm</b>	<b>Final Combined Score</b>	<b>Final Combined Rank</b>
Custom Computer Specialists, Inc.	67.531	1
Stellar Services, Inc.	59.094	2
Elegant Enterprise-Wide Solutions, Inc.	38.969	3

The highest-ranked firm was Custom Computer Specialists, Inc.

The Fee Proposals, which had been kept separate and sealed, were then opened on August 7, 2024. The fee schedule required firms to propose loaded hourly rates for specified job titles. The proposed loaded hourly rates are listed in Tables 5 through 7 below:

**TABLE 5**

<b>Custom Computer Specialists, Inc.</b>				
<b>Job Title</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
Application Consultant	\$ 160.00	\$ 164.00	\$ 167.00	\$ 167.00
Business Continuity and Disaster Recovery Consultant	\$ 202.00	\$ 204.00	\$ 209.00	\$ 209.00
Cloud Consultant	\$ 132.00	\$ 134.00	\$ 137.00	\$ 137.00
Cybersecurity Consultant	\$ 143.00	\$ 146.00	\$ 149.00	\$ 149.00
Database Administrator Services	\$ 132.50	\$ 134.00	\$ 137.00	\$ 137.00
Desktop Deployment Technician	\$ 70.00	\$ 72.00	\$ 73.00	\$ 73.00
Field Technician	\$ 68.00	\$ 69.00	\$ 71.00	\$ 71.00
Help Desk Analyst	\$ 65.00	\$ 66.00	\$ 67.00	\$ 67.00
Infrastructure Consultant	\$ 211.00	\$ 216.00	\$ 221.00	\$ 221.00
IT Project Management	\$ 120.00	\$ 123.00	\$ 126.00	\$ 126.00
Systems/Network Administrator	\$ 112.00	\$ 115.00	\$ 117.00	\$ 117.00
School Facility Network and Systems Architect	\$ 225.00	\$ 230.00	\$ 235.00	\$ 235.00

**TABLE 6**

<b>Stellar Services, Inc.</b>				
<b>Job Title</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
Application Consultant	\$160.00	\$164.80	\$169.74	\$174.84
Business Continuity and Disaster Recovery Consultant	\$160.00	\$164.80	\$169.74	\$174.84
Cloud Consultant	\$160.00	\$164.80	\$169.74	\$174.84
Cybersecurity Consultant	\$160.00	\$164.80	\$169.74	\$174.84
Database Administrator Services	\$150.00	\$154.50	\$159.14	\$163.91

**TABLE 6 (continued)**

<b>Stellar Services, Inc.</b>				
<b>Job Title</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
Desktop Deployment Technician	\$87.00	\$89.61	\$92.30	\$95.07
Field Technician	\$103.00	\$106.09	\$109.27	\$112.55
Help Desk Analyst	\$65.00	\$66.95	\$68.96	\$71.03
Infrastructure Consultant	\$175.00	\$180.25	\$185.66	\$191.23
IT Project Management	\$175.00	\$180.25	\$185.66	\$191.23
Systems/Network Administrator	\$165.00	\$165.00	\$175.00	\$175.00
School Facility Network and Systems Architect	\$188.00	\$188.00	\$198.00	\$198.00

**TABLE 7**

<b>Elegant Enterprise-Wide Solutions, Inc.</b>				
<b>Job Title</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
Application Consultant	\$ 125.00	\$ 130.00	\$ 135.00	\$ 140.00
Business Continuity and Disaster Recovery Consultant	\$ 135.00	\$ 140.00	\$ 145.00	\$ 150.00
Cloud Consultant	\$ 140.00	\$ 145.00	\$ 150.00	\$ 155.00
Cybersecurity Consultant	\$ 140.00	\$ 145.00	\$ 150.00	\$ 155.00
Database Administrator Services	\$ 110.00	\$ 115.00	\$ 120.00	\$ 125.00
Desktop Deployment Technician	\$ 75.00	\$ 78.00	\$ 81.00	\$ 84.00
Field Technician	\$ 70.00	\$ 74.00	\$ 78.00	\$ 82.00
Help Desk Analyst	\$ 65.00	\$ 68.00	\$ 71.00	\$ 74.00
Infrastructure Consultant	\$ 135.00	\$ 140.00	\$ 145.00	\$ 150.00
IT Project Management	\$ 140.00	\$ 145.00	\$ 150.00	\$ 155.00
Systems/Network Administrator	\$ 120.00	\$ 125.00	\$ 130.00	\$ 135.00
School Facility Network and Systems Architect	\$ 140.00	\$ 145.00	\$ 150.00	\$ 155.00

After reviewing the loaded hourly rates proposed by all firms, it was determined on the basis of comparison that the loaded hourly rates proposed by the highest-ranked firm, Custom Computer Specialists, are generally lower than the rates proposed by Stellar Services (incumbent consultant and #2 ranked firm) and generally higher than the rates proposed by Elegant Enterprise-Wide Solutions (#3 ranked firm). Therefore, NJSDA staff negotiated reductions to several of Custom Computer Specialists' proposed loaded hourly rates. The negotiated loaded hourly rates are listed in Table 8 below:

**TABLE 8**

<b>Custom Computer Specialists, Inc.</b>				
<b>Job Title</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
Application Consultant	\$ 160.00	\$ 164.00	\$ 167.00	\$ 167.00
Business Continuity and Disaster Recovery Consultant	\$ 181.00	\$ 185.00	\$ 190.00	\$ 192.00
Cloud Consultant	\$ 132.00	\$ 134.00	\$ 137.00	\$ 137.00
Cybersecurity Consultant	\$ 143.00	\$ 146.00	\$ 149.00	\$ 149.00
Database Administrator Services	\$ 132.50	\$ 134.00	\$ 137.00	\$ 137.00
Desktop Deployment Technician	\$ 70.00	\$ 72.00	\$ 73.00	\$ 73.00
Field Technician	\$ 68.00	\$ 69.00	\$ 71.00	\$ 71.00
Help Desk Analyst	\$ 65.00	\$ 66.00	\$ 67.00	\$ 67.00
Infrastructure Consultant	\$ 193.00	\$ 199.00	\$ 204.00	\$ 207.00
IT Project Management	\$ 120.00	\$ 123.00	\$ 126.00	\$ 126.00
Systems/Network Administrator	\$ 112.00	\$ 115.00	\$ 117.00	\$ 117.00
School Facility Network and Systems Architect	\$ 207.00	\$ 209.00	\$ 217.00	\$ 217.00

**RECOMMENDATION**

The Members of the Authority are requested to authorize NJSDA management to execute a contract with Custom Computer Specialists, Inc. for Information Technology Support Services at the loaded hourly labor rates listed in Table 8 above. The term of the agreement shall be for a period of three (3) years or until all obligations of the consultant to deliver services pursuant to the Agreement have been performed to the satisfaction of the NJSDA, whichever occurs later. The term may be extended for one (1) additional year, if such extension is permissible by existing regulations at the time of extension, in which case the term shall extend through such additional period or until all obligations of the consultant to deliver services pursuant to the Agreement have been performed to the satisfaction of the NJSDA, whichever occurs later. Any such extension shall be subject to Operating Authority approval. The contract will have a not-to-exceed amount of \$1,000,000 over the initial term and any extension thereof.

Approval of Award  
Information Technology Support Services  
Package No. GP-0295-R01  
September 4, 2024  
Page 7 of 7

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

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

/s/ Anthony T. Gilfillan  
Anthony T. Gilfillan, Director, Information Systems

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

***Resolution—5b.***

**Approval of Award  
Package No. GP-0295-R01  
Information Technology Support Services Contract**

**Resolution**

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

**WHEREAS**, in order to avoid critical systems failures that lead to excessive network or extended system outages, the SDA has retained the services of a firm to provide critical network, hardware and software maintenance services, including on-site technical support and consulting services; and

**WHEREAS**, such services were procured by SDA for such purposes in 2006, 2008, 2013, 2016 and 2020; and

**WHEREAS**, it has become necessary to again award a contract for Network, Hardware and Software Support Services (the Services) with the result that a competitive procurement process to obtain the same was commenced by SDA on May 30, 2024; and

**WHEREAS**, following a multi-step competitive procurement process, management recommends the award of a contract for the Services to Custom Computer Specialists, Inc. for Information Technology Support Services, upon terms set forth in detail in the memorandum and thereto presented to the Board on this date and incorporated herein; and

**WHEREAS**, the details of the competitive procurement process followed by management to obtain the Services are fully described in the memorandum presented to the Board on this date and incorporated herein; and

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

**NOW, THEREFORE, BE IT RESOLVED**, that the Members of the Authority authorize and approve the award of a contract to the highest-ranked firm, Custom Computer Specialists, Inc. for Information Technology Support Services, to provide the Authority with Network, Hardware and Software Services consistent with the provisions of the memorandum and thereto presented to the Board on this date and incorporated herein.

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

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

Attached: Memorandum, Approval of Award, Package No. GP-0295-R01, Information  
Technology Support Services, dated September 4, 2024

Dated: September 4, 2024



**2023 Audited Financial Statements**



**MEMORANDUM**

**TO:** The Members of the Authority

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

**DATE:** September 4, 2024

**SUBJECT:** 2023 Audited Financial Statements

Background

The 2023 financial statement audit was performed by Ernst & Young LLP (EY). EY performed their audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States in accordance with U.S. Generally Accepted Auditing Standards.

Later this month, as communicated to the Audit Committee on August 26, 2024, EY is expected to issue an unmodified or “clean” audit opinion on the 2023 financial statements. An unmodified opinion is the highest level of assurance an auditor can give in a financial statement audit. Separately, in accordance with *Government Auditing Standards*, EY will also issue a report on internal control over financial reporting and on compliance and other matters. In this report, as communicated to the Audit Committee, EY is expected to affirm their audit did not identify any deficiencies in internal control they considered to be material weaknesses, and the results of their tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Audit Committee Review

On August 26, 2024, the Audit Committee was provided a draft of the 2023 audited financial statements, accompanied by a financial analysis, prepared by staff, of key amounts including sensitive accounting estimates, reserves and accruals, and judgmental areas. Additionally, EY presented their audit results and required communications in accordance with Statement of Auditing No. 114. At the conclusion of EY’s presentation, the Audit Committee agreed to advance the draft 2023 financial statements to the Members of the Authority for final approval.

Recommendation

The Members of the Authority are recommended to approve the attached 2023 draft audited financial statements as required by Executive Order 122 (2004), as amended by Executive Order 37 (2006). Following the Board’s approval and expiration of the mandatory gubernatorial veto period, a copy of the 2023 financial statements will be posted on the SDA web site and included in the Authority’s 2023 Annual Report.

Attachment

**Draft 8/23/2024**

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



**FINANCIAL STATEMENTS**  
**AND REQUIRED SUPPLEMENTARY INFORMATION**

For the Year Ended December 31, 2023

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, 2023

**Contents**

**I. Financial Section**

Report of Independent Auditors.....1

Management’s Discussion and Analysis .....4

Statement of Net Position and General Fund Balance Sheet .....11

Statement of Activities and General Fund Revenues, Expenditures and  
Changes in Fund Balance .....12

Notes to Financial Statements.....13

**Required Supplementary Information**

Schedule of the Authority’s Proportionate Share of the Net Pension Liability .....45

Schedule of the Authority’s Contributions to the Public Employees’  
Retirement System.....46

Schedule of Changes in the Total Postemployment Benefits Other Than Pensions  
(OPEB) Liability and Related Ratios.....48

**II. Government Auditing Standards Section**

Report of Independent Auditors on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards* .....50

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, 2023

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, 2023. This management discussion and analysis should be read in conjunction with the Authority's financial statements and accompanying notes.

**2023 Financial Highlights**

- At year end, the Authority's net position is \$153.5 million.
- At year end, cash and cash equivalents total \$486.6 million.
- For the year, revenues total \$115.5 million, consisting primarily of appropriations from the State (64.9%) and grant funding from the Federal Coronavirus Capital Project Fund ("CPF") (19.5%).
- For the year, expenses total \$235.5 million, \$228.7 million (97.1%) of which is for school facilities project costs.
- For the year, general fund expenditures exceed general fund revenues by \$148.2 million.

**Overview of the Financial Statements**

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

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

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

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

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

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

### **Financial Analysis of the Authority**

The Authority's net position decreased to \$153.5 million at year-end, primarily due to expenditures for school facilities projects (\$228.7 million) and administrative and general expenses (\$6.8 million) exceeding total revenues (\$115.5 million).

The following table summarizes the Authority's net position as of December 31, 2023 and 2022.

	<b>\$ In thousands</b>			
	<b>2023</b>	<b>2022</b>	<b>\$ Increase/ (Decrease)</b>	<b>% Increase/ (Decrease)</b>
Current assets	\$ 509,173	\$ 402,959	\$ 106,214	26.4%
Capital assets-net	5,670	3,280	2,390	72.9%
Total assets	514,843	406,239	108,604	26.7%
Deferred outflows of resources	7,357	9,951	(2,594)	(26.1)%
<b>Total assets and deferred outflows of resources</b>	<b>\$ 522,200</b>	<b>\$ 416,190</b>	<b>\$ 106,010</b>	<b>25.5%</b>
Current liabilities	\$ 286,936	\$ 56,039	\$ 230,897	412.0%
Non-current liabilities	52,101	61,418	(9,317)	(15.2)%
Total liabilities	339,037	117,457	221,580	188.6%
Deferred inflows of resources	29,638	25,265	4,373	17.3%
Net position	153,525	273,468	(119,943)	(43.9)%
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 522,200</b>	<b>\$ 416,190</b>	<b>\$ 106,010</b>	<b>25.5%</b>

*Note: All percentages are calculated using unrounded figures.*

#### *Significant Account Variances for Net Position*

*Current assets:* The increase is due to higher cash and cash equivalents as a result of budget and off-budget appropriations received during the year, including \$250 million from the State of New Jersey Debt Defeasance and Prevention Fund (“debt defeasance appropriations”), all of which is recorded as unearned revenue, offset primarily by spending on school facilities projects.

*Capital assets-net:* The increase is due primarily to the extension of the lease of the Authority's office building, offset by depreciation and amortization expenses for assets in service during the year.

*Deferred outflows of resources:* The decrease is due mainly to lower deferred outflows of resources associated with pensions, primarily from the difference between the projected and actual earnings on pension plan investments.

*Current liabilities:* The increase is due mainly to the recognition of \$250 million in unearned revenues from debt defeasance appropriations received but not spent during the year.

*Deferred inflows of resources:* The increase is due to higher deferred inflows of resources associated with OPEB, primarily from an increase in the discount rate from 2.04% to 4.18%.

The following table summarizes the change in net position for the years ended December 31, 2023 and 2022.

	<b>\$ In thousands</b>			
	<b>2023</b>	<b>2022</b>	<b>\$ Increase/ (Decrease)</b>	<b>% Increase/ (Decrease)</b>
<b>Revenues</b>				
Appropriations from State	\$ 75,000	\$ 75,000	\$ -	0.0%
Federal CPF grant	22,534	-	22,534	N/A
Investment earnings	17,917	6,353	11,564	182.0%
Other revenue	96	91	5	6.1%
Total revenues	<u>115,547</u>	<u>81,444</u>	<u>34,103</u>	<u>41.9%</u>
<b>Expenses</b>				
Administrative and general expenses	6,830	7,406	(576)	(7.8)%
School facilities project costs	228,660	283,673	(55,013)	(19.4)%
Total expenses	<u>235,490</u>	<u>291,079</u>	<u>(55,589)</u>	<u>(19.1)%</u>
Change in net position	(119,943)	(209,635)	89,692	42.8%
Beginning net position	<u>273,468</u>	<u>483,103</u>	<u>(209,635)</u>	<u>(43.4)%</u>
Ending net position	<u>\$ 153,525</u>	<u>\$ 273,468</u>	<u>\$ (119,943)</u>	<u>(43.9)%</u>

*Note: All percentages are calculated using unrounded figures.*

#### *Significant Account Variances for the Change in Net Position*

*Federal CPF grant funding:* The Authority recognized as revenues the amount spent during the year for the Union City Grade 7-9 Community School project for the grant funds that were approved and spent in 2023, but not received by the Authority until 2024.

*Investment earnings:* The increase is due to significantly higher investment return rates during the year and a higher average invested cash balance during the year.

*School facilities project costs:* The decrease is due mainly to lower spending for SDA-managed construction projects, Regular Operating District grants, and school furniture and fixture expenses, all resulting from the near completion of the 2012 capital project plan.



## School Construction Program Authorized Funding and Disbursements

The Authority does not have an economic interest in any school facility project. With the exception of interest income on invested funds, the Authority does not generate substantial operating revenues, yet it incurs significant operating expenses to administer the School Construction Program. Costs related to school facilities projects are reported as school facilities project costs in the statement of activities. Program administrative and general expenses not identifiable specifically to school facilities projects are considered eligible project costs under EFCFA and are therefore eligible to be paid from EFCFA funding. Program administrative and general expenses are also eligible to be paid from debt defeasance appropriations as stipulated in the Grant Agreement dated January 30, 2023. This agreement sets forth the terms and conditions for the provision of the Grant Amount, including among other things, audit requirements pertaining to the Grant as well as the schedule for disbursement of the grant amount which must be expended by June 30, 2032.

Through December 31, 2023, the Authority has received \$11.8 billion of the \$12.5 billion principal amount of bond proceeds authorized for the School Construction Program. An additional \$2.25 billion of non-debt funding has similarly been authorized for the School Construction Program, including \$1.9 billion appropriated on June 30, 2022 from the State of New Jersey Debt Defeasance and Prevention Fund, and \$350 million approved in various state budgets. The annual distribution of funds to SDA from the Debt Defeasance and Prevention Fund is stipulated in a grant agreement between the New Jersey State Treasurer and the Authority. In accordance with the grant agreement, annual debt defeasance appropriations will continue through state fiscal year 2029. The schedule of grant payments may be adjusted as mutually agreed upon by the parties to ensure the Authority has sufficient funds to meet its current obligations.

To date, the Authority has disbursed 81.5% of the currently authorized program funding, as follows:

	<u>All Sources</u>	<u>Program Funding<sup>1</sup></u>	<u>Disbursements</u>	<u>% Paid</u>
SDA Districts	\$ 10,800,000,000	\$ 10,945,747,252	\$ 8,809,402,145	80.5%
RODs Including Vo-Tech Schools	4,025,000,000	4,082,940,688	3,435,945,312	84.2%
Totals	<u>\$ 14,825,000,000</u>	<u>\$ 15,028,687,940</u>	<u>\$ 12,245,347,457</u>	81.5%

<sup>1</sup> Program funding includes the amounts authorized under the respective bonding caps in addition to approximately \$204 million of interest income and miscellaneous revenue earned through December 31, 2023.

Additionally, \$50.0 million has been allocated to the Authority from the federally funded Coronavirus Capital Project Fund, through the New Jersey Department of Community Affairs (“DCA”), to partially fund the New Construction Union City Grade 7-9 Community School Program (“Program”). On April 24, 2024, the Authority executed a grant agreement with DCA formally assigning responsibility for implementing the Program to the Authority. DCA, as recipient of the CPF funds from the U.S. Department of the Treasury as Grantee, is responsible for administering, managing and monitoring the grant award and disbursing CPF funds accordingly.

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 2023, the SDA celebrated the completion of four capital plan school facilities projects, in an SDA District providing 2,651 new student seats. The total State investment in this project was more than \$288 million.

As of December 31, 2023, the SDA has 3 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 13 emergent need projects in the SDA Districts. Emergent need projects most often address roof repairs or replacements; deteriorating façades; water infiltration; heating and cooling system issues; and plumbing, electrical, mechanical and security systems. The Authority maintains separate program reserves to address such emergent conditions as well as unforeseen events.

From inception through December 31, 2023, the School Construction Program has completed 712 projects in the SDA Districts. The completed projects consist of: 95 new schools; 50 extensive addition, renovation and/or rehabilitation projects; 31 rehabilitation projects; 354 health and safety projects; and 182 Section 13 Grants for SDA District-managed projects. In addition, in the Regular Operating Districts, the Authority has completed 26 projects that it partially funded and managed for the districts, including 8 new schools. Also, State funding was provided through Section 15 Grants for 5,242 school projects throughout the 21 counties of New Jersey.

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

	<b>\$ In thousands</b>				
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
EFCFA funding received from State	\$ -	\$ -	\$ 350,000	\$ -	\$ 350,000
Appropriations from State	75,000	75,000	275,000	-	-
Federal CPF grant	22,534	-	-	-	-
Investment earnings, net	17,917	6,353	230	2,696	9,341
Administrative and general expenses	6,830	7,406	6,984	13,143	15,910
Capital expenditures	133	6	182	577	628
School facilities project costs	228,660	283,673	267,533	291,279	306,967
Employee count at end of year	128	127	152	174	183

### **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](http://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, 2023

	General Fund Total	Adjustments (Note 8)	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 486,555,839	\$ -	\$ 486,555,839
Receivables	22,534,092	-	22,534,092
Prepaid expenses	83,476	-	83,476
Capital assets-net	-	5,669,810	5,669,810
Total assets	<u>509,173,407</u>	<u>5,669,810</u>	<u>514,843,217</u>
<b>Deferred Outflows of Resources</b>			
Deferred amount for pensions	-	3,323,139	3,323,139
Deferred amount for OPEB	-	4,034,218	4,034,218
Total deferred outflows of resources	<u>-</u>	<u>7,357,357</u>	<u>7,357,357</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><b>\$ 509,173,407</b></u>	<u><b>\$ 13,027,167</b></u>	<u><b>\$ 522,200,574</b></u>
<b>Current Liabilities</b>			
Accrued school facilities project costs	\$ 27,505,996	\$ 476,770	\$ 27,982,766
Unearned revenue Debt Defeasance appropriations	250,000,000	-	250,000,000
Other accrued liabilities	530,418	2,910,634	3,441,052
Escrow deposits	5,512,708	-	5,512,708
Total current liabilities	<u>283,549,122</u>	<u>3,387,404</u>	<u>286,936,526</u>
<b>Non-Current Liabilities</b>			
Accrued school facilities project costs	-	6,499,379	6,499,379
Net pension liability	-	23,242,844	23,242,844
Total OPEB liability	-	17,611,947	17,611,947
Other accrued liabilities	-	4,746,383	4,746,383
Total non-current liabilities	<u>-</u>	<u>52,100,553</u>	<u>52,100,553</u>
<b>Deferred Inflows of Resources</b>			
Deferred amount for pensions	-	12,496,982	12,496,982
Deferred amount for OPEB	-	17,141,365	17,141,365
Deferred amount for Federal CPF grant	22,533,531	(22,533,531)	-
Total deferred inflows of resources	<u>22,533,531</u>	<u>7,104,816</u>	<u>29,638,347</u>
<b>Fund Balance/Net Position</b>			
Net investment in capital assets	-	5,669,810	5,669,810
Nonspendable:			
Prepaid expenses	83,476	(83,476)	-
Restricted for schools construction	196,619,058	15,557,382	212,176,440
Unassigned/Unrestricted	6,388,220	(70,709,322)	(64,321,102)
Total fund balance/net position	<u>203,090,754</u>	<u>(49,565,606)</u>	<u>153,525,148</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position</b>	<u><b>\$ 509,173,407</b></u>	<u><b>\$ 13,027,167</b></u>	<u><b>\$ 522,200,574</b></u>

*See accompanying notes.*

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

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

For the Year Ended December 31, 2023

	<b>General Fund Total</b>	<b>Adjustments (Note 8)</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
School Construction Program:			
Appropriations from State	\$ 75,000,000	\$ -	\$ 75,000,000
Federal CPF grant	-	22,533,531	22,533,531
General:			
Investment earnings	17,917,394	-	17,917,394
Other revenue	23,638	72,486	96,124
<b>Total revenues</b>	<b>92,941,032</b>	<b>22,606,017</b>	<b>115,547,049</b>
<b>Expenditures/Expenses</b>			
Administrative and general expenses	12,471,293	(5,640,883)	6,830,410
Capital expenditures	133,324	(133,324)	-
School facilities project costs	228,500,439	159,715	228,660,154
<b>Total expenditures/expenses</b>	<b>241,105,056</b>	<b>(5,614,492)</b>	<b>235,490,564</b>
Deficiency of revenues over expenditures/Change in net position	(148,164,024)	28,220,509	(119,943,515)
<b>Fund Balance/Net Position</b>			
Beginning of year, January 1, 2023	351,254,778	(77,786,115)	273,468,663
End of year, December 31, 2023	<b>\$ 203,090,754</b>	<b>\$ (49,565,606)</b>	<b>\$ 153,525,148</b>

*See accompanying notes.*

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

Notes to Financial Statements

**1. Nature of the Authority**

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

The School Construction Program was initiated in response to the New Jersey Supreme Court’s decision in Raymond Abbott et al. v. Fred G. Burke, 153 N.J. 480 (1998), which eventually led to the Legislature’s adoption of the Educational Facilities Construction and Financing Act, P.L.2000, c.72 (“EFCFA”) on July 18, 2000. The EFCFA, as amended in P.L.2008, c.39, provides for an aggregate \$12.5 billion principal amount of bond proceeds (“EFCFA funding”) to be issued by the New Jersey Economic Development Authority (“EDA”) 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. On June 30, 2022, an additional \$1.9 billion was appropriated to the Authority from the State of New Jersey Debt Defeasance and Prevention Fund, and \$350 million has been approved in recent state budgets. As for these non-debt funding sources, \$1.85 billion is allocated to the SDA Districts, and \$400 million is for Regular Operating Districts, including vocational schools.

**2. Summary of Significant Accounting Policies**

**(a) Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) EFCFA bond proceeds received from the State, and budget and non-budget appropriations funding received from the State, which monies are restricted to meeting either the operational or capital requirements of the School Construction Program, and (2) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Non-budget appropriated funds provided to the Authority are made pursuant to grant agreements with the State, and the expenditures associated with such grant amounts are subject to state and federal single audit requirements, as applicable. As discussed below in Note 14, the Authority is the grantee with respect to two distinct grant agreements with the State.

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

Notes to Financial Statements (Continued)

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.

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

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

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

**(c) Revenue Recognition**

The Authority's revenues consist of appropriations from the State and from State pass through funds for federal programs administered by the Authority on behalf of the State. The timing of the revenue recognition is based on the nature of the underlying agreement in accordance with the nonexchange guidance in Governmental Accounting Standards Board (GASB) Statement No. 33.

**(d) Cash and Cash Equivalents**

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

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

Notes to Financial Statements (Continued)

**(e) 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.

**(f) Capital Assets**

Capital assets are reported in the governmental activity column in the government-wide financial statements and are recorded at historical cost or estimated historical cost if purchased and constructed. The Authority's current capitalization threshold is as follows: \$5,000 for office furniture and equipment; \$30,000 for automobiles; \$100,000 for computer software; \$5,000 for right-to-use assets; and \$50,000 for leasehold improvements for individual items meeting all other capitalization criterion. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets.

Leasehold improvements – lesser of 10 years or the lease term  
Office furniture and equipment – 7 years  
Automobiles – 5 years  
Computer software – 3 years  
Right-to-use assets – lease term

The Authority does not have an economic interest in any school facility project that it finances. Therefore, apart from certain right-to-use assets accounted for under Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, costs related to school facilities projects are reported as school facilities project costs in the statement of activities.

**(g) Leases**

The Authority is a lessee for non-cancelable leases of equipment, buildings and land. The Authority recognizes a lease liability and a corresponding intangible right-to-use lease asset (lease asset) in the financial statements for items meeting the capitalization criteria. The Authority recognizes lease liabilities with an initial, individual value of \$5,000 or more.

Lease liabilities are initially recognized at the lease commencement date based on the present value of future lease payments to be made by the Authority over the lease term. The estimated payments are discounted using the Authority's estimated incremental borrowing rate. The lease term includes the non-cancelable period of the lease. The lease liability is subsequently reduced by the principal portion of lease payments made. Lease liabilities are reported on the statement of net position.

Lease assets are recognized at the lease commencement date and represent the Authority's right to use an underlying asset for the lease term. Lease assets are initially measured at the



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

Notes to Financial Statements (Continued)

initial value of the lease liability, adjusted for lease payments made at or before the lease commencement date and initial direct costs. The lease asset is subsequently amortized on a straight-line basis over its useful life. Lease assets are reported with capital assets on the statement of net position.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and remeasures its lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

The Authority does not have any leases as a lessor.

**(h) Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two items that qualify for reporting in this category. It is the deferred amounts related to pension and OPEB reported in the government-wide statement of net position. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the Federal CFP grant. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. In the government-wide financial statements the Authority reports deferred amounts related to pension and OPEB.

**(i) Pensions**

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

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

Notes to Financial Statements (Continued)

**(j) Allocation of Employee Salaries and Benefits Costs**

The Authority allocates employee salaries and benefits costs between operating expense (i.e., administrative and general expenses) and school facilities project costs on the Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance. The allocation of employee salaries to school facilities project costs is supported by timekeeping records; employee benefits costs are allocated to projects based on a projected annual fringe benefit rate determined by the Authority. The fringe benefit rate utilized for 2023 is 45.00%.

For the year ended December 31, 2023, employee salary and benefit costs are allocated as follows:

Employee salary and fringe benefits costs:	
Charged to administrative and general expenses	\$ 2,278,642
Charged to school facilities project costs	9,863,111
Total employee salary and benefits costs	<u>\$ 12,141,753</u>

**(k) Net Position/Fund Balance**

The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows or resources is “Net Position” on the government-wide, proprietary, and fiduciary fund statements, and “Fund Balance” on the governmental fund statements. Net Position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Net Position that is restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments, and, in some cases, by legally enforceable enabling legislation or constitution of the State is a restricted net position.
- Unrestricted net position consists of net position which does not meet the definition of the two preceding categories.

The fund balance category, general government operations, is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which the

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

Notes to Financial Statements (Continued)

amounts in those funds can be spent. Fund balances are reported in the following categories:

- Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.
- Restricted fund balances are restricted due to legal restriction from creditors, grantors, or laws and regulations of other governments, or by legally enforceable enabling legislation or constitution of the State.
- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by appropriation legislation passed by the State Legislature, which is the highest level of decision-making authority for the State. Those committed amounts cannot be used for any other purpose unless the Legislature passes new legislation concerning those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned fund balances are constrained by the government's intent to use such funds for specific purposes, but are neither restricted nor committed, except for major reserve/stabilization arrangements. Assigned fund balances include all remaining amounts (except negative amounts) that are reported in the governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed. Amounts in the General Fund that are intended to be used for a specific purpose are also assigned. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the State has assigned those amounts to the purposes of the respective funds.
- Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Any negative fund balances are unassigned. The General Fund is the only fund that reports a positive unassigned fund balance.

Agency level assigned and unassigned fund balance spending is at the discretion of the Authority. It is the Authority's overall policy to use restricted balances first, then unrestricted balances in the following order: committed, assigned, and unassigned.

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

Notes to Financial Statements (Continued)

**(l) Taxes**

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

**(m) Rebate Arbitrage**

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

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

Rebate arbitrage calculations have been performed for all series of School Facilities Construction Bonds up through 2023 Series RRR. As of December 31, 2023, no Authority rebate arbitrage liabilities exist.

**(n) Use of Estimates**

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

**(o) New Accounting Standards Adopted**

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPPs”). As used in this Statement, a PPP is an arrangement in which a government (the “transferor”) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like

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

Notes to Financial Statements (Continued)

transaction. Some PPPs meet the definition of a service concession arrangement (“SCA”), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (“APAs”). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority’s adoption of this Statement on January 1, 2023, did not have an impact on the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority’s adoption of this Statement on January 1, 2023, did not have an impact on the financial statements.

GASB Statement No. 99, *Omnibus 2022*, was issued on April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain provisions of the Statement are effective as of the current fiscal reporting year of the Authority. The Authority’s adoption of the below provisions of this Statement on January 1, 2023, did not have an impact on the financial statements.

The practice issues addressed by this Statement that are newly adopted accounting standards are as follows:

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

Notes to Financial Statements (Continued)

- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. The provisions of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. The provisions of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. The provisions of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

**(p) Accounting Standards Issued But Not Yet Adopted**

GASB Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, was issued in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 101, *Compensated Absences*, was issued in June 2022. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the

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

Notes to Financial Statements (Continued)

leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*, was issued in December 2023. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. Governmental reporting entities face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued in April 2023. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

Management’s Discussion and Analysis

This Statement continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required

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

Notes to Financial Statements (Continued)

supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources



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

Notes to Financial Statements (Continued)

provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

**3. Deposits and Investments**

**(a) Cash and Cash Equivalents**

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the Authority's name by two commercial banking institutions. As of December 31, 2023, the carrying amount of operating cash is \$1,660,697 and the bank balance is \$1,754,858. Deposits of up to \$250,000 at each commercial banking institution are insured with Federal Deposit Insurance.

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. As of December 31, 2023, 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.

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

Notes to Financial Statements (Continued)

**(b) Investments**

In order to maximize liquidity, the Authority utilizes the NJCMF as its sole investment. Participation in the NJCMF is voluntary. All investments in the NJCMF are governed by the regulations of the State of New Jersey, Department of the Treasury, Division of Investment, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. The NJCMF invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasury Notes and Bills; short-term commercial paper; U.S. Agency Bonds; corporate bonds; and certificates of deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. As of December 31, 2023, the Authority's investments in the NJCMF total \$484,895,142. Of this amount, \$5,512,708 relates to district local share funding requirements (see Note 5).

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

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

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

**4. Prepaid Expenses**

As of December 31, 2023, the Authority's prepaid expenses are as follows:

Service contracts	\$ 25,777
Other	57,699
Total prepaid expenses	<u>\$ 83,476</u>

**5. Escrow Deposits**

The Authority has received funds from several local school districts as required by Local Share Agreements for the funding of certain ineligible costs relating to projects in the SDA Districts. These deposits, including investment earnings, are reflected as liabilities in the accompanying financial statements. As of December 31, 2023, deposits held in SDA bank accounts, inclusive of interest earned but not yet refunded to the district, are as follows:

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

Notes to Financial Statements (Continued)

Harrison	\$ 10,605
Keansburg	623
Millville	68,016
Newark	456,077
Orange	34,381
Passaic City	37,281
Pemberton	24,676
Perth Amboy	4,203,290
Plainfield	6,239
Union City	671,520
Total escrow deposits	<u>\$ 5,512,708</u>

**6. Capital Assets**

Capital asset activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Capital assets:				
Leasehold improvements	\$ 134,149	\$ -	\$ -	\$ 134,149
Office furniture and Equipment	3,770,203	95,921	-	3,866,124
Computer software	2,033,521	-	-	2,033,521
Automobiles	224,395	37,403	(25,067)	236,731
Right-to-use assets	4,132,407	4,655,395	(110,972)	8,676,830
Capital assets-gross	10,294,675	4,788,719	(136,039)	14,947,355
Less: Accumulated depreciation/amortization	(7,014,660)	(2,398,924)	136,039	(9,277,545)
Capital assets-net	<u>\$ 3,280,015</u>	<u>\$ 2,389,795</u>	<u>\$ -</u>	<u>\$ 5,669,810</u>

Depreciation/amortization expense for the year ended December 31, 2023 was charged to activities and programs of government, as follows:

Administrative and general expenses	\$ 1,677,007
School facilities project costs	721,917
Total depreciation/amortization expense	<u>\$ 2,398,924</u>

**7. Leases**

The Authority recognized lease assets of \$5,051,451 (net of accumulated amortization of \$3,625,379) in the Statement of Net Position as of December 31, 2023, with corresponding lease liabilities of \$5,073,419. On November 17, 2023, the Authority executed a five-year, \$4.2 million extension of the office lease agreement, with a commencement date of January 1, 2024. Lease liabilities related to school facilities projects are included in the statement of net

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

Notes to Financial Statements (Continued)

position in accrued school facilities project costs (current \$476,214 and non-current \$292,762), and lease liabilities unrelated to projects are included in other accrued liabilities (current \$765,746 and non-current \$3,538,697).

Additionally, the Authority recognized lease expense of \$1,889,163 in the statement of activities for the year ended December 31, 2023, consisting of lease amortization expense of \$1,866,311, and lease interest expense of \$22,852. Lease expense related to school facilities projects is included in the statement of activities in school facilities project costs in the amount of \$733,993, and lease expense unrelated to projects is included in administrative and general expenses in the amount of \$1,155,170. Cash lease payments for the year totaling \$1,913,998 are recognized in the general fund revenues, expenditures and changes in fund balance.

Since the Authority is unable to determine the interest rates lessors have factored into in each respective lease, and the Authority’s 2007 enabling legislation precludes it from incurring indebtedness, the SDA’s policy is to use the U.S. Treasury Daily 10-Year Yield for its estimated incremental borrowing rate (IBR) to determine the initial lease liability and corresponding right of use asset.

The future principal and interest lease payments as of December 31, 2023, are as follows:

Years	Principal	Interest	Total
2024	\$ 1,241,960	\$ 171,869	\$ 1,413,829
2025	879,083	150,661	1,029,744
2026	941,495	110,934	1,052,429
2027	994,270	68,628	1,062,898
2028	1,016,611	24,016	1,040,627
<b>Totals</b>	<b>\$ 5,073,419</b>	<b>\$ 526,108</b>	<b>\$ 5,599,527</b>

As of December 31, 2023, the Authority does not have any lease obligations extending beyond the year 2028.

**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 (\$203,090,754) differs from the “net position” reported on the statement of net position (\$153,525,148). 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

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

Notes to Financial Statements (Continued)

associated with depreciation, accrued school facilities project costs not currently due for payment and non-current other postemployment benefits and compensated absences are not recorded in the fund financial statements until paid.

A summary of these differences as of December 31, 2023 is as follows:

Fund balances	\$ 203,090,754
Capital assets, net of accumulated depreciation of \$ (9,277,545)	5,669,810
Deferred outflows of resources for pensions and OPEB	7,357,357
Net pension liability	(23,242,844)
Total other postemployment benefits liability	(17,611,947)
Accrued compensated absences	(1,207,686)
Accrued pension payable	(2,144,704)
Lease liabilities-internal SDA operations	(4,304,627)
Lease liabilities-school facilities projects	(769,532)
Other school facilities project costs	(6,206,617)
Deferred inflows of resources for pensions and OPEB	(29,638,347)
Deferred inflows of resources for Federal CPF grant	22,533,531
Net position	\$ 153,525,148

**(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, 2023 is as follows:

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

Notes to Financial Statements (Continued)

Deficiency of Revenues Over Expenditures	\$ (148,164,024)
Federal CPF grant	22,533,531
Pension (expense)/credit (GASB 68)	5,944,698
Pension (expense)/credit-special funding situation	72,486
Other postemployment benefits expense (GASB 75)	222,425
Compensated absences (expense)/credit	(10,221)
Lease (expense)/credit-internal SDA operations	16,594
Lease (expense)/credit-school facilities projects	9,231
Other school facilities project (costs)/credits	(168,946)
Capital expenditures	133,324
Depreciation expense	(532,613)
Changes in net position	<u>\$ (119,943,515)</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 \$1,891,326 as of December 31, 2023. This liability is included in accrued school facilities project costs reported on the statement of net position. The Authority’s PRO liability and asset are charged or credited to school facilities project costs in the statement of activities. The Authority’s PRO liability is measured based on the current cost of future activities. Also, the PRO liability was estimated using “the expected cash flow technique,” which measures the liability as the sum of probability weighted amounts in a range of possible estimated outcomes.

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

## 10. Commitments and Contingencies

### (a) Contractual Commitments

As of December 31, 2023, the Authority has approximately \$199 million of unaccrued contractual commitments relating to future expenditures associated with school facilities projects.

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

Notes to Financial Statements (Continued)

**(b) Contractor and Other Claims**

Numerous contractor and other claims, the vast majority of which are not in litigation, have been filed with the Authority by design consultants, general contractors, project management firms and school districts relating to disputes concerning school construction matters (e.g., delays, labor and material price increases). The Authority resolves contractor claims by following the administrative process noted in the relevant contract. As of December 31, 2023, the Authority's potential loss from all claims has been estimated at approximately \$4.3 million, which represents an increase of \$0.7 million from the prior year end accrual. Accordingly, as of December 31, 2023, an accrued liability of \$4.3 million is reflected in the statement of net position as a component of accrued school facilities project costs and, for the year then ended, \$0.7 million is charged to school facilities project costs on the statement of activities.

**(c) Insurance**

The Authority maintains two insurance programs: business insurance for its operations, which includes property, auto, cyber, general liability, and public officials' liability coverage, and an Owner Controlled Insurance Program (OCIP), for its construction projects. As of December 31, 2023, management is not aware of any insurable claim that is expected to exceed the Authority's insurance policy limits.

An OCIP is generally in place for five years: projects can be enrolled during the first three years, and will be insured until the end of the fifth year, by which time they should be completed. However, insurers often extend the time to enroll and complete projects, to accommodate delays. The Authority has obtained an extension on three of the four OCIPs that it has purchased.

Each OCIP provides workers' compensation, general liability, and excess liability coverage, to all contractors and sub-contractors performing labor on the site of an enrolled project, except for those in select classes that the insurer deems ineligible. When an enrolled project has been completed, completed operations coverage takes effect. This covers any claim arising out of construction of the facility, which occurs in the subsequent 10 years.

Each OCIP provides standard policy limits for workers' compensation and general liability coverage, backed by excess liability coverage, to protect against catastrophic claims. The Authority has carried excess liability limits of \$200 million or greater, for each of its OCIPs.

OCIP I took effect on December 31, 2003. On December 31, 2006, it was extended until March 31, 2009.

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

Notes to Financial Statements (Continued)

The Authority then purchased OCIP II, to cover projects commencing construction between March 31, 2009 and March 31, 2012. Both the enrollment period and the time to complete projects were extended by two years.

The Authority purchased OCIP III, effective March 1, 2015, and then OCIP IV, effective March 1, 2018. Covid-19 caused delays in starting and completing projects during OCIP IV, so the insurers extended the time to enroll projects until July 2022, and the time to complete them until December 31, 2025.

The Authority is currently planning OCIP V, which is expected to roll out at the end of 2024.

The Authority pays a premium for each line of coverage at the start of each OCIP, based on the estimated aggregate construction value (CV) of all projects expected to enroll. The premiums are adjusted at the end of the program, based on the final construction value of all enrolled projects.

Each workers' compensation and general liability claim is subject to a \$250,000 per claim deductible. A \$350,000 "clash" deductible applies, if a workers' compensation and general liability claim arise out of the same occurrence.

The Authority funds an account at the start of each OCIP, from which the insurer reimburses itself for claim payments that it made on the Authority's behalf, within the deductible. The funded amount is generally 35% - 75% of the insurer's initial estimate of the Authority's deductible obligation over the full term of the OCIP, i.e., the number of claims that will be filed and the cost to resolve each claim, up to \$250,000.

The OCIP policy includes a provision that allows the insurer to periodically seek additional funds from the Authority, to replenish the account, i.e., if it falls below the required minimum balance. A separate provision caps the Authority's deductible obligation at a maximum amount.

The Authority's initial funding obligation for OCIP I was \$37 million. It paid four annual installments totaling \$34.9 million, into a Deductible Reimbursement Fund (DRF), and received a credit for the remaining \$2.1 million, for estimated interest that those funds would earn.

The insurer of OCIP I also insured OCIP II, and agreed to transfer funds from the OCIP I DRF, to a new Loss Reimbursement Fund (LRF). The Authority's funding obligation was set at approximately \$18.9 million at the start of OCIP II. Its maximum obligation was capped at \$26 million.

The Authority changed insurers for OCIP III, and deposited approximately \$4.5 million into a new LRF, based on a maximum deductible obligation of \$12.4 million.



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

Notes to Financial Statements (Continued)

The Authority changed insurers again for OCIP IV, and funded a new LRF in the amount of \$4.5 million, based on a maximum obligation of \$9.9 million. It paid an additional \$1.059 million to replenish the LRF, in November 2023.

The decrease in the Authority's funding obligation for each successive OCIP, is due primarily to better-than-expected claims experience in the preceding OCIP.

As of December 31, 2023, there are open reserves for general liability and workers' compensation claims within the Authority's deductibles of \$61,437 for OCIP I, \$29,776 for OCIP II, \$249,351 for OCIP III, and \$912,780 for OCIP IV.

All monies deposited in the LRF, but not needed to pay claims, will be refunded to the Authority with accrued interest, as applicable. However, the Authority has no claim or interest in the funds until six months after the expiration of each OCIP. Since no active projects are currently insured by the Authority's first three OCIPs, the DRF for OCIP I and the LRF for OCIPs II and III are reviewed annually, and the deductible obligation re-determined; if a given fund is overfunded, based on the projected cost to resolve any remaining claims, the Authority is entitled to a refund equal to the amount of overfunding. The Authority recovered approximately \$144,000 from the OCIP I deductible fund in 2023.

The Authority also purchases Builder's Risk ("BR") insurance, which protects facilities under construction from losses due to fire, vandalism, lightning, wind, and other hazards. The Authority's most recent Builder's Risk policy, which provided a limit of \$250 million for any one project, was set to expire on July 15, 2023; however, the BR insurer extended coverage on all ongoing projects to the expected completion date, plus 60 days, to allow for delays. General contractors will then provide insurance if construction operations extend past the expiration date of SDA's BR coverage, or if completion of a given project is imminent the school district may add the school to its property insurance policy, as it will have to do once construction is completed. The Authority will purchase a new Builder's Risk policy for OCIP V which will not go into effect until school construction begins in 2026, in conjunction with the 2022 Capital Plan.

In October 2009, the Authority purchased an Owners Protective Professional Indemnity (OPPI) policy, with a term of five years, to provide protection in excess of the professional liability insurance carried by the design professionals, which the Authority hires for its projects. The policy limit was \$25 million per claim, subject to a self-insured retention of \$500,000 per claim. The coverage included an Extended Reporting Period (ERP) of up to 10 years, to report claims arising out of an error or omission by a design professional under contract, beginning on the earlier of a project's substantial completion date or the policy expiration date, which was October 1, 2014.

In December 2014, the Authority purchased a new 5-year OPPI policy, which includes excess Contractors Pollution Liability (CPL), to cover projects commencing construction

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

Notes to Financial Statements (Continued)

between December 31, 2014 and December 31, 2019. The policy provides a per claim limit of \$25 million, subject to a \$500,000 per claim self-insured retention for OPPI, and a \$500,000 per claim self-insured retention for CPL. The coverage includes an ERP of up to eight years, beginning on the earlier of a project's substantial completion date or the policy expiration date of December 31, 2019. The policy expiration date was extended to June 30, 2025, to cover all projects in the Authority's current portfolio until they reach substantial completion.

## 11. Employee Benefits

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

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

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

Tier 1 members who have 25 years or more of credited service may elect early retirement without penalty at or after age 55, and receive full retirement benefits; however, the retirement

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

Notes to Financial Statements (Continued)

allowance is reduced by 3% per year (1/4 of 1% per month) for each year the member is under age 55. For Tier 2 members with 25 years or more of credited service the retirement allowance is reduced by 1% per year (1/12 of 1% per month) for each year the member is under age 60 (until age 55) and 3% per year (1/4 of 1% per month) for each year the member is under age 55. For Tier 3 and Tier 4 members the retirement allowance is reduced by 1% per year (1/12 of 1% per month) for each year the member is under age 62 (until age 55) and 3% per year (1/4 of 1% per month) for each year the member is under age 55. Lastly, for Tier 5 members the retirement allowance is reduced by 3% per year (1/4 of 1% per month) for each year the member is under age 65.

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

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

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

As of December 31, 2023, the Authority reported a liability of \$23.2 million in the statement of net position for its proportionate share of the net pension liability for the PERS. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The actuarial valuation was rolled forward to June 30, 2023 using update procedures. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the Plan relative to the projected contributions of all participating State agencies, actuarially determined. As of June 30, 2023, the Authority’s proportionate share was estimated to be 0.16047%. The change in proportion since the prior measurement date was a decrease of 0.03454%.

For the year ended December 31, 2023, the Authority recognized pension income in the amount of \$3,485,594 in the Statement of Activities, of which pension expense in the amount of \$2,459,103 (the Authority’s 2023 contractually required pension contribution to the PERS) was recorded in the General Fund Revenues, Expenditures and Changes in Fund Balance. The amount of the Authority’s pension contribution due on April 1, 2024 is \$2,144,704. Pension expense or income is reported in the Authority’s financial statements as a component of administrative and general expenses.

As stated above, the Authority’s contractually required contribution to the PERS for the year ended December 31, 2023 was \$2,459,103, which is 19.0% of annual covered payroll. Based

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

Notes to Financial Statements (Continued)

on the recommendation of the State of New Jersey Department of the Treasury, the investment rate of return used to calculate the actuarially determined contribution effective with the July 1, 2019 valuation was 7.30% per annum. The Department of the Treasury recommendation also calls for the rate to be reduced further to 7.00% per annum effective with the July 1, 2021 valuation. The actuarially determined employer contribution amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

As of December 31, 2023, the Authority's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 107,036	\$ -
Differences between expected and actual experience	222,231	95,009
Changes in assumptions or other inputs	51,060	1,408,616
Changes in proportion	798,108	10,993,357
Contributions subsequent to the measurement date	2,144,704	-
Total deferred outflows and inflows of resources	\$ 3,323,139	\$ 12,496,982

Deferred outflows of resources of \$2,144,704 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year 1 (2024)	\$ (4,786,072)
Year 2 (2025)	(4,290,402)
Year 3 (2026)	(758,144)
Year 4 (2027)	(1,395,676)
Year 5 (2028)	(88,253)
Total	\$ (11,318,547)

***Actuarial methods and assumptions***

The collective total pension liability in the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The key actuarial assumptions are summarized as follows:

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

Notes to Financial Statements (Continued)

Rate of inflation	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% to 6.55% based on years of service
Investment rate of return	7.00%
Cost of living adjustment	None assumed

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

***Discount rate***

The discount rate used to measure the total pension liability as of June 30, 2023 was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

***Expected rate of return on investments***

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. equity	28.00%	8.98%
Non-U.S. developed market equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging market equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real assets	3.00%	8.40%
Real estate	8.00%	8.58%
High yield	4.50%	6.97%

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

Notes to Financial Statements (Continued)

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

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

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
PERS	\$30,512,103	\$23,242,844	\$17,418,160

***Pension plan fiduciary net position***

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

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

The DCRP was established on July 1, 2007 under the provisions of P.L.2007, c.92 and P.L.2007, c.103. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with death and disability benefits. A PERS member who becomes eligible and is enrolled in the DCRP is immediately vested in the DCRP. To be eligible for the DCRP, an employee is required to have enrolled in the PERS on or after July 1, 2007 (Tiers 2 through 5), and they must earn an annual salary in excess of established “maximum compensation” limits. The maximum compensation is based on the annual maximum wage for Social Security and is subject to change at the start of each calendar year. A PERS member who is eligible for the DCRP may voluntarily choose to waive participation

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

Notes to Financial Statements (Continued)

in the DCRP for a reduced retirement benefit from the State. If a member waives DCRP participation and later wishes to participate, the member may apply for DCRP enrollment, with membership to be effective January 1 of the following calendar year. PERS members who participate in the DCRP continue to receive service credit and are eligible to retire under the rules of the PERS, with their final salary at retirement limited to the maximum compensation amounts in effect when the salary was earned. The participating member would also be entitled to a supplementary benefit at retirement based on both the employee (above the maximum compensation limit) and employer contributions to the DCRP. For the direct benefit of those participating in the DCRP, the Authority would be required to contribute 3% to the DCRP (“employer matching”) based on the member’s annual compensation (base salary) in excess of the maximum compensation limit.

For the year ended December 31, 2023, the Authority had one active employee enrolled in the DCRP and made matching contributions totaling \$1,700. Employer matching contributions relating to 2022, 2021 and 2020 totaled \$3,198, \$3,311, and \$3,876, respectively.

**(c) Deferred Compensation**

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

**(d) Other Postemployment Benefits**

*Plan description and benefits provided.* The Authority provides postemployment healthcare benefits (including Medicare Part B reimbursement) and prescription drug coverage through participation in the New Jersey State Health Benefits Program, as sponsored and administered by the State of New Jersey, to eligible retirees having either: (1) 25 years or more of service in the PERS if hired on or prior to June 28, 2011, or; (2) 30 years or more of service in the PERS if hired after June 28, 2011, or (3) to those individuals approved for disability retirement. These postemployment benefits also extend to the retirees’ covered dependents. Health benefits and prescription drug benefits provided by the plan are at no cost to eligible retirees who had accumulated at least 20 years of service credit as of June 30, 2010; all other eligible retirees must contribute a portion of the premium costs based on the applicable percentage of premium as determined by the annual retirement allowance. A minimum contribution of 1.5% of the monthly retirement allowance is required. Upon turning 65 years of age, a retiree must opt for Medicare as their primary coverage, with State benefits providing supplemental coverage. In addition, life insurance is provided at no cost to the Authority and the retiree in an amount equal to 3/16 of their average salary during the final 12 months of active employment. The State pays the cost of this benefit. The State has the authority to establish and amend the benefit

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

Notes to Financial Statements (Continued)

provisions offered and contribution requirements. The plan is considered a single employer defined benefit plan for financial reporting purposes. The Authority has elected to fund postretirement health benefits on a pay-as-you-go basis since it is not authorized to pre-fund an OPEB trust from the proceeds of tax-exempt bonds (nor from the income earned on the investment of those proceeds) from which it presently derives essentially all of its revenue. Therefore, no plan assets exist in a trust that meets the specified criteria in paragraph 4 of GASB 75.

***Retirees and employees covered by OPEB Plan***

As of December 31, 2023, the following employees were covered by the benefit terms:

Retired employees and/or beneficiaries currently receiving benefit payments	30
Active employees	128
Total	158

***Total OPEB liability***

The Authority's total OPEB liability of \$17,611,947 was measured as of December 31, 2022, and was based upon an actuarial valuation as of January 1, 2022. The Authority has fully recognized this liability in the statement of net position as of December 31, 2023 in accordance with GASB 75.

***Actuarial methods and assumptions***

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Rate of inflation		2.50%
Annual salary increases		3.00%
Discount rate		4.18%
Retirees' share of benefit related premium costs	None for retirees with at least 20 years of service credit as of June 30, 2010. All other retirees to contribute based on the applicable percentage of premium as determined by the annual retirement allowance. A minimum contribution of 1.5% of the retirement allowance is required.	

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



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

Notes to Financial Statements (Continued)

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

The annual healthcare cost inflation (trend) rate for all retiree health benefits is 7.0% beginning in 2024. The trend assumption will decrease by 0.5% per year until 2025 and by 0.25% per year from 2026 until an ultimate annual trend rate assumption of 4.5% in 2033 and later.

The decrement assumptions (i.e., retirement, turnover and disability) and age-based costs for the Authority are based on those reflected in the New Jersey Public Employees Retirement System (“PERS”) actuarial valuation report dated April 13, 2022.

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

***Changes in total OPEB liability***

Service cost	\$	969,613
Interest cost		513,336
Changes in assumptions		(7,941,012)
Benefit payments		(247,801)
Net change in total OPEB liability		(6,705,864)
Total OPEB liability – beginning of year		24,317,811
Total OPEB liability – end of year		\$ 17,611,947

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

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

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

	1% Decrease (3.18%)	Discount Rate (4.18%)	1% Increase (5.18%)
Total OPEB liability	\$20,973,273	\$17,611,947	\$14,928,845

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

Notes to Financial Statements (Continued)

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

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

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB liability	\$14,396,576	\$17,611,947	\$21,808,889

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

For the year ended December 31, 2023, the Authority recognized OPEB expense of \$44,877, of which \$267,302 (the amount of Authority contributions for retiree health insurance in 2023) was recorded in the General Fund Revenues, Expenditures and Changes in Fund Balance. The accumulated amount of deferred outflows of resources and deferred inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83,979	\$ 72,787
Changes in assumptions	3,950,239	17,068,578
Total deferred outflows and inflows of resources	\$ 4,034,218	\$ 17,141,365

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

Year 1 (2024)	\$ (1,457,573)
Year 2 (2025)	(1,457,573)
Year 3 (2026)	(1,457,573)
Year 4 (2027)	(1,457,573)
Year 5 (2028)	(1,457,573)
Year 6 (2029) and thereafter	(5,819,282)
Total	\$ (13,107,147)

**12. Compensated Absences**

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority has recorded a liability in the amount of \$1,207,686 as of December 31, 2023 in the

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

Notes to Financial Statements (Continued)

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

**13. Long-Term Liabilities**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
Lease liabilities-school facilities project costs	\$ 409,689	\$ 292,762	\$ (409,689)	\$ 292,762
Other school facilities project costs	6,037,671	713,779	(544,833)	6,206,617
Net pension liability	29,428,895	-	(6,186,051)	23,242,844
Total other postemployment benefits liability	24,317,811	-	(6,705,864)	17,611,947
Lease liabilities-internal SDA operations	26,724	3,595,016	(83,043)	3,538,697
Compensated absences	1,197,465	28,419	(18,198)	1,207,686
<b>Total long-term liabilities</b>	<b>\$ 61,418,255</b>	<b>\$ 4,269,976</b>	<b>\$ (13,947,678)</b>	<b>\$ (52,100,553)</b>

For further information, see Notes 11 and 12.

**14. Grant Funding**

**(a) New Jersey Debt Defeasance and Prevention Fund**

On June 29, 2021, the Governor signed P.L. 2021, c. 125 (the “Debt Reduction Act”) pursuant to which there was created within the General Fund, a restricted reserve fund known as the “New Jersey Debt Defeasance and Prevention Fund” (the “Fund”) for the purpose of retiring and defeasing State debt and for funding capital projects on a pay-as-you-go basis rather than issuing additional State debt for such capital projects. In accordance with P.L.2022, c.18. [S2944] and Section 2 of the Appropriating Act, pursuant to which \$5.15 billion was credited from the General Fund, a total of \$1.9 billion is appropriated (Grant Amount) to the Authority from the Fund, which allocation may be used to fund all costs associated with school facilities projects included as Grantee Capital Projects, including Grantee’s operating expenses for administering the school facilities construction program. The Grant Amount is delineated as follows: \$1.55 billion is appropriated for school facilities projects, emergent needs, and capital maintenance in SDA districts, and in lieu of bond proceeds, program administrative and general expenses as defined by SDA’s executive leadership team. And, \$350 million is

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

Notes to Financial Statements (Continued)

appropriated for school facilities projects, emergent needs, and capital maintenance in all other districts.

The New Jersey State Treasurer (Grantor) and the Authority (Grantee) have entered into a Grant Agreement dated January 30, 2023, which sets forth the terms and conditions for the provision of the Grant Amount. The Grant Amount must be expended by June 30, 2032, absent a written approval by the Treasurer of a request for extension. Any undisbursed grant funds remaining at such time must be returned to the Treasurer.

The grant is an expenditure-driven grant and the Authority recognizes the revenues and expenditures in the period when all eligibility requirements have been met. Funds received in advanced of incurring allowable expenditures must be invested in the New Jersey Cash Management Fund. Interest earned on advances of grant funds is considered Program Income. Program Income earned on the funds may be used by the Authority to further eligible program objectives.

For the year ending December 31, 2023, \$250 million of this Grant Amount was received from the New Jersey Department of the Treasury, however none of this Grant Amount has been expended through December 31, 2023. Accordingly, the Authority has recorded a liability of \$250 million on the statement of net position and general fund balance sheet as of December 31, 2023, as none of the \$250 million is earned.

This grant is covered by the audit requirements of the New Jersey Department of the Treasury Circular Letter 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. However, since none of the Grant Amount has been expended through December 31, 2023, a Single Audit is not required for the year ending December 31, 2023.

**(b) American Rescue Plan Act of 2021 - Coronavirus Capital Projects Fund (CPF)**

The SDA is a subrecipient of CPF funds allocated to the State of New Jersey. Pursuant to the selection and approval of the State and the approval of the U.S. Department of the Treasury (“U.S. Treasury”), \$50 million has been allocated to the Authority to partially fund the new construction of the Union City Grade 7-9 Community School project. The CPF funds for the Union City Grade 7-9 Community School project were awarded by U.S. Treasury on June 14, 2023. When constructed, the Union City Grade 7-9 Community School will be a six-story, 130,000 square-foot community school designed to educate 936 students. A Design-Build construction contract valued at approximately \$75 million has been awarded to Dobco, Inc. Project costs in excess of the allocated CPF funds will be funded by State appropriations. An additional \$665 thousand of CPF funds have been allocated to the Authority to fund certain administrative costs related to the grant.

The New Jersey State Treasurer has executed a Memorandum of Understanding, dated as of February 5, 2022, with the New Jersey Department of Community Affairs (“DCA”) as grants

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

Notes to Financial Statements (Continued)

manager for the CPF funds, to provide those grant management functions and processes for the State that are necessary to administer, manage and monitor grant awards and disburse funds accordingly. Similarly, the DCA and SDA have entered into a Grant Agreement, executed April 24, 2024, that sets forth the terms and conditions for the disbursement of CPF funds for the Union City Grade 7-9 Community School project.

The grant is an expenditure-driven grant and the Authority recognizes the revenues and expenditures in the period when all eligibility requirements have been met.

Through December 31, 2023, approximately \$22.5 million of the grant amount has been expended and/or accrued, however none of the CPF funds have been received from the State. As a result, the Authority has recorded a receivable on the statement of net position and general fund balance sheet as of December 31, 2023, with a corresponding deferred inflow of resources on the general fund balance sheet. Grant revenue of \$22.5 million was recognized on the statement of activities for the year ending December 31, 2023.

This grant is covered by the Single Audit requirements of 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

(c) State Appropriations

Revenue reported as “State Appropriations” represent appropriations to the Authority from the New Jersey Property Tax Relief Fund. The appropriations from Property Tax Relief Fund are annually appropriated to the Authority based on formulas established by the Legislature. The funds are exclusively for the purpose of the Authority to meet the funding of the requirements of P.L.1975, c. 212 (Public School Education Act). The Authority received \$75 million in appropriations during the year ended December 31, 2023. The Authority disburses the funds to the various schools based on an allocation determined by the New Jersey Department of Education (DOE). The SDA communicates directly with each of these school districts, providing detailed outlines of their respective funding allocations, permissible project work, timelines, and certification requirements, thereby ensuring the school districts commitment and compliance as recipients of the funding. The Authority recognizes the revenue from the appropriation when the cash is available when the relevant appropriation becomes effective, which is when the State’s fiscal year begins. Expenses are recognized at the time funds are disbursed to the participating schools.

**15. Subsequent Event**

In June 2024 and in August 2024, the Authority received a total of approximately \$50.7 million of Federal CPF funds from the State of which \$50.0 million is allocated for the new construction of the Union City Grade 7-9 Community School project, and \$665,000 is allocated for the purpose of funding certain administrative costs related to the grant.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

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

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Authority's proportion of the net pension liability	0.16047%	0.19500%	0.21109%	0.26021%	0.24445%
Authority's proportionate share of the net pension liability	\$ 23,242,844	\$ 29,428,895	\$ 25,006,500	\$ 42,434,159	\$ 44,045,377
Authority's covered payroll	\$ 12,717,576	\$ 13,540,271	\$ 15,303,041	\$ 16,333,372	\$ 19,098,021
Authority's proportionate share of the net pension liability as a percentage of covered payroll	182.8%	217.3%	163.4%	259.8%	230.6%
Plan fiduciary net position as a percentage of the total pension liability	48.4%	23.2%	51.5%	42.9%	42.0%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
Authority's proportion of the net pension liability	0.25282%	0.25811%	0.24459%	0.26024%	
Authority's proportionate share of the net pension liability	\$ 49,778,974	\$ 60,083,669	\$ 72,439,355	\$ 58,417,776	
Authority's covered payroll	\$ 17,849,263	\$ 18,573,489	\$ 18,574,888	\$ 18,072,739	
Authority's proportionate share of the net pension liability as a percentage of covered payroll	278.9%	323.5%	390.0%	323.2%	
Plan fiduciary net position as a percentage of the total pension liability	40.4%	36.8%	31.2%	38.2%	

**Notes to Schedule:**

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

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

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

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

Year	Contractually Required Contribution (CRC)	Contributions in Relation to the CRC	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$2,144,704	\$2,144,704	\$ -	\$12,548,018	17.1%
2022	\$2,459,103	\$2,459,103	\$ -	\$12,923,176	19.0%
2021	\$2,472,082	\$2,472,082	\$ -	\$14,521,363	17.0%
2020	\$2,846,614	\$2,846,614	\$ -	\$15,803,029	18.0%
2019	\$2,377,735	\$2,377,735	\$ -	\$18,055,097	13.2%
2018	\$2,514,741	\$2,514,741	\$ -	\$18,394,015	13.7%
2017	\$2,391,105	\$2,391,105	\$ -	\$18,157,354	13.2%
2016	\$2,172,867	\$2,172,867	\$ -	\$18,666,335	11.6%
2015	\$2,237,332	\$2,237,332	\$ -	\$18,078,345	12.4%
2014	\$2,102,418	\$2,102,418	\$ -	\$18,549,600	11.3%

**Notes to Schedule:**

Valuation Date Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine the actuarially determined employer contributions are as follows:

Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level Dollar Amortization
Amortization Period	30 years
Asset Valuation Method	A five-year average of market values
Investment Rate of Return	7.00% for 2023 through 2021, 7.30% for 2020 through 2019, 7.50% for 2018 through 2017, 7.65% for 2016, 7.90% for 2015 through 2013
Inflation	2.75% for 2023 through 2019, 2.25% for 2018 through 2017, 3.08% for 2016, 3.01% for 2015 through 2008
Salary Increases	2.75% - 6.55% for 2023 through 2022, 2.00% - 6.00% for 2021 through 2019, 1.65% - 4.15% for 2018 through 2016, 2.15% - 5.40% for 2015 through 2013



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

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

Mortality

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

DRAFT

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

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

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Service cost	\$ 969,613	\$ 756,811	\$ 562,188	\$ 409,654
Interest cost	513,336	602,754	793,450	813,459
Differences between actual and expected experience	-	(88,963)	-	-
Changes in assumptions	(7,941,012)	(5,929,408)	794,794	4,844,872
Benefit payments	(247,801)	(211,788)	(269,967)	(221,345)
Net change in total OPEB liability	(6,705,864)	(4,870,594)	1,880,465	5,846,640
Total OPEB liability - beginning of year	24,317,811	29,188,405	27,307,940	21,461,300
Total OPEB liability - end of year	<u>\$ 17,611,947</u>	<u>\$ 24,317,811</u>	<u>\$ 29,188,405</u>	<u>\$ 27,307,940</u>
Covered payroll	\$ 12,923,176	\$ 14,521,363	\$ 15,803,029	\$ 18,055,097
Total OPEB liability as a percentage of covered payroll	136.28%	167.46%	184.70%	151.25%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Service cost	\$ 449,157	\$ 1,606,120	\$ 1,634,702	\$ 1,578,355
Interest cost	762,995	1,004,490	927,740	849,309
Differences between actual and expected experience	-	146,961	-	-
Changes in assumptions	(3,257,030)	(3,947,479)	(1,476,238)	-
Benefit payments	(231,938)	(362,050)	(297,093)	(277,001)
Net change in total OPEB liability	(2,276,816)	(1,551,958)	789,111	2,150,663
Total OPEB liability - beginning of year	23,738,116	25,290,074	24,500,963	22,350,300
Total OPEB liability - end of year	<u>\$ 21,461,300</u>	<u>\$ 23,738,116</u>	<u>\$ 25,290,074</u>	<u>\$ 24,500,963</u>
Covered payroll	\$ 18,394,015	\$ 18,157,354	\$ 18,666,335	\$ 18,078,345
Total OPEB liability as a percentage of covered payroll	116.68%	130.74%	135.48%	135.53%

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

**Notes to Schedule:**

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

Benefit changes – none.

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

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

Changes in assumptions:

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

2023	4.18%
2022	2.04%
2021	2.02%
2020	2.92%
2019	3.81%
2018	3.23%
2017	3.76%
2016	3.57%

DRAFT

***Resolution—5c.***

**Resolution Approving the 2023 SDA Audited Financial Statements**

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

**WHEREAS**, pursuant to law, the Authority is authorized to “adopt bylaws for the regulation of its affairs and the conduct of its business”, which bylaws were adopted by the Authority on August 15, 2007 and amended May 7, 2014, September 4, 2019 and proposed changes September 4, 2024; and

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

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

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

**WHEREAS**, the independent accounting firm of Ernst & Young LLP (EY) has completed an audit of the Authority’s financial statements for 2023; and

**WHEREAS**, EY has issued an “unmodified” opinion on the financial statements, the highest level of assurance that an audit firm can provide for a financial statements audit; and

**WHEREAS**, pursuant to Article IX, Section 9.5 of the Authority’s bylaws and Article VI of the SDA Audit Committee Charter, the Audit Committee met on August 26, 2024 to review and discuss the integrity and quality of the Authority’s 2023 financial statements and EY’s audit of the aforesaid financial statements; and

**WHEREAS**, following presentation of the 2023 financial statements to the Committee by executive management and EY and following the Committee’s discussions with executive management and EY, and following its deliberations, the Committee recommends approval of the same by the Authority’s Board of Directors; and

**WHEREAS**, the 2023 financial statements are presented as an attachment hereto.

**NOW, THEREFORE, BE IT RESOLVED**, that the Members of the Authority hereby approve the Authority's 2023 financial statements as presented by executive management and the accounting firm of Ernst & Young LLP and as recommended by the SDA Audit Committee, consistent with the memorandum presented to the Board on this date.

**BE IT FURTHER RESOLVED**, that 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 2023 Audited Financial Statements, dated September 4, 2024

Dated: September 4, 2024

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

**TO BE PROVIDED IN EXECUTIVE SESSION**

**Recommendation for the Settlement of Claims Asserted by Epic Management, Inc. in  
Connection with the Paterson Union Avenue (Joseph A. Taub) Middle School Project and  
the Plainfield Elementary (Charles and Anna Booker) School Project**

**(to be discussed in Executive Session and voted on upon the Board's return to Open Session)**

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



**Recommendation for Renewal of Use and Occupancy Agreement with the Jersey City  
Public Schools for NJSDA-Owned Property Adjacent to Julia A. Barnes School (PS No.12)**



**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Vishal Maher, Cost Engineer

**DATE:** September 4, 2024

**RE:** Recommendation for Renewal of Use and Occupancy Agreement with the Jersey City Public Schools for NJSDA-Owned Property Adjacent to Julia A. Barnes School (PS No.12)

---

The Members of the Authority are requested to approve the renewal of a Use of Occupancy Agreement between the NJSDA and the Jersey City Public Schools (“District”) for real property owned by the NJSDA that is adjacent to the Julia A. Barnes School (PS No. 12) (the “School”) and that is known and designated as Tax Block 16902, Lot 24 on the Tax Map of the City of Jersey City (the “Property”).

The Property consists of a fully fenced, gated, paved, gravel and grass covered lot that was acquired by the NJSDA as the site for a prospective expansion of the School. The expansion project was never advanced and is not included in the current NJSDA Capital Plan. Pursuant to the NJSDA’s regulations, N.J.A.C. 19:35, the NJSDA may permit the temporary use of NJSDA-owned real property by a third party when the real property (i) is not presently needed for construction of a project and (ii) is not presently useful in the business operations of the NJSDA.

The current Use and Occupancy Agreement with the District for the Property was effective September 24, 2021 and will expire on September 23, 2024. The recommended renewal of the Use and Occupancy Agreement will be for a term of three (3) years, subject to the NJSDA’s right to terminate on thirty (30) days written notice. The District will pay a nominal use fee of \$1.00, but will assume responsibility to secure and maintain the Property and to insure all risks associated with its use of the Property.

In addition to permitting the District’s use of the Property for the parking of passenger vehicles by District employees and by the general public for attendance at events or educational programs, as is permitted under the current Use and Occupancy Agreement, the renewed Use and Occupancy Agreement will grant temporary access onto and across the Property by the District’s invitee, New City Parks. New City Parks is a non-profit organization that, in conjunction with the District, will be constructing play space enhancements on adjoining and otherwise inaccessible District-owned property. The play space enhancements will directly benefit the students at the School.

To facilitate the traversing of construction vehicles across the differing elevations of the two properties, the new Use and Occupancy Agreement will also permit the temporary removal of a retaining wall and the excavation and stockpiling of soils to permit construction of a temporary ramp from the Property onto the District-owned property. Upon completion of the construction of the improvements, all stockpiled materials will be replaced and the property will be fully restored to its current condition. The approximate project duration shall be for one (1) year after commencement.

Pursuant to N.J.A.C. 19:35, the NJSDA is permitted to enter into an agreement for the temporary use and/or occupancy of NJSDA-owned real property with a duration of less than three years without prior NJSDA Board approval. Any renewal or extension of such an agreement, however, must be approved by the Board if the resulting renewal or extension will result in an aggregated use term exceeding three years. For this reason, the Members are requested to approve the proposed renewal of the Use and Occupancy Agreement with the District for this Property.

**RECOMMENDATION**

The Members of the Authority are requested to authorize and approve the NJSDA's entering into the renewal of the Use and Occupancy Agreement with the District on the new terms set forth in this memorandum.

/s/Vishal Maher

---

Vishal Maher, Cost Engineer

Reviewed and Approved By:  
Donald Guarriello, Vice President and Chief Financial Officer

**Resolution— 7a.**

Recommendation for Renewal of Use and Occupancy Agreement with the Jersey City Public Schools for SDA-Owned Property Adjacent to Julia A. Barnes School (PS No.12)

**Resolution**

**WHEREAS**, the New Jersey Schools Development Authority (SDA or the Authority) is the owner of certain property that is adjacent to the Julia A. Barnes School (PS No. 12) (the “School”) and is known and designated as Tax Block 16902, Lot 24 on the Tax Map of the City of Jersey City (the “Property”); and

**WHEREAS**, the Property consists of a fully fenced, gated and paved, gravel and grass covered lot that was acquired by the SDA as the site for a prospective expansion of the School; and

**WHEREAS**, the expansion project was never advanced and is not included in the current SDA Capital Plan and, as a result, the Property is no longer needed for construction of the Project and is not useful in the business operations of the SDA, allowing for its temporary third party use in accordance with the applicable provisions of N.J.A.C. 19:35; and

**WHEREAS**, the current Use and Occupancy Agreement (U&O) with the Jersey City Public Schools District (District) for the Property was effective September 24, 2021 and will expire on September 23, 2024; and

**WHEREAS**, the recommended renewal of the U&O will be for a term of three (3) years, subject to the SDA’s right to terminate on thirty (30) days written notice; and

**WHEREAS**, The District will pay a nominal use fee of \$1.00, but will assume responsibility to secure and maintain the Property and to insure all risks associated with its use of the Property; and

**WHEREAS**, Pursuant to N.J.A.C. 19:35, any renewal or extension of a U&O, must be approved by the Board if the resulting renewal or extension will result in an aggregated use term exceeding three years; and

**WHEREAS**, the extension proposed for Board approval on this date would result in a total term exceeding three years and thus requires SDA Board approval; and

**WHEREAS**, the background, terms and provisions of the proposed renewal of the U&O are comprehensively set forth in the memorandum presented to the Board on this date and incorporated herein; and

**WHEREAS**, management recommends that the Members of the Authority approve the proposed renewal of the U&O with the District for this Property.

**NOW, THEREFORE, BE IT RESOLVED**, that the Members of the Authority approve and authorize the renewal of the Use and Occupancy Agreement with the Jersey City Public Schools District on the new terms set forth in this memorandum.

**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, Recommendation for Renewal of Use and Occupancy Agreement with the Jersey City Public Schools District for SDA-Owned Property Adjacent to Julia A. Barnes School (PS No.12), September 4, 2024

Dated: September 4, 2024

**Request for Approval of Proposed Agreement to Resolve Encroachment onto NJSDA-Owned  
Real Property in Jersey City**

**(to be discussed in Executive Session and voted on upon the Board's return to Open Session)**

**MONTHLY REPORTS**  
**(For Informational Purposes)**

## **ACTIVE PROJECTS STATUS REPORT**





**MEMORANDUM**

TO: Members of the Authority

FROM: Gregory Voronov  
Managing Director

DATE: September 4, 2024

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

---

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

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

**Portfolio Projects Activities Summary**

as of 8/20/24

**2022 Portfolio Projects - sorted by District, Project**

District	Project	1				Delivery Method	Advancement Status	School Opening	Comments
		Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)				
Bridgeton	6-8	6-8	TBD	TBD	TBD	Design-Build	Project phased with advancement of High School Add/Reno project.	TBD	
Bridgeton	HS Addition/Renovation	9-12	326	384	\$49.2	Design-Build	Preliminary Charter approved Nov. 2022 Board.	TBD	
Bridgeton	PK, 6-8	PK, 6-8	TBD	TBD	TBD	Design-Build	Project phased with advancement of High School Add/Reno project.	TBD	
Camden	New High School (East Side HS Replacement)	9 - 12	800	941	\$115.1	Design-Build	Planning Charter approved Feb-24 Board.	TBD	Capital Plan included 2 replacement ES projects however District has requested advancement of a replacement HS project instead.
Elizabeth	New ES (Battin Replacement)	PK-8	973	1,068	\$96.2	Design-Build	Preliminary Charter approved Nov. 2022 Board.	TBD	ESP Ongoing.
Garfield	New ES (No. 5 Replacement)	PK-5	767	852	\$80.2	Design-Build	Advertisement for D-B 7/26/24. Proposals due Oct-24.	TBD	ESP Ongoing.
Garfield	PK-5	PK-5	TBD	TBD	TBD	Design-Build	Project phased with advancement of the New ES (No. 5 Replacement) Project	TBD	
Jersey City	PK	PK	TBD	TBD	TBD	Design-Build	DOE/District/SDA Working Group Meetings ongoing	TBD	
New Brunswick	MS Addition	6 - 8	TBD	TBD	TBD	Design-Build	DOE/District/SDA Working Group Meetings ongoing. Note: Need beyond acquisition of Middle School Annex under review with NJDOE.	TBD	
New Brunswick	Pathways MS & P-Tech Academy (Middle School Annex, 40 Van Dyke Ave.)	6-8, 9-12	765	859	\$42.0	Alternative Delivery	Building Acquisition Complete.	n/a	Facility acquired in March-2024.
Newark	Nelson Mandela ES (Existing Building Acq.)	PK-8	338	376	\$20.5	Alternative Delivery	Building Acquisition Complete.	Sep-23	
Newark	New University High School (Replacement)	9 - 12	920	1,082	\$129.2	Design-Build	Planning Charter approved Feb-24 Board.	TBD	Replacement HS will leverage prior SDA site acquisition and allow existing aged Hawthorne School to occupy existing University HS.
Passaic City	New Passaic High School No. 12 (Replacement)	9-12	2,400	2,823	\$328.1	Design-Build	Planning Charter approved Feb-24 Board.	TBD	
Paterson	New STEAM & STARS HS	9-12	1,200	1,532	\$160.3	Design-Build	Preliminary Charter approved Jul. 2023 Board.	TBD	
Perth Amboy	K-5	K - 5	TBD	TBD	TBD	Design-Build	DOE/District/SDA Working Group Meetings ongoing	TBD	
Pleasantville	New Decatur Ave ES	PK-5	601	658	\$65.8	Design-Build	Preliminary Charter approved Jan. 2024 Board.	TBD	
Salem City	PK-8	PK-8	TBD	TBD	TBD	Design-Build	DOE/District/SDA Working Group Meetings ongoing	TBD	
Trenton	ES at Dunn MS	K-6	753	837	\$83.8	Design-Build	Preliminary Charter approved Jul. 2023 Board.	TBD	
West New York	New Middle School	6 - 8	788	876	\$110.1	Design-Build	Planning Charter approved Mar-24 Board.	TBD	Capital Plan included new PK - 5 school. Identified project will allow 6th grade students to move to MS and alleviate overcrowding in existing elementary schools.

**Notes**

PLEASE NOTE - Dates in past are actual.

NOTE #1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable.

For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions.

**Portfolio Projects Activities Summary**

as of 8/20/24

**2012 Portfolio Projects (Active) - sorted by District**

		1							
District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Delivery Method	Advancement Status	School Occupied	Comments
Orange	Cleveland St. ES	PK-6	316	348	\$51.7	Design-Bid-Build	Award for GC approved Apr. 2023. (Terminal).	Sep-24	Previous GC Terminated for convenience 3/1/22. (B&C)
Perth Amboy	High School	HS	2,800	3,295	\$283.8	Design-Build	Award for D-B approved Nov. 2019 Board. (Terminal)	Sep-24	
Union City	New Grade 7 to 9 School	7-9	827	936	\$93.7	Design-Build	Award for D-B approved Jun. 2022 Board. (Dobco, Inc.)	Sep-25	

**Notes**

**PLEASE NOTE**

- Dates in past are actual.

**NOTE #1**

- Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable.

For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions.

**Portfolio Projects Activities Summary**

as of 8/20/24

**2012 Portfolio Projects (Completed) - sorted by District**

District	Project	1				Delivery Method	Advancement Status	School Occupied	Comments
		Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)				
Camden	High School	9-12	1,244	1,468	\$132.6	Design-Build	School occupied Sep. 2021. (Bock)	Sep-21	
East Orange	Sheila Y. Oliver Academy (GW Carver ES)	PK-5	470	512	\$41.2	Design-Build	School occupied Sep. 2020. (Dobco)	Sep-20	
Elizabeth	New ES @ Halloran PS #22 ES Site	2-8	860	956	\$55.3	Design-Build	School occupied Sep. 2017. (Torcon)	Sep-17	
Garfield	James Madison ES	K-5	275	305	\$29.7	Design-Bid-Build	School occupied Sep. 2018. (Brockwell & Carrington)	Sep-18	
Gloucester City	Elementary/Middle School	4-8	687	763	\$65.3	Design-Build	School occupied Sep. 2017. (Terminal)	Sep-17	
Harrison	New ES	PK - 1	392	432	\$36.1	Design-Build	School delivered Nov. 2020. (Bock)	Nov-20	
Irvington	Madison Avenue ES	PK-5	463	504	\$38.6	Design-Build	School occupied Sep. 2019. (Bock)	Sep-19	
Keansburg	Caruso ES	K-4	758	842	\$50.9	Design-Build	School occupied Sep. 2016. (Hall Construction)	Sep-16	
Keansburg	Port Monmouth Road School	PK	318	318	\$28.4	Design-Bid-Build	School occupied Sep. 2023 (Niram)	Sep-23	
Millville	Senior HS Addition/Renovation	HS	2,026	2,384	\$149.2	Design-Build	School occupied Sep. 2023 (Hall Construction)	May-23	
New Brunswick	Robeson ES	PK-5	823	893	\$48.5	Design-Build	School occupied Sep. 2018. (Hall Construction)	Sep-18	
Newark	Elliot Street ES	PK-8	848	932	\$46.7	Design-Build	School occupied Jan. 2016. (Hall Construction)	Jan-16	
Newark	South Street ES	PK-8	597	657	\$69.9	Design-Build	School occupied Sep. 2018. (Bock)	Sep-18	
Orange	High School	9-12	1,440	1,694	\$59.8	Design-Bid-Build	School occupied Sep. 2023. (Terminal)	Sep-23	
Passaic	Dayton Ave. Campus	PK-8	2,760	3,020	\$240.9	Design-Build	Sub. Comp. achieved Nov. 2021. (Terminal)	Nov-21	
Passaic	Sonia Sotomayor ES (New ES @ Leonard Place)	K-5	628	698	\$55.9	Design-Build	School occupied Sep. 2019. (Dobco, Inc.)	May-19	
Paterson	Joseph A. Taub MS (New MS @ Union Ave.)	6-8	996	1,107	\$113.9	Design-Build	School Delivered 1 QTR 2022. (Epic Management)	1 QTR 22	
Pemberton	Denbo-Crichton ES	K-5	846	930	\$58.7	Design-Build	School occupied Sep. 2020. (Bock)	Sep-20	
Perth Amboy	Rose M. Lopez ES (Seaman Avenue ES)	K-5	724	804	\$56.4	Design-Build	School occupied Sep. 2019. (Epic Management)	Sep-19	
Phillipsburg	High School	9-12	1,846	2,172	\$127.5	Design-Bid-Build	School occupied Sep. 2016. (Epic Management)	Sep-16	
Plainfield	New Woodland ES	K-5	756	840	\$59.4	Design-Build	School occupied Sep. 2023. (Epic Management)	Sep-23	
Trenton	Central HS	10-12	1,850	2,176	\$155.4	Design-Build	School occupied Sep. 2019. (Terminal)	Sep-19	
Vineland	Lincoln Ave. MS (New MS)	6-8	562	624	\$49.8	Design-Build	School occupied Sep. 2018. (Bock)	Sep-18	
West New York	Memorial HS	9-12	1,859	2,194	\$16.0	Alternative Delivery	Acquisition of Existing St. Joseph's HS complete.	n/a	Renovation work delegated to District via Grant.

**Notes**

PLEASE NOTE - Dates in past are actual.

NOTE #1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable.

For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions.

**Portfolio Projects Activities Summary**

as of 8/20/24

**2011 Portfolio Projects (Completed) - sorted by District**

District	Project	1				Delivery Method	Advancement Status	School Occupied	Comments
		Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)				
Bridgeton	Buckshutem ES	K-8	581	645	\$23.3	Design-Build	School occupied Sep. 2016. (Bock)	Sep-16	
Bridgeton	Quarter Mile Lane ES	PK-8	731	795	\$39.0	Design-Build	School occupied Sep. 2017. (Bock)	Sep-17	
Elizabeth	Frank J. Cicarell Academy (Academic HS)	9-12	1,091	1,284	\$64.1	Design-Bid-Build	School occupied Sep. 2016. (Patock)	Sep-16	
Jersey City	Patricia M. Noonan ES (ES 3)	PK-5	778	848	\$54.0	Design-Build	School occupied Sep. 2017. (Dobco, Inc.)	Sep-17	
Jersey City	Dr. Maya Angelou PS #20	K-5	628	698	\$49.3	Design-Bid-Build	School occupied Sep. 2016. (Dobco, Inc.)	Sep-16	
Long Branch	Catrambone ES	PK-5	794	867	\$40.0	Design-Bid-Build	School occupied Sep. 2014. (Terminal Construction)	Sep-14	
New Brunswick	Redshaw ES	PK-5	906	990	\$51.2	Design-Build	School occupied Jan. 2015. (Hall Construction)	Jan-15	
Newark	Oliver St. ES	PK-8	848	932	\$73.6	Design-Build	School occupied May 2016. (Epic Management)	May-16	
Paterson	Dr. Hani Awadallah ES (Marshall St. ES)	K-8	650	722	\$55.2	Design-Bid-Build	School occupied Sep. 2016. (Dobco, Inc.)	Sep-16	
Paterson	PS 16	PK-8	641	705	\$62.4	Design-Build	School occupied Sep. 2016. (Hall Construction)	Sep-16	
West New York	Harry L. Bain PS 6	PK-6	736	814	\$16.8	Design-Bid-Build	School occupied Sep. 2017. (Paul Otto)	Aug-17	

**Notes**
**PLEASE NOTE** - Dates in past are actual.

**NOTE # 1** - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable.  
 For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions.

## Active Project Status Report Status as of 8/1/2024

### Major Capital Projects - With Contract for Building Construction Awarded

#	District	Project Name	Project Scope	Project Status	Substantial Completion	Status Substantial Completion	School Opening	Status of School Opening	Total Estimated Project Cost
1	City of Orange	Cleveland Street ES	Addition/Renovation	Construction	3Q 2024	On-target	Sep-24	On-target	\$ 51,682,267
2	Perth Amboy	New High School	New Construction	Construction	2Q 2024	Achieved	Sep-24	On-target	\$ 283,830,000
3	Union City	New Grade 7 to 9 School	New Construction	Design-Build Construction	3Q 2025	On-target	Sep-25	On-target	\$ 93,696,300

## Active Project Status Report Status as of 8/1/2024

### Emergent Projects - With Contract for Construction Awarded

#	District	Project Name	Project Scope	Project Phase	Substantial Completion	Status Substantial Completion	Final Completion	Status of Final Completion	Total Estimated Project Cost
1	Burlington City	Samuel Smith ES	Windows Repair/Replacement Partial Roof Replacement	Construction	3Q 2024	On Target	4Q 2024	On-Target	\$ 3,920,500
2	Camden City	Veteran's Memorial School	Exterior Masonry, Windows, Roofing & Site Work	Construction	3Q 2024	On Target	4Q 2024	On-Target	\$ 6,588,900
3	East Orange	Fresh Start Academy	Building Envelope Repairs	GCTO w/ Design Design Phase	3Q 2024	On Target	4Q 2024	On-Target	\$ 3,909,963
4	Irvington	Grove Street School	Boiler Replacement	Construction	3Q 2024	On Target	4Q 2024	On-Target	\$ 3,968,782
5	Newark	Branch Brook School	Building Envelope Repairs	Construction	3Q 2024	On Target	4Q 2024	On-Target	\$ 1,064,542
6	Newark	Cleveland School	Boiler Room Vault Repairs	Construction	2Q 2024	Achieved	3Q 2024	Achieved	\$ 1,664,389
7	Newark	Technology High School	Structural Vault Repairs and Façade Repairs	Construction	3Q 2024	On Target	4Q 2024	On-Target	\$ 2,867,680
8	Newark	University High School	Building Envelope Repairs	Construction	3Q 2024	On Target	4Q 2024	On-Target	\$ 2,269,484
9	Trenton	Franklin ES	Exterior Structural Repairs	Construction	3Q 2024	On Target	4Q 2024	On-Target	\$ 476,424
10	Union City	Emerson Middle School	Roof, Masonry & Stucco Repairs	Construction	3Q 2024	On Target	4Q 2024	On-Target	\$ 4,599,273
11	Union City	Union Hill Middle School	Roof, Masonry, Stucco & Chimney Repairs	Construction	3Q 2024	On Target	4Q 2024	On-Target	\$ 4,685,783

## **PROJECT STATUS REPORT**





**MEMORANDUM**

TO: Members of the Authority

FROM: Gregory Voronov  
Managing Director – Planning and Program Operations

DATE: September 4, 2024

SUBJECT: Executive Summary – Monthly Project Status Reports

---

**MONTHLY PROJECT STATUS REPORT**

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

No activity during the reporting period

**Projects Greater than 90 Days Behind Schedule:**

No activity during the reporting period

**Revisions to Project Charters:**

Union City – Emerson MS – Emergent Project – Revised Final Project Charter to increase budget to address additional project scope needed for the project.



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

Reporting Period: January 2008 to July 2024

District	Project	Board Approved Project Charter Contingency	Contingency Expended/Committed	Contingency Remaining <sup>1</sup>	% of Contingency Expended/Committed	Project Completion %	Cause(s)	Current Status
----------	---------	--	--------------------------------	------------------------------------	-------------------------------------	----------------------	----------	----------------

**In Construction**

No Activity To Report for Projects Active in Construction

**Substantially Complete & Building Occupied**

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

Millville	Millville Senior HS - Addition & Renovation	\$14,700,000	\$14,389,245	\$310,755	97.9%	99%	Board approved additional building condition repair work and flood hazard area mitigation work added to the project.	Revised Final Project Charter approved by the Board in August 2023 to allocate additional contingency to the project from the Unforeseen Events Reserve. Change Order work to address HVAC issues remains to be completed.
-----------	---	--------------	--------------	-----------	-------	-----	--	--

<sup>1</sup> Does not include expended contingency or contingency funds allocated for change orders, amendments



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

Reporting Period: July 2024

#	Event Date	District	Project	Board Approved Project Charter SubComp Date	Current Contract SubComp Date	Forecasted Contract SubComp Date	# of Days Behind Schedule	Cause(s)	Current Status
---	------------	----------	---------	---	----------------------------------	--	------------------------------	----------	----------------

No Activity During the Reporting Period



## Revisions to Project Charters

Reporting Period: July 2024

#	District	Project	Financial & Schedule Impacts	Additional Funds Approved	Additional Funds as % of Total Project Budget	Operating Authority Approval Requirement	Description of Revision
1	Union City	Emerson MS - Emergent Project	Budget Increase	\$ 600,000	15.00%	Board Approval	Revision to the Final Project Charter to address additional costs related to additional scope identified during the project.

**CONTRACTS EXECUTED REPORT/AMENDMENTS & CHANGE ORDERS REPORT**



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov  
Managing Director, Program Operations

DATE: September 4, 2024

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 July 1, 2024 through July 31, 2024.

**Noteworthy Items during the reporting period:**

- No activity during the reporting period.

**Amendments & Change Orders Report**

This report contains the activity of Amendments and Change Orders executed during the July 1, 2024 through July 31, 2024.

**Noteworthy Items during the reporting period:**

- No Professional Services Amendments were executed during the reporting period.
- 20 Construction Services Change Orders were executed during the reporting period totaling a credit of \$296.6k, 1 of the executed change orders required Board approval totaling \$342.1k.

**Report of change orders less than \$10,000 yet requiring Board Approval**

In accordance with the Operating Authority adopted by the Members on December 1, 2010 as amended on March 7, 2012, the Members are to be provided a report of any change order which received delegated approval by the CEO due to the fact that they are valued at less than \$10,000 yet require Board approval due the total change orders exceeding 10% of the contract value.

- No Activity to Report

## Amendments & Change Orders Report

Reporting Period: 7/1/2024 through: 7/31/2024

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %
<b>Construction Services</b>													
<b>Contractor</b>													
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	278	Terminal Construction Corp.	7/22/2024	\$37,000,000	\$7,756,060	(\$38,252)			\$44,717,809	20.85%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	280	Terminal Construction Corp.	7/22/2024	\$37,000,000	\$7,717,809	(\$1,693)			\$44,716,116	20.85%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	281	Terminal Construction Corp.	7/22/2024	\$37,000,000	\$7,716,116	(\$6,800)			\$44,709,315	20.83%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	282	Terminal Construction Corp.	7/22/2024	\$37,000,000	\$7,709,315	(\$18,739)			\$44,690,576	20.78%
City Of Orange Township	Cleveland Street E.S.	ES-0043-C02	5/2/2023	17	Terminal Construction Corp.	7/19/2024	\$19,434,958	(\$142,078)	\$9,178			\$19,302,058	-0.68%
City Of Orange Township	Cleveland Street E.S.	ES-0043-C02	5/2/2023	18	Terminal Construction Corp.	7/24/2024	\$19,434,958	(\$132,900)	\$8,377			\$19,310,435	-0.64%
Newark	Roberto Clemente E.S.	EP-0110-C01	5/25/2021	12	Catcord Construction Co., Inc.	7/16/2024	\$768,800	(\$89,501)	(\$267)			\$679,033	-11.67%
Newark	Roberto Clemente E.S.	EP-0110-C01	5/25/2021	13	Catcord Construction Co., Inc.	7/16/2024	\$768,800	(\$89,767)	(\$1,438)			\$677,595	-11.86%
Newark	Roberto Clemente E.S.	EP-0110-C01	5/25/2021	14	Catcord Construction Co., Inc.	7/16/2024	\$768,800	(\$91,205)	(\$7,500)			\$670,095	-12.83%
Newark	Branch Brook E.S.	EP-0124-C01	6/7/2023	1	Epic Management, Inc.	7/23/2024	\$246,635	\$0	\$342,088	Y	6/5/2024	\$588,723	138.70%
Newark	Salome Urena (old 1st)	EP-0125-C01	4/14/2023	2	Integrated Construction Enterprises, Inc.	7/19/2024	\$313,669	\$0	(\$9,085)			\$304,584	-2.89%
Newark	Salome Urena (old 1st)	EP-0125-C01	4/14/2023	3	Integrated Construction Enterprises, Inc.	7/19/2024	\$313,669	(\$9,085)	(\$11,780)			\$292,804	-6.65%
Newark	Salome Urena (old 1st)	EP-0125-C01	4/14/2023	4	Integrated Construction Enterprises, Inc.	7/19/2024	\$313,669	(\$20,865)	(\$5,000)			\$287,804	-8.24%
Trenton	Franklin E.S.	EP-0120-C01	5/25/2023	1	Catcord Construction Co., Inc.	7/12/2024	\$476,424	\$0	\$19,032			\$495,456	3.99%
East Orange	Sheila Y. Oliver Academy	ES-0021-B01	7/25/2017	5	Dobco, Inc.	7/2/2024	\$26,900,000	\$19,335	(\$14,044)			\$26,905,291	0.01%
East Orange	Sheila Y. Oliver Academy	ES-0021-B01	7/25/2017	6	Dobco, Inc.	7/2/2024	\$26,900,000	\$5,291	(\$95,000)			\$26,810,291	-0.33%
East Orange	Sheila Y. Oliver Academy	ES-0021-B01	7/25/2017	7	Dobco, Inc.	7/2/2024	\$26,900,000	(\$89,709)	(\$38,517)			\$26,771,774	-0.47%
East Orange	Sheila Y. Oliver Academy	ES-0021-B01	7/25/2017	9	Dobco, Inc.	7/2/2024	\$26,900,000	(\$368,943)	(\$100,000)			\$26,431,057	-1.74%
East Orange	Sheila Y. Oliver Academy	ES-0021-B01	7/25/2017	10	Dobco, Inc.	7/2/2024	\$26,900,000	(\$468,943)	(\$86,456)			\$26,344,601	-2.06%
East Orange	Sheila Y. Oliver Academy	ES-0021-B01	7/25/2017	8	Dobco, Inc.	7/23/2024	\$26,900,000	(\$128,226)	(\$240,717)			\$26,531,057	-1.37%

<b>Contractor</b>													
<b>Construction Services</b>													
									<b>(\$296,613)</b>				
										<b>Total Change Order Summary</b>		<b>Total Change Orders</b>	
<b>Grand Totals</b>										<b>(\$296,613)</b>		<b>20</b>	

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

**CONTRACT TERMINATIONS REPORT *(no activity)***



**SETTLEMENT CLAIMS** *(no activity)*

## **DIVERSITY AND WORKFORCE PARTICIPATION REPORT**



**MEMORANDUM**

**TO:** Members of the Authority  
**FROM:** J Manuel Castillo, Director – EEO, Affirmative Action & Vendor Services  
**DATE:** September 4, 2024  
**RE:** Diversity and Workforce Participation Monthly Update for June 2024

The EEO, Affirmative Action & Vendor Services Team consistently participates in mandatory pre-bid and pre-construction meetings to inform and provide guidance to vendors regarding SDA’s Small Business Enterprise and Workforce goals, policies and procedures. The guidance provided in such meetings is on, among other things, the following:

- Expectation to delegate 25% of value of contract to NJ Division of Revenue certified Small Business Enterprises (“SBEs”) and efforts to award 3% of contract value to disabled veteran-owned businesses.
- Local county workforce participation goals for minorities and females.
- Post-bid advertisement Subcontractor Approval Process and Certified Payroll Records submission requirement.
- Our Division’s process for monitoring and tracking vendor progress to meet the mentioned goals and requirements, throughout the life cycle of each project.

During these meetings, our Team strongly encourages vendors to identify and hire minority-owned, female-owned and disabled veteran-owned firms, as well as locally based enterprises, for diverse business participation on all school building projects. As each project progresses, our Team provides vendors outreach strategies to support their efforts in reaching the above-mentioned goals.

**SMALL BUSINESS ENTERPRISE ATTAINMENT**

The SDA regularly exceeds the State-mandated 25% SBE participation goal. The total SDA fully-contracted dollars awarded in June 2024 was \$0. Thus far, the total fully-contracted dollars awarded in 2024 is \$8,430,110. Of that total, \$6,845,175 was awarded to SBEs, including any minority, female and disabled veteran-owned SBEs. This represents an SBE current participation of 81.20% of all NTP-issued SDA contracts awarded in calendar year 2024. SBE participation will remain above the State-mandated 25% as prime contractors with 2024-issued contracts continue to hire subcontractors/subconsultants throughout the lifecycle of their construction projects.

**Diversity Breakdown for 2024 thus far**

Type of Business Enterprise	Contract Amount	% of Total SDA Contracts
SBEs	\$ 6,845,175	81.20%
Minority Business Enterprises*	\$ -0-	0.00%
Women Business Enterprises*	\$ -0-	0.00%
Minority/Women-Owned Business Enterprises*	\$ -0-	0.00%
Disabled Veteran-Owned Business Enterprises*	\$ -0-	0.00%
<b>TOTAL DIVERSITY CONTRACTS</b>	<b>\$ 6,845,175</b>	<b>81.20%</b>

\*non-SBE

**WORKFORCE PARTICIPATION**

For the month of June 2024, there was a contractor workforce of 305 on SDA projects. This workforce amassed a total of 15,804 contractor workforce hours in June 2024. This is explained in more detail below:

<b>Contractor Workforce Breakdown for June 2024 (All Trades/Districts/Counties)</b>			
<b>Ethnicity</b>	<b>Total Workforce</b>	<b>Total Workforce Hours</b>	<b>Workforce Hours Percentage</b>
Black	26	1,443	9.13%
Hispanic	88	4,812	30.45%
Indigenous American	0	0	0.00%
Asian	1	80	0.51%
<b>Total Minority Participation</b>	<b>115</b>	<b>6,335</b>	<b>40.09%</b>
Total Non-Minority Participation	190	9,469	59.91%
Total Contractor Workforce	305	15,804	100.00%

The collective contractor workforce hours on SDA projects for the period of January 1, 2024 through June 30, 2024 amounted to 115,019. That amount includes a total of 5,655 workforce hours performed by female workers in 2024 thus far.

The following table highlights the *Local County Contractor Workforce* participation in 2024 thus far:

<b>Contractor Workforce Participation</b>	<b>Workforce Hours</b>	<b>Percentage</b>
*Total Contractor Workforce Hours	115,019	100.00%
<b>*Total Local County Workforce Hours</b>	<b>535</b>	<b>0.47%</b>
<b>Total Local County Non-Minority Workforce Hours</b>	<b>327</b>	<b>0.28%</b>
<b>Total Local County Female Workforce Hours</b>	<b>0</b>	<b>0.00%</b>
<b>Total Local County Minority Workforce Hours</b>	<b>208</b>	<b>0.18%</b>
<b>**Local County Workforce Hours by Race/Ethnicity:</b>		
Black	208	0.18%
Hispanic	0	0.00%
Indigenous American	0	0.00%
Asian	0	0.00%

\*Total contractor workforce and total local county workforce represent all laborers, including females.

\*\*Race/Ethnicity breakdown of Total Local County Minority Workforce Hours.

**NOTE:** Hours worked by local county female laborers who are minority are included in the Total Local County Female Workforce Hours above. Therefore, for the purposes of this memorandum, hours worked by female minority laborers **are not** included in the minority breakdown.

The following table represents contractor minority and female workforce for all SDA active Capital Projects and all active and completed Emergent Projects for the period of January 1, 2024 through June 30, 2024.

<b>SDA Managed Project</b>	<b>Total Workforce Hours</b>	<b>Minority Workforce Hours &amp; Percentage</b>		<b>Local County Workforce Hours &amp; Percentage</b>	
Millville HS	2,522	143	5.67%	193	7.65%
Perth Amboy HS	32,840	9,707	29.56%	0	0.00%
Cleveland St ES	34,889	10,073	28.87%	134	0.38%
Union City MS	26,948	7,862	29.17%	0	0.00%
Orange HS	32	32	100.00%	0	0.00%
Emergent Projects	17,788	9,431	53.02%	208	1.17%

Reviewed and recommended by: J Manuel Castillo  
Prepared by: Charlotte Brooks

**REGULAR OPERATING DISTRICTS (RODs) ACTIVITY REPORT**



---

**MEMORANDUM**

TO: Members of the Authority

FROM: Gregory Voronov  
Managing Director, Planning and Program Operations

DATE: September 4, 2024

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 July 2024. Also included is a detailed list of grants executed and grants offered during the reporting period if applicable.

**Monthly Update:**

- 1 grant impacting was offered during the reporting period representing total project costs of \$0.3 million and state share of \$0.1 million.
- 30 grants impacting 12 Districts were executed during the reporting period representing total project costs of \$50.9 million and state share of \$21.0 million.
- No grants were closed out during the reporting period.
- Since inception, over \$2.96 billion has been disbursed to over 500 regular operating districts through the grant program.
- Since inception nearly \$3.8 billion 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  
July 2024**

<b>ROD Grant Summary Since Program Inception</b>				
	<b>Offered<sup>1</sup></b>	<b>Executed</b>	<b>Closed-Out</b>	<b>Active</b>
<b>Districts Impacted</b>	124	526	522	179
<b>Number of Grant Projects</b>	326	5,724	5,262	462
<b>Total Project Cost Estimate</b>	\$ 540,416,716	\$ 9,448,378,016	\$ 8,835,239,353	\$ 613,138,663
<b>Grant Amount</b>	\$ 222,818,020	\$ 3,229,682,528	\$ 2,949,369,565	\$ 280,312,963
<b>Amount Disbursed</b>	NA	\$ 2,962,651,615	\$ 2,949,369,565	\$ 13,282,049

Total Funding Offered to School Districts via Grant Program	\$ 3,798,198,700
---	------------------

Total ROD Grant Funding remaining for new Grant Projects	\$ 29,345,335
--	---------------

1. Includes grants that have been offered to District's but have not yet been executed.

<b>Monthly Activity ROD Grant Summary</b>		
	<b>Executed</b>	<b>Closed-Out</b>
<b>Districts Impacted</b>	12	-
<b>Number of Grant Projects</b>	30	-
<b>Total Project Cost Estimate</b>	\$ 50,861,839	\$ -
<b>Grant Amount</b>	\$ 21,028,515	\$ -
<b>Amount Disbursed</b>	NA	\$ -

\* Report is inclusive of all Regular Operating Districts grants (including vocational school districts).

\*\* Total Project Cost Estimate and Grant Amount may be adjusted as the projects advance. Grant Amount is capped at the value approved in the DOE Final Eligible Cost Approval.



**Monthly Regular Operating District Grant Report - Monthly Executed Grant Detail  
July 2024**

County	District	School Name	Total Project Cost Estimate	Grant Amount	Project Description
Bergen	Rochelle Park	Midland E.S. #1	\$ 347,162	\$ 138,865	Roofs. See DOE Approval for Detailed Project Scope.
Bergen	Rutherford	Union E.S.	\$ 401,540	\$ 160,616	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Burlington	Lenape Regional	Cherokee H.S.	\$ 2,317,354	\$ 926,942	Boilers and Domestic HW Heaters. See DOE Approval for Detailed Project Scope.
Burlington	Lenape Regional	Seneca High	\$ 2,318,582	\$ 927,433	Boilers and Domestic HW Heaters. See DOE Approval for Detailed Project Scope.
Burlington	Moorestown Township	George C. Baker E.S.	\$ 4,237,060	\$ 1,694,824	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Gloucester	Woodbury	Woodbury Junior-Senior H.S.	\$ 930,000	\$ 635,114	Roofs. See DOE Approval for Detailed Project Scope.
Hudson	East Newark	East Newark Public E.S.	\$ 670,000	\$ 413,415	Windows. See DOE Approval for Detailed Project Scope.
Mercer	Mercer County Special Services School District	Joseph F. Cappello School	\$ 1,854,820	\$ 741,928	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Mercer	Mercer County Special Services School District	Mercer Elementary School	\$ 124,750	\$ 49,900	Boilers and Domestic HW Heaters. See DOE Approval for Detailed Project Scope.
Mercer	Mercer County Special Services School District	Mercer Jr./Sr. High Sch	\$ 4,788,600	\$ 1,915,440	Roofs. See DOE Approval for Detailed Project Scope.
Middlesex	Middlesex Borough	Hazelwood E.S.	\$ 77,900	\$ 31,160	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Middlesex	Middlesex Borough	Middlesex H.S.	\$ 1,649,800	\$ 659,920	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Middlesex	Middlesex Borough	Parker E.S.	\$ 798,900	\$ 319,560	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Middlesex	Middlesex Borough	Von E. Mauger M.S.	\$ 841,900	\$ 336,760	Roofs. See DOE Approval for Detailed Project Scope.
Middlesex	Middlesex Borough	Watchung E.S.	\$ 632,600	\$ 253,040	Boilers and Domestic HW Heaters. See DOE Approval for Detailed Project Scope.
Somerset	Bridgewater-Raritan Regional	Adamsville E.S.	\$ 1,186,956	\$ 474,782	Roofs. See DOE Approval for Detailed Project Scope.
Somerset	Bridgewater-Raritan Regional	Bradley Gardens E.S.	\$ 1,777,240	\$ 710,896	Roofs. See DOE Approval for Detailed Project Scope.

Monthly Regular Operating District Grant Report - Monthly Executed Grant Detail  
 July 2024

County	District	School Name	Total Project Cost Estimate	Grant Amount	Project Description
Somerset	Bridgewater-Raritan Regional	Bridgewater-Raritan M.S.	\$ 8,544,920	\$ 3,417,968	Roofs. See DOE Approval for Detailed Project Scope.
Somerset	Bridgewater-Raritan Regional	Crim E.S.	\$ 349,947	\$ 139,979	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Somerset	Bridgewater-Raritan Regional	Eisenhower E.S.	\$ 2,013,662	\$ 805,465	Roofs. See DOE Approval for Detailed Project Scope.
Somerset	Bridgewater-Raritan Regional	Hillside E.S.	\$ 2,705,755	\$ 1,082,302	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Somerset	Bridgewater-Raritan Regional	John F. Kennedy E.S.	\$ 1,166,824	\$ 466,730	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Sussex	Hamburg Borough	Hamburg E.S.	\$ 519,100	\$ 207,640	Windows. See DOE Approval for Detailed Project Scope.
Union	Linden	Joseph E. Soehl M.S.	\$ 1,791,930	\$ 716,772	Roofs. See DOE Approval for Detailed Project Scope.
Union	Linden	Linden H.S.	\$ 927,937	\$ 371,175	Roofs. See DOE Approval for Detailed Project Scope.
Union	Linden	Number 10, Highland Avenue E.S.	\$ 2,301,600	\$ 920,640	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Union	Roselle Park	Ernest J. Finizio - Aldene E.S.	\$ 1,815,000	\$ 815,450	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Union	Roselle Park	Ernest J. Finizio - Aldene E.S.	\$ 990,000	\$ 444,791	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Union	Roselle Park	Sherman E.S.	\$ 1,455,000	\$ 653,708	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
Union	Roselle Park	Sherman E.S.	\$ 1,325,000	\$ 595,301	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
<b>Grand Total</b>		<b>Grants Executed - 30</b>	<b>\$ 50,861,839</b>	<b>\$ 21,028,515</b>	

Monthly Regular Operating District Grant Report - Monthly Offered Grant Detail

July 2024

County	District	School Name	Total Project Cost Estimate	Grant Amount	Project Description
Warren	Washington Township - Warren	Brass Castle E.S.	\$ 264,600	\$ 105,840	HVAC System upgrades. See DOE Approval for Detailed Project Scope.
<b>Grand Total</b>		<b>Grants Offered - 1</b>	<b>\$ 264,600</b>	<b>\$ 105,840</b>	

**NOTIFICATION OF AMENDMENTS TO GOODS AND SERVICES CONTRACTS NOT  
EXCEEDING \$100,000 OR 10% OF THE CONTRACT VALUE (*no activity*)**

## **COMMUNICATIONS MONTHLY REPORT**

**MEMORANDUM**

**TO:** Members of the Authority  
**FROM:** /s/ Edey Maier, Director of Communications  
**DATE:** September 4, 2024  
**RE:** Monthly Communications Report

---

**SDA Announces Demolition Activities in Garfield**

On July 22, SDA CEO Manuel Da Silva joined Garfield School District officials and Assemblyman Wimberly to announce the start of demolition activities to make room for a new elementary school in Garfield.



The new elementary school will be a 125,000-square-foot facility, designed to educate a maximum of 850 students in grades kindergarten through five. The new school will be built on the site of the existing Woodrow Wilson School No. 5.

**SDA Announces Demolition Activities in Elizabeth**



On August 22, SDA CEO Manuel Da Silva joined Elizabeth School District officials to announce the start of demolition activities to make room for a new elementary school in Elizabeth.

The new elementary school will be a 142,000-square-foot facility, designed to educate a maximum of 1,000 students in grades prekindergarten through eight. The new school will be built on the site of the existing

Joseph Battin School, which is being demolished. The school will be the 11<sup>th</sup> new school facility constructed by the SDA in Elizabeth.

## **MONTHLY FINANCIAL REPORT**





---

**MEMORANDUM**

**TO:** The Members of the Authority

**FROM:** Sherman E. Cole, MBA, CPA  
Controller

**DATE:** September 4, 2024

**RE:** Monthly Financial Report – July 2024

---

**Fund Reporting Operating Expenses (Year-to-Date Actual vs. Budget)**

For July 2024 year to date, Authority operating expenses, **\$8.1M**, are **\$1.8M** lower than budget for the corresponding period. This variance is attributable to lower spending activity for personnel costs **\$1.4M**, professional and other contracted services **\$418K**, information systems **\$326K**, facilities and general office expenses **\$152K** and SDA owned automobiles **\$127K**. This variance is offset by a lower payroll and benefits expense allocation to project costs, **\$624K**.

The full time employee (FTE) headcount is 129 as of July 31, 2024. This total represents a 18 FTE decrease in comparison to the year to date budgeted headcount.

**Fund Reporting Operating Expenses (Year-to-Date Actual vs. Prior Year Actual)**

For July 2024 year to date, Authority operating expenses, **\$8.1M**, are **\$160K** lower when compared to the corresponding prior year. This variance is primarily attributable to a year-over-year decrease in personnel costs **\$61K** and facilities and general office expenses **\$268K**, offset by an increase in information systems **\$122K**.

The current number of FTEs, 129, is the same when compared to the corresponding prior year headcount.

**School Facilities Project Expenditures (Year-to-Date Actual vs. Forecast)**

For July 2024 year to date, project costs, **\$179.4M**, are **\$56.7M** lower than the capital spending forecast for the corresponding period. This variance is attributable to decreased spending for construction work **\$30.3M**, grant agreements **\$13.2M**, property acquisitions **\$3.4M**, project insurance **\$3.0M**, and construction management services **\$1.8M**.

**School Facilities Project Expenditures (Year-to-Date Actual vs. Prior Year Actual)**

For July 2024 year to date, project expenditures, **\$179.4M**, are higher by **\$13.1M** when compared to the corresponding prior year. This variance is attributable to increases in spending for property acquisitions **\$24.2M**, for grant agreements **\$13.6M** and for school furniture, fixtures and equipment **\$8.6M**. This variance is partially offset by a spending decrease construction work **\$30.8M**.

**Other**

Since program inception, 82.0% of the funds authorized for the SDA Districts have been disbursed. Additionally, since program inception, 96% of all SDA disbursements relate to school facility projects and 4% relate to operating expense.

The estimated value of active school facilities, capital, emergent and ROD grant projects is approximately \$1.55B.

Attachment

**New Jersey Schools Development Authority**  
**Monthly Financial Report**  
**July 2024**  
**(Unaudited)**

# New Jersey Schools Development Authority

## Overview of Financial Position

### July 31, 2024

**To:** The Audit Committee

**From:** Sherman E. Cole, Controller

The information contained in this monthly financial report is for the period as of, and for the year-to-date ending, July 31, 2024.

► Overall **Cash and Cash Equivalents** have decreased by \$140.6 million to \$345.9 million, as follows:

■ Appropriation from State	\$ 38,165,000
■ Investment earnings	11,877,899
■ Miscellaneous revenue	2,814
■ Project costs	(179,437,057)
■ SDA operating expenses	(8,613,611)
■ SDA capital expenditures	(35,309)
■ Deposits (primarily district local shares)	(2,578,339)
Net Change in Cash	\$ (140,618,603)

► **Prepaid Expenses** total \$355,043 as follows:

- Prepaid insurance of \$278,795
- Prepaid security deposit of \$55,798 for the Authority's leased swing space.
- Prepaid MIS maintenance service contracts of \$17,762
- Other prepaids of \$2,688.

► **Capital Assets** total \$4,535,690 (net of accumulated depreciation of \$9,833,948), consisting of leasehold improvements (SDA office), and capitalized software, equipment, furniture and fixtures in support of SDA operations. Depreciation on capital assets is generally calculated using the straight-line method over the life of each asset. For the year to date, **Capital Expenditures** are \$35,309 and **Depreciation Expense** is \$311,577.

► **Accrued Liabilities** total \$306.5 million, as follows:

- Accrued project costs of \$14.3 million consisting of unpaid invoices (\$5.8 million) and retainage (\$8.5 million). Project-related lease liabilities are \$0.1 million.
- Net pension liability of \$23.2 million.
- Unearned grant revenues of \$240.1 million.
- Other post-employment benefits obligation of \$17.5 million.
- Pollution remediation obligations (PRO) under GASB 49 net to \$1.9 million (PRO liability \$2.0 million, offset by expected cost recoveries of \$0.1 million).
- Estimated liability for loss contingencies totaling \$3.8 million.
- Payroll related liabilities of \$1.4 million.
- Other accrued liabilities of \$4.2 million, including non-project lease liabilities of \$4.0 million.

► **Deposits** total \$2.9 million, as follows:

- \$2.9 million is held for local share agreements (pass-through item).

► The Authority's **Net Position** at month end is \$17.0 million.

# New Jersey Schools Development Authority

## School Facilities Project Expenditures & Funding Allocation

### July 31, 2024

► **School Facilities Construction Bond/Note Proceeds/Appropriations & Project Expenditures**

- During the current year to date, the SDA has received \$0.0 million in bond/note proceeds & \$0.0 million in appropriations. The total amount received since program inception is \$12.5 billion.
- Project expenditures for the month and year-to-date periods total \$6.6 million and \$179.4 million, respectively, as follows:

<b>Category</b>	<b>Current Month</b>	<b>Year-To-Date</b>	<b>Since Inception</b>
Construction	\$ 3,889,399	\$ 47,480,820	\$ 5,847,514,740
Design Services	351,330	1,408,710	415,751,028
PMF/CM Services	220,976	1,617,168	484,043,148
SDA Project Management	684,708	5,837,478	146,784,385
Property Acquisition, Relocation & Enviro	94,707	40,236,652	644,228,025
School Furniture, Fixtures & Equipment	548,425	12,217,542	256,835,617
Project Insurance	-	(4,261)	115,716,725
NJ State Inter-Agency Transfers	132,542	448,664	54,168,993
SDA District Grant & Funding Agreements	-	49,000,000	1,029,304,987
Regular Operating District Grant Agreements	629,966	23,615,743	3,035,789,381
Real-Time Project Audits	-	78,630	1,328,155
Property Management, Maintenance & Utils	11,068	145,725	19,555,884
Outside Legal & Claims Resolution Services	30,651	263,077	12,294,595
Temporary Staffing	1,805	14,488	10,775,982
Other Project Costs	15,896	378,471	63,093,860
Project Credits	-	-	(54,902,944)
<b>Total Project Expenditures</b>	<b>6,611,473</b>	<b>182,738,907</b>	<b>12,082,282,561</b>
Less: Local Share Contributions	(50,755)	(3,301,850)	(191,500,480)
<b>Project Expenditures (State Share)</b>	<b>\$ 6,560,718</b>	<b>\$ 179,437,057</b>	<b>\$ 11,890,782,081</b>
2024 Capital Spending Forecast	\$ 24,858,844	\$ 236,123,597	

#### Allocations Since Program Inception

► **All Funding Sources & Expenditures**

	<b>All Sources</b> <sup>1</sup>	<b>Total Funding</b> <sup>2</sup>	<b>Paid to Date</b> <sup>3</sup>
■ SDA Districts	\$ 10,800,000,000	\$ 10,955,208,184	\$ 8,988,234,514
■ RODs Incl Vo-Tech Schools	4,025,000,000	4,085,277,409	3,445,198,920
Total - State Share	<b>\$ 14,825,000,000</b>	<b>\$ 15,040,485,593</b>	<b>\$ 12,433,433,434</b>

► **Percentage of Total Funding Paid to Date**

■ SDA Districts	82.0%
■ RODs Incl Vo-Tech Schools	84.3%
Total - State Share	82.7%

1 Of the \$14.8 billion authorized for the school construction program (including bond funds & appropriations), \$12,560,867,648 has been received to date.

2 Includes bonding cap amounts, appropriations and other income and miscellaneous revenue earned to date (i.e., interest income on invested funds).

3 These amounts include the allocation of SDA operating expenses and capital expenditures totaling \$542,651,353.

# New Jersey Schools Development Authority

## Fund Reporting Operating Expenses vs Budget

### July 31, 2024

<u>Category</u>	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>Over/</u> <u>(Under)</u>
<b>Personnel Expenses:</b>			
Employee Salaries	\$ 7,447,506	\$ 8,307,125	\$ (859,619)
Employee Benefits	4,149,989	4,569,130	(419,141)
Direct Hire Temporary Employee Costs	17,361	29,169	(11,808)
Total Employee Salaries & Benefits Costs	11,614,856	12,905,424	(1,290,568)
<b>Less: Employee Salaries &amp; Benefits Costs</b>			
Charged to Projects	5,837,478	6,461,792	(624,314)
Salaries & Benefits Charged to Operating Expense	5,777,378	6,443,632	(666,254)
Temporary Staffing Services	-	58,331	(58,331)
Travel & Expense Reimbursements	10,475	17,801	(7,326)
Training & Professional Development	13,266	56,420	(43,154)
Total Personnel Expenses	5,801,119	6,576,184	(775,065)
<b>Non-Personnel Operating Expenses:</b>			
Facilities & General Office Expenses	1,027,376	1,179,759	(152,383)
Information Systems	721,222	1,047,280	(326,058)
Professional & Other Contracted Services	125,782	543,931	(418,149)
Property & Casualty Insurance	337,915	346,493	(8,578)
SDA-Owned Automobiles	35,844	162,500	(126,656)
Communications & Outreach	941	2,331	(1,390)
Reserve for Unforeseen Events & New Initiatives	-	14,581	(14,581)
<b>Total Authority Operating Expenses</b>	<b>\$ 8,050,199</b>	<b>\$ 9,873,059</b>	<b>\$ (1,822,860)</b>
 <b>2024 Annual Operating Budget</b>		 <b>\$ 15,617,984</b>	

# New Jersey Schools Development Authority

## Fund Reporting Operating Expenses vs Prior Year

### July 31, 2024

<u>Category</u>	<u>Actual</u> <u>Year-To-Date</u>	<u>2023</u> <u>Year-To-Date</u>	<u>Over/</u> <u>(Under)</u>
<b>Personnel Expenses:</b>			
Employee Salaries	\$ 7,447,506	\$ 7,196,571	\$ 250,935
Employee Benefits	4,149,989	4,361,731	(211,742)
Direct Hire Temporary Employee Costs	17,361	5,288	12,073
Total Employee Salaries & Benefits Costs	11,614,856	11,563,590	51,266
<b>Less:</b> Employee Salaries & Benefits Costs Charged to Projects	5,837,478	5,722,261	115,217
Salaries & Benefits Charged to Operating Expense	5,777,378	5,841,329	(63,951)
Temporary Staffing Services	-	-	-
Travel & Expense Reimbursements	10,475	8,211	2,264
Training & Professional Development	13,266	12,793	473
Total Personnel Expenses	5,801,119	5,862,333	(61,214)
<b>Non-Personnel Operating Expenses:</b>			
Facilities & General Office Expenses	1,027,376	1,295,518	(268,142)
Information Systems	721,222	599,461	121,761
Professional & Other Contracted Services	125,782	106,869	18,913
Property & Casualty Insurance	337,915	299,515	38,400
SDA-Owned Automobiles	35,844	45,660	(9,816)
Communications & Outreach	941	855	86
Reserve for Unforeseen Events & New Initiatives	-	-	-
<b>Total Authority Operating Expenses</b>	<b>\$ 8,050,199</b>	<b>\$ 8,210,211</b>	<b>\$ (160,012)</b>

# New Jersey Schools Development Authority

## Employee Headcount

### July 31, 2024

	<u>Current Month End</u>	<u>Budget</u>	<u>Over/ (Under)</u>
<b>Office of Chief Executive Officer</b>	2	2	-
Human Resources	4	4	-
Vacant Positions	0	10	(10)
Communications	3	3	-
Legislative Affairs	1	1	-
EEO/AA & Vendor Services	4	4	-
<b>Office of Program Operations &amp; Strategic Planning</b>	0	0	-
Capital Planning & Program Operations	9	10	(1)
Design Studio	12	13	(1)
Grants Administration	7	7	-
Real Estate Services & Predevelopment	3	3	-
<b>Office of Construction Operations</b>	0	1	(1)
Project Teams	17	20	(3)
<b>Office of Corporate Governance &amp; Legal Affairs</b>	4	4	-
Chief Counsel	8	8	-
Information Systems	11	11	-
Central Records Management	3	3	-
Safety	4	4	-
Internal Audit	3	3	-
<b>Office of Chief Financial Officer</b>	1	1	-
Financial Operations	7	7	-
Financial Accounting & Disbursements	11	11	-
Procurement	10	10	-
Risk Management	1	2	(1)
Facilities	4	5	(1)
<b>Total Full-Time Employees at Month End</b>	<b><u>129</u></b>	<b><u>147</u></b>	<b><u>(18)</u></b>
 <b>Total Full-Time Employees at Year End</b>		<b><u>150</u></b>	



# New Jersey Schools Development Authority

## Statement of Net Position

### July 31, 2024

	<b><u>Current</u></b>	<b><u>2023</u></b>	<b><u>Over/</u></b>
	<b><u>Month End</u></b>	<b><u>Year End</u></b>	<b><u>(Under)</u></b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 345,937,236	\$ 486,555,839	\$ (140,618,603)
Receivables	789	22,534,092	(22,533,303)
Prepaid expenses	355,043	83,476	271,567
Capital assets, net of accumulated depreciation	4,535,690	5,669,810	(1,134,120)
Total Assets	350,828,758	514,843,217	(164,014,459)
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount for pensions and OPEB	5,212,653	7,357,357	(2,144,704)
Total Deferred Outflows of Resources	5,212,653	7,357,357	(2,144,704)
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>			
	<b>\$ 356,041,411</b>	<b>\$ 522,200,574</b>	<b>\$ (166,159,163)</b>
<b>LIABILITIES</b>			
Accrued school facilities project costs	\$ 20,361,925	\$ 34,482,145	\$ (14,120,220)
Unearned revenue	240,038,661	250,000,000	(9,961,339)
Net pension liability	23,242,844	23,242,844	-
Total other postemployment benefits liability	17,474,593	17,611,947	(137,354)
Other accrued liabilities	5,382,362	8,187,435	(2,805,073)
Deposits	2,934,369	5,512,708	(2,578,339)
Total Liabilities	309,434,754	339,037,079	(29,602,325)
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amount for pensions and OPEB	29,638,347	29,638,347	-
Deferred amount for Federal CPF grant	-	-	-
Total Deferred Inflows of Resources	29,638,347	29,638,347	-
<b>NET POSITION</b>			
Net investment in capital assets	4,535,690	5,669,810	(1,134,120)
Restricted:			
Schools construction Federal CPF grant	83,060	-	83,060
Schools construction special revenue fund	12,349,560	147,855,338	(135,505,778)
Total Fund Balance/Net Position	16,968,310	153,525,148	(136,556,838)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>			
	<b>\$ 356,041,411</b>	<b>\$ 522,200,574</b>	<b>\$ (166,159,163)</b>

# New Jersey Schools Development Authority

## Statement of Activities

### July 31, 2024

	<u>Current</u> <u>Year-To Date</u>	<u>2023</u> <u>Year-To Date</u>	<u>Over/</u> <u>(Under)</u>
<b>REVENUES</b>			
School Construction Program:			
Appropriation from State	\$ 18,114,438	\$ -	\$ 18,114,438
Federal CPF grant	7,478,370	-	7,478,370
Bidding fees-plans and specs			
General:			
Investment earnings	11,877,899	7,863,612	4,014,287
Rental property income	-	4,800	(4,800)
Other revenue	2,814	11,840	(9,026)
Total Revenues	37,473,521	7,880,252	29,593,269
<b>EXPENSES</b>			
Administrative and general expenses	8,298,267	8,722,783	(424,516)
School facilities project costs	165,732,092	140,157,100	25,574,992
Total Expenditures/Expenses	174,030,359	148,879,883	25,150,476
<b>CHANGE IN NET POSITION</b>	<b>(136,556,838)</b>	<b>(140,999,631)</b>	<b>4,442,793</b>
Beginning of Period Net Position	153,525,148	273,468,663	(119,943,515)
<b>NET POSITION END OF PERIOD</b>	<b>\$ 16,968,310</b>	<b>\$ 132,469,032</b>	<b>\$ (115,500,722)</b>

**DESIGN CONTRACT DE-OBLIGATIONS REPORT (*no activity*)**

**JULY 1, 2024 LEASED/LICENSED REAL ESTATE OWNED REPORT FOR  
N.J.A.C. 19:35, DISPOSTION OF SURPLUS REAL AND PERSONAL PROPERTY  
OF THE NEW JERSEY SCHOOLS DEVEOPMENT AUTHORITY**



**MEMORANDUM**

*For Informational Purposes Only*

**TO:** Members of the Authority

**FROM:** Janice Venables, Vice President, Corporate Governance  
Cecelia Haney, Deputy Chief Counsel and Administrative Practice Officer  
Victor Hackett, Assistant Counsel

**DATE:** September 4, 2024

**RE:** July 1, 2024 Leased/Licensed Real Estate Owned Report for N.J.A.C. 19:35, Disposition of Surplus Real and Personal Property of the New Jersey Schools Development Authority

---

In accordance with reporting requirement N.J.A.C. 19:35-6.1(e), the Management of the Authority presents to the Members' the July 1, 2024 Leased/Licensed Real Estate Owned Report. Exhibit A.

**Background**

Effective April 4, 2022, the Members of the New Jersey Schools Development Authority ("Authority" or "SDA") approved for adoption and publication updated Rules for Disposition of Surplus Real and Personal Property of The New Jersey Schools Development Authority, N.J.A.C. 19:35.

N.J.A.C. 19:35-6.1(e) states:

*The SDA shall prepare a semi-annual informational report, to be submitted to the SDA Board, listing all current temporary use and occupancy authorizations, whether memorialized in leases, licenses, or use and occupancy agreements, and indicating any extensions or renewals thereof.*

**Requested Board Action**

No action is required at this time. This memorandum is for reporting purposes.

/s/ Janice Venables  
Janice Venables, Vice President  
Corporate Governance

Prepared by Victor Hackett, Assistant Counsel

# JULY 1, 2024 Report of Leased/Licensed Real Estate Owned by NJSDA

#	District	Original Project	Block	Lot	Address	Lot Size W x L, SQ FT, or acres	Lessee / License Holder	Original Lease Start Date	Current Lease Expiration	Renewals to Same Lessee / License Holder (Yes/No)
1	Jersey City	Culbreth 14	19502	24	82 OAK ST.	40X100	Jersey City BOE	7/17/2009	month to month	Yes
2	Jersey City	Culbreth 14	19502	26	88 OAK ST.	40X100	Jersey City BOE	7/17/2009	month to month	Yes
3	Jersey City	Watters 24	20602	68	232 VIRGINIA AVE.	30X111	Jersey City BOE	2/7/2008	month to month	Yes
4	Jersey City	Watters 24	20602	69	234 VIRGINIA AVE.	25X110	Jersey City BOE	2/7/2008	month to month	Yes
5	Jersey City	Watters 24	20602	70	236 VIRGINIA AVE.	25X110	Jersey City BOE	2/7/2008	month to month	Yes
6	Jersey City	Watters 24	20602	71	238 VIRGINIA AVE.	25X110.85	Jersey City BOE	2/7/2008	month to month	Yes
7	Jersey City	Watters 24	20602	72	240 VIRGINIA AVE.	41X78	Jersey City BOE	2/7/2008	month to month	Yes
8	Jersey City	ECC 13	21102	52	70 EGE AVE.	367X266.76	City of Jersey City	9/13/2023	9/12/2024	Yes
9	Newark	Franklin	478	12	36-38 SUMMER AVE	30X50	St Lucy Church	10/13/2023	10/16/2023	Yes
10	Newark	Replacement	2487	1.02	371-395 FERRY ST	61948 SQ FT	City of Newark	10/20/2014	1/31/2025	Yes
11	Newark	University	3058	1	464 HAWTHORNE AVE	25X100	City of Newark	9/27/2012	11/30/2024	Yes
12	Newark	University	3058	2	460-462 HAWTHORNE AVE	50X100	City of Newark	9/27/2012	11/30/2024	Yes
13	Newark	University	3058	4	456-458 HAWTHORNE AVE	37.6X100	City of Newark	9/27/2012	11/30/2024	Yes
14	Newark	University	3058	6	454 HAWTHORNE AVE	37.6X100	City of Newark	9/27/2012	11/30/2024	Yes
15	Newark	University	3058	7	452 HAWTHORNE AVE	25X100	City of Newark	9/27/2012	11/30/2024	Yes
16	Newark	University	3058	8	450 HAWTHORNE AVE	25X100	City of Newark	9/27/2012	11/30/2024	Yes
17	Newark	University	3058	9	9 DEMAREST ST	29.3X100	City of Newark	9/27/2012	11/30/2024	Yes
18	Newark	University	3058	10	11-13 DEMAREST ST	50X100	City of Newark	9/27/2012	11/30/2024	Yes
19	Newark	University	3058	12	15 DEMAREST ST	30X100	City of Newark	9/27/2012	11/30/2024	Yes
20	Newark	University	3058	13	17 DEMAREST ST	30X100	City of Newark	9/27/2012	11/30/2024	Yes
21	Newark	University	3058	14	19-21 DEMAREST ST	3,000 SQ FT	City of Newark	9/27/2012	11/30/2024	Yes
22	Newark	University	3058	16	23 DEMAREST ST	30X100	City of Newark	9/27/2012	11/30/2024	Yes
23	Newark	University	3058	17	25 DEMAREST ST	30X100	City of Newark	9/27/2012	11/30/2024	Yes
24	Newark	University	3058	18	27 DEMAREST ST	37.6X100	City of Newark	9/27/2012	11/30/2024	Yes
25	Newark	University	3058	20	29-31 DEMAREST ST	37.6X100	City of Newark	9/27/2012	11/30/2024	Yes
26	Newark	University	3058	21	33-35 DEMAREST ST	50X100	City of Newark	9/27/2012	11/30/2024	Yes
27	Newark	University	3058	27	171-173 NYE AVE	50.10X111	City of Newark	9/27/2012	11/30/2024	Yes
28	Newark	University	3058	28	42 DEWEY ST	29X100	City of Newark	9/27/2012	11/30/2024	Yes
29	Newark	University	3058	30	40 DEWEY ST	33.4X100	City of Newark	9/27/2012	11/30/2024	Yes
30	Newark	University	3058	32	36-38 DEWEY ST	33.4X100	City of Newark	9/27/2012	11/30/2024	Yes
31	Newark	University	3058	33	34 DEWEY ST	28X100	City of Newark	9/27/2012	11/30/2024	Yes
32	Newark	University	3058	34	32 DEWEY ST	28X100	City of Newark	9/27/2012	11/30/2024	Yes
33	Newark	University	3058	35	30 DEWEY ST	27.4X100	City of Newark	9/27/2012	11/30/2024	Yes
34	Newark	University	3058	36	28 DEWEY ST	25X100	City of Newark	9/27/2012	11/30/2024	Yes
35	Newark	University	3058	37	26 DEWEY ST	25X100	City of Newark	9/27/2012	11/30/2024	Yes
36	Newark	University	3058	38	24 DEWEY ST	25X100	City of Newark	9/27/2012	11/30/2024	Yes
37	Newark	University	3058	39	22 DEWEY ST	25X100	City of Newark	9/27/2012	11/30/2024	Yes
38	Newark	University	3058	40	20 DEWEY ST	25X100	City of Newark	9/27/2012	11/30/2024	Yes
39	Newark	University	3058	41	18 DEWEY ST	25X100	City of Newark	9/27/2012	11/30/2024	Yes
40	Newark	University	3058	42	16 DEWEY ST	25X100	City of Newark	9/27/2012	11/30/2024	Yes
41	Newark	University	3058	43	12-14 DEWEY ST	40X100	City of Newark	9/27/2012	11/30/2024	Yes
42	Newark	University	3058	45	10 DEWEY ST	35.40X100	City of Newark	9/27/2012	11/30/2024	Yes
43	Newark	University	3058	47	175-177 NYE AVE	50.10X101	City of Newark	9/27/2012	11/30/2024	Yes
44	Passaic	Jefferson	3271	37	374 VAN HOUTEN AVE	50X125	Passaic BOE	8/12/2013	month to month	Yes
45	Passaic	Roosevelt	4068	9	85 PARKER AVE	24X81	Passaic BOE	8/12/2013	month to month	Yes
46	Passaic	Roosevelt	4068	10	81 PARKER AVE	23X71	Passaic BOE	8/12/2013	month to month	Yes
47	Passaic	Roosevelt	4068	11	83 PARKER AVE.	23X75	Passaic BOE	8/12/2013	month to month	Yes
48	Passaic	Roosevelt	4068	12	8 SHERMAN ST	25X70	Passaic BOE	8/12/2013	month to month	Yes
49	Passaic	Roosevelt	4068	12	10 SHERMAN ST	17.5 X 70	Passaic BOE	8/12/2013	month to month	Yes
50	Passaic	Roosevelt	4068	13	12 SHERMAN ST.	29.5 X 70	Passaic BOE	8/12/2013	month to month	Yes
51	Passaic	Roosevelt	4068	14	14 SHERMAN ST.	28X70	Passaic BOE	8/12/2013	month to month	Yes
52	Passaic	Roosevelt	4068	15	16 SHERMAN ST.	53.5X70	Passaic BOE	8/12/2013	month to month	Yes
53	Union City	New Magnet	19	1				1/10/2014	1/31/2025	Yes
54	Union City	New Magnet	20	20	501 SUMMIT AVE	24X100	UC- Public Works	1/10/2014	1/31/2025	Yes
55	Union City	New Magnet	20	21				1/10/2014	1/31/2025	Yes
56	Union City	New Magnet	19	2	503 SUMMIT AVE	25X100	UC- Public Works	1/10/2014	1/31/2025	Yes
57	Union City	New Magnet	19	3	505 SUMMIT AVE	25X100	UC- Public Works	1/10/2014	1/31/2025	Yes
58	Union City	New Magnet	19	5	509 SUMMIT AVE	25X100	UC- Public Works	1/10/2014	1/31/2025	Yes
59	Union City	New Magnet	19	9	519 SUMMIT AVE	25X100	UC- Housing Authority	1/10/2014	3/3/2026	Yes
60	Union City	New Magnet	19	10	809 6TH ST	25X115	UC- Public Works	1/10/2014	1/31/2025	Yes
61	Union City	New Magnet	19	11	811 6TH ST	25X115	UC- Public Works	1/10/2014	1/31/2025	Yes
62	Union City	New Magnet	19	16	508 KENNEDY BLVD	25X80	UC- Public Works	1/10/2014	1/31/2025	Yes
63	Union City	New Magnet	19	21				1/10/2014	1/31/2025	Yes
64	Union City	New Magnet	19	22	808 5TH ST	50X113	UC- Public Works	1/10/2014	1/31/2025	Yes
65	Union City	New Magnet	20	1	501 PATERSON PLANK RD	8000 SQ FT	UC- Public Works	1/10/2014	1/31/2025	Yes
66	Union City	New Magnet	20	4	511 PATERSON PLANK RD	25 X 65	UC- Public Works	1/10/2014	1/31/2025	Yes
67	Union City	New Magnet	20	5	515 PATERSON PLANK RD	25X76	UC- Public Works	1/10/2014	1/31/2025	Yes
68	Union City	New Magnet	20	6	517 PATERSON PLANK RD	25X83	UC- Public Works	1/10/2014	1/31/2025	Yes
69	Union City	New Magnet	20	7	519 PATERSON PLANK RD	25X62	UC- Public Works	1/10/2014	1/31/2025	Yes
70	Union City	New Magnet	20	8	523 PATERSON PLANK RD	25X31	UC- Public Works	1/10/2014	1/31/2025	Yes
71	Union City	New Magnet	20	10	514 SUMMIT AVE	25X89.75	UC- Public Works	1/10/2014	1/31/2025	Yes
72	Union City	New Magnet	20	11	512 SUMMIT AVE	25X89.75	UC- Public Works	1/10/2014	1/31/2025	Yes
73	Union City	New Magnet	20	12	510 SUMMIT AVE	25X90	UC- Public Works	1/10/2014	1/31/2025	Yes
74	Union City	New Magnet	20	13	508 SUMMIT AVE	25X90	UC- Public Works	1/10/2014	1/31/2025	Yes
75	Union City	New Magnet	20	14	506 SUMMIT AVE	25X90	UC- Public Works	1/10/2014	1/31/2025	Yes
76	Paterson	STEAM Academy	8208	2	764-804 11th Avenue	7.98 acres	Paterson BOE	6/30/2016	month to month	Yes

**RESOLUTION TO ADJOURN INTO EXECUTIVE SESSION**

## ***Resolution—9.***

### Resolution to Adjourn into Executive Session

#### **Resolution**

**WHEREAS**, the “Senator Byron M. Baer Open Public Meetings Act” (OPMA), N.J.S.A. 10:4-6, declares “the right of the public to be present at all meetings of public bodies” except as expressly provided in the Act; and

**WHEREAS**, N.J.S.A. 10:4-12 (b) provides that a public body may exclude the public from that portion of a meeting at which the public body discusses, among other things, any matter involving the lease... of real property with public funds...or any pending or anticipated litigation or contract negotiations in which the public body is or may become a party...falling within the attorney-client privilege, to the extent that confidentiality is required to preserve the attorney-client relationship; and

**WHEREAS**, the Members of the New Jersey Schools Development Authority (SDA or the Authority) have before them on this date two matters that, pursuant to N.J.S.A. 10:4-12, is appropriate for consideration in Executive Session; and

**WHEREAS**, the first matter for Executive Session involves a proposed Recommendation for the Settlement of Claims Asserted by Epic Management, Inc. in Connection with the Paterson Union Avenue (Joseph A. Taub) Middle School Project and the Plainfield Elementary (Charles and Anna Booker) School Project; and

**WHEREAS**, the second matter for Executive Session involves a proposed Request for Approval of Proposed Agreement to Resolve Encroachment onto NJSDA-Owned Real Property in Jersey City; and

**WHEREAS**, the minutes of the Board’s September 4, 2024 Executive Session meeting will be available for release for public review upon the full and final conclusion of all negotiations, legal proceedings, and settlements, and associated matters and/or the execution of all documentation, payments, agreements and leases associated therewith, as applicable.

**NOW, THEREFORE, BE IT RESOLVED**, that the Members of the Authority hereby resolve to adjourn into Executive Session to be apprised of the matter described herein.

**BE IT FURTHER RESOLVED**, that the minutes of the Board’s September 4, 2024 Executive Session meeting will be available for release for public review upon the full and final conclusion of all negotiations, legal proceedings, settlements, and associated matters, and/or the execution of all documentation, payments, agreements and leases associated therewith, as applicable.

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

Attached: Resolution to Adjourn into Executive Session, dated September 4, 2024

Dated: September 4, 2024