

NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY

CHAPTER 32

SCHOOL FACILITIES PROJECTS:
SECTION 15 GRANT PROCEDURES

Authority

P.L. 2007, c.137, specifically §26, and P.L. 2000, c. 72, specifically §15.

Source and Effective Date

R.2008 d.8, effective January 7, 2008.
See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1.c(2), Chapter 32, School Facilities Projects: Section 15 Grant Procedures, expires on July 6, 2015. See: 47 N.J.R. 519(a).

Chapter Historical Note

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

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

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

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5 was recodified to N.J.A.C. 19:39 and renamed Affirmative Action Rules, and Subchapter 5 Appendices 1 and 2 were repealed, effective December 17, 2007.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

Chapter 32, School Facilities Projects: Section 15 Grant Procedures, was adopted as new rules by R.2008 d.8, effective January 7, 2008. See: Source and Effective Date. See, also, section annotations.

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

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SUBCHAPTER 5. (RESERVED)

SUBCHAPTER 1. GENERAL PROVISIONS

19:32-1.1 Applicability and scope

These rules are promulgated by the New Jersey Schools Development Authority (the "Authority") to implement Section 15 of the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (N.J.S.A. 18A:7G-15) and section 26 of P.L. 2007, c. 137 (collectively, the "Act"). Section 15 of the Act establishes a grant program to fund the State share of the final eligible costs of school facilities projects undertaken by school districts other than Abbott districts. These rules also apply to a school district whose district aid percentage is 55 percent or greater, that had a school facilities project approved by the Department of Education, and had not issued debt prior to the effective date of P.L. 2000, c. 72. These rules are adopted in order to provide the mechanism whereby school districts which are eligible to receive grants from the Authority can receive such grants and to ensure that these grant funds are used properly by the school districts. Any district applying for a grant or having received a grant pursuant to the Act shall at a minimum comply with the requirements of this chapter, as applicable.

Amended by R.2002 d.184, effective June 17, 2002.
See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Rewrote section.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Inserted "New Jersey Schools Construction Corporation (the "Corporation"), a subsidiary of the" preceding "New Jersey Economic Develop-

ment Authority"; substituted references to the Corporation for the Authority throughout.

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Rewrote the section.

19:32-1.2 Construction of rules

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

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Administrative correction.

See: 40 N.J.R. 809(b).

19:32-1.3 Definitions

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

"Act" means the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72, N.J.S.A. 18A:7G-1 et seq., as amended.

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

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

"Authority" means the New Jersey Schools Development Authority established, pursuant to section 3 of P.L. 2007, c. 137, the successor entity to the New Jersey Schools Construction Corporation.

"Authorized officer" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Consultant" means a consultant, including a design consultant, engaged by the district for a school facilities project providing professional services associated with research, development, design and construction administration, alteration, or renovation of real property, as well as incidental services that members of these professions and those in their

employ may logically or justifiably perform. A consultant may provide services including studies, investigations, surveys, evaluations, consultations, planning, programming, conceptual designs, plans and specifications, cost estimates, construction management, inspections, shop drawing reviews, preparation of operating and maintenance manuals, and other related services. There may be one or more consultants engaged by the district for a school facilities project.

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

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

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

“Contractor” means that person or firm engaged by the district to undertake the construction of a school facilities project. There may be either a single “general” contractor who has overall contractual responsibility for delivering all of the construction services needed to complete a school facilities project or there may be multiple contractors who have responsibility for delivering particular aspects of a school facilities project.

“DCA” means the New Jersey Department of Community Affairs.

“Department” means the New Jersey Department of Education.

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

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

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

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

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

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

“District board” means the board of education of the district.

“Division of Criminal Justice, Bureau of Fiscal Oversight/SDA” or “Bureau of Fiscal Oversight/SDA” means the unit which is the successor to the Unit of Fiscal Integrity within the Office of the Attorney General created by N.J.S.A. 18A:7G-43.

“DOL” means the New Jersey Department of Labor and Workforce Development.

“Event of default” means any event specified in N.J.A.C. 19:32-1.13.

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

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

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

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

“Governmental authority” means the United States, the State or any political subdivision thereof, and any agency,

department, commission, board, bureau or instrumentality which has jurisdiction over a school facilities project or any part thereof or over the design, construction, equipping, use or occupancy of a school facilities project.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“State” means the State of New Jersey.

“State share” means the State’s proportionate share of the final eligible costs, which equals 115 percent of the district aid percentage or 40 percent, whichever is greater as provided in N.J.S.A. 18A:7G-15.

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

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

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

1. All essential requirements of the contracts have been fully performed so that the purpose of the contracts is accomplished;

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

“Suspension” means a temporary cessation of disbursements to the district.

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

“Termination” means the cancellation of the grant agreement as a result of an event of default or by mutual consent of the parties pursuant to N.J.A.C. 19:32-1.14.

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

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

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

“Voucher” means the voucher in the form provided by the Authority executed and delivered to the Authority by the district, together with a request for disbursement.

(b) Words and terms implementing the Act but not defined in this section shall have the meanings defined in N.J.A.C. 6A:26-1.2 and 6A:26A-1.3.

Amended by R.2002 d.184, effective June 17, 2002.
See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Rewrote section.

Amended by R.2004 d.411, effective November 1, 2004.
See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Added “Corporation”, added second sentence to “Excess costs”, rewrote “Other facilities”, updated N.J.A.C. reference in “Voucher”.
Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted “Authority” for “Corporation” throughout; in definition “Act”, inserted “, as amended.”; in definition “Agreement”, substituted “grant” for “Grant”; rewrote definition “Authority”; deleted definitions “Authority Bonds”, “Corporation” and “Unit of Fiscal Integrity”; in definition “Bond counsel”, substituted “NJEDA” for “Authority”; added definitions “Capital maintenance project”, “Division of Criminal Justice,

Bureau of Fiscal Oversight/SDA”, “NJEDA” and “NJEDA bonds”; in definition “Capital reserve account”, updated the N.J.A.C. reference; in definition “DOL”, inserted “and Workforce Development”; in definition “Other facilities”, deleted “garages,” following “greenhouses.”; in definition “School facility”, deleted “or community provider,” following the first occurrence of “district”; and in definition “School facilities project”, inserted “planning,” and “capital”, deleted “repair,” following “improvement.”, and deleted the second and third sentences.

19:32-1.4 Administration and performance of grant agreements

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

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted “Authority” for “Corporation” throughout.

19:32-1.5 Disclosure and publicity

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

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

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted “Authority” for “Corporation” throughout.

19:32-1.6 Access and record retention

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

1. They shall have the right to enter upon and examine, inspect or audit the school facilities project at reasonable

times and upon prior notice but shall not be required to do so if in their sole judgment such notice and times cannot be provided.

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

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

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

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

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

Amended by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Rewrote section.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

In the introductory paragraph of (a) and in (b)2, substituted "NJEDA, the Authority" for "Authority, the Corporation" and "Bureau of Fiscal Oversight/SDA" for "Unit of Fiscal Integrity".

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

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

(b) The district shall diligently pursue available judicial and administrative remedies and take any other appropriate remedial action with respect to any allegations or evidence of such illegality or corrupt practices. The district shall immediately notify the Authority and the Bureau of Fiscal Oversight/SDA in writing when any such allegation or evidence comes to its attention and shall periodically advise the Authority and the Bureau of Fiscal Oversight/SDA in writing of the status and ultimate disposition of any related matter.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" throughout; and in (b), substituted "Bureau of Fiscal Oversight/SDA" for "Unit of Fiscal Integrity" twice.

19:32-1.8 Debarment

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

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

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

(d) The district shall have a continuing and affirmative obligation so long as the grant agreement is in effect to immediately notify the State and the Authority in writing whenever it obtains knowledge that any contracted party, subconsultant or subcontractor is on the Treasurer's, the

NJEDA's, the Authority's or the Federal government's List. The State and the Authority reserve the right in such circumstances to immediately suspend such contracted party, sub-consultant or subcontractor from contracting and/or engaging in work on the school facilities project and to take such other action as it deems appropriate pursuant to N.J.A.C. 19:38A-4 or any applicable regulation issued by the NJEDA or the Authority.

Amended by R.2002 d.184, effective June 17, 2002.
See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Deleted references to N.J.A.C. 6:20-7 throughout.
Amended by R.2004 d.411, effective November 1, 2004.
See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).
Amended by R.2008 d.8, effective January 7, 2008.
See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "NJEDA" for "Authority", "Authority" for "Corporation", "NJEDA's" for "Authority's" and "Authority's" for "Corporation's" throughout; in (b), (c) and (d), updated the N.J.A.C. references; and in (c), substituted "Bureau of Fiscal Oversight/SDA" for "Unit of Fiscal Integrity".

19:32-1.9 Performance evaluation policy and procedure

The Authority may establish and maintain a consultant and contractor performance evaluation policy and procedure. The performance of any consultants and contractors engaged by the district for the school facilities projects shall be evaluated by the district at the times and in the manner specified by the Authority. This evaluation shall consider, among other things, the consultants' and contractors' ability to deliver and complete the school facilities project within the specified time frame and budget established by the district and consistent with the requirements of the contracts.

Amended by R.2004 d.411, effective November 1, 2004.
See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).
Amended by R.2008 d.8, effective January 7, 2008.
See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" twice.

19:32-1.10 Noncompliance

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

1. Issue a notice of noncompliance pursuant to N.J.A.C. 19:32-1.11;
2. Withhold grant moneys pursuant to N.J.A.C. 19:32-1.12;
3. Suspend the provision of grant moneys pursuant to N.J.A.C. 19:32-1.13; and/or
4. Terminate the grant agreement or rescind the grant moneys pursuant to N.J.A.C. 19:32-1.13.

Amended by R.2004 d.411, effective November 1, 2004.
See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).
Amended by R.2008 d.8, effective January 7, 2008.
See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

In the introductory paragraph of (a), substituted "Authority" for "Corporation".

19:32-1.11 Notice of noncompliance

In the event that the Authority determines that the district is not in compliance with any provision of the Act, any condition of the grant agreement, or any condition of this chapter, it will notify the district of the noncompliance in writing. The Authority may require the district, its consultants and/or contractors to take and complete corrective action. If the corrective action is not taken within the requisite time period specified or if the action taken is inadequate as determined by the Authority, the Authority may take any of the following actions or combinations contained in N.J.A.C. 19:32-1.12 and 1.13.

Amended by R.2002 d.184, effective June 17, 2002.
See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

In second sentence, deleted "within 10 working days of the notice" after "corrective action"; in third sentence, inserted "specified" after "time period".

Amended by R.2004 d.411, effective November 1, 2004.
See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).
Amended by R.2008 d.8, effective January 7, 2008.
See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" throughout.

19:32-1.12 Withholding of funds

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

Amended by R.2004 d.411, effective November 1, 2004.
See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Rewrote the section.

Amended by R.2008 d.8, effective January 7, 2008.
See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" twice.

19:32-1.13 Termination of the grant agreement for cause

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

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

of such time up to 120 days from delivery of the written notice referred to above or if corrective action is instituted by the district within the applicable period and diligently pursued until the event of default is corrected;

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

3. A determination is made by the Authority that:

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

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

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

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

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

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

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

10. The district fails to permit the Authority or the Bureau of Fiscal Oversight/SDA immediate entry or inspection.

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

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

costs to the Authority resulting from an event of default by the district.

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

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

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

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

Amended by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

In (a)10, deleted "DCA" after "Authority".

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" throughout; in (a)9, substituted "NJEDA" for "Authority" and "Authority" for "the Corporation"; and in (a)10, substituted "Bureau of Fiscal Oversight/SDA" for "Unit of Fiscal Integrity".

19:32-1.14 Termination by mutual agreement

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

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" twice.

19:32-1.15 Severability

If any provision of this chapter or the application thereof to any person or circumstances is held invalid by a court of competent jurisdiction, such invalidity shall not affect other

provisions or applications, and to this end, the provisions of this chapter are declared to be severable.

19:32-1.16 Waiver

If the district received approval from the Department for the school facilities project prior to June 29, 2001, the district may request a waiver from compliance with certain provisions of these regulations and the grant agreement with which it would not be possible for the district to comply. The request for a waiver must specify the specific provisions of these regulations and the grant agreement that the district is requesting should not apply together with a detailed explanation why such compliance is not possible. If such justification is found to be valid by the Authority, a waiver for such provision(s) shall be issued.

Amended by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Substituted "June 29, 2001" for "the effective date of these regulations" and substituted "a detailed explanation" for "the reasons".

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation".

19:32-1.17 Appeals

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

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

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

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

New Rule, R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" throughout; and in (a), substituted "Authority's" for "Corporation's".

SUBCHAPTER 2. ELIGIBILITY

19:32-2.1 Applicability

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

Amended by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Substituted "eligibility determination" for "application".

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Substituted references to the "Corporation" for the "Authority" throughout.

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority's" for "Corporation's".

19:32-2.2 Eligibility

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

1. The district shall obtain one of the following:
 - i. Approval of the district's long-range facilities plan pursuant to N.J.A.C. 6A:26-2.3;
 - ii. A waiver for approval of the school facilities project pursuant to N.J.S.A. 18A:7G-4(b); or
 - iii. Approval for retroactive funding pursuant to N.J.S.A. 18A:7G-9(c)—second paragraph.
2. The district shall obtain approval of the school facilities project from the Department pursuant to N.J.S.A. 18A:7G-5 and N.J.A.C. 6A:26-3.3.
3. There is a determination of the final eligible costs and the State share of the school facilities project by the Department pursuant to N.J.S.A. 18A:7G-5(h) and N.J.A.C. 6A:26-3.6.
4. The district shall obtain approval of educational specifications and schematic plans from the Department pursuant to N.J.A.C. 6A:26-5.2 and 5.3, if applicable. If land was acquired as part of the school facilities project, the district shall obtain approval of the land acquisition from the Department pursuant to N.J.A.C. 6A:26-7.1. If an existing facility was acquired, the district shall obtain the approvals of the school site and the facility from the Department pursuant to N.J.A.C. 6A:26-7.3.

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

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

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

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

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

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

Amended by R.2002 d.184, effective June 17, 2002.
See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Rewrote section.

Amended by R.2008 d.8, effective January 7, 2008.
See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

In (a)6ii, updated the second N.J.A.C. reference.

19:32-2.3 Eligibility determination

(a) To evidence eligibility for a grant, the district shall submit the following to the Authority:

1. A brief description of the school facilities project and the proposed timetable for completion of the school facilities project; and

2. Evidence of the approvals required pursuant to N.J.A.C. 19:32-2.2.

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

Amended by R.2002 d.184, effective June 17, 2002.
See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Rewrote section.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

In the introductory paragraph of (a), substituted "Authority" for "Corporation".

19:32-2.4 Execution of the grant agreement

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

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

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

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

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

1. The district shall have 180 days from the date of the Authority's offer of a grant agreement to return an executed grant agreement together with all applicable attachments to the Authority for execution by the Authority.

2. In the event that the Authority has not received an executed grant agreement with all applicable attachments, it will notify the district on or before 30 days prior to the end of the 180-day time period that failure to receive an executed grant agreement and all applicable attachments by day 180 will result in rescission of the grant agreement offer.

3. In the event that the Authority has not received an executed grant agreement with all applicable attachments by day 180 from the date of the Authority's offer of a grant agreement, the Authority shall rescind the offer and so notify the district in writing.

4. After a grant agreement offer has been rescinded, a district interested in having the grant offer reinstated shall

request in writing that the Authority reinstate the grant offer.

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

Amended by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Deleted (a), (b), and (e); recodified existing (c) as new (a), existing (d) as new (a)1, existing (f) as new (a)2 and rewrote paragraph, and existing (g) as new (a)3.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Added (b).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" and "Authority's" for "Corporation's" throughout.

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

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

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation".

19:32-2.6 Effect of grant awards

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

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

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

In (a) and (b), substituted "Authority" for "Corporation".

SUBCHAPTER 3. DISBURSEMENT OF THE GRANT

19:32-3.1 Amount of the grant

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

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

1. The total costs shall be subtracted from the final eligible costs;

2. The amount determined in (b)1 above shall be multiplied by 115 percent of the district aid percentage or 40 percent, whichever is greater; and

3. The number determined in (b)2 above shall be subtracted from the original amount of the grant. The remaining number represents the final amount of the grant.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Substituted references to the "Corporation" for the "Authority" throughout.

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

In the introductory paragraph of (b), substituted "Authority" for "Corporation" twice.

19:32-3.2 Cost overruns

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

Amended by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

At the end of the paragraph, deleted "There shall be no grant modification increasing the grant amount. Increased costs resulting from changes in the scope of the school facilities project shall be the sole responsibility of the district."

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation".

19:32-3.3 Legal and/or equitable interest

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

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "NJEDA" for "Authority" and "Authority" for "Corporation" throughout.

19:32-3.4 Disbursements

(a) Disbursement of grant funds shall be made at intervals as work progresses and expenses are incurred by the district

and approved by the Authority for payment. Total disbursements shall not exceed the grant amount and in any case shall not exceed the State share. No disbursement of the grant shall be made until the Authority receives all documentation required for that disbursement, including all forms and information required by the Authority and completed in a manner satisfactory to the Authority.

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

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

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

1. The first disbursement of the grant in the amount of one half of one percent of the grant shall be made after execution of the grant agreement and submission of a request for disbursement as set forth in (a) above.

2. The second disbursement of the grant in the amount of 10 percent of the grant shall be made upon:

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

ii. Satisfactory compliance with the Executive Order No. 215 (1989), if applicable, as determined by the Authority;

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

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

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

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

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

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

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

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

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

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

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

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

(c) In the case of a school facilities project with final eligible costs of less than or equal to \$500,000 but greater than \$250,000, or in the case of a time-sensitive project with final eligible costs greater than \$250,000, and in either case, the school facilities project includes a design phase, the disbursement schedule shall be as follows:

1. The first disbursement of the grant in the amount of one half of one percent of the grant shall be after execution of the grant agreement and submission of a request for disbursement as set forth in (a) above.

2. The second disbursement of the grant in the amount of 10 percent of the grant shall be made upon:

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

ii. Satisfactory compliance with Executive Order No. 215 (1989), if applicable, as determined by the Authority;

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

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

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

3. The third disbursement of the grant in the amount of 45 percent of the grant shall be made upon a showing to the satisfaction of the Authority of 50 percent construction completion, submission of acceptable documentation of required insurance coverages, completion to the satisfaction of the Authority of the construction phase checklist for

each contract/bid advertisement of the work constituting the relevant percentage completed, and submission of a request for disbursement as set forth in (a) above.

4. The fourth disbursement of the grant in the amount of 40 percent of the grant shall be made upon a showing to the satisfaction of the Authority of substantial completion, submission of acceptable documentation of required insurance coverages, completion to the satisfaction of the Authority of the construction phase checklist for each contract/bid advertisement of the work constituting the relevant percentage completed and submission of a request for disbursement as set forth in (a) above.

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

(d) In the case of a school facilities project that does not include a design phase but is otherwise described in (c) above, the amounts and requirements relating to the first and final disbursements of (c) above apply, but instead of five disbursements there are only four, and requirements of the second and third disbursements are as follows:

1. The second disbursement of the grant in the amount of 50 percent of the grant shall be made upon a showing to the satisfaction of the Authority of 50 percent construction completion, there is satisfactory compliance with Executive Order No. 215 (1989), if applicable, as determined by the Authority, submission of acceptable documentation of required insurance coverages, completion to the satisfaction of the Authority of the construction phase checklist for each contract/bid advertisement of the work constituting the relevant percentage completed and submission of a request for disbursement as set forth in (a) above.

2. The third disbursement of the grant in the amount of 45 percent of the grant shall be made upon a showing to the satisfaction of the Authority of substantial completion, acceptable documentation of required insurance coverage has been submitted to the Authority, completion to the satisfaction of the Authority of the construction phase checklist for each contract/bid advertisement of the work constituting the relevant percentage completed and submission of a request for disbursement as set forth in (a) above.

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

1. The first disbursement of the grant in the amount of 50 percent of the grant shall be made after execution of the grant agreement upon a showing to the satisfaction of the

Authority of 50 percent construction completion, after submission of acceptable documentation of required insurance coverages, and after submission of a request for disbursement as set forth in (a) above.

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

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

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

Recodified from N.J.A.C. 19:32-3.5 and amended by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Rewrote section. Former N.J.A.C. 19:32-3.4, Requests for disbursements, repealed.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" throughout; and in (b)2ii, (c)2ii and (d)1, substituted "215 (1989)" for "215(1989)".

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

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

1. The grant agreement has been executed and delivered;
2. No event of default has occurred and is continuing;
3. Costs listed in the request and voucher contain only approved costs;
4. The costs, including the costs paid by the Authority previously, do not exceed the grant;
5. The applicable checklist, if any, has been reviewed and approved by the Authority;

6. None of the items for which payment is requested has formed the basis for any previous request for disbursement; and

7. The district is in compliance with all requirements of governmental authorities with respect to the school facilities project.

Recodified from N.J.A.C. 19:32-3.6 and amended by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

In (a)5, deleted "by DCA" after "reviewed". Former N.J.A.C. 19:32-3.5, Schedule of disbursements, recodified to N.J.A.C. 19:32-3.4.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

In the introductory paragraph of (a), and in (a)4 and (a)5, substituted "Authority" for "Corporation".

19:32-3.6 Checklists

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

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

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

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

Recodified from N.J.A.C. 19:32-3.7 and amended by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Rewrote section. Former N.J.A.C. 19:32-3.6, Conditions precedent to payment of a disbursement, recodified to N.J.A.C. 19:32-3.5.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" throughout; and in (a)2, substituted "Authority's" for "Corporation's".

19:32-3.7 Closeout procedures

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

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

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

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

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

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

Recodified from N.J.A.C. 19:32-3.8 and amended by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

In (a)2, in first sentence inserted ", as further set forth in N.J.A.C. 6A:26-4.6" after "principal becomes due". Former N.J.A.C. 19:32-3.7, Checklists, recodified to N.J.A.C. 19:32-3.6.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" throughout.

19:32-3.8 (Reserved)

Recodified to N.J.A.C. 19:32-3.7 by R.2002 d.184, effective June 17, 2002.

See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

Section was "Closeout procedures".

SUBCHAPTER 4. UNDERTAKING THE SCHOOL FACILITIES PROJECT

19:32-4.1 General provisions

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

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

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

Amended by R.2002 d.184, effective June 17, 2002.
See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).

In (a), rewrote second sentence; in (b), inserted N.J.A.C. reference in second sentence, and deleted third sentence.

Amended by R.2004 d.411, effective November 1, 2004.
See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

Substituted references to the "Corporation" for the "Authority" throughout.

Amended by R.2008 d.8, effective January 7, 2008.
See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

In (a), updated the first N.J.A.C. reference; and in (c), substituted "Authority" for "Corporation".

19:32-4.2 Contract award and compliance

(a) The district shall be responsible for the letting of contracts for the design, acquisition, construction and installation of the school facilities project, supervision of design and construction, acceptance of the completed school facilities project or parts thereof, and all other matters incidental to performance of the duties and powers expressly granted herein to be undertaken in connection with the acquisition, construction and completion of the school facilities project. The district shall continually monitor its performance to assure that time schedules are being met and that the completion of the school facilities project will occur in a timely, efficient and effective manner. In the event of default of any contracted party under any contract, or in the event of a breach of warranty with respect to any contract, the district shall reasonably exhaust the remedies against the defaulting

contracted party and against each such surety for the performance of such contracts. The district shall diligently prosecute or defend any action or proceeding, or take any other action involving the contracted party, that the district deems reasonably necessary.

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

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

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

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

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

1. The district and its contracted parties shall not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation or sex. The district and its contracted parties shall take affirmative action to ensure that such applicants are recruited and employed, that employees are treated during employment

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

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

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

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

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

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

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

(i) Upon final completion and thereafter, the district shall ensure that the school facilities project is properly maintained

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

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

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

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

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

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

(o) The following concern contracts:

1. The district shall include the following statements in each contract awarded by the district in connection with the school facilities project: "This contract or subcontract is or may be funded in part with funds from the New Jersey Schools Development Authority. Neither the State, the New Jersey Economic Development Authority, the New Jersey Schools Development Authority, nor any of its departments, agencies, board members or employees is, or

will be, a party to this contract or subcontract or any lower tier contract or subcontract. This contract or subcontract is subject to the requirements contained in N.J.A.C. 19:32. In accordance with the provisions of N.J.S.A. 18A:7G-15, the contractor (subcontractor) (consultant) (subconsultant) agrees to comply with all of the provisions of N.J.A.C. 19:32."

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

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

Amended by R.2002 d.184, effective June 17, 2002.
See: 34 N.J.R. 876(a), 34 N.J.R. 2137(a).
Rewrote section.

Amended by R.2004 d.411, effective November 1, 2004.

See: 36 N.J.R. 935(a), 36 N.J.R. 4954(a).

In (i), updated the N.J.A.C. reference; in (o), substituted "Schools Construction Corporation" for "Economic Development Authority" at the end of the first sentence and inserted ", the New Jersey Schools Construction Corporation" preceding ", nor any of its departments" in 1. Amended by R.2008 d.8, effective January 7, 2008.

See: 39 N.J.R. 2478(a), 40 N.J.R. 199(a).

Substituted "Authority" for "Corporation" throughout; in (b) and (g)1, substituted "Bureau of Fiscal Oversight/SDA" for "Unit of Fiscal Integrity"; in the introductory paragraph of (f), updated the second N.J.A.C. reference; in (g)1, substituted "State Ethics Commission" for "Executive Commission on Ethical Standards"; in (k) and (l), substituted "NJEDA" for "Authority" throughout; and in (o)1, substituted "New Jersey Schools Development Authority" for "New Jersey Schools Construction Corporation" twice.

SUBCHAPTER 5. (RESERVED)