

**New Jersey Schools Development Authority
2019 Organization Board Meeting
Wednesday, January 2, 2019
9:00 a.m.
32 East Front Street, Board Room, Trenton, NJ**

Agenda

- 1. Notice of Public Meeting**
- 2. Roll Call**
- 3. 2019 Organization Meeting**
 - a. Board Election of Officers
 - b. Chairperson Appointment of Committee Members/Chairs
 - i. Board Designation of Audit Committee Financial Expert
 - c. Board Adoption of Meeting Schedule
- 4. Public Comments**
- 5. Adjournment**

2019 ORGANIZATION MEETING MATERIALS



32 E. FRONT STREET
P.O. BOX 991
TRENTON, NJ 08625-0991
609-858-5325

MEMORANDUM

TO: Members of the Authority

FROM: Robert Nixon, Chairman of the Board

DATE: January 2, 2019

SUBJECT: New Jersey Schools Development Authority
2019 Organizational Meeting

The New Jersey Schools Development Authority Act of 2007 established the New Jersey Schools Development Authority (the “Authority” or “SDA”) and revised the school construction program established under the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (the “EFCFA”). By-laws for the Authority were adopted at its first organizational meeting held on August 15, 2007. In accordance with the SDA By-Laws (“By-Laws”), annual organizational meetings of the Authority must be held on the last Wednesday of January of each year or on another date in January at the discretion of the Chair. The SDA’s annual organizational meeting for 2019 will be held on January 2, 2019 at 9:00 AM. Consistent with the By-Laws, at the annual organizational meeting, the Officers of the Authority will be elected, Members of the Authority will be appointed to serve on the Committees of the Board, and a schedule of regular meetings of the Board for the ensuing year will be adopted.

OFFICERS

Section 4.1 of the By-Laws provides that the officers of the Authority shall be the Chairperson (who is designated by the Governor), a Vice-Chairperson, Treasurer and Secretary, all of whom shall be Members of the Authority, and a Chief Executive Officer, all elected by the Board. In addition, Section 4.1 provides that the Authority, by resolution, may appoint other officers in its discretion as determined necessary to address the affairs of the Authority.

Section 4.7 of the By-Laws allows the Authority, by resolution, to appoint an Assistant Secretary, who need not be a Member of the Authority, and to delegate any and all of the duties and confer any and all of the powers of the Secretary to the Assistant Secretary. This Section also allows the Authority, by resolution, to assign responsibility for the corporate governance and compliance responsibilities of the Authority to an Assistant Secretary. In addition, Section 4.7 provides for the appointment of additional Assistant Secretaries to perform the duties of the Secretary in the absence of the Assistant Secretary, by resolution of the Authority.

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

Accordingly, I recommend that the Members of the Authority elect the following persons to the office of the Authority appearing opposite their respective name, to serve in that office until the next organizational meeting of the Authority and thereafter until their respective successors shall be elected:

Vice Chairperson	Mario Vargas
Treasurer	Elizabeth Muoio
Secretary	Michael Maloney
Chief Executive Officer	Lizette Delgado Polanco
Assistant Treasurer	Donald Guarriello
Assistant Secretary*	Jane F. Kelly

* This position shall also be responsible for all corporate governance and compliance responsibilities of the Authority.

A proposed resolution for the election of officers is attached as **Exhibit 3a**.

BOARD COMMITTEES

The By-Laws provide for three Committees of the Board that meet throughout the year. The By-Laws further stipulate that the Chairperson of the Authority shall designate those members of the Board who shall serve as Chairs and members of the Board Committees (Sections 9.2, 10.2, 11.2). The following briefly describes each Committee's function and identifies those individuals that I, as Chairperson of the Authority, appoint to serve as Chair and members of the Board Committees.

Audit Committee

The Audit Committee generally meets monthly at such times and places as may be determined by the Chairperson of the Committee in conjunction with the Chief Executive Officer. The Audit Committee proactively assists and advises the Members of the Authority in overseeing the integrity and quality of the Authority's financial statements; the independent auditor's performance and ability to perform; the performance of the Authority's internal audit and internal control functions; the Authority's compliance with legal, regulatory, and ethical requirements; and personnel and compensation policies.

Section 9.2 of the By-Laws and Article III.A of the Audit Committee Charter ("Charter") provide that the Audit Committee shall consist of no less than three and no more than seven Members of the Authority, including the Chairperson of the Authority, the State Treasurer and up to five additional members appointed by the Chairperson, all of whom shall be independent of the Authority. Section 9.2 of the By-Laws also provides that the Chairperson shall select one of the members of the Audit Committee to chair the Committee, and Article III.C of the Charter requires that at least one member of the Audit Committee be designated as the "financial expert" as defined pursuant to the provisions of the federal Sarbanes-Oxley Act, which provisions are attached as **Exhibit B**.

Accordingly, I shall appoint the following Members of the Authority to serve as members of the Audit Committee. I shall appoint Robert Nixon, Public Member, to serve as Chairperson of the Committee. I shall recommend that Loren Lemelle, Public Member, be designated by the Board as the Committee's "financial expert" as required by the Charter, for which a proposed resolution is attached as **Resolution 3bi**. For informational purposes, the Charter is attached as **Exhibit D**. The Audit Committee shall consist of the following individuals:

1. Robert Nixon (Public Member), Chairperson
2. State Treasurer (or designee, as permitted by Section 2.7 of the By-Laws)
3. Loren Lemelle (Public Member)

Real Estate Committee

The Real Estate Committee generally meets monthly at such times and places as may be determined by the Chairperson of the Committee in conjunction with the Chief Executive Officer. The Real Estate Committee proactively assists and advises the Members of the Authority regarding real estate matters related to the school construction program including site feasibility, real estate and relocation matters. Section 10.2 of the By-Laws provides that 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, and that the Chairperson shall select one of the members of the Real Estate Committee to chair the Committee.

Accordingly, I shall appoint the following Members of the Authority to serve as members of the Real Estate Committee, and I shall appoint Mario Vargas, Public Member, to serve as Chairperson of the Committee. The Real Estate Committee shall consist of the following individuals:

1. Mario Vargas (Public Member), Chairperson
2. Lester Lewis-Powder (Public Member)
3. Commissioner of the New Jersey Department of Community Affairs (or designee, as permitted by Section 2.7 of the By-Laws)
4. Kevin Egan (Public Member)
5. Richard Elbert (Public Member)

School Review Committee

The School Review Committee generally meets monthly at such times and places as may be determined by the Chairperson of the Committee in conjunction with the Chief Executive Officer. The School Review Committee proactively assists and advises 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. Section 10.2 of the By-Laws provides that 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, and that the Chairperson shall select one of the members of the Committee to chair the Committee

Accordingly, I shall appoint Kevin Luckie, Department of Community Affairs designee, to serve as Chairperson of the Committee. I shall also appoint the following Members of the Authority to serve as

members of the School Review Committee. The School Review Committee shall consist of the following individuals:

1. Commissioner of the New Jersey Department of Community Affairs (or designee, as permitted by Section 2.7 of the By-Laws)
2. Chief Executive Officer, New Jersey Economic Development Authority (or designee, as permitted by Section 2.7 of the By-Laws)
3. Commissioner of the New Jersey Department of Education (or designee, as permitted by Section 2.7 of the By-Laws)
4. Michael Maloney (Public Member)
5. Mario Vargas (Public Member)

BOARD AND COMMITTEE MEETING SCHEDULES

Attached as **Exhibit E** is a proposed meeting schedule for the SDA Board of Directors through January 2020. By resolution, a proposed form of which is attached hereto as **Resolution 3c.**, the Members of the Authority are requested to adopt the Board meeting schedule. Also, included as **Exhibit F** (for informational purposes only) are the corresponding proposed meeting schedules for the Audit, School Review and Real Estate Committees.

/s/ Jane F. Kelly _____

Jane F. Kelly, Assistant Secretary
for
Robert Nixon, Chairman of the Board

EXHIBIT—Resolution 3a.**Proposed Resolution for the Election of Officers**

WHEREAS, the New Jersey Schools Development Authority (“SDA” or “the Authority”) was established 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, Bylaws to govern the affairs and organization of the Authority were adopted by the Members of the Authority at its first organizational meeting held August 15, 2007; and

WHEREAS, the Bylaws of the Authority require that, at each organizational meeting of the Authority, the Officers of the Authority will be elected; and

WHEREAS, Section 4.1 of the Bylaws provides that such Officers shall be a Chairperson (to be designated by the Governor), a Vice Chairperson, a Treasurer and a Secretary, all of whom shall be Members of the Authority and a Chief Executive Officer, all elected by the Board; and

WHEREAS, Section 5.1 of the Bylaws sets forth the role and responsibilities of the Chief Executive Officer to be appointed and employed by the Authority pursuant to Section 4.2 of the Bylaws; and

WHEREAS, Section 4.1 of the Bylaws further provides that the Authority may, by resolution, appoint other officers in its discretion as determined necessary to address the affairs of the Authority; and

WHEREAS, Section 4.7 of the Bylaws allows the Authority, by resolution, to appoint an Assistant Secretary, who need not be a Member of the Authority, and to delegate any and all duties and confer any and all of the powers of the Secretary to the Assistant Secretary, and to assign responsibility for all corporate governance and compliance responsibilities of the Authority to the Assistant Secretary; and

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

NOW, THEREFORE, BE IT RESOLVED, that, effective immediately, the following persons be, and hereby are, elected to the office of the Authority opposite their respective names, to serve in that office until the next organizational meeting of the Authority and thereafter until their respective successors be elected, or until such earlier time as provided in Section 4.3 of the Authority's By-Laws:

Vice Chairperson	Mario Vargas
Treasurer	Elizabeth Muoio
Secretary	Michael Maloney
Chief Executive Officer	Lizette Delgado Polanco
Assistant Treasurer	Donald Guarriello
Assistant Secretary*	Jane F. Kelly

* This position shall also be responsible for the corporate governance and all compliance responsibilities of the Authority.

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: 2019 Organizational Meeting, Election of Officers, dated January 2, 2019
 Date: January 2, 2019

Exhibit B.**SEC Adopts Rules on Provisions of Sarbanes-Oxley Act
Actions Cover ... Audit Committee Financial Expert Requirements****FOR IMMEDIATE RELEASE
2003-6**

Washington, D.C., January 15, 2003 — The Securities and Exchange Commission today voted to adopt the following rules and amendments concerning provisions of the Sarbanes-Oxley Act of 2002.

Audit Committee Financial Experts

The rules will expand the proposed definition of the term "financial expert" and also substitute the designation "audit committee financial expert" for "financial expert." The rules will define "audit committee financial expert" to mean a person who has the following attributes:

- (1) an understanding of financial statements and generally accepted accounting principles;
- (2) an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- (3) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities;
- (4) an understanding of internal controls and procedures for financial reporting; and
- (5) an understanding of audit committee functions.

A person can acquire such attributes through any one or more of the following means:

- (1) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- (2) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions, or experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or

(3) other relevant experience.

An individual will have to possess all of the attributes listed in the above definition to qualify as an audit committee financial expert. Furthermore, the rules will eliminate the proposed requirement that a person's experience applying generally accepted accounting principles in connection with accounting for estimates, accruals and reserves be "generally comparable" to the estimates, accruals and reserves used in the registrant's financial statements.

The rules also will provide a safe harbor to make clear that an audit committee financial expert will not be deemed an "expert" for any purpose, including for purposes of Section 11 of the Securities Act of 1933, and that the designation of a person as an audit committee financial expert does not impose any duties, obligations or liability on the person that are greater than those imposed on such a person as a member of the audit committee in the absence of such designation, nor does it affect the duties, obligations or liability of any other member of the audit committee or board of directors.

<http://www.sec.gov/news/press/2003-6.htm>

Modified: 01/15/2003

EXHIBIT--Resolution 3bi.**Proposed Resolution for Designation of Audit Committee Financial Expert**

WHEREAS, the New Jersey Schools Development Authority (“SDA” or “the Authority”) was established 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, Bylaws to govern the affairs and organization of the Authority were adopted by the Members of the Authority at its first organizational meeting held August 15, 2007; and

WHEREAS, Article X, Section 9.1 of the Authority’s Bylaws established the Audit Committee as a standing committee of the Authority; and

WHEREAS, on August 15, 2007, the Members of the Authority approved a Committee Charter to govern the affairs, operations and processes of the Audit Committee; and

WHEREAS, Article III.C of the Audit Committee Charter requires that at least one Audit Committee member with accounting or related financial expertise, as defined pursuant to the provisions of the Sarbanes-Oxley Act, be designated as the Committee’s financial expert.

NOW, THEREFORE, BE IT RESOLVED, that, pursuant to Article III.C of the Charter of the Audit Committee as approved by the Authority, the Members of the Authority hereby designate Loren Lemelle, Public Member, as the SDA Audit Committee’s “financial expert” as defined pursuant to the provisions of the Sarbanes-Oxley Act.

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: 2019 Organizational Meeting, Designation of Audit Committee Financial Expert, dated
January 2, 2019

Date: January 2, 2019

*Exhibit D.***Audit Committee Charter of the New Jersey Schools Development 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 to the members of the Authority, and review quarterly and annual 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 concerns regarding questionable accounting or auditing matters.
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.

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.

Exhibit E.

New Jersey Schools Development Authority
Proposed Meeting Schedule

January 2019 – January 2020

New Jersey Schools Development Authority
Board Meeting
@ 9:00 a.m.

January 2, 2019
February 6, 2019
March 6, 2019
April 3, 2019
May 1, 2019
June 5, 2019
July 3, 2019
August 7, 2019
September 4, 2019
October 2, 2019
November 6, 2019
December 4, 2019
January 8, 2020

All Board meetings are to be held at the Offices of the
New Jersey Schools Development Authority unless
otherwise specified.

32 East Front Street
Trenton, New Jersey

Resolution — 3c.**Proposed Resolution for Adoption of Board Meeting Schedule**

WHEREAS, the New Jersey Schools Development Authority (“SDA” or “the Authority”) was established 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, Bylaws to govern the affairs and organization of the Authority were adopted by the Members of the Authority at its first organizational meeting held August 15, 2007; and

WHEREAS, Article III, Section 3.2 of the Authority’s Bylaws requires that the Authority, at its Annual Meeting for Reorganization, establish a schedule of regular meetings for the following twelve month period.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve and adopt as the Authority’s regular meeting schedule for January 2019 through January 2020 the “New Jersey Schools Development Authority Proposed Board Meeting Schedule”, a copy of which was distributed to the Members of the Authority as **Exhibit E** and is as follows:

January 2, 2019
 February 6, 2019
 March 6, 2019
 April 3, 2019
 May 1, 2019
 June 5, 2019
 July 3, 2019
 August 7, 2019
 September 4, 2019
 October 2, 2019
 November 6, 2019
 December 4, 2019
 January 8, 2020

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: 2019 Organizational Meeting, Adoption of Board Meeting Schedule, dated January 2, 2019

Date: January 2, 2019