



GOVERNANCE PRINCIPLES

I. Fiduciary Obligations of Board Members.

- a. Members of the Board of the Dormitory Authority of the State of New York (DASNY) are entrusted with, and responsible for, oversight of the assets and affairs of DASNY including:
 1. Establishing, and reviewing on an annual basis, DASNY's mission statement expressing the purpose and goals of DASNY including a description of the stakeholders of DASNY and their reasonable expectations from DASNY
 2. Establishing, and reviewing on an annual basis, performance measurements by which the performance of DASNY and the achievement of its goals articulated in its mission statement may be evaluated.
 3. Overseeing the conduct of DASNY's business so that it is effectively managed in accordance with its mission and the best interest of the public it serves.
 4. Selecting and compensating the Managing Directors, including providing feedback regarding their performance on an annual or more frequent basis, and monitoring management's succession planning for key positions.
 5. Monitoring DASNY's accounting and financial reporting practices and reviewing DASNY's financial and other controls, including the quality and independence of the external audit process.
 6. Overseeing DASNY's compliance with applicable laws and regulations.
 7. Overseeing the processes and internal controls that are in place to safeguard DASNY's assets and to identify and mitigate potential and relevant risks.
 8. Overseeing DASNY's implementation of any policies and procedures that are either required by law, including, but not limited to, Title 2 of Article 9 of the Public Authorities Law, or that are deemed necessary by the Board to help ensure the effective and sound operation of DASNY.
- b. Members of the Board shall perform each of their duties as Board Members in good faith and with that degree of diligence, care and skill which an ordinarily prudent person in like position would use under similar circumstances, and may take into

consideration the views and policies of any elected official or body, or other person and ultimately apply independent judgment in the best interest of DASNY, its mission, and the public. In performing their fiduciary responsibilities, Members are entitled to rely on the advice, reports and opinions of management, counsel, auditors and other outside experts.

- c. Members shall exercise their fiduciary obligation to DASNY free from undue influence from outside interests (including their own personal interests). Members shall act in a manner that comports with sound ethical practices, including DASNY's Code of Ethics for Members.
- d. The Board shall approve a written code of ethics for all employees of DASNY that sets out explicit expectations for ethical decision making and personal behavior regarding the following areas:
 - 1. Conflicts of interest, including compliance with the provisions of the Public Officers Law relating thereto and such other standards as are deemed necessary to help ensure that decisions of employees of DASNY are not tainted by personal interest.
 - 2. Proper use of DASNY's property and information, including safeguards against insider trading.
 - 3. Fair dealing with clients, suppliers, contractors and other stakeholders of DASNY.
 - 4. The giving and receipt of gifts.
 - 5. Compliance with laws and regulations
- e. The Board shall approve a written whistleblower policy and program which: (1) expressly advises employees of their federal and State statutory right to complain about a violation of law by the employer without fear of retaliation; and (2) provides alternatives and procedures for employees to report information, anonymously or otherwise, concerning acts of wrongdoing, misconduct, malfeasance or unethical behavior by DASNY or any Member, officer, employee, consultant or contractor of DASNY.

II. Separating Oversight and Executive Functions

- a. **Role of the Chair.** The principal duty of the Chair, who shall not be an employee of DASNY, is to lead and oversee the Board. The Chair should facilitate an open flow of information between management and the Board and should lead a critical evaluation of management, its practices and its adherence to DASNY's mission and the laws governing DASNY's operations.
- b. **Role of President and Management.** The business of DASNY shall be conducted by the employees of DASNY under the leadership of the President and the direction of the Vice President, Managing Directors and other members of senior management. In carrying out the activities of DASNY, the President, the Vice President, and Managing Directors are accountable to the Board. Among the primary responsibilities of management are supervision of the day-to-day operation of DASNY's business, including budgeting, financial reporting and development and implementation of DASNY's systems of internal controls.

III. Functioning of the Board and its Committees.

- a. The Board shall annually review DASNY's By-Laws to determine whether any revisions thereto are deemed necessary or appropriate. The By-Laws shall set forth the responsibilities of the Board, including any formal delegations to management, and shall govern the conduct of business by the Board.
- b. The Board shall meet at least 9 times per year. Additional meetings shall be scheduled as necessary or appropriate in light of prevailing circumstances.
- c. The Chair shall preside at all meetings of the Board and in consultation with the President, establish an agenda for each meeting of the Board. Agendas shall be set so as to ensure that Board will be able to fulfill its oversight responsibilities. Any Member may suggest to the Chair the addition of any matters to a meeting agenda or raise for discussion at any meeting any subject they wish, whether or not it is on the agenda for the meeting. Information regarding DASNY's operations and performance shall be distributed to Members of the Board in advance of each regular meeting of the Board. At each meeting of the Board, Members shall make such inquiries of staff and counsel as the Board deems necessary to perform its oversight function.
- d. The Board believes that DASNY benefits from its collective wisdom and therefore the Board as a whole will make all significant corporate decisions. There are, however, certain areas that require more in-depth examination than is possible at a full Board meeting. Accordingly, the Board has established and adopted charters for three standing committees: Audit, Governance, and Finance. The Board may establish ad hoc committees from time to time as circumstances and the activities of DASNY warrant.

- e. The purpose of the Audit Committee shall be to promote integrity in financial reporting and to help assure that the Board fulfills its responsibilities for DASNY's internal and external audit process, the financial reporting process, the system of internal controls over financial reporting and undertaking such duties as may be delegated to it by the Board from time to time. The responsibilities and activities of that Committee are more fully set forth in its Charter.
- f. The Governance Committee shall assist the Board by: (i) keeping the Board informed of current best governance practices and trends in corporate governance; (ii) advising the Board on the skills and experience that should be required of potential Board Members; (iii) developing and recommending to the Board a set of Governance Principles; (iv) developing standards by which the Board can annually review its own performance; and (v) undertaking such duties as may be delegated to it by the Board from time to time. The responsibilities and activities of that Committee are more fully set forth in its Charter.
- g. The Finance Committee shall: (i) review proposals for the issuance of debt by DASNY; (ii) periodically review and make any appropriate recommendations regarding DASNY's policies, procedures and practices pertaining to the issuance of debt; (iii) make recommendations to the Board regarding each proposal for the issuance of debt; and (iv) undertake such other duties as may be delegated to it by the Board from time to time. The responsibilities and activities of that Committee are more fully set forth in its Charter.
- h. The Audit, Governance and Finance Committee shall each be comprised of a majority of independent members who possess the necessary skills to understand the duties and functions of their respective committees. For purposes of these Principles, a committee member shall be deemed independent if he or she is an "independent member" for purposes of subdivision two of section 2825 of the Public Authorities Law.

IV. Board Training and Skills

- a. Members of the Board collectively should have the requisite experience, training, credentials and diversity to undertake their responsibilities as Board Members and to fulfill their responsibilities as members of the committees on which they serve. The Board should, therefore, have an array of knowledge, experiences, perspectives and skills relevant to DASNY's operations. Specifically, the Board should be composed so that it has members who have knowledge of accounting, finance, business management, construction, public finance and government as well as client-based experiences or perspectives and demonstrated leadership skills. The Board shall cause to be prepared a matrix showing the types of expertise, experience and credentials that are necessary for the Board as a whole to be able to effectively perform their oversight function and shall share such matrix with the persons responsible for making and confirming appointments to the Board.

- b. The Board shall annually evaluate its performance based upon the measurements established pursuant to Section I.a.2 of this Policy and shall publish its self-evaluation. Such self-evaluation shall, among other things, assess whether the Board and DASNY are effectively fulfilling their responsibilities in a manner that comports with DASNY's mission statement and whether any changes are warranted to improve such performance.

V. **Transparency**

- a. DASNY shall file an annual operational and financial report that accurately presents the financial condition and results of operation of DASNY and that contains all information required by Public Authorities Law §2800. Such annual report shall include sufficient meaningful information as is necessary to enable the public and government officials to be well informed on the operations and activities of DASNY, including information regarding DASNY's activities from the previous year and Management's Discussion Analysis.
- b. Each annual report shall contain an internal control report which shall state the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting, and contain an assessment of the effectiveness of the internal control structure and procedures of DASNY for financial reporting.
- c. The Annual Report shall include all information required to be provided by the Public Authorities Reform Act of 2009. The Annual Report and other information concerning the finances and operations of DASNY shall be available to the public on the Internet at DASNY's web site (www.dasny.org).
- d. The Board, acting through the Audit Committee, shall ensure the quality and independence of the external audit process and shall facilitate full and frank dialogue among the Audit Committee, the external auditors and management.

Dated: March 6, 2019

Governance Annual Review: October 13, 2020