

# LONG ISLAND POWER AUTHORITY

## Guidelines Regarding Property Acquisition Contracts

October 23, 2008

The following acquisition guidelines (the "Guidelines") are applicable with respect to the use, awarding, monitoring and reporting of all Property Acquisition Contracts which are (i) entered into by the Long Island Power Authority (referred to herein as the "Authority") and (ii) solicited or awarded by the Authority on behalf of the Long Island Lighting Company d/b/a LIPA (referred to herein as the "Subsidiary").

### I. DEFINITIONS

1. "Contracting Officer" shall mean the officer or employee of the Authority who shall be appointed by resolution by the Trustees of the Authority to be responsible for the acquisition of Property. As of October 23, 2008, the Contracting Officer is the Authority's Vice President of Operations.
2. "Property" shall mean personal property in excess of five thousand dollars in value, real property, and any inchoate or other interest in such real or personal property.
3. "Property Acquisition Contracts" shall mean written agreements for the acquisition by purchase or lease of Property.
4. "Real Property" shall mean real property and interests therein.

### II. PRINCIPAL DUTIES OF CONTRACTING OFFICER

The Contracting Officer shall be responsible for the supervision and direction over the acquisition of Property and responsible for the Authority's compliance with, and enforcement of these Guidelines.

### III. PROPERTY ACQUISITION CONTRACTS

#### A. Reason(s) for Use of Property Acquisition Contracts

Property Acquisition Contracts may be entered into for the purpose of acquiring Property which is determined to be necessary or useful for the operations of the Authority and the Subsidiary.

B. Award of Property Acquisition Contracts

1. All Property Acquisition Contracts shall be entered into in accordance with these Guidelines by the responsible Authority officer.
2. Property Acquisition Contracts regarding Real Property shall be entered into on a negotiated basis, unless the Contracting Officer shall have determined that a sufficient number of parcels of Real Property are available and of equivalent usefulness to the Authority and its Subsidiary so as to make a competitive process feasible and desirable. The Authority shall document the processes by which Real Property is acquired, by making a record summarizing the nature and scope of the Real Property acquired, the name of the seller, the price or other consideration paid for the Real Property acquired, the method of determining the price or other consideration paid for the Real Property, and any Real Property considered as an alternative to the Real Property acquired and the reason for the selection of the Real Property acquired.

C. Approval Process for Property Acquisition Contracts

All Property Acquisition Contracts and any determinations made in connection therewith shall be approved as follows:

1. Property Acquisition Contracts in amounts equal to or less than \$250,000 and related determinations shall be approved by the Contracting Officer, the Chief Financial Officer and the President and Chief Executive Officer.
2. Property Acquisition Contracts in amounts greater than \$250,000 and related determinations shall be approved by the Trustees of the Authority.

IV. GENERAL

A. Implementation of Guidelines

The Contracting Officer is empowered to prepare such supplemental procedures as may be required to effectively implement these Guidelines, copies of which shall be provided to the Trustees.

B. Reports; Periodic Review

1. No less frequently than annually, the Contracting Officer shall prepare and submit to the Trustees a report which summarizes all Property Acquisition Contracts entered into for the period of the report, which report will include a list of all such Property Acquisition Contracts, the process used to acquire any Property and the consideration and/or other benefits received therefore, and the status of any pending Property acquisitions.

2. Property Acquisition Guidelines approved by Authority shall be periodically reviewed and approved by the Trustees of the Authority. A copy of these Guidelines shall be posted on the Authority's website.

C. Effect of Awarded Contracts

These Guidelines are intended for the guidance of the officers and employees of the Authority and the Subsidiary only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof, or be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, these Guidelines.