

FOR CONSIDERATION

March 29, 2023

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Consideration of Approval of Amendments to the Board Policy on Procurement

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (the “LIPA”) is requested to adopt a resolution, in the form of **Exhibit A**, approving amendments to the Board Policy on Procurement (the “Policy”).

Discussion

In accordance with the New York State Public Authorities Law (“PAL”) and governance best practices, the Board has adopted the Policy. Section 2879(1) of the PAL requires that the procurement guidelines be annually reviewed and approved by LIPA, which review last took place at the February 2023 Board meeting. Notwithstanding, the Board can review and consider amendments to the Policy throughout the course of any given year, as the need arises.

The amendments will allow LIPA Staff to expedite and better align the timing of its procurements and associated contract review by the Office of the New York State Attorney General (“AG”) and Office of the State Comptroller (“OSC”) with the expiration of contracts and procurement needs by permitting the Chief Executive Officer to authorize such contracts, subject to the Trustee’s approval at the next scheduled Trustee meeting. The proposed changes do not limit the Board’s ability to review and approve awards under LIPA Requests for Proposals and do not change the regulatory approval process LIPA’s procurements are subject to involving review and approval by the AG and OSC, which process begins after contract authorization. The AG and OSC review process typically takes up to ninety days after contract authorization. LIPA Staff has also proposed other minor revisions to the Policy. All changes to the Policy are set forth in **Exhibit “B”**.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of a resolution in the form attached hereto.

Attachments

- Exhibit “A”** Resolution
- Exhibit “B”** Board Policy on Procurement (redline)
- Exhibit “C”** Board Policy on Procurement (clean)

RESOLUTION APPROVING AMENDMENTS TO THE BOARD POLICY ON PROCUREMENT

WHEREAS, in accordance with the New York State Public Authorities Law (“PAL”) and governance best practices, the Board has adopted the Board Policy on Procurement (the “Policy”); and

WHEREAS, Section 2879(1) of the Public Authorities Law requires that the procurement guidelines be annually reviewed and approved by LIPA, which review took place at the February 2023 Board meeting; and

WHEREAS, LIPA Staff has proposed certain revisions to the Policy as set forth in **Exhibit “B”** to the accompanying memorandum, and the Board has reviewed those amendments and agrees that they are due and proper.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees hereby approves the amendments to the Policy as set forth in **Exhibit “B”** to the accompanying memorandum.

Dated: March 29, 2023

Board Policy: **Use, Awarding, Monitoring and Reporting
of Procurement Contracts**



Policy Type: **Compliance Process**

Monitored by: **Governance Committee**

Board Resolution: **#1707xxxx, approved February 1715, 20222023
#xxxx, amended March 29, 2023**

Long Island Power Authority is required by Section 2879 of the Public Authorities Law to adopt by resolution comprehensive guidelines, to be annually reviewed and approved by the Trustees of the Authority, regarding the use, awarding, monitoring and reporting of procurement contracts. The following Board Policy (the "Policy") is adopted pursuant to such requirement and is applicable with respect to the use, awarding, monitoring and reporting of all Procurement Contracts which are (i) entered into by the Authority and (ii) solicited or awarded by the Authority on behalf of the Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island and the Utility Debt Securitization Authority (collectively referred to herein as the "Authority").

I. **DEFINITIONS**

1. "Best Value" means the basis for awarding contracts ~~which~~ that best achieves the criteria specified by the Authority in a solicitation for proposals, including without limitation, quality, cost and efficiency.
2. "Electricity" means electric energy or capacity, transmission capacity or services, including related financial rights, or ancillary services.
3. "Electricity Contract" means any Procurement Contract for the acquisition of electric energy or capacity, transmission capacity or services, including related financial rights, or ancillary services.
4. "Goods" consist of supplies, materials and equipment acquired by the Authority, but shall not include product acquired pursuant to an Electricity Contract.
5. "Procurement Contract" means any written agreement signed by the Authority, and any amendment thereto, for the acquisition of Goods, Services, Technology, Electricity, and construction in the actual or estimated amount of five thousand dollars or more.

6. “Procuring Officer” means the Authority officer conducting any procurement of Goods, Services, Technology, Electricity and construction pursuant to Section I.1 of Article II of this Policy.
7. “Proposer” means anyone, including without limitation potential contractors, consultants, suppliers, manufacturers, subcontractors and sub-consultants, seeking to enter into a Procurement Contract with the Authority.
8. “Services” consists of legal, accounting, management consulting, investment banking, planning, training, statistical, research, public relations, construction management, architectural, engineering, surveying, or other services, whether personal or non-personal, of a consulting, professional, technical or other nature for a fee, commission or other compensation by a person or persons who are not providing such services as officers or employees of the Authority.
9. “Technology” includes a Good or a Service or a combination thereof, that results in a technical method of achieving a practical purpose or in improvements in productivity.

II. PROCUREMENT CONTRACTS

A. Reason(s) for Use of Services Contracts

Services contracts may be entered into because of one or more of the following factors or considerations:

1. Requirement of special expertise or unusual qualifications.
2. Nature, magnitude or complexity of Services required.
3. Lack of sufficient in-house resources, support staff, specialized facilities or equipment.
4. Lower cost.
5. Short-term or infrequent need for the Services does not warrant permanent Authority staffing.
6. Distance of the location or locations where the Services must be performed from the Authority offices or facilities.
7. Performance of a function requiring independence from the Authority management (e.g., independent auditors).
8. To meet unusual schedule requirements or emergencies.

B. Selection Procedures

1. Selection Procedures for Procurement Contracts

Except as specifically waived for one or more of the reasons set forth in Section B.2 of Article II of this Policy or as otherwise may be required or authorized by law, Procurement Contracts shall be awarded as set forth below.

a. General Policy for Procurement Contracts

The Authority is adopting this Policy in accordance with Section 2879 of the New York Public Authorities Law (the “PAL”). In accordance with Section 2879 of the PAL, all Procurement Contracts shall be awarded in accordance with this Policy. To the extent required by Section 1020-cc of the PAL, contracts for construction or purchase of Goods shall be let pursuant to Section 103 or, as applicable, Section 120-w(4)(e) of the New York General Municipal Law (the “GML”).

The Procurement Officer conducting any procurement of any contract for construction or purchase of Goods shall determine, in consultation with the Authority’s General Counsel, whether Section 103 of the GML, Section 120-w(4)(e) of the GML, or any other provisions of New York State law (including State Finance Law Section 163 (“Wick’s Law”) are applicable to the procurement. If it is determined that such contract is to be let in accordance with Section 103 or Section 120-w(4)(e) of the GML, the provisions of such section and, to the extent not inconsistent therewith, ~~this Policy~~ [this Policy](#) shall govern such procurement.

Procurement Contracts are to be awarded to persons/firms on a competitive basis to the maximum extent possible. Such awards are to be made by the Authority on the basis of:

- (i) lowest price or Best Value for contracts procured pursuant to Section 103 of the GML; provided, however, that contracts for construction of public works pursuant to Article 8 of the New York Labor Law shall be awarded on the basis of lowest price; and
- (ii) Best Value for all other Procurement Contracts;

and based upon receipt and evaluation of proposals or other information obtained from responsible persons/firms submitting a responsive bid or proposal in response to a request for proposals, an invitation for bid or other method of procurement.

The Authority encourages the use of qualified labor, suppliers and other resources from the Authority’s service area to the extent possible consistent with law and this policy.

b. Public Notice

To the extent required by Article 4-C of the Economic Development Law, notice of all Procurement Contract opportunities estimated to be \$50,000 or more shall be advertised in the State's procurement opportunities newsletter. Notice of the award of all Procurement Contracts valued at \$50,000 or more shall also be posted in the State's procurement opportunities newsletter.

In addition to the above, all invitations for bids for Procurement Contracts for construction or purchase of Goods pursuant to Section 103 of the GML involving an expenditure of more than \$20,000 shall be advertised in the principal newspaper of the Authority's service area, if any, or, if none, in such newspaper of ~~general circulation~~ general circulation in the service area as may be designated by the officer supervising such procurement. All solicitations for proposals for Procurement Contracts for construction or purchase of Goods conducted in accordance with Section 120-w(4)(e) of the GML shall be advertised in (i) the principal newspaper of the Authority's ~~service area~~ service area, if any, (ii) at least one newspaper of general circulation (which may be the principal newspaper of the Authority's service area), (iii) the state register and (iv) ~~the environmental~~ the environmental notice bulletin.

c. Soliciting and Accepting Proposals

- (i) For every procurement, a record shall be maintained ("Procurement Record") documenting the basis for all the decisions made by the Authority during the procurement process.
- (ii) Except as otherwise provided in this Policy, the Authority shall select a competitive procurement process and document this process in the Procurement Record. The method of award, including the evaluation methodology, must be established prior to the opening of bids or proposals.
- (iii) The solicitation shall prescribe the specifications or requirements that must be met in order to be considered responsive and shall describe and disclose the general manner in which the evaluations and selection shall be conducted.
- (iv) The Authority may seek clarification from Proposers for purposes of assuring a full understanding as to responsiveness of the proposal to the procurement's specifications and/or requirements.
- (v) The Authority may clarify the requirements set forth in the solicitation document.
- (vi) The Authority may negotiate with one or more Proposers determined to be susceptible of being selected for contract award prior to award.
- (vii) The Authority may conduct competitive negotiations.

- (viii) The Authority may, prior to making an award, request best and final offers from one or more Proposers determined to be susceptible of being selected for contract award.
- (ix) The Authority may withdraw any pending solicitation at any time for cause or no cause. All proposals may be rejected. Where provided in the solicitation, separable portions of proposals may be rejected.
- (x) Prior to making an award of contract, based upon such criteria and factors as the Authority shall have established, the Authority shall make a determination of the responsiveness of each proposal and of the responsibility under State Finance Law of the selected Proposer(s).
- (xi) Except as may be provided for in the solicitation or as may be required by law, disclosure of the content of competing proposals received in response to a solicitation, or of any clarifications, modifications, revisions or supplements thereto, shall be prohibited prior to approval of the contract.
- (xii) The solicitation shall prescribe the designated point(s) of contact for the Authority (“Designated Contacts”), consistent with the Authority’s obligations under State Finance Law Sections 139-j and 139-k (as more fully set forth in Article II.F of this Policy), and shall require a Proposer to identify in its proposal a single point of contact. The solicitation shall prescribe that Proposer shall not communicate or make contact, as defined in State Finance Law Section 139-j(1)(c), (a “Contact”) with anyone other than the Authority’s Designated Contacts, except as authorized by State Finance Law Section 139-j (3). The solicitation shall further prescribe that all Contacts by a Proposer must be recorded and that impermissible Contacts may be grounds for finding the Proposer non-responsible and ineligible for a contract award. The solicitation shall require all Proposers to disclose prior findings of non-responsibility pursuant to State Finance Law Sections 139-j and 139-k. The solicitation shall include a summary of the policy and prohibitions regarding permissible contacts and shall also require a written affirmation by the Proposer as to its understanding of the Authority’s procedures in accordance with the provisions of State Finance Law Section 139-j(3) and its agreement to comply.

d. Letting of Procurement Contracts

- (i) Selection and award of any Procurement Contract shall be made by the Authority in a manner consistent with the method of award established for the procurement. The award(s) and the basis for determining the award(s) shall be documented in the procurement record.
- (ii) To the extent provided in the solicitation and determined to be in the best interests of the Authority, the Authority may elect to award a contract for

Services or Technology or an Electricity Contract to more than one responsive and responsible Proposer. When multiple contract awards are made, the selection of the contractor to provide the required services or technology shall be based on the most practical and economical alternative to the Authority at the time of purchase. The basis for determining the most practical and economical alternative shall be documented in the Procurement Record.

2. Waiver of Selection Procedures for Procurement Contracts

Except as may otherwise be required by law, Procurement Contracts (other than Electricity Contracts) may be awarded to persons/firms without regard to Section B.1 of Article II when any of the following circumstances exist:

- a. In the event of an emergency or other extraordinary circumstances including but not limited to i) a threat to: a) the health or safety of the public, b) Authority employees and any other workers, including contracted labor, operating, maintaining or otherwise performing services on the Authority's transmission and distribution system and/or related facilities; ii) those necessary to assure the proper functioning of the Authority's transmission and distribution system; iii) those necessary to adhere to schedule for completion of capital improvements and operation and maintenance projects wherein the failure to complete projects on time will result in lost revenue, penalties or unnecessary and unreasonable expenses or cost increases; and iv) storm restoration.
- b. Only one source for the Goods, Services or Technology is available (sole source procurement).
- c. Legal, professional, technical or other specialized services are required for which a certain person/firm has unique expertise, or has greatly superior qualifications to perform the service at a cost that is determined to be fair and reasonable (single source procurement).
- d. The contract is based upon an unsolicited proposal or offer, submitted at the sole initiative of the Proposer, and involving unique, innovative, or unusually meritorious methods or ideas, after having considered other options.
- e. The compatibility of Technology, equipment, accessories, or spare or replacement parts is the paramount consideration.
- f. Technology or Services are required to extend or complement a prior procurement and it is impracticable or uneconomical to have a source other than the original source continue the work.
- g. A sole or single supplier's item is needed for trial use or testing, or a proprietary item is sought for which there is only one source; or

- h. The Procurement Contract (i) is (a) less than \$50,000 for Goods, construction, Services or Technology; or (ii) involves an expenditure not exceeding \$500,000 for the purchase of Goods or Services from New York State small business concerns or from those firms certified as Minority/Women Owned Business Enterprises (M/WBE) by the Department of Economic Development pursuant to Article 15A of the executive law, or for purchases of goods or technology that are recycled or remanufactured; or
 - (i) involves the purchase of goods or services using the terms and conditions and pricing contained in contracts awarded by any department, agency, officer, political subdivision, public authority or public corporation of New York State, including, but not limited to, the Office of General Services, the Federal government or any other governmental entity; or (iv) involves the purchase of goods or services using the terms and conditions and pricing contained in contracts let by any electric utility if it is unlikely that the Authority will achieve savings through a competitive procurement.

When a Procurement Contract is awarded pursuant to this Section B.2 of Article II of this Policy, the Authority shall make a determination that the specifications or requirements for said purchase have been designed in a fair and equitable manner. The Authority shall document in the procurement record the basis for a ~~determination~~determination to purchase pursuant to this Section B.2 of Article II of the Policy.

3. Selection Procedures for Electricity Contracts

- a. Electricity Contracts are not subject to Section B.1 of Article II if they are (i) entered into in accordance with rate schedules or tariffs filed with applicable federal or state regulatory agencies or adopted and maintained by the Authority, the Subsidiary or a public agency vendor not regulated by the Federal Energy Regulatory Commission, or (ii) subject to rates provided in rate schedules or tariffs regulated by the Federal Energy Regulatory Commission, or established by the Authority or a public agency vendor, and shall be awarded in accordance with such rate schedules and tariffs.
- b. All other Electricity Contracts are subject to Section B.1 of Article II.

C. Minority and Women-Owned Business Enterprises

It is the policy of the Authority to foster and promote the participation of minority and women-owned business enterprises in Authority procurements, to develop such enterprises and to facilitate the awarding of a fair share of Procurement Contracts to such enterprises. In contracting, the Authority shall use its best efforts to give minority business enterprises and women-owned business enterprises an opportunity to compete for the Authority's business by eliminating barriers to participation by M/WBEs in Authority procurements. When adopting its annual goals for the participation of M/WBEs, the Authority shall consult the most recent disparity study published by the State of New York.

The Authority shall administer the rules and regulations promulgated by the Director of the Division of Minority and Women-Owned Business Development within the Department of Economic Development in a good faith effort to meet the maximum feasible portion of the Authority's adopted goals. The Authority hereby designates the Division of Minority and Women-Owned Business Development within the Department of Economic Development to certify and decertify minority and women-owned business enterprises.

1. The Authority hereby designates the ~~Deputy~~-General Counsel (or ~~individual serving in a comparable role~~his or her designee) to oversee its M/WBE program.

2. The Authority shall maintain a list of qualified certified M/WBEs that have expressed an interest in doing business with the Authority and ensure that such list is regularly updated. To assist in developing such list, the Authority shall periodically invite the submission of statements of qualifications from minority business enterprises and women-owned businesses for the purpose of identifying firms having experience in the type of Goods, Services and Technology contracted for by the Authority or Subsidiary. The list shall also include all M/~~WBEs~~that WBEs that have responded to Authority solicitations for bids and proposals and/or have inquired about notices of Authority procurements placed in the State's procurement opportunities newsletter.

3. When soliciting bids and proposals, in addition to publication in the State's procurement opportunities newsletter, the Authority shall (a) consult the Directory of certified M/WBEs maintained by the Department of Economic Development; (b) provide each bidder and proposer with a copy of said Directory; and (c), provide notice to professional and other organizations that serve minority and women-owned business enterprises providing the types of services procured by the Authority.

4. To foster the increased use of M/WBEs, the Authority may seek a single proposal not exceeding \$500,000 in the aggregate, including all amendments, from a certified M/WBE that offers a reasonable price for such goods and/or services.

5. When provided for in the solicitation, bids and proposals shall be accepted from joint ventures between MWBEs and non-minority and women-owned business enterprises.

6. The Authority shall evaluate each contract to determine the goal for M/WBE participation in subcontracting opportunities based on the level of subcontracting needed and the

availability of certified M/WBEs to competitively respond to subcontracting opportunities. Each solicitation shall set forth the goal for M/WBE subcontracting opportunities. The Authority shall consider, where practicable, separating a single procurement into several for the purpose of maximizing M/WBE participation.

7. Where subcontracting goals are established for a Procurement Contract, the solicitation shall require that bidders and proposers submit a subcontractor utilization plan with the bid or proposal and which the Authority shall review as required. A contractor who is a certified M/WBE may count the work it performs toward meeting its goal for either minority or women participation, but not both.

8. In determining to award a contract, the Authority shall, where practicable, feasible and appropriate, assess the diversity practices of a bidder or proposer; provided, however, that a bid or proposal shall not be automatically rejected based on a lack of diversity practices.

9. The Authority shall verify M/WBE participation to the extent indicated in the bid or proposal selected for contract award.

10. Every Authority contract shall contain a provision expressly providing that any contractor who willfully and intentionally fails to comply with the M/WBE requirements imposed upon contractors by Article 15-A of the Executive Law shall be liable to the Authority for liquidated or other damages, as specified, and shall include other appropriate remedies on account of such non-compliance. The Authority shall consider compliance with the requirements of any federal law concerning opportunities for minority and women-owned business enterprises which effectuates the purpose of Article 15-A of the Executive Law.

11. The Authority may waive obligations of the contractor relating to minority and women-owned business enterprise participation only after a showing of good faith efforts to comply with the requirements of Article 15-A of the Executive Law pursuant to the waiver provisions contained in Subdivision 6 of Section 313 of the Executive Law.

12. Upon execution of a contract, the Authority shall post on its web site any required minority and women-owned business enterprise subcontractor utilization plans and any waivers of compliance approved by the Authority within 30 days after such approval is granted.

13. The requirements of this section shall not apply to Electricity Contracts that meet the requirements of Section B.3(a) of Article II.

D. New York State Business Enterprises and New York Residents

It is the policy of the Authority to promote participation in Procurement Contracts by New York State business enterprises and New York residents, including without limitation, business enterprises located in the service area and residents of the service area, by encouraging them to compete through measures including, but not limited to:

1. Collecting and consulting the specifications of New York State business enterprises in developing any specifications for any Procurement Contract for the purchase of goods where possible, practicable, feasible, and consistent with open bidding, except for procurement contracts for which the Authority would be expending funds received from another state. The Authority will, where feasible, make use of the stock order specification forms prepared by the Commissioner of General Services and, where necessary, consult with the Commissioner of General Services in developing such specifications and make such determinations.
2. With the cooperation of the Department of Economic Development and through cooperative efforts with contractors, providing for the notification of New York State business enterprises of opportunities to participate as subcontractors and suppliers on Procurement Contracts in an amount estimated to be equal to or greater than one million dollars and promulgating procedures which will assure compliance by contractors with such notification. Once awarded the contract, contractors shall be required to document their efforts to encourage the participation of New York State business enterprises as subcontractors and suppliers on such Procurement Contracts. Documented efforts by a successful contractor shall consist of and be limited to showing that such contractor has (a) solicited bids, in a timely and adequate manner, from New York State business enterprises, including certified minority and women-owned businesses, or (b) contacted the New York State Department of Economic Development to obtain listings of New York State business enterprises, or (c) placed notices for subcontractors and suppliers in newspapers, journals, and other trade publications circulated in New York State, or (d) participated in bidder outreach conferences. If a contractor determines that New York State business enterprises are not available to participate on the contract as subcontractors or suppliers, the contractor shall provide a statement indicating the method by which such determination was made. If the contractor does not intend to use subcontractors on the contract, the contractor shall provide a statement verifying such intent.
3. Except for Procurement Contracts for which the Authority would be expending funds received from another state, including in all solicitations a statement that information concerning the availability of New York State subcontractors and suppliers is available from the New York State Department of Economic Development, including the directory of certified minority and women-owned businesses, and that it is the policy of the Authority to encourage the use of New York State subcontractors and suppliers and to promote the participation of minority and women-owned ~~businesses, where~~ businesses, where possible, in the procurement of goods and services.
4. With the cooperation of the Community Services Division of the Department of Labor and through cooperative efforts with contractors, providing for the notification to New York State residents of employment opportunities arising in New York State out of Procurement Contracts in an amount estimated to be equal to or greater than one million dollars; and assuring compliance by contractors by requiring contractors to

submit post-award compliance reports documenting their efforts to provide such notification through listing any such positions with the Community Services Division or providing for such notification in such manner as is consistent with existing collective bargaining contracts or agreements.

5. Including in each solicitation a statement notifying potential Proposers in foreign countries that the Authority may assign or otherwise transfer offset credits created by such procurement contract to third parties located in New York State; providing for the assignment or other form of transfer of offset credits created by such procurement contracts, directly or indirectly, to third parties located in New York State, in accordance with the written directions of the Commissioner of Economic Development; and providing for the Authority otherwise to cooperate with the Department of Economic Development in efforts to get foreign countries to recognize offset credits assigned or transferred to third parties located in New York State created by such Procurement Contracts.
6. Each contract shall expressly obligate contractors to comply with the federal Equal Employment Opportunity Act of 1972 (Pub. L. 92-261), as amended.

As used in this section the terms “New York State business enterprise” and “New York resident” shall have the meaning assigned to such terms in Section 2879 of the PAL.

E. New York State Service-Disabled Veteran-Owned Businesses (“SDVOBs”)

It is the policy of the Authority to promote participation in Procurement Contracts by SDVOB’s including without limitation, SDVOB’s located in the Authority’s service area.

New York State has established an overall goal of 6% for contracting with SDVOB’s and the Authority shall utilize its best efforts to assist the state in meeting these goals. In addition, the Authority shall utilize its best efforts to assist the Division of Service-Disabled Veterans' Business Development in the furtherance of these goals in accordance with their guidelines: <http://www.ogs.ny.gov/Core/docs/Guidelines.pdf>.

F. Restrictions on Procurement Lobbying

Pursuant to State Finance Law Sections 139-j and 139-k, an Offerer (as defined in Section 139-j(1)(h)) is restricted to making Contact with the Authority’s Designated Contacts only from the earliest solicitation of offers through final award and approval of procurement contracts (as defined in Section 139-j(1)(g)) by the Authority and, if applicable, Office of the State Comptroller (“Restricted Period”) except as provided for in State Finance Law Section 139-j(3)(a). When a Contact is received during the Restricted Period, Authority employees are required to obtain the name, address, telephone number, place of employment and occupation of the person or organization making the Contact and whether the person or organization was the Offerer or was retained, employed or designated by the Offerer to Contact the Authority about the procurement. If the Contact is received by Authority staff, trustee or consultant who is not a Designated Contact,

the General Counsel, or designee, shall be notified who shall investigate the impermissible Contact.

If the General Counsel, or designee, determines that there is sufficient cause to believe that the Offerer violated the provisions of State Finance Law Section 139-j(3), notice shall be given to the Offerer who shall have the opportunity to be heard. If it is determined that the impermissible Contact was knowing and willful, the Offerer is non-responsible and shall not be awarded a contract except as otherwise provided in State Finance Law Section 139-j (10). In the event of two such findings within a 4-year period, the Offerer is debarred from participating in or receiving an Authority procurement contract, as defined by in Section 139-j(1)(g) for four years.

Proposers shall be provided with a summary of the Authority's policies and procedures regarding permissible contacts and shall affirm in writing its understanding and agreement to comply with the same. All contractors shall certify that information provided to the Authority pursuant to State Finance Law Sections 139-j and 139-k is true and accurate. All contracts shall include a provision that the contract may be terminated if the certification is found to be intentionally false or intentionally inaccurate.

G. Additional Certifications

It is the policy of the Authority to promote increased public confidence in its procurement practices, including requiring Proposers to certify in writing, upon submission of their proposals and at the time of execution of a contract with the Authority, the following:

1. Non-Collusion

- a. The prices in the bid or proposal have been arrived at independently, without collusion, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other Proposer or with any competitor.
- b. Unless otherwise required by law, the prices which have been quoted in the bid or proposal have not knowingly been disclosed by Proposer, and will not knowingly be disclosed by the Proposer prior to opening, directly or indirectly, to any other Proposer or to any competitor.
- c. No attempt has been made or will be made by the Proposer to induce any other person, partnership or corporation to submit or not submit a bid or proposal for the purpose of restricting competition.

Proposer shall make this certification under penalty of perjury, in accordance with Section 2878 of the PAL.

2. Contingent Fees

- a. Proposer has not employed or retained and will not employ or retain any individual or entity for the purpose of soliciting or securing any Authority contract or any amendment or modification thereto pursuant to any agreement or understanding for receipt of any form of compensation which in whole or in part is contingent or dependent upon the award of any such contract or any amendment or modification thereto.
- b. Proposer will not seek or be paid an additional fee that is contingent or dependent upon the completion of a transaction by the Authority provided however that this provision shall not apply to real estate brokers and other real property buyer/seller/lessor/lessee representatives engaged to act on behalf of the Authority.

A Proposer's failure to provide the certifications required by Sections G(1) and (2) of Article II will be grounds for disqualification from the procurement process.

A Proposer's violation of Section G(2)(a) or (b) of Article II will be grounds for disqualification from the procurement process.

H. Penalties

A Proposer's failure to comply with any of the provisions contained in this Policy is grounds for disqualification in the procurement process, and may constitute a crime under State or Federal Law.

I. Conduct of Procurements; Approval Process for Contracts

1. All procurements shall be conducted in accordance with this Policy by the responsible Procuring Officer.
2. The award of Procurement Contracts for Services, including those Procurement Contracts awarded without regard to Section B.1 of Article II, shall be approved as follows:
 - a. Procurement Contracts for Services having a value less than or equal to \$1,000,000 shall be approved by the responsible Procurement Officer and either the Chief Financial Officer or the Chief Executive Officer.
 - b. Procurement Contracts for Services having a value greater than \$1,000,000 and/or to be rendered over a period in excess of one year (regardless of the value) shall be approved by the Authority Board of Trustees, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Procurement Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee

meeting.

3. The award of Procurement Contracts for Goods or Technology, including those Procurement Contracts awarded without regard to Section B.1 of Article II, shall be approved as follows:
 - a. Procurement Contracts for Goods or Technology having a value less than \$1,000,000 shall be approved by the responsible Procurement Officer and either the Chief Financial Officer or the Chief Executive Officer.
 - b. Procurement Contracts for Goods or Technology having a value equal to or greater than \$1,000,000 and/or to be rendered over a period in excess of one year (regardless of the value) shall be approved by the Authority Board of Trustees, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Procurement Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee meeting.
4. The award of Electricity Contracts shall be approved as follows:
 - a. Electricity Contracts having a term greater than 60 months shall be approved by the Authority Board of Trustees, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Electricity Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee meeting.
 - b. All other Electricity Contracts shall be approved by the responsible Procurement Officer, and either the Chief Financial Officer or the Chief Executive Officer, unless Board approval is otherwise required by applicable law, including to comply with the State Environmental Quality Review Act, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Electricity Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee meeting.
5. Procurement Contracts in an amount greater than \$50,000 shall not be valid, effective or binding upon the Authority until approved by the State Comptroller and filed in that office.

J. Employment of Former Officers and Employees

To the extent permitted by Public Officers Law Section 73, former Authority officers and employees are eligible to be considered to be retained as contractors and/or consultants, provided that they meet all criteria for contractors and/or consultants generally as specified in this Policy and upon the approval of the Trustees.

K. Types of Provisions to be Contained in Procurement Contracts

The following types of provisions shall be contained in all Authority procurement contracts, unless one or more such provision is inapplicable and/or unnecessary based on the nature and/or duration of the contract or any other circumstance that the Authority deems to be in its interest.

1. Description/Scope of Work
2. Term
3. Compensation
4. Relation between the Contractor and the Authority, including Supervision of Work, Use of Subcontractors, Conflict of Interest and Use of Authority Supplies, Facilities and Personnel
5. Ownership, Maintenance, Confidentiality and Other Provisions Related to Documents and Records
6. Termination
7. Provisions Required by Federal, State and Local Law
8. Warranty, Indemnity, Contingent Fee and Other Standard Provisions
9. Billing Policy
10. Insurance
11. The percentage of minority and women-owned subcontracting goals
12. The percentage of New York State Service-Disabled Veteran-Owned Business (SDVOB) subcontracting goals
13. Notice, Service of Process and Other Miscellaneous Provisions

III. GENERAL

A. Implementation of Guidelines

The Chief Executive Officer, Chief Financial Officer and/or General Counsel are empowered to prepare:

1. Such supplemental procedures as may be required to effectively implement this Policy, copies of which shall be provided to the Trustees; and
2. Proposed amendments to this Policy for approval by the Authority Board of Trustees when and as required.

B. Reports

1. No less frequently than annually, the Authority will prepare a report which summarizes its Procurement Contract activity for the period of the report, which will include a list of all Procurement Contracts entered into, all contracts entered into with New York State business enterprises and the subject matter and value thereof, all contracts entered into with certified minority or women-owned business enterprises and the subject matter and value thereof, all referrals made and all penalties imposed pursuant to section three hundred and sixteen of the executive law, all contracts entered

into with foreign business enterprises, and the subject matter and value thereof, the selection process used to select such contractors, all Procurement Contracts which were exempt from the publication requirements of Article 4-C of the Economic Development Law, the basis of such exemption and the status of existing Procurement Contracts.

2. Also on an annual basis, the Authority will prepare and approve a report on Procurement Contracts, which report will include this Policy and an explanation of this Policy and any amendments to them since the last report. The Authority will submit this report to any such governmental entities as may be entitled to receive it under applicable law, including the Public Authorities Law and the State Finance Law, and will make this report available to members of the public on the Authority's website.

These guidelines shall be annually reviewed and approved by the Authority.

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, this Policy.

Board Policy: **Use, Awarding, Monitoring and Reporting
of Procurement Contracts**

Policy Type: **Compliance Process**

Monitored by: **Governance Committee**

Board Resolution: **#xxxx, approved February 15, 2023**
#xxxx, amended March 29, 2023



Long Island Power Authority is required by Section 2879 of the Public Authorities Law to adopt by resolution comprehensive guidelines, to be annually reviewed and approved by the Trustees of the Authority, regarding the use, awarding, monitoring and reporting of procurement contracts. The following Board Policy (the “Policy”) is adopted pursuant to such requirement and is applicable with respect to the use, awarding, monitoring and reporting of all Procurement Contracts which are (i) entered into by the Authority and (ii) solicited or awarded by the Authority on behalf of the Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island and the Utility Debt Securitization Authority (collectively referred to herein as the “Authority”).

I. DEFINITIONS

1. “Best Value” means the basis for awarding contracts that best achieves the criteria specified by the Authority in a solicitation for proposals, including without limitation, quality, cost and efficiency.
2. “Electricity” means electric energy or capacity, transmission capacity or services, including related financial rights, or ancillary services.
3. “Electricity Contract” means any Procurement Contract for the acquisition of electric energy or capacity, transmission capacity or services, including related financial rights, or ancillary services.
4. “Goods” consist of supplies, materials and equipment acquired by the Authority, but shall not include product acquired pursuant to an Electricity Contract.
5. “Procurement Contract” means any written agreement signed by the Authority, and any amendment thereto, for the acquisition of Goods, Services, Technology, Electricity, and construction in the actual or estimated amount of five thousand dollars or more.

6. “Procuring Officer” means the Authority officer conducting any procurement of Goods, Services, Technology, Electricity and construction pursuant to Section I.1 of Article II of this Policy.
7. “Proposer” means anyone, including without limitation potential contractors, consultants, suppliers, manufacturers, subcontractors and sub-consultants, seeking to enter into a Procurement Contract with the Authority.
8. “Services” consists of legal, accounting, management consulting, investment banking, planning, training, statistical, research, public relations, construction management, architectural, engineering, surveying, or other services, whether personal or non-personal, of a consulting, professional, technical or other nature for a fee, commission or other compensation by a person or persons who are not providing such services as officers or employees of the Authority.
9. “Technology” includes a Good or a Service or a combination thereof, that results in a technical method of achieving a practical purpose or in improvements in productivity.

II. PROCUREMENT CONTRACTS

A. Reason(s) for Use of Services Contracts

Services contracts may be entered into because of one or more of the following factors or considerations:

1. Requirement of special expertise or unusual qualifications.
2. Nature, magnitude or complexity of Services required.
3. Lack of sufficient in-house resources, support staff, specialized facilities or equipment.
4. Lower cost.
5. Short-term or infrequent need for the Services does not warrant permanent Authority staffing.
6. Distance of the location or locations where the Services must be performed from the Authority offices or facilities.
7. Performance of a function requiring independence from the Authority management (e.g., independent auditors).
8. To meet unusual schedule requirements or emergencies.

B. Selection Procedures

1. Selection Procedures for Procurement Contracts

Except as specifically waived for one or more of the reasons set forth in Section B.2 of Article II of this Policy or as otherwise may be required or authorized by law, Procurement Contracts shall be awarded as set forth below.

a. General Policy for Procurement Contracts

The Authority is adopting this Policy in accordance with Section 2879 of the New York Public Authorities Law (the “PAL”). In accordance with Section 2879 of the PAL, all Procurement Contracts shall be awarded in accordance with this Policy. To the extent required by Section 1020-cc of the PAL, contracts for construction or purchase of Goods shall be let pursuant to Section 103 or, as applicable, Section 120-w(4)(e) of the New York General Municipal Law (the “GML”).

The Procurement Officer conducting any procurement of any contract for construction or purchase of Goods shall determine, in consultation with the Authority’s General Counsel, whether Section 103 of the GML, Section 120-w(4)(e) of the GML, or any other provisions of New York State law (including State Finance Law Section 163 (“Wick’s Law”) are applicable to the procurement. If it is determined that such contract is to be let in accordance with Section 103 or Section 120-w(4)(e) of the GML, the provisions of such section and, to the extent not inconsistent therewith, this Policy shall govern such procurement.

Procurement Contracts are to be awarded to persons/firms on a competitive basis to the maximum extent possible. Such awards are to be made by the Authority on the basis of:

- (i) lowest price or Best Value for contracts procured pursuant to Section 103 of the GML; provided, however, that contracts for construction of public works pursuant to Article 8 of the New York Labor Law shall be awarded on the basis of lowest price; and
- (ii) Best Value for all other Procurement Contracts;

and based upon receipt and evaluation of proposals or other information obtained from responsible persons/firms submitting a responsive bid or proposal in response to a request for proposals, an invitation for bid or other method of procurement.

The Authority encourages the use of qualified labor, suppliers and other resources from the Authority’s service area to the extent possible consistent with law and this policy.

b. Public Notice

To the extent required by Article 4-C of the Economic Development Law, notice of all Procurement Contract opportunities estimated to be \$50,000 or more shall be advertised in the State's procurement opportunities newsletter. Notice of the award of all Procurement Contracts valued at \$50,000 or more shall also be posted in the State's procurement opportunities newsletter.

In addition to the above, all invitations for bids for Procurement Contracts for construction or purchase of Goods pursuant to Section 103 of the GML involving an expenditure of more than \$20,000 shall be advertised in the principal newspaper of the Authority's service area, if any, or, if none, in such newspaper of general circulation in the service area as may be designated by the officer supervising such procurement. All solicitations for proposals for Procurement Contracts for construction or purchase of Goods conducted in accordance with Section 120-w(4)(e) of the GML shall be advertised in (i) the principal newspaper of the Authority's service area, if any, (ii) at least one newspaper of general circulation (which may be the principal newspaper of the Authority's service area), (iii) the state register and (iv) the environmental notice bulletin.

c. Soliciting and Accepting Proposals

- (i) For every procurement, a record shall be maintained ("Procurement Record") documenting the basis for all the decisions made by the Authority during the procurement process.
- (ii) Except as otherwise provided in this Policy, the Authority shall select a competitive procurement process and document this process in the Procurement Record. The method of award, including the evaluation methodology, must be established prior to the opening of bids or proposals.
- (iii) The solicitation shall prescribe the specifications or requirements that must be met in order to be considered responsive and shall describe and disclose the general manner in which the evaluations and selection shall be conducted.
- (iv) The Authority may seek clarification from Proposers for purposes of assuring a full understanding as to responsiveness of the proposal to the procurement's specifications and/or requirements.
- (v) The Authority may clarify the requirements set forth in the solicitation document.
- (vi) The Authority may negotiate with one or more Proposers determined to be susceptible of being selected for contract award prior to award.
- (vii) The Authority may conduct competitive negotiations.

- (viii) The Authority may, prior to making an award, request best and final offers from one or more Proposers determined to be susceptible of being selected for contract award.
- (ix) The Authority may withdraw any pending solicitation at any time for cause or no cause. All proposals may be rejected. Where provided in the solicitation, separable portions of proposals may be rejected.
- (x) Prior to making an award of contract, based upon such criteria and factors as the Authority shall have established, the Authority shall make a determination of the responsiveness of each proposal and of the responsibility under State Finance Law of the selected Proposer(s).
- (xi) Except as may be provided for in the solicitation or as may be required by law, disclosure of the content of competing proposals received in response to a solicitation, or of any clarifications, modifications, revisions or supplements thereto, shall be prohibited prior to approval of the contract.
- (xii) The solicitation shall prescribe the designated point(s) of contact for the Authority (“Designated Contacts”), consistent with the Authority’s obligations under State Finance Law Sections 139-j and 139-k (as more fully set forth in Article II.F of this Policy), and shall require a Proposer to identify in its proposal a single point of contact. The solicitation shall prescribe that Proposer shall not communicate or make contact, as defined in State Finance Law Section 139-j(1)(c), (a “Contact”) with anyone other than the Authority’s Designated Contacts, except as authorized by State Finance Law Section 139-j (3). The solicitation shall further prescribe that all Contacts by a Proposer must be recorded and that impermissible Contacts may be grounds for finding the Proposer non-responsible and ineligible for a contract award. The solicitation shall require all Proposers to disclose prior findings of non-responsibility pursuant to State Finance Law Sections 139-j and 139-k. The solicitation shall include a summary of the policy and prohibitions regarding permissible contacts and shall also require a written affirmation by the Proposer as to its understanding of the Authority’s procedures in accordance with the provisions of State Finance Law Section 139-j(3) and its agreement to comply.

d. Letting of Procurement Contracts

- (i) Selection and award of any Procurement Contract shall be made by the Authority in a manner consistent with the method of award established for the procurement. The award(s) and the basis for determining the award(s) shall be documented in the procurement record.
- (ii) To the extent provided in the solicitation and determined to be in the best interests of the Authority, the Authority may elect to award a contract for

Services or Technology or an Electricity Contract to more than one responsive and responsible Proposer. When multiple contract awards are made, the selection of the contractor to provide the required services or technology shall be based on the most practical and economical alternative to the Authority at the time of purchase. The basis for determining the most practical and economical alternative shall be documented in the Procurement Record.

2. Waiver of Selection Procedures for Procurement Contracts

Except as may otherwise be required by law, Procurement Contracts (other than Electricity Contracts) may be awarded to persons/firms without regard to Section B.1 of Article II when any of the following circumstances exist:

- a. In the event of an emergency or other extraordinary circumstances including but not limited to i) a threat to: a) the health or safety of the public, b) Authority employees and any other workers, including contracted labor, operating, maintaining or otherwise performing services on the Authority's transmission and distribution system and/or related facilities; ii) those necessary to assure the proper functioning of the Authority's transmission and distribution system; iii) those necessary to adhere to schedule for completion of capital improvements and operation and maintenance projects wherein the failure to complete projects on time will result in lost revenue, penalties or unnecessary and unreasonable expenses or cost increases; and iv) storm restoration.
- b. Only one source for the Goods, Services or Technology is available (sole source procurement).
- c. Legal, professional, technical or other specialized services are required for which a certain person/firm has unique expertise, or has greatly superior qualifications to perform the service at a cost that is determined to be fair and reasonable (single source procurement).
- d. The contract is based upon an unsolicited proposal or offer, submitted at the sole initiative of the Proposer, and involving unique, innovative, or unusually meritorious methods or ideas, after having considered other options.
- e. The compatibility of Technology, equipment, accessories, or spare or replacement parts is the paramount consideration.
- f. Technology or Services are required to extend or complement a prior procurement and it is impracticable or uneconomical to have a source other than the original source continue the work.
- g. A sole or single supplier's item is needed for trial use or testing, or a proprietary item is sought for which there is only one source; or

- h. The Procurement Contract (i) is (a) less than \$50,000 for Goods, construction, Services or Technology; or (ii) involves an expenditure not exceeding \$500,000 for the purchase of Goods or Services from New York State small business concerns or from those firms certified as Minority/Women Owned Business Enterprises (M/WBE) by the Department of Economic Development pursuant to Article 15A of the executive law, or for purchases of goods or technology that are recycled or remanufactured; or
 - (i) involves the purchase of goods or services using the terms and conditions and pricing contained in contracts awarded by any department, agency, officer, political subdivision, public authority or public corporation of New York State, including, but not limited to, the Office of General Services, the Federal government or any other governmental entity; or (iv) involves the purchase of goods or services using the terms and conditions and pricing contained in contracts let by any electric utility if it is unlikely that the Authority will achieve savings through a competitive procurement.

When a Procurement Contract is awarded pursuant to this Section B.2 of Article II of this Policy, the Authority shall make a determination that the specifications or requirements for said purchase have been designed in a fair and equitable manner. The Authority shall document in the procurement record the basis for a determination to purchase pursuant to this Section B.2 of Article II of the Policy.

3. Selection Procedures for Electricity Contracts

- a. Electricity Contracts are not subject to Section B.1 of Article II if they are (i) entered into in accordance with rate schedules or tariffs filed with applicable federal or state regulatory agencies or adopted and maintained by the Authority, the Subsidiary or a public agency vendor not regulated by the Federal Energy Regulatory Commission, or (ii) subject to rates provided in rate schedules or tariffs regulated by the Federal Energy Regulatory Commission, or established by the Authority or a public agency vendor, and shall be awarded in accordance with such rate schedules and tariffs.
- b. All other Electricity Contracts are subject to Section B.1 of Article II.

C. Minority and Women-Owned Business Enterprises

It is the policy of the Authority to foster and promote the participation of minority and women-owned business enterprises in Authority procurements, to develop such enterprises and to facilitate the awarding of a fair share of Procurement Contracts to such enterprises. In contracting, the Authority shall use its best efforts to give minority business enterprises and women-owned business enterprises an opportunity to compete for the Authority's business by eliminating barriers to participation by M/WBEs in Authority procurements. When adopting its annual goals for the participation of M/WBEs, the Authority shall consult the most recent disparity study published by the State of New York.

The Authority shall administer the rules and regulations promulgated by the Director of the Division of Minority and Women-Owned Business Development within the Department of Economic Development in a good faith effort to meet the maximum feasible portion of the Authority's adopted goals. The Authority hereby designates the Division of Minority and Women-Owned Business Development within the Department of Economic Development to certify and decertify minority and women-owned business enterprises.

1. The Authority hereby designates the General Counsel (or his or her designee) to oversee its M/WBE program.

2. The Authority shall maintain a list of qualified certified M/WBEs that have expressed an interest in doing business with the Authority and ensure that such list is regularly updated. To assist in developing such list, the Authority shall periodically invite the submission of statements of qualifications from minority business enterprises and women-owned businesses for the purpose of identifying firms having experience in the type of Goods, Services and Technology contracted for by the Authority or Subsidiary. The list shall also include all M/WBEs that have responded to Authority solicitations for bids and proposals and/or have inquired about notices of Authority procurements placed in the State's procurement opportunities newsletter.

3. When soliciting bids and proposals, in addition to publication in the State's procurement opportunities newsletter, the Authority shall (a) consult the Directory of certified M/WBEs maintained by the Department of Economic Development; (b) provide each bidder and proposer with a copy of said Directory; and (c), provide notice to professional and other organizations that serve minority and women-owned business enterprises providing the types of services procured by the Authority.

4. To foster the increased use of M/WBEs, the Authority may seek a single proposal not exceeding \$500,000 in the aggregate, including all amendments, from a certified M/WBE that offers a reasonable price for such goods and/or services.

5. When provided for in the solicitation, bids and proposals shall be accepted from joint ventures between MWBEs and non-minority and women-owned business enterprises.

6. The Authority shall evaluate each contract to determine the goal for M/WBE participation in subcontracting opportunities based on the level of subcontracting needed and the

availability of certified M/WBEs to competitively respond to subcontracting opportunities. Each solicitation shall set forth the goal for M/WBE subcontracting opportunities. The Authority shall consider, where practicable, separating a single procurement into several for the purpose of maximizing M/WBE participation.

7. Where subcontracting goals are established for a Procurement Contract, the solicitation shall require that bidders and proposers submit a subcontractor utilization plan with the bid or proposal and which the Authority shall review as required. A contractor who is a certified M/WBE may count the work it performs toward meeting its goal for either minority or women participation, but not both.

8. In determining to award a contract, the Authority shall, where practicable, feasible and appropriate, assess the diversity practices of a bidder or proposer; provided, however, that a bid or proposal shall not be automatically rejected based on a lack of diversity practices.

9. The Authority shall verify M/WBE participation to the extent indicated in the bid or proposal selected for contract award.

10. Every Authority contract shall contain a provision expressly providing that any contractor who willfully and intentionally fails to comply with the M/WBE requirements imposed upon contractors by Article 15-A of the Executive Law shall be liable to the Authority for liquidated or other damages, as specified, and shall include other appropriate remedies on account of such non-compliance. The Authority shall consider compliance with the requirements of any federal law concerning opportunities for minority and women-owned business enterprises which effectuates the purpose of Article 15-A of the Executive Law.

11. The Authority may waive obligations of the contractor relating to minority and women-owned business enterprise participation only after a showing of good faith efforts to comply with the requirements of Article 15-A of the Executive Law pursuant to the waiver provisions contained in Subdivision 6 of Section 313 of the Executive Law.

12. Upon execution of a contract, the Authority shall post on its web site any required minority and women-owned business enterprise subcontractor utilization plans and any waivers of compliance approved by the Authority within 30 days after such approval is granted.

13. The requirements of this section shall not apply to Electricity Contracts that meet the requirements of Section B.3(a) of Article II.

D. New York State Business Enterprises and New York Residents

It is the policy of the Authority to promote participation in Procurement Contracts by New York State business enterprises and New York residents, including without limitation, business enterprises located in the service area and residents of the service area, by encouraging them to compete through measures including, but not limited to:

1. Collecting and consulting the specifications of New York State business enterprises in developing any specifications for any Procurement Contract for the purchase of goods where possible, practicable, feasible, and consistent with open bidding, except for procurement contracts for which the Authority would be expending funds received from another state. The Authority will, where feasible, make use of the stock order specification forms prepared by the Commissioner of General Services and, where necessary, consult with the Commissioner of General Services in developing such specifications and make such determinations.
2. With the cooperation of the Department of Economic Development and through cooperative efforts with contractors, providing for the notification of New York State business enterprises of opportunities to participate as subcontractors and suppliers on Procurement Contracts in an amount estimated to be equal to or greater than one million dollars and promulgating procedures which will assure compliance by contractors with such notification. Once awarded the contract, contractors shall be required to document their efforts to encourage the participation of New York State business enterprises as subcontractors and suppliers on such Procurement Contracts. Documented efforts by a successful contractor shall consist of and be limited to showing that such contractor has (a) solicited bids, in a timely and adequate manner, from New York State business enterprises, including certified minority and women-owned businesses, or (b) contacted the New York State Department of Economic Development to obtain listings of New York State business enterprises, or (c) placed notices for subcontractors and suppliers in newspapers, journals, and other trade publications circulated in New York State, or (d) participated in bidder outreach conferences. If a contractor determines that New York State business enterprises are not available to participate on the contract as subcontractors or suppliers, the contractor shall provide a statement indicating the method by which such determination was made. If the contractor does not intend to use subcontractors on the contract, the contractor shall provide a statement verifying such intent.
3. Except for Procurement Contracts for which the Authority would be expending funds received from another state, including in all solicitations a statement that information concerning the availability of New York State subcontractors and suppliers is available from the New York State Department of Economic Development, including the directory of certified minority and women-owned businesses, and that it is the policy of the Authority to encourage the use of New York State subcontractors and suppliers and to promote the participation of minority and women-owned businesses, where possible, in the procurement of goods and services.
4. With the cooperation of the Community Services Division of the Department of Labor and through cooperative efforts with contractors, providing for the notification to New York State residents of employment opportunities arising in New York State out of Procurement Contracts in an amount estimated to be equal to or greater than one million dollars; and assuring compliance by contractors by requiring contractors to submit post-award compliance reports documenting their efforts to provide such

notification through listing any such positions with the Community Services Division or providing for such notification in such manner as is consistent with existing collective bargaining contracts or agreements.

5. Including in each solicitation a statement notifying potential Proposers in foreign countries that the Authority may assign or otherwise transfer offset credits created by such procurement contract to third parties located in New York State; providing for the assignment or other form of transfer of offset credits created by such procurement contracts, directly or indirectly, to third parties located in New York State, in accordance with the written directions of the Commissioner of Economic Development; and providing for the Authority otherwise to cooperate with the Department of Economic Development in efforts to get foreign countries to recognize offset credits assigned or transferred to third parties located in New York State created by such Procurement Contracts.
6. Each contract shall expressly obligate contractors to comply with the federal Equal Employment Opportunity Act of 1972 (Pub. L. 92-261), as amended.

As used in this section the terms “New York State business enterprise” and “New York resident” shall have the meaning assigned to such terms in Section 2879 of the PAL.

E. New York State Service-Disabled Veteran-Owned Businesses (“SDVOBs”)

It is the policy of the Authority to promote participation in Procurement Contracts by SDVOB’s including without limitation, SDVOB’s located in the Authority’s service area.

New York State has established an overall goal of 6% for contracting with SDVOB’s and the Authority shall utilize its best efforts to assist the state in meeting these goals. In addition, the Authority shall utilize its best efforts to assist the Division of Service-Disabled Veterans' Business Development in the furtherance of these goals in accordance with their guidelines: <http://www.ogs.ny.gov/Core/docs/Guidelines.pdf>.

F. Restrictions on Procurement Lobbying

Pursuant to State Finance Law Sections 139-j and 139-k, an Offerer (as defined in Section 139-j(1)(h)) is restricted to making Contact with the Authority’s Designated Contacts only from the earliest solicitation of offers through final award and approval of procurement contracts (as defined in Section 139-j(1)(g)) by the Authority and, if applicable, Office of the State Comptroller (“Restricted Period”) except as provided for in State Finance Law Section 139-j(3)(a). When a Contact is received during the Restricted Period, Authority employees are required to obtain the name, address, telephone number, place of employment and occupation of the person or organization making the Contact and whether the person or organization was the Offerer or was retained, employed or designated by the Offerer to Contact the Authority about the procurement. If the Contact is received by Authority staff, trustee or consultant who is not a Designated Contact, the General Counsel, or designee, shall be notified who shall investigate the impermissible Contact.

If the General Counsel, or designee, determines that there is sufficient cause to believe that the Offerer violated the provisions of State Finance Law Section 139-j(3), notice shall be given to the Offerer who shall have the opportunity to be heard. If it is determined that the impermissible Contact was knowing and willful, the Offerer is non-responsible and shall not be awarded a contract except as otherwise provided in State Finance Law Section 139-j (10). In the event of two such findings within a 4-year period, the Offerer is debarred from participating in or receiving an Authority procurement contract, as defined by in Section 139-j(1)(g) for four years.

Proposers shall be provided with a summary of the Authority's policies and procedures regarding permissible contacts and shall affirm in writing its understanding and agreement to comply with the same. All contractors shall certify that information provided to the Authority pursuant to State Finance Law Sections 139-j and 139-k is true and accurate. All contracts shall include a provision that the contract may be terminated if the certification is found to be intentionally false or intentionally inaccurate.

G. Additional Certifications

It is the policy of the Authority to promote increased public confidence in its procurement practices, including requiring Proposers to certify in writing, upon submission of their proposals and at the time of execution of a contract with the Authority, the following:

1. Non-Collusion

- a. The prices in the bid or proposal have been arrived at independently, without collusion, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other Proposer or with any competitor.
- b. Unless otherwise required by law, the prices which have been quoted in the bid or proposal have not knowingly been disclosed by Proposer, and will not knowingly be disclosed by the Proposer prior to opening, directly or indirectly, to any other Proposer or to any competitor.
- c. No attempt has been made or will be made by the Proposer to induce any other person, partnership or corporation to submit or not submit a bid or proposal for the purpose of restricting competition.

Proposer shall make this certification under penalty of perjury, in accordance with Section 2878 of the PAL.

2. Contingent Fees

- a. Proposer has not employed or retained and will not employ or retain any individual or entity for the purpose of soliciting or securing any Authority contract or any amendment or modification thereto pursuant to any agreement or understanding for receipt of any form of compensation which in whole or in part is contingent or dependent upon the award of any such contract or any amendment or modification thereto.
- b. Proposer will not seek or be paid an additional fee that is contingent or dependent upon the completion of a transaction by the Authority provided however that this provision shall not apply to real estate brokers and other real property buyer/seller/lessor/lessee representatives engaged to act on behalf of the Authority.

A Proposer's failure to provide the certifications required by Sections G(1) and (2) of Article II will be grounds for disqualification from the procurement process.

A Proposer's violation of Section G(2)(a) or (b) of Article II will be grounds for disqualification from the procurement process.

H. Penalties

A Proposer's failure to comply with any of the provisions contained in this Policy is grounds for disqualification in the procurement process, and may constitute a crime under State or Federal Law.

I. Conduct of Procurements; Approval Process for Contracts

1. All procurements shall be conducted in accordance with this Policy by the responsible Procuring Officer.
2. The award of Procurement Contracts for Services, including those Procurement Contracts awarded without regard to Section B.1 of Article II, shall be approved as follows:
 - a. Procurement Contracts for Services having a value less than or equal to \$1,000,000 shall be approved by the responsible Procurement Officer and either the Chief Financial Officer or the Chief Executive Officer.
 - b. Procurement Contracts for Services having a value greater than \$1,000,000 and/or to be rendered over a period in excess of one year (regardless of the value) shall be approved by the Authority Board of Trustees, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Procurement Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee

meeting.

3. The award of Procurement Contracts for Goods or Technology, including those Procurement Contracts awarded without regard to Section B.1 of Article II, shall be approved as follows:
 - a. Procurement Contracts for Goods or Technology having a value less than \$1,000,000 shall be approved by the responsible Procurement Officer and either the Chief Financial Officer or the Chief Executive Officer.
 - b. Procurement Contracts for Goods or Technology having a value equal to or greater than \$1,000,000 and/or to be rendered over a period in excess of one year (regardless of the value) shall be approved by the Authority Board of Trustees, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Procurement Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee meeting.
4. The award of Electricity Contracts shall be approved as follows:
 - a. Electricity Contracts having a term greater than 60 months shall be approved by the Authority Board of Trustees, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Electricity Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee meeting.
 - b. All other Electricity Contracts shall be approved by the responsible Procurement Officer, and either the Chief Financial Officer or the Chief Executive Officer, unless Board approval is otherwise required by applicable law, including to comply with the State Environmental Quality Review Act, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Electricity Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee meeting.
5. Procurement Contracts in an amount greater than \$50,000 shall not be valid, effective or binding upon the Authority until approved by the State Comptroller and filed in that office.

J. Employment of Former Officers and Employees

To the extent permitted by Public Officers Law Section 73, former Authority officers and employees are eligible to be considered to be retained as contractors and/or consultants, provided that they meet all criteria for contractors and/or consultants generally as specified in this Policy and upon the approval of the Trustees.

K. Types of Provisions to be Contained in Procurement Contracts

The following types of provisions shall be contained in all Authority procurement contracts, unless one or more such provision is inapplicable and/or unnecessary based on the nature and/or duration of the contract or any other circumstance that the Authority deems to be in its interest.

1. Description/Scope of Work
2. Term
3. Compensation
4. Relation between the Contractor and the Authority, including Supervision of Work, Use of Subcontractors, Conflict of Interest and Use of Authority Supplies, Facilities and Personnel
5. Ownership, Maintenance, Confidentiality and Other Provisions Related to Documents and Records
6. Termination
7. Provisions Required by Federal, State and Local Law
8. Warranty, Indemnity, Contingent Fee and Other Standard Provisions
9. Billing Policy
10. Insurance
11. The percentage of minority and women-owned subcontracting goals
12. The percentage of New York State Service-Disabled Veteran-Owned Business (SDVOB) subcontracting goals
13. Notice, Service of Process and Other Miscellaneous Provisions

III. GENERAL

A. Implementation of Guidelines

The Chief Executive Officer, Chief Financial Officer and/or General Counsel are empowered to prepare:

1. Such supplemental procedures as may be required to effectively implement this Policy, copies of which shall be provided to the Trustees; and
2. Proposed amendments to this Policy for approval by the Authority Board of Trustees when and as required.

B. Reports

1. No less frequently than annually, the Authority will prepare a report which summarizes its Procurement Contract activity for the period of the report, which will include a list of all Procurement Contracts entered into, all contracts entered into with New York State business enterprises and the subject matter and value thereof, all contracts entered into with certified minority or women-owned business enterprises and the subject matter and value thereof, all referrals made and all penalties imposed pursuant to section three hundred and sixteen of the executive law, all contracts entered

into with foreign business enterprises, and the subject matter and value thereof, the selection process used to select such contractors, all Procurement Contracts which were exempt from the publication requirements of Article 4-C of the Economic Development Law, the basis of such exemption and the status of existing Procurement Contracts.

2. Also on an annual basis, the Authority will prepare and approve a report on Procurement Contracts, which report will include this Policy and an explanation of this Policy and any amendments to them since the last report. The Authority will submit this report to any such governmental entities as may be entitled to receive it under applicable law, including the Public Authorities Law and the State Finance Law, and will make this report available to members of the public on the Authority's website.

These guidelines shall be annually reviewed and approved by the Authority.

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, this Policy.