

GRIFFISS UTILITY SERVICES CORPORATION

PROCUREMENT POLICIES

Adopted as of 3/29/13

Griffiss Utility Services Corporation (“GUSC”) is a New York local development corporation. GUSC is exempt from federal income tax pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. At present, GUSC is managed by a seven-member Board of Directors.

GUSC is charged with the responsibility for providing reliable and economical energy to businesses located at the former Griffiss Air Force Base, Rome, New York (the “Base”). GUSC’s mission is to attract new businesses to, and to retain existing businesses at, the Base by, among other things, providing energy and energy-related services.

In the course of its day-to-day operations, GUSC has occasion to procure various goods and services. To facilitate the acquisition of goods and services of maximum quality at the lowest possible cost, GUSC has adopted the procurement policies (the “Procurement Policies”) hereinafter set forth. If GUSC forms any subsidiaries, it will ask each such subsidiary to adopt procurement policies which are the same as the Procurement Policies.

The Procurement Policies are intended to establish guiding principles and internal procedures relating to GUSC’s procurement activities. They are not intended to and shall not create in or convey to third parties any substantive rights.

Notwithstanding anything to the contrary contained in the Procurement Policies, GUSC shall comply with the terms and conditions of each grant or contract it has with any federal or state funding source including terms and conditions relating to procurement.

As part of its procurement process, GUSC shall make an initial determination as to whether a proposed contract involves (1) the purchase and/or leasing of Commodities and/or Services or (2) a Construction/Renovation Project. Once GUSC makes that determination, it shall endeavor to follow the applicable procurement policy set forth below.

1. Definitions.

As used herein, the following capitalized words shall have the following meanings:

“Commodities” shall mean goods, materials, equipment and supplies.

“Construction/Renovation Project” shall mean a project for the construction and/or renovation of buildings or other improvements on real property owned and/or leased by GUSC.

“Exempt Services” shall mean professional services and services requiring special technical skill, training, expertise or, in some instances, a license in order to render such services. Exempt Services shall include, without limitation, the services of economic development advisors and staff services providers, attorneys, accountants, architects, surveyors, engineers, consultants, financial advisors, appraisers, real estate brokers, real property managers, insurance brokers, bond underwriters, computer specialists, printers, investment managers, and public relations specialists.

“GUSC” shall mean Griffiss Utility Services Corporation.

“Services” shall mean all services except for Exempt Services.

2. Purchases of Commodities and/or Services.

Unless provided otherwise by GUSC’s Executive Committee or Board of Directors (the “Board”), all purchases and/or leases of Commodities and/or Services are subject to the approval of GUSC’s Chairperson or President, who shall make a good faith effort to solicit at least three (3) written quotes/proposals for any such purchase and/or lease involving an expenditure of more than \$5,000.00. GUSC shall not be bound to award a purchase contract or lease to a vendor or supplier solely based on price. Quality and reliability of product, compliance with stated specifications, including proposed substitutions, service and warranties, delivery and installation schedules, and other factors deemed appropriate by GUSC are factors that GUSC may consider in selecting a vendor or supplier for the purchase and/or lease of Commodities and/or Services. In cases where a purchase contract or lease is awarded for reasons other than price, GUSC shall make a reasonable effort to document the rationale for its decision.

There may be instances where GUSC is able to acquire Commodities that are advertised by the State of New York (the “State”) under a State contract administered by the Office of General Services (“OGS”) or by the Federal Government under a federal contract overseen by the General Services Administration (“GSA”). In either event, the OGS or GSA list price shall be deemed to be the lowest price and GUSC shall not be required to solicit multiple quotes/proposals for the purchase and/or lease of such Commodities.

Purchases and/or leases of Commodities and/or Services involving an expenditure of \$5,000.00 or less shall not require multiple price quotes/proposals. However, GUSC may consider making periodic solicitations to determine that its purchase and/or leasing of such Commodities and/or Services are based on competitive pricing and other considerations beneficial to GUSC.

3. Construction and/or Renovation Projects.

GUSC shall competitively bid all Construction and/or Renovation Projects involving an expenditure of more than \$5,000.00. If specific State and/or federal procurement or contracting requirements apply, GUSC shall comply with such requirements. All other competitively bid Construction and/or Renovation Projects involving the expenditure of more than \$5,000.00 shall be either by formal advertisement in a newspaper of record in Oneida County (Rome Sentinel or Observer Dispatch) or in the Dodge Report or, where applicable, in other federal and state bid publications. Notwithstanding the above, in instances where a particular Construction and/or Renovation Project has

an aggressive delivery schedule requiring GUSC to use design-build or retain a construction management firm to oversee the procurement of contractors and subcontractors, GUSC may, at its option, solicit written quotes/proposals from at least three (3) contractors who meet eligibility requirements established by GUSC as an alternative to competitively bidding such project.

Formally advertised construction and renovation work should include a pre-bid meeting for all interested bidders upon terms and conditions set forth in the GUSC bid documents. All competitive bids shall be submitted to GUSC in a sealed envelope and delivered to the GUSC offices by regular mail, overnight express mail, or in person before the scheduled bid opening date. GUSC, at its option, reserves the right to reject any bids received after the deadline set forth in the bid proposal. GUSC shall not consider bid proposals that are not sealed in an envelope, delivered by fax, or a verbal quotation from a potential bidder if sealed bid process is required. The bid opening shall be open to all interested parties.

GUSC shall document the proposals received and then canvass the bids to ensure that the bidders have complied with the terms and conditions set forth in the bid specifications. After the canvas of bids is complete, GUSC, through its Executive Committee or Board, shall review the canvas of bids and select the lowest responsible bidder to award a contract. If the lowest responsible bidder is unable to enter into a contract then GUSC may, at its option, either enter into a contract with the next lowest responsible bidder, or cancel the bid process and advertise for new bids. Where a winning bidder is unable or unwilling to enter into a contract with GUSC, then GUSC shall have the right to demand that such bidder forfeit its bid security, and may, upon advice of legal counsel, pursue all other remedies available to recover any documented damages.

Construction and/or Renovation Projects undertaken by GUSC involving an expenditure of \$5,000.00 or less shall be handled by soliciting price quotations from multiple contractors selected by GUSC (i.e., invitations to at least three (3) firms deemed by GUSC as having the capability and qualifications to perform the work as required by GUSC). For these types of projects, GUSC will accept written proposals and price quotations from such contractors based on a written proposal provided by GUSC. GUSC shall base its award on the lowest responsible price received.

4. Other Procurement Provisions.

GUSC may make emergency purchases without following the Procurement Policies set forth above where Commodities and/or Services must be purchased immediately and a delay in order to secure alternate proposals may threaten someone's life, health, safety, property or welfare. Emergency purchases will be made at the discretion of GUSC's Chairman or President with appropriate documentation as to the nature of the emergency.