

**ACQUISITION AND DISPOSAL OF REAL PROPERTY
JULY 1 – OCTOBER 31, 2011**

Section 2896 of the Public Authorities Law (PAL) requires a report setting out all real property transactions of the Authority over a given reporting period. Such report shall consist of a list and full description of all real property disposed of during such period. The report shall contain the price received by the Authority and the name of the purchaser. There is no monetary threshold so all disposals regardless of value need to be reported. In addition, acquisitions and leasing transactions are also included in this report. All acquisitions and dispositions reported herein were approved by the Authority’s Trustees and/or are consistent with current Trustee approved Expenditure Authorization Procedures. The reporting period is July 1 – October 31, 2011.

I. ACQUISITIONS

Danger Tree Permits/Land Use Permits – Danger tree permits acquired and land use permits issued along NYPA’s transmission system.

During this reporting period, the Authority acquired six danger tree permits. These rights allow the Authority to eliminate dangerous vegetation which is critical to the safe operation of the New York State transmission grid. The transmission facilities covered by these danger tree permits include the Niagara-Adirondack, Fitz-Edic, Plattsburgh-Vermont, and Gilboa-New Scotland. This is an on-going effort.

In addition, the real estate group issued six land use permits for use of the Authority’s easement areas. These permits, with their accompanying insurance requirements, assure the use of the Authority’s easement consistent with the operation of our transmission lines. A listing of these permits and their respective purposes is set out below.

<p>Permit No. Permittee Type of Permit Purpose</p>	<p>WP-08-3P Marble River, LLC Permit Requiring Insurance Excavate, grade, and install erosion and sedimentation controls within the Authority transmission line to facilitate the New York State storm water requirements for the construction of the Permittee's proposed substation together with the necessary accessories and appurtenances thereto.</p>
<p>Permit No. Permittee Type of Permit Purpose</p>	<p>NATL-10-2P Niagara County Water District Access and Work Agreement Construct, install, operate, maintain, repair, replace, and remove a below grade 36 inch diameter waterline together with the necessary accessories and appurtenances thereto.</p>
<p>Permit No. Permittee Type of Permit Purpose</p>	<p>NPP-11-5P United States Fish & Wildlife Service Special Use Permit Access the Authority's secured area for the installation of two antennas with coaxial cables to a self-contained watertight box that will house a telemetry receiver, a 12V-35</p>

amp hour battery on the shore of the Niagara River on Authority fee owned property for the monitoring of tagged lake sturgeon and lake trout.

Permit No. GL-11-1P
Permittee Watershed Agricultural Council
Type of Permit Special Use Permit
Purpose Construct, install, maintain, and replace fencing within the Authority's transmission line easement.

Permit No. MS-11-3P
Permittee Bosnian islamic Association of Utica
Type of Permit Permit Requiring Insurance
Purpose Construct, install, operate, maintain, repair, replace, and remove a stone driveway within the Authority's off right-of-way access road and under the transmission line easement together with the necessary accessories and appurtenances thereto.

Permit No. NPP-11-8P
Permittee LIRO Engineers, Inc.
Type of Permit Environmental Testing and Access Agreement
Purpose Enter upon the premises to perform certain activities (environmental testing) as set out in the Scope of Work.

II. DISPOSITIONS

Grant of Easement to Niagara Mohawk – A grant of easement was finalized between the Power Authority and Niagara Mohawk for underground electric facilities at the Niagara Power Project.

Grant of Easement to Niagara Mohawk and Verizon – A grant of easement was finalized between the Power Authority and Niagara Mohawk and Verizon for underground electric and communication facilities at the Niagara Power Project.

Both of these easements were to provide Niagara Mohawk and Verizon the ability to install electric and communication facilities to the United States Coast Guard communications tower located at the Niagara Power Plant.

Grant of Easement to Niagara Mohawk and Verizon – A grant of easement was finalized to provide underground electricity for a transformer to light ball fields at Reservoir State Park.

Temporary Easement to City of Niagara Falls - Conveyed a small fee parcel and a temporary easement to the City of Niagara Falls for the road widening project on Buffalo Avenue.

III. LEASING

Headquarters Leasing

The Authority maintains facilities which it leases or subleases out to various tenants. The available space in the building at 123 Main Street is essentially 100% leased through this reporting period. However, J. P. Morgan Chase has now vacated their leasehold of 29,300 square feet on the 4th floor at 123 Main Street. We are currently looking at various options for this

space. The space is currently listed with our broker, Newmark Knight Frank, who has been actively marketing and showing the space.

Our total inventory of landlord leases, which generates more than \$3.8M in annual revenue, is set out in the table below.

FACILITY	TENANT	PURPOSE	EXPIRATION	ANNUAL RENTAL
WPO	Berman Bavero	Office Space	9/30/2014	\$201,211.00
WPO	Beacon	Office Space	3/31/2012	\$45,000.00
WPO	Danziger & Markhoff	Office Space	3/31/2017	\$431,070.00
WPO	The Parker Group, Inc.	Office Space	3/31/2012	\$66,450.00
WPO	Hodagaya Chemical	Office Space	5/31/2015	\$69,817.00
WPO	Federal Bar	Office Space	7/31/2016	\$63,817.00
WPO	Continental III, Inc.	Restaurant	2/28/2011	\$34,470.00
WPO	Arch Wireless	Beeper System (WPO Garage)	10/31/2011	\$5,400.00
WPO	Thomas M. Bona, PC	Office Space	12/31/2016	\$290,376.00
WPO	SKCG Group , Inc.	Office Space	1/31/2014	\$464,928.00
WPO	Community Mutual	Office Space	4/30/2015	\$173,491.00
WPO	Misys	Office Space	12/31/2016	\$705,600.00
WPO	Westchester Philharmonic	Office Space	12/31/2009	\$10,875.00
WPO	West. Co. Narcotics Initiative	Office Space (Permit for Temporary Use)	12/31/2011	\$45,780.00
WPO	West. Co. District Attorney	Office Space (Permit for Temporary Use)	12/31/2011	\$22,590.00
WPO	NY State Police	Office Space (Permit for Temporary Use)	12/31/2011	\$47,250.00
WPO	Empire State Development Corp.	Office Space (Permit for Temporary Use)	OPEN	\$5,361.00
WPO	NYS Retirement System	Office Space - part time	12/31/2011	\$6,900.00
SL/FDR	Lake St. Lawrence Yacht	Lease of Land	OPEN	\$2,225.00
SL/FDR	Massena Country Club	Lease of Land	11/30/2015	\$2,000.00
SL/FDR	Twin Brooks Golf Club	Lease of Land	N/A	\$220.00
SL/FDR	Town of Waddington	Agricultural Lease	60 days notice	<u>\$300.00</u>
		TOTAL ANNUAL REVENUES		\$3,879,554.00
Note: Annual rental amounts are based on the fixed rent excluding any abatements				\$2,695,131.00
*Rent obligation through April.				

Leasing Support for Operating Projects and Transmission Facilities:

Real Estate concluded five lease extensions during this reporting period.

Hoskings Radio Tower – A renewal lease was executed between the Power Authority and Joseph Hosking was executed September 19, 2011 for the use of a tower and equipment building. This lease now expires April 30, 2014 with three one (1) year options to extend.

Burlington Radio Tower – This lease is in support of a radio tower site located in Burlington, New York. It provides an important radio communications link in support of the Marcy-South Transmission Facilities.

Clifton Park Energy Efficiency Office – The option to renew this lease was exercised and the new lease term expires on December 31, 2012. This lease supports the energy efficiency group.

Griffon Water Gauge – This lease is for water leveling gauging station located on the Niagara River near the foot of the Grand Island Bridge. This lease was renewed for a five year term. The lease will now expire June 30, 2017.

95 Perry Street – This sublease is for office space in Buffalo, New York was extended and now expires June 30, 2015. This leasehold is used primarily by the Energy Services and Technology and Community Relations groups.

Niagara University – A First Amendment of Lease was executed between Niagara University and the Power Authority to extend the lease between the parties for an additional one (1) year term to terminate April 30, 2012. Included in this amendment were additional five one (1) year term renewal options. This lease allows Niagara University to occupy Power Authority property for the construction, reconstruction, operation, and maintenance of an earthen berm and decorative wall.

IV. ST. LAWRENCE RELICENSING

St. Lawrence Lands Program

On October 31, 2001, the Authority filed an application for a new license, pursuant to Sections 4(e) and 15 of the Federal Power Act for the continued operation and maintenance of the 912 megawatt (MW) St. Lawrence F.D.R. Power Project. On February 6, 2003, the Authority filed a "Comprehensive Accord" (Settlement Agreement). On October 23, 2003, the Federal Energy Regulation Commission (hereinafter "FERC") issued an "Order Approving Settlement Agreements, Dismissing Complaint and Issuing New License" in which FERC *inter alia* approved the Settlement Agreement.

As part of the Settlement Agreement, the Authority agreed to several changes to the Project boundary. These proposed changes removed approximately 1,340 acres from the Project. With these changes, the Authority intends to transfer jurisdiction over approximately 741 acres at Galop Island State Park and environmentally sensitive lands in Lisbon and Waddington to other state agencies. The remaining approximately 599 acres of removed lands are in the process of being conveyed either to the affected local municipality or to adjoining landowners, if interested. For all conveyed lands, the Authority would retain a flowage easement and access easements where appropriate to provide necessary rights to traverse conveyed lands for Project-related activities.

Current Owners name	NYPA Surplus Parcel No	Surplus Parcel Acres	Appraisal Value	Deed Filed in County Clerk
THOMAS J. SNIDER	8149	0.14	1,400.00	7/7/2011
THOMAS J. SNIDER	8150	0.18	1,800.00	7/7/2011
THOMAS J. SNIDER	8178	0.29	2,900.00	7/7/2011
LINDA MARIE POWER, SUSAN ANNE PARISIAN and PEGGY ANNE HEWITT	8545	0.16	2,400.00	7/7/2011

EDWARD BENDERT and PATRICIA BENDERT	8633	0.46	34,500.00	7/7/2011
PAUL-JAYMES TRUDELL	8425	0.17	2,550.00	7/20/2011
MAILHOT FAMILY TRUST	8536	0.27	4,050.00	7/20/2011

During this period, 7 deeds were finalized and recorded in the County Clerk's office. In addition, 16 deeds are awaiting execution by the landowners and 13 deeds are awaiting final payment and acceptance of delivery by the landowner. This brings the total to 504 of the 599 acres have been conveyed. Of the approximately 520 private parcels to be conveyed, approximately 412 parcels have been completed.