



Griffiss Local Development Corporation

584 Phoenix Drive • Rome, New York 13441

315-338-0393 • 800-765-4990 • Fax 315-338-5694

EMAIL: info@mvedge.org • www.mvedge.org

April 25, 2025

Oneida County Industrial Development Agency
584 Phoenix Drive
Rome, New York 13441
Attn: Stephen Zogby
Chairman

Re: GLDC Request to Extend Lease Agreement and Modify and Extend PILOT Agreement
Building 796/798 Facility

Dear Chairman Zogby:

The Oneida County Industrial Development Agency ("OCIDA") and Griffiss Local Development Corporation ("GLDC") entered into a Lease Agreement dated as of April 1, 2010 (the "Lease Agreement") pursuant to which OCIDA, as landlord, leases to GLDC, as tenant, a 4.526± acre parcel of real property situate at 725 Daedalian Drive in the Griffiss Business and Technology Park, Rome, New York (the "Griffiss Business Park" or "Griffiss"), together with the building (commonly known as Building 796/798) and the other improvements and appurtenant equipment situate thereon or therein (collectively, the "Building 796/798 Facility"). The term of the Lease Agreement is scheduled to expire on June 30, 2026.

When the Lease Agreement was executed on April 1, 2010, Building 796/798 contained (and still contains) 46,792± sq. ft. of space. At that time, the space in Building 796/798 was occupied as follows:

<u>Tenant/Occupant</u>	<u>Space Occupied</u>	<u>Designation of Space in Lease Agreement</u>
BAE Systems National Security Solutions, Inc. (the "798-2 Premises")	12,518± sq. ft.	BAE Facility
CUBRC, Inc.	4,623± sq. ft.	CUBRC Facility
Griffiss Institute Inc.	9,755± sq. ft.	GI Facility
GLDC	19,896± sq. ft.	GLDC Facility
TOTAL	46,792± sq. ft	

Pursuant to the Lease Agreement, and based upon the then existing occupancy of Building 796/798, OCIDA and GLDC entered into a Payment-in-Lieu of Tax Agreement dated as of April 1, 2010 with respect to the Building 796/798 Facility (the "PILOT Agreement") which provided, in relevant part, that GLDC shall pay an amount in lieu of Exempt Taxes (the "PILOT Payments") to each of the County

of Oneida, City of Rome, and Rome City School District in each Exemption Year according to the provisions set forth in **Schedule A** attached hereto.

Under the PILOT Agreement, the 2025 calendar year (i.e., 01/01/2025-12/31/2025) is the last Exemption Year for County and City Taxes and the 2025-26 School tax year (i.e., 07/01/2025-06/30/2026) is the last Exemption Year for School Taxes (collectively, the “Last Exemption Years”).

On June 15, 2010, a few months after the Lease Agreement and the PILOT Agreement were entered into, GLDC was able to lease to BAE Systems 12,114± sq. ft. of the remaining 19,896± sq. ft. of space comprising the GLDC Facility. Therefore, as of June 15, 2010, the space in Building 796/798 was occupied as follows:

<u>Tenant/Occupant</u>	<u>Space Occupied</u>	<u>Designation of Space in Lease Agreement</u>
BAE Systems National Security Solutions, Inc. (the “798-2 Premises”)	12,518± sq. ft.	BAE Facility
BAE Systems National Security Solutions, Inc. (the “798-1 Premises”)	12,114± sq. ft.	No designation (part of GLDC Facility)
CUBRC, Inc.	4,623± sq. ft.	CUBRC Facility
Griffiss Institute Inc.	9,755± sq. ft.	GI Facility
GLDC	<u>7,782± sq. ft.</u>	GLDC Facility (which shrank by 12,114± sq. ft. from 19,896± sq. ft. down to 7,782± sq. ft.)
TOTAL	46,792± sq. ft	

Over the last fifteen (15) years, a lot has changed in the world of commercial real estate leasing in the Utica/Rome MSA, particularly with respect to GLDC’s tenants in the Griffiss Business Park (who are primarily defense contractors and other tenants that are heavily reliant on federal contracts).

In 2020, the COVID-19 pandemic struck which led to large numbers of federal employees and the employees of federal contractors at Griffiss becoming fully remote or hybrid workers. As a result, the need of federal contractors for office space at Griffiss diminished significantly, especially once the federal government barred them from incorporating the cost of unoccupied office space into their respective contract overhead rates. This, in turn, caused federal contractors to start downsizing their office space requirements and/or seeking a reduction in their rent. As a consequence, the vacancy rate in GLDC’s buildings at Griffiss began trending upwards and is today the highest it has ever been in GLDC’s history.

Also in 2020, Griffiss Institute moved its operations from the GI Facility in Building 796/798 to the Innovare Center, a County-owned facility located at 592 Hangar Road, Rome, New York. Upon Griffiss Institute’s departure from Building 796/798, GLDC immediately began marketing the GI Facility

to prospective tenants. Eventually, in 2022, Kelberman Center, Inc. (“Kelberman”) approached GLDC about arranging for the GI Facility to be renovated and an outdoor playground to be built, all to be leased by Kelberman, as tenant, for the purposes of operating a pre-school facility for children with autism. That, in turn, led to a prolonged 2+ year lease negotiation with Kelberman. During the pendency of this lease negotiation, Kelberman occupied a portion of the GI Facility and a portion of the GLDC Facility pursuant to revocable license agreements. Ultimately, in the Fall of 2024, the GLDC – Kelberman lease negotiations ended without a lease being entered into by the parties.

Also, in the Fall of 2024, CUBRC negotiated a new lease with GLDC for the same 4,623± sq. ft. CUBRC Facility it has been occupying in Building 796/798 since November 1, 2009. As outlined above, due to market conditions favoring tenants CUBRC was able to obtain from GLDC the same \$18.00/sq. ft. base rent rate in its new lease that it paid during the first five (5) years of its old lease (which initial 5-year term ran from November 1, 2009 to October 31, 2014).

On January 20, 2025, President Trump issued a Memorandum terminating federal government remote work arrangements and directing all federal workers to immediately return to the office (with certain limited exceptions). GLDC initially thought that this Memorandum would have a positive impact on the commercial leasing market at Griffiss since it was likely that federal contractors would follow along with the federal government’s new policy by calling their own employees back into the office. Unfortunately, the positive impact of the federal government’s “no more remote work” policy has been more than offset by the negative impact of recent DOGE layoffs and firings of federal workers and the termination of numerous federal contracts. There have already been layoffs and/or firings of federal employees at Griffiss and the termination of federal contracts being performed at Griffiss.

Recently, BAE asked GLDC if it could have an extension of time from April 30, 2025 to August 31, 2025 in which to decide whether it wishes to renew its lease of the 12,114± sq. ft. 798-1 Premises it currently occupies. Presently, that lease is set to expire on October 31, 2025. Presumably, BAE’s extension request is being driven by the tremendous uncertainty surrounding US tariff policy, the volatility of the financial markets, additional proposed reductions in the federal workforce, the termination of numerous government contracts, etc. In GLDC’s view, given the current economic climate, it is certainly possible that BAE may decide not to renew its 798-1 Premises lease.

In light of the foregoing developments, all of which have converged or are converging in a way which adversely affects GLDC’s position as a landlord and, thus, its ability to further develop Griffiss, as an inducement to BAE to retain its existing 81 FTE’s for as long as BAE occupies space in the building, and to prevent GLDC from being penalized in the event that these job commitments cannot be met and the space becomes vacant, GLDC is requesting that the Lease Agreement be extended for a period of ten (10) years from July 1, 2026 to June 30, 2036, inclusive. GLDC is also requesting that the PILOT Agreement be modified (effective after GLDC realizes the benefit of the Last Exemption Years) as set forth in **Schedule B** and, as so modified, extended to cover the additional ten (10) Exemption Years set forth in **Schedule C**. GLDC’s request for the ten (10) year extension request is consistent with all prior GLDC extension request and is also appropriate for GLDC’s long-term coordination of the Griffiss Business and Technology Park development.

Sincerely,

GRIFFISS LOCAL DEVELOPMENT CORPORATION

By: 

Name:

Marc Berraco

Title:

Chief of Staff

Schedule A

Existing PILOT Provisions

GLDC shall pay to each Taxing Authority (i.e., the County of Oneida, the City of Rome,, and the two Rome City School District) an amount in lieu of the Exempt Taxes (the “PILOT Payments”) during each exemption year as follows:

- (a) With respect to the BAE Facility, the CUBRC Facility and any portion of the GLDC Facility which GLDC hereafter subleases to a subtenant who uses the same for a purpose which the Agency determines would not be exempt from taxation under the Real Property Tax Law:
 - i. thirty-three and one-third percent (33 1/3%) of the Exempt Taxes from the first through and including the fifth Exemption Year; and
 - ii. fifty percent (50%) of the Exempt Taxes from the sixth through and including the tenth Exemption Year; and
 - iii. seventy-five percent (75%) of the Exempt Taxes from the eleventh through and including the fifteenth Exemption Year; and
 - iv. one hundred percent of the Exempt Taxes after the fifteenth Exemption Year.
- (b) With respect to the GI Facility and any portion of the GLDC Facility which GLDC uses for its own operations or which GLDC hereafter subleases to a subtenant who uses the same for a purpose which the Agency determines would be exempt from taxation under the Real Property Tax Law:
 - i. zero percent (0%) of such taxes from the first through and including the fifteenth Exemption Year; and
 - ii. one hundred percent (100%) of such taxes after the fifteenth Exemption Year.

Schedule B

Proposed PILOT Provisions

GLDC shall pay to each Taxing Authority (i.e., the County of Oneida, the City of Rome,, and the two Rome City School District) an amount in lieu of the Exempt Taxes (the “PILOT Payments”) during each exemption year as follows.

- (c) With respect to the any portion of the Building 796/798Facility which GLDC hereafter subleases to a subtenant who uses the same for a purpose which the Agency determines would not be exempt from taxation under the Real Property Tax Law:
 - i. seventy-five percent (75%) of the Exempt Taxes from the first through and including the tenth Exemption Year; and
 - ii. one hundred percent of the Exempt Taxes after the tenth Exemption Year.
- (d) With respect to any portion of the Building 796/798Facility which GLDC uses for its own operations or which GLDC hereafter subleases to a subtenant who uses the same for a purpose which the Agency determines would be exempt from taxation under the Real Property Tax Law:
 - iii. zero percent (0%) of such taxes from the first through and including the tenth Exemption Year; and
 - iv. one hundred percent (100%) of such taxes after the tenth Exemption Year.

Schedule C

Exemption Years
Building 796-798 Facility

<u>Exemption Year</u>	<u>County/City Taxes</u>	<u>School Taxes</u>
Year One (07/29/2025)	01/01/2026-12/31/2026	07/01/2026-06/30/2027
Year Two (07/28/2026)	01/01/2027-12/31/2027	07/01/2027-06/30/2028
Year Three (07/27/2027)	01/01/2028-12/31/2028	07/01/2028-06/30/2029
Year Four (07/25/2028)	01/01/2029-12/31/2029	07/01/2029-06/30/2030
Year Five (07/31/2029)	01/01/2030-12/31/2030	07/01/2030-06/30/2031
Year Six (07/30/2030)	01/01/2031-12/31/2031	07/01/2031-06/30/2032
Year Seven (07/29/2031)	01/01/2032-12/31/2032	07/01/2032-06/30/2033
Year Eight (07/27/2032)	01/01/2033-12/31/2033	07/01/2033-06/30/2034
Year Nine (07/26/2033)	01/01/2034-12/31/2034	07/01/2034-06/30/2035
Year Ten (07/25/2034)	01/01/2035-12/31/2035	07/01/2035-06/30/2036

PAYMENT IN LIEU OF TAX BENEFIT VALUE CALCULATOR

To be used as guidance to calculate the PILOT Benefit value on Page 9 of application. Rates and assessments are for example only.

Information on Real Property Proposed For PILOT		
Estimated Assessment in 1,000s		\$ 1,381.250

Bldgs 796 & 798

Tax Rates Per 1k of Assessment at time of application*			Full Payment	Rate Year	Muni	
Oneida County		\$ 10.069977	\$ 13,909	25	Oneida	(Provide)
City or Township**		\$ 20.751923	\$ 28,664	25	Rome Inner	(Provide)
Village**		\$ -	\$ -			(Provide)
School District		\$ 36.0123177	\$ 49,742	24-25	Rome City Sch	(Provide)
Total		\$ 66.83	\$ 92,315			

*Do not include Special District Tax Rates **Verify equalization rates with jurisdiction for parity with other jurisdictions
Annual rate increase factor of 2% is used in calculator

Annual rate increase factor of 2% is
used in calculator

1.02

PILOT VALUE CALCULATOR VALUES		Full	75% w/2% annual Increase	Est. PILOT Value
Year 1 Payment	\$ 68.17	\$ 94,161	\$ 70,621	\$ 23,540
Year 2 Payment	\$ 69.53	\$ 96,044	\$ 72,033	\$ 24,011
Year 3 Payment	\$ 70.93	\$ 97,965	\$ 73,474	\$ 24,491
Year 4 Payment	\$ 72.34	\$ 99,924	\$ 74,943	\$ 24,981
Year 5 Payment	\$ 73.79	\$ 101,923	\$ 76,442	\$ 25,481
Year 6 Payment	\$ 75.27	\$ 103,961	\$ 77,971	\$ 25,990
Year 7 Payment	\$ 76.77	\$ 106,041	\$ 79,530	\$ 26,510
Year 8 Payment	\$ 78.31	\$ 108,161	\$ 81,121	\$ 27,040
Year 9 Payment	\$ 79.87	\$ 110,325	\$ 82,744	\$ 27,581
Year 10 Payment	\$ 81.47	\$ 112,531	\$ 84,398	\$ 28,133
Total Due:		\$ 1,031,037	\$ 773,278	\$ 257,759

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
COST/BENEFIT ANALYSIS
Required by §859-a(3) of the
New York General Municipal Law

25-Apr-25

Name of Applicant: GLDC

Description of Project: 796-798 PILOT Extension

Name of All Sublessees or Other Occupants of Facility: BAE, CUBRC,

Principals or Parent of Applicant: _____

Products or Services of Applicant to be produced or carried out at facility: _____

Estimated Date of Completion of Project: _____

Type of Financing/ Structure: _____ Tax-Exempt Financing
_____ Taxable Financing
_____ ☒ Sale/ Leaseback
_____ Other

Type of Benefits being Sought by Applicant: _____ Taxable Financing
_____ Tax-Exempt Bonds
_____ Sales Tax Exemption on Eligible Expenses Until Completion
_____ Mortgage Recording Tax Abatement
_____ ☒ Real Property Tax Abatement

Project Costs

Land Acquisition	
Existing Building(s) ACQUISITION	
Existing Building(S) RENOVATION	\$ -
NEW Building(s) CONSTRUCTION	
Installation Costs	
Site Preparation/Parking Lot Construction	
Machinery & Equipment (other than furniture)	
Furniture & Fixtures	\$ -
Architectural & Engineering	
Legal Fees (applicant, IDA, bank, other counsel)	
Financial (all costs related to project financing)	
Permits	
Other	
Agency Fee	
TOTAL COST OF PROJECT	\$ -

Assistance Provided by the Following:

EDGE Loan:	
MVEDD Loan:	
Grants - Please indicate source & Amount:	\$ -
Other Loans - Please indicate source & Amount:	

Company Information

Existing Jobs

Created Jobs FTE (over three years)

Retained Jobs

84
84

Average Salary of these Positions

\$	80,000
\$	80,000

Earnings Information for Oneida County

Average Salary of Direct Jobs for Applicant

Average of County Indirect Jobs

Average of Construction Jobs

\$	80,000
\$	25,000

Note: \$1,000,000 in construction expenditures generates 15 person - years of employment

Construction Person Years of Employment:

0

Calculation of Benefits (3 Year Period)

		Total Earnings	Revenues
Direct Jobs	Created	\$ -	\$ -
	Existing	\$ 20,160,000	\$ 856,800
Indirect Jobs	Created	\$ -	\$ -
	Existing	\$ 15,750,000	\$ 669,375
Construction - only one year	Person Years	\$ -	\$ -
TOTALS Calculation of Benefits (3 Yr Period)		\$ 35,910,000	\$ 1,526,175

TAXABLE GOODS & SERVICES

		Spending Rate	Expenditures	State & Local Sales Tax Revenues
Direct Jobs				
	Created	36%	\$ -	\$ -
	Existing	0.36	\$ 7,257,600	\$ 707,616
Indirect Jobs				
	Created	0.36	\$ -	\$ -
	Existing	0.36	\$ 5,670,000	\$ 552,825
Construction - only one year				
	Person Years	0.36	\$ -	\$ -
TOTAL TAXABLE GOODS & SERVICES			\$ 12,927,600	\$ 1,260,441

Local (3 year) real property tax benefit (assuming 60% of jobs existing and created own a residence) with an average assessment of \$80,000 and the remainder of jobs existing created pay real property taxes through rent based on an average assessment per apartment of \$50,000.

Tax Rate for School District where facility is located:	36.0123177	Municipality	
Tax Rate for Municipality where facility is located:	20.751923	Rome	24-25
Tax Rate for County:	10.633993	Rome	2025
		Oneida	2025
	Total Rate:		
	67.3982337		
Real Property Taxes Paid:	\$ 384,979		

COSTS: IDA BENEFITS

Real Property Taxes Abatement	\$ 257,759
Mortgage Tax Abated (.75%)	
Estimated Sales Tax Abated During Construction Period (8.75%)	
Total:	\$ 257,759

NOTE: If there is a tax-exempt financing of all or a portion of the project cost, there is a neutral cost/benefit because of lower interest rates by reason of exclusion of interest from gross income of bondholders for purposes of Federal and State income taxes. Taxable financing carries the same cost/benefit for State Income Tax purposes. Such cost/benefits cannot be quantified.