EXPLANATORY STATEMENT OF
PROPOSED NEGOTIATED LEASE DISPOSAL
OF SURPLUS REAL PROPERTY

General Electric Company, Schenectady, New York
Plan Cor 174 (R-NY-56)

(Submitted pursuant to Section 203(e) of the Federal Property and Administrative Services Act of 1949, as amended by subsection (i) of Section 1, Public Law 522, 82nd Congress, and Public Law 245, 83rd Congress.)

Location: Schenectady, N. Y.

Reported surplus by: Reconstruction Finance Corporation.

Description:

The real property consists of 29.25 acres of land on which are two factory buildings, one containing 230,000 square feet, and the other containing 72,500 square feet. There are also three small guardhouses and an oil pump house.

Acquisition Cost: $1,556,143.11

The Plan Cor was declared surplus to War Assets Administration May 13, 1946, subject to the interim use agreement, cancellable on 30 days' notice, granted to General Electric Company by Reconstruction Finance Corporation on September 28, 1945. A formal lease to General Electric at $122,550 per year was consummated April 4, 1947, to date from December 25, 1945 and terminate December 24, 1950. By lease amendment entered into May 20, 1949, the termination date of the lease was extended to December 24, 1953, with rental to remain $122,550 per year payable quarterly in advance, and the National Security Clause was added to the lease.

The property is now occupied by General Electric Company under a letter of understanding dated December 18, 1953, since the termination date of the lease which governed the occupancy was December 24, 1953. As a result of numerous conferences with the lessee the Regional Director on December 29, 1953 submitted, for Central Office approval, a proposal agreeable to the lessee for extension of the lease on the following terms and conditions:

1. New Term: The renewal agreement shall be effective retroactive to December 25, 1953 and shall terminate on December 24, 1956.

2. Rental: Occupancy from December 25, 1953 shall be at the rental of $131,000.00 per annum, which amount includes the sum of $30,000.00 that was formerly paid to the local taxing authorities.
3. **National Security Clause**: The Lease shall be subject to the provisions of the revised National Security Clause.

4. **Protection and Maintenance**: The clause with respect to maintenance will be modified to read: General Electric Company shall use reasonable care in the occupancy, use and operation of the leased premises, and shall at all times perform at its own expense and cost all maintenance and repairs (including structural) necessary to keep the premises in good state of repair to the extent that General Electric considers necessary for its operation.

5. **Taxes**: The Lease will provide that if the plant becomes taxable for real estate taxes and/or assessments for any reason, whether by enactment of Federal legislation or otherwise, General Electric will reassume the obligation of payment of taxes. In such event the rental shall be renegotiated so as to provide for a reduction thereof in an amount not exceeding $30,000 representing the actual amount of taxes due and payable.

6. **Structural Repairs**: The instructions from the Commissioner of Public Buildings dated December 17, 1952 relative to the amount of $113,000 to be expended by the General Electric Company for structural repair for which the Government is responsible under the former Lease Agreement shall be adhered to and shall be deductible by General Electric Company from the proper rental payments to the Government under this Lease renewal. All other terms relative to the repair work to be performed by General Electric Company at its own cost to be included as may be advised by the Office of Regional Counsel.

The General Electric Company has occupied this plant since its original construction, performing contracts for various Government agencies in connection with national defense. It is presently using the property principally for research and engineering development work for the Department of the Army, as well as a number of other defense agencies, although there is a small amount of non-defense development work carried on in the plant.

This Division concurs in the recommendation of the Regional Director for extension of the lease subject to the foregoing terms and conditions. Therefore, it is my opinion that the public interest will be best served by giving authority to the Regional Director,
General Electric Co., Schenectady, N. Y., Plancor 174 (R-NY-56)

New York, N. Y., to negotiate the extension of the lease of Plancor 174 (R-NY-56), Schenectady, N. Y., to the General Electric Company as stated herein.

(Signed) Thomas L. Peyton
Thomas L. Peyton, Director
Surplus Real Property Division, PBS
General Services Administration
Date: 1/12/54
Washington, D. C.

APPROVED:
(Signed) W. E. Reynolds
Commissioner of Public Buildings
Date: JAN 15 1954
Washington, D. C.