

FEBRUARY 2026

MTA C&D TRANSIT ORIENTED DEVELOPMENT

FINANCE COMMITTEE AGENDA ITEMS

1. ADMINISTRATIVE ACTION ITEMS

Metropolitan Transportation Authority

- a. Modification to terms of long-term replacement facility lease for Jamaica Bus Terminal

2. TRANSACTIONAL ACTION ITEMS

Metropolitan Transportation Authority

- b. Acquisition of property located at 2340 Second Avenue in support of the Second Avenue Subway Project, Phase 2

3. INFORMATION ITEMS

- a. Report on agreements entered into directly by the Real Estate Department pursuant to board policy

<u>Legal Name</u>	<u>Popular Name</u>	<u>Abbreviation</u>
<u>New York City Transit Authority</u>	<u>MTA New York City Transit</u>	<u>NYC Transit</u>
<u>The Long Island Rail Road Company</u>	<u>MTA Long Island Rail Road</u>	<u>LIRR</u>
<u>Metro-North Commuter Railroad Company</u>	<u>MTA Metro-North Railroad</u>	<u>MNR</u>
<u>Triborough Bridge and Tunnel Authority</u>	<u>MTA Bridges and Tunnels</u>	<u>MTA B&T</u>
<u>MTA Construction and Development Company</u>	<u>MTA Construction and Development</u>	<u>MTA C&D</u>
<u>MTA Bus Company</u>	<u>MTA Bus Company</u>	<u>MTA Bus</u>
<u>MTA Grand Central Madison Operating Company</u>	<u>Grand Central Madison</u>	<u>GCMC</u>

Staten Island Rapid Transit Operating Authority is a subsidiary of the Metropolitan Transportation Authority. Its popular name is MTA Staten Island Railway (abbreviated as SIR).

Manhattan and Bronx Surface Transit Operating Authority is a subsidiary of the New York City Transit Authority (abbreviated as MaBSTOA).

**METROPOLITAN
TRANSPORTATION
AUTHORITY**

Staff Summary

Subject MODIFICATION TO TERMS OF LONG-TERM REPLACEMENT FACILITY LEASE FOR JAMAICA BUS TERMINAL
Department TRANSIT ORIENTED DEVELOPMENT
Department Head Name MIRIAM HARRIS
Department Head Signature
Project Manager Name COLE DREYFUSS

Date FEBRUARY 25, 2026
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	02/23/26	x		
2	Board	02/25/26	x		

Internal Approvals			
Order	Approval	Order	Approval
1	Legal		
2	Chief Development Officer		
3	Chief Financial Officer		

AGENCY/ LESSEE: Metropolitan Transportation Authority (“MTA”), for its benefit and for the benefit of MTA Bus Company (“MTA Bus”) and New York City Transit Authority (“NYCT Bus”)

LESSOR: Jamaica Village Owner LLC, c/o FBE Limited LLC (“FBE”)

LOCATION: 90-10 Merrick Boulevard, Jamaica, Queens

PREMISES: A single-story bus terminal facility of approximately 75,000 square feet (the “Replacement Bus Terminal”), the core and shell of which are to be constructed by FBE for MTA at no cost on a portion of the property where the existing Jamaica Bus Terminal (the “Existing Bus Terminal”) has been located

ACTIVITY: Long-term lease (“Lease”) and design and construction agreement (“D&C” Agreement), providing for the design, and construction by FBE and lease of the Replacement Bus Terminal and the lease of the Replacement Bus Terminal to MTA (collectively, the “Transaction”)

USE: Replacement Bus Terminal for bus operations currently operated by NYCT Bus, MTA Bus, and Nassau Inter-County Express (“NICE”)

ACTION REQUESTED: Approval of modified lease terms and authorization to enter into the Lease and Design & Construction Agreement (collectively, the “Transaction Documents”) on the terms described below.

COMMENTS:

In October 2023, the MTA Board authorized MTAC&D’s Transit-Oriented Development group (“TOD”) to negotiate and enter into a Lease and D&C Agreement with FBE for the Jamaica Bus Terminal (the “2023 Board Approval”), as the cornerstone of a strategy to preserve the bus routes operated by MTA Bus, NYCT Bus, and NICE (collectively, the “Bus Terminal Operators”) in eastern Queens and western Nassau County. A copy of the 2023 Board Approval is attached to this Staff Summary for reference. After the 2023 Board Approval, the Existing Bus Terminal was vacated and bus operations relocated to a nearby site owned by Greater Jamaica Development Corporation located at 90-01 168th Street,

MODIFICATION TO TERMS OF LONG-TERM REPLACEMENT FACILITY LEASE FOR JAMAICA BUS TERMINAL (Cont'd)

Jamaica, Queens (the “Temporary Bus Terminal”). The Temporary Bus Terminal now serves as swing space for bus operations pending the completion of the Replacement Bus Terminal.

Following the 2023 Board Approval, due to changes in market conditions, rising interest rates, higher construction costs, and market rents, FBE was unwilling to enter into a long-term lease for the Replacement Bus Terminal on the economic terms set forth in the 2023 Board Approval and sought to renegotiate the same with TOD. In light of the operational need to secure the Replacement Bus Terminal site, TOD continued to negotiate with FBE to find an acceptable basis for proceeding under revised economic terms. After extensive negotiations, TOD and FBE reached a tentative agreement (subject to further MTA Board approval) to increase the base rent payable under the Lease in exchange for several concessions from FBE. These concessions include the removal of the market rate rent adjustment in lease year 51, a \$1,250,000 landlord fit-out contribution to offset holdover rent, a reduction in the purchase option to equal 80% of fair market value, and additional caps on CPI-based rent adjustments over the 90-year lease term (collectively, the “Proposed Modified Terms”). A summary of the Proposed Modified Terms is shown in the following table:

	Original Lease Terms	Modified Terms
Base Rent per year	Lease Years 1-5: \$3,100,000 Lease Years 6-10: \$3,500,000 Lease Years 11-15: \$4,000,000	Lease Years 1-5: \$4,000,000 Lease Years 6-11: \$4,200,000 Lease Years 11-15: \$4,620,000
Market Rate Adjustment of Base Rent	Lease Year 51	None
Landlord Fit-Out Contribution	None	\$1,250,000
MTA Purchase Option	90% of Fair Market Value	80% of Fair Market Value

Other than the Proposed Modified Terms outlined above, the material terms outlined in the 2023 Board Approval remain substantially the same.

TOD obtained an updated, independent appraisal of the fair market values of MTA’s leasehold interest under the Lease, and for purposes of the purchase option, the fee ownership of the Replacement Bus Terminal, and determined that the economics of the Lease as modified by the Proposed Modified Terms was within the market range for comparable properties. Further, to avoid the risk of FBE seeking further renegotiation of the material terms of the Transaction Documents again, the Transaction Documents have been fully executed by Lessor and are being held in escrow by TOD pending MTA Board Approval of the Proposed Modified Terms, authorization for MTA to enter into the Transaction on the Proposed Modified Terms, and execute and deliver the Transaction Documents.

Based on the foregoing, MTA requests authorization to enter into the Transaction Documents on the terms originally set forth in the 2023 Board Approval as modified to reflect the Proposed Modified Terms, and such other terms and conditions as the Chair and Chief Executive Officer of MTA or a designee deem necessary or appropriate to effectuate the Transaction, and to take all other actions as shall be necessary or desirable consistent with the foregoing to consummate the Transaction.

Staff Summary

Subject LONG-TERM LEASE OF REPLACEMENT FACILITY FOR JAMAICA BUS TERMINAL
Department TRANSIT ORIENTED DEVELOPMENT
Department Head Name ROBERT PALEY
Department Head Signature
Project Manager Name MUNSUN PARK/ ROBAIR REICHENSTEIN

Date OCTOBER 23, 2023
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approva	Info	Other
1	Finance Committee	10/23/23	x		
2	Board	10/25/23	x		

Internal Approvals			
Order	Approval	Order	Approval
1	Legal		
2	Chief Development Officer		
3	Chief Financial Officer		

AGENCY/LESSEE: Metropolitan Transportation Authority ("MTA"), on behalf of MTA Bus Company ("MTA Bus") and New York City Transit Authority ("NYCT Bus")

LESSOR: Jamaica Village Owner LLC, c/o FBE Limited LLC ("FBE")

LOCATION: 90-10 Merrick Boulevard, Jamaica, Queens

ACTIVITY: Long-term lease ("Lease")

PREMISES: Commercial condominium unit comprised of approximately 75,000 square feet (the "Replacement Bus Terminal") located on the ground floor of a new multi-story building (the "New Development") to be constructed by Lessor at the location of the existing Jamaica Bus Terminal (the "Existing Bus Terminal")

USE: Replacement Bus Terminal for bus operations currently operated by NYCT Bus, MTA Bus and Nassau Inter-County Express ("NICE")

ACTION REQUESTED: Authorization to negotiate and enter into the Lease

LEASE TERM: Ninety (90) years from Rent Commencement Date

TERMINATION OPTION: MTA will have the option to terminate the Lease on the fortieth (40th), fiftieth (50th), sixtieth (60th), seventieth (70th), and eightieth (80th) anniversaries of the Rent Commencement Date, at no cost to MTA, upon eighteen (18) months prior notice

RENT COMMENCEMENT DATE: Twelve (12) months following MTA's acceptance of the Premises inclusive of Lessor's Work

BASE RENT: Years 1-5: \$3,100,000.00
 Years 6-10: \$3,500,000.00
 Years 11-15: \$4,000,000.00

LONG-TERM LEASE FOR A REPLACEMENT JAMAICA BUS TERMINAL (Cont'd)

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- RENT ESCALATIONS:
- A. **Fixed Rent Escalation:** Commencing on the 15th anniversary of the Rent Commencement Date and thereafter on each succeeding ten-year period of the Term (i.e., the 25th, 35th, 45th, 55th, 65th, 75th and 85th anniversaries of the Rent Commencement Date), the Base Rent will be increased to 110% of Base Rent payable for the immediately preceding Lease year.
 - B. **CPI Based Rent Adjustment:** Commencing on the 20th anniversary of the Rent Commencement Date and thereafter on the 30th, 40th, 60th, 70th and 80th anniversaries of the Rent Commencement Date, the Base Rent will be increased to the greater of (i) 110% of the Base Rent payable for the immediately preceding Lease year, and (ii) the Base Rent payable on the Rent Commencement Date, adjusted for inflation based on the increase in the Consumer Price Index.
 - C. **Market Rate Adjustment:** On the 50th anniversary of the Rent Commencement Date, the Base Rent will be adjusted to an amount which is the greater of (i) 110% of Base Rent payable for the immediately preceding year, and (ii) ninety-five percent (95%) of the fair market rental value of the Premises.
- OPERATING EXPENSES: MTA will be responsible for operating expenses attributable to its use of the Premises, including the cost of non-structural repairs to the interior of the Premises and utilities consumed at the Premises.
- REAL ESTATE TAXES: The Premises while leased to MTA for transportation purposes will be exempt from the imposition of real estate taxes pursuant to Public Authorities Law Section 1275.
- UTILITIES: Lessor to bring utilities to the Premises at its cost; MTA responsible for the cost of utility usage.
- LESSOR'S WORK: Lessor, at Lessor expense, will design and construct the core and shell of the Premises based on a preliminary design and scope prepared by MTA, to be further refined in the Lease. MTA is responsible for the fit-out of the Premises following delivery of the core and shell by Lessor, at a cost estimated to be \$7.8M (approximately \$104 per square foot).
- PURCHASE OPTION: MTA will have an option to purchase the Premises at fair market value upon MTA's acceptance of the delivery of the Premises, and at 90% fair market value, upon not less than 18 months prior notice, on the 40th anniversary of the Rent Commencement Date and at the expiration of the Term.
- COMMENTS:

MTA Bus and NYCT Bus, along with NICE (collectively, the "Bus Terminal Operators"), have operated the Existing Bus Terminal at the leased Location in eastern Queens for several decades. The Existing Bus Terminal serves as an important bus operation hub with transfer, termination/commencement and layover of 15 bus routes serving approximately 11,400 weekday bus customers of eastern Queens and Nassau County. The Existing Bus Terminal is comprised of a paved, open lot that has presented many operational challenges due to the configuration of the site.

In October 2022, FBE purchased the site of the Existing Bus Terminal, subject to the existing leases with the Bus Terminal Operators (the "Existing Bus Terminal Leases"), which were due to expire on September 30, 2023, with the intention of redeveloping the site with the New Development. Soon after the acquisition of the property by FBE, MTA and FBE engaged in discussions to accommodate the Replacement Bus Terminal on the ground floor of the multi-story New Development. The proposed Replacement Bus Terminal at the New Development will support an electrified fleet with bus charging facilities. After the completion of Lessor's Work, MTA will perform the fit-out work necessary to prepare the Replacement Bus Terminal for operation, which will include accommodating approximately 25 bus bays (the same as at the Existing Bus Terminal) and providing accessory support spaces for staff, including bathrooms and a dispatcher booth.

LONG-TERM LEASE FOR A REPLACEMENT JAMAICA BUS TERMINAL (Cont'd)

The construction of the New Development, including the Replacement Bus Terminal, may take up to five years and will require the Bus Terminal Operators to temporarily vacate and relocate the Existing Bus Terminal during the period of construction. In anticipation of the expiration of the Existing Bus Terminal Leases on September 30, 2023 and the planned construction of the New Development, MTA will enter into a lease with Greater Jamaica Development Corporation (the "GJDC Lease") at a nearby location at 90-01 168th Street, Jamaica, Queens (the "Temporary Bus Terminal") which will serve as swing space for bus operations pending the completion of the Replacement Bus Terminal. The GJDC Lease will provide for a fifteen (15) year lease term with the option to terminate on fifth-year anniversary. The MTA Board authorized MTA Real Estate to enter into a lease with GJDC in January 2023 ("Lease with Greater Jamaica Development Corporation for A Relocated Jamaica Bus Terminal") and a copy is attached to this Staff Summary for reference.

Due to ongoing site preparations, the Temporary Bus Terminal will not be available for occupancy by the Bus Terminal Operators before Spring 2024. As a result, the Bus Terminal Operators are in holdover status under the Existing Bus Terminal Leases. FBE and MTA have negotiated short-term lease extensions of the Existing Bus Terminal Leases, the terms of which have been submitted to the MTA Board as a separate Board action item also on October 23, 2023 (see separate Staff Summary titled "Short-Term Extension of Leases at the Existing Jamaica Bus Terminal in Jamaica, NY").

The relocation of bus operations back to the Replacement Bus Terminal is critical for bus operations in eastern Queens and western Nassau County as there are no alternate sites in downtown Jamaica for long-term bus operations. Without the Replacement Bus Terminal, bus operations are at risk of being relocated to undesirable locations including, in the worst-case scenario, street parking in downtown Jamaica. This is not considered a viable alternative due to increased operational labor costs and the significant negative impacts to the surrounding community.

Pursuant to the Public Authorities Law and the fact that the Replacement Bus Terminal will continue its prior use, the Lease and the construction of the Replacement Bus Terminal are exempt from the State Environmental Quality Act.

Considering the market area, limited available space, and long-term development pressures impacting downtown Jamaica, MTA Transit Oriented Development ("MTA TOD") has determined that there are no viable alternatives to the proposed Lease of the Replacement Bus Terminal that fully meet MTA's long-term requirements. MTA Real Estate's consultant, CBRE, performed a fair market rental value survey and concluded that the proposed rent payable under the Lease is within the market range for comparable properties.

Pending approval by the Nassau County Legislature, NICE has confirmed its desire to continue operations at the Replacement Bus Terminal as a subtenant of MTA and has agreed to pay a pro-rata share of rent based on the number of occupied bus bays.

Based on the foregoing, MTA TOD requests authorization to negotiate and enter into the Lease on behalf of MTA and such other documents and instruments deemed necessary or appropriate to effectuate the Lease and the construction of the Replacement Bus Terminal on the terms set forth above and such other terms and conditions as the Chair and Chief Executive Officer of MTA or a designee deem necessary or appropriate, and to take all other actions as shall be necessary or desirable consistent with the foregoing to consummate the Lease transaction and the construction of the Replacement Bus Terminal.

Staff Summary

Subject ACQUISITION OF PROPERTY INTERESTS IN SUPPORT OF SECOND AVENUE SUBWAY - PHASE 2
Department TRANSIT-ORIENTED DEVELOPMENT
Department Head Name MIRIAM HARRIS
Department Head Signature
Project Manager Name ROBAIR REICHENSTEIN

Date FEBRUARY 25, 2026
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	02/23/26	X		
2	Board	02/25/26	X		

Internal Approvals			
Order	Approval	Order	Approval
1	Legal		
2	Chief Development Officer		
3	Chief Financial Officer		

AGENCY: Metropolitan Transportation Authority (“MTA”)

GRANTOR: New York City Housing Authority (“NYCHA”)

LOCATION: 396,600 square foot parcel of land occupying three joined blocks with frontages on Second Avenue, East 124th Street, and First Avenue, improved with nine 16-story apartment buildings within the Senator Robert F. Wagner Senior Houses complex located at 2340 Second Avenue; Block 1797, Lot 1 (the “Subject Property”)

ACTIVITY: Acquisition of a subsurface permanent easement (the “Permanent Easement”) and a construction access license (the “Construction Access License”) within and upon the Subject Property, for the construction of subway tunnels for Phase 2 of the Second Avenue Subway Project

ACTION REQUESTED: Authorization to acquire the Permanent Easement and Construction Access License (collectively, the “Required Property Interests”) upon the terms and conditions set forth below

DESCRIPTION OF THE EASEMENT AND LICENSE AREAS: The Permanent Easement area is comprised of a 19,314 square foot volume of subsurface space, 42 feet wide and curved in shape, at a depth between 46.58 feet and 105.71 feet below ground level. The Construction Access License area is comprised of a volume of subsurface space that surrounds the curved permanent easement volume of 28,442 square feet and which extends from ground level to a depth of 115.71 feet below ground level.

COMPENSATION: Payable by MTA: \$640,000 for the Permanent Easement; \$60,000 per year for a 3-year period, payable in a lump sum totaling \$180,000, for the Construction Access License.

COMMENTS:

MTA requires various property interests in the East Side of Manhattan to undertake the tunneling and construction work covered under Contract 2 of Phase 2 of the Second Avenue Subway project. The acquisitions of property interests are primarily required to construct the subway tunnels and related entrances and ancillary facilities, including the new 106th Street, 116th Street and 125th Street Stations. The work elements covered by Contract 2 are critical for the completion of the Second Avenue Subway as they consist of the construction of the launch box for the Tunnel Boring Machines (“TBM”); bored tunnels north starting at 120th Street and Second Avenue and running to the end of the train storage tracks on 125th

ACQUISITION OF PROPERTY INTERESTS IN SUPPORT OF SECOND AVENUE SUBWAY - PHASE 2 (cont.)

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Street between Malcolm X Blvd. and Adam Clayton Powell Jr. Blvd., together with construction shafts used for the excavation of the mined 125th Street Station.

The acquisition of the Required Property Interests is necessary for the construction of the subterranean tunnel as the TBM traverses the “curve” from 2nd Avenue to the 125th Street roadbeds.

The fair market values of the Required Property Interests were determined by an independent appraisal and review-appraisal, and such valuations were accepted by NYCHA.

Based on the foregoing, MTA Transit-Oriented Development requests authorization to acquire the Required Property Interests on the above-described terms and conditions.