

Subject 270 PARK AVENUE
Department REAL ESTATE
Department Head Name JOHN N. LIEBER
Department Head Signature
Project Manager Name JANNO LIEBER

Date MARCH 25, 2019
Vendor Name JPMorgan Chase Bank, N.A. ("JPMC")
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	3/25/19	X		
2	Board	3/27/19	X		

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

AGENCIES: MTA Capital Construction ("MTACC")
 Metro-North Railroad ("MNR")
 Long Island Rail Road ("LIRR")

LOCATION: 270 Park Avenue, located between Park Avenue and Madison Avenue and 47th Street and 48th Street, including the below-grade areas beneath the footprint of same which are part of the retained property owned/controlled by MTA and in which Grand Central Terminal Express Level and train shed are located and a portion of the East Side Access ("ESA") LIRR Concourse is currently being constructed

ACTION REQUESTED: Approval of terms of and to enter into a Memorandum of Understanding with JPMorgan Chase Bank, N.A. ("JPMC") relating to the redevelopment by JPMC of its headquarters building at 270 Park Avenue, New York, NY, and authorization to negotiate a Construction Agreement and other related agreements with JPMC

COMMENTS:

JPMC has announced its intention to redevelop its global headquarters at 270 Park Avenue (the "JPMC Project"), which will involve the demolition of its existing 50-story, 1,350,000 gross square feet ("gsf") commercial office building and the construction of a new 1,400-foot tall building totaling approximately 2,400,000 gsf. The JPMC Project will constitute a significant enhancement to the East-Midtown area, involving substantial additional construction and permanent employment, as well as preserving and enhancing the long-term viability of the area as a prime location for corporate headquarters and other business enterprises to be served by MNR and, soon, LIRR service to Grand Central Terminal ("GCT").

Under a long-term lease (the "Harlem-Hudson Lease") which is scheduled to expire in February, 2274 and contains an option to purchase (the exercise of which was authorized by the MTA Board in November, 2018), MTA leases property including areas beneath the footprint of 270 Park Avenue (the "GCT Retained Property"). A portion of the 270 Park Avenue building (and the JPMC Project) basement, foundation walls and structural support facilities and systems elements (all of which will be demolished and re-developed) are within the MNR Express Level Tracks and a portion of the ESA LIRR concourse level, which is currently under construction. Therefore, unless mitigated, the proposed project will have significant impacts on MNR operations and on MTACC's construction and fit out of the new ESA LIRR concourse and its systems as well as on critical systems testing activities.

Pursuant to a 1976 deed by The Penn Central Company and a 1976 easement agreement covering the 270 Park Avenue property, JPMC's predecessor-in-interest was granted rights to locate structural support facilities for its existing building down into the GCT Retained Property. In addition, the easement granted the right to right to relocate and/or construct new structural support facilities within the GCT Retained Property, subject to the requirement that JPMC obtain the reasonable approval of

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the MTA for critical aspects of demolition and construction activities affecting the MTA, and to pay all costs and expenses of the MTA directly attributable to such activities. To compensate MTA for (i) the extensive intrusion into the MNR Express Level and the ESA LIRR concourse construction and testing activities that the JPMC Project will impose beyond what was contemplated by the easement and (ii) the enlarged volume of the structural support facilities and other structural and systems elements within the GCT Retained Property required for the new JPMC building not contemplated by the easement, JPMC has agreed to contribute to the costs of certain improvements to MTA and MNR facilities and of a new ESA entrance in the vicinity of 48th Street and Madison Avenue.

To accomplish this, MTA, MTACC, MNR and LIRR seek (i) to enter into a Memorandum of Understanding (the "MOU") with JPMC, outlining the basic terms, under which JPMC will carry out the work for the JPMC Project that impacts both MNR operations and the construction and testing of the ESA concourse. The MOU explicitly limits disruption to MNR service and prohibits impact to the MTA's commitment to open the ESA project for revenue service in 2022. It also requires JPMC to contribute to the costs of the MTA and MNR facilities, including the new ESA 48th Street entrance and (ii) authorization to negotiate a Construction Agreement and related agreements to be entered into with JPMC which will be brought back to the MTA Board for further approval.¹

Pursuant to the MOU, immediately upon execution thereof, the parties will commence negotiations to arrive at a definitive and binding Construction Agreement and other related agreements that will detail precisely how the general terms agreed to in the MOU will be carried out and will include, among other things, the following details:

a. Design and Construction

- JPMC will design and construct shear walls and footings required for the JPMC Project, which will run through portions of the ESA project and MNR train shed and will require a re-design of that portion of the ESA concourse and the subsequent deconstruction and then reconstruction of the ESA concourse to its redesigned, finished state. All work is to be performed by contractors engaged and/or paid for by JPMC. MTA intends to modify the CM014B contract for build out of the concourse to delete work (or otherwise sever such work into a separate change order contract that can be assigned to and assumed by JPMC), within the footprint of the JPMC Project not yet completed, which will then be completed by JPMC following construction of the shear walls and footings. In accounting for JPMC's obligation to pay for the work, MTA will give JPMC "credit" equal to the net savings realized by any deletion of scope from the CM014B contract.
- MTA will develop a review standard for the JPMC work and the ESA LIRR concourse buildout work to be performed by JPMC that will require, at a minimum: no delay in substantial completion of ESA; limited service impact to MNR or GCT; disposition of real property only for fair consideration; no increase of costs to the ESA project or MNR operations; no adverse impact to security or safety; and, compliance with all government requirements, including NYS Building Code, and those of the Federal Transit Administration and Federal Railroad Administration.
- ESA's General Engineering Consultant ("GEC") shall provide document and review support to JPMC, except that GEC shall retain design responsibility for specified communications, life safety and other critical systems affected by the JPMC work. MTA and JPMC will agree on a construction phasing plan and schedule and track outage schedule for JPMC work.
- MTA expects to turn over the affected work areas to JPMC by September 30, 2019, with JPMC permitted to undertake certain early work at MTA's discretion. Upon completion of JPMC work within the ESA concourse and turnover to MTA, MTA will start up, test and commission all ESA integrated systems, with negotiated cost-sharing with JPMC such that JPMC will be responsible for all cost impacts of the JPMC Project.

b. Metro North Work

- Facilities: JPMC to (i) maintain current facilities; (ii) reconstruct the 48th Street emergency exit (if necessary); and (iii) construct and maintain an emergency exit from the ESA/LIRR Concourse.
- Structural Repairs: JPMC to (i) reconstruct portions of the viaduct on 47th and 48th Streets; and (ii) perform certain viaduct steel repairs. Those repairs required for the completion of the JPMC project will be paid for by JPMC. Further, the substantial work to be progressed by JPMC creates a unique opportunity to address the

¹ The parties previously entered into an expense reimbursement agreement pursuant to which JPMC is responsible for all costs and expenses incurred by the MTA as a result of the JPMC project.

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deterioration of viaduct steel in the area of the JPMC Project that remains an MNR responsibility. JPMC has agreed to perform that work and to contribute to the cost thereof.

c. New Passenger Entrance

- JPMC will assist MTA in identification of a suitable location for a new LIRR ESA Entrance in the vicinity of 48th Street and Madison Avenue and contribute to the cost of such entrance.

FUNDING:

There are no impacts on funding associated with this MOU. Pursuant to the existing expense reimbursement agreement and as contemplated by the MOU, the JPMC project will be cost neutral to the MTA.

Based on the foregoing, MTA, MTACC, MNR and LIRR request approval to enter into the MOU, and subject to further Board review, authorization to negotiate the Construction Agreement and other related agreements described above, on the terms and conditions described above. Final execution of the Construction Agreement and related agreements and consummation of the transactions contemplated by this staff summary will be subject to future MTA Board approval.