

MAY 2024

MTA REAL ESTATE

FINANCE COMMITTEE AGENDA ITEMS

1. ADMINISTRATIVE ACTION ITEMS

MTA Metro-North Railroad

- a. Eminent Domain Procedure Law Determination and Findings related to the acquisition of property interest for the Metro-North Claremont Substation Project in the Bronx, NY

2. TRANSACTIONAL ACTION ITEMS

Metropolitan Transportation Authority

- a. Lease agreement with Gotham Market Bites Corporation for retail space at 2 Broadway, New York, NY.
- b. Amendment to license agreements with Compass Group USA, Inc. to install vending machines throughout the MTA system.

MTA Metro-North Railroad

- c. Permanent easement with the Tarrytown Municipal Housing Authority for vehicle parking adjacent to MNR's Tarrytown Station, Tarrytown, NY

2. INFORMATION ITEMS

- a. Short-term parking permit between MNR and the Town of Ossining for use of parking lots at the Ossining Station, Ossining, NY
- b. 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).

MTA METRO-NORTH RAILROAD

Staff Summary

| |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subject EMINENT DOMAIN PROCEDURE LAW DETERMINATION AND FINDINGS RELATED TO THE ACQUISITION OF PROPERTY INTERESTS FOR THE METRO-NORTH CLAREMONT SUBSTATION PROJECT IN THE BRONX, NY |
| Department REAL ESTATE |
| Department Head Name DAVID FLORIO |
| Department Head Signature |
| Project Manager Name JASON ORTIZ |

| |
|------------------------------------|
| Date MAY 22, 2024 |
| Vendor Name |
| Contract Number |
| Contract Manager Name |
| Table of Contents Ref. # |

| Board Action | | | | | |
|--------------|-------------------|----------|----------|------|-------|
| Order | To | Date | Approval | Info | Other |
| 1 | Finance Committee | 05/20/24 | X | | |
| 2 | Board | 05/22/24 | X | | |
| | | | | | |
| | | | | | |

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

AGENCY: MTA Metro-North Railroad (“MNR”)
PROJECT: MNR Claremont Substation Project
USE: Demolition of Existing Vacant Building and Construction of a New Electrical Substation
ACTION REQUESTED: Approval of Determination and Findings under the New York Eminent Domain Procedure Law

COMMENTS:

MNR is proceeding with the acquisition of property interests located at 3876-3880 Park Avenue, Bronx, NY 10457 (the “Property”) required for the Project. The Project is planned to strengthen the traction power system on the Harlem Line. Existing equipment at substations in the adjacent Melrose and Tremont neighborhoods are overloaded and located too far apart. The Project’s objective/benefit is to build a new substation in Claremont to increase the load capacity of the traction power system to improve service reliability. The Project includes the construction of a new substation and the associated installation of feeders to the existing third rail and local utility infrastructure. Efforts are underway to acquire the Property by negotiated agreement. In the instances where the MTA cannot reach agreement with the affected property owner, legal proceedings were commenced under Article 2 of the New York State Eminent Domain Procure Law (“EDPL”).

On March 7, 2024, the MTA held an EDPL public hearing to describe the public use, benefit and purpose of the Project, as well as its general impact on the environment. Notices of this public hearing were published in newspapers, as required under the EDPL. Property owners and other interested parties were also given advance notice of the hearing by mail. Both immediately before and after the hearing, representatives of the MTA and MTA Construction and Development (“C&D”) attended this hearing.

Following a presentation by the MTA’s hearing officer, the public was offered an opportunity to make statements about the Project and/or the proposed Property acquisition. In addition, written comments about the Project and/or the proposed property acquisition were received by the MTA prior to the end of the written submission period at 5:30 p.m. on March 15, 2024. A summary of the statements and written comments is attached.

After due consideration of any and all statements and comments received during and after the EDPL public hearing on March 7, 2024, the MTA recommends Board approval of the acquisition, by eminent domain, if necessary, of the property

**EMINENT DOMAIN PROCEDURE LAW DETERMINATION AND FINDINGS RELATED TO THE
ACQUISITION OF PROPERTY INTERESTS FOR THE METRO-NORTH CLAREMONT SUBSTATION
PROJECT IN THE BRONX, NY (Cont'd)**

Page 2 of 2

interest described in the attached Determination and Findings. Moreover, the MTA, C&D and Project staff will continue to engage the property owner and other potentially affected parties as the Project moves forward to mitigate project-related impacts as much as possible.

STATEMENTS, WRITTEN COMMENTS AND RESPONSES THERETO:

A summary of statements and written comments made at the public hearing and during the written submission period following the hearing and the responses thereto is attached for the Board's consideration.

DETERMINATION AND FINDINGS:

Copies of the Determination and Findings under the EDPL are attached for the Board's consideration and approval.

MTA Real Estate hereby requests Board approval of the attached Determination and Findings, and authorization for MTA staff and Counsel to pursue Eminent Domain proceedings to acquire the required property interests by eminent domain, if necessary.

DETERMINATION AND FINDINGS PURSUANT TO ARTICLE 2 OF THE NEW YORK EMINENT DOMAIN PROCEDURE LAW

METRO-NORTH CLAREMONT SUBSTATION PROJECT

On May 22, 2024 the Board of the Metropolitan Transportation Authority ("MTA") approved the acquisition of property interests described below by eminent domain or otherwise. In accordance with Section 204 of the New York Eminent Domain Procedure Law ("EDPL"), the MTA Board made its Determination and Findings for the Metro-North Claremont Substation Project by adopting the following statutory findings:

1. EDPL Public Hearing. On March 7, 2024 MTA held an EDPL public hearing to inform the public and to receive the public's comments on proposed property acquisitions for the Metro-North Claremont Substation Project ("Project"). All oral comments received at the hearing and all written comments received by the end of the written submission period following the hearing have been reviewed, made part of the record, and given due consideration.

2. Location of Property Required for the Project. The location and nature of the property interests required for the Project, and hereby approved for acquisition, are as described on the chart below.

At the March 7, 2024 public hearing and in letters and maps mailed to property owners and interested parties prior to the public hearing, MTA provided more detailed descriptions of the required property interests and estimated time frame when the property interests would be needed for the Project, currently estimated as Q4 2024.

MTA reserves the right to acquire a lesser interest in any of the properties described below, or to refrain from acquiring any of such property interests, as dictated by the needs of the Project.

3. Public Use, Purpose and Benefits and Reasons for Selecting the Project Locations: The Project is planned to strengthen the traction power system on the Harlem Line. Existing equipment at substations in Melrose and Tremont are overloaded and located too far apart. The Project's objective/benefit is to build a new substation in Claremont to increase the load capacity of the traction power system to improve service reliability. The Project includes the construction of a new substation and the associated installation of feeders to the existing third rail and local utility infrastructure.

4. General Effect of the Project on the Environment and Residents of the Locality. The Project is exempt, pursuant to New York State Public Authorities Law 1266(11), from the requirements of New York State Environmental Conservation Law Article 8, also known as the State Environmental Quality Review Act ("SEQRA"), for the following reasons:

- the affected property ("Property") is contiguous to land currently being used for a transportation purpose,
- the Property is less than ten acres in area, and
- the acquisition of the Property will not change in a material respect the general character of the prior transportation use of the contiguous property.

To help minimize potential impacts, MTA will make every reasonable effort to maintain access; control dust, noise, and vibration; screen construction activities; control rodents and pests; and minimize other disruptions, where practicable. MTA's goal is to create an active program of

construction security and quality of life controls to ensure community safety.

COMMENTS

At the public hearing, oral comments were received from the public, and it was stated that written comments would be accepted until the close of business on March 15, 2024.

The following summarizes the comments received: Requesting the repair of existing Harlem-Line Substations in the Bronx.

All comments have been given careful, extensive, and due consideration by MTA.

DETERMINATION

Based on due consideration of the record and the foregoing findings, it was determined that the MTA should exercise its power of eminent domain to acquire the property interests set forth in the chart below in order to promote and permit the purposes of the Metro-North Claremont Substation Project to be achieved.

Copies of this Determination and Findings are available and will be forwarded without cost and upon request, by writing to:

Joseph O’Donnell, Director of Public Affairs
MTA Construction & Development
2 Broadway, D8135,
New York, N.Y.10004

ANYONE SEEKING JUDICIAL REVIEW OF THE ABOVE DETERMINATION AND FINDINGS MUST COMMENCE A LEGAL PROCEEDING IN ACCORDANCE WITH EDPL § 207 NO LATER THAN 30 DAYS AFTER MTA COMPLETES ITS TWO-DAY PUBLICATION OF THIS DOCUMENT, OR A SYNOPSIS THEREOF. UNDER EDPL § 207 AND § 208, THE EXCLUSIVE VENUE FOR SUCH PROCEEDING IS THE APPELLATE DIVISION, FIRST JUDICIAL DEPARTMENT, 27 MADISON AVENUE, NEW YORK, NEW YORK 10010.

Acquisition of fee simple interests for the Metro-North Claremont Substation Project:

| Borough | Block | Lot | Property Address | Type of Interest |
|---------|-------|-----|------------------|------------------|
| Bronx | 2904 | 10 | 3876 Park Avenue | Fee Simple |

**METROPOLITAN
TRANSPORTATION
AUTHORITY**

Staff Summary

| |
|------------------------------------------------------------------------------------------------------------------------|
| Subject LEASE AGREEMENT WITH GOTHAM MARKET BITES CORP. FOR A RETAIL SPACE AT 2 BROADWAY, NEW YORK, NY |
| Department REAL ESTATE |
| Department Head Name DAVID FLORIO |
| Department Head Signature |
| Project Manager Name JASON ORTIZ |

| |
|------------------------------------|
| Date MAY 22, 2024 |
| Vendor Name |
| Contract Number |
| Contract Manager Name |
| Table of Contents Ref. # |

| Board Action | | | | | |
|--------------|-------------------|----------|----------|------|-------|
| Order | To | Date | Approval | Info | Other |
| 1 | Finance Committee | 05/20/24 | X | | |
| 2 | Board | 05/22/24 | X | | |
| | | | | | |
| | | | | | |

| Internal Approvals | | | |
|--------------------|------------------------------|-------|----------|
| Order | Approval | Order | Approval |
| 1 | Legal | | |
| 2 | Chief Administrative Officer | | |
| 3 | Chief Financial Officer | | |
| | | | |

AGENCY: Metropolitan Transportation Authority (“MTA”)
LESSEE: Gotham Market Bites Corp.
LOCATION: 2 Broadway, New York, NY
PREMISES: Approximately 1,200 square feet
USE: Operation of a gourmet food retail store
ACTION REQUESTED: Authorization to enter into a lease agreement
TERM: Ten (10) years
RENT:

| Term | Annual Rent | PSF | Escalation |
|---------|--------------|----------|------------|
| Year 1 | \$163,800.00 | \$136.50 | -- |
| Year 2 | \$171,990.00 | \$143.32 | 5% |
| Year 3 | \$180,590.00 | \$150.49 | 5% |
| Year 4 | \$189,619.00 | \$158.01 | 5% |
| Year 5 | \$199,100.00 | \$165.91 | 5% |
| Year 6 | \$209,055.00 | \$174.21 | 5% |
| Year 7 | \$219,508.00 | \$182.92 | 5% |
| Year 8 | \$230,483.00 | \$192.06 | 5% |
| Year 9 | \$242,007.00 | \$201.67 | 5% |
| Year 10 | \$254,108.00 | \$211.75 | 5% |

Staff Summary

FINANCE COMMITTEE MEETING

LEASE AGREEMENT WITH GOTHAM MARKET BITES CORP. FOR A RETAIL SPACE AT 2 BROADWAY, NEW YORK, NY (Cont'd)

COMMENTS:

MTA Real Estate issued a Request for Proposals ("RFP") dated June 29, 2023, for street-front retail space at 2 Broadway. Such retail-front space is currently occupied by Starbucks, whose lease expired on December 29, 2023, and who is to relocate to the former Nine West Space in 2 Broadway pursuant to a separate RFP.

Five (5) proposals were received, and the proposals are summarized below:

| Proposer Name | Present Value at 6% |
|-------------------------------------------|---------------------|
| Gamal Saeidi (A corporation to be formed) | \$1,796,861.61 |
| Gotham Market Bites Corp. | \$1,481,304.80 |
| Dream Big Holdings | \$1,197,907.74 |
| Starbucks | \$ 982,192.24 |
| Drugsmith, Inc. | \$ 220,802.61 |

Following a thorough review of all submissions and interviews conducted, MTA Real Estate has identified Mr. Ayman Alzandani of Gotham Market Bites Corp, the second highest proposer, as the most compelling candidate overall. Mr. Alzandani's proposal stands out for its strong financial reserves, extensive retail experience in Manhattan, and innovative concept. Credit and background investigations performed on the principal, Mr. Ayman Alzandani, discovered no evidence of criminal conviction history, very good credit and sufficient financial resources to successfully complete the required lease improvements, and to timely meet rental obligations and other lease obligations. In addition, Mr Alzandani;s vision for an organic mini supermarket proposes an alternative food offering to those currently offered at 2 Broadway which, in turn, will cater to 2 Broadway's tenants, tourists, and local residents alike.

Despite receiving the highest proposal from Gamal Saeidi, owner of Ten Star Deli, Inc., an established tenant of the MTA at other locations, such as 21-15 Mott Avenue, Far Rockaway, and 299 Myrtle Avenue, Brooklyn, Mr. Saeidi was not selected due to his lack of retail experience in Manhattan, the lack of the exterior and interior high-quality retail installation of his current locations, and suboptimal retail offerings, all of which are not aligned with a Class A office building nor the existing retail tenant mix and aesthetic of 2 Broadway.

MTA Real Estate solicited an appraisal from Goodman Marks for the Premises on September 5, 2023, and the appraised value was \$210,000.00 per annum. While all of the proposals were below this appraised value, the number of competitive proposals constitutes concrete evidence of the current fair market value of the available retail space. The overall financials and proposed retail concept offered by Mr. Ayman Alzandani were the best choices for the available retail space at 2 Broadway, and the net present value of Mr. Ayman Alzandani's proposal was second in line to the highest bidder.

Based on the foregoing, MTA Real Estate is requesting authorization to enter into a lease agreement on behalf of the MTA with Gotham Market Bites Corp. for the operation of a leased retail unit at 2 Broadway.

Staff Summary

| |
|---------------------------------------------------------------------------------------------------------------------------------------------|
| Subject AMENDMENT TO LICENSE AGREEMENTS WITH COMPASS GROUP USA, INC. TO INSTALL VENDING MACHINES THROUGHOUT THE MTA SYSTEM |
| Department REAL ESTATE |
| Department Head Name DAVID FLORIO |
| Department Head Signature |
| Project Manager Name ARTURO ESPINOZA |

| |
|------------------------------------|
| Date MAY 22, 2024 |
| Vendor Name |
| Contract Number |
| Contract Manager Name |
| Table of Contents Ref. # |

| Board Action | | | | | |
|--------------|-------------------|----------|----------|------|-------|
| Order | To | Date | Approval | Info | Other |
| 1 | Finance Committee | 05/20/24 | X | | |
| 2 | Board | 05/22/24 | X | | |
| | | | | | |
| | | | | | |

| Internal Approvals | | | |
|--------------------|------------------------------|-------|----------|
| Order | Approval | Order | Approval |
| 1 | Legal | | |
| 3 | Chief Administrative Officer | | |
| 2 | Chief Financial Officer | | |
| | | | |

AGENCY: Metropolitan Transportation Authority (“MTA”) and its subsidiary and affiliate agencies including New York City Transit (“NYCT”), MTA Bus Company (“MTA Bus”), Metro-North Railroad (“MNR”), MTA The Long Island Rail Road (“LIRR”), and Staten Island Railway (“SIR”)

LICENSEE: Compass Group USA, Inc. (“Compass”)

USE: Installation, operation, repair, replacement, and maintenance of vending machines/micro-market concepts

ACTION REQUESTED: Authorization to amend license agreements with Compass to install vending machines throughout the MTA System

COMMENTS:

Pursuant to the attached staff summary dated June 24, 2020, MTA Real Estate entered into license agreements with Compass with a compensation structure specifying a minimum annual guaranteed rent and a percentage of gross sales for vending machines.

The staff summary did not specifically call out the compensation structure for micro-markets, which are staffed kiosks serving fresh food. This was negotiated in the license agreement to provide revenue share of 10% of gross sales in compensation to the MTA and which exists in only three employee facilities: Gun Hill Bus Depot, Eastchester Bus Depot, and College Point Bus Depot.

Due to the success of existing micro-markets, NYCT management requested micro-markets throughout the portfolio to enhance on-site food services for employees. MTA Real Estate approached Compass for expansion, but Compass deemed it financially impractical, citing high installation and operational costs for perishable items. MTA has reviewed the sales data from the existing micro-markets and validated the assertions by Compass.

After further discussions with Compass, it was mutually agreed that reducing the revenue share from 10% to 0% would render the micro-markets financially viable and provide ample opportunity for Compass to increase the number of facilities with micro-markets thereby maintaining and expanding this employee benefit. Eliminating the revenue share at the micro-markets is expected to have a minimal impact on compensation due to the MTA considering the total number of new micro-markets will remain small. Compensation for vending machines remain unchanged and MTA Real Estate

Staff Summary

FINANCE COMMITTEE MEETING

Amendment to license agreements with Compass (Cont'd.)

will continue to review and evaluate revenue generated by the micro-markets and will seek to alter the compensation structure should there be an unanticipated significant increase in revenue.

Based on the foregoing, MTA Real Estate requests authorization on behalf of the MTA and its Agencies to amend the license agreements with Compass to reflect the above-referenced new financial arrangement.

MTA METRO-NORTH RAILROAD

Staff Summary

| |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subject PERMANENT EASEMENT WITH THE TARRYTOWN MUNICIPAL HOUSING AUTHORITY FOR VEHICLE PARKING ADJACENT TO MNR'S TARRYTOWN STATION, TARRYTOWN, NY |
| Department REAL ESTATE |
| Department Head Name DAVID FLORIO |
| Department Head Signature |
| Project Manager Name JASON ORTIZ |

| |
|------------------------------------|
| Date MAY 22, 2024 |
| Vendor Name |
| Contract Number |
| Contract Manager Name |
| Table of Contents Ref. # |

| Board Action | | | | | |
|--------------|-------------------|----------|----------|------|-------|
| Order | To | Date | Approval | Info | Other |
| 1 | Finance Committee | 05/20/24 | X | | |
| 2 | Board | 05/22/24 | X | | |
| | | | | | |
| | | | | | |

| Internal Approvals | | | |
|--------------------|------------------------------|-------|----------|
| Order | Approval | Order | Approval |
| 1 | Legal | | |
| 2 | Chief Administrative Officer | | |
| 3 | Chief Financial Officer | | |
| | | | |

AGENCY: MTA Metro-North Railroad (“MNR”)
GRANTEE: Tarrytown Municipal Housing Authority (“TMHA”)
LOCATION: Along the Hudson Line, at Two Depot Plaza, Tarrytown, Westchester County, NY.
EASEMENT AREA: Portion of Section 1.70, Block 29, Lot 35 containing approximately 2,584 square feet
USE: TMHA shall use the property for vehicle parking by tenants of TMHA’s adjacent apartment complex
ACTION REQUESTED: Authorization to enter into an easement agreement with TMHA
TERM: Perpetual
COMPENSATION: \$1; payment waived

COMMENTS:

TMHA is requesting to enter into a permanent easement for a portion of MNR’s property described above. The Easement Area will be used for vehicle parking by the tenants of TMHA’s adjacent apartment complex. TMHA is seeking to legitimize their ongoing use of the Easement Area since neither party could locate or verify any documented rights of use of the Easement Area to TMHA’s lender as part of a refinancing in support of a renovation project.

MNR has reviewed TMHA’s request and has no objections to proceeding with the easement agreement.

MTA Real Estate Department’s Real Property Disposition Guidelines allow for the disposition of property using the lease/sale negotiation method under those circumstances permitted by Public Authorities Law Section 2897, which include, where the transferee is a government or other public entity, and the terms and conditions of the transfer require that the ownership and use of the asset will remain with the government or any other public entity. MTA Legal will draft the easement agreement, approve as to form and TMHA will provide appropriate insurance coverage and indemnification for the above use.

FINANCE COMMITTEE MEETING

PERMANENT EASEMENT WITH THE TARRYTOWN MUNICIPAL HOUSING AUTHORITY FOR VEHICLE PARKING ADJACENT TO METRO-NORTH'S TARRYTOWN STATION, TARRYTOWN, NEW YORK

(Cont'd)

Page 2 of 2

An appraisal of the Easement Area was commissioned and completed on November 30, 2023, with the easement valued at \$120,000. Pursuant to Section 2897(6)(d) of the Public Authorities Law, an Explanatory Statement for the disposal by negotiation of real property owned by MNR was submitted to the appropriate New York State officials on February 8, 2024.

Based on the foregoing, MTA Real Estate requests authorization to enter into an easement agreement on behalf of MNR with TMHA under the above-described terms and conditions.