

Staff Summary

Subject LEASE AGREEMENT WITH BAGEL TRAIN BREWSTER LLC. FOR RETAIL SPACE AT THE BREWSTER STATION AT 9 MAIN STREET, BREWSTER, NY
Department REAL ESTATE
Department Head Name DAVID FLORIO
Department Head Signature
Project Manager Name JASON ORTIZ

Date JULY 31, 2024
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Metro-North	07/29/24		X	
2	Finance Committee	07/29/24	X		
3	Board	07/31/24	X		

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

AGENCY: MTA Metro-North Railroad ("MNR")
LESSEE: Bagel Train Brewster LLC ("The Bagel Train")
LOCATION: Brewster Station Building, Brewster, New York ("Station")
PREMISES: Station building totaling approximately 1,450 sf plus 70 SF detached kiosk
USE: Operation of a full-service coffee, bagel, and sandwich shop
ACTION REQUESTED: Authorization to enter into a lease agreement
TERM: Ten (10) years
RENT: \$172,432.74 NPV at 6% for the 10 year term, with 2% annual escalations.

Years	Annual Rent	PSF	Escalation
Year 1	\$21,600.00	\$14.21	--
Year 2	\$22,032.00	\$14.94	2%
Year 3	\$22,472.64	\$14.78	2%
Year 4	\$22,922.09	\$15.08	2%
Year 5	\$23,380.53	\$15.38	2%
Year 6	\$23,848.15	\$15.68	2%
Year 7	\$24,325.11	\$16.00	2%
Year 8	\$24,811.61	\$16.32	2%
Year 9	\$25,307.84	\$16.64	2%
Year 10	\$25,814.00	\$16.98	2%

Staff Summary

FINANCE COMMITTEE MEETING

LEASE AGREEMENT WITH BAGEL TRAIN BREWSTER LLC. FOR RETAIL SPACE AT BREWSTER STATION, 9 MAIN STREET, BREWSTER, NY (Cont'd)

COMMENTS:

MTA Real Estate issued a Request For Proposals ("RFP") dated June 21, 2023, covering one (1) retail station building plus a detached taxi kiosk at the Brewster Station in Brewster, NY. The Station is currently vacant and was previously occupied by the Dining Car at Brewster Station, Inc., and the kiosk was previously occupied by Express Taxi, Inc.

Three (3) proposals were received, and the proposals are summarized below:

Proposer Name	Present Value at 6%
Anna and Pierre's Cafe	\$213,338.15
Taqueria 3 Stars	\$200,087.13
The Bagel Train	\$172,432.74

MTA Real Estate has conducted a thorough review of all proposals and held interviews with the proposers. While the highest proposal came from Anna and Pierre's café, they lack experience in operating a coffee shop or any other retail business. Additionally, the principal has not secured funds for the proposed build-out. Similarly, the second highest proposer, Taqueria 3 Stars, has no business plan, no current operating locations, and no demonstrated financial capabilities to cover the premises' improvements or the ten-year rent payment obligation.

MTA Real Estate found Mr. Matt Camerino and Jac Zadrina of The Bagel Train to be the most compelling overall. Mr. Camerino has over 15 years of experience in the restaurant industry, owning, managing, and operating numerous food and beverage retail locations. Mr. Jac Zadrina, with 30 years of experience in real estate investment, serves as the financial arm of the partnership and an investor in Mr. Camerino's restaurant ventures. Additionally, Mr. Camerino and Mr. Zadrina currently own and operate two food and beverage establishments in Highland Falls, NY: Highland Social at 8 Schneider Avenue and Grandma's Bagels and Pizza at 265 Main Street. The lease will allow for a future sublease of the kiosk, at the sole discretion and approval of MTA Real Estate.

Credit and background investigations performed on Mr. Matt Camerino and Mr. Jac Zadrina discovered no evidence of criminal conviction history, or other issues connected with the individuals. Mr. Zadrina has very good credit and has demonstrated sufficient financial resources to successfully complete the required improvements and compensation obligations.

MTA Real Estate obtained an independent appraisal in May 2023 to determine the market value for the retail at the Station and the appraised value was \$26,900.00 per annum. While The Bagel Train was below this appraisal value, it had the best overall proposal including restaurant concept, restaurant experience, and financial capability.

Based on the foregoing, MTA Real Estate requests authorization to enter into a lease agreement on behalf of MNR with Bagel Train Brewster LLC for the operation of a full-service café and sandwich shop at the Brewster Station building.