

Staff Summary

Subject LEASE WITH ROSE COMPANIES HOLDINGS, LLC FOR THE BEACON STATION PARKING LOT
Department TRANSIT ORIENTED DEVELOPMENT
Department Head Name MIRIAM HARRIS
Department Head Signature
Project Manager Name NICHOLAS ROBERTS

Date JULY 30, 2025
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	MNR	07/28/25		X	
2	Finance Committee	07/28/25	X		
3.	Board	07/30/25	X		

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

AGENCY: Metropolitan Transportation Authority ("MTA") and MTA Metro-North Railroad ("MNR")

COUNTERPARTY/
GROUND LESSEE: Rose Companies Holdings, LLC, a Delaware limited liability company (sometimes referred to as Jonathan Rose Companies ("Rose Companies"), or a to be a formed affiliate of Rose Companies, controlled directly or indirectly by Jonathan F.P. Rose and which Jonathan F.P. Rose owns directly or indirectly not less than 10% of the beneficial and voting interests (such to be formed entity, "Ground Lessee")

LOCATION: The "North" commuter surface parking lot (the "Property") located at MNR's Beacon Station (the "Station")

ACTIVITY: (a) Conditional designation of Rose Companies to develop the Property into a mixed-use residential and retail transit-oriented development pursuant to a triple net lease (the "Lease") and construct a stand-alone MNR Replacement Garage (as defined below) pursuant to a design and construction agreement (the "D&C Agreement") for MTA/MNR's exclusive use, with a term commencing on the possession date and ending 99 years following a construction period of approximately 3 years from the commencement date (the "Transaction").

(b) Negotiation and execution of a pre-lease and development agreement (the "Pre-Lease and Development Agreement"), which will include as exhibits the forms of the Lease, D&C Agreement and other material Transaction documents.

ACTION REQUESTED: Authorization to conditionally designate Rose Companies as the successful proposer to the RFP and to negotiate and enter into the Pre-Lease and Development Agreement, as well as to negotiate the terms and forms of the Lease, the D&C Agreement and the other material agreements related to the Transaction (all as described below).

COMPENSATION: 1. Base Rent: \$669,430 per year, escalating every five years at 115% of the preceding year's base rent, and reset to fair market value every 25 years, with a floor no less than the greater of 115% of the preceding year's base rent or the percentage increase in CPI over the applicable Base Rent reset period and a cap of 125% of the preceding year's base rent.

FINANCE COMMITTEE MEETING

LEASE WITH ROSE COMPANIES HOLDINGS, LLC FOR THE BEACON STATION PARKING LOT (Cont'd.)

Page 2 of 4

2. Supplemental Rent: Following completion of the MNR Replacement Garage, supplemental rent payments equal to the real property taxes that would otherwise be owed on the land only portion of the Property for a period of 2 years while the Ground Lessee is constructing the new improvements, and then on the land and the new improvements as if the Property were not tax-exempt but with benefit of a 15-year tax abatement following the completion of the new improvements. Such supplemental rent will escalate annually over the 15-year period consistent with the 15-year tax abatement offered by the Dutchess County IDA for comparable developments.
3. Additional Compensation. Construction and perpetual maintenance of certain public realm improvements at Ground Lessee's expense and annual common area maintenance charges of \$50,000 for shared use of the private access drive.

COMMENTS:

BACKGROUND

The Property is an approximately 4.5-acre parcel and is the northernmost MNR commuter parking lot located on the east side of the Station in the Waterfront Development District of the City of Beacon ("Beacon"). The Property is comprised of two tax lots and improved with 573 surface parking spaces: 484 commuter spaces and 89 MNR employee spaces. The Property will be developed in two phases (collectively, the "Project"). In Phase 1 of the Project, the Ground Lessee will construct and deliver to MTA/MNR a MNR parking garage that will replace on a 1-1 basis the existing 573 surface parking spaces currently located at the Property (the "MNR Replacement Garage"). Phase 1 of the Project is anticipated to take approximately one year from the commencement of construction. Following the delivery of the MNR Replacement Garage, the Ground Lessee will commence Phase 2 of the Project, which will entail the construction of a mixed-use (residential and retail) transit-oriented development component which is anticipated to take approximately two years to complete. The cost to construct the MNR Replacement Garage will be borne by the Ground Lessee; the Ground Lessee will be reimbursed in amount up to \$24,125,000 for eligible expenses by a Redevelopment of Underutilized Sites for Housing ("RUSH") grant provided by the State as part of Governor Hochul's initiative to spur housing construction on State land. Following the completion of the MNR Replacement Garage, this new parking facility dedicated to commuter and employee parking will be turned over to MNR free and clear of all liens and encumbrances for its operation and maintenance.

RFP PROCESS

On October 31, 2024, TOD issued an RFP seeking qualified developers to enter into a ground lease having a term of 99-years plus an initial period of 3 years for the construction of the Project. Eight developers submitted proposals (the "RFP Proposals"), each featuring multifamily rental housing and varying approaches to retail or public open space with at least 10% of units as income-restricted housing. The eight proposers were Rose Companies, Hudson Companies ("Hudson"), Terwilliger-Bartone ("Bartone"), NRP, Weber Development, the Delaine Group, Beacon Communities, LLC ("Beacon Communities"), and Spinnaker (collectively, the "RFP Respondents").

An MTA RFP selection committee was formed to evaluate the RFP Responses (the "Selection Committee"). The Selection Committee consisted of TOD and MNR representatives and based its analysis on the following RFP criteria:

- Financial returns to MTA based on ground rent proposals
- Project design and feasibility
- Relevant Experience of the Proposers
- Financial Resources Sufficient to construct, operate and guarantee obligations
- Agreement on Basic Transaction Terms
- Minimizing utilization of RUSH funds

FINANCE COMMITTEE MEETING

LEASE WITH ROSE COMPANIES HOLDINGS, LLC FOR THE BEACON STATION PARKING LOT (Cont'd.)

Page 3 of 4

Given the RFP criteria, the Selection Committee determined that the Beacon Communities, Delaine Group, and Spinnaker proposals were outside the competitive range of the overall proposals, and that Bartone, Hudson, NRP, Rose Companies, and Weber Development should be invited to present their development plans to the Selection Committee (the "First Round Interviews"). Based on the quality of the 1st Round Interviews, the Selection Committee decided to shortlist Bartone, Hudson, NRP, and Rose Companies (the "Shortlisted Respondents") and invite them for follow-up interviews that focused on specific financial and site plan issues (the "Second Round Interviews"). Following the Second Round Interviews, the Selection Committee invited the Shortlisted Respondents to submit Best and Final Offers ("BAFOs").

Based on the BAFOs, the Selection Committee determined that NRP and Bartone's BAFOs were not within the competitive range of Hudson and Rose Companies, and accordingly, Hudson and Rose Companies were invited to improve their BAFOs. Both Hudson and Rose Companies submitted contextually thoughtful designs intended to advance MTA and Beacon urban realm objectives; similarly, Hudson and Rose Companies demonstrated that they possessed the requisite experience and financial resources to deliver the Project. The differentiating factor between the two proposals was ultimately the amount of ground rent payable for the Property, and Rose Companies submitted the superior ground rent offer. As such, TOD selected Rose Companies' proposal as the most advantageous to the MTA/MNR for the RFP. An overview of the Rose Companies' proposal is set forth below:

Proposer	Housing Units	Public Realm Improvements	Retail Space	Parking Spaces	Compensation (PV @6%)
Rose Companies-	265	The MNR Replacement Garage and a large public plaza and retail space on southern side of the Property	15,000 sf	270 spaces for residential tenants	\$16.5 million - \$17.5 million

Rose Companies proposed present-value compensation of \$17.5 million is based on the assumption that the base rent compensation adjustment every 25 years to market will be determined at 125% of the preceding year's base rent (i.e., the ceiling, not the floor), however, if calculated at the floor percentage increase of 115%, the present-value compensation would be \$16.5 million, which is consistent with or exceeds an independent fair market rental appraisal commissioned by TOD. Rose Companies may elect to accelerate payment of base rent with upfront rent payments if MTA agrees and provided that the upfront rent payments preserve a present-value compensation of \$17.5 million.

The final proposals received from all Proposers will be publicly disclosed in the agenda for the meeting of the Finance Committee of the MTA and MNR Boards at which the Transaction will be considered for approval, or will be disclosed to the members of the Finance Committee of the MTA and MNR Boards and to members of the MTA and MNR Boards in executive session, and thereafter publicly disclosed prior to Lease execution.

The sequence of the proposed Transaction is as follows:

- Rose Companies and TOD will negotiate and enter into the Pre-Lease and Development Agreement, whereby Rose Companies will fund the balance of the good faith deposit of \$669,430 (as described below) and pursue good faith efforts to (x) obtain all necessary local approvals for the Project, including the requisite Beacon zoning and site plan approvals, (y) negotiate acceptable forms of impact agreements with Beacon and certain other applicable taxing jurisdictions, and (z) in coordination with TOD and MNR staff, undertake the environmental review required pursuant to the New York State Environmental Quality Review Act ("SEQRA"); and
- Upon completion of the SEQRA process, including adoption of any required SEQRA findings by the MTA and MNR Boards, and subject to approval of the Transaction and the Lease by the MTA and MNR Boards, MTA and Ground Lessee will execute the Lease, Jonathan F.P. Rose or Rose Companies will execute and deliver the required rent and completion guaranties, and the parties will execute and deliver the other related Transaction documents substantially in the forms attached to the Pre-Lease and Development Agreement, including the impact agreements, following which Rose Companies/Ground Lessee will complete the design of

FINANCE COMMITTEE MEETING

LEASE WITH ROSE COMPANIES HOLDINGS, LLC FOR THE BEACON STATION PARKING LOT (Cont'd.)

Page 4 of 4

the Project, construct the MNR Replacement Garage and the other new Project improvements, and operate and maintain the new Project improvements (excluding the MNR Replacement Garage) for the term of the Lease.

RECOMMENDATION

Based on the foregoing, TOD requests authorization for MTA itself and on behalf of MNR to undertake the following actions:

1. Conditionally designate Rose Companies as the selected proposer under the RFP pursuant to a Conditional Designation Letter Agreement ("CDL") that will have attached to it the Abstract of Basic Transaction Terms derived from the RFP as further developed to incorporate the final Rose Companies' proposal. The CDL will be conditioned upon Rose Companies and MTA entering into an expense reimbursement agreement whereby Rose Companies will pay for all of MTA, MNR and MTA Construction and Development Company's third party expenses and force account and accommodation services in connection with the pre-development of the Project following Rose Companies' conditional designation and during the pre-lease period before execution of the Lease, funding an expense reimbursement deposit in an amount to be determined and funding one-half of the \$814,000 good-faith deposit.
2. Negotiate with Rose Companies and the Ground Lessee (a) a Pre-Lease and Development Agreement governing the actions to be taken by Rose Companies and/or the Ground Lessee in coordination with TOD and MNR staff, as pre-conditions to the Transaction during the period following the CDL and before execution of the Lease and D&C Agreement, including (i) obtaining necessary local approvals for the Project, (ii) negotiating acceptable forms of impact agreements with Beacon, and (iii) in coordination with TOD and MNR staff, undertaking the environmental review required pursuant to SEQRA, and (b) the forms of the Lease, D&C Agreement and other material Transaction documents to be attached to the Pre-Lease and Development Agreement.
3. Execute and deliver the Pre-Lease Agreement and any and all other necessary or appropriate agreements, documents, and instruments, and take all actions as shall be necessary or desirable in order to pursue satisfaction of the above-referenced pre-conditions to the MTA and MNR Boards' final approval of the proposed Transaction, **provided that the execution of the Lease and other Transaction documents will be conditioned upon further MTA Board and MNR Board approval following completion of environmental review under SEQRA as it relates to the proposed Transaction.**