

Staff Summary

Subject LEASE WITH AZOR BAKE SHOP INC. DBA ZARO'S FAMILY BAKERY FOR RETAIL SPACE AT GRAND CENTRAL TERMINAL
Department REAL ESTATE
Department Head Name DAVID FLORIO
Department Head Signature
Project Manager Name KIM TREVISAN

Date DECEMBER 17, 2025
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	MNR Committee	12/15/25		X	
2	Finance Committee	12/15/25	X		
3	Board	12/17/25	X		

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

AGENCY: Metropolitan Transportation Agency ("MTA") and MTA Metro-North Railroad ("MNR")
 LESSEE: Azor Bake Shop Inc dba Zaro's Family Bakery ("Zaro's")
 LOCATION: Grand Central Terminal ("GCT") Main Concourse
 PREMISES: MC-31: Approximately 480 sq. ft.
 USE: Retail sale of baked goods
 ACTION REQUESTED: Authorization to enter into a lease agreement
 TERM: 10 years
 CAM: \$11,040 per annum with 3% annual escalations
 LESSEE WORK: Complete renovation including replacing existing storefront, new showcases, track lighting, and signage

BASE RENT:

	<u>Guaranteed Annual Minimum Rent</u>	<u>Percentage Rent</u>
1	\$360,000.00	8% of gross sales over breakpoint of \$3,200,000
2	\$365,400.00	8% of gross sales over breakpoint of \$3,248,000
3	\$376,362.00	8% of gross sales over breakpoint of \$3,296,720
4	\$387,652.86	8% of gross sales over breakpoint of \$3,351,116
5	\$399,282.45	8% of gross sales over breakpoint of \$3,409,760
6	\$411,260.92	8% of gross sales over breakpoint of \$3,472,760
7	\$423,598.75	8% of gross sales over breakpoint of \$3,540,561
8	\$436,306.71	8% of gross sales over breakpoint of \$3,611,372
9	\$449,395.91	8% of gross sales over breakpoint of \$3,689,017
10	\$462,877.79	8% of gross sales over breakpoint of \$3,781,242

Staff Summary

FINANCE COMMITTEE MEETING

LEASE AGREEMENT WITH AZOR BAKE SHOP INC. DBA ZARO'S FAMILY BAKERY AT GRAND CENTRAL TERMINAL (Cont'd)

Page 1 of 2

COMMENTS:

A publicly offered Request for Proposals ("RFP") was issued on April 15, 2025, seeking a single-use retail operator for space MC-31 located on the Main Concourse of Grand Central Terminal.

Two (2) proposals were received on May 28, 2025, and are summarized below:

Proposer	Term	Use	Yr 1 MAG / % Rent	% Rent	NPV (MAG & % Rent)
Zaro's	10 years	Bakery	\$360,000 with 3% annual escalations	8% over \$3,200,000 escalating 3% annually	\$2,980,548.75
Eli Zabar	10 years	Bakery	\$250,000 with 3% annual escalations	12% over \$2,500,000 escalating 3% annually	\$2,370,712.40

After reviewing and evaluating all proposals, MTA Real Estate determined that Zaro's proposal was the highest and best use offer. Zaro's has been operating in space MC-31 since 2012 and is currently operating month-to-month as their license agreement expired on May 31, 2025.

The owner/operators of Zaro's are fourth generation operators and are in good standing for over 45 years, operating spaces on the Main Concourse and the Dining Concourse.

Zaro's will be investing \$234,000 to renovate the entire Premises, including replacement of all interior finishes, installing new, first-class quality trade fixtures, equipment, lighting throughout, and replacing the current storefront.

Based on the foregoing, MTA Real Estate requests authorization to enter a lease on behalf of MTA and MNR with Azor Bake Shop Inc dba Zaro's Family Bakery under the above-described terms and conditions.