

**GORDON BYRAM ASSOCIATES, LLC**  
**1070 U.S. Highway 46, Suite 17**  
**Ledgewood, NJ 07852**  
**(973) 927-8300, ext. 364**                      **(973) 927-4953 Fax**

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January 6, 2020

**VIA EMAIL to [jsabatini@byramtwp.org](mailto:jsabatini@byramtwp.org) and [dflynn@byramtwp.org](mailto:dflynn@byramtwp.org)**

Byram Township Manager and Township Council  
10 Mansfield Drive  
Stanhope NJ 07874

Re: Municipal Offices – Revised Sale Alternative at Byram Plaza

Dear Mr. Sabatini and Township Council:

In response to the comments to Gordon Byram Associates, LLC's ("GBA") proposal dated December 13, 2019 included in Mr. Sabatini's email of December 18, 2020, GBA has revised the proposal for the relocation of the township municipal offices and police department to Byram Plaza.

The terms of GBA's revised proposal include the following:

1. GBA will create a condominium form of ownership for the Byram Plaza realty. GBA will complete the condominium documents and process at its expense.
2. A separate condominium unit will be created for the improvements that comprise the subject premises of approximately 13,352 square feet (the "**Township Unit**").
3. The township will purchase the Township Unit from GBA for a purchase price of \$4.5 million.
4. Landlord, with its professional consultants, will prepare the Township Unit fit out plans and specifications for approval by the township at landlord's cost.
5. As a condition precedent to closing, Landlord will complete the fit out of the Township Unit at landlord's cost in accordance with agreed upon work specifications. The work will include construction of a one car sally port and typical office furniture. The building will comply with Class IV code requirements.
6. Landlord will be responsible for cost overruns associated with the fit out work as defined in the work specifications. Costs for work due to changes to the specifications requested by the township which result in increased costs will be paid by the township.
7. Upon transfer of the condominium unit to the township, the township will take the necessary steps to cause the Township Unit to be exempt from real property taxes.

8. The township will commence payments of a pro rata share of condominium common area expenses and the shopping center land taxes commencing in the eighteenth (18<sup>th</sup>) year following the closing of the transaction. The present value of the aggregate of common area expenses and the shopping center land taxes for years 18 through 50 are estimated to be approximately \$80,000 (see the attached spreadsheet showing this calculation).

As noted in our letter of December 13, 2019, some of the benefits of this proposal when compared to the township constructing a new municipal building include the following:

1. The cost to the Township of the Byram Plaza project would be fixed. There is a high level of cost uncertainty under the municipal new build alternative. In any case, the total project cost would be at least \$1 million less than the projected cost for the new build alternative.
2. The project cost would be substantially reduced because GBA would not be subject to prevailing wage requirements and has long term relationships with a network of contractors.
3. The project would be turn-key to the township. GBA would be responsible for all project management and administration. The township would not need to have township employees distracted and spending time on the complexities and challenges of a new construction project.
4. The township would not need to develop a plan to temporarily relocate township employees during construction. Such relocation can be logistically complicated, expensive, disruptive and time consuming to manage. Under the Byram Plaza alternative, the employees would simply stay in the existing facility until the Byram Plaza project is completed.
5. The process for the acquisition of the Township Unit under the Byram Plaza alternative is simpler in that it would be a turn-key project for the Township. There are many more steps involved under the municipal new build alternative, starting with retaining costly consultants. The township would need to rely almost entirely on third party consultants to plan, manage and administer a new build project.
6. Under the Byram Plaza alternative, GBA would retain the necessary consultants at its cost. Overall, the Byram Plaza alternative would undoubtedly be completed in much less time than could the new build alternative. GBA has already provided the township with preliminary development plans for the administrative offices and police department, all of which can easily and quickly be revised as they are reviewed further by township officials.
7. The township offices would be located in what is effectively the township center, providing more convenience for township residents and the township employees.

We submit this proposal in order provide a concrete structure within which the parties can finalize discussions, prepare a purchase and sale agreement and other transaction

documents and complete the required procedural steps. GBA looks forward to the opportunity to partner with the township on the successful completion of this project, which provides an alternative that is in the best interests of the taxpayers of Byram Township. We are available at your convenience to discuss any questions you may have regarding this proposal.

Needless to say, the matters addressed in this letter shall not be binding upon the township and/or GBA as an enforceable contract. In the event that a purchase and sale agreement is executed and delivered by both parties, it shall supersede this letter.

Sincerely,



David P. Romano, Co-Manager

JJS

cc: Thomas Collins, Esq. (via email); GBA Municipal Offices Project Correspondence

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**GORDON BYRAM ASSOCIATES, LLC**  
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**Ledgewood, NJ 07852**  
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December 13, 2019

**VIA EMAIL to [jsabatini@byramtwp.org](mailto:jsabatini@byramtwp.org) and [dflynn@byramtwp.org](mailto:dflynn@byramtwp.org)**

Byram Township Manager and Township Council  
10 Mansfield Drive  
Stanhope NJ 07874

Re: Municipal Offices – Leasing Alternative at Byram Plaza

Dear Mr. Sabatini and Township Council:

Following our recent communications with Mr. Sabatini, we submit this proposal on behalf of Gordon Byram Associates, LLC (“GBA”) for the relocation of the township municipal offices and police department to Byram Plaza. The proposal is based on the most current information that we have from the township on its objectives for the new offices project.

The terms of GBA’s proposal include the following:

1. The township will initially lease the premises for a term of approximately 18 years.
2. The premises will include approximately 13,352 square feet of space.
3. Rent will include a payment of \$4.5 million for the first lease year and \$10.00 for each of the remaining lease years.
4. The township will not be required to pay additional rent for common area maintenance charges, taxes or insurance (subject to item 10 below).
5. Landlord, with its professional consultants, will prepare the fit out plans and specifications for approval by the township at landlord’s cost.
6. Landlord will complete the fit out of the premises at landlord’s cost in accordance with an agreed upon work specifications to be attached as an exhibit to the lease based on a budget of \$126 per square foot. The work specifications will include construction of a one car sally port and typical office furniture. The building will comply with Class IV code requirements.
7. Landlord will be responsible for cost overruns associated with the fit out work as defined in the work specifications.
8. The township will have free lease assignment and sublet rights.

9. Landlord will be required to convert the center to a condominium ownership structure at the end of the lease term and will deed the unit containing the premises to the township for nominal consideration upon completion of the condominium conversion.
10. Upon transfer of the condominium unit to the township, the township will take the necessary steps to cause the unit to be exempt from real property taxes and the will commence payments of a pro rata share of common area expenses and the shopping center land taxes.

Some of the benefits of this proposal when compared to the township constructing a new municipal building include the following:

1. The cost to the Township of the Byram Plaza project would be fixed. There is a high level of cost uncertainty under the municipal new build alternative. In any case, the total project cost would be at least \$1 million less than the projected cost for the new build alternative.
2. The project cost would be substantially reduced because GBA would not be subject to prevailing wage requirements and has long term relationships with a network of contractors.
3. The project would be turn-key to the township. GBA would be responsible for all project management and administration. The township would not need to have township employees distracted and spending time on the complexities and challenges of a new construction project.
4. The township would not need to develop a plan to temporarily relocate township employees during construction. Such relocation can be logistically complicated, expensive, disruptive and time consuming to manage. Under the Byram Plaza alternative, the employees would simply stay in the existing facility until the Byram Plaza project is completed.
5. The process for the township under the Byram Plaza alternative is simpler in that it would only need to enter into the lease with GBA and then wait for project completion. There are many more steps involved under the municipal new build alternative, starting with retaining costly consultants. The township would need to rely almost entirely on third party consultants to plan, manage and administer the project.
6. Under the Byram Plaza alternative, GBA would retain the necessary consultants at its cost. Overall, the Byram Plaza alternative would undoubtedly be completed in much less time than could the new build alternative. GBA has already provided the township with preliminary development plans for the administrative offices and police department, all of which can easily and quickly be revised as they are reviewed further by township officials.
7. The township offices would be located in what is effectively the township center, providing more convenience for township residents and the township employees.

We submit this proposal in order provide a concrete structure within which the parties can finalize discussions, prepare the necessary lease document and complete the required procedural steps. GBA looks forward to the opportunity to partner with the township on the successful completion of this project, which provides an alternative that is in the best interests of the taxpayers of Byram Township. We are available at your convenience to discuss any questions you may have regarding this proposal.

Needless to say, the matters addressed in this letter shall not be binding upon the township and/or GBA as an enforceable contract. In the event that a lease is executed and delivered by both parties, is shall supersede this letter.

Sincerely,



David P. Romano, Co-Manager

JJS

cc: Tom Collins, Esq. (via email); GBA Municipal Offices Project Correspondence

**From:** [James Scott](#)  
**To:** [Joseph Sabatini](#)  
**Cc:** [Ashleigh Frueholz](#); [David Romano](#); [Doris Flynn](#); [Thomas Collins](#); [rsi realestate](#); [T Collins](#)  
**Subject:** Proposal for Byram Plaza municipal offices  
**Date:** Thursday, December 19, 2019 9:40:40 AM

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Joe,

The explanation in your message is helpful. We believe there are one or two alternatives which will resolve the issues raised by bond counsel. We have to touch base with some other folks to nail down the details and will get back to you asap. The holidays may slow us down a bit, but we'll keep it moving.

Please reply with the name of your bond counsel so that we do not reach out to the same firm if it becomes necessary for us to seek counsel in this area. I don't think it will be necessary, but want to avoid a conflict just in case.

Thank you and best wishes to all for the holidays.

Jim

James Scott  
General Counsel  
Ronetco Supermarkets, Inc.  
1070 U.S. Hwy 46, Ste. 17  
Ledgewood NJ 07852  
973-927-8300 x315  
973-927-4953 Fax

**From:** Joseph Sabatini <[jsabatini@byramtwp.org](mailto:jsabatini@byramtwp.org)>  
**To:** James Scott <[James.Scott@wakefern.com](mailto:James.Scott@wakefern.com)>  
**Cc:** Ashleigh Frueholz <[afrueholz@byramtwp.org](mailto:afrueholz@byramtwp.org)>, David Romano <[David.Romano@wakefern.com](mailto:David.Romano@wakefern.com)>, Doris Flynn <[dflynn@byramtwp.org](mailto:dflynn@byramtwp.org)>, rsi realestate <[rsi.realestate@wakefern.com](mailto:rsi.realestate@wakefern.com)>, T Collins <[tcollins@vccslaw.com](mailto:tcollins@vccslaw.com)>, Thomas Collins <[monet@embarqmail.com](mailto:monet@embarqmail.com)>  
**Date:** 12/18/2019 07:54 PM  
**Subject:** [EXT] RE: Proposal for Byram Plaza municipal offices

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Jim,

Thank you for your letter dated December 13<sup>th</sup>, 2019, with an updated offer regarding space at the Gordon Byram Associates building on route 206 in Byram. I immediately shared the letter with the Township Council and the proposal was discussed during last night's executive session. On Tuesday, Tom Collins and I reviewed the proposal with the Township's Bond Counsel and Bond Counsel has advised that the Township lacks the legal authority to use bond financing for rental payments including the up-front \$4.5 million balloon payment. The proposal is also unacceptable because the Township will not have any security for the unusual \$4.5 million payment. This will create unreasonable risks of foreclosure by the 1st mortgage lender and bankruptcy which is not acceptable. The sale of a condominium unit after recording of the condominium documents or a sale of a fee simple lot at a closing next year after the improvements would be an alternative for us to discuss. Additionally, the current structure of the proposal may result in public bidding and prevailing wage

requirements which will change the financials of the proposal significantly.  
Our financial analysis will require you to quantify the costs for the payment due for the condominium deed and the costs for common area charges.  
The current Council does not accept the proposal as presented. I have been asked to provide you the opportunity to submit any changes in your proposal for consideration by the new Council at its executive session on January 7th, 2020.  
I will bring the new council up to speed on this ongoing discussion and review your most recent proposal with any changes you provide. At that time, I expect to receive direction.  
I hope you have a Happy and Healthy New Year!  
Please feel free to contact me with any questions.

Thanks - Joe

Joseph W. Sabatini  
Byram Township Manager  
10 Mansfield Drive  
Stanhope, NJ 07874  
Phone: 973.347.2500, Ext. 129  
Fax: 973.347.0502  
Email: [jsabatini@byramtwp.org](mailto:jsabatini@byramtwp.org)

**From:** James Scott <James.Scott@wakefern.com>  
**Sent:** Friday, December 13, 2019 4:02 PM  
**To:** Joseph Sabatini <jsabatini@byramtwp.org>  
**Cc:** Ashleigh Frueholz <afrueholz@byramtwp.org>; David Romano <David.Romano@wakefern.com>; Doris Flynn <dflynn@byramtwp.org>; rsi realestate <rsi.realestate@wakefern.com>; T Collins <tcollins@vccslaw.com>  
**Subject:** Proposal for Byram Plaza municipal offices

Joe,

As discussed at our meeting on Wednesday, attached is our current proposal regarding locating the municipal offices at Byram Plaza.

We look forward to discussing the proposal with the Council and you.

Please let me know if you have any questions.

Jim

James Scott  
General Counsel  
Ronetco Supermarkets, Inc.  
1070 U.S. Hwy 46, Ste. 17  
Ledgewood NJ 07852  
973-927-8300 x315  
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