

From: [James Scott](#)
To: [Joseph Sabatini](#)
Cc: [Thomas Collins](#); [T Collins](#)
Subject: Proposal for Byram Plaza municipal offices
Date: Tuesday, January 14, 2020 5:44:09 PM
Attachments: [PV CAM.Taxes.Yrs 18-50.pdf](#)

Joe, please see our responses to your questions below. Just let me know if you have further questions.

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>
To: James Scott <James.Scott@wakefern.com>
Cc: T Collins <tcollins@vccslaw.com>, Thomas Collins <monet@embarqmail.com>
Date: 01/13/2020 03:31 PM
Subject: [EXT] RE: Proposal for Byram Plaza municipal offices

Hi Jim,

I have been preparing an analysis based on the proposal. It would be helpful if you could clarify a few points:

- a. In term 2, you state “... approximately 13,352 square feet ...”. However, in the spreadsheet you attached (PV CAM....xlsx), you state the total square-footage to be 13,376. In my notes, I show the current unit space as 12,800, and the additional sally port will be 576 sq-ft. Can you clarify on which is correct? **[The correct square footage is 13,376.]**

- b. In terms 5 and 6, you make certain representations that the “Landlord will complete the fit out .. at landlord’s cost in accordance with agreed upon work specifications.” Further, you state that “Landlord will be responsible for cost overruns as defined in the work specifications”, however “costs .. due to changes to the specifications .. will be paid by the township.” Can you please offer some more clarity or narrative as to what the work specifications include? What level of quality for furniture? What level of finish you are proposing? I am not in need of a detailed specification, but some general concepts would be very helpful. **[Joe, we've spent a good deal of time with consultants and contractors to get a handle on the fit out costs. You may recall that David gave a brief overview of the specification details to Councilman Gray and you you during one of our meetings. The fit out includes construction of the municipal building facade, interior wall partitions and paint, drop ceiling, ceiling light fixtures, floor finishes, finished rest rooms, police department locker rooms, electrical wiring, plumbing, HVAC units, fire alarm installation, fire suppression system, police department backup generator, construction of the sally port, and commercial quality furniture. (Audio visual, telephone and computer equipment are not**

included). All of the details of these, which we've narrowed down for the purposes of cost estimating and project planning, are subject to further discussion with, and review by, you and other township officials during the drafting of the purchase and sale agreement. Note that the state NJ Department of Corrections also needs to review the PD plans, as I'm sure you are aware. We believe the township will be agreeable to the quality of the materials that we will propose. No doubt the township will want to make some changes but, as discussed at our prior meetings, all materials that we will propose will be construction grade. During the discussions on the purchase and sale agreement, we will work with the township to mutually agree on the fit out specifications so that the township's objectives are met.]

c. In term 8, you state that the "township will commence payments of ... [CAM] commencing in the 18th year", however the spreadsheet illustrates CAM beginning in year 1. Your recent email stated that the intention was to begin in year 18 (or do you mean year 19, with 18 years being cost free?). Can you update the spreadsheet to reflect this? And to this end, I would assume that year 18 (or 19) would be at the rate already escalated over the interim? And is it all three components of the CAM (Tax, Insurance, CAM) that are abated for that time period? **[Attached is the revised spreadsheet as requested. Year 18 figures are "escalated" from year 1. Our intention is that payments of CAM (including insurance) and land taxes would commence in year 18. All three are abated through year 17.]**

d. Can you offer comment on if water and/or sewer fees are included in the CAM expense? Perhaps it would be helpful to give me some detail on what is incorporated into CAM. **[Water and sewer fees are not included in CAM. The township would pay the cost of all utilities servicing the condo unit. CAM includes costs associated with maintenance and operation of the building and shopping center, such as cleaning of the exterior areas, snow removal, landscaping, exterior painting, parking lot striping, parking area paving and lighting and roof repairs.]**

e. My assumption is that the township at extra cost will be responsible for propane and electric, both of which will be separately metered for our usage. **[Correct.]**

My intention is to present this analysis to the council for review during executive session on January 21. With their consent, we will then release this information, including my analysis, to the public for review. Subsequently, at the February 4th meeting, the building subcommittee will be present to discuss.

Thanks, Joe

Joseph W. Sabatini
Byram Township Manager
10 Mansfield Drive
Stanhope, NJ 07874
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From: James Scott <James.Scott@wakefern.com>

Sent: Wednesday, January 08, 2020 2:09 PM

To: Joseph Sabatini <jsabatini@byramtwp.org>

Cc: Ashleigh Frueholz <afrueholz@byramtwp.org>; David Romano <David.Romano@wakefern.com>; Doris Flynn <dflynn@byramtwp.org>; Thomas Collins <monet@embarqmail.com>; rsi realestate <rsi.realestate@wakefern.com>; T Collins <tcollins@vccslaw.com>

Subject: Proposal for Byram Plaza municipal offices

Joe,

Thanks for the update. We remain available to speak with you or other persons involved on behalf of the township about our proposal before the hearing and will also plan on attending.

Jim

James Scott
General Counsel
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From: Joseph Sabatini <jsabatini@byramtwp.org>
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Cc: Ashleigh Frueholz <afhueholz@byramtwp.org>, David Romano <David.Romano@wakefern.com>, Doris Flynn <dflynn@byramtwp.org>, Thomas Collins <monet@embarqmail.com>, rsi realestate <rsi.realestate@wakefern.com>, T Collins <tcollins@vccslaw.com>
Date: 01/08/2020 12:08 PM
Subject: [EXT] RE: Proposal for Byram Plaza municipal offices

Hi Jim,

I wanted to offer a quick update.

Last night was the Township's Reorganization meeting which included the swearing in of the three new council members. There were many topics of discussion during our executive session which took time onboarding the new members. The Council spoke briefly regarding the revised proposal which is assumed to be the best and final offer. They plan to continue their discussion at their January 21 meeting in executive session. Tentatively they are planning a public meeting with the Building Subcommittee on February 4.

If you have any questions, please feel free to give a call.

Thanks - Joe

Joseph W. Sabatini
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From: James Scott <James.Scott@wakefern.com>
Sent: Monday, January 06, 2020 3:08 PM
To: Joseph Sabatini <jsabatini@byramtwp.org>
Cc: Ashleigh Frueholz <afhueholz@byramtwp.org>; David Romano <David.Romano@wakefern.com>; Doris Flynn <dflynn@byramtwp.org>; Thomas Collins <monet@embarqmail.com>; rsi realestate <rsi.realestate@wakefern.com>; T Collins <tcollins@vccslaw.com>

Subject: Proposal for Byram Plaza municipal offices

Joe,

Attached is a letter to the Council and you with our revised proposal which offers to create a condominium and sell a condo unit to the township.

Regarding some of the comments in your email of December 12, under the lease proposal the security would be a leasehold mortgage. This is common in commercial real estate leases, although we do not offer this as an opinion with respect to limitations bond financing. The fee mortgagee would agree to not disturb the leasehold mortgagee -- i.e., the bondholders. There would be no risk of foreclosure of the bondholders' interest.

We do not believe the prevailing wage law would be triggered under either the lease or sale option, but we would welcome direct discussions with counsel on this issue.

Thank you for your assistance.

Jim

James Scott
General Counsel
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From: Joseph Sabatini <jsabatini@byramtwp.org>
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Date: 12/18/2019 07:54 PM
Subject: [EXT] RE: Proposal for Byram Plaza municipal offices

Jim,

Thank you for your letter dated December 13th, 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
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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

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Gordon Byram Associates, LLC
Proposed Municipal Offices at Byram Plaza
Present Value of CAM and Taxes

Condo Unit		%	Cost	2037	2038	2039	2040	2041	2042
Unit Square Footage	12,800	9.06%							
Sally Port Square Footage	576								
Total Square Footage	13,376								
Land Real Estate Tax Expense (1)	Annual Incr =	1.38%	\$0.80	13,509	13,695	13,884	14,076	14,270	14,467
Insurance Expense (2)	Annual Incr =	0.00%	\$0.45	6,019	6,019	6,019	6,019	6,019	6,019
CAM Expense (3)	Annual Incr =	0.25%	\$2.55	35,588	35,677	35,766	35,855	35,945	36,035
Net CAM/Taxes Expenses				55,116	55,391	55,669	55,950	56,234	56,521
PV Total CAM/Taxes Years 18-50 at 7%	79,307								

Comments/Assumptions:

- (1) - The land Real Estate Taxes are estimated at the actual 2019 rate per square foot of \$0.80, with annual increases of 1.38% (average increase of the past 3 years).
- (2) - Insurance Expense is based upon the actual 2019 cost per square foot of \$0.45. This cost has remained consistent for several years so increases are not planned.
- (3) - CAM Expense is based upon the actual 2019 cost per square foot of \$2.55. Annual increases of .25% have been estimated to allow for snow removal fluctuations.

Gordon Byram Associates, LLC
Proposed Municipal Offices at Byram Plaza
Present Value of CAM and Taxes

Condo Unit		2043	2044	2045	2046	2047	2048	2049
Unit Square Footage	12,800							
Sally Port Square Footage	576							
Total Square Footage	13,376							
Land Real Estate Tax Expense (1)	Annual Incr =	14,667	14,869	15,074	15,282	15,493	15,707	15,924
Insurance Expense (2)	Annual Incr =	6,019	6,019	6,019	6,019	6,019	6,019	6,019
CAM Expense (3)	Annual Incr =	36,125	36,215	36,306	36,397	36,488	36,579	36,670
Net CAM/Taxes Expenses		56,811	57,103	57,399	57,698	58,000	58,305	58,613
PV Total CAM/Taxes Years 18-50 at 7%	79,307							

Comments/Assumptions:

- (1) - The land Real Estate Taxes are estimated at the actual 2019 rate per square foot of \$0.80, with annual increases of 1.38% (average increase of the past 3 years).
- (2) - Insurance Expense is based upon the actual 2019 cost per square foot of \$0.45. This cost has remained consistent for several years so increases are not planned.
- (3) - CAM Expense is based upon the actual 2019 cost per square foot of \$2.55. Annual increases of .25% have been estimated to allow for snow removal fluctuations.

Gordon Byram Associates, LLC
Proposed Municipal Offices at Byram Plaza
Present Value of CAM and Taxes

Condo Unit		2050	2051	2052	2053	2054	2055	2056
Unit Square Footage	12,800							
Sally Port Square Footage	576							
Total Square Footage	13,376							
Land Real Estate Tax Expense (1)	Annual Incr =	16,144	16,367	16,593	16,822	17,054	17,289	17,528
Insurance Expense (2)	Annual Incr =	6,019	6,019	6,019	6,019	6,019	6,019	6,019
CAM Expense (3)	Annual Incr =	36,762	36,854	36,946	37,038	37,131	37,224	37,317
Net CAM/Taxes Expenses		58,925	59,240	59,558	59,879	60,204	60,532	60,864
PV Total CAM/Taxes Years 18-50 at 7%	79,307							

Comments/Assumptions:

- (1) - The land Real Estate Taxes are estimated at the actual 2019 rate per square foot of \$0.80, with annual increases of 1.38% (average increase of the past 3 years).
- (2) - Insurance Expense is based upon the actual 2019 cost per square foot of \$0.45. This cost has remained consistent for several years so increases are not planned.
- (3) - CAM Expense is based upon the actual 2019 cost per square foot of \$2.55. Annual increases of .25% have been estimated to allow for snow removal fluctuations.

Gordon Byram Associates, LLC
Proposed Municipal Offices at Byram Plaza
Present Value of CAM and Taxes

Condo Unit		2057	2058	2059	2060	2061	2062	2063
Unit Square Footage	12,800							
Sally Port Square Footage	576							
Total Square Footage	13,376							
Land Real Estate Tax Expense (1)	Annual Incr =	17,770	18,015	18,264	18,516	18,772	19,031	19,294
Insurance Expense (2)	Annual Incr =	6,019	6,019	6,019	6,019	6,019	6,019	6,019
CAM Expense (3)	Annual Incr =	37,410	37,504	37,598	37,692	37,786	37,880	37,975
Net CAM/Taxes Expenses		61,199	61,538	61,881	62,227	62,577	62,930	63,288
PV Total CAM/Taxes Years 18-50 at 7%	79,307							

Comments/Assumptions:

- (1) - The land Real Estate Taxes are estimated at the actual 2019 rate per square foot of \$0.80, with annual increases of 1.38% (average increase of the past 3 years).
- (2) - Insurance Expense is based upon the actual 2019 cost per square foot of \$0.45. This cost has remained consistent for several years so increases are not planned.
- (3) - CAM Expense is based upon the actual 2019 cost per square foot of \$2.55. Annual increases of .25% have been estimated to allow for snow removal fluctuations.

Gordon Byram Associates, LLC
Proposed Municipal Offices at Byram Plaza
Present Value of CAM and Taxes

Condo Unit		2064	2065	2066	2067	2068	2069
Unit Square Footage	12,800						
Sally Port Square Footage	576						
Total Square Footage	13,376						
Land Real Estate Tax Expense (1)	Annual Incr =	19,560	19,830	20,104	20,381	20,662	20,947
Insurance Expense (2)	Annual Incr =	6,019	6,019	6,019	6,019	6,019	6,019
CAM Expense (3)	Annual Incr =	38,070	38,165	38,260	38,356	38,452	38,548
Net CAM/Taxes Expenses		63,649	64,014	64,383	64,756	65,133	65,514
PV Total CAM/Taxes Years 18-50 at 7%	79,307						

Comments/Assumptions:

- (1) - The land Real Estate Taxes are estimated at the actual 2019 rate per square foot of \$0.80, with annual increases of 1.38% (average increase of the past 3 years).
- (2) - Insurance Expense is based upon the actual 2019 cost per square foot of \$0.45. This cost has remained consistent for several years so increases are not planned.
- (3) - CAM Expense is based upon the actual 2019 cost per square foot of \$2.55. Annual increases of .25% have been estimated to allow for snow removal fluctuations.