

City of Scottsbluff, Nebraska

Monday, July 15, 2019

Regular Meeting

Item Reports3

Council to consider and take action on the lease extension offer from American Tower Corporation for the cell phone tower located near the 23 Club.

Staff Contact: Nathan Johnson, City Manager



An Authorized Vendor of
American Tower
Corporation

Laurie Laney
5000 T-Rex Avenue, Ste. 160
Boca Raton, FL 33431

May 10, 2019

Nathan Johnson
City of Scottsbluff
2525 Circle Drive
Scottsbluff, NE 69361

Subject: ATC Site NE01-Hiram Scott, NE #421226

Dear Nathan,

Thank you for sharing the Board's concern over 25 years. ATC has agreed to drop it to 20 years and increased the signing bonus to \$40,000 and they are still agreeable to the revenue share. As you know, this industry continues to be very competitive with a lot of 3rd party companies offering perpetual easements, fee simple sale or Lease Buyouts. American Tower and Verizon would like to maintain their relationship with you and have similar programs that can be paid out in a lump sum or a deferred payment schedule where they pay a significant amount of interest should this become of interest to you.

Their primary objective however is to do whatever they can to further protect their sites, especially for single tenant sites, so another way to do this is to increase the Lease term on their sites. Here are the key reasons American Tower is looking for a Lease Extension now:

- 3rd party companies doing long term Lease Buyouts or Perpetual Easements on our sites threaten our security interest and on other structures, leaves us at a competitive disadvantage because we have significantly less term.
- The growing number of carrier consolidations in this industry is reducing the number of potential core customers for all sites and in some cases, leaving empty towers in their wake (note the recent merger announcement between T-Mobile and Sprint).
- Wireless carriers look for long term leases to mitigate their risk of having to relocate their equipment in the future (saving time and cost).

If all other things are equal with another tower, the site with the longer-term ground Lease would be a determining factor in their decision.

Here is ATC's final and best offer: **20-year Lease Extension Amendment from 2034-2054 (5-year renewal terms) and in exchange ATC will offer a one-time payment of \$40,000 the 3% rent escalation would continue through current and new renewal terms and ATC will allow the sublease approval language to remain due to the proximity to the International Guard for safety reasons and offer an additional \$200/mo incentive for each future sublease approved. It is ATC's understanding that there are no objections to the wireless providers.** This would amend the lease adding 4 more extension terms on the back-end of the current lease and all the other lease terms and conditions would remain the same going forward as they are currently drafted. This extension is sought so that ATC can assure their tenants continuing operation of their installations (concurrent with the land lease) should they wish to do so. *A Lease Extension will not prevent you from accepting a perpetual easement or Lease buyout in the future and multiple tenants can improve what is offered.*

Thank you for your time and consideration. I will follow up with you next week. In the meantime, if you have any questions please call me at the number below.

Sincerely,

Laurie Laney
Lease Consultant
Tower Alliance LLC/On behalf of American Tower
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