

Pulled

Replacement

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| Meeting Date |
| February 17, 2015 |



| AGENDA | |
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| Section | New Business |
| Item No. | VI E I |

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

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| SUBJECT: | Board direction re: Lease agreement between American Tower Corporation and Brevard County Board of County Commissioners for use of a portion of the property, 100' x 100', located at 4300 Turtle Mound Rd., Melbourne. |
| DEPT/OFFICE: | Emergency Management on behalf of Public Works |

Requested Action:
It is requested that the Board provide direction to Emergency Management and Public Works with regard to the lease agreement with American Tower Corporation.
It is further requested that the County Manager or designee be authorized to sign/execute any documents and renewals on behalf of the Board as may be required to execute/administer any new lease/license agreements and subsequent extensions, subject to approval by the County Attorney's Office.

Summary Explanation & Background:

HISTORY & CURRENT SITUATION: On April 17, 1996, Azan Temple Holding Corporation Inc. and OPM-USA-INC signed a 20-year lease agreement commencing on July 29, 1996, with the option to renew for two additional five-year terms, unless either of the parties give notice to the other in writing at least one year prior to the end of the lease term. On December 14, 2006, Brevard County received the property located at 4300 Turtle Mound Road, Melbourne, FL for the sum of \$10 under a warranty deed made by Azan Temple Holding Corporation, Inc. and therefore the executed lease agreement. The rental fee in the original agreement was \$6,000/year with a 4% escalation on each year's rental plus applicable taxes, which represents revenue to the County, by the end of the first 20-year term, of \$106,632. The current agreement will expire on July 29, 2016.

The existing 280 ft. guyed tower belongs to American Tower Corporation (which merged with OPM-USA-INC) and is primarily used as a commercial site accommodating four main cellular carriers: Sprint/Nextel, T-Mobile, Verizon, and MetroPCS.

The County has received a letter from The Lyle Company, an authorized partner of American Tower Corporation, requesting a lease extension of 20 years, offering a monthly increase of \$400 in rent and \$150 in revenue share per tenant per month, and \$10,000 signing bonus.

- The Board's options are as follows:
1. To notify American Tower Corporation of termination of the existing contract and require them to remove their personal property from the premises and restore it to its original condition and/or authorize the County Manager to negotiate the surrender of the premises.
 2. To notify American Tower Corporation of termination of the existing contract; giving them the option to enter in a new license agreement with Brevard County under different terms, including the option for the County to acquire ownership of the tower for a nominal fee at the end of first 10-year term or end of the license agreement. County staff proposes offering a 10-year license agreement, with the option to renew for two additional five-year terms, with the baseline annual fee initially established at \$22,000/year with a minimum 4% or the CPI-Urban increase for the Brevard area annually, whichever is the greater, and 20% revenue share per tenant per month with a minimum 4% or the CPI-Urban increase for the Brevard area annually, whichever is the greater.
 3. To accept ATC's current proposal of a monthly rent increase of \$400, and a revenue share of \$150/month per tenant, with a \$10,000 signing bonus for an extension of 20 years, bringing the lease expiration to 2046.

COST/BENEFIT ANALYSIS:
Fiscal impact:
Option 1: Cost of a new tower (estimated at \$200,000), which would be offset by license revenue in a two-year period, and revenue of \$2.4M by the end of the 20-year license agreements. Construction would necessitate a loan from the 800 MHz tower lease revenue fund.
Option 2: Revenue of \$1.2M by the end of the 20-year license agreement, assuming \$25,000 yearly payment/tenants.
Option 3: Revenue of \$ 370,000 by the end of the 20-year license agreement, including the \$10,000 signing bonus.

Clerk to the Board instruction: Send Clerk Memorandum to Emergency Management and Public Works along with one set of copies, please.

Exhibits Attached: The Lyle Company lease modification proposal, and revenue scenarios per Board options.

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|------------------------------------|-----------------------------|-----|--------------------------|----|--------------------------|----|--------------------------|
| Contract /Agreement (If attached): | Reviewed by County Attorney | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> | PR | <input type="checkbox"/> |
|------------------------------------|-----------------------------|-----|--------------------------|----|--------------------------|----|--------------------------|

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|------------------|--------------------------|--|
| County Manager | Assistant County Manager | Department Director |
| Stockton Whitten | Mel Scott | John P. Denninghoff Kimberly Prosser <i>Kimberly Prosser</i> |



L Y L E

The Lyle Company
3140 Gold Camp Dr., Suite 30
Rancho Cordova, CA 95670

An Authorized Partner of
American Tower Corporation



AMERICAN TOWER
CORPORATION

116 Huntington Avenue, 11th Floor
Boston, Massachusetts 02116

9/17/2014

Mr. John P. Denninghoff
Director - Brevard County Public Works Department
2725 Judge Fran Jamieson Way, A201
Viera, Florida 32940

RE: American Tower Site Number **2517**

Dear John,

American Tower is currently renting space for the use of wireless communications. The tower on your property has been escalated in order to complete a lease extension as soon as possible. American Tower values you as our landlord and would like to continue with our on-going, long-term relationship by extending the term of the lease.

Upon approval as a consideration for extending the current lease agreement, American Tower would like to offer you the following:

- ◆ Provide a **\$400** immediate rent increase per month, **\$150** revenue share per tenant per month and a **\$10,000** signing bonus for an extension of **20 years**, bringing your lease expiration to **2046**.

In order to extend the term of the lease beyond its current final expiration, it is necessary to amend the current Lease Agreement. Additional language to update the agreement will be added, pending review by American Tower legal department.

****** Please note**, this will not require any form of an easement, purchase or buy out. We are simply extending our existing relationship.

I look forward to discussing this proposal with you. It is important that I speak with you soon, as this offer is time sensitive. My office phone number is **(480) 621-8073**. On behalf of American Tower, thank you for your consideration.

Respectfully,

Mr. Roman Nelson
The LYLE Company, an Authorized Partner of American Tower Company
Office: **(480) 621-8073** (office)
ronelson@lyleco.com

"This offer is good for a limited time. This proposal is for discussion purposes only. The parties will not be bound in any respect until and unless a written agreement is signed by all parties"

Current Contract

Base Contract \$ 6,000

% Increase/Year 4

Option 1

Hypothetical Tenant's Payment/Year \$ 25,000

Tenants 4

| | |
|---------|-----------|
| Year 1 | \$ 6,000 |
| Year 2 | \$ 6,240 |
| Year 3 | \$ 6,490 |
| Year 4 | \$ 6,749 |
| Year 5 | \$ 7,019 |
| Year 6 | \$ 7,300 |
| Year 7 | \$ 7,592 |
| Year 8 | \$ 7,896 |
| Year 9 | \$ 8,211 |
| Year 10 | \$ 8,540 |
| Year 11 | \$ 8,881 |
| Year 12 | \$ 9,237 |
| Year 13 | \$ 9,606 |
| Year 14 | \$ 9,990 |
| Year 15 | \$ 10,390 |
| Year 16 | \$ 10,806 |
| Year 17 | \$ 11,238 |
| Year 18 | \$ 11,687 |
| Year 19 | \$ 12,155 |
| Year 20 | \$ 12,641 |

Total \$ 178,668

Accum County Total \$ 106,632

| | | |
|---------|------------|----------------|
| Year 1 | \$ 100,000 | Tower cost |
| Year 2 | \$ 103,000 | |
| Year 3 | \$ 106,090 | |
| Year 4 | \$ 109,273 | |
| Year 5 | \$ 112,551 | |
| Year 6 | \$ 115,927 | |
| Year 7 | \$ 119,405 | |
| Year 8 | \$ 122,987 | |
| Year 9 | \$ 126,677 | |
| Year 10 | \$ 130,477 | |
| Year 11 | \$ 134,392 | |
| Year 12 | \$ 138,423 | County Revenue |
| Year 13 | \$ 142,576 | |
| Year 14 | \$ 146,853 | |
| Year 15 | \$ 151,259 | |
| Year 16 | \$ 155,797 | |
| Year 17 | \$ 160,471 | |
| Year 18 | \$ 165,285 | |
| Year 19 | \$ 170,243 | |
| Year 20 | \$ 175,351 | |

Total Rev. \$ 2,484,041

Accum Total \$ 2,687,037

Option 2

| | | | |
|------------------|--------|------------------------------------|-----------|
| Base Contract \$ | 22,000 | Revenue Share/% Tenant/Year | 20% |
| % Increase/Year | 4% | % Increase/Year | 4% |
| | | Tenants | 4 |
| | | Hypothetical Tenant's Payment/Year | \$ 25,000 |
| | | Initial Share/Tenant/Year | 5,000 |

| | | |
|--------------------|---------------------|---------------------|
| Year 1 | \$ 22,000 | \$ 20,000 |
| Year 2 | \$ 22,880 | \$ 20,800 |
| Year 3 | \$ 23,795 | \$ 21,632 |
| Year 4 | \$ 24,747 | \$ 22,497 |
| Year 5 | \$ 25,737 | \$ 23,397 |
| Year 6 | \$ 26,766 | \$ 24,333 |
| Year 7 | \$ 27,837 | \$ 25,306 |
| Year 8 | \$ 28,950 | \$ 26,319 |
| Year 9 | \$ 30,109 | \$ 27,371 |
| Year 10 | \$ 31,313 | \$ 28,466 |
| Year 11 | \$ 32,565 | \$ 29,605 |
| Year 12 | \$ 33,868 | \$ 30,789 |
| Year 13 | \$ 35,223 | \$ 32,021 |
| Year 14 | \$ 36,632 | \$ 33,301 |
| Year 15 | \$ 38,097 | \$ 34,634 |
| Year 16 | \$ 39,621 | \$ 36,019 |
| Year 17 | \$ 41,206 | \$ 37,460 |
| Year 18 | \$ 42,854 | \$ 38,958 |
| Year 19 | \$ 44,568 | \$ 40,516 |
| Year 20 | \$ 46,351 | \$ 42,137 |
| Sub-Total | \$ 655,118 | \$ 595,562 |
| Accum Total | \$ 1,250,679 | \$ 1,250,679 |

Option 3

| | | | |
|-------------------|-----------|----------------------------|--------|
| Base Contract \$ | 6,000 | Revenue Share/Tenant/Month | \$ 150 |
| % Increase/Year | 0% | Tenants | 4 |
| \$ Increase/Month | \$ 400 | | |
| Signing Bonus | \$ 10,000 | | |

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|--------------------|-------------------|-------------------|-------------------|
| | | License | Rev. Share |
| Year 1 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 2 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 3 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 4 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 5 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 6 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 7 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 8 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 9 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 10 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 11 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 12 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 13 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 14 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 15 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 16 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 17 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 18 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 19 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Year 20 | \$ 10,800 | \$ 10,800 | \$ 7,200 |
| Sub-Total | \$ 226,000 | \$ 226,000 | \$ 144,000 |
| Accum Total | \$ 370,000 | \$ 370,000 | \$ 370,000 |