

COUNCIL DECISION REQUEST

SUBJECT: Crown Castle Communications Tower Lease Extension

MEETING DATE: October 20, 2011

PAYSON GOAL: NEW: EXISTING: X

ITEM NO.:

TENTATIVE SCHEDULE:

SUBMITTED BY: Buzz Walker



AMOUNT BUDGETED: \$-0-

SUBMITTAL TO AGENDA

APPROVED BY TOWN MANAGER

EXPENDITURE REQUIRED: \$-0-



CONT. FUNDING REQUIRED: \$-0-

EXHIBITS (If Applicable, To Be Attached): Two letter agreements for Hillcrest Tank and Airport Tank sites communication towers.

POSSIBLE MOTION: I MOVE TO AUTHORIZE THE MAYOR TO SIGN ALL DOCUMENTS NECESSARY TO EXTEND LEASE AGREEMENTS WITH CROWN ATLANTIC COMPANY LLC FOR COMMUNICATION TOWERS LOCATED AT 902 N. HILLCREST DRIVE AND 1100 N. FALCONCREST DRIVE UNTIL JULY 9, 2045 AND TO ALLOCATE ALL COSTS OR PROCEEDS FROM THIS ACTION TO THE WATER ENTERPRISE FUND.

SUMMARY OF THE BASIS FOR POSSIBLE MOTION:

Crown Castle Company, successor to Crown Atlantic Company LLC owns and operates a monopole communications tower at two Payson Water Department water storage tank sites. Crown Castle leases space on the towers to communications companies such as Sprint, T-Mobile, Nextel, Airband Communications and American Messaging Services. The Town receives approximately \$27,000.00 per year from these leases. Crown Castle and the aforementioned lessees must make periodic improvements to the towers and communication equipment. In order to borrow capital for the improvements the lease must be of sufficient length to ensure that the improvements will be in place long enough to generate income for the lessee pay for the cost of the improvements. Our agreement with Crown Castle does not prevent the Town from leasing space elsewhere on the tank sites to other interests. Indeed, we have been doing so for years to generate additional income.

PROS: Allows for a more predictable income stream over additional years from an existing revenue source. Allows for the Town to avoid expenses necessary with maintaining existing communication towers. Allows for the professional management of existing communication towers.

CONS: N/A

PUBLIC INPUT (if any): Previous Town Council action on developing and extending the original leases.

BOARD/COMMITTEE/COMMISSION ACTIONS/RECOMMENDATIONS (if any) (give dates and attach minutes): N/A

OCT 20 2011 11:30*

COUNCIL DECISION REQUEST

FUNDING:

Acct:	Budget:	Available:	Expense:	Remaining:
Acct:	Budget:	Available:	Expense:	Remaining:
Acct:	Budget:	Available:	Expense:	Remaining:

3A: _____ Date: _____



301 North Cattlemen Road
Suite 200
Sarasota, FL 34232

Tel: (941) 308-5262
Fax: (724) 416-6447
www.crowncastle.com

September 9, 2011

Town of Payson
Attn: Debra Galbraith, Town Manager
303 N. Beeline Highway
Payson, AZ 85541
(928) 474-5242 Ext.262
(928) 474-4610 fax
dgalbraith@ci.payson.az.us

RE: Business Unit #807390
Site Name: PAYSON I A03062008
Address: 902 N HILLCREST DR, PAYSON, AZ 85541-3316

Dear Ms. Galbraith:

This letter agreement (“**Letter Agreement**”) sets forth the agreement that is to be memorialized between Crown Atlantic Company LLC, a Delaware limited liability company (“**Lessee**”), and Town of Payson, an Arizona municipal corporation (“**Lessor**”), to modify the length of the term in the lease agreement between the Lessor and Lessee dated July 10, 2000, as may be amended (the “**Lease**”) for property located in Payson, Gila County, Arizona, identified as a portion of Tax Map Parcel No. **302-75-259** (the “**Leased Premises**”).

For and in consideration of Fifty Dollars (\$50.00) to be paid by Lessee to Lessor within 30 days after full execution of this Letter Agreement, the parties agree as follows:

1. Lessor and Lessee will enter into an amendment to the Lease (“**Lease Amendment**”) wherein the term of the Lease will be modified. The Lease currently provides in section 2 that one (1) five-year “**Renewal Term**” remains. That Lease section will be amended to provide five (5) additional five-year Renewal Terms, or a total of six (6) remaining Renewal Terms with a final expiration date of July 9, 2045.
2. Upon receipt of this Letter Agreement evidencing Lessor’s acceptance of the terms herein, Lessee shall submit this Letter Agreement to its property committee. If the Letter Agreement is approved by the property committee, Lessee shall prepare a Lease Amendment that incorporates the terms and conditions described in this Letter Agreement. In connection therewith, the parties acknowledge and agree that this Letter Agreement is intended to summarize the terms and conditions to be included in the Lease Amendment. Upon receipt of the Lease Amendment, Lessor hereby agrees to execute the Lease Amendment without any unreasonable delay.
3. Irrespective of whether the transaction contemplated by this Letter Agreement is consummated, Lessor and Lessee each will pay its own out-of-pocket expenses.
4. Notwithstanding anything to the contrary contained herein, Lessee has the complete right to terminate this Letter Agreement for any or no reason at any time prior to full execution of the Lease Amendment, without damages.

5. Lessor represents and warrants that Lessor is duly authorized and has the full power, right and authority to enter into this Letter Agreement and to perform all of its obligations under this Letter Agreement and to execute and deliver all documents, including but not limited to the Lease Amendment, required by this Letter Agreement. From the date of this Letter Agreement through the date that Lessor executes the Lease Amendment, Lessor shall use its best efforts to ensure that the foregoing representations and warranties shall remain true and correct and Lessor shall promptly notify Lessee if any representation or warranty is or possibly may not be true or correct. Lessor's representations, warranties and covenants shall survive following the full execution of the Lease Amendment.

If this Letter Agreement accurately sets forth our understanding regarding the foregoing, please so indicate by signing and returning to the undersigned the enclosed copy of this letter.

LESSOR:

**Town of Payson,
an Arizona municipal corporation**

Signature: _____

Name: _____

Title: _____

Date: _____

LESSEE:

**Crown Atlantic Company LLC,
a Delaware limited liability company**

Signature: _____

Name: Scott Tonnesen

Title: Land Acquisition Manager

Date: _____



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Payson, AZ 85541
(928) 474-5242 Ext.262
(928) 474-4610 fax
dgalbraith@ci.payson.az.us

RE: Business Unit #802488
Site Name: AZ PAYSON AIRPORT CAC
Address: 800 W AIRPORT RD, PAYSON, AZ 85541-3649

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This letter agreement ("**Letter Agreement**") sets forth the agreement that is to be memorialized between Crown Atlantic Company LLC, a Delaware limited liability company ("**Lessee**"), and Town of Payson, an Arizona municipal corporation ("**Lessor**"), to modify the length of the term in the lease agreement between the Lessor and Lessee dated July 10, 2000, as may be amended (the "**Lease**") for property located in Payson, Gila County, Arizona, identified as a portion of Tax Map Parcel No. **302-39-005** (the "**Leased Premises**").

For and in consideration of Fifty Dollars (\$50.00) to be paid by Lessee to Lessor within 30 days after full execution of this Letter Agreement, the parties agree as follows:

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If this Letter Agreement accurately sets forth our understanding regarding the foregoing, please so indicate by signing and returning to the undersigned the enclosed copy of this letter.

LESSOR:
Town of Payson,
an Arizona municipal corporation

Signature: _____
Name: _____
Title: _____
Date: _____

LESSEE:
Crown Atlantic Company LLC,
a Delaware limited liability company

Signature: _____
Name: Scott Tonnesen
Title: Land Acquisition Manager
Date: _____