

**CITY OF FERNDALE
REQUEST FOR COUNCIL ACTION**

FROM: Robert J. Bruner, Jr., City Manager

SUBJECT: AT&T Lease Optimization Program

SUMMARY & BACKGROUND:

Cingular Wireless (an indirectly wholly-owned entity of AT&T Inc. (hereinafter "AT&T")) is actively reviewing its portfolio of sites to determine ways to make its network more efficient and economical. Several factors will go into this review including coverage objectives, changes in technology and system design, and the cost of operating the site (i.e., rent, taxes, and utilities). As a part of this review, AT&T has initiated a Lease Optimization Program that offers landlords like the City the opportunity to secure our cell site rent income. AT&T has proposed the attached Lease Extension that guarantees 36 months' rent in exchange for a small (less than two percent) annual rent reduction.

ATTACHMENTS: Lease Extension Term Sheet (11/17/2008)

COUNCIL AGENDA DATE: December 8, 2008

CITY ATTORNEY REVIEW: P. Daniel Christ, 11/17/2008

FINANCE DIRECTOR REVIEW: N/A

RECOMMENDED ACTION:

Moved by _____, seconded by _____, to approve the AT&T Lease Extension and authorize the Mayor and City Clerk to sign it.

LEASE EXTENSION TERM SHEET

To: Robert Bruner
From: Joseph Winkler, Lease Consultant
Subject: WS-20951
Date: November 17, 2008

At the terms and conditions set-forth herewith, Cingular Wireless would consider extending its wireless communications facility lease agreement for the site located at REAR OF 22917 WOODWARD AVE, Ferndale, Michigan 48220. This proposal will expire at the close of business 10 days from the date of this letter..

Current Lease Term(s)

A.	Current Base Rent	\$29,700.00
B.	Current Rent Frequency	Annually
C.	Current Escalation	10.00%
D.	Current Escalation Frequency	Term

New Term

A.	New Initial Term (mo)	60
B.	Number of Renewal Terms	5
C.	Additional Term Length (mo)	60

New Rent

A.	New Base Rent	\$24,000.00
B.	New Rent Frequency	Annually
C.	New Escalations	10.00%
D.	New Escalation Frequency	Term

New Termination & Guarantee

A.	New Termination Notice (days)	365
B.	Abatement Period (mo)	0
C.	Rent Guarantee Period (mo)	36

Other

- A. Please verify or write in the correct legal ownership for this Site. Is this correct? Yes / No
City of Ferndale, a Michigan municipal corporation

- B. Please verify or write in the correct physical address for this Site. Is this correct? Yes / No
REAR OF 22917 WOODWARD AVE, Ferndale, Michigan 48220

- C. Please verify or write in the correct address for notice and correspondence. Is this correct? Yes / No
300 E Nine Mile Road, Ferndale, Michigan 48220

- D. Effective date of New Amendment February 1, 2009

Landlord Initial: _____

Tenant Initial: _____

**This proposal is not a binding commitment and is subject to review and approval of documentation by all parties and will expire at the close of business 5 days from the date of this letter. Participation in this program is not required and Cingular will continue to abide by the terms of your original Lease Agreement, including exercising termination rights where they exist.

Robert Bruner

From: Christ, P. Daniel [dchrist@hshcdlaw.com]
Sent: Monday, November 17, 2008 2:03 PM
To: Bruner, Robert
Subject: RE: AT&T revised terms

Bob: It looks like Black Dot's proposal is for the City agree to \$5,700 reduction (just over 19%) over amended initial term and renewal terms (up to 30 years) for an agreement that AT&T will guarantee rent payments for the next 36 months. The \$5,700 savings for 30 years is total of \$171,000 savings to AT&T. The purported benefit to City of proposed renegotiation is rent guarantee of \$75,000 (\$25,000 for next three years). I do not know what AT&T's cost would be to remove the tower if it decided to terminate, but it seems very unlikely that it would elect to terminate and pay costs for tower removal given that it has a co-located party (T-Mobile) that is subsidizing its cost in the amount of \$14,400 per year.

I think there is enough information to forward to provide information to Council for its input. I still think the concept of a rolling rent guarantee for a longer period (i.e. initial term and maybe first renewal term) would be a fairer proposal. However, that is a business rather than a legal decision. Let me know if you would like to discuss this matter further. Dan

From: Bruner, Robert [mailto:rbruner@ferndale-mi.com]
Sent: Monday, November 17, 2008 1:14 PM
To: Christ, P. Daniel
Subject: FW: AT&T revised terms

From: Joseph Winkler [mailto:jwinkler@blackdotwireless.com]
Sent: Monday, November 17, 2008 11:30 AM
To: rbruner@ferndale-mi.com
Subject: at&t revised terms

Robert,
Attached are the revised terms we discussed. If these are acceptable please initial the right hand corner then I will attempt to gain final approval on my end.

Thank you,
Joseph J. Winkler
Lease Consultant

Black Dot Wireless, LLC

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Irvine, California 92602
Office 949-502-3867
Fax 949-502-3967

E-Mail: jwinkler@blackdotwireless.com
<http://www.blackdotwireless.com>

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<mailto:info@blackdotwireless.com>

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