

## SUBJECT

### DISCUSSION ITEM

Evaluation of a term sheet proposal from Md7, LLC as representatives of Verizon Wireless which leases space on the Board's Sterling and Highland 3 water towers.

## BACKGROUND INFORMATION

According to a term sheet provided by Md7, LLC, Verizon Wireless is re-evaluating its network to determine which communications facilities will remain active in its network. It is claimed that in order to meet current business requirements, modifications to their current leases at Sterling and Highland No. 3 water towers are needed.

In exchange for an additional 25 years of automatic extensions to their current leases at Sterling and Highland 3 water towers, Verizon Wireless proposes the following:

- New rent amount of \$3,500 per month (\$42,000 annually) beginning December 1, 2019
  - 2020 rent at Sterling is currently scheduled to be \$55,881.65
  - 2020 rent at Highland No. 3 is currently scheduled to be \$57,432.19
- New escalator of 10% every 5 years
  - Both locations currently have a 3% annual escalator
- Any replacement of equipment considered to have a similar technological purpose or use and that fits within the leased premises will no longer require the Board's consent
  - Both locations currently require consent prior to replacement
- The Board cannot increase the rent due to the installation of additional equipment within the leased premises
  - It has been the practice of the Board to increase rent when significant additional equipment is installed

See attached Term Sheets dated September 4, 2019

## RECOMMENDATION