NORTHLAND SECURITIES

MEMORANDUM

To:	Elizabeth Mursko
From:	Tammy Omdal/Peter Meidal
Date:	October 3, 2022
Re:	Lease Buyout Option Analysis

The City of Columbus (the "City") asked Northland for assistance in analyzing four lease buyout options presented by Tower Alliance LLC, an authorized vendor of American Towers LLC. American Towers informed the City that the current rent payment structure as defined in the original lease is high and requested the following lease buyout options:

1. Option 1 - $350,000 lump sum payment in lieu of rent for a perpetual easement or $340,000 for a 60-year term easement.
2. Option 2 – Monthly payment of $3,531.81 for 10 years
3. Option 3 – Monthly payment of $3,328.75 for 10 Years. At the end of the installment term, the City would receive a $30,000 lump sum payment.
4. Option 4 – Monthly payment of $3,229.08 for 10 years. The City would receive $30,000 at the beginning of the installment term.

Analysis

Northland compared the net present value of the four buyout option cash flows with the remaining lease payment cash flows, see Exhibit A. The current lease payments are cash flowed through the end of term 5 as defined in the original lease and cash flowed with the optional renewal terms through 2054. The net present value is the result of calculations used to find the current value of a future stream of payments. The highest net present value shown is assuming the City continues to receive lease payments through 2054. This option, however, holds significant risk. Because the cell tower is small with one tenant and the current lease rental payment structure is high, termination risk or non-renewal in 2034 is significant.

Recommendation

It's Northland's recommendation that the City negotiate a lump sum payment of $371,000 instead of $350,000. A $371,000 lump sum payment will increase the net present value to be more in line with the installment payment buyout offers of approximately $360,000. Taking the lump sum payment offer also allows the City the option to invest the total proceeds immediately.

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Member FINRA and SIPC

Exhibit A

	Yr	Current Lease Payment w/ Optional Renewals	Current Through End Term 5	Option 1 - $350,000 Lump Sum Payment	Option 2 - $3,531.81 per month	Option 3 - $3,328.75 per month/ $30,000 in Yr 10	Option 4 - $3,229.08 per month/ $30,000 in Yr 1
2023	**1**	20,839	20,839	350,000	42,382	39,945	68,749
2024	**2**	21,464	21,464		42,382	39,945	38,749
2025	**3**	22,108	22,108		42,382	39,945	38,749
2026	**4**	22,771	22,771		42,382	39,945	38,749
2027	**5**	23,454	23,454		42,382	39,945	38,749
2028	**6**	24,158	24,158		42,382	39,945	38,749
2029	**7**	24,883	24,883		42,382	39,945	38,749
2030	**8**	25,629	25,629		42,382	39,945	38,749
2031	**9**	26,398	26,398		42,382	39,945	38,749
2032	**10**	27,190	27,190		42,382	69,945	38,749
2033	**11**	28,006	28,006				
2034	**12**	28,846	28,846				
2035	**13**	29,711					
2036	**14**	30,603					
2037	**15**	31,521					
2038	**16**	32,466					
2039	**17**	33,440					
2040	**18**	34,444					
2041	**19**	35,477					
2042	**20**	36,541					
2043	**21**	37,637					
2044	**22**	38,767					
2045	**23**	39,930					
2046	**24**	41,127					
2047	**25**	42,361					
2048	**26**	43,632					
2049	**27**	44,941					
2050	**28**	46,289					
2051	**29**	47,678					
2052	**30**	49,108					
2053	**31**	50,582					
2054	**32**	52,099					
	Total:	**1,094,101**	**295,747**	**350,000**	**423,817**	**429,450**	**417,490**
	NPV @ 3%	**647,423**	**242,784**	**339,806**	**361,525**	**363,062**	**359,663**

Recommend Option 1 for $371,000 NPV @ 3% = $360,194.17

Elizabeth Mursko

From: David Albergo <dalbergo@towerallicellc.com>
Sent: Wednesday, January 18, 2023 10:37 AM
To: Elizabeth Mursko
Subject: RE: Tower 273485

Good Morning Elizabeth,
How are you? I hope your week is going well. Below are 4 separate lease buyout options for the cell tower. As you had mentioned you might be interested more in an installment option vs a one time payment option. Giving you some time to review the offers below, I will follow up with you in two weeks. If you happen to have any questions prior to, please let me know and we can discuss.

Have a great rest of your day!

Lease buyout offer.
Option 1
$350,000 Lump Sum in lieu of rent for a perpetual easement or $340,000 for a 60 year term easement (rather than in perpetuity).

Option 2
$3,531.81 per month for the next 120 months ($423,816.86 total payout)

Option 3
$3,328.75 per month for the next 120 months. At the end of the 120 months you would receive a $30,000 lump sum payment ($429,449.83 total payout)

Option 4
$3,229.08 per month for the next 120 months. At the time of closing, which is usually 3 months after we agree to the price, American Tower will issue you a lump sum payment of $30,000. ($417,489.70 total payout)

David Albergo
Senior Lease Consultant
Tower Alliance LLC, an authorized vendor of American Towers LLC and its subsidiaries and affiliates
1200 North Federal Highway, Suite 325
Boca Raton, FL 33432
561-705-1322 – Office
954-895-9953– Mobile
(866) 236-1216 – Fax

From: David Albergo
Sent: Wednesday, November 9, 2022 9:35 AM
To: 'cityadministrator@ci.columbus.mn.us' <cityadministrator@ci.columbus.mn.us>
Subject: RE: Tower 273485

Good Morning Elizabeth,
How are you? I hope your week is going well. Below are 4 separate lease buyout options for the cell tower. As you had mentioned you might be interested more in an installment option vs a one time payment option. Giving you some time to review the offers below, I will follow up with you in two weeks. If you happen to have any questions prior to, please let me know and we can discuss.

Have a great rest of your day!

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TOWER ALLIANCE®

Purchaser and Seller. Until written instruments documenting a final agreement are completed and signed, no party shall be bound and all parties are free to change or withdraw any of the terms described in this e-mail or attachments, in their sole discretion.

From: David Albergo
Sent: Thursday, August 18, 2022 11:45 AM
To: 'cityadministrator@ci.columbus.mn.us' <cityadministrator@ci.columbus.mn.us>
Subject: RE: Tower 273485

Good Morning Elizabeth,
How are you? I hope your week is going well. Below are 4 separate lease buyout options for the cell tower. As you had mentioned you might be interested more in an installment option vs a one time payment option. Giving you some time to review the offers below, I will follow up with you in two weeks. If you happen to have any questions prior to, please let me know and we can discuss.

Have a great rest of your day!

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TOWER ALLIANCE®

From: David Albergo
Sent: Thursday, August 4, 2022 10:05 AM
To: cityadministrator@ci.columbus.mn.us
Subject: RE: Tower 273485

Good Morning Elizabeth,
How are you? Thank you so much for taking the time to speak with me this week. Below are 4 separate lease buyout options for the cell tower. As you had mentioned you might be interested more in an installment option vs a one time payment option. Giving you some time to review the offers below, I will follow up with you in two weeks. If you happen to have any questions prior to, please let me know and we can discuss.

Have a great rest of your day!

Lease buyout offer.
Option 1
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Best regards,

David Albergo
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TOWER ALLIANCE®

From: David Albergo
Sent: Tuesday, August 2, 2022 9:27 AM
To: cityadministrator@ci.columbus.mn.us
Subject: Tower 273485

Good Morning Elizabeth,
How are you? I am emailing you regarding a letter sent from American Tower to you dated July 5th. I have attached it for your convenience. Please provide me a 15-20 minutes to review it with you and answer any questions you have. I look forward to hearing from you. Have a great day!

Best regards,

David Albergo
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