

Municipal Tower Management

Prepared by Hoplite Communications LLC for LexVid CLE

Syllabus

Fleeting Opportunity

- 2025-2030

Cell Tower Management Basics

- If a town decides to assume tower ownership

Legal Considerations

- Request for Proposals (RFP) issuance
- Insurance thresholds and types
- Tenant disputes
- Liability considerations – tower, compound, easements

Additional Considerations

- Tower management portal
- Emerging technologies

Takeaways

- Parting thoughts and course of action


A Fleeting Opportunity Rooted in Contract Construction

The Opportunity

Fleeting Opportunity for Local Government

- Not a random moment
- But, rather, a fleeting opportunity rooted in contract construction
- A material inducement for landlords to sign in the late 1990s, early 2000s
- That is, the Surrender Provision
- Many prime leases will expire over the next 5-10 years
  - Since 1995-2006 was the early stage prime lease craze...at the dawn of mobile phone explosion

Legal, regulatory and fiduciary considerations

- Same applies to state and county governments, as well as water and housing authorities

Major Public Revenue Opportunity: Over $500 million over next 20 years

In summary, suffice to say:

- 142,000 cell sites in the US
- 19,400 municipalities
- Most of these towns have cell towers on public lands
- Many of these municipal tower leases were signed in the late 1990s to early 2000s

Timing is Now: Expiring Prime Leases

1995-2006, as mentioned

- Large % of towers on public land were installed between 1995-2006

Typical 25 year total lease term

- 1 initial 5 year term plus 4 renewal terms of 5 years apiece

Result: Lots of expiring prime leases between 2025-2030

- Many contained provisions whereby municipality assumes tower ownership upon expiration of all terms
- Tenants will want to continue status quo and not move

Opportunities still abound

- Though the window is temporal and closing
- Increased tower revenue can result in lower property taxes



Total Municipal Revenue Projection
Over the Next 20 Years
From Exercising Tower Ownership Contract Provisions:

$532,875,000

Revenue Projections Breakdown

Exact Figures Not Available. Here are some conservative estimates:

- 25% of all cell towers built between 1995-2006
- 20% of towers are on public land
- 2.5 tenants per tower

Tower Companies

- Pay roughly 25% of total revenue to prime landlord
- 75% of revenue retained to make a viable business model
- $2000 average carrier rent across the US.
- Large variation between urban and rural areas

Additional Numbers

- Major cities can have as many as 25-50 cell sites on public land.
- Smaller towns often have a tower on the municipal complex.
- Counties and states often have cell sites along public roads

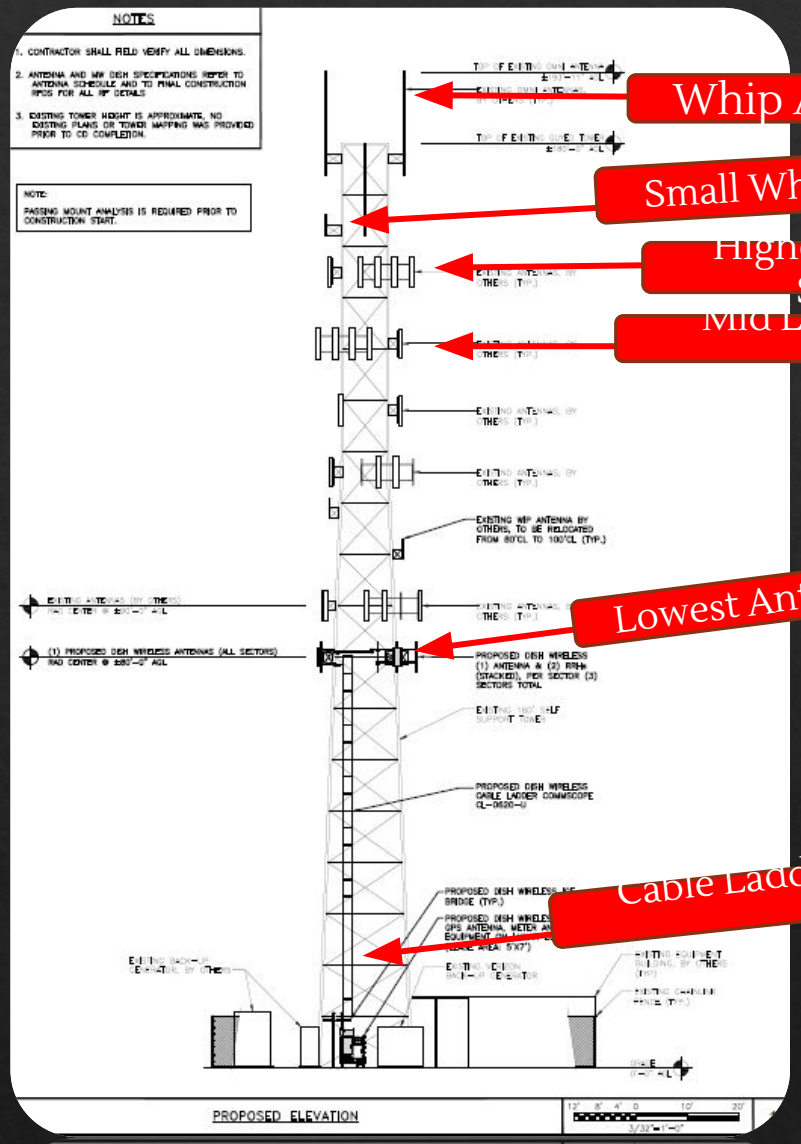
Projection: $532,875,000 by taking over tower ownership

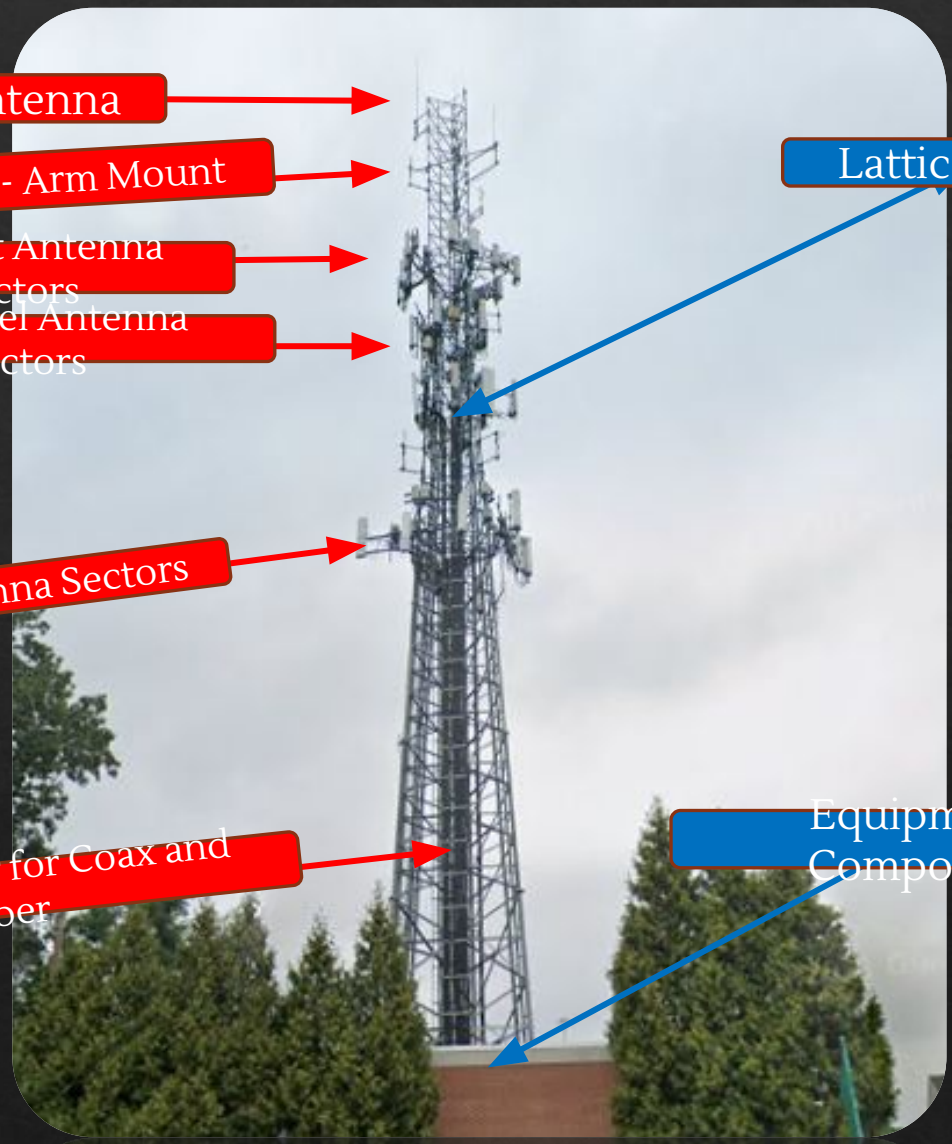
- Over the next 20 years
- Just for municipalities.
- Additional opportunities for state, county and quasi-governmental entities



Tower Management Primer

Cell Tower Basics – Physical Configuration





Whip Antenna

Small Whip- Arm Mount

Highest Antenna Sectors

Mid Level Antenna Sectors

Lowest Antenna Sectors

Cable Ladder for Coax and Fiber

Lattice Tower

Equipment Compound

Cell Tower Basics – Landlords, Tower Managers, Tenants

Different types of relationships between property owners, tower managers and tenants:

- Site Types : Municipal complex, water tanks, parklands, high school grounds,
- Landowner Types : Municipal, county, state, DPW, board of education, fire district, private landowner
- Tower Managers : Can own tower or manage tower on landlord's behalf
- Lease Types : Prime lease, ground lease, tower lease
- Relationships : Tower managers, separate ground and tower leases

Wireless Tower Business and the Management Model

Overview of the Wireless Tower Business

Wireless tower companies like Crown Castle, American Tower Corporation (ATC), and SBA Communications own, operate, and lease space on telecommunications towers to wireless carriers and other entities. Their business is built on leasing vertical real estate to multiple tenants, such as Verizon, AT&T, and T-Mobile, enabling them to deploy network infrastructure without owning the towers themselves.

This business model emerged as carriers began selling off their tower assets to focus on spectrum and network operations, allowing independent tower companies to dominate the market.

Wireless Tower Business and the Management Model

Business Model of Tower Management Companies

The business model of wireless tower companies is based on long-term, recurring revenue from multiple tenants on each tower. Here's how it works:

A. Build, Own, and Lease (BOL) Model

1. **Ownership & Development** :
    1. Companies build, acquire, or lease towers from municipalities or private landowners.
    2. They negotiate ground leases (usually 20-30 years) or buy land outright.
2. **Leasing Tower Space to Tenants** :
    1. Wireless carriers pay monthly rent per antenna position on the tower.
    2. Typical lease terms range from 10 to 25 years, with escalation clauses (e.g., a 3% annual increase).
    3. Some leases include revenue-sharing agreements with landowners.

Wireless Tower Business and the Management Model

- **Co-Location Strategy** (Maximizing Tower Tenants):
- The key to profitability is hosting multiple tenants per tower.
- Cost per new tenant is minimal since the tower and infrastructure are already in place.
- Towers typically accommodate 3-5 tenants, but some high-demand locations may have more.
- **Ground Lease Agreements**:
- If the tower company does not own the land, it pays a ground lease fee to the property owner.
- Some companies offer lump-sum buyouts to landowners to reduce long-term costs.

Wireless Tower Business and the Management Model

Revenue Streams

Wireless tower companies make money through the following streams:

1. **Tenant Leases** (Core Business)
    1. Wireless carriers (AT&T, Verizon, T-Mobile)
    2. Public safety networks (police, fire, emergency services)
    3. Government & defense agencies
    4. Internet Service Providers (ISPs)
    5. Fixed wireless providers & private networks (e.g., energy sector, utilities)
2. **Fiber & Small Cell Infrastructure** (Expanding Business)
    1. Crown Castle focuses on fiber and, up until recently, small cells to support 5G networks in urban areas.
    2. ATC and SBA have invested in international expansion and edge data centers.

Wireless Tower Business and the Management Model

Tower Acquisitions & Buyouts

1. They buy existing towers from carriers or smaller companies to expand their portfolio.
2. Recent deals include ATC purchasing towers from Telefónica in Europe.

Wireless Tower Business and the Management Model

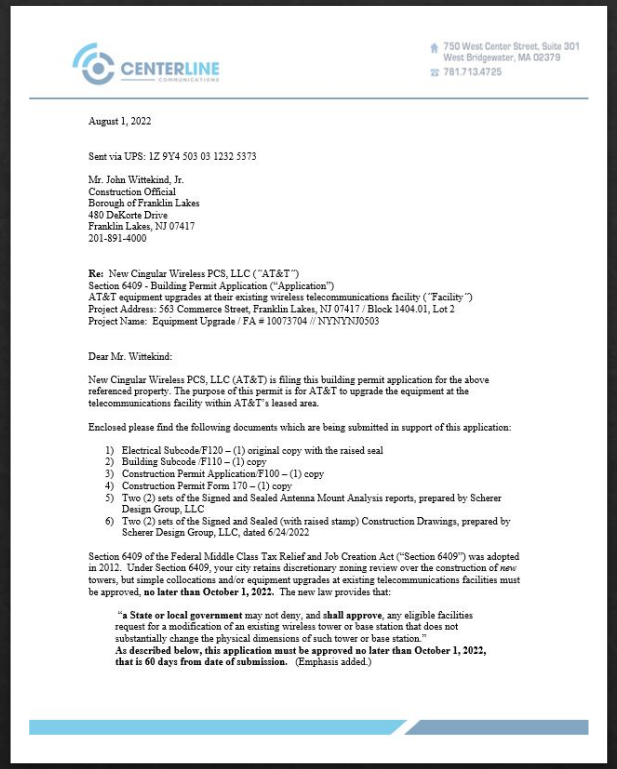
Financial Model & Profitability

- **High Initial Cost, High Margins** :
  - Towers can cost **$250,000 to $300,000** to build.
  - Once multiple tenants are on a tower, margins exceed 80%.
- **Scalability** :
  - Adding a second tenant nearly doubles revenue with only a 10-15% increase in operating costs.
  - By the third tenant, margins exceed 90%.

Wireless Tower Business and the Management Model

Contractual Recurring Revenue:
-Lease terms (10-25 years) provide stable, long-term cash flow.
-Annual rent escalations (2-5%) ensure predictable revenue growth.
Landowner Considerations:
-Some landowners demand higher rent or revenue sharing.
-Tower companies often buy land leases outright to reduce overhead.

Typical Documents Associated With a Cell Tower



CENTERLINE COMMUNICATIONS

750 West Center Street, Suite 301
West Bridgewater, MA 02379
781.713.4725

August 1, 2022

Sent via UPS: 1Z 9Y4 503 03 1232 5373

Mr. John Wittekind, Jr.
Construction Official
Borough of Franklin Lakes
480 DeKorte Drive
Franklin Lakes, NJ 07417
201-891-4000

Re: New Cingular Wireless PCS, LLC ("AT&T")
Section 6409 - Building Permit Application ("Application")
AT&T equipment upgrades at their existing wireless telecommunications facility ("Facility")
Project Address: 563 Commerce Street, Franklin Lakes, NJ 07417 / Block 1404.01, Lot 2
Project Name: Equipment Upgrade / FA # 10073704 // NYNYNJ0503

Dear Mr. Wittekind:

New Cingular Wireless PCS, LLC (AT&T) is filing this building permit application for the above referenced property. The purpose of this permit is for AT&T to upgrade the equipment at the telecommunications facility within AT&T's leased area.

Enclosed please find the following documents which are being submitted in support of this application:

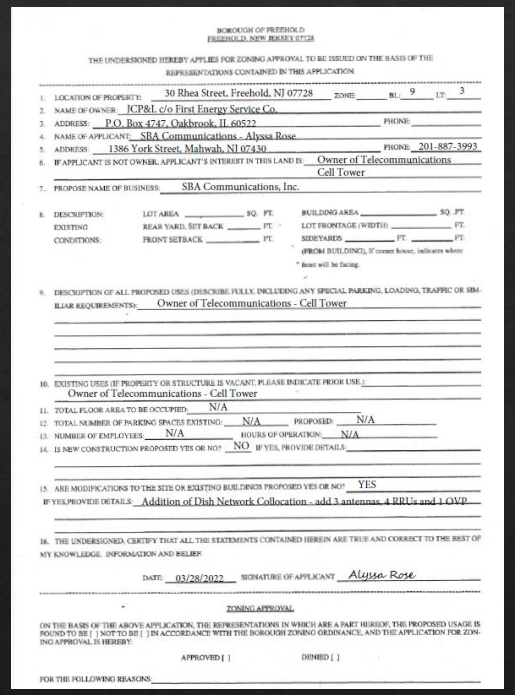
1) Electrical Subcode/F120 – (1) original copy with the raised seal
2) Building Subcode /F110 – (1) copy
3) Construction Permit Application/F100 – (1) copy
4) Construction Permit Form 170 – (1) copy
5) Two (2) sets of the Signed and Sealed Antenna Mount Analysis reports, prepared by Scherer Design Group, LLC
6) Two (2) sets of the Signed and Sealed (with raised stamp) Construction Drawings, prepared by Scherer Design Group, LLC, dated 6/24/2022

Section 6409 of the Federal Middle Class Tax Relief and Job Creation Act ("Section 6409") was adopted in 2012. Under Section 6409, your city retains discretionary zoning review over the construction of *new* towers, but simple collocations and/or equipment upgrades at existing telecommunications facilities must be approved, **no later than October 1, 2022.** The new law provides that:

> "**a State or local government** may not deny, and **shall approve**, any eligible facilities request for a modification of an existing wireless tower or base station that does not substantially change the physical dimensions of such tower or base station."
> **As described below, this application must be approved no later than October 1, 2022, that is 60 days from date of submission.** (Emphasis added.)

6409(a) EFR Cover Letter

- Demands that an upgrade be approved by zoning office
- Cites Federal laws and regulations:
- 47 U.S.C. 1455 (Spectrum Act)
- 47 C.F.R. 1.6100 (EFR Standards)
- FCC Rulings (2014, 2020)



BOROUGH OF FREEHOLD
FREEHOLD, NEW JERSEY 07728

THE UNDERSIGNED HEREBY APPLIES FOR ZONING APPROVAL TO BE ISSUED ON THE BASIS OF THE REPRESENTATIONS CONTAINED IN THIS APPLICATION.

1. LOCATION OF PROPERTY: 30 Rhea Street, Freehold, NJ 07728 ZONE: ____ BL: 9 LT: 3
2. NAME OF OWNER: JCP&L c/o First Energy Service Co.
3. ADDRESS: P.O. Box 4747, Oakbrook, IL 60522 PHONE: ____
4. NAME OF APPLICANT: SBA Communications - Alyssa Rose
5. ADDRESS: 1386 York Street, Mahwah, NJ 07430 PHONE: 201-887-3993
6. IF APPLICANT IS NOT OWNER, APPLICANT'S INTEREST IN THIS LAND IS: Owner of Telecommunications Cell Tower
7. PROPOSE NAME OF BUSINESS: SBA Communications, Inc.
8. DESCRIPTION: LOT AREA ____ SQ. FT. BUILDING AREA ____ SQ. FT.
   EXISTING REAR YARD, SIT BACK ____ FT. LOT FRONTAGE (WIDTH) ____ FT.
   CONDITIONS: FRONT SETBACK ____ FT. SIDEYARDS ____ FT. ____ FT.
   (FROM BUILDING), If corner house, indicates where front will be facing.
9. DESCRIPTION OF ALL PROPOSED USES (DESCRIBE FULLY, INCLUDING ANY SPECIAL PARKING, LOADING, TRAFFIC OR SIMILIAR REQUIREMENTS): Owner of Telecommunications - Cell Tower
10. EXISTING USES (IF PROPERTY OR STRUCTURE IS VACANT, PLEASE INDICATE PRIOR USE): Owner of Telecommunications - Cell Tower
11. TOTAL FLOOR AREA TO BE OCCUPIED: N/A
12. TOTAL NUMBER OF PARKING SPACES EXISTING: N/A PROPOSED: N/A
13. NUMBER OF EMPLOYEES: N/A HOURS OF OPERATION: N/A
14. IS NEW CONSTRUCTION PROPOSED YES OR NO? NO IF YES, PROVIDE DETAILS: ____
15. ARE MODIFICATIONS TO THE SITE OR EXISTING BUILDINGS PROPOSED YES OR NO? YES
    IF YES, PROVIDE DETAILS: Addition of Dish Network Collocation - add 3 antennas, 4 RRUs and 1 OVP
16. THE UNDERSIGNED, CERTIFY THAT ALL THE STATEMENTS CONTAINED HEREIN ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

DATE: 03/28/2022 SIGNATURE OF APPLICANT: Alyssa Rose

ZONING APPROVAL

ON THE BASIS OF THE ABOVE APPLICATION, THE REPRESENTATIONS IN WHICH ARE A PART HEREOF, THE PROPOSED USAGE IS FOUND TO BE [ ] NOT TO BE [ ] IN ACCORDANCE WITH THE BOROUGH ZONING ORDINANCE, AND THE APPLICATION FOR ZONING APPROVAL IS HEREBY:

APPROVED [ ] DENIED [ ]

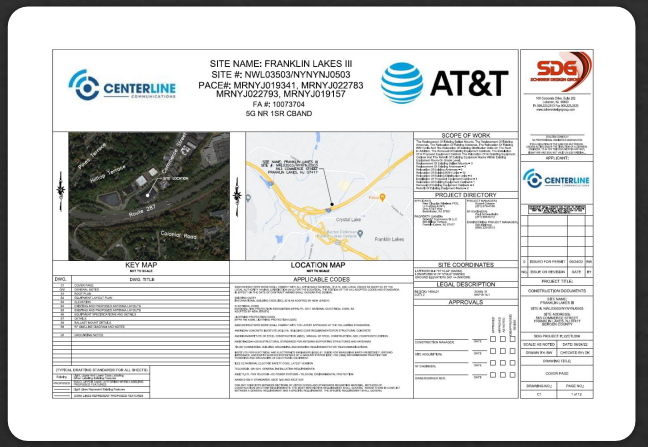
FOR THE FOLLOWING REASONS: ____

ZP Application

- Different form for each town
- Basic information for zoning officer
- Over the counter permit
- ZO determines compliance with existing zoning ordinances
- Not intended for variances from zoning regulations

Construction Drawings

- Specific, exact upgrade info
- # of antennas, azimuths, elevation
- Precise location of equipment
- Site plan diagram



CENTERLINE COMMUNICATIONS

SITE NAME: FRANKLIN LAKES III
SITE #: NWL03503/NYNYNJ0503
PACE#: MRNYJ019341, MRNYJ022783
MRNYJ022793, MRNYJ019157
FA #: 10073704
5G NR 1SR CBAND

AT&T

SDG

CENTERLINE

KEY MAP

LOCATION MAP

APPLICABLE CODES

SCOPE OF WORK

PROJECT DIRECTORY

SITE COORDINATES

LEGAL DESCRIPTION

APPROVALS



SDG SCHERER DESIGN GROUP, LLC

Colleen Connolly, PE
Partner/ CEO
Steven Krug, PE
Partner/ COO

Passing Antenna Mount Analysis
(WITH MODIFICATIONS)

Site Name: Franklin Lakes III
Site #: NWL03503/NYNYNJ0503
PACE #: MRNYJ019341, MRNYJ022783, MRNYJ022793, MRNYJ019157
FA #: 10073704
Date: 05/10/2022
SDG #: 22CTL006
Revision: 1

Prepared By: Hunter O. Woinicki, EIT
Checked By: Ryan M. Schuster, PE
Approved By: Colleen Connolly, PE

SIGNATURE: ____ DATE: 05.19.2022
Hunter O. Woinicki, EIT

SIGNATURE: ____ DATE: 05.19.2022
Ryan M. Schuster, PE

SIGNATURE: ____ DATE: 05.19.2022
Colleen Connolly, PE
NJ Professional Engineer #24GE04133700

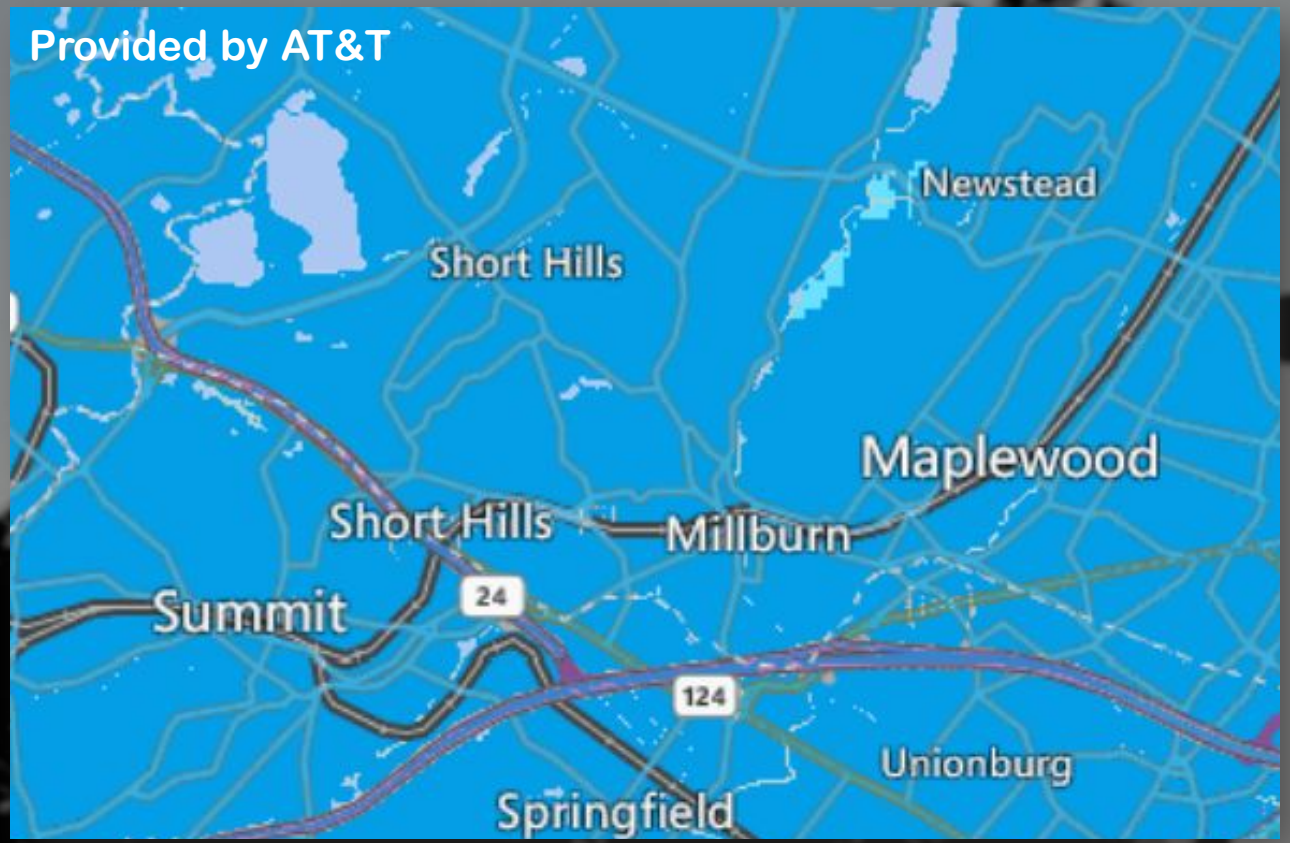
100 Corporate Drive, Suite 202 • Lebanon, NJ 08833
Ph: 908.323.2513 • Fax: 908.323.2525

Certified Woman Owned Business Enterprise

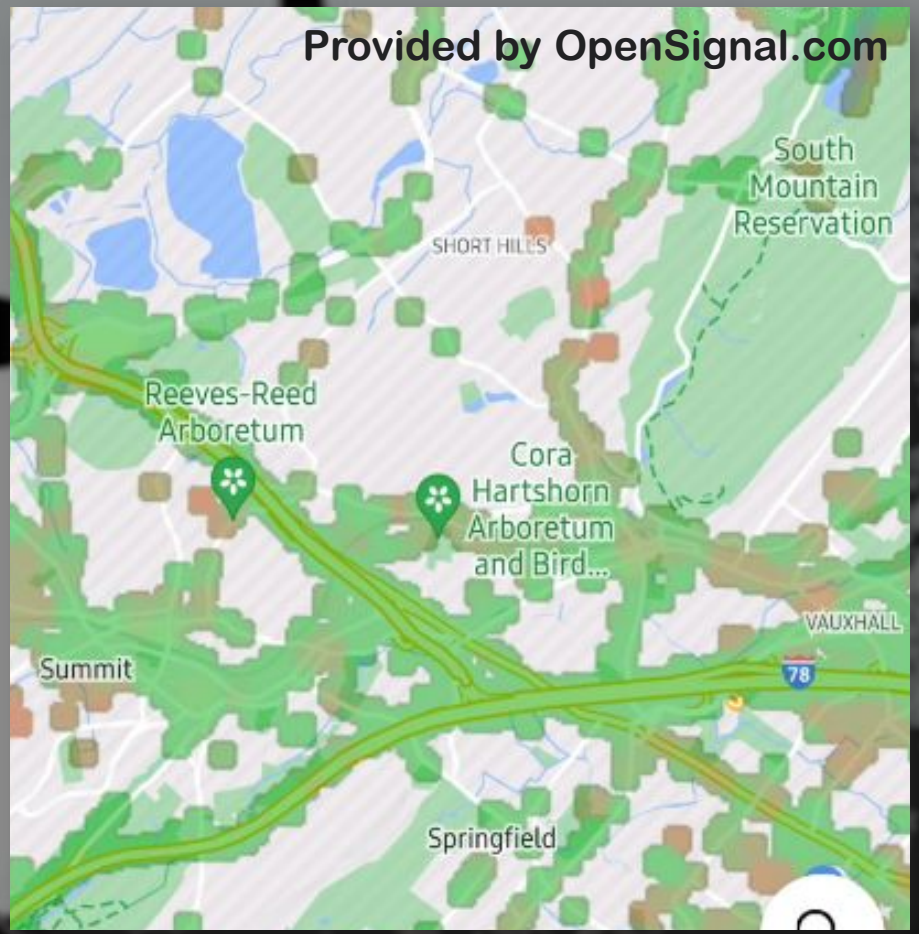
Structural Analysis

- Indicates if the tower can sustain a proposed addition of facilities

Typical Signal Coverage Maps By Carrier and by Crowd Sourcing of Data



- Less reliable than crowd sourced coverage maps



- OpenSignal.com map shows a few areas of weak coverage.

Environmental Conditions Assessment



Typical Parameters Searched:

- Open Space, Parklands
- Historic Districts
- Historic Sites
- Wetlands
- Tidelands Claim Lines
- Special Environmental Districts
- Prior NEPA Reports

Impact of Environmental Conditions on Telecommunications Tower Site Acquisition

Companies like AT&T and Verizon Wireless must navigate a variety of environmental conditions when acquiring sites for telecommunications towers.

Factors such as wetlands, highlands, flood zones, and conservation areas can significantly impact site selection, permitting, and construction feasibility.

Next are some key environmental considerations and their implications for telecommunications infrastructure development.

Wetlands & Floodplains

Regulatory Impact:

- **Federal & State Protections** : Wetlands are regulated by the U.S. Army Corps of Engineers (under the Clean Water Act) and various state environmental agencies. Permits may be required under the Section 404 Wetlands Permit Program.
- **Construction Restrictions** : Developers must conduct wetland delineation studies to determine if a site qualifies as a jurisdictional wetland. In many cases, avoidance or mitigation measures (e.g., boardwalk-style foundations or relocation) are required.
- **Flood Risk** : Towers built in FEMA-designated floodplains may need to meet elevation requirements or special engineering designs to withstand flooding events.

Highlands, Mountains, & Protected Lands

Regulatory Impact:

- **Scenic & Conservation Restrictions** : Some highland regions, such as those covered under the Highlands Conservation Act or state/local protections, impose restrictions on tower development to preserve natural landscapes.
- **Erosion Control & Soil Stability** : High-elevation sites may require geotechnical assessments to ensure stable foundations, especially in areas with loose or erodible soils.
- **Infrastructure & Access Challenges** : Rugged terrain can complicate road access, power supply, and fiber optic connections, increasing site development costs.

Coastal Zones & Barrier Islands

Regulatory Impact:

- **Coastal Zone Management Act (CZMA)** : Requires coordination with state coastal management programs to protect sensitive habitats.
- **Hurricane & Wind Load Standards** : Towers must be designed to withstand extreme winds and storm surges per ASCE 7 wind load standards and local building codes.

Endangered Species & Wildlife Habitats

Regulatory Impact:

- **Endangered Species Act (ESA)** & **Migratory Bird Treaty Act (MBTA)**: Tower projects must assess impacts on protected species and bird migration patterns.
- **Bat & Raptor Protection**: The U.S. Fish and Wildlife Service (USFWS) may require modifications to tower lighting or placement to reduce bird and bat collisions.


Start the Process

Preliminary Steps to Assume Tower Ownership & Management

Rundown of Due Diligence Process

- Review prime lease.
  - Look for landlord assumption of tower ownership
- Review tenant subleases, if available.
- Conduct an audit of the tower to determine its underlying condition (e.g. rust, corrosion, foundation)
- Are there separate ground and tower leases?
- Determine direction and final decision
- Inform prime tenant/lessee of decision not to renew lease
- Send out notice letters to all tower tenants
- Establish temporary holdover rent till RFP issuance
- Establish minimum rent threshold for RFP
- Issue RFP that includes a lease template
- Collect bids
- Award multiple tenants
- Combine ground and tower or keep them separate

(I) Review the Prime Lease

of power outage [illegible] emergencies for the duration of the same. All portions of the [illegible] her property or improvements attached to or otherwise broug[illegible]mises by Tenant shall, at all times and for all purposes related to this Lease, be trade fixtures or other personal property of Tenant and, at Tenant's option, may be removed by Tenant at any time during the term or any renewal term; provided Tenant repairs any damage to the Leased Premises caused by such removal within a reasonable time after termination or expiration of this Lease, provided, however, that the monopole shall remain on site and become the property of the Landlord upon termination of this Lease for any cause. The Tenant may replace the equipment located in the equipment shelter or on the tower with similar or comparable equipment provided same shall not cause interference with Tenant's operations and shall not be inconsistent with any municipal approvals.

Municipality Takes Over Ownership of Tower

Second Example of a Tower Ownership Provision

Language Not Always Located in the Section One Expects

Municipality Has Option to Assume Ownership of Tower

10. **CONDITION OF PREMISES.** Upon Te[illegible] expiration of this Lease, Tenant shall, at Landlord's option or direct[illegible]ion Agreement applicable hereto, (it being the intent of Landlord [illegible]one tenant shall not affect the Lease of any other Tenan[illegible]e, remove its fixtures, equipment, and improvements (radio cell site) and/or its antennas and shall surrender the Leased Premises to Landlord in good condition except for (a) reasonable wear and tear, or (b) damage due to the elements or causes beyond Tenant's control or without its negligence, or (c) both within one hundred and twenty days . The monopole and the Landlord's antenna(s) and equipment may not be removed without the Borough's permission and the Borough may at its discretion opt to retain the monopole at that location, and release the tenant from the responsibility of removal of it. All tenant equipment unless released in part or in total by the Landlord is to be removed from the site within hundred twenty days of any of the events stated in paragraph 3 of this agreement.

(II) Send Out Notice Letters

The Borough is required by law to seek bids for continued location on the tower and ground leases. We are in the process of preparing a request for proposals and specifications. In the interim we will be contacting all companies presently on the tower, advising them, if they wish to remain on the tower the Borough will accept the same payments they are presently making until new leases are awarded. We have directed them and ask you to forward payments due after Jan 6 directly to the Borou[illegible]ou and the present subtenants will submit bids and continue to occupy t[illegible]firm that you will comply with this request.

Example Notice Letter Phrasing

The Borough will permit Sprint or its successor to continue to temporarily occupy the tower and ground space for a $4000 monthly holdover fee. This is not a continuation of the existing tenancy and does not create a new tenancy.

(III) Issue RFPs for Tower and Ground Space

		bidder's expense.		
	4	Subsequent apparent highest bidders, in order from highest to lowest bid amount, will then be each given the opportunity to select the tower elevation and ground space of their choosing from the options remaining from the above list of available locations at the time the respective next apparent highest bidder makes his selection.		
		Each successful bidder shall be required to		

RFP Technical Specs Excerpt

Best Practices for Issuing an RFP for a Telecommunications Tower Lease

Municipalities across the United States seeking to lease space on a telecommunications tower should follow best practices to maximize revenue, ensure regulatory compliance, and attract high-quality tenants such as wireless carriers (e.g., Verizon, AT&T, T-Mobile) and high-frequency trading (HFT) firms that require low-latency communications infrastructure.

The following guidelines will help structure an effective Request for Proposals (RFP) process.

Legal & Regulatory Compliance

- **Federal Communications Commission (FCC) Regulations** : Ensure compliance with federal regulations governing tower leasing, RF emissions, and spectrum use.
- **State & Local Procurement Laws** : Follow state-specific public contracting laws, competitive bidding requirements, and zoning regulations.
- **Environmental & Land Use Considerations** : If the tower is located on protected land, review environmental impact assessments and any land use restrictions.

Structuring the RFP for Maximum Revenue

- **Lease Terms**:
  - Define initial lease duration (e.g., 10–20 years) with renewal options.
  - Include termination clauses and maintenance responsibilities.
- **Revenue Model**:
  - Minimum annual rent with escalation clauses (e.g., 3-5% annual increases).
- **Priority for Wireless Carriers & Public Safety**:
  - Ensure space is allocated for public safety communications (e.g., police, fire, EMS) before leasing to commercial tenants.

Attracting Wireless Carriers and HFT Tenants

Pre-RFP Market Engagement :

- Conduct outreach to major wireless carriers (Verizon, AT&T, T-Mobile, Dish) and HFT firms (e.g., McKay Brothers, Jump Trading, Tower Research).

Site Suitability :

- Provide engineering studies detailing tower height, weight capacity, and RF coverage.
- Address power supply, fiber optic backhaul, and security requirements for HFT firms.

Municipal/Public Safety Priority :

- Reserve capacity for emergency communications or municipal broadband initiatives if applicable.

(IV) Establish Minimum Rent Thresholds For Each Available Elevation

Can be based off of any one of the following:

- Existing rent amounts
- Market analysis
- CPI adjustments
- Municipal preferences
- Other calculations and models

Example of Market Rental Data

Region: Central and Northern New Jersey

A Small Data Set

Market	Year	Elevation	Monthly Rent	Annual Rent	Escalator	Method	Leased Premises
NNJ	2024-2025	163’	$6,383.42	$76,601.00	3% or CPI	RFP Bid	Tower + Ground Space
NNJ	2024-2025	158’	$7,500.00	$90,000.00	3% or CPI	RFP Bid	Tower + Ground Space
NNJ	2024-2025	148’	$6,750.00	$81,000.00	3% or CPI	RFP Bid	Tower + Ground Space
NNJ	2024-2025	130’	$5,750.00	$69,000.00	3% or CPI	RFP Bid	Ground Space Only
NNJ	2024-2025	109’	$5,500.00	$66,000.00	3% or CPI	RFP Bid	Tower + Ground Space
NNJ	2024-2025	140'	$7,600.00	$91,200.00	3% or CPI	RFP Bid	Tower + Ground Space
NNJ	2024-2025	116'	$7,200.00	$86,400.00	3% or CPI	RFP Bid	Tower + Ground Space
NNJ	2024-2025	82'	$6,000.00	$72,000.00	3% or CPI	RFP Bid	Tower + Ground Space

$6,585.43: Average Monthly Rent

(V) Lease Agreement Template: 2 Options

Separate Tower and Ground Space

- Maintain existing ground lease and RFP for newly acquired tower space
- Advantage: Possible higher revenue

Merge Tower and Ground Space into a Single Agreement

- Single agreement, single rental amount per carrier
- Advantage: Lower administrative burden

Model need not match what was in use prior

- Municipality can go with separate tower and ground leases though existing model was merged leases



Due Diligence After Leasing Out Tower Space

Operational Considerations

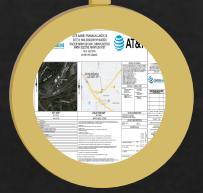
Summary:

- RF safety, 47 C.F.R. 1.1310
- Contractor safety, OSHA, TIA-222
- Insurance Coverage
  - Municipality should insure for value of tower
  - Tenants to name municipality as additional insured
  - Adequate coverage levels by tenants and their GCs
  - General liability, worker's compensation, automotive liability, at a minimum
- Indemnification from Acts of Tenants
  - By tenants and their vendors o/b/o landlord

From Application to Approval

Application

Application + Fee Received

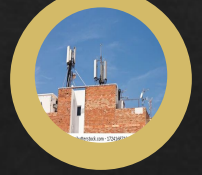




Compare to Existing Leasing Entitlements

Compliant:

Sign Consent Letter





Expansion:

Negotiate Lease Amendment and Rent Increase



Municipal Review of BP/ZP Applications, if Applicable



Schedule Construction

NOTE: Be mindful of upgrade effect on or encroachment on adjacent tenant's space

Lump sum monetization offers:

Several companies specialize in purchasing rooftop and tower leases from property owners, offering lump-sum payments in exchange for the rights to future lease revenues.

Notable firms in this sector include American Tower Corporation, Crown Castle International, SBA Communications, Landmark Dividend, Unison, Symphony Wireless, AP Wireless, Vertical Bridge, and Everest Infrastructure Partners.

Lump sum monetization offers (continued):

These companies operate by acquiring existing lease agreements, providing property owners with immediate capital. They then manage and market the leased sites to wireless carriers, aiming to enhance the site's value and generate returns over time.

For instance, American Tower's Ground and Rooftop Lease Acquisitions division offers liquidity to property owners by purchasing their leases. Similarly, Crown Castle's Rooftop Alliance Program provides cash buyouts and takes on the responsibility of marketing and maintaining the rooftop site.

This business model benefits property owners by converting future lease income into immediate funds, while the acquiring companies profit from managing and optimizing the leased assets.

Lump sum monetization offers. How it works:

These companies operate by acquiring the rights to future lease revenues from property owners (landlords) in exchange for an upfront lump-sum payment. Their business model revolves around discounted cash flow (DCF) analysis, risk assessment, and long-term lease value optimization. Here's how they structure their deals and make money:

How They Determine Lump-Sum Payments

Discounted Cash Flow (DCF) Analysis:

1. They estimate the future rental income stream from the existing lease(s).
2. The lump sum offered is a percentage (often 8-12 times the current annual rent) based on expected lease longevity and renewal terms.

Lump sum monetization offers. How it works:

Risk Adjustments:

- **Lease Term & Rent Escalations:** Longer lease terms and built-in rent increases make a lease more valuable.
- **Tenant Creditworthiness:** Wireless carriers like AT&T, Verizon, and T-Mobile provide more secure revenue streams, while smaller carriers may be riskier.
- **Site Value & Market Demand:** Locations in high-density urban areas or critical infrastructure corridors attract higher valuations.
- **Lease Expiration & Renewal Probability:** If a lease is near expiration but likely to be renewed, it's worth more; if the carrier may leave, the value drops.

Lump sum monetization offers. How it works:

When They Start Making Money

- These companies start profiting once the sum of collected lease payments exceeds the lump sum they paid the landlord, which can take 7-12 years on average.

Additional revenue sources:

- **Lease Extensions & Renewals:** They negotiate lease renewals at higher rates.
- **Additional Tenants:** They sublease space to other carriers, increasing the site's revenue without additional acquisition costs.
- **Reselling Leases:** Some firms bundle multiple lease rights and sell them to larger investors or real estate funds at a premium.
- **Infrastructure Investments:** Upgrading sites (e.g., adding fiber connections or 5G equipment) makes them more attractive to carriers



Revenue Increases For Assumption of Tower Ownership

Example 1: Projected Site Revenue 2025

Type	Carrier	Current	After Transition
Prime Lease	Crown (f/k/a AT&T)	$204,000	NA - Terminated
Tower + Ground	AT&T	NA- Prime Lease Sublessee	$80,000
Tower + Ground	HFT Tenant	NA – New Bidder	$72,000
Tower + Ground	HFT Tenant	NA – Prime Lease Sublessee	$90,000
Tower Only	T-Mobile	NA – Prime Lease Sublessee	$69,000
Tower + Ground	Verizon	NA – Prime Lease Sublessee	$76,000
Ground Lease (Directly w/ Town)	T-Mobile	$40,000	$40,000 ($183,000 annual increase)
	Total:	$244,000	$427,000*

Example 2: Projected Site Revenue 2025

Type	Carrier	Current	After Transition
Prime Lease	Crown (f/k/a AT&T)	$74,500	NA - Terminated
Tower + Ground	AT&T	NA- Prime Lease Sublessee	$91,000
Tower + Ground	Verizon	NA – Prime Lease Sublessee	$72,000
Tower Only	T-Mobile	NA – Prime Lease Sublessee	$69,000
Ground Lease (Directly w/ Town)	T-Mobile	$36,280	$36,280
Ground Lease (Directly w/ Town)	Verizon	$49,225	$49,225
	Total:	$160,005	$317,505

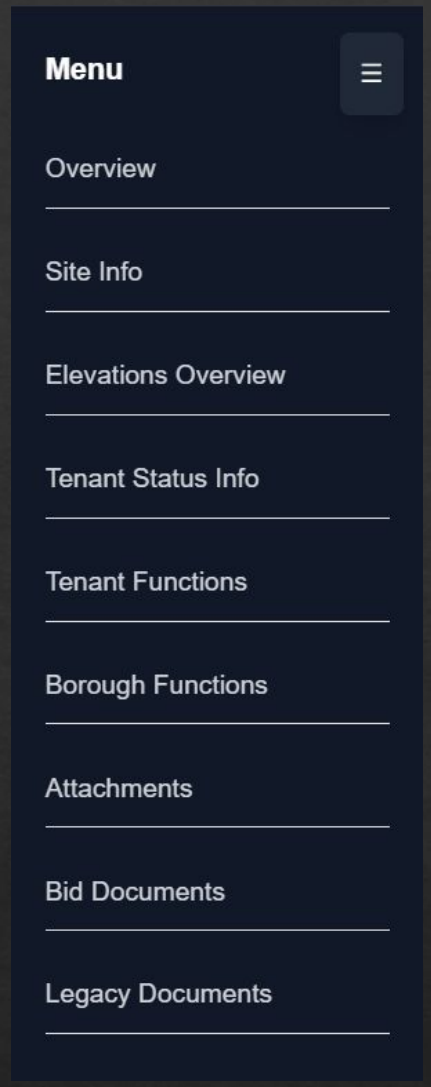
($157,500 annual increase)


The Tower Management Portal

Consider Using a Tower Management Portal

Just the Basics for Day-to-Day Ops

- Site info
- Elevations occupancy status
- Tenant general status
- Copies of leases and permits
- Copy of the most recent structural analysis
- Functions for tenants:
  - To submit an access request
  - Make a rental payment, etc.



Tower Management Portal Menu Options

Basic Site Info

Site Info

Category	Info
Address	
Owner	
Coordinates	
Year Built	1995
Zoning District	AAA One Family Residential
Available Elevations	144', 119'

Elevations Overview

Elevation	Ground Space	Tenant	Status	Lease Details
163'	25 s.f.		Occupied	View Lease
158'	32 s.f.		Occupied	View Lease
148'	360 s.f.		Occupied	View Lease
144'	15 s.f.		Open	Apply for Space
138'	223 s.f.		Occupied	No Bid
130'	0 s.f.		Occupied	Unsigned
119'	200 s.f.		Open	Apply for Space
109'	35 s.f.		Occupied	View Lease

Elevation Status

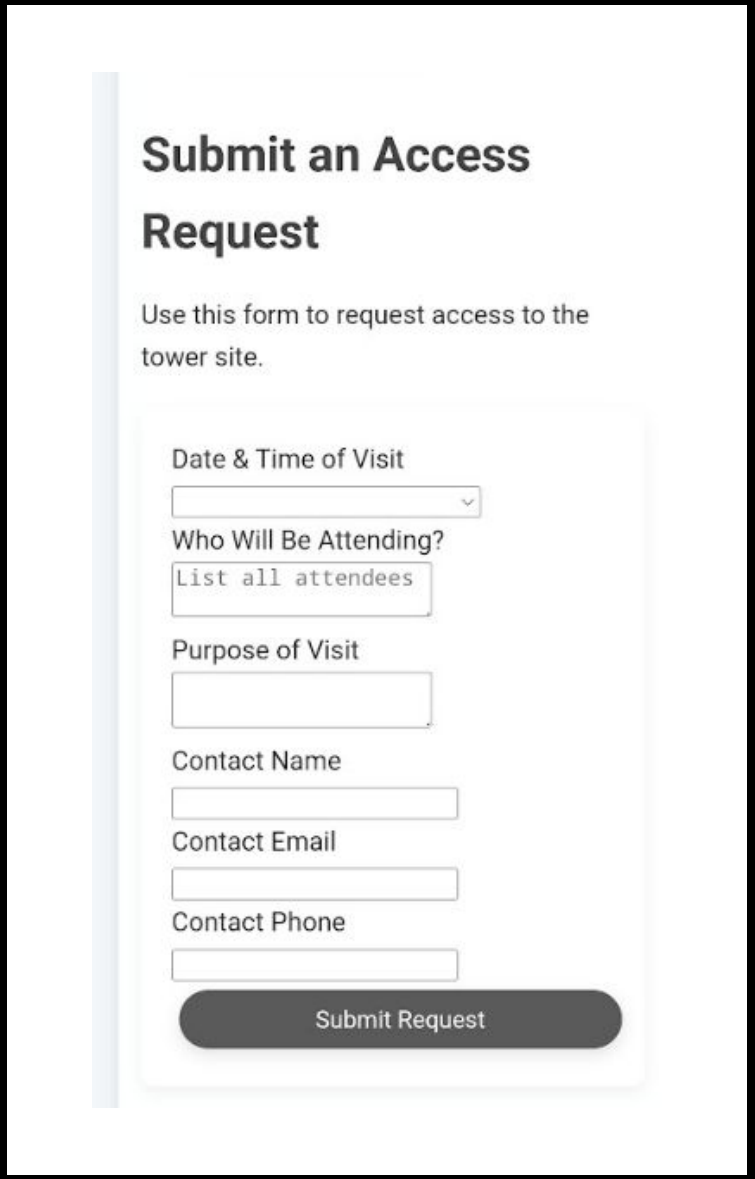
Payment History

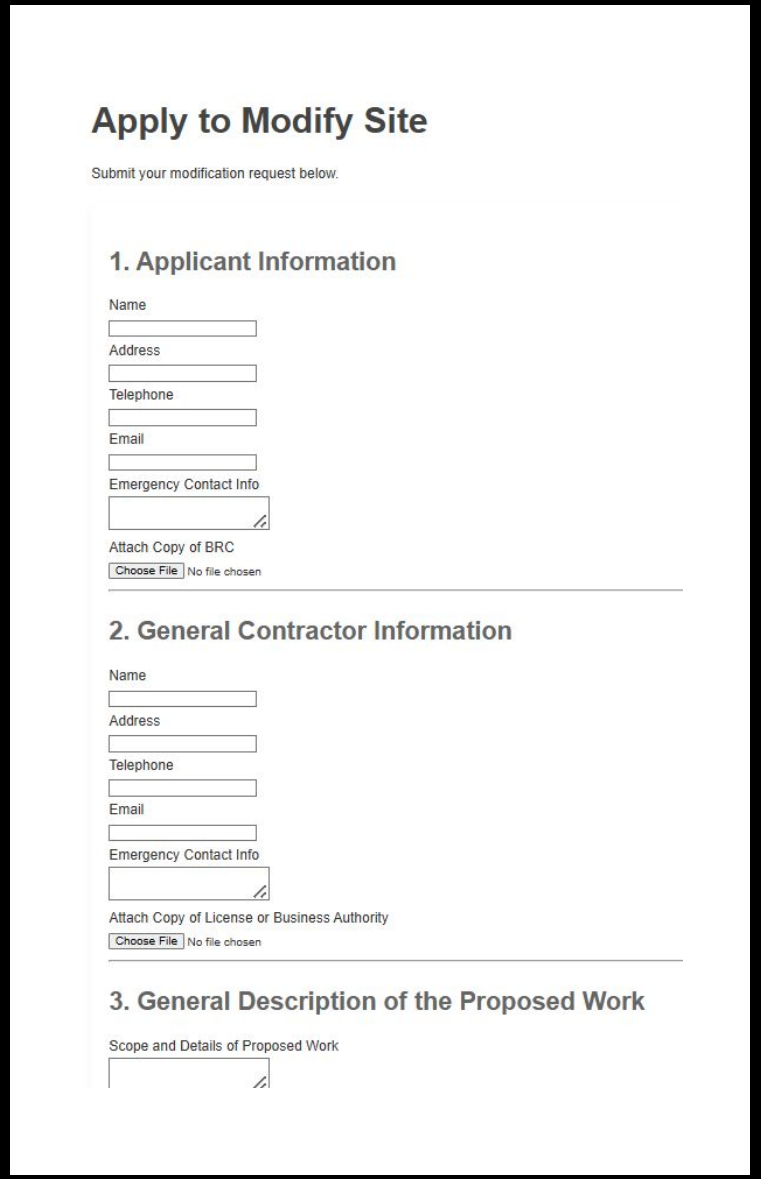
Review past payments from tenants.

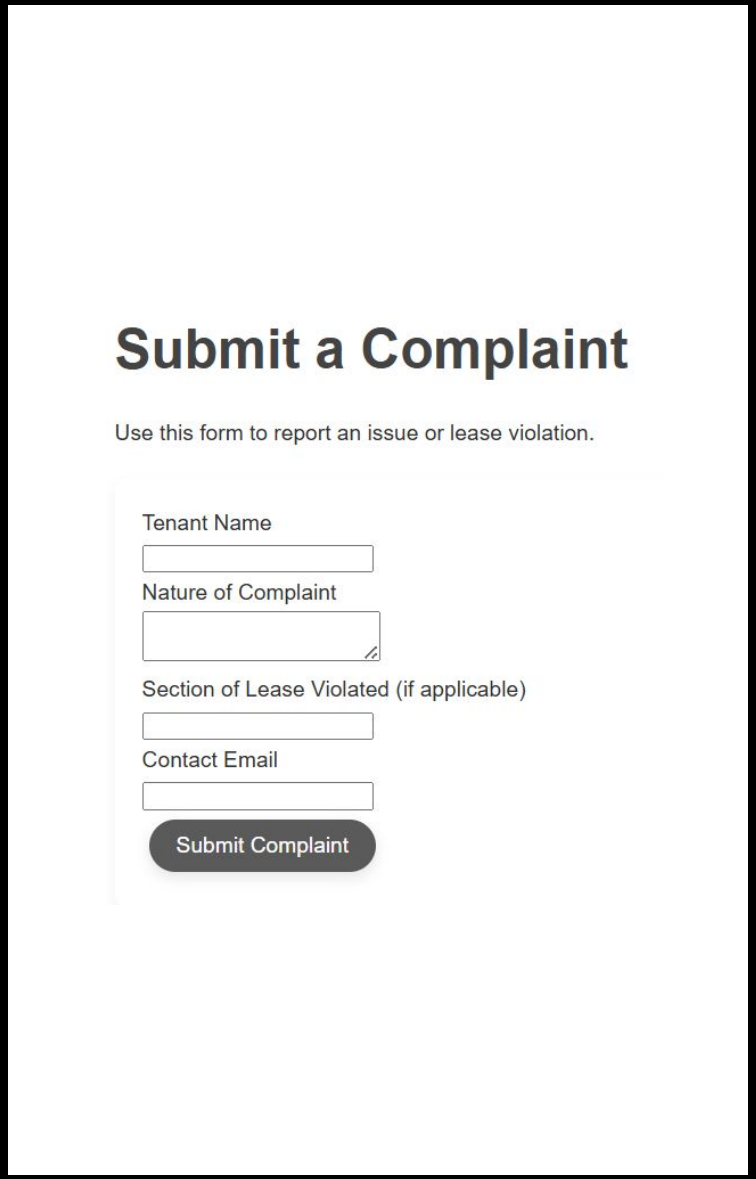
Tenant	Payment Due Date	Rent Amount	Frequency	Status
[redacted]	TBD	$76,601	Annual	Unpaid - Due Diligence Phase
	10/1/2025	$90,000	Annual	Up To Date
	12/31/2025	$81,000	Annual	Up To Date
	4/1/2025	$6000	Monthly	Holdover Fee
	4/1/2025	$69,000	Monthly	Overdue
	6/1/2025	$12,196	Annual	Up To Date
	11/1/2025	$66,000	Annual	Up To Date

Payment History

Basic Functions







Document Library

Attachments

Site Survey and Other Documents

- Latest Structural Report
- Site Survey
- Site Plan
- T-Mobile Ground Lease
- T-Mobile Holdover Fees Payment Demand Letter
- Tower Elevation View
- Compound Overview
- NJDEP Map Overview
- Submitted Bid Documents Repository
- Legacy Document Repository


New Tower Owners Beware

Beware of Some Collocation Requests

Bid for space near the top of a tower.

Or apply for an unusual modification

Bidder may intend to sublet their elevation at a much higher rate than they lease it for

Especially true for microwave dishes utilized by High Frequency Traders (HFTs) in markets like New York, New Jersey, Illinois, Pennsylvania and Ohio.

Beware Tower Buyout Offers

Typical Financial Terms	Term	Comment
$1,500,000 lump sum	Perpetual easement. That is, forever	May require bidding process in some states, such as New Jersey, where public land must be bid out to be used by a private entity, pursuant to N.J.S.A. 40A:12-13.1
$1,650,000 sum over 5 equal payments of $330,000	Municipality loses control till the end of time!	Buyout offers rarely match the true value of a tower over the lifecycle of a tower and compound

Example Site Revenue Projection vs. Buyout Offer

Type	Carrier	2024 Rent
Tower + Ground	Verizon	$80,000
Tower	T-Mobile	$60,000
Tower	AT&T	$56,000
Ground	T-Mobile	$36,281
Ground	Verizon	$49,224
	Total:	$281,506

6 Years to Exceed $1,650,000 Tower Buyout Offer



Day to Day Management Considerations

Management Responsibilities

- With tower ownership, municipalities do take on management responsibilities.
- This can be complex but manageable
- Most upkeep and maintenance is handled by the carriers under the new leases made through the RFP.
- This is worked into the new leases directly between carrier and the governing body
- The remaining responsibilities may be handled by a consultant

Role of a Tower Management Consultant

- Tower Management Consulant
  - A tower management consultant can assist municipalities in managing tower ownership.
  - This includes helping to navigate the RFP process, set rent thresholds, and manage new agreements, ensuring the site is maintained in a neat and orderly manner
  - Ensure tenants do not exceed leasing right
  - Manage interference complaints between collocating carriers
- Consultant Costs:
  - Reasonable application costs borne by carriers can cover this service.
  - Resulting in no cost to the jurisdiction

Role of a Tower Management Consultant

Day-to-Day Responsibilities of a Tower Manager

Site Access & Maintenance Coordination

1. Granting access to carriers, technicians, and subcontractors for equipment upgrades, repairs, or new installations.
2. Ensuring compliance with lease agreements, safety protocols, and security requirements.
3. Verifying work completion and inspecting for any unauthorized modifications (MONETIZATION opportunity for the carrier if carrier exceeded its lease rights)

General Considerations for Tower Ownership

Routine Site Inspections & Repairs

- Conducting periodic inspections (often quarterly or annually) to check structural integrity, lighting, security, and general maintenance.
- Identifying and coordinating repairs for issues like rust, damaged fencing, or electrical problems.

How Often Does a Tower Manager Visit a Site?

- **Routine Inspections:** Typically quarterly or annually, depending on the company's policies and site conditions.
- **Carrier Maintenance Visits:** Visits are as needed, usually when a wireless carrier (e.g., Verizon, AT&T) requests access for maintenance, upgrades, or repairs.
- **After Major Weather Events:** After storms, hurricanes, or earthquakes, emergency site visits are conducted to check for damage.
- **New Tenant Installations:** When a new tenant leases space on the tower, managers may oversee the installation process.

Remote Monitoring & Inspection Tools

Some companies integrate **remote monitoring** tools to reduce physical site visits and enhance security.

- **Drone Inspections** (DJI, Skyward, DroneDeploy) – Drones are increasingly used for **tower inspections**, allowing managers to assess structural integrity without climbing the tower.
- **IoT Sensors & Remote Monitoring** – Companies install sensors for power usage, security, and equipment failures, reducing the need for frequent site visits.
- **SCADA Systems** – Used to remotely monitor tower lighting, power status, and alarms for unauthorized access.



Telecommunications Regulatory Refresher

Governing Statutes and Caselaw

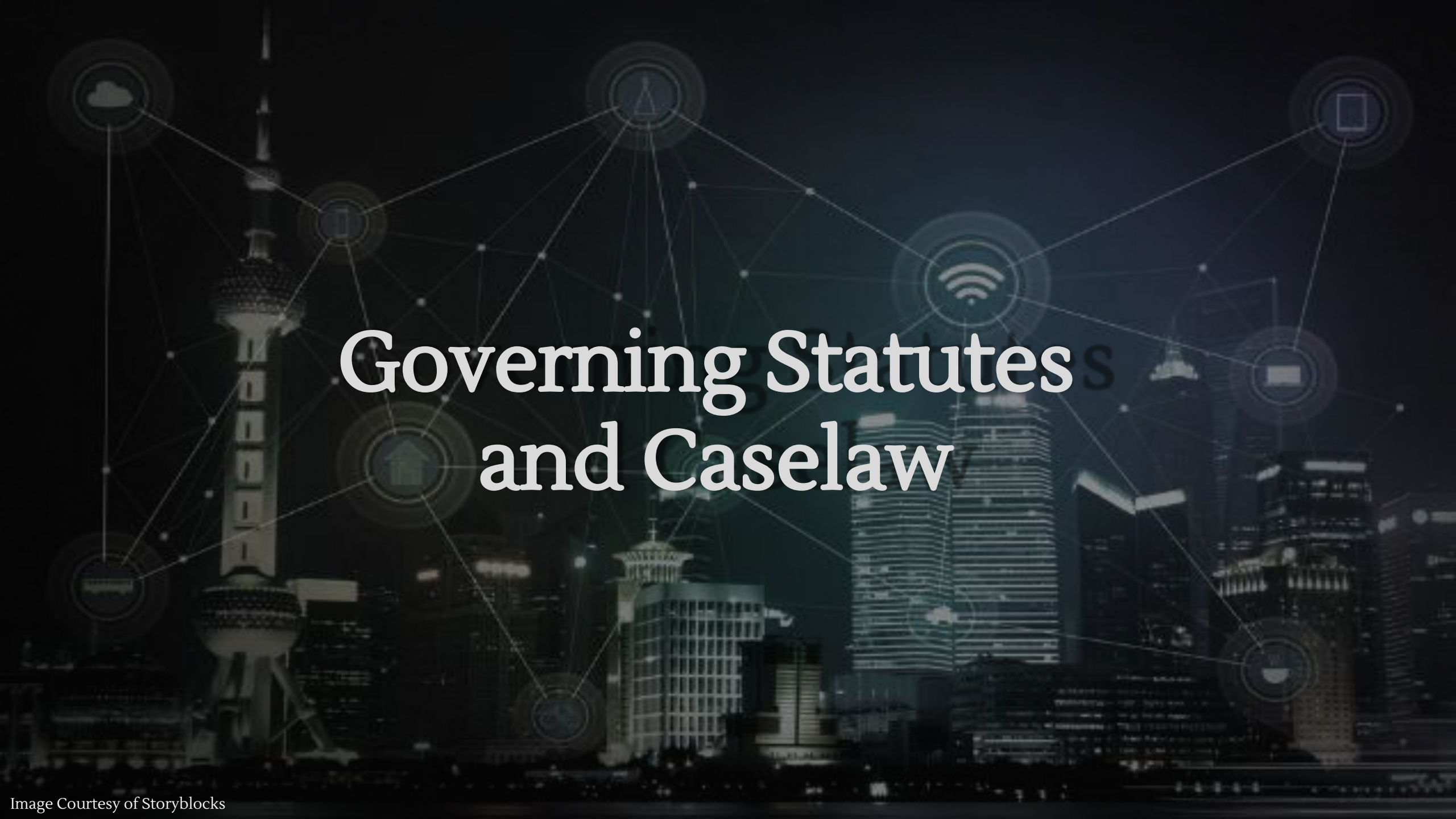


Image Courtesy of Storyblocks

The Grandparents: TCA (1996) Sections 253 and 332

Volumes of regulations, rulings, caselaw and zoning ordinances have been penned off the fountain created by these 2 sections

The partial preemption of local land use controls has left an ambiguous region between federal law and local police power that is still somewhat opaque to this day

Does not directly pertain to municipal tower ownership

But if a municipality delays or denies some tenants access to a municipally owned tower while streamlining access for preferred tenants, it could face legal challenge under Section 332 as a de facto prohibition and under 253 as discriminatory practices.

The Spectrum Act (2012): Macro Site Preemption May Affect Your Cell Tower

From 2012, recently enforced by carriers (47 USC 1455).

- Another layer of preemption, loss of local control of the approval process

"EFRs" - Eligible Facilities Requests:

- Certain upgrades to existing tower sites must be approved by the local municipality with jurisdiction...from a zoning perspective
- Maintain a firewall between lease agreement terms and zoning

2014 and 2020 FCC rulings interpreted Spectrum Act:

- Height increase < 10 feet
- Protrudes from edge of structure < 6 feet
- Installation of < 4 cabinets
- Maintains existing concealment elements of structure

Contracts Law

These are binding legal contracts, often 10–25 years in length, and must satisfy standard elements of contract law:

- Offer (terms proposed by the carrier), often in the form of a bid and proposal
- Acceptance, often by formal approval of municipality by resolution
- Consideration, or monthly rent
- Meeting of the minds
- Lawful purpose. Must comply with zoning and public land use rules
- Also to comply with state public contracts law (e.g., NJ LPCL, LLBL)

Attorney and consultant review is highly recommended,

- Especially for RFP drafting, lease agreement negotiation, and specialized terms for indemnity, insurance, and renewal terms

May contain automatic renewals and evergreen clauses

- Clearly specified modification and termination rights
- Clearly specified assignment and subleasing rights. Carriers often assign their interest due to mergers and the like

Maintenance and restoration obligations during the lease term and upon facilities removal

Contracts involving sale or lease of public land often trigger higher scrutiny by third parties.

- Due diligence is important to ensure clear records, public interest findings, and legal consistency across documents.



Conclusion and Takeaways

Parting Thoughts: Use of Public Land for Private Purposes – Things to Keep in Mind

Governance Framework :

- Typically governed by state public contracting laws (e.g., NJ's LCPL and LLBL) and local ordinances.
- Federal TCA Sections 253 & 332 may also apply, limiting prohibitions on service and discriminatory practices.
- Municipal land includes parks, utility lots, DPW yards, municipal complexes, and rooftops.

Common Approaches :

- Towns often lease land or license rooftop access to wireless carriers or tower companies.
- Agreements usually require governing body approval, and in many states, public bidding or RFP.
- Lease terms typically range from 10 to 30 years, often with escalating rent and colocation revenue sharing.

Key Considerations :

- Is the arrangement consistent with any applicable public trust doctrine?
- Are valuation methods reasonable (market comps, appraisals, or engineering cost models)?

Notable State Differences :

- New Jersey: Requires public bidding for long-term leases of public land unless specific exemptions apply.
- Home Rule states (e.g., Colorado, Michigan): Some municipalities may bypass bidding under charter authority.
- California: Allows long-term leases with public benefit findings, often without RFP if public use is preserved.

Tower Management

- Towers expiring now – late 1990s to early 2000s.
- Check your tower prime leases
- Process to acquire ownership and assume management
- Lease audit, notice letters, set up rental payment transfer, issue RFPs to rebid tower elevations and ground space

Complex But Manageable Process

- Tower at town hall? Review your prime leases and determine your options for assuming tower ownership and control once the leases expire
- Tower management company involved? Be mindful of early contact to renew leases
- Company bought out tower lease years ago? Determine the arrangement



Peter J. Lupo,
Esq.
CEO, COO

732-207-3912
Peter.lupo.hoplite@gmail.com
http://hoplitecommunications.com