



CITY OF
LONG LAKE

City Council Agenda Report

City of Long Lake

450 Virginia Avenue, PO Box 606
Long Lake, MN 55356

MEETING DATE / February 20, 2024

SUBJECT: Approval of T-Mobile Lease Extension

Prepared By: John Thames, City Attorney

Report Date: 2/14/2024

Recommended City Council Action

Staff recommends the following:

Motion to adopt Resolution No. 2024-11, A Resolution Approving First Amendment and Restatement of Tower Lease with T-Mobile Central, LLC

Overview / Background

The City maintains easement rights to portions of the property at 445 Willow Drive for use as a water tower and for telecommunications purposes. The City has leased space to T-Mobile and its predecessor on and adjacent to the water tower, since 1998. The original lease was set to expire at the end of 2021 and the City and T-Mobile negotiated terms to amend and extend the lease for up to an additional 25 years.

Due to some corporate re-structuring, T-Mobile experienced delays in collecting final ratification of the business terms for the extension. T-Mobile has continued to occupy and use the site, and has continued to pay the previous rental amount to the City, per the original lease terms. It is the intent of the parties that the extension simply amend and extend the original lease, and commence on January 1, 2022. For this reason, T-Mobile will make a "catch-up" payment in the amount of \$23,062.96 to address the difference in value from the rent paid in 2022 and 2023, to that contemplated in the Amendment for those years. In addition to improved terms to better protect the City's long-term interests in the site, the lease contains the following business terms:

- New rent will be \$36,000/year, paid quarterly -- 2024 rental payment will be \$38,192.40 (\$36K + 3% compounded interest over two years)
- Rent will escalate at 3% annually
- Tenant will pay Landlord a signing bonus of \$15,000 (no later than 4/30/24)
- Tenant will pay Landlord a one-time payment of \$23,062.96 (no later than 4/30/24) to address the rental shortfall in 2022 and 2023
- Initial term will be 10 years from Effective Date (1/1/22), Tenant may exercise up to three, five-year renewal terms

Staff and Tenant have negotiated these terms over several years and recommend approval. The City Engineer has reviewed the improvement exhibits and confirmed they are acceptable. Staff recommends approval of Resolution No. 2024-11.

Supporting Information

- Resolution No. 2024-11
- First Amendment and Restatement of Tower Lease with T-Mobile Central, LLC