

Young, Carol (Real Estate Assets)

AT&T 9:51 PM 10/5/12

From: Sandoval, David
Sent: Wednesday, September 05, 2012 2:49 PM
To: Barwick, James
Subject: DAS (Distributed Antennae System) at Qualcomm Stadium

Jim:

Pursuant to your request, the following is a short summary of the history and specifics of the AT&T DAS transaction with the City at Qualcomm Stadium.

- March 2011 – AT&T contacted READ (Carol Young) about installing a DAS at Qualcomm Stadium.
- May 2011 – AT&T estimated that costs of installing the system would exceed \$4.9 Million; and over \$5.4 Million with one additional carrier as a subtenant.
- May 2011 – AT&T offered the City 30% of the **NET revenues** it would receive from a subtenant; which would be as follows: \$4,000 rent minus costs of \$3,000 which would result in a total of Net Rent to AT&T of \$1,000; and the City would get \$300 (30% of \$1,000).
- May 31, 2011 – READ responded to AT&T that it will only accept a percentage of the **GROSS** sublease revenues, not the net.
- June 2011 – AT&T agrees to pass through 30% of gross revenues to the City.
- June 21, 2011 – lease executed between the City and AT&T (New Cingular Wireless PCS, LLC).
- February 2012 – AT&T working with two carriers interested in the DAS network.
- August 2012 – AT&T and Verizon enter into a license agreement negotiations for the DAS network, where the City will receive 30% of the capital contribution.

The financial components of the transactions pertaining to the DAS are as follows:

- Telecom tower rental - \$90,000 annually with 3% annual increases.
- Cabinet rental at the Stadium @\$5.35/sq. ft./month is approximately \$42,000 annually per provider. The cabinet rental also has annual 3% increases. Currently there is one provider (Verizon).
- Upon execution of the License Agreement between AT&T and Verizon, the City will receive \$726,775.45 (30% of the capital contribution).

The net results to the City are as follows:

1. Net annual income of \$134,000 that increases 3% annually; and
2. A one-time capital contribution pass-through of \$726,775.45.

It appears that at least one other provider has a great deal of interest in becoming part of the DAS network, and you will be advised of additional financial benefits to the City upon execution.

Jim, the transactions at Qualcomm Stadium have been very beneficial to the City. It is also a pleasure to note that the deals from the beginning have been negotiated entirely by READ staff, and supported by stadium personnel and staff. No other person or entity have had a role in any of the negotiations.

Please let me know if you have any questions.

Thanks,

David A. Sandoval, CCIM | Deputy Director
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