

# AP WIRELESS INFRASTRUCTURE PARTNERS, LLC

March 5, 2012

Mr. Joe Kohlmann  
City Administrator  
4901 Manitou Road  
Tonka Bay MN 55331

Dear Joe,

Thank you for taking the time to communicate with us relative to the potential prepayment of certain wireless telecommunication ("cell") site leases entered into by the City of Tonka Bay ("the City").

Municipalities across the country are facing unprecedented financial challenges. AP Wireless Infrastructure Partners ("AP Wireless") knows from our interactions with other clients nationwide that the monetization of non-core assets is an attractive solution to meet these challenges, and we are highly confident that we are uniquely qualified to help. AP Wireless prides itself on taking a "professional services" approach to the site lease prepayment business: we listen to our clients; we seek to optimize each transaction so as to meet the client's needs from financial, tax, accounting and legal perspectives; we do not charge closing costs; we work efficiently and we close quickly.

In addition to providing some of the highest payouts in the industry, AP Wireless prides itself on providing our customers with a number of other important benefits including:

1. Flexible payment options to fit your needs:  
AP Wireless can offer a variety of options, from a single prepayment to multi-year payments (which increases the payment amount). We can also monetize a portion of your rents, e.g., 50%, and monetize the other half to allow you to both receive rents AND a prepayment. We are truly leading the industry with innovative solutions.
2. AP Wireless Team:  
Our management team possesses deep structuring experience having worked with both public and private clients on many transactions, and we are highly confident that we can help structure a transaction that meets both your financial objectives and the constraints you may face. You will always deal with seasoned finance, legal and tax professionals at AP Wireless.
3. Transfer of Risk:  
AP Wireless is assuming the risk of contract termination, non-renewal and rent renegotiation. Wireless carriers are increasingly looking at optimizing their networks, which includes decommissioning redundant cell sites and negotiating lower rents wherever possible. Over the next 20+ years, technology evolution is also likely to drive change within wireless networks. While the above risks are real, AP Wireless believes that our nationwide portfolio approach will mitigate the impact of these risks and it is a core premise of our investment strategy.

4. Funding process:

AP Wireless has the financial capacity to execute your transaction efficiently and with certainty. *Transactions can be closed in 30-60 days, with no closing costs or hidden fees.* Our financial backing comes from Associated Partners (“AP”), a private investment and operating partnership with significant experience in the communications, media, internet, and infrastructure industries. With no reliance on external capital, AP has given AP Wireless a mandate to acquire a nationwide portfolio of cell site assets. Such scale will help AP Wireless attract additional collocation tenants to your cell sites while providing site diversity and mitigating the termination risk associated with any one site.

5. Knowledgeable Wireless Partner:

AP Wireless will assist the City in marketing existing and potential cell site locations to additional wireless carriers to generate additional revenue and improve coverage for the community. In addition, we can facilitate or sponsor turnkey development of towers (carrier negotiations, construction, management), and provide a generous revenue share to the City for incremental collocations and the use of municipal real estate.

We look forward to assisting the City with this transaction. If you have any questions or wish to discuss our offer in more detail, please do not hesitate to call me directly at (858) 997-1855. Otherwise, I will be in touch with you soon for further discussion.

Sincerely,



Nigel Paxton  
Vice President – Public Sector Solutions

cc: Paul Nussbaum, Managing Director and Special Counsel

## SUPPORTING DOCUMENTATION

- EXHIBIT A1: CITY OF TONKA BAY WIRELESS CELLULAR SITES
- EXHIBIT A2: AP WIRELESS PREPAYMENT OPTIONS: NEXTEL AND SPRINT
- EXHIBIT B1: CITY OF TONKA BAY ADDITIONAL SITES
- EXHIBIT B2: AP WIRELESS PREPAYMENT OPTIONS: CELLNET
- ATTACHMENTS:
  - o WHY AP WIRELESS
  - o OUR TEAM (2 PAGES)
  - o FREQUENTLY ASKED QUESTIONS (2 PAGES)

**Exhibit A1: City of Tonka Bay Wireless Cellular Sites**

Carrier	Address	Current Rent	Escalator
Nextel West	5605 Manitou Road	\$1,500.74	4% Annual
Sprint	5605 Manitou Road	\$1,968.17 *	5% Annual

\* Paid annually

**Exhibit A2: AP Wireless Prepayment Options: Nextel and Sprint**

Payout Option	Term	Cash Payout	Total Payout	Transaction Structure
A	30 Years	One Lump-Sum Payment at Closing of \$247,100	<b>\$247,100</b>	Assignment of Rents
B	30 Years	Six Semi-annual Payments, first at closing, of \$47,250	<b>\$283,500</b>	Assignment of Rents

**Notes:**

1. This is a **net cash** offer based on a 30-year term and is guaranteed to be the exact amount you will be paid. At the end of the fixed term, 100% of ALL rent reverts back to the City (*at the then escalated amounts*).
2. AP Wireless and the City will enter into a Site Marketing Agreement whereby AP Wireless will agree to share with the City 75% of the future rents (25% to AP Wireless) derived from new or additional tenants.
3. Our offer is based on the information provided and is subject to ongoing due diligence relative to current and future site rent amounts, carriers, site lease terms, conditions and site locations. The stated payout amounts are based on the current monthly rents stated in Exhibit A1.
4. The cash payout to the City is not subject to any recourse or repayment in the event one or more tenants terminate a site lease, renegotiate the rent or fail to pay the rent. *These risks fall entirely on AP Wireless during the transaction term.*

**Exhibit B1: City of Tonka Bay Additional Sites**

Carrier	Address	Current Rent	Escalator
CellNet	5605 Manitou Road	\$623.56*	5% Annual

\* Paid annually

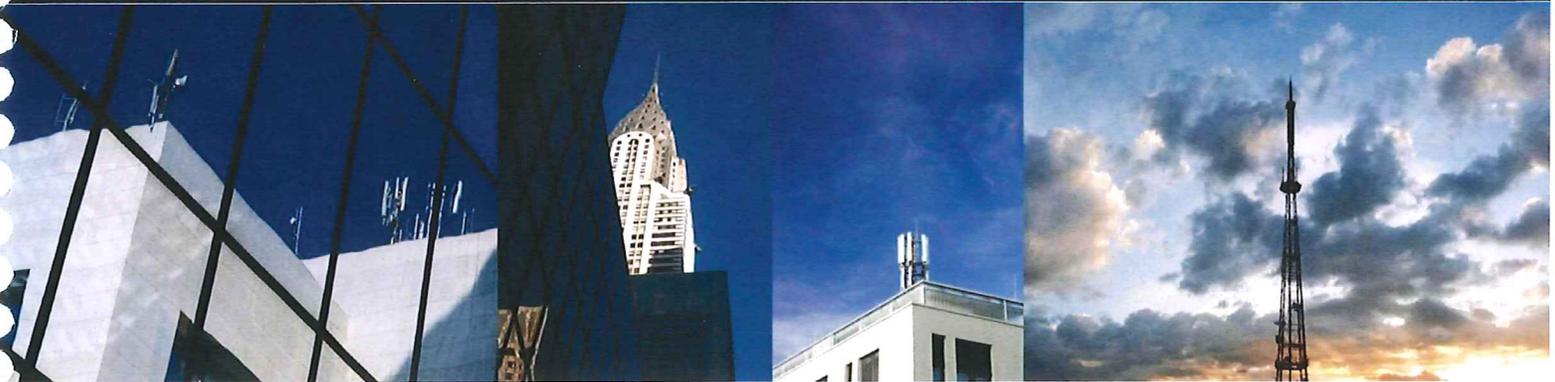
**Exhibit B2: AP Wireless Prepayment Options: CellNet**

Term	Cash Payout	Total Payout	Transaction Structure
10 months	One Lump-Sum Payment at Closing of \$6,230	<b>\$6,230.00</b>	Assignment of Rents

In addition to a prepayment for Nextel and Sprint, AP Wireless is prepared to purchase the entire 10 months (i.e., the remaining term) of the CellNet lease *in advance*. The lease terminates in February, 2013. In the event AP Wireless is able to renegotiate a new lease with CellNet after this date, AP Wireless will split the “upside” of the new negotiated rent with the City 50%/50% for the term of the lease. In addition to this new upside revenue, the City would also *continue to receive the existing current base rent*. If CellNet does not renew the lease with AP Wireless, the City would keep the advance rent paid by AP Wireless and therefore would not lose any revenues.

Furthermore, once a new lease is negotiated, the City would have the option to continue to receive rent from CellNet or monetize this rent with AP Wireless.

By way of example, if AP Wireless renegotiates a new monthly rent with CellNet of \$1,223 (from a base rent of \$623) the additional \$600 “upside” would be split evenly between the City and AP Wireless, with each entity receiving \$300/month. The City would then receive a total monthly rent of \$623 + \$300 = \$923/month. The City may monetize this increased rent with AP Wireless.



## Management Team

APWIP's management team has been actively involved in financing wireless infrastructure since the late 1990s. We were "early movers" in the cell site lease prepayment space back in 2003. During the past 15 years our team has been associated with approximately \$4 billion of asset financings, including more than 300 cell site lease prepayments. We are experienced, creative, and skeptical of "one-size-fits-all" solutions. If you decide to work with APWIP you will actually meet the members of our team: we are directly involved in structuring each and every transaction.

**Eric M. Overman, Chief Executive Officer and General Counsel.** Eric has more than 15 years of experience as a tax and structured finance lawyer with an emphasis on "big ticket" lease financings and wireless infrastructure. Prior to being named CEO and General Counsel of APWIP, Eric co-founded and owned Wireless Infrastructure Partners LLC ("WIP"), which originated investments in telecommunications infrastructure assets. From May 2005 until February 2007 Eric served as the Vice President of Finance and Tax Counsel of Md7, a consulting firm that helps wireless carriers manage their infrastructure assets. Prior to that, Eric spent 10 years as a tax and structured finance lawyer with Pillsbury Winthrop Shaw Pittman LLP and Brown & Wood LLP, and as a senior-level tax advisor with Deloitte & Touche LLP. Eric earned his JD from the Georgetown University Law Center, a Master's of Science from the Georgetown School of Foreign Service, and a BA in Economics and International Studies from Pepperdine University.

**Daniel J. Hasselman, Managing Director.** Dan has more than 11 years of experience as an executive in the real estate and wireless infrastructure industries. Prior to being appointed Managing Director at APWIP, Dan fulfilled the same role at WIP. Dan also co-founded and owned Vertical Capital Group, which originated investments in telecommunications infrastructure assets on behalf of RFS Capital. Dan entered the telecom industry as a Director of Finance and Acquisitions with a telecom lease acquisitions firm. At the age of 21, Dan founded U.S. Home and Loan, Inc., which completed over \$150,000,000 in real estate and mortgage related transactions. Dan attended Minnesota State University and San Diego State University.

**Andrew K. Wood, Managing Director.** Andy has more than 12 years of experience as an executive and sales professional in the real estate and wireless infrastructure industries. Prior to being appointed Managing Director of APWIP, Andy fulfilled the same role at WIP. Andy also co-founded and owned Vertical Capital Group, which originated investments in telecommunications infrastructure assets on behalf of RFS Capital. With his background in real estate, mortgages, telecom and commercial leasing, Andy pioneered innovative acquisition strategies across the wireless communications arena. Andy worked for a lease optimization company, where he was responsible for restructuring wireless carrier leases resulting in approximately \$15 million in rent savings. Andy serves on the board of directors for

San Diego's Gaslamp City Square and he has helped community associations across the U.S. recoup losses during the recession. Andy earned his BA in Finance and Business Administration from San Diego State University.

**Paul L. Nussbaum, Managing Director and Special Counsel.** Paul has more than 13 years of experience as an executive and entrepreneur in the real estate and wireless infrastructure industries. Prior to being appointed Managing Director of APWIP, Paul served as Chief Operating Officer of Solorider Management LLC. Paul began his career in New York as a financial analyst for Newmark and Company Real Estate. Three years later, he formed and ran Newmark Telecommunications, a division of the real estate company focusing on technology and telecommunications. In his capacity as Managing Director, Paul was responsible for negotiating all rooftop and riser contracts relative to the portfolio of properties under Newmark's control. His most significant accomplishment was the aggregation of over 110 million square feet of commercial office space which he used as a leveraging tool to negotiate the best terms possible from the providers looking to have access to the buildings. In 2003, Paul joined Pinnacle Towers as Vice President of Managed Sites where he was responsible for overseeing a total of 1100 sites consisting of communications towers and rooftops around the United States and Canada. Paul earned his JD from the National Law Center at George Washington University, and graduated Phi Beta Kappa with a BA in Economics from The University of Maryland Honors Program.

**Chris Pagano, Managing Director – Public Market Solutions.** Chris has more than 20 years of corporate finance experience in the telecommunications industry with an emphasis on telecommunications infrastructure investments. He has financed more than \$1 billion in telecommunications infrastructure during his career. Prior to joining APWIP, Chris served as a Senior Vice President in GE Capital's Media, Communications and Entertainment business, where he originated debt and equity co-investments in the wireless, tower, wireline, cable television, data center, and related business services sectors. Previously, Chris worked for Northern Telecom Finance Corporation and PacTel Finance where he provided telecommunications equipment lease financing to enterprise customers, municipalities, and non-profit corporations. Chris earned an MBA from Pepperdine University and a BS in Business Administration and Finance from Colorado State University.



## Maximize the Value of Your Cell Site

AP Wireless Infrastructure Partners (“APWIP”) is uniquely-positioned to help you maximize the value of your wireless telecommunications (“cell”) site:

**Large Payouts.** APWIP will pay a large, up-front lump sum cash amount in return for an interest in your cell site. The longer the interest conveyed to APWIP, the larger the payout.

**Flexible Terms.** We offer extremely flexible terms and conditions. You want to maximize the up-front cash amount? We’ll prepay your rent for a perpetual term. You want both a large, up-front lump sum plus cash rent in the future? We’ll structure a fixed-term deal with a rent reversion.

**Significant Potential “Upside.”** APWIP has been mandated to build a portfolio of cell site assets over a period of many years. During this time, we will seek to maximize the value of our portfolio. It is therefore in our interest to add as many wireless carriers to your site as we can. And when we do we will share the resulting cash rent liberally with you.

**Experienced, Professional Approach.** The wireless industry has existed for a little more than two decades, and the cell site lease prepayment business is in its infancy. APWIP was founded in part because we believe that the industry is in need of a “professional services” approach. Our Directors of Acquisition and Site Development are each highly experienced professionals. We listen to our clients’ needs. We deliver creative and customized solutions designed specifically to meet them. We don’t offer a “canned” sales pitch. We know what we’re talking about.

**Quick and Efficient Due Diligence Process.** If you have been promised a “quick close” but encountered endless delays instead, you should try APWIP. Assuming you provide us with all required due diligence items we are fully prepared to close in 30 days or less.

## About Our Investor

APWIP was established by Associated Partners, LP (“AP”) for the purpose of building a portfolio of high-quality telecommunications infrastructure assets. AP is a private investment and operating partnership managed by a long-standing core team of professionals with significant experience in the communications, internet/media, energy and infrastructure industries. AP has offices in New York and Philadelphia. Because APWIP is wholly-owned and funded by AP, we can close transactions quickly and efficiently – there is no waiting.

AP WIRELESS INFRASTRUCTURE PARTNERS, LLC

5703 Oberlin Drive, Suite 308

San Diego, CA 92121

[www.apwip.com](http://www.apwip.com)

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## Frequently Asked Questions

**If my lease can be terminated, why do you want to buy it?** For most landlords, receiving site rent is a “binary” proposition: either they receive rent, or they don’t. On the other hand, APWIP seeks to compile a portfolio of site leases in which a single lease termination is far less consequential. This is one reason why APWIP is able to pay a large, up-front lump sum for the future rent associated with your site and assume the risk of a possible site termination. In addition to this, APWIP purchases future rent on a discounted basis reflecting the financial risk associated with potential site terminations.

**What is APWIP buying exactly?** APWIP is essentially buying the right to receive site rent for a period of 30-40 years or more and certain limited rights designed to ensure its ability to collect the “purchased” rent. The legal term for this right is a “leasehold interest.” Depending on the circumstances, APWIP may also seek an easement, which is a right to use another person’s real estate for a specific purpose. The term of the easement would be equal to that of the leasehold interest, i.e., 30-40 years or more.

**How much will APWIP pay for my cell site lease?** The price paid for your cell site lease depends on the wireless carrier or tower company on your site, the location of your site, the terms of your lease, the prepayment period and on a risk assessment. Please feel free to contact us; we will provide you with an immediate estimate with absolutely no obligation on your part.

**But wouldn’t I make more money by keeping the lease?** This depends largely on whether (a) the lease is eventually terminated by the carrier or tower company or (b) the carrier or tower company obtains a future reduction in site rent. Due to these considerations, it is generally difficult to borrow against the lease at your local bank. Even if your site is not terminated and rent is not reduced, the cash flow associated with your lease will be realized in small increments over a long period of time. In most cases, the comparison between receiving a lump sum amount today versus receiving smaller and uncertain incremental payments over a long-term period is the key decision point.

**When can I receive the money?** Once we receive a valid, signed agreement from you we will usually send you a check within 30 days.

**If I convert my lease to cash, will I still own the underlying property?** Yes. APWIP is interested only in purchasing the rent specifically associated with your site for a fixed period of time. After the prepayment period has come to an end, the right to receive all rent will revert back to you – unless you choose to enter into another lease prepayment transaction.

**If I convert my lease, can I still sell my property?** Yes. You are free to sell your property without any restrictions and keep the money you received from APWIP in connection with the lease prepayment.

**What happens if the tenant terminates the lease during the lease prepayment period?** You will keep the full amount of the up-front lump sum, even if the wireless carrier or tower company terminates the lease at any time during the year lease prepayment period. In other words, the risk of lease termination has been effectively and unconditionally transferred to APWIP by virtue of the prepayment transaction with “no strings attached.”

**I have multiple tenants. Can I “cash in” on all of them?** Yes. Assuming your leases meet our criteria, APWIP will convert each of them into cash.

**Does APWIP have the money to move quickly?** Yes. APWIP is wholly-owned and funded by Associated Partners, LP. This ensures our ability to execute and enables you to receive your lump sum payment quickly (usually within 30 days).