



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Development Services

ACM: Cassandra Ogden

DATE: May 16, 2023

SUBJECT

Consider adoption of an ordinance of the City of Denton authorizing the City Manager or designee, to execute and deliver a third amendment to lease agreement between the City of Denton, as landlord, and SBC Tower Holdings LLC, as tenant, leasing an additional 150 square feet of land, located near Frame Street, being identified on Block A, Lot 1, City Hall East Addition, City of Denton, Denton County, Texas, for the use and maintenance of a communication tower; and providing an effective date.

BACKGROUND

The original lease agreement was entered into on September 21, 1998, between the property owner (or its predecessor-in-interest) and the cell tower operator (or its predecessor-in-interest). The lease was subsequently amended twice: first in February 2008, and then again in October 2018.

The second amendment to the lease included several key changes. First, it extended the lease term through November 8, 2038, with six additional 5-year renewal terms. Second, it granted the lessee an option to expand the leased space by an additional 150 square feet, provided that the expansion was contiguous to the existing leased area. Finally, it included a first right of refusal for the lessee to purchase the property before it was sold to a competitor.

In January 2020, the City of Denton purchased the entire property, as authorized by Ordinance 19-2757, recorded in the Denton County Property Records as instrument number 2020-2801. The sale of the property to the City included the existing lease agreement with the current lessee.

The proposed third amendment to the lease would authorize the lease term to expire on November 8, 2038, with six additional 5-year renewal terms, but subject to the approval of the City Council at each extension period. If all options are exercised, the total lease term would extend until November 8, 2068. Additionally, the third amendment would authorize the expansion of the leased area as defined in the second amendment. The architectural firm that designed the improvements for the Police Department parking lot incorporated the tower into the design plans, and there is no conflict with the proposed expansion of the leased area.

OPTIONS

1. Approve the ordinance
2. Decline to approve proposed ordinance

RECOMMENDATION

Staff recommends approval of the item.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Ordinance 19-2757

FISCAL INFORMATION

The monthly rental payment to the City under the lease is \$1,200.00, with 15% increases every five years beginning November 8, 2023.

EXHIBITS

- 1 – Agenda Information Sheet
- 2 – Site map
- 3 – Ordinance
- 4 – LLC Secretary of State Management

Respectfully submitted:
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Development Services-Real Estate

Prepared by:
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