



**PHOENIX  
TOWER**  
INTERNATIONAL

**Phoenix Tower International**  
**999 Yamato Rd, Suite 100**  
**Boca Raton, FL 33431**  
**Phone: 561.257.0557**  
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6/24/19

*PRIVATE & CONFIDENTIAL*

City of Lake Elsinore

Re: Letter of Intent to prepay the ground leases under the US-CA-1056 and US-CA-1190 cell sites

Dear City Manager and City Council:

Phoenix Tower US Development, LLC ("PTI"), is pleased to submit this letter of intent for a proposed transaction (the "Transaction") to prepay and extend the ground leases under PTI's owned wireless communication sites and also add extra ground space for AT&T's ground equipment (hereinafter known as the "Land Leases") as listed on Exhibit A from the City of Lake Elsinore ("LANDLORD") pursuant to an amendment that extends both Land Leases through November of 2049 with all renewal terms automatically exercised upon closing, between the parties ("Letter of Intent").

I. Proposed Transaction

PTI proposes to prepay and extend the Land Leases from LANDLORD pursuant to the terms and conditions precedent set forth herein and such other terms and conditions to be mutually agreed to by PTI and LANDLORD in the definitive closing documents (the "Closing Documents").

II. Material Conditions

Closing of the Transaction is subject, *inter alia*, to the following conditions:

- Completion of the Transaction will require final customary due diligence by PTI and its accounting and legal representatives; which shall include:
  - A final review of the title and survey for all ground leases (if any) and/ or easements under the Land Leases;
  - Review of all Phase 1's and any other environmental reports (including NEPA reports) for the Land;
  - Full access to additional due diligence materials in the possession of LANDLORD related to the proposed Transaction as reasonably requested by PTI;
- Negotiation of all agreements satisfactory to PTI and LANDLORD to complete the Transaction, including, without limitation, the Closing Documents;
- No material adverse change in the business or prospects of LANDLORD with respect to the Land Leases;
- Definitive Agreement will include clarifications of existing provisions of Section 8 of the Lease Agreement that:
  - PTI's obligations to "maintain Lessee's Facilities and the Premises in neat and safe condition, free of graffiti, and in compliance with all applicable codes and governmental regulations" is not limited to damage caused by Lessee, its employees, agents, contractors or subcontractors; and
  - PTI's obligation to restore the Premises to its original condition, less ordinary wear and

tear, shall be triggered immediately upon cessation of use of the Lessee's Facilities or the Premises due to obsolescence or any other reason, as well as expiration, cancellation or termination of the Ground Lease or other Definitive Agreement.

- Approval of proposed Transaction and all Closing Documents by LANDLORD's governing body, the City Council of the City of Lake Elsinore;
- Receipt of all required consents, waivers and approvals with respect to the Land Leases including lender consent or standard subordination and non-disturbance agreement if applicable;
- Other customary closing conditions.

### III. Transaction Consideration

**PTI would pay LANDLORD \$576,000.00 in transaction consideration combined, to extend and prepay both leases.**

**When AT&T's site is live and operational PTI will pay Landlord \$142,000.00 in transaction consideration for the extra ground space.**

**Total consideration is: \$718,000.00**

### IV. Timing

The parties shall endeavor in good faith to negotiate the definitive agreements and close the Transaction on or before 9/30/2019 (the "Closing Date"), provided, however, that no party hereto shall have any obligation to enter into any such definitive agreement, nor have any obligation to close the Transaction except as expressly provided in any definitive Closing Documents. During the period commencing on the date of this Letter of Intent and continuing until the earlier to occur of: (i) the closing of the Transaction; and (ii) the date this Letter of Intent is terminated in writing by either party pursuant to the provisions set forth below (such period, the "Exclusivity Period"), LANDLORD may not, directly or indirectly, solicit or encourage any offers for the Land Leases from any other third party, except for PTI. This Letter of Intent may be terminated by either party by giving written notice to the other party if the Transaction shall not have closed on or before 9/30/2019 or by the mutual consent of both parties. No such termination will affect a party's liability, if any, for any prior breach of any of the legally binding provisions of this Letter of Intent. PTI may assign its rights under this Letter of Intent to an affiliate without the prior written consent of LANDLORD.

### V. Costs.

All costs and expenses related to negotiation of the Transaction (including due diligence (including without limitation, title and survey, Phase 1 and environmental reports), legal fees, financial advisor fees, accounting fees and broker and finder's fees) shall be borne by the party who incurred such costs or expenses regardless of whether or not any of the definitive agreements with respect to the Transaction is executed and delivered by the parties or their affiliates.

### VI. Governing Law.

The parties hereto agree that this letter of intent shall be governed by and construed in accordance with the laws of the State of California without regards to the principles of conflicts of laws thereof.

### VII. Limitation on Damages.

Each of the parties hereto (a) agrees that no actual damages shall be recoverable under this Letter of Intent, and (b) hereby waives any right to recover special, punitive, consequential, incidental or exemplary damages (including claims for lost profits) in connection with this Letter of Intent.

VIII. Legally Binding Commitment

The parties agree that, except as provided in Articles IV through VII hereof, which are intended to be and shall be legally binding and enforceable, this Letter of Intent, is not intended to create any legally binding obligations on the part of any party, or any of their respective affiliates, and no such obligations will exist unless and until a definitive agreement with respect to the Transaction is executed and delivered by the parties or their affiliates in their sole discretion, and then only as and to the extent provided in such definitive agreement.

If the foregoing is acceptable to you, please sign, date and return to us a signed counterpart of this Letter of Intent. This Letter of Intent will expire if we do not receive such signed counterpart documents by 8/14/2019. If there are any questions regarding our proposal, please do not hesitate to call Robert Atherton at 714-655-1509.

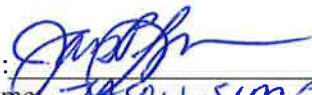
Very Truly Yours,

PHOENIX TOWER US DEVELOPMENT, LLC,  
A Delaware Limited Liability Company

By:   
Name: Dagan Kasavana  
Title: CEO  
Date: 10/01/19

Agreed and Accepted by:

City of Lake Elsinore

By:   
Name: JASON SIMPSON  
Title: ASST CITYMANAGER  
Date: June 24, 2019

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_, 2019

## Exhibit "A"

Leased areas to be extended from LANDLORD to PTI

Site ID: US-CA-1056

Site Address: 29355 ½ Grand Avenue, Lake Elsinore CA, 92530

Notes: This site is where the extra ground space will be gained, APPROX. 20 x 20 immediately east of the tower

Site ID: US-CA-1190

Site Address: 29355 Grand Avenue, Lake Elsinore CA, 92530