Inside Towers

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Tower Companies May Be Disqualified as REITs

Within the few last years, many companies have reorganized as real estate investment trusts (REITs) for federal income tax purposes. American Tower Corporation began operating as a REIT at the beginning of 2012 and Crown Castle followed suit in January 2014. However, the Boston Globe recently reported, “A Republican leader in the House of Representatives wants to block the rush to form REITs. With the surge in real estate trusts costing the U.S. government billions in lost tax payments, Representative Dave Camp of Michigan, who chairs the House Ways and Means Committee, has drafted a massive tax reform bill that would reverse past IRS rulings and outlaw many REIT conversions.” Unfortunately, this legislation would limit the types of assets that would qualify as real estate and some legal specialists suggested that cell phone towers would be disqualified. “The REIT rules were not intended to facilitate erosion of the corporate tax base,” the Ways and Means Committee said in a document accompanying a draft of the tax proposal. This may be one of the reasons the major tower corporations are buying up ground leases to secure their position in the real estate market. It’s not clear whether this proposed legislation would force non-traditional trusts to revert back to being corporations because their property would no longer qualify as real estate. But the language in the Ways and Means proposal suggests those companies would lose their tax-free REIT status.

NAB Challenges FCC on Incentive Auction

It’s no secret that members of the broadcasting community are upset with the FCC rule regarding the broadcast spectrum incentive auction order that was published in May 2014. In a petition published on August 18th, the National Association of Broadcasters challenged the FCC decision to change the methodology used to predict local television coverage areas and population served, which could result in significant loss of viewership of broadcast TV stations after the FCC "repacks" TV stations into a shrunken TV band. "Under this new methodology, many broadcast licensees, including NAB's members, will lose coverage area and population served during the auction's repacking and reassignment process, or be forced to participate in the auction (and relinquish broadcast spectrum rights)," the NAB lawsuit stated. In April 2014, FCC Chairman Wheeler spoke at the NAB Conference in Las Vegas and confronted the idea that he and the government were working against broadcaster to give the mobile carriers preferential treatment when it comes to spectrum; the crowd

wasn't convinced. "Channel sharing will allow you to remain on the air, maintain must-carry status if you are a must-carry station, and have a new source of capital that doesn't dilute your ownership," Wheeler said at the conference, adding, "I caution, however, that the Incentive Auction opportunity is not likely to come again anytime soon. While legally we could hold another auction, realistically I'm not as sure." The petition also states that the FCC failed to take steps to preserve licensees' coverage areas in repacking, and that the FCC erred in failing to ensure proper protections for broadcast translators, which are transmitters that help boost the coverage of broadcast TV programming to more rural and remote viewers. To view the entire petition, please click here.

Framily Out, More Data In

Since new Sprint CEO Marcelo Claure can't revamp the company's network infrastructure overnight, he's doing his best to shake up the pricing side of the industry. Monday, the company introduced the new Family Share Pack, which is so much easier to say than "Framily". The Family Share Pack offers double the high-speed data at a lower price than AT&T and Verizon. For a family up to 10 lines, you get 20 GB of shared data and unlimited talk and text for only $100 a month. Kevin Tofel of GigaOM explained, "Sprint's troubles aren't with its monthly billing costs, however. The issue is, and has long been, with its network. After trying to lead the way with a WiMAX network in 2008, Sprint's infrastructure strategy didn't pan out and it fell behind competitors who bet on LTE networks. Now the no. 3 U.S. carrier is trying to merge multiple frequencies with its Spark Service, some of which are not ideal for indoor coverage."

Aero Communications Acquires Fulton Technologies

Aero Communications, a turnkey network development company, has acquired Fulton Technologies, a Midwest provider of wireless network construction and municipal safety services. This acquisition will expand Aero Communications' capabilities in the telecom infrastructure services industry. "Fulton is an excellent provider of wireless tower services, and will enhance our business on multiple fronts. Our customers have been asking us to increase resources and expand our geographic footprint, and this acquisition allows us to do both," said Greg McCray, CEO of Aero Communications. "Fulton also enables us to deepen our relationships with municipalities. We're enthusiastic about what this means for our customers." Aero Communications specializes in engineering, construction, and testing of aerial and underground fiber, small cells, Distributed Antenna Systems (DAS), and cell towers. The company also performs residential and commercial installation services. The addition of Fulton Technologies strengthens Aero Communications' wireless tower business, adds municipal safety services, and provides an additional Chicago location to serve existing customers. "We're extremely pleased that Aero Communications has chosen Fulton to augment their wireless line of business," said Jim Haberkost, Fulton's COO and EVP. "With Aero, we'll now be able to provide a greater suite of services to our customers and more opportunities for our employees."

FCC Announces Task Force to Investigate Fake Towers

By Jen Koester, an insider at Lease Advisors

You may recall the buzz about law enforcement using fake cell towers to catch criminals. These towers enabled police and other law enforcement agencies to pinpoint wireless users' locations, and in some cases, even track and copy data transmission. People were unhappy about their cell phones and other wireless devices being "tricked" into connecting to these towers. As a result of growing concern, the FCC recently announced the creation of a task force dedicated to investigate the use of fake cell towers. One well-known fake cell tower is the "StingRay", created by Florida-based Harris Corporation. This technology imitates part of the cellular infrastructure to get nearby cellular devices to connect to it. StingRays differentiate in terms of what they can extract from your phone. Some can intercept phone calls and text messages, while others can only track your location.

It is now feared that law enforcement agencies are not the only ones using these devices. Florida Representative Alan Grayson worries that the U.S. cellular infrastructure is in danger, because criminals and spies may be hacking this technology and accessing StingRay data. Grayson wrote to FCC Chairman Tom Wheeler asking him to look into the possibility. Wheeler replied to Grayson, saying that the recently created special task force will "initiate immediate steps to combat the illicit and unauthorized use of IMSI catchers," as these devices are commonly referred. Continue reading here.

FCC Mandates Trump All

Recently the FCC mandated that parts of New York upgrade their narrowband emergency communication systems, which is why a new tower is set to be built in the Upper Mountain area of Lewiston, New York. However, this FCC-mandated tower has caused friction between residents and members of the Upper Mountain Fire Company, where the tower site is located. The Upper Mountain Fire Co. was approached years earlier about the prospect of a cell tower because of their proximity to the escarpment, which causes a break in communications. The new tower would alleviate this problem. According to the Lockport Union-Sun Journal, Timothy Masters, Lewiston's building inspector, has already issued a stop work order to the Upper Mountain fire hall, and said that "the next step is to send them a violation. If that is not remedied in a certain amount of days it will be decided in court." However, Greg Sitek, the president of Upper Mountain Fire Co., explained that this tower does not belong to Upper Mountain, it belongs to the county. Masters believes work on the tower must be stopped because the town of Lewiston was not notified of the tower's construction. While Sitek and Masters continue to disagree about the state of the tower, it's really out of their control. The FCC issued a state-wide mandate to narrowband emergency radio towers throughout the state, which trumps any city or county rules.

City of Joliet Approves 7 New Sites
Submitted by Robert Stapleton

National Wireless Ventures LLC, on behalf of AT&T, has received city council approval for special use permits to construct seven new sites within Joliet, Illinois. National Wireless presented the package as a whole to members of the Planning Commission, Zoning Board of Appeals, and City Council. The company received unanimous approval of the plan. National Wireless sought and received the support of the Will County Economic Development Commission, Joliet Departments of Economic Development and Community Development in this very aggressive move to enhance the AT&T service in the area. The Joliet Director of Economics testified on behalf of the proposal, stating that this service enhancement is beneficial for the expansion of the Centerpoint Intermodal facility, the western expansion of Joliet, and the increasing demands for service during events within the city. The new sites include two new towers, collocation on two existing towers and one new roof top. The city

was grateful that four of the proposed sites are on not-profit operations.

Small Tower Not Sufficient

In Yancey County, North Carolina, there is a small cell tower that was constructed a few years ago during the search for a missing child. While the tower has served nearby residents since then, the South Toe Fire Department can no longer maintain the tower. The fire department would repair the tower in case of another massive search, but for now cellular coverage is lacking. "It's been about a month since I had good service," said Gene Willis, who lives in the area. Willis explained he can only send a text message when he's standing directly below the tower. One resident shared that if you had a problem, you could probably just knock of a door and someone would help you. While this might be a viable option, the community members are hoping the major carriers will hear their sad stories and come to the rescue.

Tower Ticker

SYMBOL	TIME & PRICE		CHG & % CHG		DAY'S LOW & HIGH		VOLUME
AMT	04:00pm EDT	99.06	-0.72	-0.72%	98.58	99.90	2,171,857
CCI	04:00pm EDT	78.34	-0.19	-0.24%	78.18	78.73	1,034,446
CIGW	03:47pm EDT	0.53	+0.13	+32.50%	0.40	0.57	314,523
SBAC	04:00pm EDT	108.02	-1.27	-1.16%	107.65	109.77	1,388,388
TMUS	04:01pm EDT	28.95	+0.11	+0.38%	28.81	29.18	4,041,565
VZ	04:00pm EDT	48.70	-0.08	-0.16%	48.27	49.04	17,292,787
S	04:00pm EDT	5.39	-0.23	-4.09%	5.36	5.63	44,195,493
T	04:00pm EDT	34.48	-0.17	-0.49%	34.33	34.69	20,454,299

Zoning and Moaning

Minnesota City Council Approves Cell Tower

Sauk Rapids, Minnesota, will soon be home to a new 73-foot cell tower. You may have a hard time finding it though, as the new tower will be concealed as a bell tower within a local church. The Sauk Rapids City Council recently approved Verizon's request to put up a tower at Trinity Lutheran Church and granted them a conditional use permit. With more and more people becoming aware of cell towers, both existing and proposed ones and the NIMBY effect (Not In My Back Yard), concealed towers are almost becoming a requirement in many tower proposals in order for them to be approved.