

SBA COMMUNICATIONS CORP  
Form 8-K  
May 28, 2003

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934.**

Date of Report (Date of earliest event reported) May 9, 2003

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**SBA COMMUNICATIONS CORPORATION**

(Exact name of registrant as specified in its charter)

**Florida**  
(State or other jurisdiction of  
incorporation or organization)

**000-30110**  
Commission File Number

**65-0716501**  
(I.R.S. Employer  
Identification No.)

**5900 Broken Sound Parkway NW**

**Boca Raton, Florida**  
(Address of principal executive offices)

**33487**  
(Zip code)

**(561) 995-7670**

**(Registrant's telephone number, including area code)**

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Item 2 Acquisition or Disposition of Assets

On May 9, 2003, certain subsidiaries of SBA Communications Corporation ( SBA or the Company ) closed on the first stage of its pending sale of 679 towers to AAT Communications Corp. ( AAT ). The Company sold 631 towers, in an asset sale, to AAT in exchange for gross cash proceeds of approximately \$145 million. The sale of the remaining 48 towers for gross cash proceeds of approximately \$15 million is expected to occur on or before July 1, 2003. The towers sold comprised substantially all of SBA 's tower assets in the Western United States, including Michigan, Iowa, Missouri, part of Illinois, Oklahoma and most of Texas.

Item 5 Other Events and Required FD Disclosure

On May 9, 2003, SBA refinanced its \$300 million senior credit facility, under which \$255 million was outstanding, with the proceeds from a new \$195 million senior credit facility from GE Capital Corporation and affiliates of Oak Hill Advisors, Inc., cash on hand and a portion of the proceeds from the tower sale to AAT.

Item 7 Financial Statements, *Pro Forma* Financial Information and Exhibits

b) Unaudited pro forma financial information

The unaudited pro forma consolidated balance sheet of SBA at March 31, 2003 gives effect to the sale of the towers as if the sale of all 679 towers and the refinancing of the senior credit facility had been consummated at that date. The unaudited pro forma consolidated statements of operations for the year ended December 31, 2002 and for the three months ended March 31, 2003 give effect to the sale of SBA 's towers as if the sale and the refinancing of the senior credit facility had occurred at the beginning of the respective periods.

The pro forma financial information for the year ended December 31, 2002 was derived from SBA 's audited historical Consolidated Financial Statements and notes thereto for such period. The pro forma financial information as of and for the three months ended March 31, 2003 was derived from SBA 's unaudited historical Consolidated Financial Statements and notes thereto as of and for such period.

The pro forma financial information has been prepared on the basis of preliminary assumptions and estimates. The pro forma adjustments represent SBA 's preliminary determinations of these adjustments based on available information and certain assumptions SBA considers reasonable under the circumstances. The pro forma financial information is presented for illustrative purposes only and may not be indicative of the results of operations and financial position of SBA, as it may be in the future or as it might have been had the transactions been consummated on the respective dates assumed.

**SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES****PRO FORMA CONSOLIDATED BALANCE SHEET****AS OF MARCH 31, 2003****(unaudited)****(in thousands)**

|  | <u>Adjustments</u>  |  |                                     |  | <u>Pro Forma</u>    |
|--|---------------------|--|-------------------------------------|--|---------------------|
|  | <u>Historical</u>   | <u>New<br/>Financing<sup>(1)</sup></u> | <u>Sale of Towers<sup>(2)</sup></u> | <u>Repayment of<br/>Prior<br/>Facility<sup>(3)</sup></u> |                     |
| <b>ASSETS</b>  |                     |  |                                     |  |                     |
| Current assets:  |                     |  |                                     |  |                     |
| Cash and cash equivalents  | \$ 47,857           | \$ 188,350                             | \$ 136,000                          | \$ (269,700)   | \$ 102,507          |
| Restricted cash  |                     |  | 20,000                              | 13,500   | 33,500              |
| Accounts receivable, net   | 28,163              |  |                                     |  | 28,163              |
| Costs and estimated earnings in excess of billings on<br>uncompleted contracts | 11,371              |  |                                     |  | 11,371              |
| Prepaid and other current assets   | 5,012               | 50                                     |                                     | (20)   | 5,042               |
| <b>Total current assets</b>  | <b>92,403</b>       | <b>188,400</b>                         | <b>156,000</b>                      | <b>(256,220)</b>   | <b>180,583</b>      |
| Property and equipment, net  | 1,121,934           |  | (161,500)                           |  | 960,434             |
| Deferred financing fees, net   | 23,363              | 6,850                                  |                                     | (4,480)  | 25,733              |
| Other assets   | 23,050              | (250)                                  | (2,430)                             |  | 20,370              |
| Intangible assets, net   | 3,874               |  | (500)                               |  | 3,374               |
| <b>Total assets</b>  | <b>\$ 1,264,624</b> | <b>\$ 195,000</b>                      | <b>\$ (8,430)</b>                   | <b>\$ (260,700)</b>                                      | <b>\$ 1,190,494</b> |
| <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>                                     |                     |  |                                     |  |                     |
| Current liabilities:   |                     |  |                                     |  |                     |
| Accounts payable   | \$ 13,877           |  |                                     |  | \$ 13,877           |
| Accrued expenses   | 15,294              |  |                                     |  | 15,294              |
| Deferred revenue   | 14,422              |  |                                     |  | 14,422              |
| Interest payable   | 12,459              |  |                                     | \$ (1,200)   | 11,259              |
| Long-term debt, current portion  | 60,066              |  |                                     | (60,000)   | 66                  |
| Billings in excess of costs and estimated earnings on<br>uncompleted contracts | 2,016               |  |                                     |  | 2,016               |
| Other current liabilities  | 1,917               |  |                                     |  | 1,917               |
| <b>Total current liabilities</b>   | <b>120,051</b>      |  |                                     | <b>(61,200)</b>  | <b>58,851</b>       |
| Long-term liabilities:   |                     |  |                                     |  |                     |
| Long-term debt   | 969,102             | \$ 195,000                             |                                     | (195,000)  | 969,102             |
| Deferred tax liabilities, net  | 18,429              |  |                                     |  | 18,429              |
| Deferred revenue   | 1,889               |  |                                     |  | 1,889               |
| Other long-term liabilities  | 3,166               |  | \$ (200)                            |  | 2,966               |

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|  |              |            |            |              |              |
|--|--------------|------------|------------|--------------|--------------|
| Total long-term liabilities                | 992,586      | 195,000    | (200)      | (195,000)    | 992,386      |
| Shareholders' equity:                      |              |            |            |              |              |
| Common stock                               | 512          |            |            |              | 512          |
| Additional paid-in capital                 | 673,215      |            |            |              | 673,215      |
| Accumulated deficit                        | (521,740)    |            | (8,230)    | (4,500)      | (534,470)    |
| Total shareholders' equity                 | 151,987      |            | (8,230)    | (4,500)      | 139,257      |
| Total liabilities and shareholders' equity | \$ 1,264,624 | \$ 195,000 | \$ (8,430) | \$ (260,700) | \$ 1,190,494 |

<sup>(1)</sup>Reflects the closing of the new senior credit facility, resulting in gross proceeds of \$195.0 million and estimated transaction fees of \$6.9 million.

<sup>(2)</sup>Reflects the sale of 679 towers for gross proceeds of \$160.0 million, of which \$20.0 million was placed in escrow, estimated transaction costs of \$4.0 million and the write-off of assets and liabilities specifically related to the 679 towers. It is estimated that this transaction will result in a loss of approximately \$6.5 million.

<sup>(3)</sup>Reflects the repayment of the prior credit facility, establishment of collateral accounts as a result of the cancellation of letters of credit, write-off of deferred financing fees, and payment of related interest payable.

**SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES****PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS****FOR THE THREE MONTHS ENDED MARCH 31, 2003****(unaudited)****(in thousands, except per share amounts)**

|  | <u>Historical</u>  | <u>Adjustments<br/>Sale of Towers/<br/>Refinancing<sup>(1)</sup></u> | <u>Pro<br/>Forma</u> |
|--|--------------------|--|----------------------|
| Revenues:  |                    |  |                      |
| Site development   | \$ 20,674          |  | \$ 20,674            |
| Site leasing   | 37,547             | \$ (5,150)   | 32,397               |
| <b>Total revenues</b>  | <b>58,221</b>      | <b>(5,150)</b>   | <b>53,071</b>        |
| Cost of revenues (exclusive of depreciation, accretion and amortization shown below):          |                    |  |                      |
| Cost of site development   | 18,694             |  | 18,694               |
| Cost of site leasing   | 12,960             | (1,750)  | 11,210               |
| <b>Total cost of revenues</b>  | <b>31,654</b>      | <b>(1,750)</b>   | <b>29,904</b>        |
| Gross profit   | 26,567             | (3,400)  | 23,167               |
| Operating expenses:  |                    |  |                      |
| Selling, general and administrative  | 8,483              | (350)  | 8,133                |
| Restructuring and other charges  | 976                |  | 976                  |
| Asset impairment charge  | 452                |  | 452                  |
| Depreciation, accretion and amortization   | 25,605             | (3,450)  | 22,155               |
| Loss on extinguishment of debt   |                    | 4,800  | 4,800                |
| <b>Total operating expenses</b>  | <b>35,516</b>      | <b>1,000</b>   | <b>36,516</b>        |
| Operating loss   | (8,949)            | (4,400)  | (13,349)             |
| Other income (expense):  |                    |  |                      |
| Interest income  | 129                |  | 129                  |
| Interest expense   | (17,681)           | (450)  | (18,131)             |
| Non-cash interest expense  | (5,077)            | (1,700)  | (6,777)              |
| Amortization of debt issuance costs  | (1,155)            | (50)   | (1,205)              |
| Other  | 44                 |  | 44                   |
| <b>Total other expense</b>   | <b>(23,740)</b>    | <b>(2,200)</b>   | <b>(25,940)</b>      |
| Loss before provision for income taxes and cumulative effect of change in accounting principle | (32,689)           | (6,600)  | (39,289)             |
| Provision for income taxes   | (521)              | 100  | (421)                |
| <b>Loss before cumulative effect of change in accounting principle</b>                         | <b>\$ (33,210)</b> | <b>\$ (6,500)</b>  | <b>\$ (39,710)</b>   |
|  | <b>\$ (0.65)</b>   | <b>\$ (0.13)</b>   | <b>\$ (0.78)</b>     |

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|  |        |        |        |
|--|--------|--------|--------|
| Basic and diluted loss per common share before cumulative effect of change in accounting principle |        |        |        |
| Basic and diluted weighted average number of common shares   | 51,130 | 51,130 | 51,130 |

<sup>(1)</sup>Represents the elimination of direct revenues and expenses associated with the sale of the 679 towers, the write-off of deferred assets associated with the prior credit facility and an adjustment to interest expense associated with the new credit facility.

**SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES****PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2002****(unaudited)****(in thousands, except per share amounts)**

|   | <u>Historical</u>   | <u>Adjustments<br/>Sale of Towers/<br/>Refinancing<sup>(1)</sup></u> | <u>Pro Forma</u>    |
|---|---------------------|--|---------------------|
| <b>Revenues:</b>  |                     |  |                     |
| Site development  | \$ 125,041          |  | \$ 125,041          |
| Site leasing  | 139,633             | \$ (19,300)  | 120,333             |
| <b>Total revenues</b>   | <b>264,674</b>      | <b>(19,300)</b>  | <b>245,374</b>      |
| <b>Cost of revenues (exclusive of depreciation and amortization shown below):</b>                     |                     |  |                     |
| Cost of site development  | 102,473             |  | 102,473             |
| Cost of site leasing  | 49,641              | (6,950)  | 42,691              |
| <b>Total cost of revenues</b>   | <b>152,114</b>      | <b>(6,950)</b>   | <b>145,164</b>      |
| <b>Gross profit</b>   | <b>112,560</b>      | <b>(12,350)</b>  | <b>100,210</b>      |
| <b>Operating expenses:</b>  |                     |  |                     |
| Selling, general and administrative   | 35,605              | (1,500)  | 34,105              |
| Restructuring and other charges   | 61,179              |  | 61,179              |
| Asset impairment charge   | 16,381              |  | 16,381              |
| Depreciation and amortization   | 102,328             | (13,700)   | 88,628              |
| Loss on extinguishment of debt  |                     | 5,850  | 5,850               |
| <b>Total operating expenses</b>   | <b>215,493</b>      | <b>(9,350)</b>   | <b>206,143</b>      |
| <b>Operating loss</b>   | <b>(102,933)</b>    | <b>(3,000)</b>   | <b>(105,933)</b>    |
| <b>Other income (expense):</b>  |                     |  |                     |
| Interest income   | 601                 |  | 601                 |
| Interest expense, net of amounts capitalized  | (56,171)            |  | (56,171)            |
| Non-cash interest expense   | (29,038)            | (4,650)  | (33,688)            |
| Amortization of debt issuance costs   | (4,480)             | (50)   | (4,530)             |
| Other   | (169)               |  | (169)               |
| <b>Total other expense</b>  | <b>(89,257)</b>     | <b>(4,700)</b>   | <b>(93,957)</b>     |
| <b>Loss before provision for income taxes and cumulative effect of change in accounting principle</b> | <b>(192,190)</b>    | <b>(7,700)</b>   | <b>(199,890)</b>    |
| Provision for income taxes  | (383)               | 383  |                     |
| <b>Loss before cumulative effect of change in accounting principle</b>                                | <b>\$ (192,573)</b> | <b>\$ (7,317)</b>  | <b>\$ (199,890)</b> |



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|  |           |           |           |
|--|-----------|-----------|-----------|
| Basic and diluted loss per common share before cumulative effect of change in accounting principle | \$ (3.83) | \$ (0.14) | \$ (3.97) |
| Basic and diluted weighted average number of common shares   | 50,308    | 50,308    | 50,308    |

<sup>(1)</sup>Represents the elimination of direct revenues and expenses associated with the sale of the 679 towers, the write-off of deferred assets associated with the prior credit facility and an adjustment to interest expense associated with the new credit facility.

c) Exhibits

10.38 Purchase and Sale Agreement dated as of March 17, 2003, by and among SBA Properties, Inc., SBA Properties Louisiana, LLC, SBA Towers, Inc., and AAT Communications Corp.\*

99.1 Press Release dated May 12, 2003, announcing sale of towers.

\* Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

May 27, 2003

SBA COMMUNICATIONS CORPORATION

/s/ John F. Fiedor

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**John F. Fiedor**

**Chief Accounting Officer**