

June 26, 2018

Mr. David J. Hall  
Chief Business Officer  
Prescott Campus  
Embry-Riddle Aeronautical University  
3700 Willow Creek Road  
Prescott, AZ 86301

via email

RE: City Contract #1985-017, 1985-017A1 & 1986-11 as amended and assigned  
City Account #17464 – City Revenue Code 7409999-7407

Dear Mr. Hall,

The City has completed an appraisal for the leased premises, exclusive of all improvements, as specified by the lease. An electronic copy of the property appraisal has been provided previously for your reference. The ground lease appraised value is \$890,000.

The current forty (40) year lease dated July 3, 1984, states “... *the annual rent may be adjusted by Lessor based upon ten (10%) percent of the then agreed-upon appraised value of the Leased Premises exclusive of all improvements. No periodic adjustment of rent shall be an increase which exceeds ten (10%) percent of the annual per-acre rental for the preceding three (3) years.*”

- Using 10% of the current appraised value, would allow for a rental rate of up to \$89,000 /yr.
- The current three (3) year period rental rate is \$41,169.48/yr.
- The maximum allowable rental increase per the Lease agreement, is ten (10%) percent above the previous three (3) year rental rate.
- **The New maximum rental rate per the lease agreement is \$45,286.43 /yr.**

The appraisal was completed late, so the effective date for this change will be July 1, 2018.

Upon such agreement by ERAU, effective July 1, 2018 the monthly lease rate for the above referenced City Contract will be:

\$3,773.87  
103.78 tax  
\$3,877.65 TOTAL

If you have any questions regarding this matter or wish to discuss it further, please do not hesitate to contact me at 928-777-1152 or [jessie.baker@prescott-az.gov](mailto:jessie.baker@prescott-az.gov)

Sincerely,

Jessie R. Baker  
Assistant Airport Director

Cc: City Accounts Receivable