

By: Representative Smith (59th)

To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 960

1 AN ACT TO AMEND SECTION 51-9-122, MISSISSIPPI CODE OF 1972,
2 TO PRESCRIBE TERMS, CONDITIONS AND RESTRICTIONS FOR THE RENEWAL OF
3 LEASES OTHER THAN RESIDENTIAL LEASES OF LAND UNDER THE
4 JURISDICTION OF THE PEARL RIVER VALLEY WATER SUPPLY DISTRICT; AND
5 FOR RELATED PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

7 **SECTION 1.** Section 51-9-122, Mississippi Code of 1972, is
8 amended as follows:

9 51-9-122. (1) (a) At any time more than fifteen (15) years
10 after the commencement date of any residential lease from the
11 district, the leaseholder shall have the option to renew and
12 extend the lease for a new sixty-year term by giving the district
13 notice of his exercise of this option to renew.

14 (b) At any time after the first fifteen (15) years of
15 the term of any residential lease, the then present lessee may
16 obtain from the district a new sixty-year lease on the terms and
17 conditions contained in the then current lease form approved for
18 use in residential leases with the exception of rent. Rent under
19 such sixty-year leases will be payable on the same annual payment
20 date as rent under the lease being renewed. The maximum annual
21 rental under the new lease will be determined by the district as
22 follows:

23 (i) Renewal of Leases with Fixed Rental
24 (non-escalating): The district will recompute the annual rental
25 due under the lease being renewed as if the lease had contained
26 annual rents at the fixed amount stated in the lease for the first
27 ten-year period, escalating thereafter at ten percent (10%),
28 rounded to the nearest Five Dollars (\$5.00), every five-year



29 period. The annual rental which would have been payable as of the
30 renewal date will be the annual rent payable for the first
31 ten-year period of the renewed lease. Annual rental will escalate
32 thereafter at ten percent (10%), rounded to the nearest Five
33 Dollars (\$5.00), every five (5) years. Recomputed annual rental
34 will be payable from and after the first day of the renewed lease
35 term and not for the period prior to renewal.

36 (ii) Renewal of Leases with Escalating Rental:
37 Annual rental will remain payable in accordance with the terms of
38 the lease being renewed with rental continuing to escalate at ten
39 percent (10%), rounded to the nearest Five Dollars (\$5.00), every
40 five (5) years during the renewed term.

41 (c) The district will charge a reasonable
42 non-refundable fee for preparation of the renewal lease. The
43 Lessee will be responsible for obtaining the consent of any
44 mortgage holder to the lease modification.

45 (d) At any time a lessee is found to be in default or
46 in breach of the terms and conditions contained in the lease, the
47 district shall give thirty (30) days written notice to such lessee
48 before terminating the lease. Such notice shall be by certified
49 mail and shall specifically state the default or breach. If the
50 lessee does not cure the default or breach within thirty (30) days
51 of such notice, then the district shall give written notice to the
52 holder of any mortgage or deed of trust on the leasehold and such
53 holder shall thereupon have thirty (30) days to cure the default
54 or breach before the lease is terminated.

55 (2) Any leaseholder, other than a leaseholder of residential
56 leases with renewal rights under subsection (1) of this section,
57 shall have the right, exclusive of all other persons, at any time
58 before expiration of the initial term of the lease to re-lease the
59 property on such terms as may be agreed upon between the holder of
60 the lease and the district. The terms may include rent, rental
61 adjustment periods and method of determination, term of years,



62 use, condition of improvements, removal of improvements and
63 compliance with district rules and regulations. The district,
64 before entering into any lease under this subsection (2), shall
65 obtain at least two (2) appraisals from competent appraisers
66 establishing the fair market rental value of the land, exclusive
67 of improvements made by the leaseholder or any predecessor in
68 title, and the land shall not be leased for an amount less than
69 the fair market rental as determined by the appraisers and
70 approved by the board. The district may require rent escalation
71 clauses or other such devices to adjust rental amounts
72 periodically during the lease term. The cost of the appraisals
73 shall be paid by the district and may be included in the costs of
74 re-leasing to be reimbursed by the lessee. Nothing in this
75 section limits or restricts the rights of the district to
76 negotiate terms of any lease in furtherance of any of the purposes
77 authorized by this article and in a manner deemed favorable to the
78 district by the board of directors. Upon expiration of any lease
79 subject to this subsection (2), if the lessee has not obtained a
80 new lease under this subsection, the lessee shall have no
81 peremptory rights to lease the property and, at the direction of
82 the district, shall remove all improvements and other structures
83 on the property immediately upon termination of the lease.

84 **SECTION 2.** This act shall take effect and be in force from
85 and after July 1, 2002.

