

By: Representative Smith (59th)

To: Ways and Means

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 one (1) appraisal from a competent appraiser  
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 appraiser and approved  
70 by the board. The district may require rent escalation clauses or  
71 other such devices to adjust rental amounts periodically during  
72 the lease term. The cost of the appraisal shall be paid by the  
73 district and may be included in the costs of re-leasing to be  
74 reimbursed by the lessee. Nothing in this section limits or  
75 restricts the rights of the district to negotiate terms of any  
76 lease in furtherance of any of the purposes authorized by this  
77 article and in a manner deemed favorable to the district by the  
78 board of directors. Upon expiration of any lease subject to this  
79 subsection (2), if the lessee has not obtained a new lease under  
80 this subsection, the lessee shall have no preemptory rights to  
81 lease the property and, at the direction of the district, shall  
82 remove all improvements and other structures on the property  
83 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.

