



## Brazos River Authority

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE BRAZOS RIVER AUTHORITY JULY 27-28, 2009**

#### **Agenda Item 12 Residential Lease Rate Methodology**

**WHEREAS**, at its July 30, 2007 Board of Directors Meeting, the Board of Directors of the Brazos River Authority adopted the current Residential Lease Rate Methodology which provides that beginning January 1, 2010, lease rates shall be based upon actual appraised land values (Appraised Value); and

**WHEREAS**, the Brazos River Authority adopted this methodology in order to preserve its value in the leases in the event divestiture were to occur; and

**WHEREAS**, the Board of Directors of the Brazos River Authority issued a Request for Bids dated January 8, 2009 regarding a sale of leased property at Possum Kingdom Lake, which included a requirement that the lessees have an opportunity to purchase their leased property from the successful bidder at a price based upon the county appraisal district assessed value of their leased property (Assessed Value); and

**WHEREAS**, Patterson PK Land Partnership, Ltd. was the successful bidder (Patterson); and

**WHEREAS**, after Patterson's bid was accepted by the Brazos River Authority, HB 3031 was signed into law, which set in statute the terms of the RFB, including the requirement that the lessees option to purchase their leaseholds would be based upon the Assessed Value of the leased property; and

**WHEREAS**, in light of the requirement that lease sales be based upon their Assessed Value, it is no longer a priority to base lease rates upon their Appraised Value; and

**WHEREAS**, Patterson has no objection to the Brazos River Authority changing its Residential Lease Rate Methodology from Appraised Value to Assessed Value.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Brazos River Authority hereby adopts the following Residential Lease Rate Methodology (herein so called) for Possum Kingdom residential leases.

For leases entered into, renewed or subject to rental rate adjustments on or after January 1, 2010, but on or before December 31, 2012, the annual rate shall be 1% of the then-current Assessed Value; provided, however, such annual rate shall not be less than \$667; and

For leases entered into, renewed, or subject to rental rate adjustment on or after January 1, 2013, but on or before December 31, 2017, the annual rate shall be 2% of the then-current Assessed Value; provided, however, such annual rate shall not be less than \$833; and

For leases entered into, renewed or subject to rental rate adjustments on or after January 1, 2018, but on or before December 31, 2022, the annual rate shall be 3% of the then-current Assessed Value; provided, however, such annual rate shall not be less than \$1,000; and

For leases entered into, renewed or subject to rental rate adjustments on or after January 1, 2023, but on or before December 31, 2027, the annual rate shall be 4% of the then-current Assessed Value; provided, however, such annual rate shall not be less than \$1,000; and

For leases entered into, renewed or subject to rental rate adjustments on or after January 1, 2028, but on or before December 31, 2032, the annual rate shall be 5% of the then-current Assessed Value; provided, however, such annual rate shall not be less than \$1,000; and

For leases entered into, renewed or subject to rental rate adjustments on or after January 1, 2033, the annual rate shall be 6% of the then-current Assessed Value; provided, however, such annual rate shall not be less than \$1,000; and

**BE IT FURTHER RESOLVED** that the Board of Directors of the Brazos River Authority hereby adopts the Residential Lease Rate Methodology for Consistent Rate Leases (hereinafter defined);

For purposes of this Resolution, the term "Consistent Rate Leases" shall mean existing Possum Kingdom residential leases that contain a ten year extension period (Extension Period) with no rental rate adjustments during such Extension Period; and

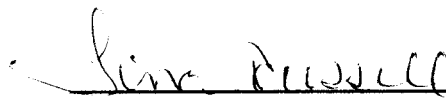
The annual rate during such Extension Period shall be the greater of (i) the then-current Assessed Value multiplied by the average of the above referenced percentages for the two applicable five-year periods, or (ii) the most recent rental rate paid under the lease, but not less than the average of the minimum annual rental amounts for the same five-year periods."

The aforementioned resolution was approved by the Board of Directors of the Brazos River Authority on **July 27, 2009**, to certify which witness my hand and seal.

  
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**Christopher DeCluitt**  
Presiding Officer

SUBSCRIBED AND SWORN TO BEFORE ME on this the 27<sup>th</sup> day of July, 2009, to certify which witness my hand and official seal.



  
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Notary Public in and for the  
State of Texas