



SAN ANTONIO
RIVER AUTHORITY

Leaders in Watershed Solutions

ASR Leasing Program

Historical Overview: 2012 to present

ASR/VISPO/Stakeholder Workgroup

June 17, 2014

Overview

- Timeline of Leasing Activity
- Acquisition Efforts
- Summary of Acquisitions
- Current Status

Background

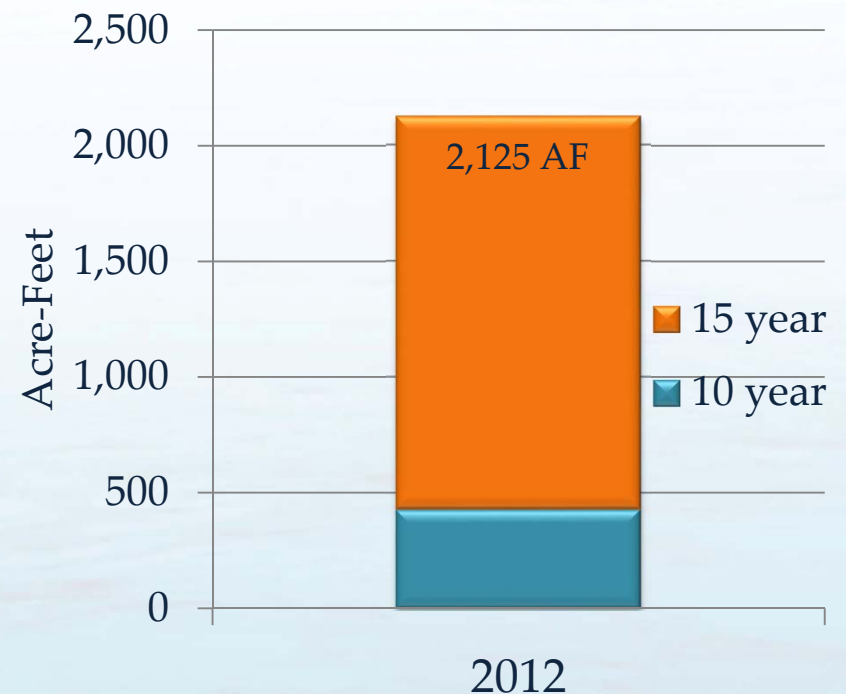
- Overall program goal to acquire 50,000 AF
 - 3 Tiers of 16,666 AF (approx.)
- As outlined in workplan, must maintain an average \$125/AF
- SARA developed targets for various lease terms
 - Based on market rates at the time
 - Based on the average \$125/AF

Leasing Activity – 2012

- Began soliciting permit holders in September 2012 for 2013 enrollment
 - Initially offered 2 lease options:
 - 10 years @ \$135/AF
 - 15 years @ \$150/AF
 - 15 year program more sought after option
 - 878 AF enrolled in 15yr option in first month, compared to 48 AF enrolled in 10yr

Leasing Activity – 2012 (cont.)

- 2,125.310 AF acquired in 2012
 - 10yr option: 428.095 AF
 - 15yr option: 1,697.215 AF



Leasing Activity – 2013

- Modified program in January 2013
 - Introduced 7 year option
 - 7 years @ \$120/AF
 - 15 and 10 year options still available
- 7 year term resulted in 630 AF for 2013
- Largest single enrollment for 2013 came from CPS Energy: 1,000 AF (3yr lease for \$120/AF)

Leasing Activity – 2013 (cont.)

- October 2013 – Introduced shorter terms:
 - 1 year @ \$100/AF with 2.5% annual increase if renewed
 - 3 years @ \$115/AF
 - 5 years @ \$118/AF with \$20/AF signing bonus
 - 7 years @ \$120/AF with \$40/AF signing bonus

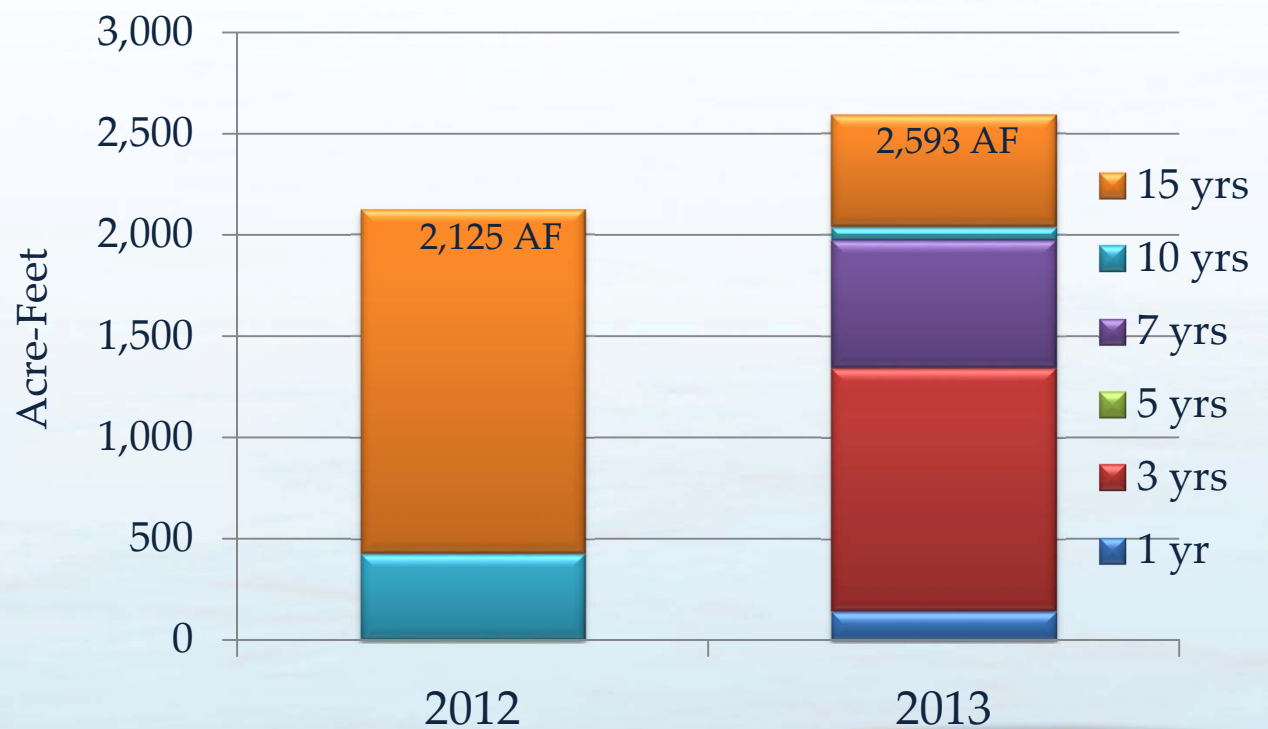
Leasing Activity – 2013 (cont.)

- 2,593.685 AF (new water) acquired in 2013

Lease Option	Acre-Feet
1 year	144.500
3 years	1,200.000
5 years	0.000
7 years	630.626
10 years	63.569
15 years	554.990
Total	2,593.685

Leasing Activity – 2012 to 2013 (cont.)

- 4,718.995 AF acquired through 2013



Leasing Activity 2014

- Continued with existing lease options:
 - Options ranging from 1- to 10-yrs
 - Discontinued 15-yr option due to budget constraints
- Implemented marketing campaign
 - Developed website: www.ASRLeasingProgram.com
 - Created ASR Forum newsletter
 - Hosted informational sessions

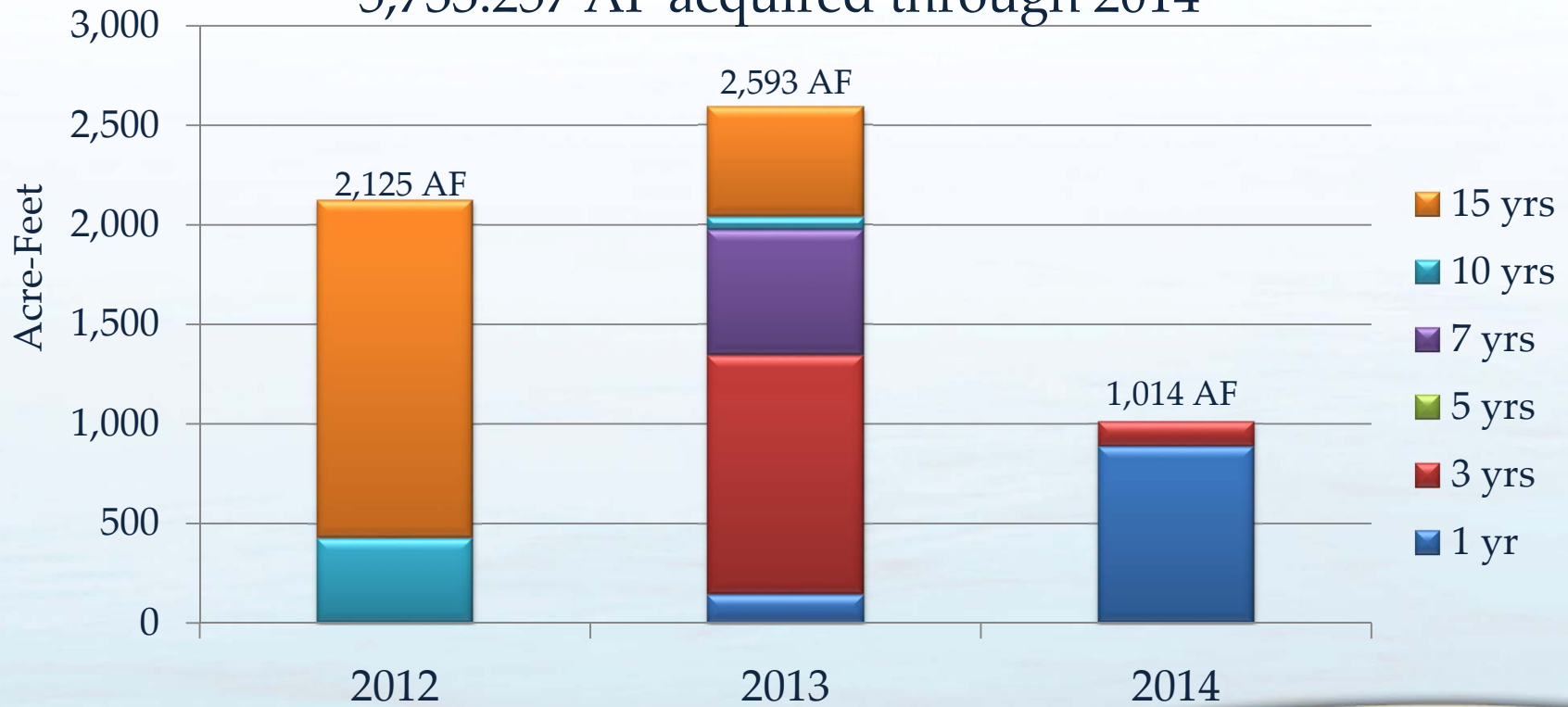
Leasing Activity 2014 (cont.)

- 1,014.262 AF (new water) acquired in 2014

Lease Option	Acre-Feet
1 year	888.262
3 years	125.000
5 years	0.000
7 years	0.000
10 years	1.000
15 years	0.000
TOTAL	1,014.262

Leasing Activity – 2012 to 2014

5,733.257 AF acquired through 2014



Acquisition Efforts

- Contacted individual permit holders
 - EAA letters
 - SARA “interest list”
 - EAA Sellers/Lessors Interest List
 - Expiring leases
 - Cold call
 - Personal contacts

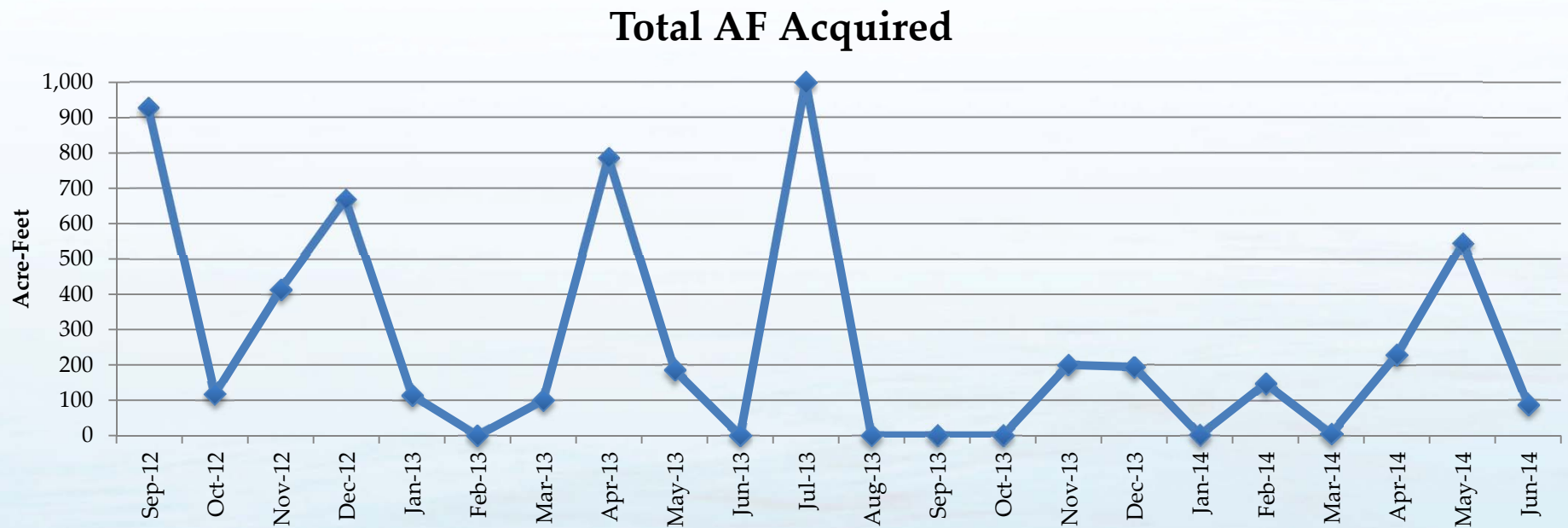
Acquisition Efforts (cont.)

- Public Outreach
 - Attended public meetings with EAA Staff
 - Initial public meetings
 - VISPO meetings
 - Texas A&M AgriLife Extension
 - Attended public events in Medina and Uvalde counties

Acquisition Efforts (cont.)

- Marketing Campaign
 - Developed website
 - Created monthly newsletters
 - Hosted informational breakfast sessions

Acquisitions 2012 - 2014

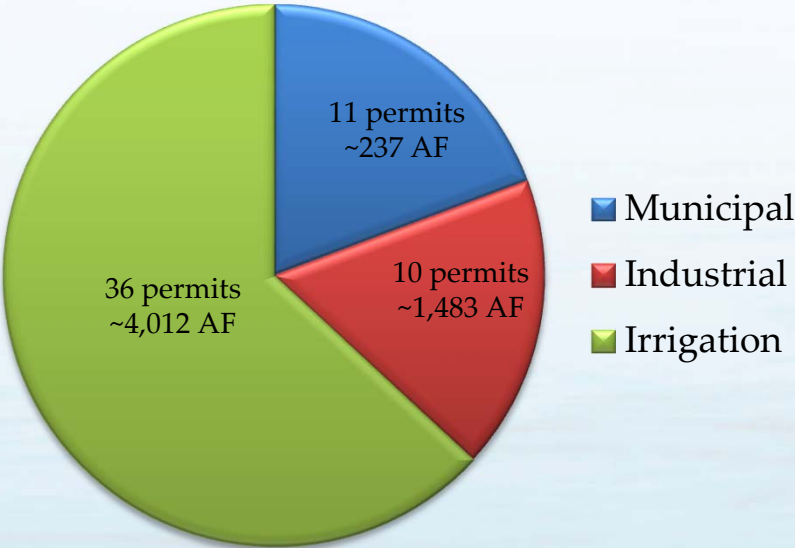


Current Status

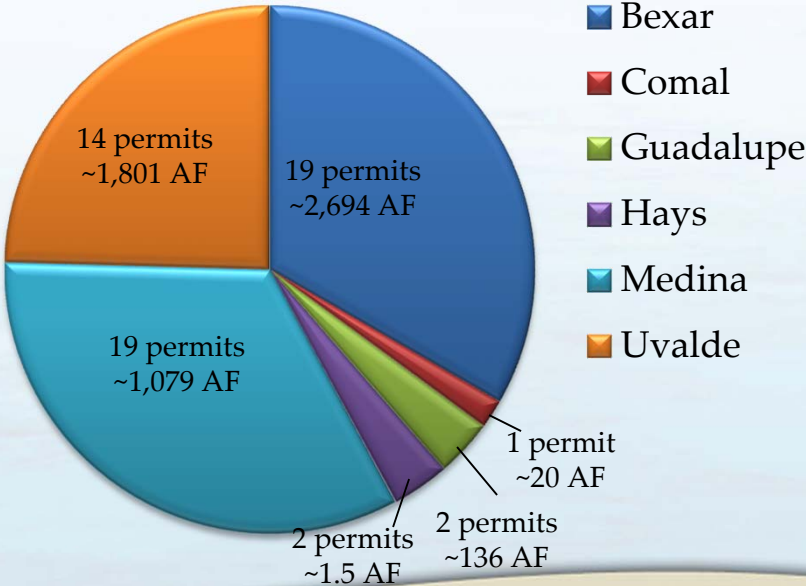
LEASE TERM	TOTAL ACRE-FEET TO DATE	% OF TOTAL ACRE-FEET ACQUIRED	% OF TOTAL TIER 1 TARGET (16,667 AF)
15 yrs	2,252.205	39.28%	13.51%
10 yrs	492.664	8.59%	2.96%
7 yrs	630.626	11.00%	3.78%
5 yrs	0.000	0.00%	0.00%
3 yrs	1,325.000	23.11%	7.95%
1 yr	1,032.762	18.01%	6.20%
TOTAL	5,733.257		34.40%

Current Status (cont.)

Participation by Permit Type



Participation by Permit County



Challenges and Constraints

- Challenges
 - Competition in market (SAWS, VISPO, RWRD, individual transactions)
 - Drought
 - General willingness to participate
- Constraints
 - Average \$125/AF

Questions?

Maintaining \$125/AF average

Term	Proposed Target AF	% of Tier 1 Target (16,667)	Target \$/AF	Budget	Average \$/AF
7 yrs	12,775	76.6%	\$ 120.00	\$ 1,533,000.00	\$125.00
10 yrs	2,225	13.3%	135.00	300,375.00	
15 yrs	1,667	10%	150.00	250,050.00	
TOTAL	16,667	100%		\$ 2,083,425	

2012 Market Rates

- ASR entered the market in Sept 2012
 - SAWS and RWRDG both active in market
 - 10 yrs @ \$135
 - 15 yrs @ 150
- SAWS: 5yr and 10yr lease options
 - 10 year lease: Years 1-5 @ \$115/AF, Years 6-10 @ \$140/AF*
 - *Bonus payment: 50% of 1st yr's payment, paid in year 6 if renewed
 - “Special Leases”
 - 2,000 acre-ft, or more
 - Years 1-2 @ \$127/AF
 - Year 3 @ \$140/AF
 - Year 4 @ \$154/AF
 - Year 5 @ \$170/AF
- RWRDG: 5yr and 10yr lease options
 - 5 yrs @ \$110/AF
 - 10 yrs @ 136/AF