

Town of Middlebury – Union School District #3 (UD#3) – DRAFT 6
 Recreation Facility Project
 Term Sheet – February ____, 2014

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Objective – Construction of a modern recreation facility and associated amenities by the Town of Middlebury (“Town”) on property owned by Union School District #3 (“UD#3”) on Creek Road.

Terms –

1. The Town and UD#3 will enter into a lease agreement to site a recreation facility on property owned by UD#3 on Creek Road, in the approximate location of the former American Legion Building. The lease agreement will be for an initial 25-year term and will renew automatically for another 25-year term unless the parties mutually agree not to renew. There will be an additional renewal period of 25 years unless either party gives notice of nonrenewal at the end of the 50 years, followed by an additional (and final) renewal period of 24 years unless either party gives notice of nonrenewal at the end of the 75 years. If UD#3 gives notice of nonrenewal at the 50- or 75-year points, it must pay the Town the fair market value of the building at a price determined either by mutual agreement, or by a certified appraiser. If the lease terminates by mutual agreement, or if the Town gives notice of nonrenewal at the 50- or 75-year points, then the building will revert to UD#3 with no payment to the Town.
2. The Town will construct a new recreation facility on the site, to include building-mounted exterior lighting of the building and appropriate signage and parking facilities. The Town will be responsible for the operation, repair, and maintenance of the building, access areas to the building and plowing and sanding of the parking facilities.
3. The Town will be responsible for the safe and appropriate removal of the existing structure (the former American Legion Building).
4. Subject to approval of the UD#3 voters, UD#3 will contribute \$400,000 to the Town Project to incorporate the construction of team rooms, either by issuing bonds or entering into a payment agreement with the Town. If funding is approved and provided by UD#3, the Town will include team rooms in the construction of the recreation facility. The structure of this portion of the transaction may be subject to change if necessary to ensure compliance with 16 V.S.A. § 4029.
5. The Town and UD#3 will cooperatively develop a Shared Use Agreement for the building. The Town will be responsible for programming the use of the building (including the use of the building for municipal elections and Town Meeting), and will coordinate scheduling of the facilities with programs and events of UD #3 as per the Shared Use Agreement.
6. The Town will consult with and seek input from UD#3 on the facility design. The design of the team rooms and the location of the facility within the site will be subject to UD#3’s review and approval. The parties will take into account and protect the rights of the Little League organization currently using a portion of the property.
7. Future improvements or additions to the recreation complex, including but not limited to additional parking and a playground, will be upon mutually agreeable terms.
8. The Town will insure the building for property and liability.

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Option 1: The lease agreement will be for an initial 25-year term and will be renewable at the option of the Town for three additional terms of 25, 25, and 24 years each, for a total potential term of 99 years.¶
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Option 2:
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 Deleted: will approve the facility site plan in order to uphold existing use agreements with other organizations. The final facility design will be presented to UD#3 for input and approval.
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9. The Shared Use Agreement will provide that the Town and UD#3 will each indemnify the other party from any and all costs, liabilities, claims, damages or expenses arising out of the negligence or other misconduct of the indemnifying party or its agents, guests, or invitees in connection with use of the facility.
10. The parties understand that the project is contingent on and subject to UD#3 Board, Town Selectboard, and UD#3 and Town voter approval as necessary, approval by any third parties with easement rights or other existing interests in the property, that would be affected by the project, successful bond vote(s) on the project, and acquiring any permits that are required. The parties, in consultation with their respective counsel, will ensure that this transaction is implemented in compliance with the terms of 16 V.S.A. § 4029, and will cooperate to structure the Lease Agreement, Shared Use Agreement, and any other documents to ensure compliance with Section 4029 and all other applicable laws.
11. Representatives of UD#3 and the Town will meet annually to review the terms of the lease agreement and Shared Use Agreement.

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This Term Sheet supersedes all prior term sheets and agreements. By signing below, the Town and UD#3 acknowledge their intent to work together toward a formal agreement. The terms stated above are preliminary only and should not be considered binding on either party unless and until incorporated into a formal agreement. Either party reserves the right to withdraw from negotiations unless and until a formal agreement is signed.

Acknowledged and agreed to:

_____ Date _____ UD#3 _____ Date _____
 Town of Middlebury

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