TERM SHEET

City of Sugar Land/University of Houston Theater and Festival Complex

Parties:	City of Sugar Land ("City") University of Houston System ("UHS").
Purpose/Objective:	For City to develop 52 acres leased by UHS to City in 2005 for a theater and festival complex (the "Site")to be developed in phases through a series of separate facilities development agreements relating to, without limitation, infrastructure, parking, and outdoor theater complex (collectively, the "Facilities"): • Phase I – Fall 2012 - Infrastructure • Phase II – Parking (separate ground lease) • Phase III – (3-5 years) - Permanent facilities, including outdoor theater complex.
Lease Term:	Remaining term of ground lease with City of Sugar Land (Phase I and III)
Permitted Use:	All uses and proposed uses must comply with the legislative grant and deed restrictions and must relate solely to higher educational purposes. Any and all UHSL students, faculty, employees and invitees, as well as UH educational partners (e.g. UHV, Wharton County Junior College, etc.)shall have same, if not preferential, rights and privileges as City resident have to use any of the Facilities located on the Site.
Financial Terms	UHS will not be responsible for any costs and expenses: (i) to design, develop, construct, equip, fixture, furnish, and landscape the Site, including without limitation any of the Facilities; and (ii) for the use, operations, maintenance, repair, and renovations of any aspect of or Facilities on the Site. City and UHS will share equally any revenues received from the operations of the Site and Facilities in accordance with the 2005 Ground Lease. UHS shall not be financially responsible to the City for any financial loss incurred from the management, use, or operation of the Site or any of the Facilities, or any change in use or management of the Site or any of the Facilities required by law.

Facilities Development Agreement shall specify standards to be placed in agreement between City and its contractors for design, construction, etc.

UHS must approve any Substantial Change to the design and construction work and the jointly approved design and construction plans, i.e. any change which will (i) materially alter the preliminary approved scope or the preliminary conceptual plans or (ii) cause any of the Facilities not to comply in all material respects with the applicable laws, deed restriction, and/or agreed-upon construction standard.

City shall bear all responsibility for claims, liability, and clean up arising from any environmental hazards on or near the Site.

Development Phases

Phase I - Infrastructure

City will construct, develop and maintain initial infrastructure to accommodate festival events and activities on 25-35 acres of the site, to include:

- Access to the Festival Site from Hwy 59 frontage road, minimum necessary roads (including a loop road/multi use trail around the festival site);
- Temporary parking and staging areas for construction and festival support;
- Grading/Irrigation/Turf - for approximately 25-35 acres to provide safe, suitable surfaces for festival activity
- Power/Water Utilities
- Landscape improvements (to the extent funding allows in Phase 1)

Phase II - Parking

Park and ride will be relocated from its existing location on the campus core to new paved surface parking, constructed by City, with consent from Fort Bend County and TxDOT.

City will develop and construct, at its own cost, the shared parking infrastructure on a separate parcel, not to exceed 28 acres, owned by UHS, conveyed through a separate ground lease with the City of Sugar Land.

City will provide, and maintain, at its cost and expense, the ongoing security, lighting, and maintenance of parking infrastructure.

Any revenue generated from parking, by the City of Sugar Land or third parties, will be shared equally with UHS.

City will construct pathways to provide pedestrian access from the parking area to the UH Campus. Within five years, City will construct a roadway to link parking to the UH Campus.

UHS faculty, staff and students, and those of its educational partners, shall have the same access to parking as residents, employees, licensees and invitees of the City.

Phase III - Outdoor Theater Complex

City will initiate design and planning process for theater within 3 years. If theater is not completed by City within 7 years, UHS shall have the right to terminate the Ground Lease.

UHS will have input in design of theater. UHS will be responsible for the cost of its own productions at the theater.

A minimum of 45 guaranteed dates will be provided to higher education partners to hold events at the facility. UH will receive priority for scheduling and booking purposes. Dates not used may be booked by the City of Sugar Land. Any dates not used by City of Sugar Land will be offered to UHSL.

Site and theater will provide venue for visual/performing arts events offered by UH Sugar Land higher education partners (UH, UHV, and WCJC) and City of Sugar Land.

City will provide meaningful internships to students related to back-of-the-house operations (i.e. set design, production, costumes, management, etc.) and to students enrolled in the UH Sales and Events Management program offered at UHSL.

Vendors — Facilities Development Agreements will contain provisions relating to vendors at the Site.

Safety and Security — The City shall provide for sufficient security at all times as well as traffic and crowd control for events at the Site.

Terms Regarding Educational Use

Performances – Site and Facilities, including but not limited to the outdoor theater, will provide venue for visual/performing arts events from higher education partners (UH, UHV, and WCJC) and for student performances associated with applicable academic programs (e.g. music, dance, theater).

Internships

- City will offer and provide meaningful internships to students related to back-of-the-house operations (i.e. set design, production, costumes, management, etc.).
- City will offer and provide meaningful internships to students enrolled in the UH Sales and Events Management program offered at UHSL.

Faculty and Student Involvement

- **UH School of Theater and Dance -** Faculty and students from the UH School of Theater will be involved in the design and ongoing operation of the outdoor theater through internships.
- **UH College of Architecture -** Faculty and students from the UH College of Architecture will be involved in the design of the theater.
- **UH – MA in Arts Leadership Program** - The Site will support the UH MA in Arts Leadership program by providing opportunities for students to develop, design and operate productions at the theater. The Masters Program has been recently submitted to THECB for approval; UH proposed to deliver the program within 3 years to correspond to the commencement of the design and planning process of the outdoor theater.
- **UH Hilton College** – Site can serve as an auxiliary site for the Fort Bend Food and Wine Affair managed by the UH Hilton College and staffed by student interns in the College.

RISK ANALYSIS

- We need to confirm that the City will utilize the festival site consistently with UHS's deed use restriction. Only guarantee will be legislative modification of land use restriction.
- If the festival site is not deemed to be in compliance with deed restrictions, what is penalty to City, and how do we protect ourselves
- Are 30-45 dates given to UH sufficient to be deemed educational purpose?
- If festival site is being used for profit, is that ok?
- Facility Development Agreement: City and UHS shall enter into a separate Facility Development Agreement for the construction, use and operation of the festival site and improvements. Business and educational terms need to be agreed upon to ensure deed restrictions will be met.
- Need enforcement clauses in separate Facility Development Agreements
- Need transfer of risk for claims, liability, clean up resulting from hazardous materials or environmental hazards on the property.