Appendix A: Specific Proposed Clause Amendments:

UNCA Ground Lease: Annotated Term Sheet for Negotiation Purposes (DRAFT LEASE COPIED FROM UNC BOARD OF GOVERNORS WEBSITE 7/29/2025)

[Color-Coded Comments for Lease Edits – Format Key Below]

Blue = Required New Clause

Green = Enhances UNCA Income/Control

Red = Legal Safeguard Against Developer Risk

Purple = Environmental/Community Protection

I. Project	
1. Project Summary	The Board of Trustees of the Endowment Fund of the University of North Carolina Asheville ("Endowment Fund") will enter into one more long-term ground lease agreements (each, a "Ground Lease Agreement") with a private developer for the purpose of developing and operating a stadium anchored mixed-use district that will be delivered in multiple phases at no cost to the University of North Carolina Asheville ("UNCA") or the Endowment Fund, in exchange for ground rent and other strategic benefits. · Add Requirement: Developer must submit a full **Pro Forma, Economic Impact Study**, and **Capital Stack Schedule** before lease execution. · Recommendation: Include specific milestones and enforceable deadlines for Phase 1 and 2 development.
2. Enabling Ground Lease	UNCA will enter into a 99-year ground lease agreement for the project site with the Endowment Fund.

3. Developer Ground Lease	The Endowment Fund will enter into one or more Ground Lease Agreements with Asheville Stadium District Real Estate Project, LLC ("Developer") initially encompassing the Phase 1 project site. The Developer group includes the McCullers Group and the ownership group for Asheville City Soccer Club. · Recommendation: UNCA should retain approval rights over any amendments or subleasing.
4. Project	Phase 1 of the project will be developed on a site that is approximately 31.28 acres. Phase 1 is proposed to include a stadium of approximately 5,000 seats, up to 450 units of market-rate housing, and up to 50,000 SF of retail, as well as related public space and infrastructure. Parking and roadway infrastructure will be developed onsite to meet city and state requirements at a minimum. The Phase 1 program may be modified to reflect feasibility as pre development work and financing are finalized. Phase 1 of the project is anticipated to take approximately two years to complete design and permitting, and approximately two years to complete construction, with completion of the initial stadium, market-rate housing, and retail improvements expected to occur in 2029. The Phase 2 project site is approximately 22.75 acres and initially will not be included in the Phase 1 Ground Lease Agreement(s) with the Developer. However, the Phase 2 site will be held for future development under an Option Agreement between the Endowment Fund and the Developer. UNCA will seek approval to amend the Phase 1 Ground Lease Agreement(s) or enter into a new ground lease agreement specific to Phase 2 if Developer exercises its option. The Phase 2 program has not been defined and will require the Board of Governors review and approval. The Project will be developed at no cost to UNCA or the Endowment Fund. · Add: Require a binding phasing plan and completion guarantees. · Recommendation: Include a Developer-funded infrastructure impact study prior to execution.
5. Financing	Construction will be financed with the Developer equity and one or more construction loans obtained by the Developer. Permanent financing will be a combination of Developer equity, third-party investor equity, public grants and subsidized financing, and debt. The Developer will attract additional investors and assemble a detailed capital stack following execution of the Ground Lease Agreement(s) for Phase 1. · Add: Developer must provide proof of equity and firm loan commitments before groundbreaking.

	· Bond Requirement: Require a completion guarantee and surety bonds covering entire construction value.

II. Lease Agreements	
6. Lease Agreements	A ground lease agreement for the site associated with the project will be entered into between UNCA and the Endowment Fund. The Endowment Fund will then enter into one or more Ground Lease Agreements for the Phase 1 project site with the Developer, which is a special purpose entity jointly owned by the members of the ownership group of Asheville City Soccer Club and McCullers Group. The Ground Lease Agreement(s) will obligate the Developer to fully design, finance, build, operate, and maintain the project. · Add: Developer must obtain and maintain all required permits. Developer's failure to do so constitutes default.
7. Existing Encumbrances	The Phase 1 project site is partially encumbered by a 99-year ground lease between UNCA and the US Forest Service. The Phase 1 ground lease agreement(s) between the Developer and the Endowment Fund will be subject to existing encumbrances. The Phase 2 project site is partially encumbered by a ground lease with the Odyssey School, which will be accounted for in the Option Agreement. UNCA will assist in facilitating the disposition or demolition of the Odyssey School following the expiration of the Odyssey School lease term, and subject to approval of the Board of Governors. · Add: Date for termination of Odyssey lease · Recommendation: Developer assumes all risk related to encumbrances and must indemnify UNCA. · Recommendation: clarify any design constraints related to encumbrances such as planting buffers, minimum setbacks, height restrictions, access easements, and view corridors. · Recommendation: clarify any utility easements in place or planned for subject properties.

8. Rental Payments	Base rental payments from the Developer to the Endowment Fund under the Ground Lease Agreement(s) will equal the appraised fair market rental value of the leased property, escalated annually by 3%. The Developer may defer payment of rent during design and construction of the assets, up to 5 years for the housing and retail components and up to 8 years for the stadium component if the start of stadium construction is delayed because of permitting. Deferred rent will be paid with interest, amortized over 20 years, concurrent with base rent then due. · Recommendation: Add a clause allowing reappraisal every 10 years. Tie base rent to CPI in addition to 3% escalator. · Recommendation: Increase the escalator rate from 3% to something equating a successful capitalization rate such as 9%-12%. Even the Federal Reserve rate is 4.5% · Add: Up front deposit of $2 Million to help cover associated administrative costs associated with establishing and managing the lease. · Add: Include percentage rent from gross income (retail, ticket sales, stadium events). · Add: Include increased interest rate for deferred rent recommend 15% · Add: Reduce amount of deferred rent 50% This protects the university from a likely situation where the developer defers rent for 8 years, then declares bankruptcy and the university receives no income for the property.
9. Capital Refinance Payment	If the Developer refinances to extract equity during the term of the Ground Lease Agreement(s), the Developer will pay the Endowment Fund a refinancing service fee of 25 basis points multiplied by the total approved refinancing amount. · Add: Increase the fee for early-term refinancing or multiple refinancings.

10. Lease Term	The Developer will lease the property from the Endowment Fund for an initial term of up to 50 years with at least two extension periods (up to a maximum term of 99 years) provided that the Developer is performing under the terms of the Ground Lease Agreement(s) and not in default. The Endowment Fund may bifurcate the term of the Phase 1 Ground Lease Agreement(s) for specific portions of the project (e.g. – the stadium portion from the housing/retail portion of the project). · Recommendation: Reversionary interests should vest automatically upon expiration.
11. Permitted and Prohibited Uses	The Ground Lease Agreement(s) will define permitted uses and non permitted uses. All improvements or activities conducted on the premises must be consistent with UNCA's research, teaching, and service mission, or to enhance the economic development of the region served by UNCA. · Add: Prohibit uses inconsistent with academic integrity or the university mission.

12. Ownership of Improvements	The Developer will own the improvements constructed by the Developer comprising the housing and retail development for the duration of the term of the applicable Ground Lease Agreement(s). During the term of the Ground Lease Agreement for the stadium, the stadium improvements constructed by the Developer will be owned by a tax-exempt LLC, of which the Endowment Fund will be the sole member, through an ownership agreement with the Developer. The purpose of this ownership structure is to facilitate the use of public grants and other financial support in the financing of the stadium improvements. The financing of the stadium project will be non-recourse to the Endowment Fund. If no such public grants or financial support are utilized, then all improvements will be owned by the Developer in the same manner as listed above. At the expiration or earlier termination of the Ground Lease Agreement(s), ownership of all improvements covered by such Ground Lease Agreement will revert to the Endowment Fund. The Endowment Fund will have the option at that time to receive the improvements or require the Developer to demolish the improvements and clear the leased property. · Clarify: If stadium LLC fails to secure public funding, UNCA must review and approve Developer ownership.
13. Anticipated Related Project Agreements	The Endowment Fund and the Developer will enter into an Option Agreement (either pursuant to a separate agreement or under the Ground Lease Agreement(s)) reserving the Developer's right to lease the Phase 2 site, or portions thereof, subject to payment of an option fee, completion of Phase 1 within defined time frames, and Developer's compliance with the terms and conditions of the Option Agreement and the Ground Lease Agreement(s). The tax-exempt LLC, of which the Endowment Fund will be the sole member, will enter into an Ownership Agreement with the Developer through which it will own the stadium improvements. The same tax-exempt LLC will enter into a triple net Operating and Leasing Agreement with the Developer for the operation and maintenance of the stadium improvements. · Recommendation: University must have consent rights over Phase 2 execution and any extensions of the Option Agreement.

14. UNCA Design Approval	The Ground Lease Agreement(s) will include a Design Guidelines exhibit that will govern planning and design of the project by the Developer following execution of the Ground Lease Agreement(s). The University will be entitled to review and approve final plans for conformance with the Design Guidelines prior to the start of construction. · Add: Incorporate LEED Silver certification requirement or equivalent. · Add: UNCA to approve all signage, materials, and major façade elements. · Add: No work on site, including but not limited to land clearing and excavation, should occur prior to design approval and proof of secured funding. · Add: All new planting, trees and landscaping must be native to local Southern Appalachian biome. · Recommendation: University should apply minimum building setbacks in addition to local and state ordinances. Recommend a minimum 20’ setback from all neighboring roads and streets, 25’ setback from all neighboring properties. · Recommendation: University should apply minimum setbacks in addition to local and state ordinances for any hardscape paving. Recommend a minimum 20’ setback from all neighboring roads and streets, 25’ setback from all neighboring properties. · Recommendation: University should apply planting buffers for from all neighboring properties in addition to local and state ordinances, 25’ setback from all neighboring properties. · Recommendation: University should require Dark Sky Compliant lighting to minimize impact on Lookout Observatory and neighboring property owners. · Recommendation: Clarify any parking ratio and additional requirements for new buildings and site improvements. · Recommendation: Design guidelines exhibit must outline process and parties directly involved in design approval. Will it include UNCA Facilities, City of Asheville Officials, a

	Community Advisory Panel or N.C. Department of Environmental Quality?
15. Operations and Maintenance	The Developer will be comprehensively responsible for the operations and maintenance of the project including any repairs, renewals, renovations, or improvements to maintain the value of the project. · Add: Developer will be responsible to engage with a Community Advisory Panel to mitagate disputes involving issues with surrounding neighborhoods concerning noise pollution, traffic control, litter, light pollution, security, overflow parking, and security as well as other quality of life concerns associated with the development. · Recommendation: Require annual maintenance reporting and reserve fund contributions. · Recommendation: Clarify city permitting in regards to temporary events and installations.

16. Insurance	The Developer will be responsible for the insurance, including all-risk coverage and flood/wind insurance, of the project for the duration of the term of the Ground Lease Agreement(s). · Add Required Policies: · - Builder's Risk · - Environmental Liability · - Business Interruption · - General Liability ($5M min) · Add: All policies must name UNCA and the Endowment as additional insureds.

17. Failure of Developer to Complete Project	The Developer will trigger an event of default if it: - Has not completed a mutually agreed upon pre-development scope of work within a specified timeframe; - Has not timely provided to the Endowment Fund evidence of having secured full financing for the project and obtained equivalent payment and performance bonds from its design-builder; - Has not begun construction of any particular phase within 120 days after receiving applicable permits for such phase; - Fails to progress construction for a period of 120 days once begun (except for events of Force Majeure and as a result of actions of 3rd parties not under control of the Developer); or - Fails to make rent payments, fails to operate and maintain the project, or fails to meet mutually agreed-upon operating standards. - Fails to comply with any other terms and conditions of the Ground Lease Agreement(s). Subject to reasonable cure periods and lender step-in rights, the Endowment Fund would have the right to terminate the Ground Lease Agreement(s) if any event of default occurs. The Endowment Fund will be an additional beneficiary on all payment and performance bonds. · Add: Liquidated damages clause for missed deadlines. · Add: Personal or parent company guarantee for completion. · Add: Developer required to secure a surety bond in case of developer failure to complete proposed development within a specified timeframe. · Recommendation: Strengthen reversion clause and require Developer to restore site upon default.
18. Buyout Provision	The Endowment Fund will have an option to purchase the project and terminate the Ground Lease Agreement(s) at various stages throughout the term of the Ground Lease Agreement(s). · Add: Define buyout price mechanism and discount for university use or mission-driven reuse.

19. Other Terms	This term sheet does not include all the terms contemplated to be in the Ground Lease Agreement(s) and other agreements contemplated herein. Other terms shall be incorporated into the Ground Lease Agreement(s) and/or related project agreements, including the rights to be retained by UNCA or the Endowment Fund, as modified in the documents consistent with the parties' intentions. · Add: Developer shall fund neighborhood mitigation, local job programs, and pay all municipal impact fees.

III. Infrastructure & Environmental Recommendations

Offsite Developer Responsibilities:

· - Street and traffic signal upgrades

· - Sidewalk and greenway extensions

· - Stormwater overflow mitigation

· - Utility line upsizing (water/sewer)

· - Public transit stop amenities

· - Widening and improving historic roads leading to site

· - Resurface any and all roads damaged by construction equipment

· - Improving water system capacity any associated pump stations

· - Street sweeping after any events of 50% capacity or greater

· - Developer take full responsibility and liability for damages caused to neighboring properties as a result of construction practices or design of the proposed development

Impact Fees Developer Should Pay:

· - Recreation / Park Dedication

· - School Facility Fees (if applicable)

· - Utility Connection Fees

· - Traffic Mitigation Fees

· - Affordable Housing In-Lieu Fees

· - Tree removal In-Lieu Fees

Environmental Protections:

· - Mandatory Phase I and Phase II ESA studies

· - Soil erosion and runoff protections

· - Environmental indemnity from Developer

· - Developer must comply with all Clean Water Act, NEPA, and state stormwater regulations

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IV. Community and University Interest Protections

Public and Academic Protections:

· - Developer must not interfere with academic activities or campus access

· - CBA (Community Benefits Agreement) to include:

· - Local hiring and job training programs

· - Public access to greenspace and facilities

· - Low-income access to stadium events

· - Specify developer’s required fee to cover increase cost to UNCA police department to handle increased patrols and higher criminal activity, crowd and traffic control associated with the proposed large public events

Ongoing Monitoring:

- - UNCA shall receive quarterly project status reports
- - UNCA and Endowment Fund retain audit rights
- - Leasehold transfers or ownership changes require UNCA approval
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