Disposition of Property by Lease — University of North Carolina Asheville

ISSUE OVERVIEW
The University of the North Carolina System institutions are required to request authority from the University of North Carolina Board of Governors to proceed with certain acquisitions and dispositions of real property. The University of North Carolina Asheville Board of Trustees requests authorization for the disposition of property by ground lease of approximately 54.03 acres to its endowment fund for the purpose of developing a mixed-use stadium complex, located on its millennial campus in Asheville, North Carolina.

UNC Asheville is requesting authorization to enter into a ground lease agreement with its endowment fund for the purpose of developing a mixed-use stadium development on its millennial campus. The ground lease will be for a 99-year term at a rate of $1.

The UNC Asheville Board of Trustees approved the disposition by ground lease to its endowment fund on July 11, 2025.

UNC Asheville also requests authority for the endowment fund to enter into negotiations with the developer for the development of the millennial campus project. The developer will be responsible for the financing, design, construction, operation, and maintenance of the millennial campus project. The attached term sheet provides additional details on the project. The request for delegated authority for the endowment fund to enter into one or more ground leases will be presented to the Board of Governors for approval prior to execution.

RECOMMENDATION
It is recommended that the Board of Governors approve the request for disposition of property by ground lease and authorize the endowment fund to enter into negotiations with the developer to develop the millennial campus project.

UNIVERSITY of NORTH CAROLINA
ASHEVILLE

STADIUM MIXED-USE DEVELOPMENT

Approved by the University of North Carolina Board of Governors on July 24, 2025

AGENDA

- **Project Description**
- **Project Structure**
- **Payment Terms & Structure**
- **Ground Lease Request**

Project Description

Stadium Anchor Tenant

Asheville City SC

USL™

United Soccer League

Asheville City Soccer Club was founded in 2016 by a local ownership group.

Men's team began play in 2017. Top 5 home attendance out of over 100 clubs across the country.

Women's team expansion in 2018. Broke all-time league single game attendance record in inaugural match.

Highest amateur level in the US.

Summer league primarily for college players to maintain fitness and attract interest from professional clubs.

More than 25 players have successfully signed professional contracts after playing for ACSC.

2024 USL Organization of the Year

Project Description

The project will include a sports and entertainment district with the following components:

Stadium

Project anchored by a **5,000-seat stadium**, designed to host USL soccer matches, UNCA events, and major concerts.

Housing

300-450 units of market-rate **housing** to accommodate UNCA students and broader community

Retail

30,000-50,000 square feet of **retail space**

Project Description

The planned programming uses for the stadium will include:

Professional Soccer
The Stadium will be home to both men's and women's USL franchises. Each team will host 17 home games per season, excluding playoffs and exhibitions.

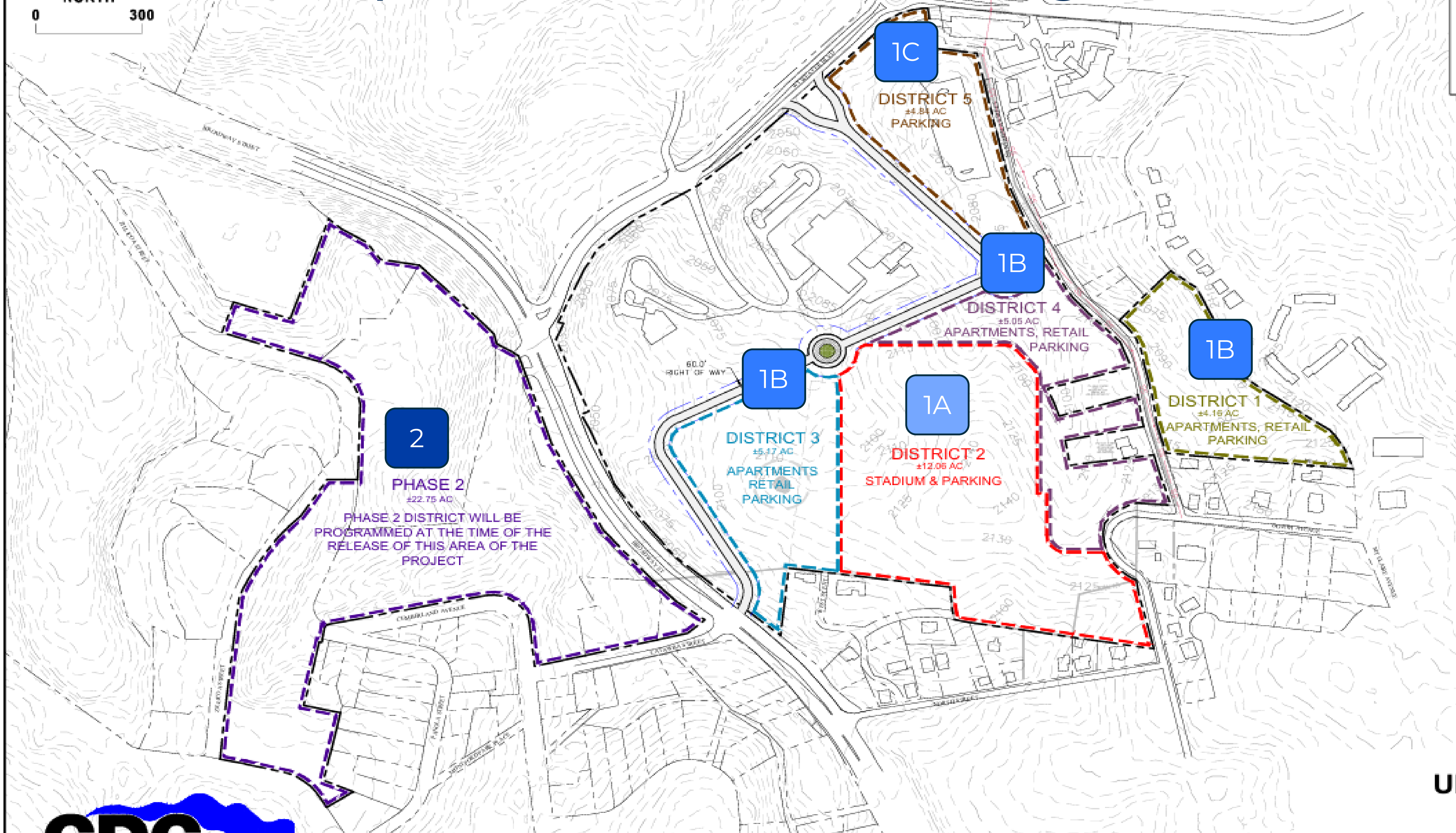
UNCA Athletics
UNCA men's and women's soccer teams will compete at the Stadium. Other UNCA athletic programs will have access to the venue on available dates.

Concerts and Festivals
The Stadium will host concerts, festivals, and other entertainment events throughout the year.

Community and business events
The venue will support year-round community gatherings, business functions, and civic programming.

Developmental Land Planning

SUMMARY	
PHASE 1 LAND USE	
DISTRICT 1 =	± 4.16 AC
DISTRICT 2 =	±12.06 AC
DISTRICT 3 =	± 5.17 AC
DISTRICT 4 =	± 5.05 AC
DISTRICT 5 =	± 4.84 AC
SUM TOTAL =	±31.28 AC
PHASE 2 LAND USE	
SUM TOTAL =	±22.75 AC



Phase 1A –District 2- Stadium

Phase 1B-District 1, 3 & 4- Housing, Retail, Parking

Phase 1C –District 5-Structured Parking Future

Phase 2- Future Development

CDC Civil Design Concepts, PA
NCBELS #: C-2184

Approved by the University of North Carolina Board of Governors on July 24, 2025

UNCA-USL STADIUM DISTRICT MAP

PROGRESS DRAWINGS DO NOT USE FOR CONSTRUCTION

Developer Ownership Group

Developer

Asheville Stadium District Real Estate Project, LLC

Development Manager (Owners Representative)

McCullers Group

Members Include Local Soccer Team Owners

Members Include the McCullers Group and additional Third-Party Investors

Project Structure - Overview

UNC Asheville
(through State of NC)

UNCA Endowment Fund

The University will enter into a 99-year ground lease with the Endowment Fund

Developer – Asheville Stadium District Real Estate Project, LLC

Endowment Fund will then enter into ground lease(s) with Developer.
Ground lease(s) will have initial term of up to 50 years with at least two extension periods up to 99 years.
Developer will control leased land during the term.
Developer will hold all contracts for design and construction and assumes all budget, delivery, and operating risk.

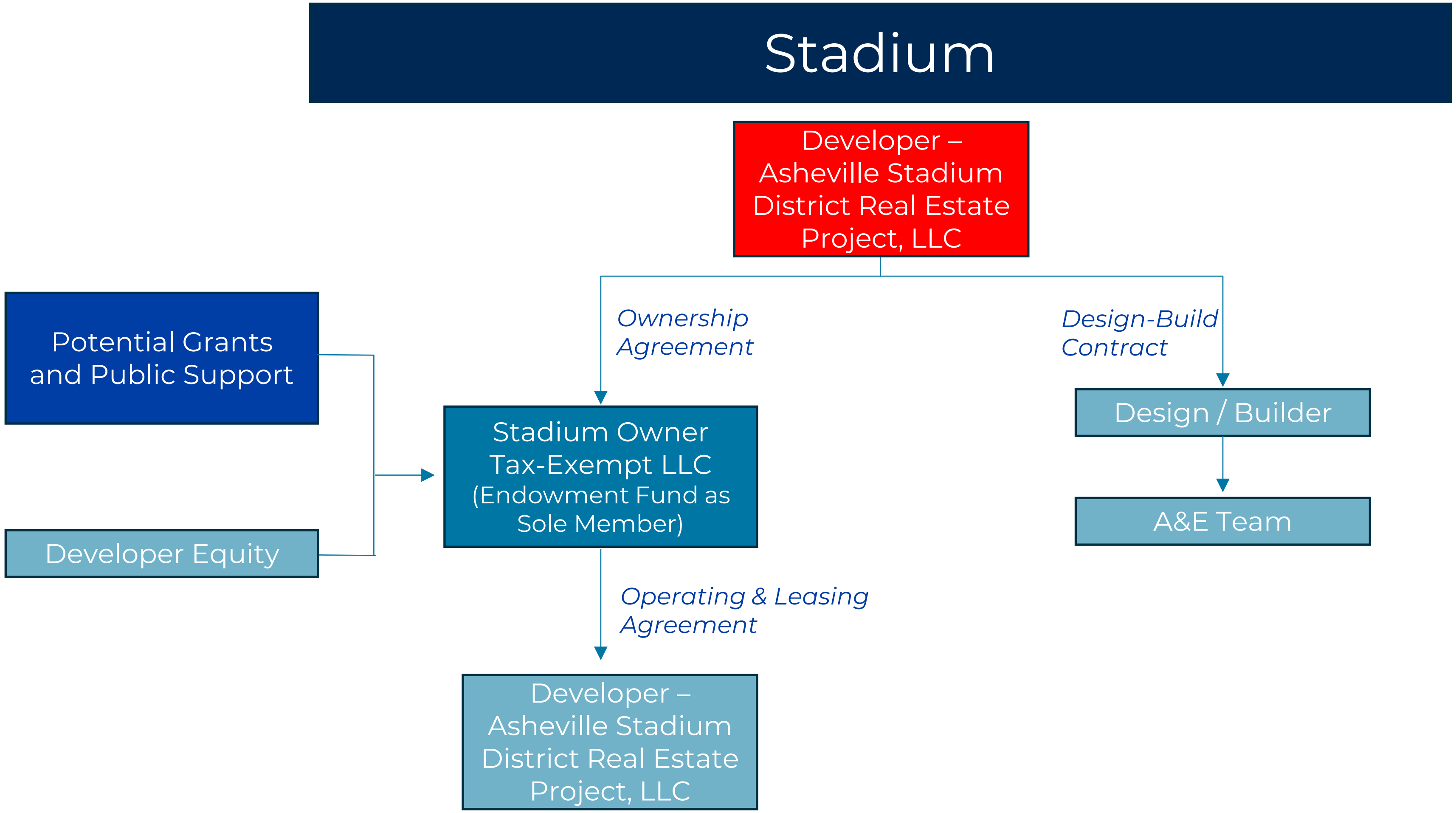
Stadium

- Developer will design, build, operate, and maintain the Stadium under an agreement with a Tax-Exempt LLC established to own the Stadium improvements as a pass-through for public grants and financing support. The Tax-Exempt LLC will enter into a long-term NNN Operating and Leasing Agreement with the Developer.
- The LLC will be established as a single member entity with the UNCA Endowment Fund being the member (Owner)

Housing & Retail

- Developer will design, build, finance, own, and operate market-rate housing, retail and parking district improvements through a long-term ground lease.
- Developer will hold the asset for an agreed upon period set by its members and investors prior to a sale and disposition of the asset.
- Prior to the disposition and sale, the UNCA Endowment Fund will have a first right of refusal option to match the confirmed sales price to take control of the asset.

Project Structure



Project Structure

Project Team

Developer: Asheville Stadium District Real Estate Project LLC

Project Executive: McCullers Sports Group

University Advisors

DESIGN BUILD TEAM

Metcon
Pre-con and construction

Blum Construction
Construction

Jenkins Peer Architects
Design

Civil Design Concepts (CDC)
Civil Engineering

FINANCIAL PARTNERS

Asheville City Soccer Club
Anchor Tenant

CBRE
Finance Structuring Consultant
(Acquisition of Equity & Debt)

University Advisors

Brailsford & Dunlavey

First Tryon Advisors

The Van Winkle Law Firm

Parker Poe Attorneys at Law

Approved by the University of North Carolina Board of Governors on July 24, 2025

Payment Terms

Payment Terms to UNCA Endowment Fund for the project are as follows:

- Top line rent annually paid to UNCA Endowment Fund (not subject to performance risk).
- Rent payments based on independent appraisal done by BBG Real Estate Services.
- Phase 1 property valued at $11.9M.
- Fixed payment + escalation over term of agreement (initial term up to 50 years with at least 2 extension periods).

Expected Phase 1 Payment Structure

$1.07M

Base rent paid to UNCA Endowment Fund, escalated annually over the term of the lease

3%

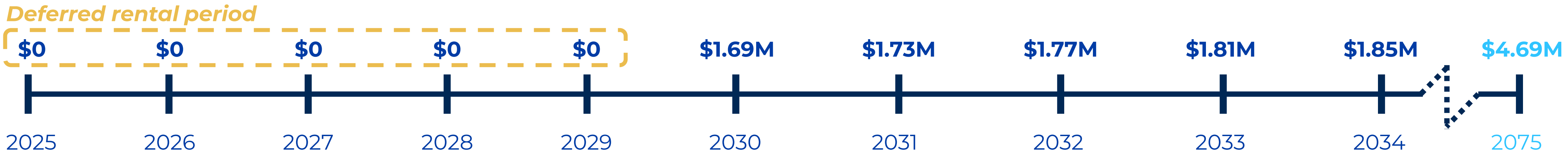
Annual escalation of ground rent

5 year*

Deferral period of rent at the initiation of the ground lease

**5 years for Phase 1B and 1C;*
If city approvals delay construction of stadium, rent deferral for Phase 1A may be extended to earlier of stadium opening or 8 years.

Preliminary Rent Schedule



Approved by the University of North Carolina Board of Governors on July 24, 2025

UNC Asheville

Ground Lease – Endowment Fund

The University of North Carolina Asheville is requesting approval to enter into a Ground Lease with the University Endowment Fund

99-year Ground Lease

Endowment Fund

Approved by the University of North Carolina Board of Governors on July 24, 2025

Requested Board Actions

1

Request the authority to enter into a ground lease agreement with the endowment fund for approximately 54 acres and a term of 99 years for the development of a millennial campus project

2

Request approval for the endowment fund to enter negotiations with a developer for a ground lease(s) for the development of the mixed-use stadium project

Next Steps

At a future Board of Governors meeting, approval of delegated authority for the Endowment Fund to enter into one or more Ground Leases with Asheville Stadium District Real Estate Project, LLC (Developer) to develop the mixed-use stadium project on the millennial campus.

University of North Carolina Asheville
Endowment Fund

Ground Lease

99-Year Ground Lease:
50-year initial term, two extension periods

Developer
Asheville Stadium District Real Estate Project, LLC

Approved by the University of North Carolina Board of Governors on July 24, 2025

UNIVERSITY of NORTH CAROLINA
ASHEVILLE

Questions?

UNCOVER YOUR PASSION. UNCOVER YOUR PASSION.
ESTD 1927

Approved by the University of North Carolina Board of Governors on July 24, 2025

Appendix

Approved by the University of North Carolina Board of Governors on July 24, 2025

Preliminary Schedule

- July: Board of Governors authorizes UNCA Endowment to negotiate a ground lease with the developer.
- September: Board of Governors authorizes UNCA Endowment to execute ground lease with developer.
- Design and permitting is expected to take two years to complete.
- Construction is anticipated to take approximately two years to complete.
- Stadium is expected to be completed by the end of year 2028, and housing & retail in the spring of 2029.

Approved by the University of North Carolina Board of Governors on July 24, 2025

Preliminary Budget & Financing-Investment Approach Summary

Phase 1 Financing

Source	Phase 1A Stadium	Phase 1B Housing & Retail	Total
Developer Debt	$0	$64.5M-$78.8M	$64.5-78.8M
Developer Equity	$29M	$64.5M-$78.8M	$93.5-$107.8M
Potential Grants & Public Support	$29M	$0	$29M
University Debt	$0	$0	$0
University Equity	$0	$0	$0
Total	**$58M**	**$143.4M**	**$201.4M**

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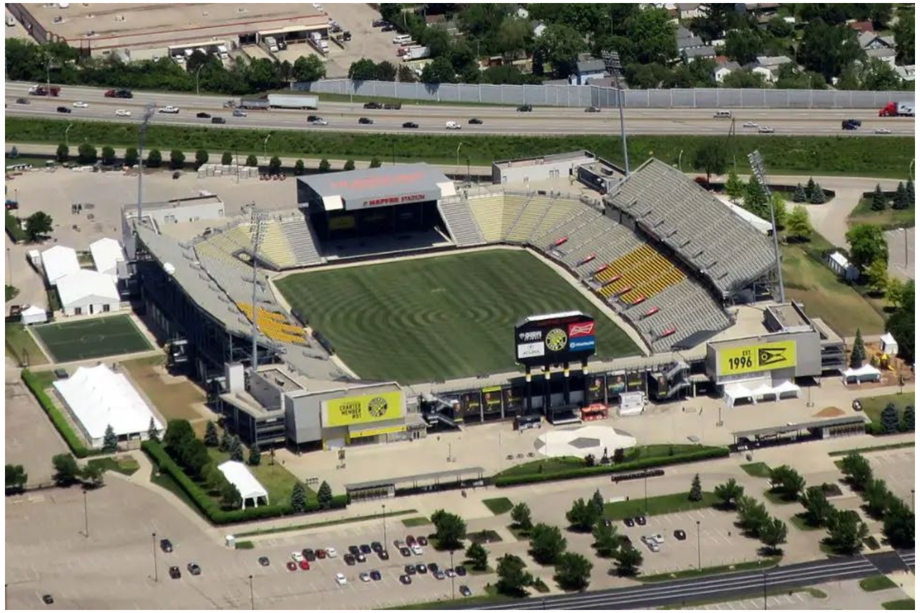
McCullers
Completed Project Examples



Project Description: 22,000 seat stadium.
First soccer-specific stadium in Major League Soccer.
Home of MLS inaugural franchise Columbus Crew 1999 – 2021.

- Project Cost: $27 million
- Project Completion: May 15, 1999
- Architect: NBBJ
- Builder: Corna-Kokosing

Financing Source: City of Columbus, Hunt Sports Group

McCullers Role: Owners Representative, Stadium Management

Project Description: 27,000 seat stadium. Home of MLS FC Cincinnati

- Project Cost: $250 million
- Project Completion: May 16, 2021
- Architect: Populous
- Builder: Turner Construction

Financing Source: City of Cincinnati, FC Cincinnati

McCullers Role: Predevelopment Planning, Public Private Partnership Negotiation, Development Financial Analysis, Land Acquisition Coordination, Conceptual Design, Development Agreement Negotiation

McCullers Active Project: Greenville, South Carolina

Project Description: 5,000 seat USL League 1 Stadium anchoring Bridgeway Station Mixed–Use Development

Completion Date: Summer 2026

Project Value: $50 million

Architect: MacMillan Pazden Smith & Johnston Design

Builder: Edifice

Financing Source – City of Mauldin, State of South Carolina, Greenville Pro Soccer

McCullers Active Project: Omaha, Nebraska

Project Description: 8,000 seat USL Championship Stadium anchoring downtown mixed–use development

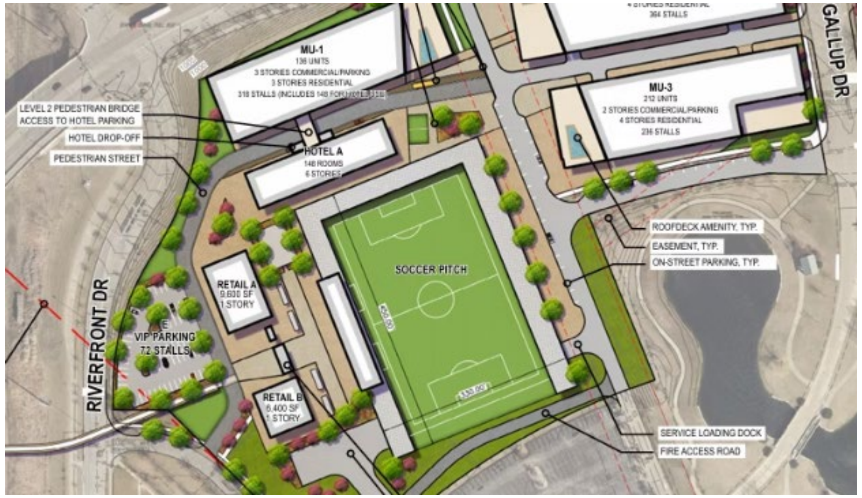
Completion Date: 2027

Project Value: $80 million stadium; $200 million mixed-use development

Architect: Perkins & Will

Builder: TBD

Financing Source – City of Omaha, State of Nebraska, Union Omaha



University of North Carolina Asheville
Lease Agreements
Draft Term Sheet

July 2025

The University of North Carolina Asheville Board of Trustees requests authority to negotiate and enter into a ground lease agreement with its Endowment Fund to facilitate the development of a multi-use stadium, market-rate multifamily housing, retail, surface parking, and related infrastructure, as described herein, on substantially the terms set forth in this term sheet.

The University of North Carolina Asheville Endowment Fund requests authority to negotiate one or more ground lease agreements with a developer to develop a multi-use stadium, market-rate multifamily housing, retail, surface parking, and related infrastructure, as described herein, in multiple phases on substantially the terms set forth in this term sheet.

Final approval of the ground lease agreement(s) with the Developer must be approved by the University of North Carolina Board of Governors.

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.
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.
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.
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.

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.
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.
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.
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.
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).
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.
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.
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.
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.
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.

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).
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.
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).
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.