PROVISIONS RELATED TO TENANCY ON THE CAMPUS UNDER THE MILLENNIAL INITIATIVE

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# General Provisions

* The Millennial Initiative is an on-going project of Western Carolina University.
	+ The Millennial Initiative is built upon the identification and development of “Neighborhoods of Interest” across Western’s entire campus. The development and expansion of “Neighborhoods of Interest” critically includes engagement with for profit and not-for-profit partners.
* Neighborhoods of interest may include Service Learning and Education Neighborhood (Education Neighborhood); Retirement, Aging and Health Neighborhood (Health Neighborhood), Fine Arts and Film Production Neighborhood, and others as appropriate.
* The activities of partner organizations located on the Campus are intended to include, but not necessarily be limited to: research and development, information technology, computer systems and hardware, engineering and technology, environmental sciences, health sciences, business management, and marketing. Light manufacturing or assembly operations may be permitted under certain circumstances.
* A partner located on the Campus must be engaged in activities that align with the University’s research, teaching, service, and regional economic development missions. Final determination of this alignment is made by the Chancellor of Western Carolina University.

# Occupancy Provisions

* In advance of locating on the Campus, partner tenants or subtenants will be required to enter into a mutually agreeable commercial lease (ground lease or space lease) that reasonably addresses the needs of the parties and supports financing options, if necessary.
* For-profit and not-for-profit (except those affiliated with the University) organization tenant leases will reflect the Fair Market Value (FMV) of any subject property. For ground leases, the FMV will be determined as defined below. The Fair Market Value for space leases will be determined by the partner tenant (holder of ground lease); or, by the University, should it own the subject building...
* Private use, including leases to tenants, in buildings constructed with tax-exempt financing must fall within IRS rules and guidelines.
* WCU Police will have jurisdiction on and in all property within the Campus.
* All leased property will be subject to inspection by the University for, but not limited to, health and safety regulatory compliance. Tenant use may not unreasonably jeopardize the health and safety of the University campus or its environs.
* Tenant employees will enjoy the status of “University Guests” and, as such, be granted access, at faculty and staff rates, to the University fitness center, library, parking program, dining facilities, tickets to University events and the transit system.

# Tenant Opportunities

Opportunities and benefits open to tenant partners and their employees include, but are not limited to:

* Working with students (including hiring part-time, intern and recent graduates and those involved in senior projects).
* Working with faculty (either in formal or informal capacities).
* Sharing of Lab and university equipment within certain parameters.
* Advising on the development of University Curriculum.
* Sponsoring research.
* Engaging in co-development of intellectual assets.
* Accessing patent licenses.
* Providing adjunct faculty engagements for key employees.

# Application & Evaluation

Normally, prospective tenants apply to Western Carolina University or its designee (hereinafter, the Landlord) to develop a facility within one of the identified Neighborhoods of Interest for the purpose of engaging in activities that align with the University’s research, teaching, service, and regional economic development missions.

Applications for ground or space leases are initially evaluated by the Landlord against the following criteria:

* Tenant sponsorship by or relationship with a University unit.
* Tenant’s ability to enhance the research, teaching, service and economic development mission of the University.
* Potential for job creation on the Campus.
* Potential to develop joint research opportunities for University faculty and tenant employees.
* Potential to foster internships, co-ops, or clinical opportunities for students.
* Financial resources of tenant.
* The potential impact of tenant on the University community.
* Potential of tenant to create health or safety issues of concern.
* Utilization and/or space requirements and compatibility with other activities in the Neighborhood of Interest.

# Development Conditions and Provisions

* Ground lease base rates will nominally be calculated as a multiple of the property land value and an established market rate of return.
* Land values will be established on an appraisal(s) performed by individuals with MAI designation and at least two years experience in appraising commercial real estate at the request of and paid by the Landlord. Prospective tenants may elect to commission additional appraisal(s) at their expense.
* Land values will be reappraised at a minimum of every ten years, and lease rates of return will nominally be adjusted every five years at a rate commensurate with the CPI.
* Tenants will normally be assessed a common area maintenance fee (CAM) annually for management, operations, maintenance, repair, and servicing of the common areas within the Campus Neighborhood of the tenant.
* All sales of buildings constructed on the Campus by a tenant must be approved by the Landlord, and a new land value will be established as part of the sales transaction by a procedure similar to that described above.
* During the term of a ground lease, the tenant must be the owner of record of any structures or leasehold improvements placed on the subject property. At the conclusion of the ground lease, and at Landlord’s sole discretion, the ownership of the building and of any leasehold improvements will convey to the Landlord. Tenant, at Landlord’s sole discretion, may be required to remove any leasehold improvements upon this event.
* All tenants shall use their leased premises for no other purpose than those approved by the Landlord.
* Tenants who construct a building or other structure within one of the Neighborhoods of Interest on the Campus must provide paved surface parking in conformance with state and local building codes and sufficient to accommodate the tenant’s employees, and visitors. The number of spaces required will be determined by the Landlord in consultation with the tenant.
* All common areas within Campus Neighborhood(s) of Interest are subject to exclusive management and control by the Landlord. Common areas include all areas, space, facilities, equipment and signs on or about the campus that are not contained in the premises of a tenant. Common areas specifically include, but are not limited to, the Landlord’s easement to and from the property, sidewalks, access roads, landscape areas, parks, courtyards, greenbelts, bicycle paths, utility lines, and utility rooms.
* Within a date certain defined by the Landlord under the terms of the lease, ground lease tenants must submit to the Landlord for approval a complete architectural and engineering specification and plan for any buildings, structures and/or improvements to be placed or constructed on the subject property. The Landlord’s reserves the right to prior approval of the project architect, and in any event, all architects used must be registered and licensed to do business in the state of North Carolina.
* Contractors licensed in North Carolina should be employed whenever possible in the construction of structures or in making improvements to existing structures on the Campus. The Landlord’s prior written approval all contractors must be obtained prior to commencement of work. Tenants will be responsible for obtaining all necessary licenses and permits necessary, for assuring that all construction is made in a good and workmanlike manner, and for ensuring that all activity is in conformance with all applicable license, permit, regulation, and building codes.
* Any building constructed in any Neighborhood of Interest on the Campus must conform to architectural design/standards established by the Landlord for that Neighborhood.
* All plans, specifications, and construction of improvements on the Campus will be subject to review and approval by all North Carolina regulatory agencies with jurisdiction. These include but may not be limited to: the NC Department of Administration, NC Office of State Construction, NC Department of Labor, and the NC Department of Natural and Environmental Resources (DENR). The Landlord will coordinate review of all plans, specifications, and construction by these agencies and the tenant will agree to take all action necessary to achieve any required approvals.
* The tenant will be required to indemnify and hold the Landlord harmless from and against any breach of law, rules, and regulations by the tenant or by the tenant’s contractors and sub-contractors.
* The tenant will be required to commit to timely commencement, progress, and completion of and structures placed or improved on the Campus. All schedules for construction, completion, and occupancy of the improvements will be subject to review and approval by the Landlord.
* The terms, security documents, and source of all financing obtained by the tenant for construction and permanent financing of structures or improvements on the Campus shall (a) be subject to Landlord’s approval; (b) contain a statement that the lender disclaims any interest or lien against the Landlord; (c) acknowledge that the Landlord shall have no liability in connections with the financing; (d) provide for notice by the lender to the Landlord of any default by the tenant and recognize the Landlord’s right to elect to cure defaults or otherwise assume the tenant’s obligations on like terms and without acceleration of payments; and (e) stipulate that proceeds from fire or extended insurance or condemnation shall be used to repair or rebuild any subject structures or improvements prior to resolving any security interests on the same.
* Any lenders employed by a tenant must be engaged in making loans secured by real estate in the normal course of their business, be otherwise unaffiliated with tenant, and be acceptable to the Landlord. The terms of the financing must not secure or evidence indebtedness that exceeds the fair market value of any subject structures or improvements and, unless the Landlord agrees to exceptional terms stating otherwise, must provide for full amortization of the debt within the lease terms in equal monthly installments.
* The tenant will be granted the right to assign as collateral security its interest in a Campus ground lease upon these conditions: (1.) any rights acquired under such a security interest shall be subject and subordinate to the terms of the Campus ground lease and to the rights and interests of the Landlord; and, (2.) the lease is not in default at the time this assignment is made. Under no circumstances whatsoever shall a tenant have the right to establish a security interest in the Landlord’s interest in the leased premises.
* Utilities on the Campus will be provided by Western Carolina University, by public utilities in the area, or by contractors designated by the Landlord.
* The tenant will not be permitted to display any sign or promotional materials on the premises without prior written consent of the Landlord. Occupancy of any building on the Campus will not convey any rights to use the name “Western Carolina University” or related indicia without prior consent of the University. The name by which a building or other improvement on the Campus is designated is subject to approval by the Landlord.