

Disposition of Property by Ground Lease — East Carolina University

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 East Carolina University Board of Trustees requests authorization to dispose of property by ground lease at the North Recreation Complex (NRC), located at 3764 US-264, Greenville, North Carolina.

East Carolina University Board of Trustees proposes to execute a 50-year ground lease with the City of Greenville for the North Recreation Complex (NRC). The NRC was developed by ECU between 2008 and 2019, with a total institutional investment of \$10.6 million. The property, which includes approximately 129.88 acres, is part of ECU's millennial campus and currently includes multi-field recreational facilities, buildings, and supporting infrastructure. The appraised market value of the NRC, as of June 27, 2025, is \$11.12 million.

Under the proposed ground lease terms, the City of Greenville would make a \$3 million initial payment and annual lease payments ranging from \$150,000 to \$300,000, over the 50-year term, totaling \$13 million. The net present value (NPV) of the lease payments is estimated at \$7.37 million. In parallel, ECU will realize approximately \$350,000 in annual operating savings, with an NPV of \$6.39 million. The total combined financial impact is projected to be \$13.7 million in NPV, using a discount rate of 5 percent.

During the transition period, ECU shall maintain full access and control of the NRC and be required to perform maintenance. The transition period, which is defined as the time between the effective date of the agreement and the start of activities, shall be no more than 18 months. The transition period will expire as of December 31, 2026, unless extended upon mutual written agreement between ECU and the City of Greenville. After the expiration of the transition period, ECU shall have use of the NRC Monday through Thursday of each week during ECU's published fall and spring academic calendar year, and at times mutually agreed upon, in writing, by the city and ECU. A draft term sheet summarizing other material terms is provided.

The proposed ground lease advances ECU's long-term financial and operational priorities by shifting maintenance responsibilities, unlocking capital value from non-core assets, and concentrating student activity closer to campus. Proceeds from the city's initial payment will be reinvested in the Blount Recreational Sports Complex. The improvements, estimated at \$2.7 million, will further enhance student access to recreational programming and support the institution's strategic goal around wellness.

In recent years, usage of the NRC has significantly decreased, primarily due to the loss of external reservations, a reduction in large weekend tournaments, and the decision to shorten intramural seasons from seven weeks to five weeks to reduce costs. Conversely, utilization of the Blount Sports Complex has steadily increased, underscoring its strategic proximity to campus and relevance to current student engagement patterns. This shift supports the decision to reinvest in Blount Intramural Field improvements, to consolidate student recreational programming closer to the campus core, and to increase utilization of the NRC through external partnerships.

The ECU Board of Trustees approved the disposition by ground lease on August 7, 2025.

RECOMMENDATION

It is recommended that the Board of Governors approve this request.

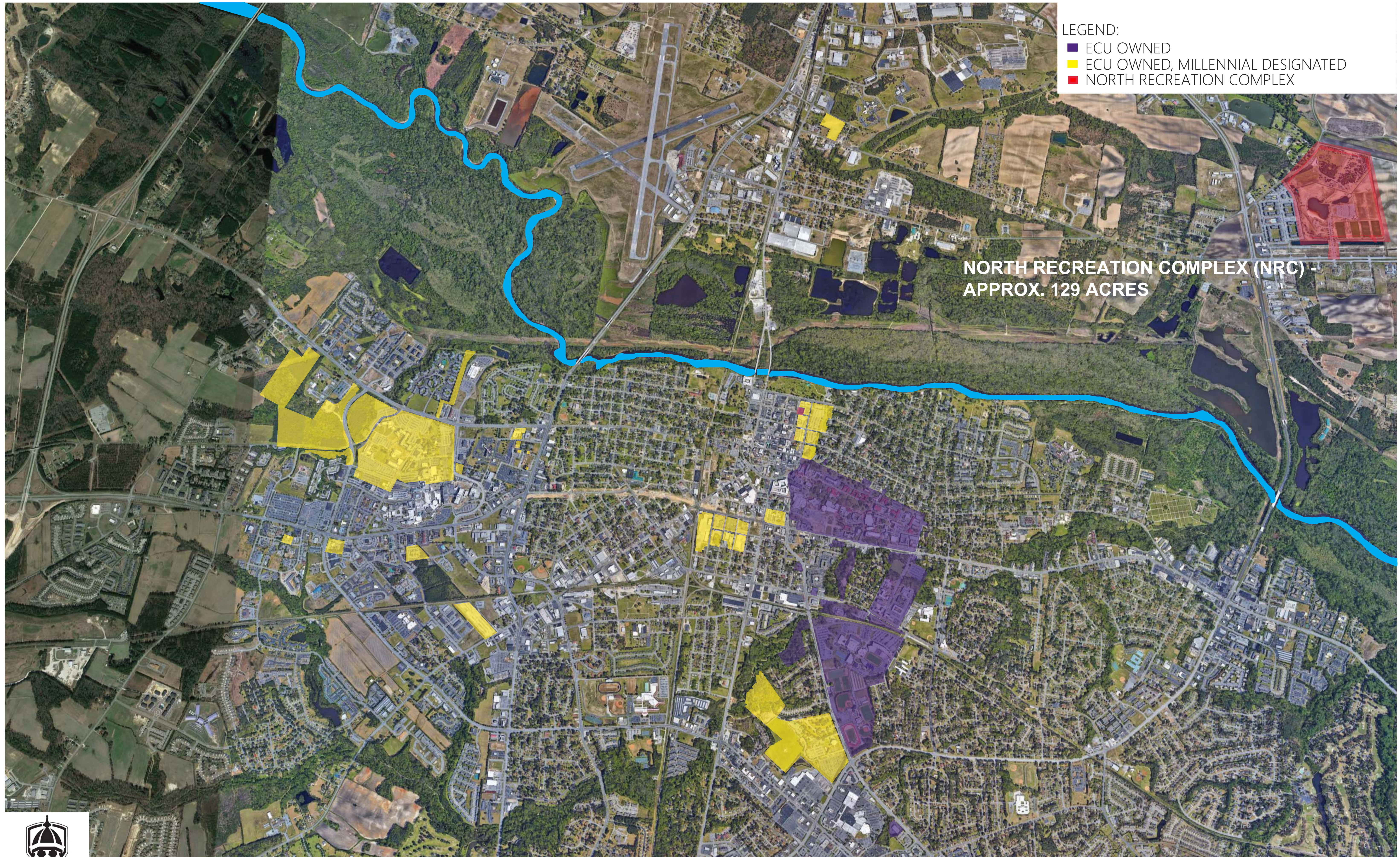
**East Carolina University
Lease Agreement
Draft Term Sheet**

September 2025

The East Carolina University Board of Trustees (“ECU”) requests authority to negotiate and enter into a ground lease agreement to facilitate the maintenance, operations, and management of the North Recreation Complex (NRC) as described herein, on substantially the terms set forth in this term sheet.

I. Project Overview	
1. Project Summary	ECU proposes to lease approximately 129 acres of recreational land, known as the North Recreation Complex (NRC), to the City of Greenville for a 50-year term. The City will assume full responsibility for the property’s operation, programming, maintenance, and capital improvements. The agreement includes structured lease payments to ECU and enables the City to manage the property as a public sports and recreational facility. ECU will retain limited field access during a transition period and for specified days thereafter.
2. Millennial Campus Designation	The NRC is part of ECU’s Millennial Campus, as designated by the UNC System Board of Governors under Section 600.1.6 of the UNC Policy Manual, <i>Policy on Millennial Campuses</i> . The Millennial Campus framework allows ECU to engage in partnerships that advance economic development, support innovation, and foster community engagement. This lease agreement leverages the Millennial Campus designation to promote long-term regional collaboration while advancing institutional efficiency.
3. Property Description	Location: 3764 US-264, Greenville, NC Parcel: Pitt County Parcel No. 58471, 67550, 67477, and 67551 Acreage: Approximately 129 acres Facilities: Eight lighted natural turf fields, field house, challenge course, six-acre pond, disc golf course, sand volleyball, trails, and supporting infrastructure.
4. Appraised Value (as of June 27, 2025)	Land: \$4.17 million Improvements (Depreciated): \$6.95 million Total Appraised Value: \$11.12 million
II. Lease Terms	
5. Lease Structure	Term: 50 years, with option to renew (not to exceed 99 years in total) Upfront Payment: \$3.0 million (plus first-year rent of \$300,000) Annual Payments: Years 1–10: \$300,000 Years 11–20: \$250,000 Years 21-50: \$150,000 Total Lease Payments: \$13 million

	Net Present Value (NPV) (5% discount rate): \$7.37 million
6. Transition Period	The time between the Effective Date of this Agreement and start of Activities permitted herein shall be no more than eighteen (18) months. The Transition Period will expire as of December 31, 2026, unless extended upon mutual written agreement by the Parties.
7. Operating Savings to ECU	By transferring maintenance responsibilities, ECU projects annual net operating savings of approximately \$350,000, resulting in an NPV of \$6.39 million over the term. This value includes some increase in operating expenses for Blount.
8. Total Net Financial Value to ECU	Combined lease and savings NPV is \$13.7 million.
III. City Use and Responsibilities	
9. Permitted Use	The City may operate the NRC for the purpose of operating and managing the park, recreational, and sports complex activities. Examples include organized tournaments, sports leagues, training programs, public recreation, and private event rentals.
10. Property Improvements	The City will be permitted to make improvements to the NRC upon review and approval of design plans by the State. Improvements may include but not be limited to installation of 8 rectangular fields with artificial turf or grass, parking, and additional restroom facilities to support the increased capacity.
11. Concession and Revenues	The City retains all revenue generated from use agreements, naming rights, concessions, sponsorships, and event fees.
12. Early Termination	Both parties may terminate with 36-months' notice without cause. If ECU terminates without cause within five (5) years of transition date, ECU must repay a pro-rata share of the City's initial payment.



- LEGEND:
- ECU OWNED
 - ECU OWNED, MILLENNIAL DESIGNATED
 - NORTH RECREATION COMPLEX

NORTH RECREATION COMPLEX (NRC) -
APPROX. 129 ACRES





PROPERTY LOCATION