

Board of Governors ECU Economic Development Projects

January 2020



Millennial Campus – Warehouse District

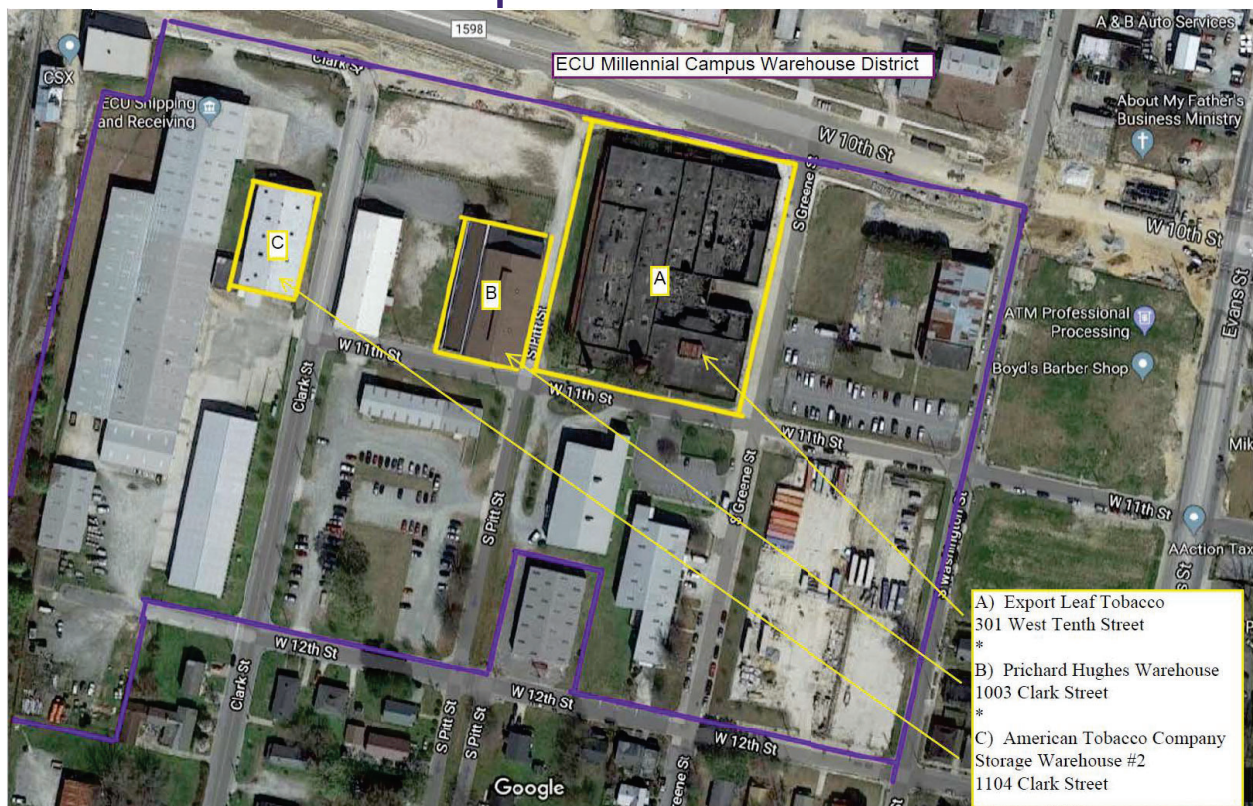


- Two RFPs issued for this project, second RFP received three proposal submissions with Elliott Sidewalk's proposal as most financially viable
- Estate for years transaction for 80 years (property sale that reverts back to ECU), followed by 19 year ground lease option negotiated in year 70, so historical tax credits can be used and monetized by developer
- NC Mills Tax Credits previously allocated and sunset January 1, 2023
- Federal Historic Tax Credits also available and do not sunset
- 3 properties in warehouse district with NC Mills Tax Credits and eligible for Federal Historic Tax Credits
- Due to federal historic district designation and state ownership demolition highly unlikely
- Value of historic tax credits estimated to be around \$6M cash on \$20M renovation on Export Leaf building
- Developer paying ECU appraised value plus \$250,000 for properties, total \$2,684,000

Millennial Campus – Warehouse District

- Developer interested in being master developer for entire property
- Phase 1 will include ground lease on two additional properties in warehouse district that do not have historical tax credits
- MOU has been issued with Elliott Sidewalk
- ECU has agreed to give Elliott Sidewalk exclusivity for 9 months and will not negotiate or solicit other developers while they do their due diligence
- ECU will work with Elliott Sidewalk on contract terms over the next several months
- ECU has agreed to occupy and lease 10,000 sqft in Export Leaf building at \$19.50/sq. ft for at least 5 years
- Contract will include programming restrictions by ECU
- ECU will help program space – focus on research and academics
- Fall 2020 – ground breaking of Export Leaf by Elliott
- Occupancy must occur by January 2023 on 3 historical tax buildings

Millennial Campus – Warehouse District



Millennial Campus – Hotel

- ECU issued RFI and 2 developers remained interested at end of process
- University selected Daly Seven who has strong alumni ties, family owned, significant hotel experience
- 125 room hotel - Aloft by Marriott, AC Hotel by Marriott, or Hyatt Place by Hyatt with ground floor retail (coffee shop, smoothie, bakery, etc...), no structured parking on site
- Average daily rate \$125-\$140 (Y1-Y5)
- University currently earns \$45,000 in parking revenues from property (revenue will continue as parking will be relocated to Stratford Arms)



Millennial Campus – Hotel

- 65 year ground lease with 34 year renewal option
- Best use land appraisal of \$2.6M for 2.95 acres
- ECU worked with First Tryon on financial proposal analysis
- ECU receives \$87,500 in year 1 and 2 and \$65,000 in years 3-65
- In addition, starting in year 4, University will share in revenues generated by hotel with bonus equal to 8% of room revenue over \$4.4M (assuming year 4 room revenue is within 10% of \$4.4M) so long as average annual occupancy is at least 68%
- Produces an average return of 6% over life of ground lease with \$2M ground lease valuation
- Much more than a financial deal for ECU
- Other Important Benefits to University:
 - Preferred lodging rates for ECU
 - Training space for ECU's hospitality program
 - Hotel developer will offer internships and other experiential opportunities for ECU hospitality students

Millennial Campus – Hotel

- Other Important Benefits to University (continued):
 - Hotel will offer ECU students employment opportunities
 - ECU "branded" hotel that will be attractive to prospective students and visitors
 - Hotel has offered to share ECU marketed materials to guests in hotel
 - Space and lodging for alumni events
 - Catalyst to develop this area of campus and Uptown to attract more economic development to area and region
 - Great amenity for future performing arts center located nearby
- Letter of Intent has been executed with Daly Seven and ECU
- Rezoning of property approved by Planning and Zoning Commission, will go forward to City for approval in January
- Construction will likely start in second half of 2021 and take approximately 18 months



Millennial Campus – Hotel

