

Disposition of Property by Deed and Ground Lease (Historic Warehouse District) – East Carolina University

ISSUE OVERVIEW

East Carolina University requests the disposition of the three historic warehouse properties located on the Millennial Campus by deed, through an Estate for Years transaction, with a reversionary clause after 80 years. The transaction will include an option to extend by ground lease for 19 additional years. The properties included in the transaction are as follow:

Export Leaf Tobacco Warehouse	301 West 10 th Street	2.01 acres	75,000 SF
Hughes Warehouse	1003 Clark Street	0.5 acres	30,639 SF
American Tobacco Storage	1104 Clark Street	<u>0.5 acres</u>	<u>12,000 SF</u>
	TOTAL	3.0 acres	117,639 SF

The three properties will be sold for \$2,684,000, which is the appraised value of the property plus \$250,000. The lease rates for the ground lease option will be negotiated in Year 70.

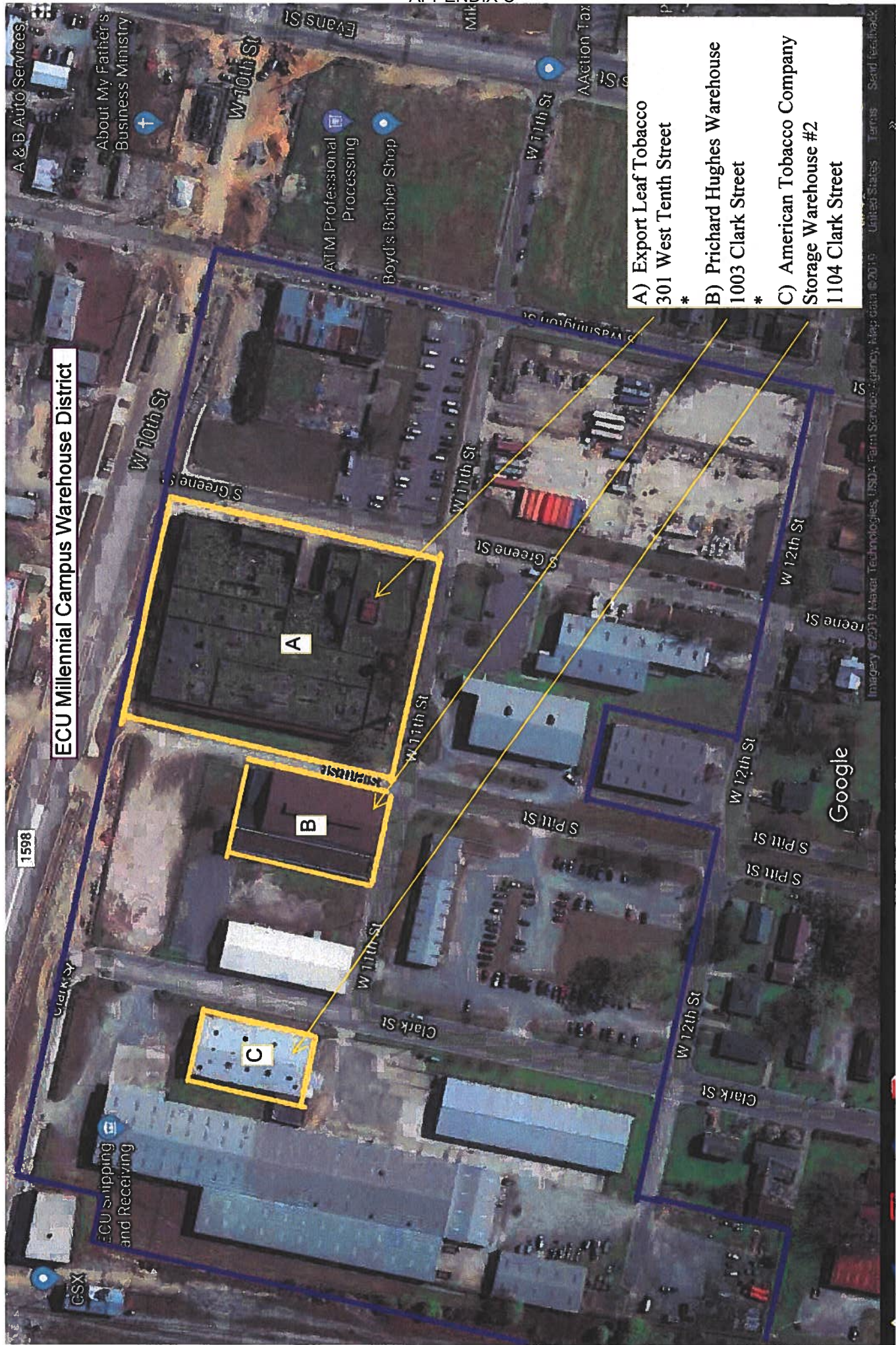
ECU purchased the properties in 2003 and secured a North Carolina Historic Mill Rehabilitation tax credit. The tax credit is transferrable to a private developer and will sunset on January 1, 2023. ECU issued two RFPs to develop the properties and received three proposals on the second RFP. ECU selected Elliot Sidewalk's proposal as the most financially viable. The private developer proposes to renovate the Export Leaf Tobacco Warehouse first and the estimated cost of renovation is \$20 million. The historic tax credit is valued at approximately \$6 million. In addition, ECU has agreed to lease 10,000 SF of the renovated building space at \$19.50/SF for a minimum of five years.

East Carolina acquired the Export Leaf Tobacco Warehouse in 2003. The building is a 70,000 SF, one-story industrial warehouse located at 301 West Tenth Street in Greenville, NC. The property is 2.01 acres and is on the Millennial Campus.

The disposition was approved on December 13, 2019, by the Board of Trustees of East Carolina University.

RECOMMENDATION

It is recommended that the Board of Governors approve the disposition of property. This item requires approval by the Council of State.



Form PO-2
Rev. 10/01
Original and one copy to State Property Office

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
DISPOSITION OF REAL PROPERTY**

Institution or Agency: East Carolina University

Date: December 13, 2019

The Department of Administration is requested, as provided by GS §146-28 et seq., to dispose of the real property herein described by *purchase, lease, rental, or other (specify)*. Deed

This disposition is recommended for the following reasons:

ECU Properties, known as the Export Leaf Tobacco Building, Prichard Hughes Warehouse, and American Tobacco Company Storage Warehouse #2 are within ECU's Millennial Warehouse Campus and are a part of Greenville's National Historic Tobacco District. ECU plans to sell via a deed with reversionary interest to Elliott Sidewalk Communities. The properties will revert back to ECU after 80 years. ECU has secured NC Historic Mill Rehabilitation Tax Credits that can be transferred with the sale of the property to create a public/private partnership. Elliott Sidewalk Communities will redevelop the properties which will lead to the revitalization of the neighborhood.

Description of Property: *(Attach additional pages if needed.)*

Dispose of properties at

- 1. 301 West Tenth Street, Greenville, NC. Property sites a ±70,000 SF one-story brick building that built in 1914 that is in declining state. The property was acquired by ECU in 2003.**

(next page->)

Estimated value: \$2,684,000

Where deed is filed, if known: Pitt County

If deed is in the name of agency other than applicant, state the name:

Rental income, if applicable, and suggested terms: N/A


Funds from the disposal of this property are recommended for the following use:

ECU's Millennial Campus Account

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Governing Board of Trustees and is recorded in the minutes thereof on December 13, 2019.

Signature:


Chancellor

APPENDIX C

2. **1003 Clark Street, Greenville, NC. Property sites a ±19,000 SF two-story frame building that was built in 1905. The property was acquired by ECU in 2003.**
3. **1104 Clark Street, Greenville, NC. Property sites a ±12,315 SF one-story brick building that was built in 1905. The property was acquired by ECU in 2003.**