

**East Carolina University Foundation, Inc.
East Carolina University Real Estate Foundation, Inc.
Green Town Properties, Inc.**

Real Estate Transaction Policy

I. Introduction

This document describes the policies and procedures for all real estate transactions (acquisitions, disposals, leases, etc.) of the East Carolina University Foundation, Inc. (the “Foundation”), the East Carolina University Real Estate Foundation, Inc. (the “Real Estate Foundation”), and Green Town Properties, Inc. (“Green Town Properties”), (collectively known as “the Foundations”).

II. Objectives and Purpose

The Foundations may acquire real estate, by purchase or gift, dispose of real estate, by sale or transfer, or lease real estate, as long as the objective and the purpose of the transaction is in accordance with the missions of the Foundations and the transaction has been properly reviewed and approved as required by this policy.

III. Standard of Conduct

All persons representing the Foundations in real estate transactions must act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. The interests of the Foundations must be placed first in any negotiations of terms. All individuals involved in the negotiation, review, and consummation of the transaction must disclose to the Board all material facts regarding potential conflicts of interest.

Transactions covered under this policy must avoid the conferring of any impermissible benefits to “interested persons.” The term “interested persons” includes, but is not limited to, the following:

1. Officers;
2. Staff Members;
3. Board Members;
4. Trustees;
5. Substantial Contributors; and
6. Certain relatives of the preceding individuals.

Transactions that may involve one or more “interested persons” must be reviewed by the Audit Committee of the Foundations, whose responsibilities include reviewing all situations where there may be a real or perceived conflict of interest. If the Audit Committee has any questions or doubts it should confer with legal counsel to ensure that no laws or standards will be violated and there will be no adverse effects on the tax exempt status of the Foundations. All transactions shall be governed by Foundation policies as adopted and amended from time to time, including, but not limited to, the Foundations’ Conflict of Interest Policy.

IV. Real Estate Acquisitions for the University

The Real Estate Foundation may act on its own as an agent of East Carolina University (the “University”) to acquire, by purchase or gift, real estate that will be sold or transferred to or for the benefit of the University. The University may request that the Real Estate Foundation purchase real estate and then resell that property to the University. The negotiations, terms, due diligence, and agreement to purchase are the

responsibility of the Vice Chancellor for Administration and Finance or their designee. The ECU Board of Trustees must pre-approve the purchase and reimbursement of all costs associated with the purchase of the property. The Real Estate Foundation Board of Directors must approve, via documented vote, each of these acquisitions. Electronic voting will satisfy the documented vote requirement.

Donors may request to make a gift of real estate to the University through the Real Estate Foundation. As per the Operating Agreements between the Foundations and the University, any gift of real estate that will impose an obligation on the University or the State of North Carolina must have written approval from the Vice Chancellor of Administration and Finance and the Vice Chancellor of University Advancement. The Real Estate Foundation Board of Directors must approve these gifts of Real Estate, the value of the gift using IRS guidelines, and the transfer of the property to the University.

V. Real Estate Acquisitions, Disposals, and Leases for the Foundations

Transactions to acquire, dispose of, or lease real estate for the benefit of the Foundations must be approved by the Real Estate Foundation Board of Directors or Green Town Properties Board of Directors, and recommended to the Executive Committee of the Foundation, who also must approve it. The Real Estate Foundation or Green Town Properties may elect to approve the proposal and recommend it to the Executive Committee for its approval, request further information or altered terms, or reject the proposal in its entirety. All required approvals must be via documented vote; electronic voting will satisfy the documented vote requirement. Transactions greater than \$500,000 must be approved by the full Board of the ECU Foundation.

Proposals to acquire, dispose of, or lease real estate must be in written form, describe the transaction, and document the required due diligence actions. The President of the ECU Foundation, working in conjunction with the Financial Manager of Foundations and the Controller, will be responsible for preparing the written proposal. When possible, the written proposal must be presented to the reviewing body at least 5 business days prior to the scheduled vote to approve the transaction. In the event, the notice period is not met, the process followed should be documented to ensure that the transaction was properly assessed prior to a scheduled vote.

Note on debt limits: As per the operating agreement with the University, the Foundations may not issue non-publicly traded debt in excess of five-hundred thousand dollars (\$500,000) before consulting with the Chancellor and the Vice Chancellor of Administration and Finance, who will consult the Vice President of Finance of the University of North Carolina.

VI. Due Diligence for Acquisitions

The following actions are to be completed and included in the written proposal to acquire real estate.

1. Review of transaction's relationship to the mission of the Foundations;
2. Disclosure of any restrictions imposed by the donor or seller of the property;
3. Receipt of appraisal of fair market value by an independent, certified appraiser;
4. Receipt of report from independent, qualified inspector on structural and mechanical integrity, including an assessment of the general condition of the subject property (if applicable);
5. Identification and assessment of any environmental issues, including remediation plans and costs (if applicable);
6. Estimate of cost of required repairs not to be covered by the seller(if applicable);
7. Analysis of estimated cash flow and return based upon expected holding period;
8. Review of loan commitment and terms (if applicable);

9. Verification that the transaction is at “arm’s length” and provides no benefit to any “interested persons;”
10. Analysis of potential Unrelated Business Income Tax liability; and
11. Any other actions deemed appropriate by the President of the Foundations, Financial Manager of Foundations, Foundation Controller, or the Board.

The President of the Foundation will be responsible for accumulating the information required for the written acquisition proposal. The Financial Manager of Foundations and the Controller will work in conjunction with the President to ensure that all accumulated information is prepared in an appropriate manner and in accordance with applicable law and other standards.

Appropriate due diligence, including the items listed herein, shall be completed for proposed gifts of real estate prior to beginning the approval process. The acceptance of gifted real estate is governed both by this policy and the Foundations’ Gift Acceptance Policy.

VII. Due Diligence for Disposals

The President of the Foundations will identify and recommend properties for disposition. Any dispositions must be in agreement with donor stipulations (if applicable), not convey impermissible benefits to “interested persons,” and be in the best interest of the Foundation. The Real Estate Foundation and Green Town Properties may elect to approve the proposal and recommend it to the Executive Committee for its approval, request further information or altered terms, or reject the proposal in its entirety. All transactions under this section must be approved by the Executive Committee. The following due diligence steps must be completed prior to proposing a transaction under this policy:

1. Analysis of fair market value of the property by a qualified independent appraiser (a licensed real estate agent may be used for property expected to be worth less than \$10,000);
2. Analysis of any donor or seller imposed restrictions on the sale of the property or the use of the proceeds from the sale;
3. Verification that the transaction is at “arm’s length” and provides no benefit to “interested persons;” and
4. Any other actions deemed appropriate by the President of the Foundations and the Financial Manager of Foundations, or the Board.

The President of the Foundation will be responsible for leading the effort to accumulate the information needed for the due diligence and the written proposal. The Financial Manager of Foundations and the Controller will work in conjunction with the President to ensure that all accumulated information is prepared in an appropriate manner and is accordance with applicable law and other standards.

VIII. Due Diligence for Leases

The following actions are to be completed and included in the written proposal to lease real estate:

1. Review of the transaction’s relationship to the mission of the Foundations;
2. Legal review of proposed lease terms by the Foundation’s legal counsel;
3. Analysis of expected cash flows;
4. Verification that the transaction is at “arm’s length” and provides no benefit to “interested persons;” and
5. Any other actions deemed appropriate by the President, Financial Manager of Foundations, Foundation Controller, or the Board.


The President of the Foundation will be responsible for leading the effort to accumulate the information needed for the due diligence and the written proposal. The Financial Manager of Foundations and the Controller will work in conjunction with the President to ensure that all of the accumulated information is prepared in an appropriate manner and in accordance with applicable laws and other standards. The leasing proposal will be submitted to the Real Estate Foundation or Green Town Properties for consideration. The Real Estate Foundation or Green Town Properties may elect to approve the proposal and recommend it to the Executive Committee for its approval, request further information or altered terms, or reject the proposal in its entirety. All transactions under this section must be approved by the Real Estate Foundation or Green Town Properties and the Executive Committee.

IX. Annual Review

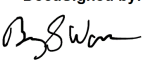
This policy should be reviewed on an annual basis. All changes to this policy must be approved by the Real Estate Foundation Board of Directors, Green Town Properties Board of Directors, and the Foundation’s Executive Committee.

X. Acknowledgement

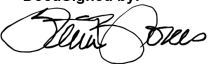
The Board of Directors of the Real Estate Foundation approved this policy on September 3, 2020, the Board of Directors of Green Town Properties approved this policy on September 3, 2020, and the Executive Committee of the Foundation approved in on September 15, 2020. In acknowledgement of this approval the following signatures are hereto attached.

DocuSigned by:

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Christopher M. Dyba, President
East Carolina University Foundation, Inc.
East Carolina University Real Estate Foundation, Inc.
Green Town Properties, Inc.

Date: 10/27/2020

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Burney S. Warren, III, Chair
Board of Directors
East Carolina University Foundation, Inc.

Date: 10/27/2020

DocuSigned by:

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Steve R. Jones, Chair
Board of Directors
East Carolina University Real Estate Foundation, Inc.
Green Town Properties, Inc.

Date: 10/27/2020