

# Stoltz unloads \$100M in Greenville properties



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(Photo: SUCHAT PEDERSON/THE NEWS JOURNAL)

The Stoltz real estate organization is selling five retail and office properties in the commercial heart of affluent Greenville, including the Greenville Center and Powder Mill Square on Kennett Pike, in a deal valued at more than \$100 million.

The buyer is the Pettinaro company, already a prominent Greenville landowner. Its existing holdings include the massive 46-acre Greenville Place residential complex and nearby Greenville Market Shell gas station on Kennett Pike.

With the purchase, Pettinaro, based in nearby Newport, will become the largest, single owner of property in Greenville's commercial district.

Other Stoltz properties that are part of the deal include Montchanin Corporate Center, an office campus on Del. 100 and Del. 141 that was built in 1970 as the headquarters for Columbia Gas System Inc.; the Greenville Professional Center complex at 3704 Kennett Pike; and the Barley Mill House at 3701 Kennett Pike. Settlements are staggered with some to be held next week. The Greenville Center closing is expected in about 60 days.

"To me it's irreplaceable real estate in our hometown," said Greg Pettinaro, managing partner of the Pettinaro company. "It's great to get it back under local ownership. It's an asset we plan to keep for a long time."

Once the properties change hands, it will be a game changer in Delaware's wealthy community where the average household income is \$242,605. The Stoltz's ownership has been contentious for nearly 20 years; it has had heated battles with store owners and residents of the surrounding neighborhoods. More than one case resulted in lawsuits, including the historic fight over the development of the [Barley Mill Plaza office campus](http://www.delawarecourts.gov/courts/superior/recordings/2014/03/25/state-supreme-court-rules-against-barley-mill-developers/6880533/) ([/story/news/local/2014/03/25/state-supreme-court-rules-against-barley-mill-developers/6880533/](http://www.delawarecourts.gov/courts/superior/recordings/2014/03/25/state-supreme-court-rules-against-barley-mill-developers/6880533/)) on Del. 141 and Lancaster Pike.



Stoltz real estate organization is planning to sell the Greenville Center shopping center to the Pettinaro group as part of a plan to sell five buildings in Greenville. (Photo: SUCHAT PEDERSON/THE NEWS JOURNAL)

The Stoltz organization, which is headquartered in Bala Cynwyd, Pennsylvania, is keeping Barley Mill Plaza. Sources close to the deal said Pettinaro didn't want it.

For his part, Pettinaro said he plans to work with the community. The family-owned business intends to preserve the character of the properties and make sure they're compatible with Greenville's personality. One improvement being considered is to make the shopping area more walkable, Pettinaro said.

"I want to be a good neighbor," Pettinaro said.

Larry Tarabicos, a lawyer for the Stoltz organization, said Keith Stoltz, who heads the Stoltz entity and is the face of the organization in Delaware, is "very upset" at having to sell the Greenville properties. Successful business people are often "criticized as being too tough, too hard," Tarabicos said.

"In the last six or seven years he (Stoltz) has felt very unwelcome in Delaware," Tarabicos said. "He's been a very good property owner and landlord. He's been a good steward of valuable and important property not only in Greenville but all around the area. He's upgraded those properties. He feels he hasn't been appreciated."



Crews work on the new Odyssey Charter School at the rear section of the Barley Mill Plaza office park, bringing new life to the controversial property. (Photo: SUCHAT PEDERSON/THE NEWS JOURNAL)

Tarabicos said other than the Christiana Mall, the upscale commercial properties in Greenville are “arguably the most coveted properties in Delaware.”

With the divestitures Stoltz will now be free to concentrate on the development of Barley Mill Plaza, which has been a flash point among rich and powerful Greenville residents since Stoltz bought the property from the DuPont Co. in 2007 for a hefty \$94 million. The most recent plan to develop a proposed a 1.6-million-square-foot retail and office complex on 37 acres of the site was struck down by the Delaware courts.

“It’s a fascinating property and has great possibilities,” Tarabicos said. “Keith will be able to give Barley Mill Plaza his full attention. It’s next on the horizon.”

Within 60 to 90 days Stoltz will “kick it into high gear,” Tarabicos said.

That statement has an ominous tone to many neighbors.

“We’ll definitely be on the lookout, no question about it,” said Joe Kelly, head of Save Our County, a civic group formed in 2011 to fight the development at Barley Mill Plaza. “I’m not optimistic about working with Stoltz. He can prove me wrong by coming up with something that’s reasonable.”

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A 1970 office campus off Del. 141 and Del. 100 in Greenville that was developed for Columbia Gas System is to be sold to the Pettinaro group of Newport as part of a five-building sale of Greenville properties. (Photo: SUCHAT PEDERSON/THE NEWS JOURNAL)

## Stoltz's troubled history

Even Stoltz's sale of the five retail and office properties has not been without contention.

Recently, the deal to sell some of the properties was threatened by legal action stemming from failure to record deed restrictions Stoltz agreed to in 2011, but had failed to keep. As late as last week, Tarabicos and Richard Beck, attorney for the civic group Citizens for Responsible Growth, were exchanging heated letters about restrictions related to the Greenville Center.

"Your letter seems to suggest that you believe that my client (and his counsel) will attempt to transfer his five properties in Greenville without addressing these issues," Tarabicos wrote to Beck on July 8. "That suggestion is an insult to me and also to the parties involved in these transactions."

The deed restrictions were recorded on Monday – four years after they were signed by Keith Stoltz.

Pettinaro said he agreed completely with the deed restrictions, and made their recordation a condition of the sale.

"The sophisticated and well-respected purchaser of the Greenville properties is a respected member of the local community and they ... have no intention of closing on these transactions unless and until these issues have been resolved," Tarabicos wrote.

Prior to that development battle, Stoltz's dust-ups in Greenville had largely been with tenants over leases. Alisa Morkides, owner of the Brew HaHa chain, waged a legal battle with Stoltz in the 1990s over his plan to bring a national competitor into the shopping center to compete with her independent coffee shop. Her case was settled without going to court, and Brew HaHa still has a presence in Powder Mill Square.

In the early 2000s, Francine Covelli, who ran Café Francine's in the Greenville Center, walked away from her business after a costly and painful battle with Stoltz. In 2009, boutique clothing shop Lolita sued Stoltz when the landlord said it would bump Lolita from a visible location in Powder Mill Square to a back corner of the shopping center.

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**Wendy Jo Morris of A.R. Morris Jewelers works at her store located at Powder Mill Square in Greenville. Morris said she had heard talk that the Pettinaro group might be buying the shopping center but didn't know anything definite. (Photo: SUCHAT PEDERSON/THE NEWS JOURNAL)**

But the most contentious battle in Greenville's history began in 2008, when Stoltz Real Estate Partners announced plans for three ambitious projects along the Del. 141 corridor in the Greenville area that included:

- A \$525 million redevelopment of the 24-building Barley Mill Plaza that called for 700 apartments or condominiums; 1.48 million square feet of office space; 731,250 square feet of retail space that included stores, restaurants, a fitness center, day care and hotel.
- A \$19 million addition to the Greenville Center shopping center at Kennett Pike and Buck Road. The project included an approximately 12-story building of mostly residential units near Greenville Manor housing community. It called for 12,800 square feet of office space and 22,235 square feet of retail, which included incorporating some existing space.
- An expansion of the former MBNA office campus on Del. 141 and Montchanin Road (Del. 100) that was once the headquarters of Columbia Gas System. Stoltz bought the nearly 20-acre office campus from Bank of America. Plans called for a new, free-standing office building totaling 36,501 square



feet.

The surrounding Greenville community erupted, and a well-funded group called Citizens for Responsible Growth emerged with members from several civic groups. Residents expressed alarm that the massive developments, including the 12-story building at the Greenville Center, would alter the character of Chateau Country.

And neighbors were aghast at plans for Barley Mill Plaza, explaining that 2.9 million square feet of shops and restaurants, offices, housing and a hotel, with one proposed building 11 stories and three proposed buildings eight stories tall, would cripple traffic, disrupt noise levels, alter the natural light to nearby homes and destroy the bucolic landscape of the area.

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**Barley Mill House, an office building at 3701 Kennett Pike in Greenville, will be sold by the Stoltz organization to the Pettinaro group. (Photo: DAMIAN GILETTO/THE NEWS JOURNAL)**

### The compromise

By 2010, negotiations for compromise were underway, and the final agreement called for:

- Abandoning the 12-story residential tower and parking garage at Greenville Center. It would be replaced by a two-story building with retail on the first floor and office space on the second level. There would be a freestanding retail building of approximately 4,000 square feet at the corner of Kennett Pike and Buck Road, and additions to an existing building at the northwestern corner of the property totaling 3,469 square feet. There would be more generous setbacks. The plan called for a parking variance and a reduction in landscaping.
- Dropping the scale of the Barley Mill Plaza development that called for 1.6-million square-feet of shops and offices on 92 acres. There was no residential component. Thirty-seven acres along Del. 141 would need to be rezoned from office to commercial use.
- Rezoning no more than two acres of Montchanin Corporate Center along Del. 100 from office regional to commercial neighborhood, with the development of a commercial building not larger than 6,000 square feet. Plans called for the lifting of deed restrictions on the property that had been in place since the late 1960s.
- Seeking a variance to add an additional 19 parking spaces at Greenville Professional Center at 3704 Kennett Pike.

As part of the compromise, Stoltz agreed to certain deed restrictions, including building height limitations of 50 feet at Greenville Center. The deed restrictions would be legally recorded with the New Castle County Recorder of Deeds. The restrictions would run with the properties and be conveyed to any new owners.

If Stoltz's plans did not get land approvals, he could withdraw from compromise plans and return to the status quo.

The Stoltz company began work on getting the necessary land approvals for the four projects. The variances were granted at Greenville Center and Greenville Professional Center at 3704 Kennett Pike. But there were complications with two other properties.

The rezoning at Montchanin Corporate Center was overwhelmingly rejected by New Castle County Council.

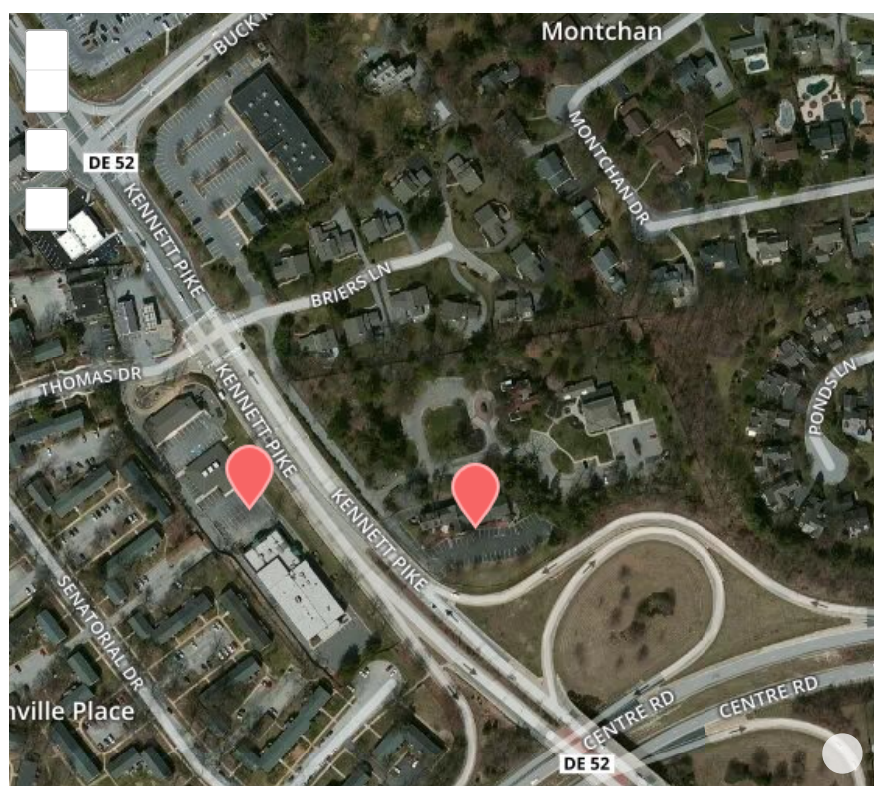
And although Barley Mill Plaza was successfully rezoned in 2011, residents living closer to the development felt their interests were sacrificed to the building-height concerns of the people living closer to the Greenville Center shopping center.

The compromise bitterly divided the community, leading to acrimonious feelings between residents concerned about the development of Barley Mill Plaza and those more concerned about a 12-story tower at Greenville Center.

A group of citizens splintered off from CRG and formed Save Our County. The new group sued New Castle County and the property owner Barley Mill LLC in December 2011, saying the rezoning of 37 acres at the front of the property violated state law. The group claims a traffic study of the roads near the plaza should have been completed before the council voted on the rezoning.

Save Our County scored a major victory in 2013 when Delaware Chancery Court ruled the rezoning of 37 acres to retail development was invalid because at least one vote by a member of New Castle County Council was made arbitrarily – and that vote was necessary for the ordinance to pass. The ruling was upheld by the Delaware Supreme Court in 2014.

“For many in the community, even the brightened prospect of being in closer proximity to a Cheesecake Factory and Cinnabon did not assuage their worries about the effect that the large scale development and its accompanying traffic would have on their quality of life,” Leo E. Strine Jr., the Supreme Court’s new Chief Justice, wrote in the opinion.



### **Deed restriction trouble**

Despite seven years of high-profile back and forth regarding Stoltz’s proposed Greenville projects, nothing substantial has physically happened to the properties with the exception of Barley Mill Plaza. Work is underway on transforming 34 acres of Barley Mill Plaza at the rear of the site into the new Odyssey Charter School campus.

But that changed approximately eight weeks ago, when Keith Stoltz contacted John Danzeisen of CRG with word that he was going to reject the 2011 compromise and return to the status quo.

“He advised me a couple months ago, he was going to walk away from the compromise,” Danzeisen said.

A little later, Stoltz changed his mind and was going to live by the compromise, Danzeisen said. The sticking point was the variances. To return to the status quo, the variances would have to be rejected through a formal land approval process and that would take time. By then, though, Stoltz was ready to sell to Pettinaro.

It was at that point in the negotiations that CRG and the community learned the deed restrictions were never recorded – four years after the compromise was inked. Residents worried that the properties would pass to a new owner without the deed restrictions.

“It was a concern,” Danzeisen said. “We wanted those deed restrictions.”

CRG alerted the people at the Save Our County civic group, and began discussions about hiring attorney Jeff Goddess, who waged a successful battle against Stoltz for Save Our County.

“As an aside, I find it curious and amusing that you are now seeking to enlist support from the Save Our County people and their able counsel, who, as I understand it, believe that your efforts to ‘protect’ your neighbors in the vicinity of the Greenville Center, was at the expense of ‘protecting’ the folks of Barley Mill Plaza,” Tarabicos wrote. “I am not quite sure why they would even care if the Greenville Center Declarations of Restrictions were ever recorded.”

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The Greenville Center shopping and office complex on Kennett Pike will be bought by the Pettinaro company of Newport. It is one of five buildings in Greenville being sold by the Stoltz organization. (Photo: SUCHAT PEDERSON/THE NEWS JOURNAL)

## Waiting to see

Community leaders said there is high energy today among residents around the entire land-use process.

One positive thing that resulted from the recent dust-up over the deed restrictions was the joining together of a number of civic organization, civic leaders say.

“We will work together,” Kelly said.

He commends Stoltz and Tarabicos for bringing the [Odyssey Charter School](http://story/news/local/2015/02/20/state-helps-odyssey-get-million-barley-mill/23744087/) to Barley Mill Plaza. But Kelly believes the community still has a battle ahead of it when it comes to Barley Mill Plaza.

“We’re going to fight. We’re not just going to roll over,” Kelly said. “We didn’t spend all that effort to after three years say: ‘OK, you can go in there and do what you want.’ We’re going to insist that something that comes there is consistent with the character of the community.”

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