

SOLICITATION FOR DEVELOPMENT PARTNER PROPOSALS

THE HOTEL CHARLES | CITY OF SHELBY, NC

FEBRUARY 2026

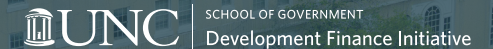


SCHOOL OF GOVERNMENT
Development Finance Initiative



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EXECUTIVE SUMMARY

The City of Shelby (City) in Cleveland County, North Carolina, is pleased to release this Solicitation for Development Partner Proposals (SDP) for the redevelopment of the Hotel Charles (commonly known as the Blanton Building) located at 108 West Warren Street (Site) in downtown Shelby (commonly known as Uptown). The City seeks a qualified development partner or partners to redevelop the City-owned Site into a boutique hotel with first-floor food and beverage and street-level retail (Project). Responses to the solicitation are due by **March 27, 2026**.

This document invites interested development teams to present development concepts for review and consideration by the City. The Development Finance Initiative (DFI), a program of the UNC School of Government (SOG), will help development teams understand the City's requirements for the Site's redevelopment. This process will culminate in selecting a development partner or partners and negotiating one or more development service agreements pursuant to North Carolina General Statute 158-7.1 or other statutory authority.

Before releasing this SDP, the City engaged DFI to complete a pre-development analysis to ensure the Project and the proposed public-private partnership have the community's support, the City Council's endorsement, and are financially feasible for development partners.

Estimated Timeline

March 27, 2026	Development partner proposals due
Q2 2026	Council selects development partner(s)
Q3 2026	City and development partner(s) execute a Memorandum of Understanding (MOU)
Q4 2026 - Q1 2027	City and development partner(s) execute a development agreement

The Hotel Charles building in Uptown Shelby, NC



City of Shelby

THE OPPORTUNITY

The City seeks an experienced development partner to revitalize the Hotel Charles as a boutique hotel. Located in the heart of Shelby's Uptown, local stakeholders view the future use of this building as a critical next step within Shelby's coordinated, strategic approach to Uptown revitalization.

Shelby has a track record of successful downtown projects, including the redevelopment of several historic buildings. Examples include, the conversion of the 1907 courthouse into the Earl Scruggs Center, the transformation of a 1939 Art Deco movie house into the Don Gibson Theatre, and the redevelopment of former department stores as breweries, mixed-use retail and apartments, and private event spaces.

City staff said these efforts have resulted in more than \$55 million of public and private investment over the last decade. As a part of these investments, the City spent approximately \$15 million for utility upgrades and streetscape enhancement that have improved walkability and opportunities for growth in Uptown. An additional \$21 million is expected in the next five years, focused on the Carolina Harmony Rail Trail, an associated public park, and the redevelopment of the downtown historic depot station. These past investments and future development plans sit within a few blocks radius of the Hotel Charles as depicted in the map below.

Past and future planned public and private investments in Uptown, Shelby



DFI edited street map

Hotel Charles History

The Blanton Building is a nineteenth-century three-story building originally constructed in the 1890s as the Central Hotel alongside the Wray Building—home to First National Bank, founded by Burwell Blanton and his sons, Charles and George, in 1895. The First National Bank and the Hotel Charles were integral parts of the City’s economic and social history for more than a century. The Blanton family ran First National Bank for much of that time, from its founding until 1979.¹

The Blanton and Wray buildings were reconstructed after a 1928 fire that damaged much of the Central Hotel. The rebuilt and renamed building, the Hotel Charles, was back in operation the following year. The building is located opposite Shelby’s courthouse square—now home to the Earl Scruggs Center—and is significant for its historical associations with the Blanton family and as the central Uptown hotel until the late 1960s. The Blanton Building is a contributing structure to the Central Shelby Historic District.²

The Hotel Charles in the 1930s (date estimated)



City of Shelby

¹ The Banker's House. Historical Significance. Accessed: www.thebankershous.org/historical-significance/.

² National Park Service. Shelby, North Carolina. Central Shelby Historic District. Accessed: www.nps.gov/nr/travel/shelby/cen.htm.

DFI'S ROLE

DFI provides specialized finance and development expertise to local governments to assist them in attracting private investment for transformative projects in their communities. DFI has been engaged for more than 250 projects in communities across North Carolina, South Carolina, and Virginia, attracting more than \$1 billion of private investment over the last decade of operations.

DFI performed a detailed pre-development analysis for the Hotel Charles Project to arrive at a recommended development plan. The analysis included:

- **Market Assessment:** assessing the supply and demand for diverse potential private uses, including hospitality, retail, and multi-family.
- **Site Assessment:** studying the Site's physical constraints and utilizing existing architectural plans and redevelopment concepts to determine a program that maximizes the Site's development potential.
- **Establishing Public Interest:** engaging stakeholders interested in Uptown development, including City staff and elected officials.
- **Financial Feasibility:** projecting the development costs and cash flows to ensure the Project viability for private investors.
- **Public Investment:** identifying the potential avenues by which the public sector can participate to create a feasible path for redevelopment.

DFI's pre-development work thus far will benefit the private developer(s) selected by the City Council by significantly reducing the time, effort, expense, and overall risk required to determine feasibility, conduct due diligence, and move the Project through the City's public planning process. The selected Developer must pay a 1% development services fee to DFI as part of any Development Services Agreement related to the development of the Project Site. The fee's terms are detailed in Appendix A.

GUIDING PUBLIC INTERESTS

The City Council, staff, and other downtown stakeholders worked with DFI to identify project-specific public interests to guide the Site's development programming. The City Council endorsed these interests, which should be noted and incorporated within any submitted proposal. The City and DFI identified that development on this Site should:

1. Add accommodations in Uptown that will support current arts, culture, and visitor travel activity.
2. Preserve and reflect Shelby's history.
3. Efficiently leverage public investment to maximize private investment.

MARKET SUMMARY

Regional events, such as music and arts festivals, sports competitions, and holiday events, draw tens of thousands of attendees to Shelby each year. For example, in 2024, the annual Liver Mush Festival had approximately 18,400 attendees. Attendance for this festival has grown by 10% since 2022.³ This festival among other tourism attractions contributed to a 14% growth in Cleveland County visitor spending in 2024. In fact, Cleveland County was among the top three counties in North Carolina that led the state's visitor spending growth that year.⁴

Shelby's active music and sports scenes are tied to several influential members of the region's history: Earl Scruggs, Don Gibson, and Bobby Bell.

Earl Scruggs was born in Cleveland County and became a world-famous bluegrass musician. The singer and songwriter, Don Gibson, was born a few years later in Shelby and was posthumously inducted into the Country Music Hall of Fame in 2010.

These famous musicians established roots influencing today's local arts and cultural initiatives. Cleveland County's 1907 courthouse became the Earl Scruggs Center, which now draws nearly 6,000 visitors annually and hosts concerts year-round. The Center's largest concert in 2025 was attended by 900 people, nearly 70% of whom traveled from outside of Cleveland County.⁵ The Don Gibson Theater opened in 2009 and hosts an average 40 shows yearly, drawing over 19,000 guests to Uptown, of whom nearly 60% are estimated to be out-of-town guests.⁶

View of Earl Scruggs Center and Hotel Charles building at the 7th Inning Stretch Festival (2022)



City of Shelby

³ Uptown Shelby Association.

⁴ Visit NC, Economic Development Partnersip of North Carolina.

⁵ The Earl Scruggs Center provided attendance data.

⁶ The Don Gibson Theater provided event and attendance data.

Similarly, Bobby Bell was born in Shelby and became a professional football player inducted into the College Football Hall of Fame. He was then the first Kansas City Chiefs player inducted into the Pro Football Hall of Fame. The Bobby Bell Pavilion hosts the City's farmers' market and dozens of events each year.⁷

Earl Scruggs, Don Gibson and Bobby Bell murals in Uptown Shelby



City of Shelby



City of Shelby

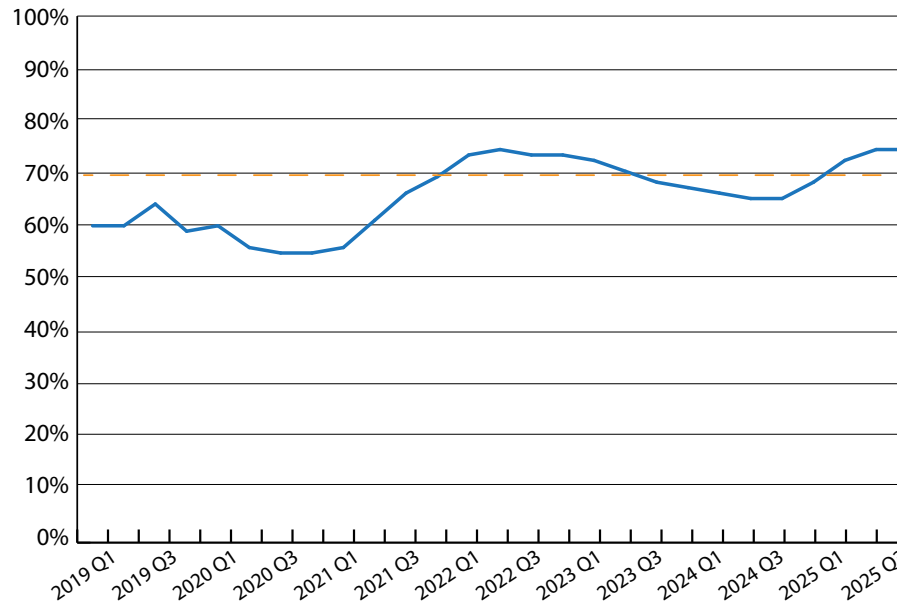


City of Shelby

Hospitality Indicators

Hotels across the county—from economy to upper-midscale options—experienced higher Average Daily Rates (ADR) and occupancy rates than the pre-pandemic performance. The 12-month ADR has grown by 30% since the pandemic and reached a peak price of \$100 in November 2025.⁸ The occupancy rate surpassed 70% in 2022 and has remained above 65% since then. Despite the demand for hospitality options, there are only two bed and breakfast options within walking distance of Uptown. There are 14 total hotels in Cleveland County—approximately 950 rooms. Most hotels are located along Highway 74 and not easily walkable to Uptown.

Average occupancy rate for Cleveland County 2019-2025



⁷ The City of Shelby provides pavilion use data.

⁸ STR Report for Cleveland County.

Retail

Similar to hotel performance, retail indicators have also strengthened. The retail vacancy rate in Uptown Shelby is approximately 6%, and renovated retail space rents for \$15 per square foot on average.⁹ During the pandemic, Uptown grew by 100 net new businesses. Since 2023, Uptown has continued to grow: several businesses have expanded, and more than 20 new businesses have opened.¹⁰

By 2027, the median household income is expected to increase by 12% (to \$56,000) and the population to grow by 2%.¹¹ With new households moving to the region and low retail vacancy rates, DFI estimates at least 100,000 square feet in unmet retail demand in Cleveland County over the next five years. In addition, DFI estimates at least 40,000 square feet in unmet food and beverage demand based on current spending patterns.¹²

Due to the unique characteristics of the Hotel Charles and its location in Uptown, a redeveloped space could capture current unmet and future demand through the anticipated food and beverage and retail spaces (for more detail, see the development program section).

Retail activity in Uptown Shelby near the Hotel Charles



City of Shelby

⁹ CoStar and local brokers.

¹⁰ Uptown Shelby Association.

¹¹ ESRI Business Analyst and NC Office of State Budget Management.

¹² DFI Analysis of data from CoStar and ESRI Business Analyst.

DEVELOPMENT PROGRAM

DFI worked closely with Clearscapes, a Raleigh-based architecture firm with extensive historic redevelopment experience, to assess the feasibility of a hospitality program in the Hotel Charles. This effort included an architectural review and test fit analysis of a modernized hotel lobby, restaurant, hotel rooms, and retail space. See details on the associated program below, and select test fit images on the next page. Scaled PDFs of the building's existing conditions, test fits, and CAD drawings of the PDF files are available upon request.

Additional Considerations

- A similar program formed the basis of Part 1 and Part 2 applications to the National Park Services (NPS) to determine historic tax credit (HTC) eligibility. The project received notice of NPS approval in March 2018. The approved extension of the Part 3 application expired December 2025. The past HTC application can serve as a basis for a development group's future NPS application. All relevant materials are available upon request.
- The development program and conceptual plan provided in this solicitation do not represent the final design or program. Developers are encouraged to create an approach that adheres to the public interests approved by the Shelby City Council on August 21, 2023, as a frame of reference for the type of development the City desires.

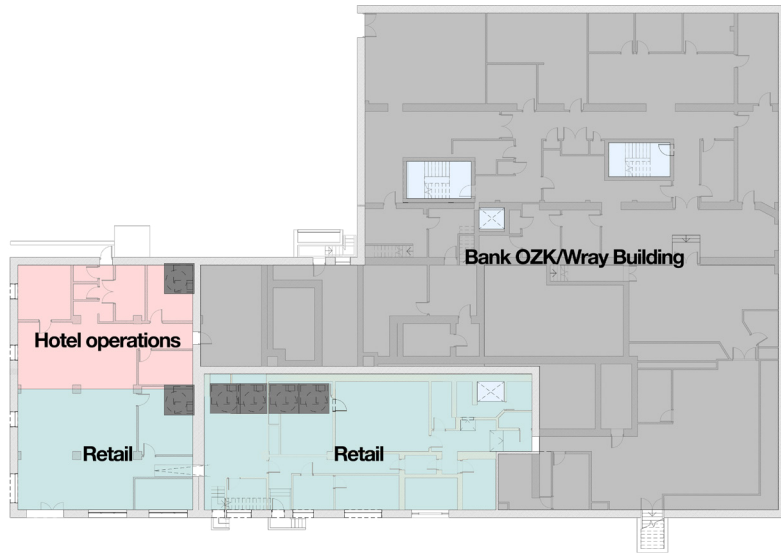
Program Overview

DFI's analysis identified a potential hospitality and retail program, including estimated ADR, occupancy rate, and retail rental rates generated by current market conditions.

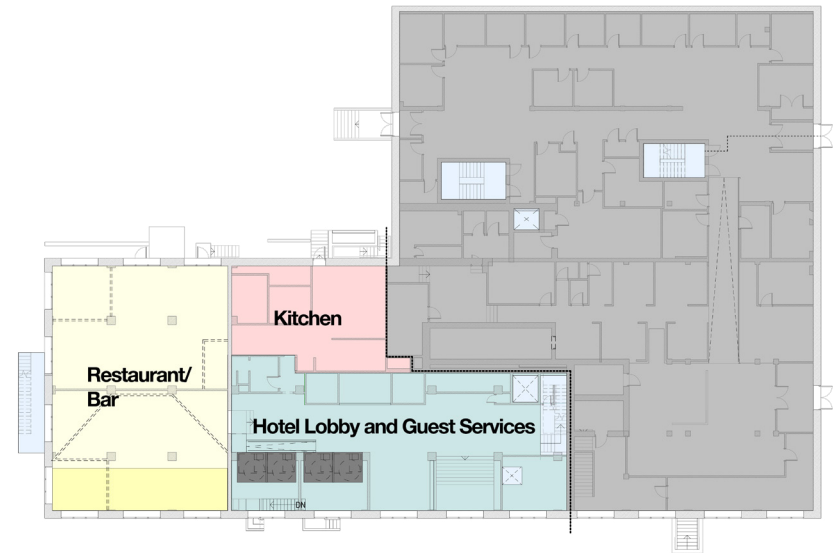
Use	Gross square feet*	Performance metrics
Street-level retail	4,200	\$15/sq ft
Street-level hotel operations	1,500	n/a
First-floor lobby and guest services	2,100	n/a
First-floor food and beverage (including kitchen)	3,835 (1,000)	50% of room revenue
Second- and third-floor hotel rooms	17,600 sq ft (40 rooms)	\$150 ADR/70% occupancy rate
Parking	not available on-site	parking off-site
Hotel Charles building total	32,000	

* All square foot numbers are rounded estimates.

Hotel Charles street-level retail and hotel operations space



Hotel Charles first floor lobby and restaurant test fit



Hotel Charles second and third floor hotel room test fit

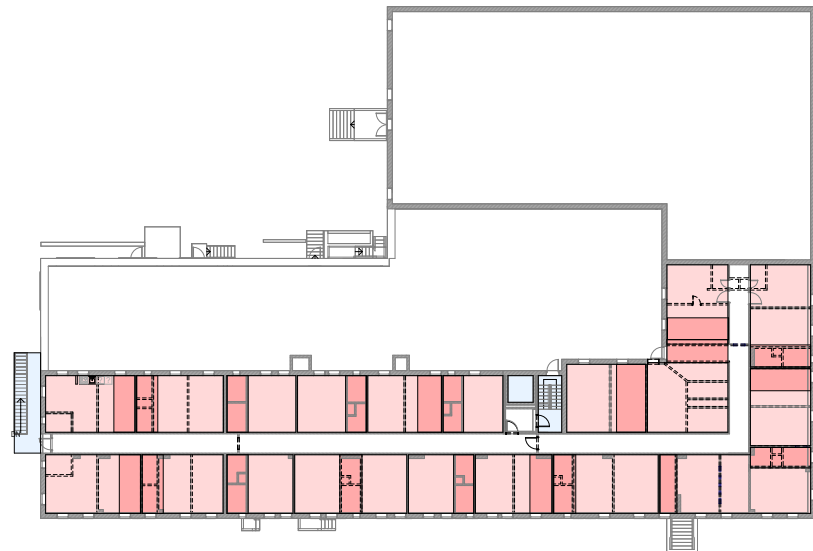


Image Credit: Test fit images provided by Clearscapes Architects

PROJECTED COSTS AND RETURNS

Based on market-comparable projects, DFI estimates the total development costs of this project at \$14.35 million. To account for unpredictable price fluctuations due to the current construction climate, the estimates below include a 10% contingency each for hard and soft costs.

Estimated Development Costs (millions)

Acquisition costs	\$0.85
Hard costs	\$10.30
Soft costs	\$3.20
Total	\$14.35

DFI has made the following key assumptions for the Hotel Charles redevelopment:

- **Tax Credits:** Development partner(s) will utilize state and federal historic tax credits.
- **Parking:** The Property does not have on-site parking available. The City is open to discussing parking solutions using currently available parking lots. A map of currently available parking lots is available upon request.

Projected Returns

Using the above program and assumptions, DFI has modeled the Project to determine financial feasibility and returns for the Developer and Equity Investor(s).

DFI estimates that the Developer of this project can achieve market-rate returns over a seven-year hold without public participation. Detailed versions of DFI's financial assumptions and models are available upon request.

Arched window on the first floor of the Hotel Charles



City of Shelby

POTENTIAL PUBLIC-PRIVATE PARTNERSHIP

The City would consider participating in the Project, as permitted by law, to secure its public interests in this development. The City and DFI can answer any additional questions about public participation as needed.

Local and Regional Support for the Hotel Charles

The City and the DFI team have received significant interest in the Hotel Charles opportunity from local and regional investors. DFI can provide additional information on the expressed investment interest upon request.

In addition, the City is a participant in Appalachian Community Capital's program Opportunity Appalachia (OA). OA works with communities in central Appalachia to raise over \$420 million in financing for high-impact economic projects. Shelby, and more than 30 other awardees, received grant resources to access a range of technical assistance. As a result of this funding, Shelby contracted with DFI to conduct a pre-development assessment for the Hotel Charles. The information included in this solicitation reflects an analysis undertaken as part of the OA grant. Shelby and DFI will continue to utilize the OA network in outreach efforts related to this SDP.

Interior lobby on the first floor of the Hotel Charles



City of Shelby

WEBBLEY MANSION REDEVELOPMENT OPPORTUNITY

The Webbley Mansion is a historic home originally built in 1852, and is the former home to North Carolina governor, O. Max Gardner. Shelby received approximately \$3.9 million in state grant funding to acquire and rehabilitate the property. DFI assessed the feasibility of the property's redevelopment as a bed and breakfast, retail space, and office space. This opportunity is included in the Hotel Charles solicitation as a potential property to include within a development team's Hotel Charles hospitality proposal.

The Webbley property is located at 403 South Washington Street, three blocks south of the Hotel Charles and across the street from the Don Gibson Theater. The core 1852 house is approximately 4,000 square feet on a 2.5 acre lot. Through a test fit conducted by Clearscapes Architects, the property could accommodate a guest reception and lounge, a small-scale kitchen, and up to 4 rooms on the second floor. The site has the potential for 7 total rooms in existing structures if the carriage house and garage on the site were also utilized.

City's Role in Stabilizing the Property

Near-term the City will invest approximately \$1 million to stabilize and restore the exterior of the 1852 house, including demolishing the rear house additions due to the level of disrepair, refurbishing the two original porches, and replacing the roof. The stabilization work is expected to begin February 2026 and be completed in approximately 8 months. For additional detail regarding the stabilization construction efforts currently underway on this property, please review the information available via the City's website [here](#).

Additional Anticipated Public and Private Investment

Upon completion of the stabilization efforts described above, the City anticipates expending the remaining funds from the state grant towards additional restoration costs (approximately \$2 million in remaining grant funds). After state funds have been expended, DFI estimates an additional estimated \$1.3 million in private investment will be needed to complete the renovation and reach operational status. This total includes an estimated \$875,000* for a private partner to acquire the Site from the City, and approximately \$300,000 - \$400,000 in interior finishing construction costs.

Webbley Mansion

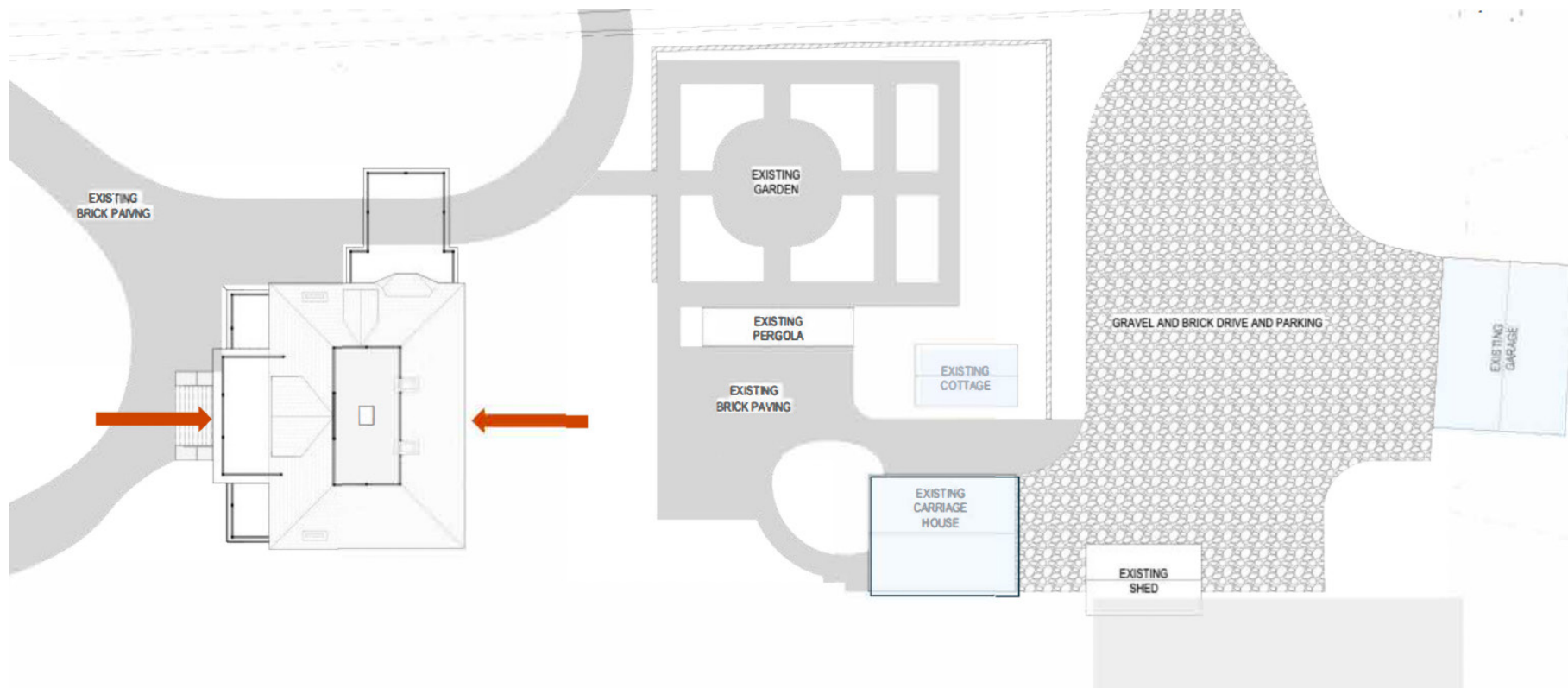


Heather Fearnbach

See Appendix B for information related to Clearscapes's architectural review and test fit of the Webbley Mansion. For more detailed information on this redevelopment opportunity, please access the Webbley Solicitation for Development Partner Proposals [here](#).

**Note: this acquisition cost is an estimate only. This estimate is not a final sale price. In accordance with state law, the sale price will be determined by a licensed appraiser prior to sale. Final sale will be subject to state law N.C. Gen. Stat. 158-71.*

Aerial view of Webbley property



Test fit images provided by Clearscapes Architects

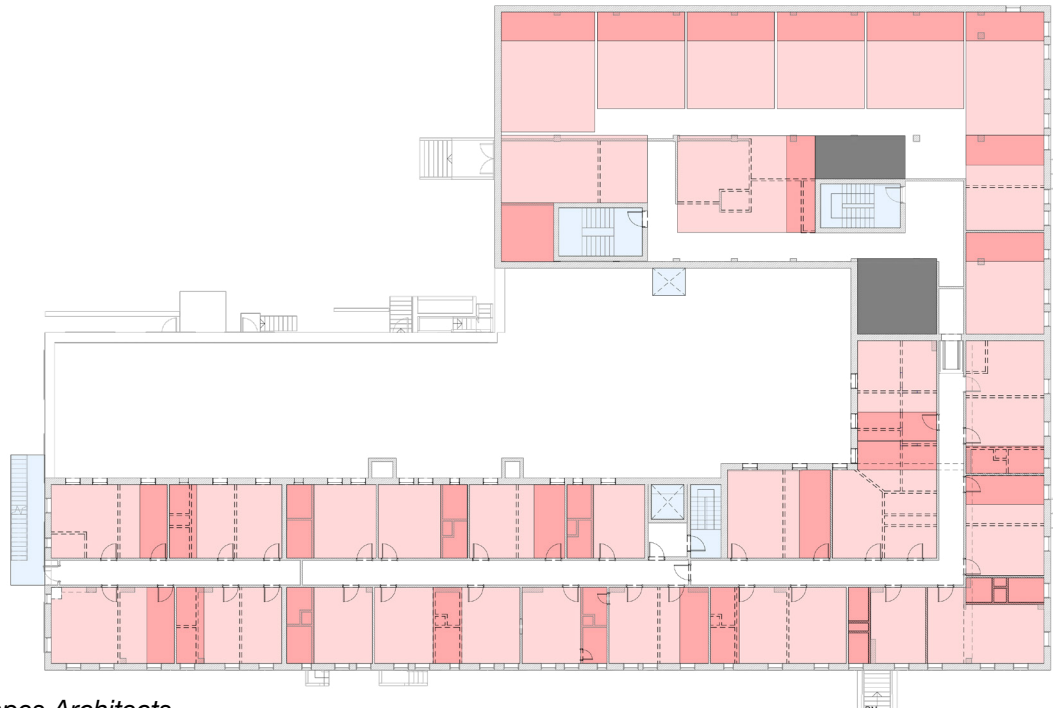
EXPANDED HOSPITALITY PROGRAM OPPORTUNITY

The Hotel Charles (or Blanton Building) fronts Warren Street and is physically adjoined to the Wray Building that fronts South Lafayette Street. The Wray Building is a 34,000 square foot, 2-story building located at 106 South Lafayette Street. The Wray Building is currently owned by Bank OZK and operates as the Bank's Uptown branch. The second floor of the Wray Building is approximately 7,000 square feet and is connected via a doorway to the second floor of the Hotel Charles.

City staff has coordinated closely with Bank OZK to determine the availability of the second floor of the Wray Building to be considered as additional space within development partner proposals. In addition, City staff have received confirmation from Bank OZK leadership that they are willing to explore this opportunity with the City's selected partner. Negotiations regarding acquisition and permanent emergency ingress/egress access would take place between Bank OZK and the selected partner.

Based on a test fit assessment by Clearscapes Architects, this additional space has the potential to add approximately 10 hotel rooms to a development team's anticipated hotel program.

Hotel Charles second floor hotel room test fit with additional Wray Building space



Test fit images provided by Clearscapes Architects

EVALUATION CRITERIA AND SELECTION PROCESS

Development firms responding to this solicitation will undergo an evaluation to determine which plan will best serve public interests and happen in a reasonable timeframe. DFI will collect and analyze responses, contact references, and coordinate interviews as necessary.

The following criteria will be used to assess responses:

- Qualifications and experience of the development team, with preference given to those with experience with the type of development proposed in the respondent's plan for the Site.
- Level of integration of guiding public interests.
- Quality and success of prior development projects and public-private partnerships.
- References from previous local government partners, if any.
- Demonstrated ability to execute projects of similar scale and complexity.
- Demonstration of confidence in this Project.
- Ability to complete the project within the City's proposed timeline.
- Ability to integrate additional considerations as identified in the development program section of this document.

After reviewing submitted proposals, DFI may seek clarification regarding details included in the proposal. Development teams may not submit additional information after the **March 27, 2026 deadline**, unless the City or DFI requests it. Following the Council's selection of a development partner for exclusive negotiations, the City will expect the selected partner to submit a proposed Memorandum of Understanding (MOU) and, following the successful execution of an MOU, lead negotiations for a final development agreement.

Estimated Timeline

March 27, 2026	Development partner proposals due
Q2 2026	Council selects development partner(s)
Q3 2026	City and development partner(s) execute a Memorandum of Understanding (MOU)
Q4 2026 - Q1 2027	City and development partner(s) execute a development agreement

Submission Process

Development partner proposals are due at **5:00 p.m. EDT on March 27, 2026**. Proposals received after the deadline will not be considered.

Proposals must conform to the guidelines described under “Submission Requirements.” Submit proposals electronically in PDF format. Submit financials in Excel format. Send materials via email to Sara VanLear at vanlear@sog.unc.edu and Justin Merritt at Justin.Merritt@cityofshelby.com, with the subject line: “Development Partner Proposal: Shelby - 108 W. Warren Street.”

All responses are subject to public disclosure in accordance with State law governing public records; N.C. Gen. Stat. 132-1 et seq.. DFI recognizes that respondents must submit financial information that they may deem confidential and proprietary to comply with the requirements of this solicitation. To the extent permissible by law, DFI agrees to keep confidential any proprietary information included in a response, provided that (1) the respondent identifies the confidential, proprietary portions of the response, (2) the respondent identifies as confidential and proprietary only those portions of the submittal that are confidential and proprietary, and (3) the respondent states why protection is necessary. Respondents shall not designate their entire response as confidential and proprietary, nor shall they designate already public information.

Respondents should email any information they would like to remain confidential under separate cover to vanlear@sog.unc.edu. The email subject must be “PROTECTED: Development Partner Proposal: Shelby - 108 W. Warren Street.”

For information concerning the procedure for responding to this Solicitation for Development Partners or clarification of the terms, conditions, and requirements of this SDP, please email Sara VanLear, Project Manager, DFI, at vanlear@sog.unc.edu and Justin Merritt, City Manager, City of Shelby at Justin.Merritt@cityofshelby.com.

Submission Requirements

Proposals should include the following information (sections 1–11 below). Appendices are considered supplementary.

Proposals that include the Wray Building 2nd floor and/or the Webbley Mansion should detail the development plans related to each additional property within sections 1-11 below. Be sure that the submission outlines a clear and compelling concept that demonstrates the Wray Building 2nd floor and/or the Webbley Mansion as a singular, cohesive project. Do not submit a separate proposal if the development plans includes one or more of these additional properties.

1. Letter of Introduction

- Include a summary of the respondent’s qualifications, experience, and reasons for interest in this opportunity. Special attention should be given to a clear statement outlining how this proposal aligns with the guiding public interests. The letter must be signed by a principal or authorized officer of the entity.

2. Proposed Development Plan

- Number of hotel rooms; expected average daily rate; expected occupancy rate
- Projected food and beverage plan (if applicable)
- Amount of retail square feet; expected rents
- Expected hotel amenities
- Estimate of parking spaces needed (valet program anticipated)

3. Preliminary Site Plan

- Preliminary floorplans (if different from current plans shared)
- Food and beverage details (including kitchen and private rooms)
- Street-level plans, including potential retail, additional rooms, or back-of-house operations space

4. Development and Financing Assumptions – Provide in Excel format:

- Sources and uses
- If public participation is anticipated, explain the proposed participation in detail and provide a financial analysis to demonstrate why such participation is necessary.
- Required investor return hurdle rate
- Proposed acquisition price

5. Earnest Money Deposit – Proposed amount and terms

6. Timeline

- Indicate whether the proposed timeline under “Development Timeline” is feasible. If other, include the proposed timing here. Indicate the development team’s availability to undertake the Project and adhere to the timeline.

7. Description of the selection process for (if not already identified in the development program)

- Hotel operator
- Food and beverage partner (if separate from operator)
- Retail tenants

8. Development Team

- Identify partner firms and roles, including co-developers, architects/designers, and potential general contractors or subcontractors.
- Overview of each firm on the team, including a brief history, licensure, experience working with the Developer, and relationship of the firm's parent company with the office responsible for this project, if applicable.
- Identification and resumes of lead staff (principals and project managers) who will be responsible for negotiating a development agreement with the City and completing the remainder of the pre-construction approval process).

9. Minority and Women Business Enterprise (MWBE) Goals under N.C.G.S.143-128.2:

- If available, lead Developer's MWBE policy
- If available, historical MWBE performance
- Proposed MWBE goals and strategy to achieve goals

10. Experience and References

- A list of three current and completed projects (preferably in the last five years) relevant to proposed plans. Include the following information:
 - Name, location, and completion date of the project
 - Development team members, including architects/designers and general contractors
 - Scope and scale of the development program including historic elements
 - Photos/illustrations of the completed project
 - Total development budget by use
 - Capital stack, including governmental sources
 - Financing partners
 - List of current commercial tenants (indicating whether local and/or small business), if available
- A most recent example, if any, of the development team's experience executing public-private partnerships.
 - Include all information requested above regarding current and completed projects.
 - Contact information for a representative of the primary public agency partner in the project.

11. Disclosures and evidence of financial stability

- Disclosure of any potential conflicts of interest that could be relevant to this project in any manner.
- Disclosure of any projects/financing on which the team or its members has defaulted.
- Disclosure of whether the Developer or any officer, director, or owner thereof has had judgments entered against him or her within the past 10 years for breach of contracts, governmental or nongovernmental construction, or development.
- Disclosure of whether the Developer has been in substantial noncompliance with the terms and conditions of prior construction contracts with a public body.
- Disclosure of whether any officer, director, owner, project manager, procurement manager, or chief financial official thereof has been convicted within the past 10 years of a crime related to financial fraud or to governmental or nongovernmental construction or contracting.
- Disclosure of whether any officer, director, or owner is currently debarred from bidding or contracting, pursuant to an established debarment procedure, by any public body, agency of any state, or agency of the federal government.
- Other evidence of the financial stability of the Developer (can be submitted under confidential cover as detailed in “Submission Process”).

ADDITIONAL INFORMATION

All facts and opinions stated in this solicitation are based on available information and are believed to be accurate. Nevertheless, neither the City of Shelby nor the UNC School of Government, nor any of their officers, agents, or employees, shall be responsible for the accuracy of any information provided to any respondent as part of this solicitation or vetting process. All respondents are encouraged to independently verify the accuracy of any information provided. The use of any of this information in response to this request is at the sole risk of the respondent.

Those submitting responses to the SDP assume all financial costs and risks associated with the submission. No reimbursement or remuneration will be made by the City or UNC to cover the costs of any submittal, whether or not such submittal is selected or utilized.

The City reserves the right to reject submittals or waive irregularities or informalities in any submittal in its sole and absolute discretion and accepts no responsibility for any financial loss by such action.

Any agreements that may be entered into between the Developer(s) and the City, including but not limited to a Development Services Agreement, are subject to all statutory and legal requirements and ultimate approval by the City Council in its sole and absolute discretion and nothing herein is to be construed as binding on the City. In modeling this project, it is assumed that the City will convey the property to a private developer pursuant to its authority to convey property for economic development under North Carolina General Statute 158-7.1, among other statutory authority.

The City makes no express or implied warranty as to matters of title, zoning, tax consequences, physical or environmental conditions, valuation, financial conditions or economic matters, accuracy of any materials or reports provided, governmental approvals, governmental regulations, or any other matter or thing relating to or affecting the properties described herein or any proposed transaction or agreement contemplated herein.

DFI does not act as a broker or agent of the City, and no representation made by DFI during the solicitation and vetting process shall be binding on the City. Notwithstanding any provision herein, this solicitation shall not constitute an offer to contract on the part of the City. It shall not be construed to impose any legal obligations on the City.

This solicitation does not create any obligation or relationship, such as a partnership, joint venture, or similar legal relationship between the City and any potential party. Any references to “partner,” “partners,” or other similar terms will not be deemed to create a legal relationship or otherwise alter, amend, or change the relationship between any parties in the absence of a formal written agreement specifically detailing the rights, liabilities, and obligations of the parties as to a new, specifically defined legal relationship.

APPENDIX A: DEVELOPMENT SERVICES FEE PAYMENT

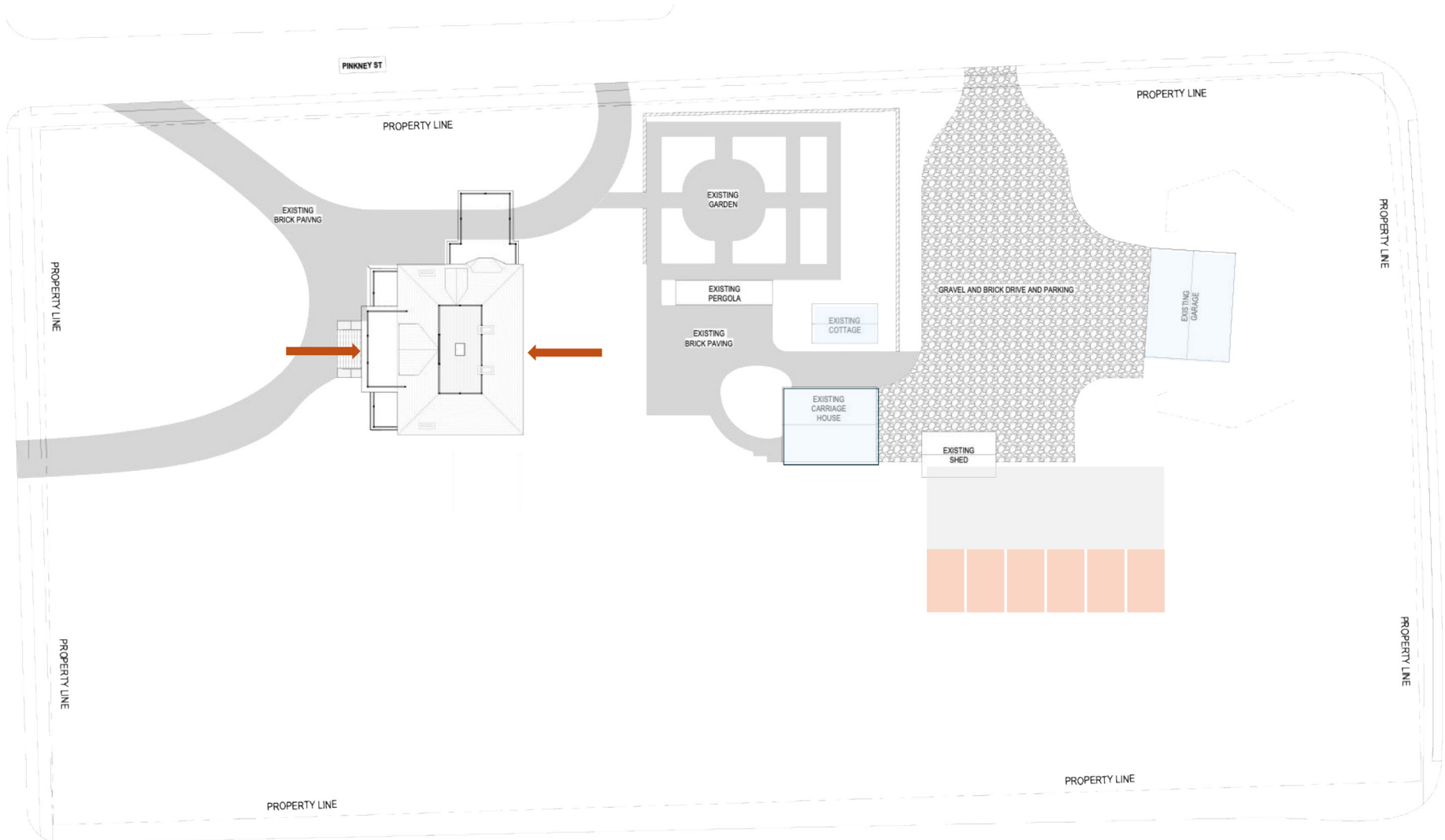
The performance by the City or the conveyance or lease of any portion of the property described herein (the “Property”) to the selected development entity and its successors and assigns (the “Developer”) shall be conditioned upon the execution of an agreement (the “Development Services Agreement”) between the City and the Developer pertaining to the responsibilities of either the City or the Developer, or both, regarding any aspect of the development of the Property or any portion thereof (the “Project”). As part of the Development Services Agreement, the Developer shall agree to pay a fee to the City’s consultant (“DFI”) and its successors and assigns for pre-development services provided to the City, and the Development Services Agreement shall provide that DFI is an intended third party beneficiary of the Development Services Agreement. The fee shall be an amount equal to 1.0% (one percent) of the total projected costs of development (including horizontal and vertical development) of the Project as calculated by the Developer in the most recent versions(s) of pro forma and other financial projections (the “Developer Financials”) prepared by the Developer and delivered to City or other parties prior to or contemporaneously with the execution of the Development Services Agreement (and in the event that projected costs are not available at time of execution, then Developer shall provide such costs as soon as possible thereafter), and in the event of any inconsistencies in the projected total costs among different versions of the Developer Financials, the version of the Developer Financials showing the greatest total costs of development of the Project shall be used to calculate the Development Services Fee.

The total development cost shall not include costs related to development of structures that meet all of the following criteria following completion of the development: (i) the entire structure and the entire parcel of land on which the structure is located are owned in fee simple solely by the City; (ii) any financing associated with the structure is an obligation of the City alone; and (iii) the entire structure will be operated either (a) by the City directly or (b) by a contractor on behalf of the City pursuant to a contract executed by the City.

The Development Services Fee shall be due and payable in full to DFI no later than 30 days following execution of the Development Services Agreement. An alternative payment schedule for payment of the Development Services Fee to DFI may be developed as mutually agreed in writing by Developer and DFI; by way of illustration only, such schedule of payments could include deferring payment of the fee until closing on construction financing for the Project. Developer’s obligation to pay Development Services Fee shall not be assignable by Developer to any other entity, nor shall any assignment relieve Developer of its obligation to pay Development Services Fee, except upon written consent of DFI.

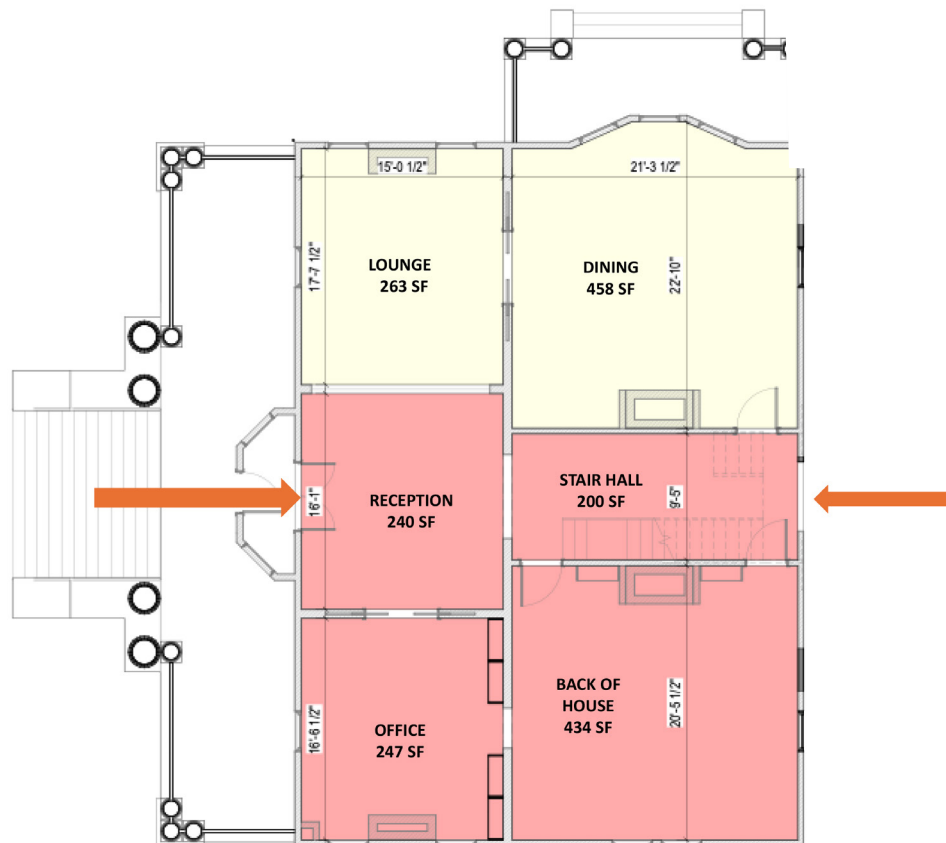
APPENDIX B: WEBBLEY MANSION TEST FIT IMAGES

Aerial view of the Webbley Mansion

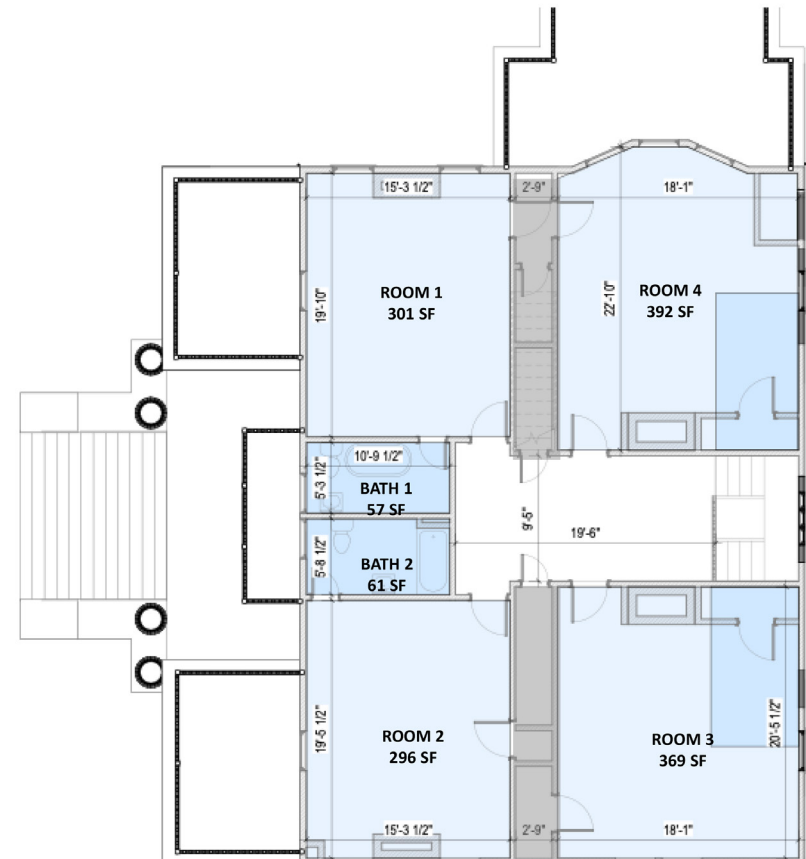


Test fit images provided by Clearscapes Architects

First floor bed and breakfast test fit



Second floor bed and breakfast test fit



Test fit images provided by Clearscapes Architects