

# CITY COUNCIL REPORT



Meeting Date: June 12, 2018  
 General Plan Element: ***Economic Vitality***  
 General Plan Goal: ***Support quality employment and business opportunities***

## ACTION

**Approve Development Agreement with Nationwide Realty Investors, Ltd.** Adopt Resolution No. 11149 authorizing Development Agreement 2018-063-COS with Nationwide Realty Investors, Ltd. (NRI) for reimbursement of a portion of public infrastructure costs paid by Nationwide Realty Investors, Ltd. up to a maximum amount.

## BACKGROUND

Nationwide Mutual Insurance Company is ranked #66 in the Fortune 100 and has more than 33,000 total employees. It was founded in Ohio in 1926. With more than \$158 billion in assets, Nationwide is the #1 provider on 457 plans (based on number of plans) the #1 provider of insurance to small business, the #1 writer of farms and ranches and the #1 pet insurer. It is recognized for its strong corporate commitment to diversity and inclusion, such as being noted as one of Fortune's Best Companies for Women, a Top 40 Company by Black Enterprise, a Catalyst Award winner and a Top Veteran Friendly Company by US Veteran's Magazine. Nationwide is also committed to giving back to the local community. In 2016, the company's foundation gave \$370,000 in strategic grants and \$200,000 in corporate sponsorships in Arizona. Most recently, on May 7, 2018, a \$1 million grant from the Nationwide Foundation to the St. Mary's Food Bank was announced. This grant will play a critical role in helping the organization make capital improvements in its fight to end hunger in Arizona. In 2017, Nationwide's Scottsdale based associates volunteered nearly 10,000 volunteer hours, donated more than 700 pints of blood and pledged over \$400,000 through its United Way campaign to nonprofit organizations, which is matched by the Nationwide Foundation.

Nationwide Realty Investors (NRI), the real estate development affiliate of Nationwide, has been actively investing in real estate for more than 20 years and holds more than \$2 billion in commercial and residential real estate investments. NRI is nationally recognized as one of the country's leading developers of large, mixed-use projects with expertise in the development of residential, office, retail, entertainment and hospitality properties in urban and suburban settings. Nationwide Realty Investors currently owns more than 500,000 square feet of commercial property in Gainey Ranch where the bulk of its Arizona associates are based, and leases space at Pima Center to support hundreds of additional associates. The proposed Nationwide Campus anchoring this project would

be built to accommodate 2,200 associates initially with room to grow to 3,000 over time, with average wages of \$58,000 plus benefits.

A summary of the development agreement is as follows:

- The development will be anchored by an integrated regional headquarters campus of Nationwide Mutual Insurance Company, a Fortune 100 insurance company which currently employs approximately 1,240 persons in the City.
- If all performance milestone requirements are met, the maximum reimbursement to NRI for public infrastructure costs incurred by NRI is capped at \$21.9 million while the estimated total public infrastructure costs for the development of the property that will be incurred by NRI exceeds \$30 million.
- The development agreement outlines minimum improvements required for reimbursement and are divided into three phases: Phase I includes construction of 460,000 square feet of commercial space and a minimum payroll of \$76.56 million, which would result from the relocation of the Nationwide Mutual Insurance Company regional headquarters campus to the Hayden Property. The minimum requirement for Phase II includes the construction of an additional 207,000 square feet of commercial space and a 78-room hotel. The minimum requirement for Phase III includes the construction of an additional 192,000 square feet of commercial space and a 78-room hotel.
- NRI must build a minimum of 460,000 square feet of commercial space and support a minimum Nationwide Mutual Insurance Company payroll of \$76.56 million in Phase I or forfeit all potential reimbursement for all Phases.
- Milestones for each Phase, with five years allocated to the completion of each, require improvements beyond the minimum improvements for each phase including a total payroll of \$127.6 million in Phase I, a total of 345,000 square feet of commercial space and a 130-room hotel in Phase II, and a total of 320,000 square feet of commercial space and a 130-room hotel in Phase III.
- The incentive would be paid out in three equal payments of \$7.3 million at the completion of each phase.
- If the minimum requirements are met but the milestone requirements are not met within the specified timeline, the incentive payments of \$7.3 million for each phase will be reduced proportional to the amount of square feet constructed.
- The \$21.9 million maximum reimbursement from general fund revenues may be applied to the cost of specific infrastructure improvements to be completed by the developer and dedicated to the City as part of the development agreement as well as to assessments on

the property for existing and future infrastructure to be built by the city. There are also assessments negotiated with the State Land Department for infrastructure improvements that the city has already constructed.

## **ANALYSIS & ASSESSMENT**

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An independent study of the development agreement was prepared by Applied Economics. Based on the terms described in the development agreement, and a detailed analysis of projected sales, lodging and property tax revenues from each phase of the development, Applied Economics has determined that the development would generate more tax revenues than the maximum amount of the reimbursement paid during the 20-year term of the development agreement, assuming completion of the milestone requirements. This study demonstrates compliance of this agreement with relevant Arizona Revised Statutes.

**Calculations prepared by Applied Economics show that the project could generate an estimated \$24.15 million in direct sales, lodging and property tax revenues to the City over the next 20 years.** This includes \$10.74 million in sales tax revenues, \$7.44 million in estimated lodging tax from the required hotels I, and \$5.87 million over 20 years for the City's portion of the property tax on both the land and improvements. These estimates are based on current information. Actual revenues will vary depending on the timing and market performance of the development. **These estimated revenues constitute the public benefit from the proposed development and are in proportion to the value of proposed reimbursements over the term of the agreement.** Based on a thorough review of the development agreement between the City of Scottsdale and Nationwide Realty Investors, Ltd., Applied Economics has attested that they believe that the revenues generated by the project during the term of the agreement will exceed the amount of the reimbursement.

### **Policy Implications**

The approval of this Development Agreement and the subsequent development of a corporate headquarters-anchored location supports the vision of the Council adopted Economic Development Strategic Plan, which in relation to the State-Owned Land along the Loop 101 (Crossroads East), states the following vision: "In 2019, this area of the community has been planned as a signature corporate campus and is soon to announce the location decision of a "trophy" corporate headquarters that will be establishing its North American headquarters operation in Scottsdale at this location. Leading firms and developers around the nation are excited about the location prospects for this site, because it is the only site in the Greater Phoenix marketplace—and perhaps the Southwest U.S.—that can be developed as a corporate headquarters center replete with high quality amenities, including retail, dining and entertainment coupled with a uniquely strategic location."

**Significant Issues to be Addressed**

The Crossroads East planning area is a highly desirable location due to its prominent visibility in the City of Scottsdale and placement along the loop 101 at one of the last key undeveloped portions of the community. Development of any of this property in turn requires significant infrastructure investment due to drainage and transportation requirements, making it abnormally expensive to develop in comparison to other sites but also one that will bring benefit to a larger portion of the community. Competition for larger build-to-suit campuses is increasing. The launch of the development of Crossroads East will present Scottsdale and the State of Arizona with competitive product for the attraction of national and international corporate users. Proposed improvements will provide amenities and public benefits to the City, including retaining existing jobs, creating new jobs, tax revenues, water, sewer and drainage enhancements, and other infrastructure, tax, and economic development benefits. In the absence of this site being developed, it is unlikely that Nationwide Mutual Insurance Company will be able to expand its existing operations within the City of Scottsdale.

**Economic Impact**

The overall anticipated cumulative economic impact of this project over 20 years is \$9.8 billion and \$500 million annually following full buildout. It will result in a total of more than 5,500 jobs and 1,800 additional jobs supported by the site development. Finally, regional and headquarter corporate campus style developments also produce business visitor impact revenue and often patronize Scottsdale Airport for corporate travel purposes.

**RESOURCE IMPACTS**

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**Available Funding**

Available funding will not be required in FY 2018-19 as the development will not reach the minimum Phase I milestone within that timeframe.

**Staffing, Workload Impact**

The staffing and workload impact of greatest significance will include monitoring of performance milestones on an annual basis as well as creating a formal tracking process to monitor the completion and value of public improvement construction. Finally, staff may present status report updates in public meetings during the term of the agreement.

**Future Budget Implications**

The agreement has provided for the ability to budget accordingly by ensuring that the developer is never entitled to receive cash incentive payment reimbursements in an amount greater than \$1.5 million cumulatively per year following the anniversary date of the adoption of this resolution and approval of the development agreement. The City has also agreed to delay collection of Hayden Property Assessments until applicable portions become due and payable as outlined in the development agreement.

## OPTIONS & STAFF RECOMMENDATION

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### Recommended Approach

Adopt Resolution No. 11149 authorizing Development Agreement 2018-063-COS with Nationwide Realty Investors, Ltd. (NRI) for reimbursement of a portion of public infrastructure costs paid by Nationwide Realty Investors, Ltd. up to a maximum amount.

### RESPONSIBLE DEPARTMENT(S)

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Economic Development

### STAFF CONTACTS (S)

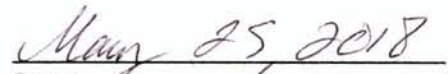
Danielle Casey, Economic Development Director, 480-312-7601, [dcasey@scottsdaleaz.gov](mailto:dcasey@scottsdaleaz.gov)

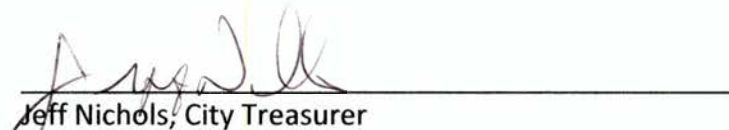
### APPROVED BY

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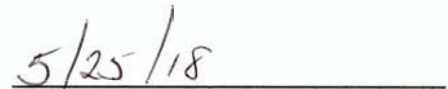
  
Danielle Casey, Economic Development Director

480-312-7601, [dcasey@scottsdaleaz.gov](mailto:dcasey@scottsdaleaz.gov)

  
Date

  
Jeff Nichols, City Treasurer

480-312-2364, [jnichols@scottsdaleaz.gov](mailto:jnichols@scottsdaleaz.gov)

  
Date

  
Jim Thompson, City Manager

480-312-2811, [jthompson@scottsdaleaz.gov](mailto:jthompson@scottsdaleaz.gov)

  
Date

### ATTACHMENTS

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1. Letter(s) of support from economic development partner(s)
2. Resolution No. 11149
3. Development Agreement Contract No. 2018-063-COS

May 25, 2018

Jim Thompson, City Manager  
City of Scottsdale

Dear Jim,

The Arizona Commerce Authority is honored to express our strong support for the expansion of the Nationwide Realty Investors operations center in Scottsdale, Arizona.

As the state's leading economic development agency, the Arizona Commerce Authority is focused not only on attracting businesses to the community, but also working with existing companies to expand their operations in Arizona and beyond. We recognize the critical role Nationwide already occupies in Arizona's business and financial sector--the second largest concentration in the country--and welcome an even greater role for Nationwide through expansion.

We believe a successful community relies and builds upon all of its resources, including civic leaders, government officials, engaged citizens and business leaders. We applaud Nationwide's strong corporate commitment to diversity, and its philanthropic efforts in the community.

Should Nationwide Realty Investors choose to expand in Arizona, it would have long-term positive impacts on our state's economy, and benefit our residents for generations to come. In turn, we are more than confident that Arizona's many pro-business advantages, streamlined regulatory environment and collaborative nature make it the perfect fit for such an expansion.

The Arizona Commerce Authority is proud to support the effort to bring this incredible expansion opportunity to the Scottsdale Airpark.

Yours truly,



Sandra Watson,  
President & CEO  
Arizona Commerce Authority



May 25, 2018

City of Scottsdale  
ATTN: Economic Development  
3839 N. Drinkwater Blvd.  
Scottsdale, AZ 85251

RE: Nationwide Mutual Insurance Company

To whom it may concern:

As the leading regional economic development organization, the Greater Phoenix Economic Council (GPEC) works with 22-member communities, Maricopa County and more than 150 private investors to accomplish its mission and serve as a partner to companies across the world as they expand or relocate. The City of Scottsdale is a strategic partner in helping to build the regional economy and assure business expansion services are done with a high degree of integrity and professionalism.

We are excited to be working with the City of Scottsdale and Nationwide Mutual Insurance Company's (Nationwide) on their proposed expansion in the region. As a leading insurance company that is currently ranked #68 on the Fortune 100 list, Nationwide is an ideal business to expand in Scottsdale and build our regional economy. As we shape our economy, we look to companies like Nationwide to help us move the needle and improve our regional economic position. The overall anticipated cumulative economic impact of this project over 20 years is \$9.8 billion and \$500 million annually following full buildout. Resulting in a total of more than 5,500 jobs and 1,800 additional jobs supported by the site development, this project will propel our region forward and provide opportunities for many residents to obtain higher-wage positions.

Part of building the regional economy is also about building community and assuring residents have the support and resources they need to live happy and healthy lives. Nationwide's commitment to community extends beyond the walls of their buildings. In fact, in

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Greater Phoenix  
ECONOMIC COUNCIL



the last two years Nationwide has donated more than \$1.5 million dollars to nonprofit organizations throughout the region to address social issues and support local causes, making their operation an ideal match to the spirit of the City of Scottsdale.

True to the collaborative spirit of our region, we believe that Nationwide would be a great asset to not only the City of Scottsdale, but the Greater Phoenix region as a whole and we highly support their expansion. If there are any questions or if we can provide any additional clarification, please do not hesitate to contact me.

Warm regards,

A handwritten signature in black ink, appearing to read 'CC', with a stylized flourish extending from the end.

Chris Camacho  
President & CEO  
Greater Phoenix Economic Council



RESOLUTION NO. 11149

A RESOLUTION OF THE CITY OF SCOTTSDALE, ARIZONA, AUTHORIZING THE MAYOR TO EXECUTE DEVELOPMENT AGREEMENT NO. 2018-063-COS FOR PROPERTY GENERALLY LOCATED AT THE SOUTHWEST CORNER OF N. HAYDEN ROAD AND E. LEGACY BLVD.

WHEREAS, A.R.S. § 9-500.05 authorizes the City to enter into development agreements with persons having an interest in real property located in the City; and

WHEREAS, it is in the best interest of the City and owner to enter into Development Agreement No. 2018-063-COS for construction of a Mixed Use Development on property located at the southwest corner of N. Hayden Road and E. Legacy Blvd.; and

WHEREAS, Development Agreement No. 2018-063-COS is consistent with the portions of the City's general plan applicable to the property on the date this Agreement is executed.

NOW, THEREFORE, LET IT BE RESOLVED, by the Council of the City of Scottsdale, as follows:

Section 1. That Development Agreement No. 2018-063-COS will raise more revenue to the City than the amount of the public infrastructure reimbursement expended within the duration of the Agreement, and in the absence of the reimbursement, the development or similar development would not locate in the City in the same time, place, or manner

Section 2. That Mayor W. J. "Jim" Lane is authorized to execute Development Agreement No. 2018-063-COS after it has been executed by all other parties.

Section 3. That the City Clerk is hereby directed to record Development Agreement No. 2018-063-COS with the Maricopa County Recorder within ten (10) days of its execution by all parties.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

ATTEST:

CITY OF SCOTTSDALE, an Arizona  
municipal corporation

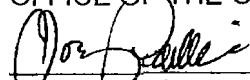
By: \_\_\_\_\_

Carolyn Jagger, City Clerk

By: \_\_\_\_\_

W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY



Bruce Washburn, City Attorney

By: Joe Padilla, Deputy City Attorney

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Resolution No. 11149

Page 1 of 1

Attachment 2

WHEN RECORDED, MAIL TO:  
CITY OF SCOTTSDALE  
(Danielle Casey, Economic Development Director)  
3939 North Drinkwater Blvd.  
Scottsdale, AZ 85251

Contract No. 2018-063-COS  
NRI at Crossroads East  
Resolution No. 11149

### **ECONOMIC DEVELOPMENT AGREEMENT**

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2018 (the "Effective Date"), between Nationwide Realty Investors, Ltd., an Ohio limited liability company ("NRI") and the City of Scottsdale, Arizona, a municipal corporation ("City"), collectively referred to as the Parties.

#### **RECITALS**

This Agreement is predicated upon the following facts:

A. Arizona Revised Statutes ("A.R.S.") § 9-500.05, authorizes the City to enter into a development agreement with a landowner or any other person having an interest in real property located in the City. A.R.S. §9-500.11 authorizes the City to appropriate and spend public monies for and in connection with economic development activities.

B. NRI is an affiliate of Nationwide Mutual Insurance Company, an Ohio mutual insurance company ("Nationwide"), which, together with its consolidated affiliates, comprises a Fortune 100 insurance company which currently employs approximately 1240 persons in the City and is planning to establish an integrated regional headquarters campus where it will consolidate and expand its facilities and employment base.

C. NRI desires to control additional land in the vicinity of Nationwide's regional headquarters in order to provide for future expansion, assure compatible development and uses, and capture potential real estate value.

D. NRI and the City have identified a location within the incorporated boundaries of the City which appears to be suitable for the accomplishment of NRI's objectives. NRI and City have mutually approved as suitable some or all of the real property that is legally described and depicted in the attached Exhibit A (the "Hayden Property"). The Hayden Property is currently owned in its entirety by the State of Arizona by and through the Arizona State Land Department

(“ASLD”) and is part of that larger parcel legally described and depicted in the attached Exhibit B (“Crossroads East Property”). As of the Effective Date, the Crossroads East Property is subject to that certain Second Amended and Restated Development Agreement between the State of Arizona and the City, Agreement No. 2002-141-COS-A2, dated January 17, 2017, and recorded February 21, 2017 at Document No. 20170123362 of the public records of Maricopa County, Arizona (as so amended, the “Crossroads East Agreement”). On or before the Confirmation Date, the Crossroads East Agreement will be further amended (the “Third Amended Crossroads East Agreement”) and a separate Development Agreement will be entered to between ASLD and the City pertaining to the Hayden Property (the “PAV Agreement”).

E. The City finds that the benefits to the City of the proposed project outlined in this agreement are anticipated to be of a greater economic benefit to the City than the amount of the total Incentive Payments (as defined herein) during the term of this Agreement, and in the absence of such incentives, the Developer or similar persons would not locate in the City of Scottsdale and may move its existing facility outside the City. The City has commissioned an economic impact study that shows significant economic benefits to the City pursuant to the terms of this Agreement, and this study serves as a basis for determining the amount of Incentive Payments. Proposed improvements for the Hayden Property will provide amenities and public benefits to the City, including retaining existing jobs, creating new jobs, economic development in Scottsdale, tax revenues, water, sewer and drainage enhancements, and other infrastructure, tax, and economic development benefits to the City. Development of the Hayden Property pursuant to this Agreement, therefore, is determined to be in the best interest of the City and the health, safety and welfare of the City’s residents.

F. The Parties hereto acknowledge and agree that this Agreement is consistent with the portions of the City's General Plan applicable to the Hayden Property.

### AGREEMENTS

NOW, THEREFORE, the Parties agree as follows:

1. Recitals. The recitals set forth above are acknowledged by the Parties to be true and correct and are incorporated herein by reference.

2. Exhibits. The following documents are referred to in this Agreement and are attached to and made a part of this Agreement by reference:

<u>Exhibit Designation</u>	<u>Description</u>
A.	Legal Description of the Hayden Property
B.	Legal Description of the Crossroads East Property
C.	Applicable Rules
D.	Reimbursement Eligibility Requirements
E.	Sample Calculations of Incentive Payments
F.	Form of Guaranty

3. Definitions.

3.1. Agreement means this Economic Development Agreement between NRI and City.

3.2. Applicable Rules is defined in Exhibit C.

3.3. ASLD is defined in Recital D.

3.4. Assessment Reductions is defined in Paragraph 10.1.

3.5. Assured Payment Amount means an amount equal to the Hayden Property Assessments minus the sum of all Assessment Reductions achieved from time to time.

3.6. Auction Notice means the notice published by ASLD pertaining to the sale of the Hayden Property at public auction as the same may be continued, amended or supplemented.

3.7. City is defined in the preamble to this Agreement.

3.8. Commercial Space means building space which is zoned, designed and intended to be occupied and/or used for retail, restaurant, office, medical, auto-dealerships, hotels and any other commercial use typically found in a mixed-use development.

3.9. Completed or Completion means, when referring to any improvement included in a Milestone, that a certificate of completion has been issued for the building shell of such improvement, subject to completion of reasonable and customary punchlist items.

3.10. Confirmation Date means the date on which the ASLD auction of the Hayden Property has been completed and the Third Amended Crossroads East Agreement and the PAV Agreement have been entered into by ASLD and the City and have become effective pursuant to their terms.

3.11. Costs of Developer Public Improvements means all soft costs, such as engineering, design and inspection fees, costs of any required payment and performance or other bonds, and all hard costs, including costs of labor and materials and contractor's fees paid or incurred to construct Developer Public Improvements. The cost of acquiring the land dedicated for such Public Improvements, obligations payable with respect to such land under water and sewer payback agreements (to the extent Developer is relieved of such obligations pursuant to this Agreement), and financing costs will not be included in the Costs of Developer Public Improvements.

3.12. Crossroads East Agreement is defined in Recital D.

3.13. Crossroads East Assessments means collectively the Payback Assessments and the Future Assessments.

3.14. Crossroads East Property is defined in Recital D.

3.15. Developer means NRI and any person or entity to which the rights of NRI have been transferred or assigned in whole or in applicable part.

3.16. Developer Public Improvements means all Public Improvements serving the Hayden Property that are constructed by Developer and accepted by the City during the term of this Agreement as approved for reimbursement by the City in accordance with the procedure and criteria set forth in Exhibit D attached hereto and incorporated herein.

3.17. Drainage Assessment means all amounts required to be paid under the Crossroads East Agreement to reimburse the City for the Drainage Solution. The portion of the Drainage Assessment included in the Hayden Property Assessment may be fully satisfied by constructing certain drainage facilities as provided in the PAV Agreement.

3.18. Drainage Solution means the regional drainage solution required under the Crossroads East Agreement for the portions of the Crossroads East Property lying east of the defined drainage divide between the CAP Dike #2 and #3 Detention Basins.

3.19. Effective Date is defined in the preamble to this Agreement.

3.20. Future Assessments means collectively the Miller Road Assessment and the Drainage Assessment.

3.21. Hayden Property is defined in Recital D.

3.22. Hayden Property Assessments is defined in Paragraph 9.

3.23. Incentive Payments means Reimbursements and Assessment Reductions pursuant to Paragraph 10 of this Agreement.

3.24. Incentives Cap is defined in Paragraph 10.2.

3.25. Incentives Reduction Factor is defined in Paragraph 10.3.5.

3.26. Jobs means any type of employment position with Nationwide or any Nationwide Affiliate at the Nationwide Property, including full-time, part time and contract employees.

3.27. Milestone means any one or more of the Phase One Milestone, the Phase Two Milestone and/or the Phase Three Milestone, as applicable.

3.28. Milestone Component means each component of a Milestone for which a separate numerical goal has been specified in the definition of such Milestone.

3.29. Milestone Date means, as applicable, each or all of the Phase One Milestone Date, the Phase Two Milestone Date and the Phase Three Milestone Date.

3.30. Miller Road Assessment means all amounts required to be paid under the Crossroads East Agreement to reimburse the City for the Miller Road Underpass.

3.31. Miller Road Underpass means the construction of a roadway under the 101 Freeway at the Miller Road alignment as required under the Crossroads East Agreement.

3.32. Minimum Phase One Requirement means completion of 460,000 square feet of Commercial Space and a Payroll of \$76,560,000.

3.33. Minimum Phase Two Requirement means completion of an additional 207,000 square feet of Commercial Space and Select Service Hotel(s) providing 78 rooms.

3.34. Minimum Phase Three Requirement means completion of an additional 192,000 square feet of Commercial Space and Select Service Hotel(s) providing 78 rooms.

3.35. Minimum Requirement means the Minimum Phase One Requirement, the Minimum Phase Two Requirement or the Minimum Phase Three Requirement, as applicable.

3.36. Nationwide is defined in Recital B.

3.37. Nationwide Property means the portion of the Hayden Property on which Nationwide elects to establish its regional headquarters.

3.38. NRI is defined in the preamble to this Agreement.

3.39. Payback Assessments means all amounts required to be paid under the Crossroads East Agreement to reimburse the City for infrastructure existing as of the date of the Crossroads East Agreement, including principal and interest.

3.40. PAV Agreement is defined in Recital D.

3.41. Payroll means the total number of Jobs multiplied by the average salary and bonus compensation of such employees, and excluding benefits.

3.42. Phase is defined in Paragraph 8.

3.43. Phase One Milestone means completion of 460,000 square feet of Commercial Space and a Payroll of \$127,600,000.00.

3.44. Phase One Milestone Date means the fifth anniversary of the Confirmation Date.

3.45. Phase Two Milestone means completion of an additional 345,000 square feet of Commercial Space and Select Service Hotel(s) providing 130 rooms.

3.46. Phase Two Milestone Date means the tenth anniversary of the Confirmation Date.

3.47. Phase Three Milestone means completion of an additional 320,000 square feet of Commercial Space and Select Service Hotel(S) providing 130 rooms.

3.48. Phase Three Milestone Date means the fifteenth anniversary of the Confirmation Date.

3.49. Public Improvements means (1) all public streets within or adjacent to the Hayden Property and the associated public sidewalks, landscaping tracts, streetscape, lighting, and (2) sewer, potable water delivery systems, storm drainage, retention areas, and utilities within or adjacent to public streets and rights-of-way within or adjacent to the Hayden Property in connection with the development of any portion of the Hayden Property.

3.50. Reimbursements is defined in Paragraph 10.4.

3.51. Reimbursement Eligibility Requirements means those requirements set forth in Exhibit D.

3.52. Select Service Hotel means a hotel establishment that caters to a specific demographic of travelers, such as the individual business traveler, and may not offer a full range of leisure or other amenities, such as an on-site restaurant or a swimming pool. Examples of Select Service Hotels include Hyatt Place, Courtyard by Marriott and Hilton Garden Inn.

3.53. Square Feet means gross square feet.

4. Agreement by All Parties with Interest in Hayden Property; Recordation. This Agreement shall become effective immediately upon the execution hereof by NRI and the City. This signed Agreement will be recorded in the Office of the Maricopa County Recorder within ten days following the Confirmation Date.

5. Assignment. The rights of NRI under this Agreement, and the rights of any successor to which NRI might assign any of its rights hereunder, may be transferred or assigned, in whole or in part, by written instrument, to any current or future owner or lessee of all or any portion of the Hayden Property and may also be collaterally assigned to any lender providing financing secured by any portion of the Hayden Property. Upon the occurrence of any such assignment and notification of the City thereof, the assignee shall be deemed to have assumed, and shall be liable for the payment and performance of, all obligations hereunder arising or accruing under this Agreement after the date of such assignment with respect to the applicable portion of the Hayden Property; provided, however, that no lender receiving a collateral assignment of any such rights shall be deemed to have assumed any such obligations or be liable for any breach thereof unless and until such lender receives full title to the applicable portion of the Hayden Property as a result of foreclosure or deed in lieu thereof. The assignor shall be relieved of its obligations hereunder with respect to the applicable portion of the Hayden Property only if the assignee provides to the City a Guaranty from a guarantor acceptable to the City in its sole discretion or a Letter of Credit in the full amount required to secure the portion of the obligations attributable to the applicable portion of the Hayden Property.

6. Binding Effect of Agreement. The burdens of this Agreement bind, and the benefits of this Agreement inure to, the Parties hereto and their successors in interest and assigns pursuant to A.R.S. § 9-500.05(D), as to those portions of the Hayden Property in which a successor or assign has a fee title or leasehold interest.

7. Subordinate Development Agreements. The City and Developer hereby acknowledge that the development of the Hayden Property may be accomplished by Developer through a series of sales, leases, joint ventures and/or other agreements and arrangements with other experienced developers, investors and owners of real property. In connection therewith, it is anticipated and contemplated by the parties that such developers, investors or owners may desire to negotiate and enter into separate and subordinate development agreements with the City and/or Developer with respect to infrastructure improvements, uses, plan approvals and other similar matters which may be the subject of separate agreements between such developers, investors, owners, and the City and/or Developer all in their sole and absolute discretion. The parties hereby agree that any and all development agreements entered into with any such developer, investor, or owner of any parcels of the Hayden Property shall be subordinate in all respects to the terms and conditions of this Agreement and, in the event of any conflict or discrepancy between the provisions of any such development agreement and the terms and conditions of this Agreement, this Agreement shall govern and control.

8. Development Plan. Certain development rights and obligations pertaining to the



Hayden Property are established pursuant to the PAV Agreement and the existing zoning thereof by the City. The development of the Hayden Property is expected to occur in multiple phases (each, a “Phase”) in response to real estate and capital market conditions at such times and in such manner as may be determined by Developer. Nothing in this Agreement shall be taken as an undertaking or agreement by NRI or any other person to develop or construct improvements on the Hayden Property. Nothing in this Agreement shall be taken as a promise by the City to rezone the Hayden Property or amend the zoning and development standards existing on the Hayden Property.

9. Lien for and Payment of Assured Payment Amount. Developer acknowledges that the successful bidder at the ASLD auction of the Hayden Property is obligated to pay the Assured Payment Amount to the City and that the Assured Payment Amount constitutes a lien on the Hayden Property until paid in full or reduced to zero pursuant to the Assessment Reductions specified in Paragraph 10. The City acknowledges that the Hayden Property is not subject to any lien for, and the successful bidder at the ASLD auction of the Hayden Property has no responsibility to pay, any portion of the Crossroads East Assessments except for those allocated to the Hayden Property pursuant to the Auction Notice (the “Hayden Property Assessments”). The City agrees to delay collection of the Hayden Property Assessments until such time as applicable portions thereof become due and payable as provided in Paragraph 10.5 of this Agreement.

10. Incentives.

10.1. Incentive Payments. Notwithstanding any other provision of this Agreement to the contrary, no Incentive Payments shall be earned, due or payable at any time unless Developer achieves the Minimum Phase One Requirement on or before the Phase One Milestone Date. Subject to the foregoing and to any reductions in Incentive Payments and the Incentives Cap pursuant to Paragraph 10.3, the City agrees to make Incentive Payments to Developer in the maximum amount of \$7.3 Million for each Milestone achieved by Developer. Subject to Paragraph 10.3.4: (i) the first \$5 Million of Incentive Payments for Phase One shall be allocated to Reimbursements and any balance to Assessment Reductions; (ii) the first \$5 Million of Incentive Payments for Phase Two shall be allocated to Assessment Reductions and any balance to Reimbursements; and (iii) incentive Payments for Phase Three shall be allocated as determined by Developer in its applications for payment. The term “Assessment Reductions” means reductions in the Hayden Property Assessments pursuant to Paragraph 10.

10.2. Incentives Cap. Based on the economic impact analysis the City has conducted, the total amount of money available for all Incentive Payments is capped at twenty-one million nine hundred thousand Dollars (\$21,900,000) (the “Incentives Cap”). In the event that Developer fails to achieve any Milestone on or before the applicable Milestone Date, the Incentives Cap will be reduced as specified in Paragraph 10.3.

10.3. Reduction of Incentives Payments and Incentives Cap for Failure to Meet Milestones. The Incentive Payments and the Incentives Cap are subject to reduction as provided in this Paragraph 10.3. Examples of calculations of reduced Incentive Payments are set forth in Exhibit E attached hereto.

10.3.1. Phase One. If Developer achieves the Minimum Phase One Requirement but less than the full Phase One Milestone on or before the Phase One Milestone Date, Developer shall be entitled to receive an Incentive Payment equal to the maximum Phase One Incentive Payment multiplied by a fraction the numerator of which is the Payroll achieved by Developer as of the date on which the Incentive Payment is calculated and the denominator of which is \$127,600,000. Thereafter, Developer may continue to earn additional portions of the Phase One Incentive Payment, provided that, following the Phase One Milestone Date, the balance of the Phase One Incentive Payment and the Incentives Cap shall be reduced by the Incentives Reduction Factor until the balance of the Phase One Incentive Payment has been reduced to zero.

10.3.2. Phase Two. If Developer fails to achieve the Minimum Phase Two Requirement by the Phase Two Milestone Date, Developer will not be entitled to any portion of the Phase Two Incentive Payment. If Developer achieves the Minimum Phase Two Requirement but less than the full Phase Two Milestone on or before the Phase Two Milestone Date, Developer shall be entitled to receive an Incentive Payment equal to the sum of the following: (1) one-half of the Phase Two Incentive Payment multiplied by a fraction the numerator of which is the amount of Commercial Space measured in square feet completed by Developer as of the date on which the Incentive Payment is calculated minus 460,000 square feet and the denominator of which is 345,000 square feet; plus (2) one-half of the Phase Two Incentive Payment multiplied by a fraction the numerator of which is the number of Select Service Hotel rooms completed by Developer as of the date on which the Incentive Payment is calculated and the denominator of which is 130. Thereafter, Developer may continue to earn additional portions of the Phase Two Incentive Payment calculated in the same manner, provided that, following the Phase Two Milestone Date, the balance of the Phase Two Incentive Payment and the Incentives Cap shall be reduced by the Incentives Reduction Factor until the balance of the Phase Two Incentive Payment has been reduced to zero.

10.3.3. Phase Three. If Developer fails to achieve the Minimum Phase Three Requirement by the Phase Three Milestone Date, Developer will not be entitled to any portion of the Phase Three Incentive Payment. If Developer achieves the Minimum Phase Three Requirement but less than the full Phase Three Milestone on or before the Phase Three Milestone Date, Developer shall be entitled to receive an Incentive Payment equal to the sum of the following: (1) one-half of the Phase Three Incentive Payment multiplied by a fraction the numerator of which is the amount of Commercial Space measured in square feet completed by Developer as of the date on which the Incentive Payment is calculated minus the number of square feet of Commercial Space for which Developer has previously received credit toward achieving any previous Milestone or portion thereof and the denominator of which is 320,000 square feet; plus (2) one-half of the Phase Three Incentive Payment multiplied by a fraction the numerator of which is the number of Select Service Hotel rooms completed by Developer as of the date on which the Incentive Payment is calculated minus the number of such rooms for which Developer has previously received credit toward achieving the Phase Two Milestone or portion thereof and the denominator of which is 130. Thereafter, Developer may continue to earn additional

portions of the Phase Three Incentive Payment calculated in the same manner, provided that, following the Phase Three Milestone Date, the balance of the Phase Three Incentive Payment and the Incentives Cap shall be reduced by the Incentives Reduction Factor until the balance of the Phase Three Incentive Payment has been reduced to zero.

10.3.4. Limitation on Cash Incentive Payments. Notwithstanding any other provision hereof to the contrary, in no event shall Developer be entitled to receive Reimbursements in an amount greater than \$1.5 Million multiplied by the number of anniversaries of the Effective Date that have occurred as of the date when any Reimbursement would otherwise be payable hereunder. If the foregoing limitation applies to any amount that would otherwise be payable hereunder, Developer shall have the option either to defer such payment until the foregoing limitation is no longer applicable or to receive such deferred amount in the form of an Assessment Reduction.

10.3.5. Incentives Reduction Factor. If Developer achieves the Minimum Requirement for any Phase but fails to achieve the full Milestone for such Phase on or before the applicable Milestone Date, the Incentive Payment for such Phase and the Incentives Cap shall be reduced by the Incentives Reduction Factor each month after such Milestone Date until the balance of such Incentive Payment has been reduced to zero as a result of (i) any further Incentive Payments earned for such Phase subsequent to such Milestone Date and (ii) the application of the Incentive Reduction Factor. The term "Incentives Reduction Factor" means an amount equal to 3% of the unearned balance of the applicable Incentive Payment as of the applicable Milestone Date.

10.3.6. When Improvements Carry Forward. If and to the extent that Developer receives full credit for any improvement toward achieving any Milestone, such improvement shall not be counted toward achieving any subsequent Milestone. However, if and to the extent that Developer does not receive credit for any improvement or portion thereof toward achieving any Milestone, either because the Incentive Payment for such Milestone has already been fully earned or because such Incentive Payment has been reduced as a result of the Incentives Reduction Factor, such improvement or the balance thereof shall be counted toward the achievement of the next Milestone.

10.4. Additional Requirements for Reimbursement. Developer will construct and bear the initial cost of all Developer Public Improvements. Upon completion of construction of any portion of such Developer Public Improvements in accordance with the Applicable Rules and the Reimbursement Eligibility Requirements, the City will accept such Developer Public Improvements. Upon acceptance of any Developer Public Improvements by the City, receipt of Developer's Application for Payment therefor complying with the requirements of Paragraph 10.7 and satisfaction of the minimum requirement for the applicable Phase, the Costs of Developer Public Improvements shall be reimbursed by the City to Developer through Incentive Payments as provided in Paragraph 10. Payments pursuant to this Paragraph 10.4 are referred to herein as "Reimbursements".

10.5 Payment of Assured Payment Amount. If at any time the Assured Payment Amount exceeds the balance of the Assessments Cap, the difference shall be due and payable in full by Developer to the City within sixty (60) days after Developer receives an invoice therefor from the City. For purposes hereof, the balance of the Incentives Cap means \$21,900,000.00 minus (i) any prior Incentive Payments received by Developer and (ii) any reduction in the Incentives Cap pursuant to Paragraph 10. Notwithstanding the foregoing, the Assured Payment amount shall be due and payable in full in the event that Developer fails to achieve the Minimum Phase One Requirement on or before the Phase One Milestone Date.

10.6 Payment Assurance. Within 30 days after the Confirmation Date, NRI will provide the City a guaranty of the Assured Payment Amount in the form attached as Exhibit F (“Guaranty”). If Developer fails to pay all or any portion of the Assured Payment within thirty (30) days after such amount becomes due as provided in Paragraph 10.5, the City may without further notice enforce its rights under the Guaranty, as more fully provided therein.

10.7 Applications for Payment. In order to receive Incentive Payments, Developer must submit a written application for payment (“Application for Payment”) to the City as provided in Paragraph 15.1 or as otherwise directed by the City pursuant to Paragraph 15.1. The Application for Payment shall include (1) with respect to the Payroll component of the Phase One Milestone, the certification provided for in Paragraph 15.10, (2) with respect to any improvements, a reasonable description thereof and copy of the certificate of completion therefor issued by the City and (3) with respect to any Developer Public Improvements, (i) a reasonable description thereof, (ii) evidence of the City’s acceptance thereof in accordance with Paragraph 10.4 and (iii) such other information and documentation as City may reasonably require pursuant to Paragraph 10.4 and Exhibit C to evidence satisfaction of the applicable Reimbursement Eligibility Requirements. City shall promptly review any such Application for Payment and notify Developer within 30 days after receipt thereof whether such application has been approved or disapproved and, in the case of disapproval shall specify the reason (or all applicable reasons) therefor, including any additional information reasonably required by City. Any Assessment Reductions approved by City shall be applicable immediately, and any Reimbursements payable by City shall be due thirty days after approval thereof by City. Developer may not submit more than one Application for Payment to City during any period of twelve consecutive calendar months. However, eligibility for Incentive Payments shall be determined as of the date when the applicable criteria are satisfied and not the date of the Application for Payment.

11. Guiding Principles. Because of the size and physical characteristics of the Hayden Property, the Parties recognize that planning and development activities for the Hayden Property will extend over many years. The Parties agree that they will act in good faith and with reasonableness in implementing, operating under, and exercising the rights, powers, privileges and benefits conferred or reserved by this Agreement or by law. The Parties agree to cooperate with one another and to take all actions reasonably necessary to implement this Agreement within a reasonable time after request by the other Party, including but not limited to the timely granting of approvals and processing of applications relating to the implementation of this Agreement.

12. Amendments or Cancellation of the Agreement. This Agreement may be amended or canceled, in whole or in part and with respect to all or any portion of the Hayden Property, only with the mutual written consent of the City and Developer. Within ten (10) days after any such amendment or cancellation of this Agreement is fully executed by all Parties, the amendment or cancellation shall be recorded by the City in the Official Records of Maricopa County, Arizona.

13. Term. The term of this Agreement begins on the Effective Date and, if not sooner terminated or extended by the written Agreement of the Parties and approved by the Scottsdale City Council, shall remain in full force and effect until automatically terminated twenty years after the Confirmation Date, unless extended by subsequent agreement prior to such termination. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, each of the City and NRI hereby expressly acknowledges and agrees that this Agreement is personal to NRI (subject to NRI's rights to assign certain benefits hereof as set forth in Paragraph 5 hereof), and this Agreement will remain effective following the ASLD auction of the Hayden Property only if NRI or any party to which NRI has duly assigned its rights hereunder in accordance with Paragraph 5 prior to such ASLD auction is the successful bidder to purchase the Hayden Property at such ASLD auction. NRI acknowledges that if it or any such assignee is the successful bidder at such auction, it and any successor to which NRI subsequently assigns any portion of its rights hereunder will be an "ASLD Successor" under the terms of the PUV Development Agreement and bound by its terms.

14. Relationship of the Parties. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture or similar relationship between the parties.

15. General Provisions.

15.1. Notices.

15.1.1. Manner of Serving. All notices, filings, consents, approvals and other communications provided for herein or given in connection herewith ("Notices") shall be validly given, filed, made, delivered or served if in writing and delivered personally, sent by registered or certified United States Postal Service Mail, return receipt requested, postage prepaid, or via overnight delivery service to:

If to the City:                   City of Scottsdale  
3939 Drinkwater Boulevard  
Scottsdale, Arizona 85251  
Attn: Economic Development Director

With a copy to:                The City of Scottsdale  
3939 Drinkwater Boulevard  
Scottsdale, Arizona 85251  
Attn: City Attorney

If to NRI: Nationwide Realty Investors, Ltd.  
375 N. Front Street, Suite 200  
Columbus, Ohio 43215  
Attn: President and COO

With a copy to: Nationwide Realty Investors, Ltd.  
375 N. Front Street, Suite 200  
Columbus, Ohio 43215  
Attn: Legal Department

Or to such other addresses as either party may from time to time designate in writing and deliver in a like manner. Any such change of address notice shall be given at least ten (10) days before the date on which the change is to become effective.

15.1.2 Mailing Effective. Notices given by mail shall be deemed delivered seventy-two (72) hours following deposit in the U.S. Postal Service, in the manner set forth above.

15.2 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof and no waiver by the Parties of the breach of any provision of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

15.3 Attorneys' Fees and Costs. If legal action by either party is brought because of a breach of this Agreement or to enforce a provision of this Agreement, the prevailing party is entitled to reasonable attorneys' fees and court costs.

15.4 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

15.5 Headings. The description headings of the paragraphs of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

15.6 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and shall not be changed or added to except in the manner provided in Paragraph 12. All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written, other than specifically incorporated herein by reference, are superseded by this Agreement.

15.7 Severability. If any provision of this Agreement is declared void or unenforceable, the provisions shall be severed from this Agreement, which shall otherwise remain in full force and effect, provided that the overall intent of the Parties is not materially vitiated by such severability

15.8 Governing Law. This Agreement is entered into in Arizona and shall be construed and interpreted under the laws of the State of Arizona. The Parties agree that venue for any action

commenced in connection with this Agreement shall be proper only in a court of competent jurisdiction located in Maricopa County, Arizona, and the Parties hereby waive any right to object to such venue.

15.9 Default, Remedies. Failure or unreasonable delay by either Party to perform or otherwise act in accordance with any term or provision of this Agreement for a reasonable time after written notice thereof from the other Party shall constitute a default under this Agreement. The notice shall specify the nature of the alleged default and the manner in which said default may be satisfactorily cured, if possible. In the event such default is not cured within a reasonable time, the non-defaulting Party shall be entitled to all remedies available at both law and in equity, including specific performance.

15.10 Payroll Reporting. On or before the date on which NRI satisfies the Phase One Milestone and as a condition thereof, NRI shall provide to City a report certified by an appropriate officer of NRI setting forth the total number of Jobs at the Nationwide Facility and the total Payroll of such employees. For a period of five years thereafter, on or before the first day of February of each year, NRI shall provide to City a report in the same form as of December 31 of the previous year.

15.11 Authority. Developer represents and warrants that it is a limited liability company duly formed and validly existing under the laws of the State of Ohio and is qualified to transact business as a foreign limited liability company in the State of Arizona and that the individual executing this Agreement on behalf of Developer is authorized and empowered to do so. The City represents and warrants that the individual(s) executing this Agreement on behalf of the City are authorized and empowered to do so.

15.12 Third Party Beneficiaries. There are no third party beneficiaries to the Agreement.

15.13 Cancellation. This Agreement is subject to the cancellation provisions of A.R.S. §38-511.

15.14 No Liability of City Officials and Employees. No member, official, representative or employee of City shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by City or for any amount which may become due to any party or successor, or with respect to any obligation of City or otherwise under the terms of this Agreement or related to this Agreement.

15.15 Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreement, understanding, negotiation, draft agreements, discussion outlines, correspondence and memoranda or representation regarding the Premises.

15.16 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement was negotiated on the basis that it shall be construed according to its plain meaning and neither for nor against

any party, regardless of their respective roles in preparing this Agreement. The terms of this Agreement were established in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Developer or City.

15.17 Survival of Covenants, Warranties and Indemnifications. All covenants, representations, warranties and indemnifications contained in this Agreement shall survive the execution and delivery of this Agreement, the Closings, all conveyances contemplated by this Agreement, and the rescission, cancellation, expiration or termination of this Agreement for any reason.

15.18 No Additional Warranties. Each Party has been assisted by independent counsel of its own choosing and has been fully apprised of all risks associated with this Agreement and the transactions contemplated herein. City has made no representation, warranty, guaranty or inducement of any kind in connection with this Agreement. Without limitation, City has made no representation, warranty, guaranty or statement of inducement regarding the value of any property, right or interest; Title to any property or interest therein; the tax consequences of any transaction or the availability; the unavailability (and the benefits or lack of benefits) of any alternative transaction structure; or the enforceability of any provision of this Agreement under current or future laws. The risk that any provision of this Agreement shall be determined to be illegal, invalid or unenforceable in any respect shall rest with the party who is the intended beneficiary of any such provision.

15.19 Force Majeure. Neither party will be responsible for delays or failures in performance resulting from acts beyond their control, and all dates and time periods provided for in this Agreement shall be extended by the duration of any delays resulting therefrom. These acts will include, but not be limited to, riots, acts of war, acts of terrorism, epidemics, labor disputes not arising out of the actions of the Parties, governmental regulations imposed after the fact, fire, communication line failures, or power failures.

15.20 Contract Administrator. The Contract Administrator for this Agreement on behalf of the City shall be the Economic Development Director or designee.

*[rest of page intentionally blank – signature page follows]*



IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

**NRI:**  
**NATIONWIDE REALTY INVESTORS, LTD**, an Ohio limited liability company

By:  \_\_\_\_\_  
Brian J. Ellis  
President & Chief Operating Officer

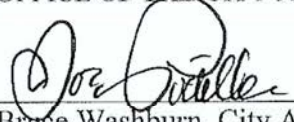
**CITY:**  
**CITY OF SCOTTSDALE, ARIZONA**, a municipal corporation

By: \_\_\_\_\_  
W. J. "Jim" Lane, Mayor

ATTEST:

\_\_\_\_\_  
Carolyn Jagger, City Clerk

APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY

 \_\_\_\_\_  
Bruce Washburn, City Attorney  
By: Joseph Padilla, Deputy City Attorney

STATE OF ARIZONA )  
                              ) ss  
County of Maricopa )

SUBSCRIBED AND SWORN to before me this 25<sup>th</sup> day of may, 2018 by  
Brian J. Ellis, President + Chief Operating Officer

Brittany Leonard 4/14/21  
Notary Public  
My Commission Expires:



STATE OF ARIZONA )  
                              ) ss  
County of Maricopa )

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2018 by W. J.  
"Jim" Lane, Mayor of the City of Scottsdale, Arizona, a municipal corporation.

\_\_\_\_\_  
Notary Public  
My Commission Expires:

**Hayden Property**

TRACT I AND PORTIONS OF TRACT H AS SHOWN ON "STATE PLAT NO. 27 AMENDED CORE NORTH," AN AMENDED PLAT RECORDED AT BOOK 352, PAGE 28, MARICOPA COUNTY RECORDS (M.C.R.) AND PORTIONS OF TRACT D AND TRACT G AS SHOWN ON "FIRST AMENDMENT TO STATE PLAT NO. 27 AMENDED CORE NORTH," AN AMENDED PLAT RECORDED AT BOOK 395, PAGE 21, M.C.R. AND TRACT E AND PORTIONS OF TRACT F AND TRACT 10 AS SHOWN ON "STATE PLAT NO. 39 CORE NORTH," AN AMENDED PLAT RECORDED AT BOOK 416, PAGE 13, M.C.R. AND LOCATED IN THE EAST HALF OF SECTION 26 AND THE WEST HALF OF SECTION 25, TOWNSHIP 4 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE SOUTHEAST CORNER OF SAID SECTION 26, BEING MARKED BY A MARICOPA COUNTY BRASS CAP FLUSH, FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 26, BEING MARKED BY A BUREAU OF LAND MANAGEMENT BRASS CAP FLUSH, BEARS NORTH 89 DEGREES 58 MINUTES 34 SECONDS WEST, 2640.96 FEET;

THENCE NORTH 00 DEGREES 01 MINUTES 06 SECONDS WEST, ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 26, 228.75 FEET TO THE NORTH LINE OF THE ADOT RIGHT-OF-WAY AS SHOWN ON RIGHT-OF-WAY PROJECT NO. RBM-600-1-703 AND THE **POINT OF BEGINNING**;

THENCE DEPARTING SAID EAST LINE, SOUTH 89 DEGREES 58 MINUTES 40 SECONDS WEST, ALONG SAID ADOT RIGHT-OF-WAY LINE, 100.00 FEET;

THENCE CONTINUING ALONG SAID RIGHT-OF-WAY LINE, SOUTH 00 DEGREES 01 SECONDS 06 MINUTES EAST, 99.99 FEET;

THENCE CONTINUING ALONG SAID RIGHT-OF-WAY LINE, SOUTH 45 DEGREES 00 MINUTES 00 SECONDS WEST, 31.95 FEET;

THENCE CONTINUING ALONG SAID RIGHT-OF-WAY LINE, NORTH 79 DEGREES 03 MINUTES 45 SECONDS WEST, 545.91 FEET;

THENCE DEPARTING SAID RIGHT OF WAY LINE, NORTH 09 DEGREES 01 MINUTES 50 SECONDS EAST, 29.32 FEET;

THENCE NORTH 79 DEGREES 02 MINUTES 48 SECONDS WEST, 634.97 FEET;

THENCE NORTH 10 DEGREES 44 MINUTES 37 SECONDS EAST, 29.92 FEET;

THENCE NORTH 78 DEGREES 29 MINUTES 29 SECONDS WEST, 140.07 FEET;

THENCE SOUTH 14 DEGREES 40 MINUTES 18 SECONDS WEST, 29.70 FEET;

THENCE NORTH 76 DEGREES 04 MINUTES 01 SECONDS WEST, 715.90 FEET;

THENCE NORTH 14 DEGREES 35 MINUTES 44 SECONDS EAST, 10.09 FEET;

THENCE NORTH 76 DEGREES 00 MINUTES 29 SECONDS WEST, 235.64 FEET TO THE CENTERLINE OF MILLER ROAD AS SHOWN ON THE MILLER ROAD RIGHT-OF-WAY PLANS BY THE CITY OF SCOTTSDALE AND THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE WESTERLY, FROM WHICH THE CENTER BEARS NORTH 78 DEGREES 47 MINUTES 10 SECONDS WEST, 3730.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 22 DEGREES 17 MINUTES 37 SECONDS, AN ARC LENGTH OF 1451.33 FEET;

THENCE NORTH 11 DEGREES 04 MINUTES 47 SECONDS WEST, 401.67 FEET TO THE INTERSECTION OF MILLER ROAD AND LEGACY BOULEVARD, MONUMENTED BY A BRASS CAP FLUSH;

THENCE DEPARTING MILLER ROAD CENTERLINE, NORTH 78 DEGREES 54 MINUTES 18 SECONDS EAST, 1687.37 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 1500.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 33 DEGREES 55 MINUTES 42 SECONDS, AN ARC LENGTH OF 888.24 FEET;

THENCE SOUTH 67 DEGREES 10 MINUTES 00 SECONDS EAST, 465.97 FEET TO THE CENTERLINE OF HAYDEN ROAD AS SHOWN ON SAID AMENDED PLAT;

THENCE DEPARTING SAID LEGACY BOULEVARD CENTERLINE, SOUTH 22 DEGREES 50 MINUTES 12 SECONDS WEST, ALONG SAID CENTERLINE, 935.10 TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 2300.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 22 DEGREES 51 MINUTES 18 SECONDS, AN ARC LENGTH OF 917.46 FEET;

THENCE SOUTH 00 DEGREES 01 MINUTES 06 SECONDS EAST, 535.85 FEET TO THE **POINT OF BEGINNING.**

SAID PARCEL CONTAINS 5,834,833 SQUARE FEET, OR 133.9493 ACRES MORE OR LESS.

# Exhibit A

Sec26

T4N, R4E

Sec25

Legacy Blvd

Planning Unit V

Hayden Rd

Loop 101



Exhibit A  
Contract No. 2018-063-COS  
Page 3 of 3



EXHIBIT B

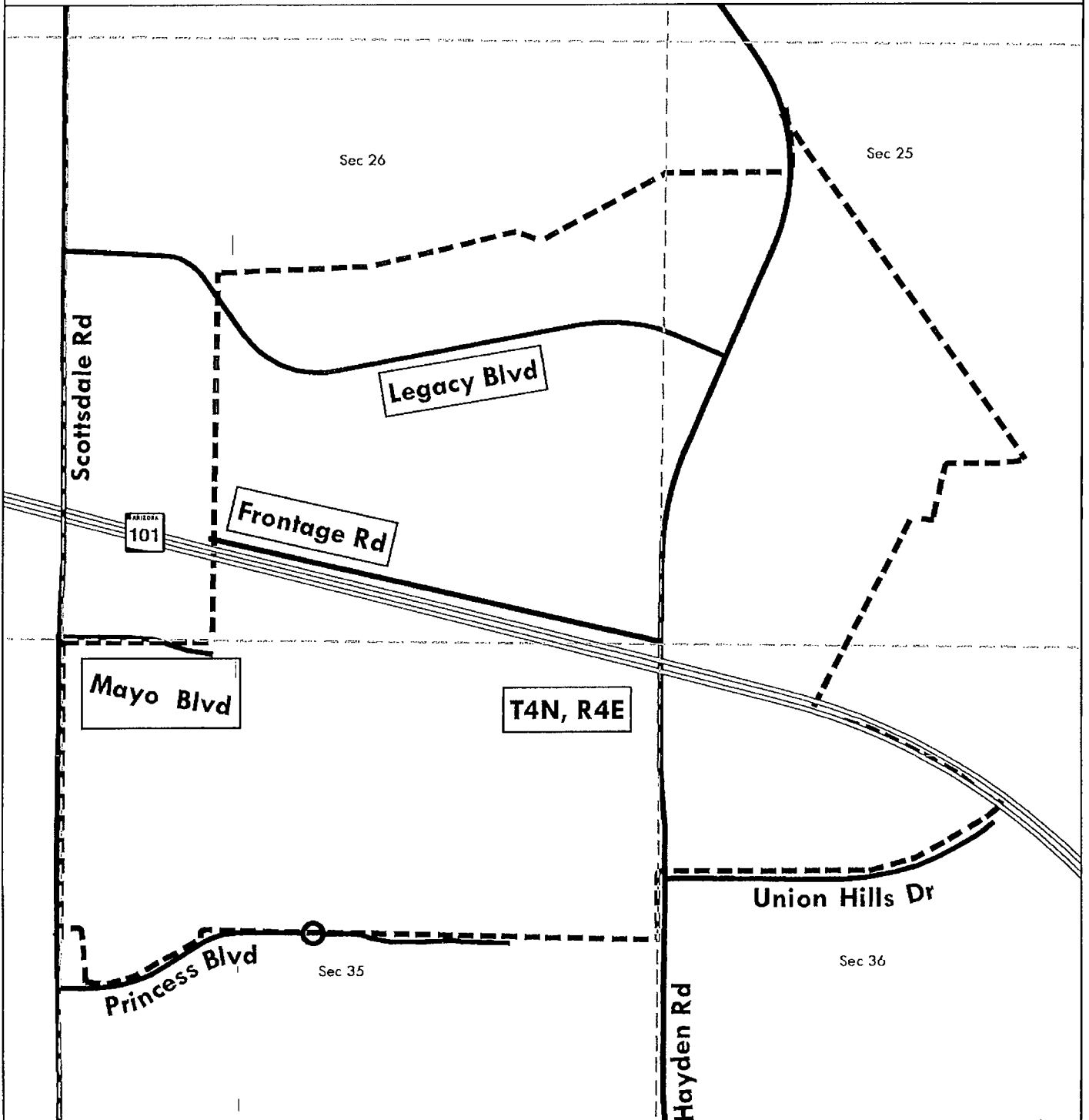
LEGAL DESCRIPTION OF "CROSSROADS EAST"


Those portions of Sections 25, 26, 35, and 36, Township 4 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows:


TRACTS 3A, 3B, 4, 10A, 11, 12, 13, AND 24 as shown on STATE PLAT NO. 16, CORE SOUTH, according to Book 324 of Maps, Page 50, records of Maricopa County, Arizona, and TRACTS 10C and 14A as shown on STATE PLAT NO. 16-B, CORE SOUTH, according to Book 394, Page 42, records of Maricopa County, Arizona, and TRACTS "h" and "i" as shown on STATE PLAT NO. 27 AMENDED, CORE NORTH, according to Book 352 of Maps, Page 28, records of Maricopa County, Arizona, and TRACTS "d" and "g" as shown on FIRST AMENDMENT TO STATE PLAT NO. 27 AMENDED, CORE NORTH, according to Book 395, Page 21, records of Maricopa County, Arizona, and TRACTS "1o", "1p", "2d", "e" and "f" as shown on STATE PLAT NO. 39, CORE NORTH, according to Book 416, Page 13, records of Maricopa County, Arizona, and TRACTS "j" and "k" as shown on STATE PLAT NO. 46, CORE NORTH, according to Book 460, Page 34, records of Maricopa County, Arizona.

CROSSROADS EAST

Exhibit B



 Crossroads East  
 PCD Boundary




 NORTH  
 1 inch = 1,200 feet

Exhibit B  
 Contract No. 2018-063-COS  
 Page 2 of 2

ASLD makes no warranties,  
 implied or expressed,  
 regarding information shown on this map.  
 Produced by Planning/JW 11/2016  
 Datum & Projection:  
 North American Datum 1983 HARN  
 UTM Zone 12 North - Meters

## EXHIBIT C

### Applicable Rules

1. The development of the Hayden Property shall be subject to all federal and state requirements, all ordinances, rules, regulations, permit requirements, insurance and other requirements and other official policies or requirements of the City in effect from time to time and applicable to the Hayden Property and such additional rules as are allowed by this paragraph (all of which are collectively referred to as the "Applicable Rules").
2. The City agrees to expedite its regulatory processes with respect to all aspects of the development of the Hayden Property, including but not limited to annexation, zoning, use permits, variances, design review and building permits and inspection processes, to the same extent as is available to any other developer.
3. The City will not require Developer to dedicate or increase the size of any public rights of way or easements for streets, utilities or similar purposes, or to increase the cost of any other Public Improvement of any kind, beyond the size and cost consistent with standard requirements for all developers under similar circumstances without reimbursing for such increased cost or paying the fair value of the additional land.
4. The City shall not apply to the Hayden Property any modifications of existing Applicable Rules, including suspension or termination of any beneficial procedures, or adopt any future Applicable Rules, that would in any case impair, prevent, diminish, delay or otherwise adversely impact the development or use of the Hayden Property, including without limitation decreasing the density or increasing the cost of development, with the following exceptions, which are included in the Applicable Rules: (1) new or amended rules or procedures of general applicability that are necessary to comply with state and federal laws and regulations in effect at that time; (2) changes to taxes, development fees, filing fees, review fees, inspection fees that are imposed on or charged by the City to all similarly situated persons and entities; and (3) future updates of, and amendments to, existing building, construction, plumbing, mechanical, electrical, drainage, and similar construction and safety-related codes, such as the Uniform Building Code, which updates and amendments are generally applicable to similar construction in Scottsdale and are not applied discriminatorily against Developer or any portion of the Hayden Property; and further provided that such future updates shall not apply to any improvements for which a permit already has been issued, unless retroactive application is mandated by the State of Arizona or by Federal law.
5. No moratorium or other rule imposing a limitation on the development, conditioning, rate, timing or sequencing of the development of property within the City shall apply to or govern



the development of the Hayden Property or any portion thereof during the Term of this Agreement, whether affecting final plats, building permits, occupancy permits or other entitlements to use issued or granted by the City or the provision of municipal services to the Hayden Property or any portion thereof, except in compliance with A.R.S. § 9-463.06 as in effect on the Effective Date.

6. The City will not during the term of this Agreement initiate any changes or modifications to the zoning of any portion of the Hayden Property, except at the request of Developer. Nothing in this Agreement shall be taken as a promise by the City to rezone the Hayden Property or amend the zoning and development standards existing on the Hayden Property.

## EXHIBIT D

### Reimbursement Eligibility Requirements

1. All Public Improvements required or approved by the City in connection with the development of the Hayden Property shall constitute Developer Public Improvements, including without limitation all Public Improvements required to be completed pursuant to the PAV Agreement or the ASLD bid documents, applicable zoning or any rezoning or in order to obtain approvals of subdivisions, site plans, construction plans and specifications, building permits or other permits, EXCEPT THAT Developer Public Improvements shall not include any driveway that exclusively serves a single building and provides no other public benefit.
2. The plans and specifications for Developer Public Improvements must be reviewed and approved by the City Engineer before bidding the construction work for the improvements.
3. All work on Developer Public Improvements shall be publicly bid pursuant to the requirements of ARS Title 34 for public works projects. Such bids for Developer Public Improvements shall be obtained in conformity with procedures prescribed by the City and all bids for Developer Public Improvements must be reviewed and approved by City Engineer before commencement of construction.
4. Before commencing any construction on Developer Public Improvements, Developer or its contractor shall provide to the City with dual obligee payment and performance bonds in amounts equal to the full amount of the written construction contracts for such Developer Public Improvements
5. All construction work on Developer Public Improvements must be completed in compliance with the Applicable Rules and in accordance with the plans approved by the City Engineer and must be completed in a workmanlike manner. The City has no obligations to reimburse Developer for Developer Public Improvements until such time as the work is accepted by the City; provided that the City's acceptance will not be unreasonably withheld, conditioned or delayed.
6. Developer shall submit to the City an assignment of its contractor warranties for Developer Public Improvements, which shall comply with the City's ordinance requirements, and in addition, the Developer shall warrant the Developer Public Improvements as required by the Applicable Rules.
7. All required dedications of Developer Public Improvements, free and clear of liens and

encumbrances not acceptable to the City, must be complete and in a form acceptable to the City.

8. Upon completion of any Developer Public Improvements, Developer will provide to the City for review and approval a detailed statement of the Costs of the Developer Public Improvements and a certification of the Cost of Developer Public Improvements that sets forth a description of each construction contract, any change orders issued related to each construction contract, total Cost of Developer Public Improvements, and a certification that the Cost of Developer Public Improvements is accurate. Upon request of the City, Developer shall provide to the City a copy of construction contracts and change orders described in the certification.

## EXHIBIT E

### Sample Calculations

**Example 1:** NRI Completes 460,000 square feet of Commercial Space and achieves a Payroll of \$102,080,000 (80% of the Phase One Milestone for Payroll) on or before the Phase One Milestone Date. This qualifies for an incentive payment of \$5,840,000 (80% of the Phase One incentive), leaving a balance of \$1,460,000, which will decrease at the rate of \$43,800 (3%) per month beginning on the Phase One Milestone Date.

**Example 2:** After Example 1, the Payroll increases to \$114,840,000 (90% of the Phase One Milestone) 16 months after the Phase One Milestone Date. This qualifies for an additional incentive payment equal to the lesser of (i) the amount actually achieved by the additional Payroll (i.e., \$730,000 or 10% of the Phase One incentive) or (ii) the balance of the Phase One incentive.

- The balance of the Phase One incentive has decreased by \$700,800 ( $\$43,800 \times 16$  months), leaving a balance of \$759,200.
- NRI qualifies for an additional \$730,000, bringing the total Phase One Incentive to \$6,570,000 ( $\$5,840,000$  plus \$730,000).
- Payroll does not increase further before the balance of the Phase One incentive is reduced to zero, and the Incentives Cap is reduced by \$730,000 ( $\$7,300,000 - \$6,570,000$ ).

**Example 3:** After Example 2, NRI Completes 207,000 square feet of Commercial Space (60% of the Phase 2 Milestone) and 117 Select Service Hotel rooms (90% of the Phase Two Milestone) on or before the Phase Two Milestone Date.

- NRI qualifies for incentive payments of \$2,190,000 ( $\$7,300,000 \div 2 \times 60\%$ ) for the Commercial Space and \$3,285,000 ( $\$7,300,000 \div 2 \times 90\%$ ) for the Select Service Hotel rooms.
- This leaves a balance of \$1,460,000 for incentive payments for Commercial Space and \$365,000 for Select Service Hotel Rooms.
- Beginning on the Phase Two Milestone Date, these incentives will decrease at the rate of \$43,800 (3%) per month for the Commercial Space, which will decrease at the rate of \$10,950 (3%) per month for the Select Service Hotel Rooms.

**Example 4:** After Example 3, NRI Completes an additional 138,000 square feet of Commercial Space (30% of the Phase Two Milestone for Commercial Space) 24 months after the Phase Two Milestone Date and no additional Select Service Hotel rooms in time to qualify for any additional portion of the Phase 2 incentive for hotel rooms.

- This qualifies for an additional incentive payment equal to the lesser of (i) the amount actually achieved by the additional Commercial Space (i.e., \$1,095,000 ( $\$7,300,000 \div 2 \times 30\%$ )) or (ii) the balance of the Phase Two incentive for Commercial Space.
- The balance of the Phase Two incentive for Commercial Space has decreased by \$1,051,200 ( $\$43,800 \times 24$  months), leaving a balance of \$408,800.
- NRI qualifies for an additional \$408,800, bringing the total Phase Two Incentive to \$5,883,800 ( $\$5,475,000$  plus \$408,800).
- The Commercial Space and the Select Service Hotel Rooms do not increase further before the balance of the Phase Two incentive is reduced to zero, and the Incentives Cap is reduced by an additional \$1,416,200 ( $\$7,300,000 - \$5,883,800$ ).

**Example 5:** After Example 4, NRI has Completed 345,000 square feet of Commercial Space but received incentive payments for only 245,640, leaving a balance of 99,360 square feet of Commercial Space for which it has not received any incentive payment. (The area for which NRI has received credit is determined by multiplying the total amount of Commercial Space which NRI completed in Phase Two by the ratio of (1) the incentive payment for which it qualified for Phase Two to (2) the full incentive payment that it would have received for Phase Two but for the application of the Incentives Reduction Factor.) Prior to the Phase Three Milestone Date, NRI then Completes another 175,840 square feet of Commercial Space (with the 99,360 square feet above, totaling 275,200), which is 86% of the Phase Three Milestone for Commercial Space, and an additional 130 Select Service Hotel rooms, which is 100% of the Phase Three Milestone for hotel rooms. Thereafter, NRI completes no further improvements in time to qualify for any additional portion of the Phase Three incentives.

- NRI would qualify for an additional incentive payment equal to sum of \$3,139,000 ( $\$7,300,000 \div 2 \times 86\%$ ) for the Commercial Space plus \$3,650,000 ( $\$7,300,000 \div 2 \times 100\%$ ) for Select Service Hotel rooms, totaling \$6,789,000.
- The Incentives Cap would be further reduced by \$511,000.

Based on the examples described herein, NRI earned incentives totaling \$19,242,800, and the Incentives Cap was reduced by \$2,657,200.

**EXHIBIT F**

**"Form of Guaranty"**

**GUARANTY**

This **GUARANTY** is made and delivered this \_\_\_\_ day of \_\_\_\_\_, 2018 (the "Guaranty"), by **NATIONWIDE REALTY INVESTORS, LTD.**, an Ohio limited liability company ("Developer"), whose address is 375 N. Front Street, Suite 200, Columbus, Ohio 43215, to **THE CITY OF SCOTTSDALE, ARIZONA**, a municipal corporation (the "City"), whose address is \_\_\_\_\_.

**WHEREAS**, contemporaneously with the execution and delivery of this Guaranty, the City and Developer have entered into an Economic Development Agreement, dated as of \_\_\_\_\_ (the "EDA"); and

**WHEREAS**, City would not have entered into the EDA without Developer's execution of this Guaranty, and this Guaranty is therefore a material inducement to City to enter into the EDA with Developer.

**NOW THEREFORE**, in consideration of the foregoing, Developer agrees with City and guarantees as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the EDA.
2. Guaranty. Developer hereby unconditionally, irrevocably and absolutely guarantees to City the prompt and full payment of the Assured Payment Amount or any portion thereof if and when due pursuant to the terms of Section 10.5 of the EDA. If Developer fails to pay all or any portion of the Assured Payment Amount within thirty (30) days after receiving notice from City that such amount is due as provided in Paragraph 10.5 of the EDA, the City may without further notice or delay enforce all of its rights under this Guaranty. Developer also agrees to reimburse City for all expenses of collecting such sum or any part thereof or of otherwise enforcing this Guaranty, including reasonable attorneys' fees, discovery expenses and court costs. All of the foregoing are referred to herein as the "Guaranteed Obligations".
3. Waiver of Suretyship Defenses. Developer's obligations under this Guaranty shall in no way be affected or impaired by reason of the happening from time to time of any of the following, whether or not Developer has been notified thereof or consented thereto: (a) any transfer of the Hayden Property or any portion thereof at any time by Developer or any other person; (b) any assignment or transfer in whole or in part of the EDA or any rights of Developer thereunder; (c) the transfer of control of or any membership interests in Developer; (d) the assumption by any other person of any or all obligations of Developer under the EDA, the acceptance by City of performance in whole or in part from any other person, or the waiver of any rights the City might have to enforce the EDA in whole or in part against any other person; (e) any modification or amendment (whether material or otherwise) of any of the obligations of Developer under the EDA; or

(f) the voluntary or involuntary liquidation, dissolution, sale of any or all of the assets, marshalling of assets and liabilities, receivership, conservatorship, insolvency, bankruptcy, assignment for the benefit of creditors, merger, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, Developer or any portion of the Hayden Property or any of Developer's other assets.

4. Waiver of Notices. Developer hereby waives notice of acceptance of this Guaranty, any obligations or liabilities contracted or incurred by Developer hereunder, presentment, notice of dishonor, protest and notice of non-payment or non-performance and all other notices, whether as a prerequisite to the validity of this Guaranty or the enforcement hereof, except such notices as are expressly provided for herein.
5. Choice of Law and Inurement. This Guaranty shall: (a) be governed by the laws of the State of Arizona; (b) not be modified or amended, nor may any provision hereof be waived, except by a written agreement executed by the parties; and (c) be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, executors, successors and permitted assigns. Developer hereby consents and stipulates that any action to enforce this Guaranty may be brought in the Superior Court of Maricopa County, Arizona. Developer may not assign this Guaranty or Developer's rights and obligations hereunder without the prior written consent of City.
6. Primary Liability. Developer's liability under this Guaranty shall be primary, and City may proceed directly against Developer under this Guaranty without initiating or exhausting any remedy under the EDA against Developer or any other guarantor or other person who might be liable for the payment of the EDA or any portion thereof, separately or concurrently, including without limitation through the assessment of any taxes or other assessments or the imposition or enforcement of any lien therefor.
7. Authority. The undersigned individual hereby acknowledges that he/she is a duly authorized agent of Developer with full power and authority to execute and deliver this Guaranty. This Guaranty has been executed and delivered by Developer and constitutes the valid, binding and legal obligation of the Developer. Within ten (10) days after City's written request, Developer shall execute and deliver to City a written statement certifying any matter concerning this Guaranty or the EDA as City may reasonably request.
8. Address for Giving Notices. Any notice which City may elect to send pursuant to this Guaranty shall be effective if and when mailed to Developer's address set forth above or such other address as may be provided by Developer to City from time to time for purposes of receiving notices hereunder, by United States certified or registered mail, return receipt requested, or by reliable overnight courier service.
9. Joint and Several Liability. If there is at any time more than one guarantor of the Guaranteed Obligations, or if Developer consists of more than one person or entity, the liability of each such person or entity under this Guaranty shall be joint and several.
10. WAIVER OF JURY TRIAL. DEVELOPER AND THE CITY HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, CLAIM OR COUNTERCLAIM BROUGHT IN

CONNECTION WITH ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS GUARANTY.

11. Additional Representations and Warranties of Developer. Developer hereby represents and warrants to City that neither Developer nor, to Developer's knowledge, any of Developer's directors, officers, shareholders, partners, members, guarantors, affiliates, agents or direct or indirect holders of any equity interest in Developer: (i) are named or identified as a terrorist, terrorist organization, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation, including, without limitation, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "PATRIOT Act"), Executive Order No. 13224 (the "Order") or rules or regulations enacted by the United States Department of the Treasury ("Treasury") or its Office of Foreign Assets Control ("OFAC"); (ii) are subject to the prohibitions contained in the Order; (iii) are acting directly or indirectly on behalf of, or instigating or facilitating this transaction directly or indirectly on behalf of, any person, group, entity or nation named or identified as a terrorist, terrorist organization, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation, including, without limitation, the PATRIOT Act, the Order or rules or regulations enacted by the Treasury or OFAC; (iv) are engaged in activities prohibited by the PATRIOT Act, the Order, or OFAC rules or regulations; (v) engage in activities that violate or have engaged in activities that violate the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders promulgated thereunder (as amended from time to time, the "Anti-Money Laundering Act"); (vi) have been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges.
12. Time of the Essence. Time is of the essence with respect to each obligation of Developer hereunder.

**[Remainder of page intentionally blank – signature page follows.]**





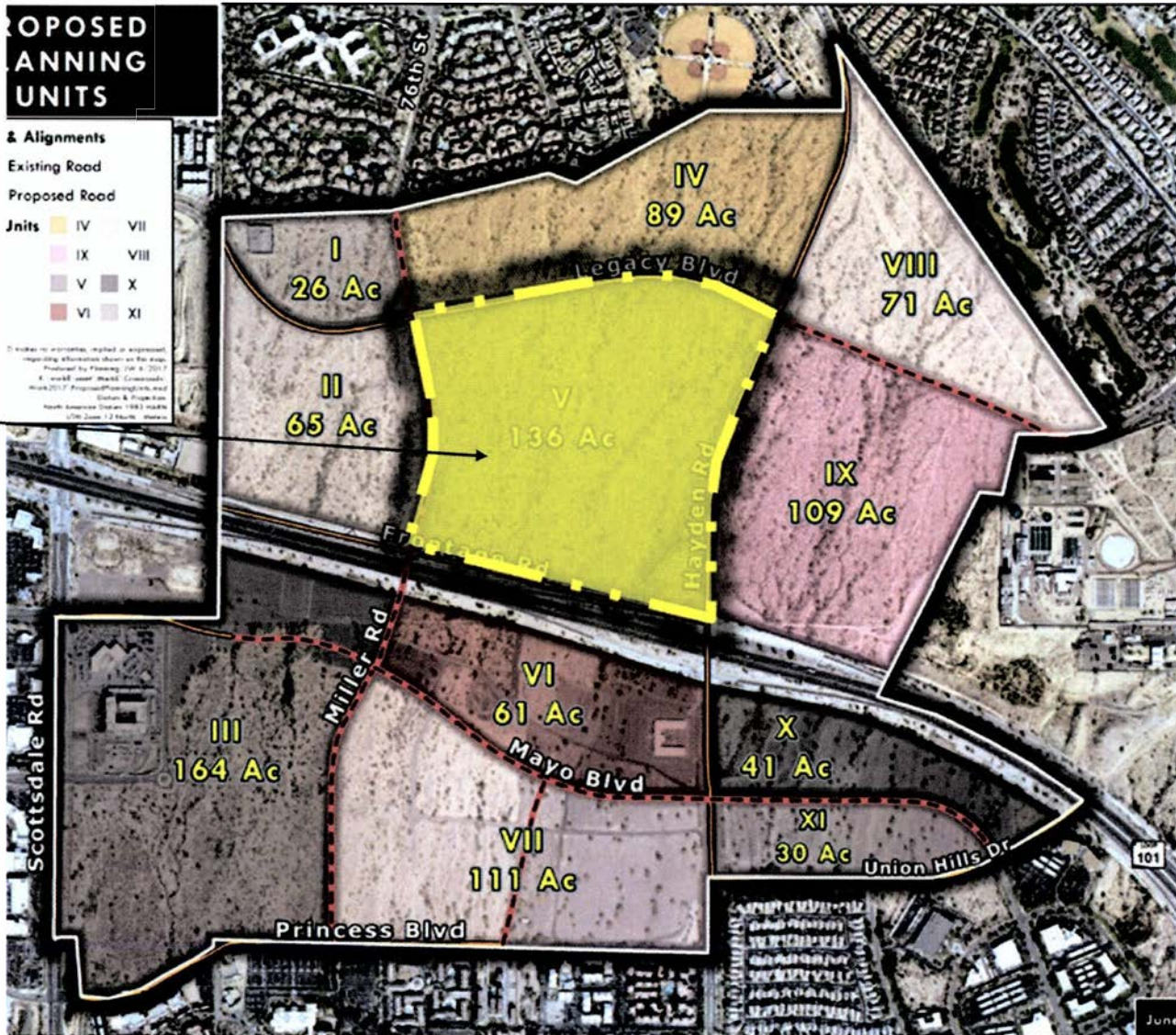
Development  
Agreement with  
Nationwide Realty  
Investment, Ltd.

SCOTTSDALE CITY COUNCIL MEETING

JUNE 12, 2018

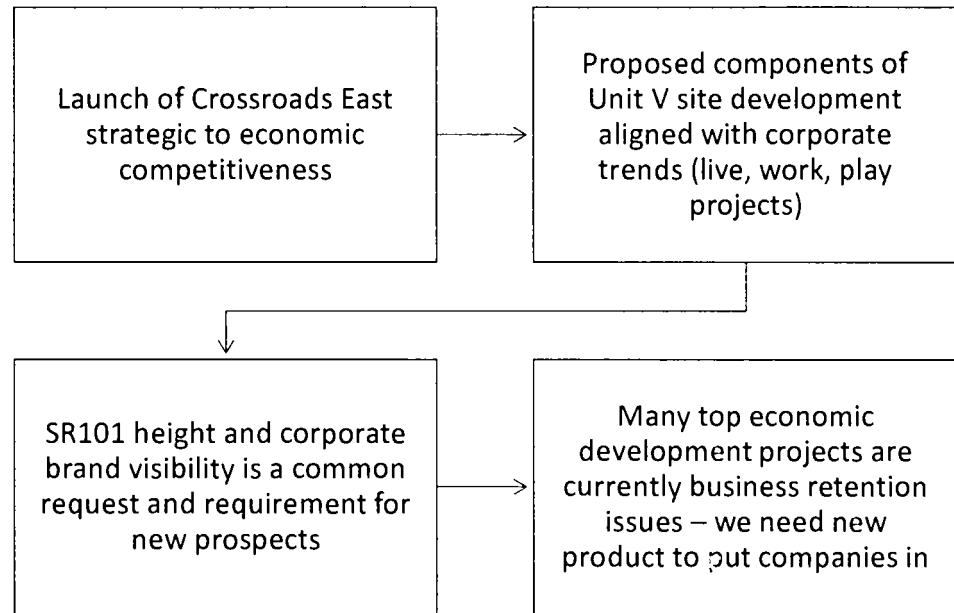
# Planning Unit V

► +/- 136 Acres



Economic  
Development  
Strategic Plan  
Alignment:

*State Land at  
SR101 envisioned  
as a key  
corporate  
campus location*



# Anticipated Economic Impacts of Development

Total economic impact of **\$9.8 billion over 20 years**, and \$500 million annually following buildout

Total direct employment of more than **5,500 jobs and 1,800 additional jobs** supported by site development

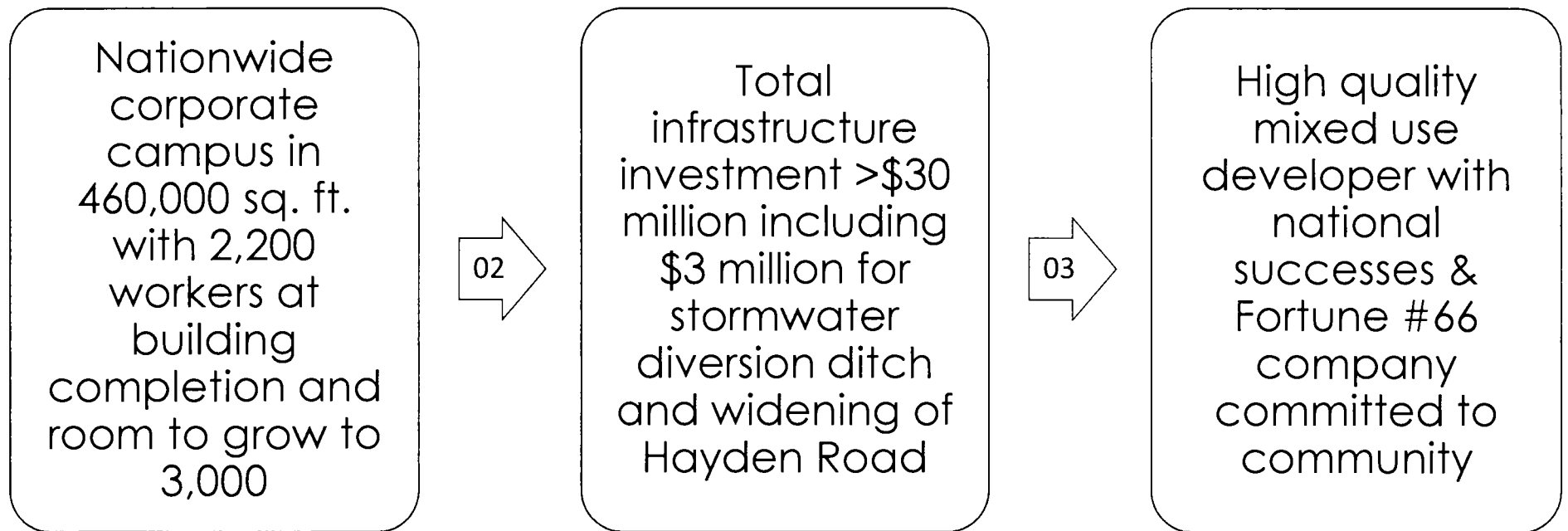
DIRECT revenue impact to Scottsdale of more than **\$24 million over 20 years**

Retention of **1,200+ local jobs at \$58,000 or higher average wage** (not including benefits)

Catalyst for balance of Crossroads East properties

Regional or headquarter corporate campus style developments also **produce business visitor impact revenue and often patronize Scottsdale Airport** for corporate travel

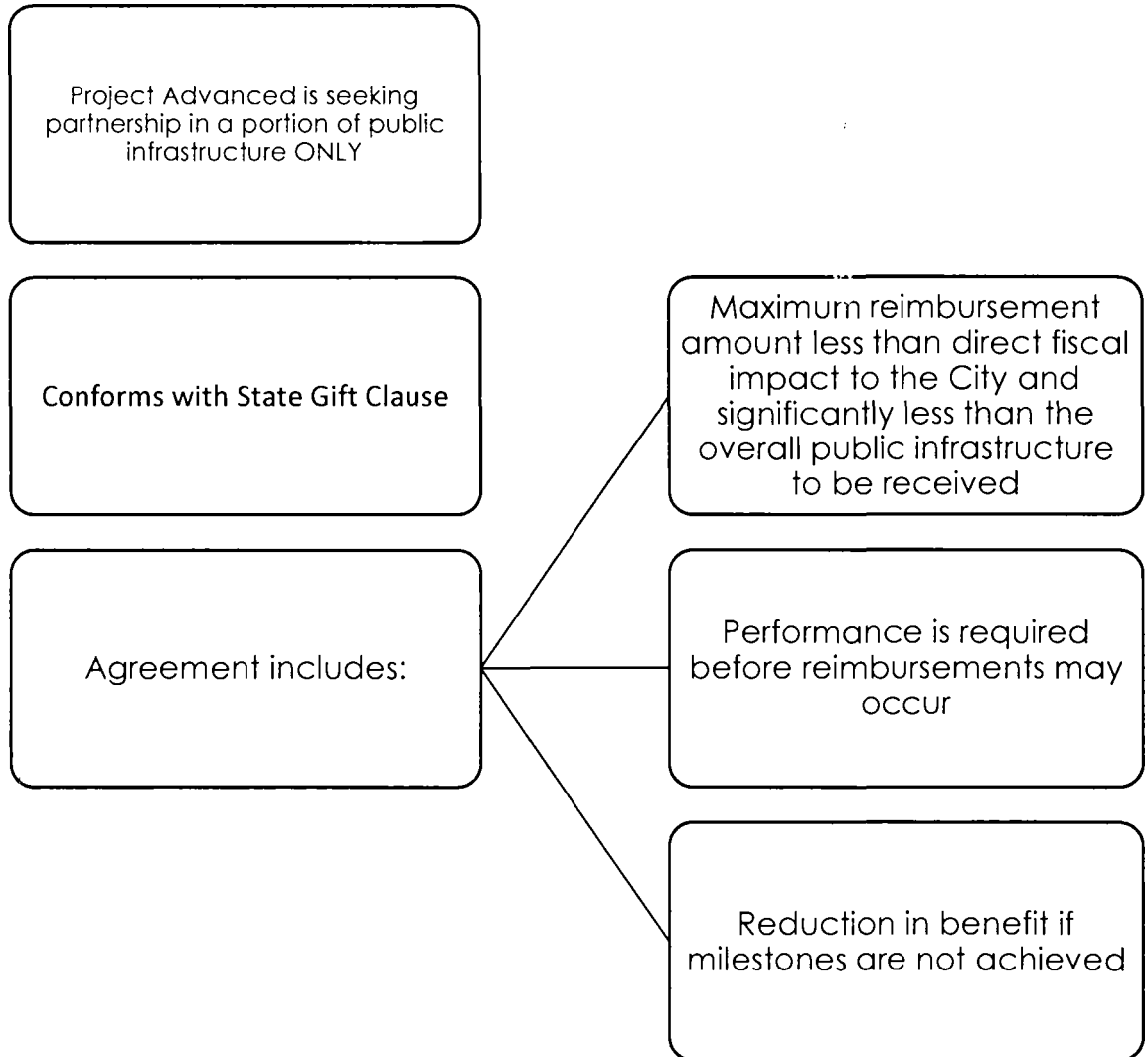
# Project Overview



# Anticipated Commercial Phases

	<b>Phase I (years 1 - 5)</b>	<b>Phase II (years 6 – 10)</b>	<b>Phase III (years 11 – 15)</b>
Nationwide Regional HQ	1,240 retained jobs and room to grow to up to 3,000 over time		
Office	460,000 sq. ft.	320,000 sq. ft.	320,000 sq. ft.
Retail		25,000 sq. ft.	
Hotel		130 rooms	130 rooms

# Development Agreement Elements





# Actions

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**Adopt Ord. 4346: Zoning district map amendment to update Crossroads master plan**

---

**Adopt Reso. 11145: Declare "Crossroads East Development Plan" a public record**

---

**Adopt Reso. 11146: Authorize Development Agreement 2002-141-COS- A3**

---

**Adopt Ord. 4347: Zoning district map amendment to change zoning on +/- 136 acres from PCD to PCD PCP**

---

**Adopt Reso. 11147: Declare "Crossroads East – Planning Unit V Development Plan" a public record**

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**Adopt Reso. 11148: Authorize Development Agreement 2018-062-COS**

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**Adopt Reso. 11148: Authorize Development Agreement 2018-062-COS**

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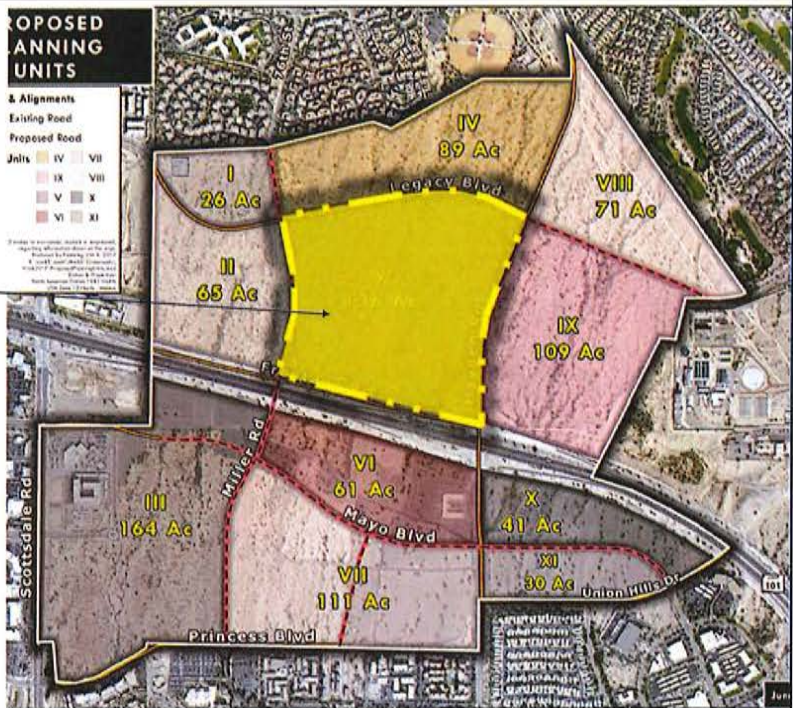
**Adopt Reso. 11149: Authorize Development Agreement 2018-063-COS with Nationwide Realty Investors, Ltd.**

# Development Agreement with Nationwide Realty Investment, Ltd.

SCOTTSDALE CITY COUNCIL MEETING  
JUNE 12, 2018

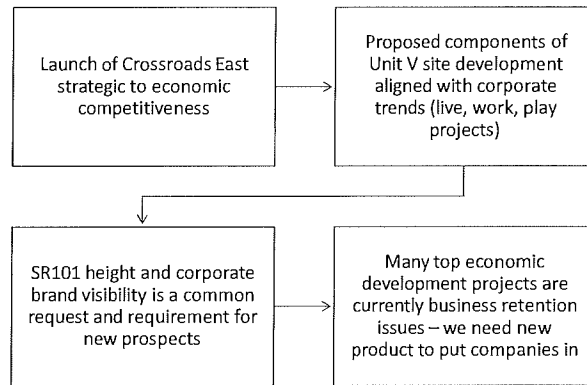
## Planning Unit V

► +/- 136 Acres



## Economic Development Strategic Plan Alignment:

*State Land at SR101 envisioned as a key corporate campus location*



## Anticipated Economic Impacts of Development

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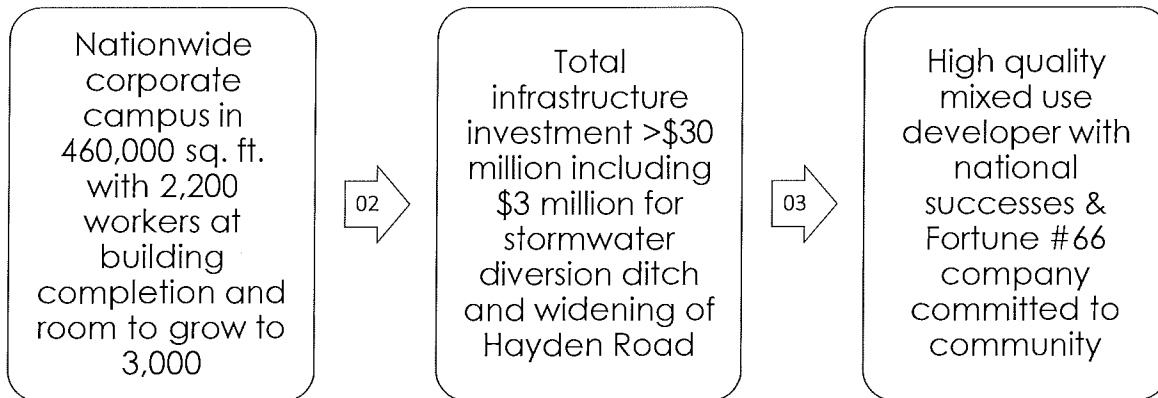
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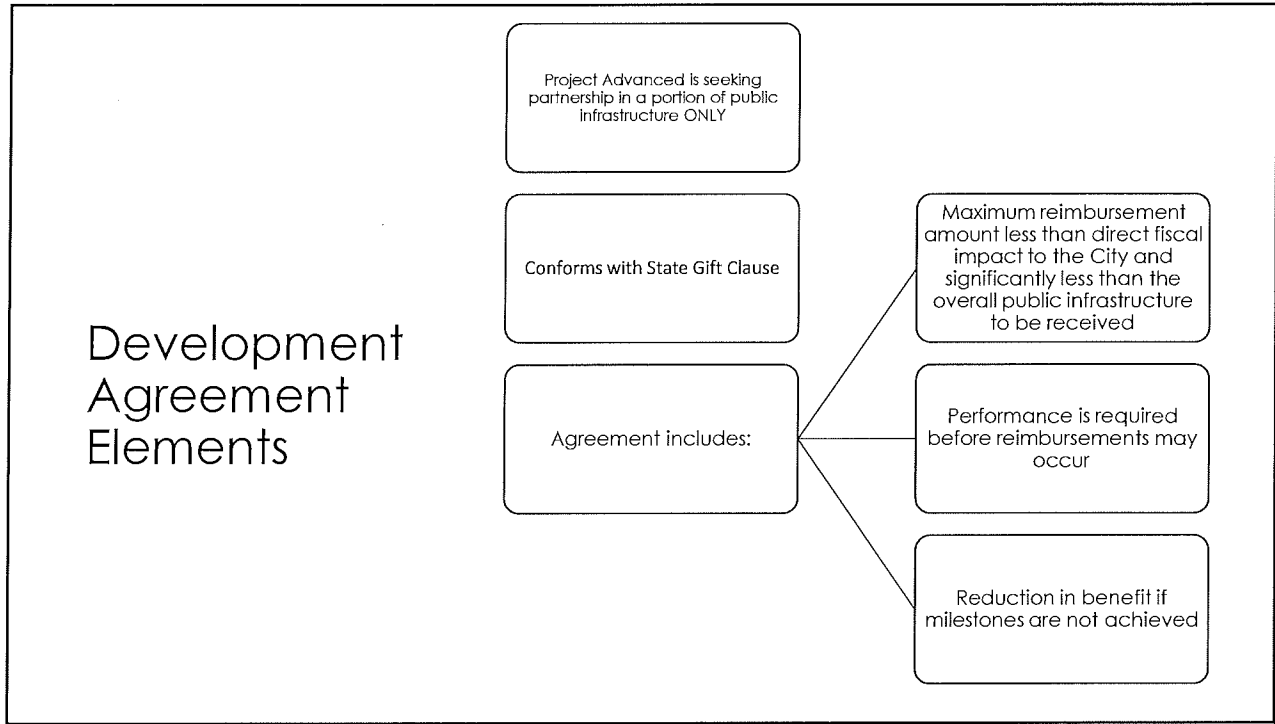
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## Project Overview



## Anticipated Commercial Phases

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- ## Actions
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- 
- Adopt Reso. 11148: Authorize Development Agreement 2018-062-COS**
- 
- Adopt Reso. 11149: Authorize Development Agreement 2018-063-COS with Nationwide Realty Investors, Ltd.**

**Butteweg, Cathleen**

**From:** Webmaster  
**Sent:** Monday, June 11, 2018 8:10 AM  
**To:** Butteweg, Cathleen  
**Subject:** Comment on 06-12-2018 Agenda Item (response #11)

**Comment on 06-12-2018 Agenda Item (response #11)****Survey Information**

Site:	ScottsdaleAZ.gov
Page Title:	Comment on 06-12-2018 Agenda Item
URL:	<a href="http://www.scottsdaleaz.gov/council/meeting-information/agenda-comments/06-12-2018">http://www.scottsdaleaz.gov/council/meeting-information/agenda-comments/06-12-2018</a>
Submission Time/Date:	6/11/2018 8:10:03 AM

**Survey Response**

<b>AGENDA ITEM</b>	
Which agenda item are you commenting on?	\$ 21,500,000 Subsidy Incentives By Taxpayers
<b>COMMENT</b>	
Comment:	With decades of sustained growth in Arizona, especially in Scottsdale, why would there be a need for a massive taxpayer funded subsidy for Crossroads East? These subsidies are usually levied in downtown Phoenix and other more urban areas to facilitate growth. Your office has been quoted as saying that the land along the 101 freeway in North Scottsdale is THE most valuable land in the state of Arizona. Why on earth would/should public money be needed to lure private developers??? Why the "rush" to auction this land in 2018 and have taxpayers subsidize the development?
Comments are limited to 8,000 characters and may be cut and pasted from another source.	
<b>NAME</b>	
Name:	Terran MacVicar
<b>CONTACT INFORMATION</b>	

Please provide the following information so someone may follow up with you if they have questions about your comment (optional).

Email:	<a href="mailto:terranmacvicar@gmail.com">terranmacvicar@gmail.com</a>
Phone:	(480) 454-9908
Address:	19777 N 76th Street Scottsdale, AZ 85255
Example: 3939 N. Drinkwater Blvd, Scottsdale 85251	



**ARIZONA CHAMBER**  
— OF COMMERCE & INDUSTRY —

June 5, 2018

Hon. W.J. “Jim” Lane  
Mayor  
City of Scottsdale, Arizona  
3939 N. Drinkwater Blvd.  
Scottsdale, AZ 85251

Dear Mayor Lane:

The Arizona Chamber of Commerce and Industry is committed to advancing Arizona’s competitive position in the global economy. We believe that to maintain a strong economy, Arizona must attract and develop businesses in diverse industry sectors. The City of Scottsdale has been a leader in the state in business attraction because you have placed an importance on maintaining a quality workforce that is ready to meet the needs of employers. Scottsdale is home to some of the largest and most innovative companies in Arizona. Nationwide, a valued member of the Arizona Chamber, is one of those companies.

We are thrilled that Nationwide and the City of Scottsdale have collaborated on a project that will create jobs in Arizona, increase the local presence of a Fortune 66 company, and provide critical regional infrastructure improvements. This project is one more example of how Arizona provides the perfect business environment and talented workforce for companies to locate and expand their operations within the state.

Nationwide has a strong track record of community and civic involvement that has positively impacted Scottsdale and the region as a whole. Nationwide employees give generously of their time and talents, serving on a variety of local boards and charities. In addition, over the past two years Nationwide has donated more than \$1.5 million to local non-profit organizations and their associates have given hundreds of thousands of dollars on their own. They are truly an example for other Arizona businesses, large and small.

This proposed development, anchored by the expansion of Nationwide’s operations in Arizona, is proof that the Arizona and the City of Scottsdale are committed to providing high quality career opportunities for their residents and opportunities for employers. This project is the result of government and business working collaboratively to create both a world-class development and high value for taxpayers.

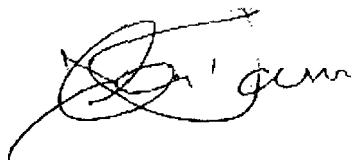
*Continued*



*Mayor Jim Lane, June 5, 2018*

The Arizona Chamber of Commerce and Industry fully supports this project. We look forward to the benefits this partnership will bring to the local community, the region, and the state.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn Hamer". The signature is stylized with a large, sweeping initial "G" and a long horizontal stroke extending to the right.

Glenn Hamer  
President and CEO

CC: Scottsdale City Council

May 25, 2018

City of Scottsdale  
ATTN: Economic Development  
3839 N. Drinkwater Blvd.  
Scottsdale, AZ 85251

RE: Nationwide Mutual Insurance Company

To whom it may concern:

As the leading regional economic development organization, the Greater Phoenix Economic Council (GPEC) works with 22-member communities, Maricopa County and more than 150 private investors to accomplish its mission and serve as a partner to companies across the world as they expand or relocate. The City of Scottsdale is a strategic partner in helping to build the regional economy and assure business expansion services are done with a high degree of integrity and professionalism.

We are excited to be working with the City of Scottsdale and Nationwide Mutual Insurance Company's (Nationwide) on their proposed expansion in the region. As a leading insurance company that is currently ranked #68 on the Fortune 100 list, Nationwide is an ideal business to expand in Scottsdale and build our regional economy. As we shape our economy, we look to companies like Nationwide to help us move the needle and improve our regional economic position. The overall anticipated cumulative economic impact of this project over 20 years is \$9.8 billion and \$500 million annually following full buildout. Resulting in a total of more than 5,500 jobs and 1,800 additional jobs supported by the site development, this project will propel our region forward and provide opportunities for many residents to obtain higher-wage positions.

Part of building the regional economy is also about building community and assuring residents have the support and resources they need to live happy and healthy lives. Nationwide's commitment to community extends beyond the walls of their buildings. In fact, in



the last two years Nationwide has donated more than \$1.5 million dollars to nonprofit organizations throughout the region to address social issues and support local causes, making their operation an ideal match to the spirit of the City of Scottsdale.

True to the collaborative spirit of our region, we believe that Nationwide would be a great asset to not only the City of Scottsdale, but the Greater Phoenix region as a whole and we highly support their expansion. If there are any questions or if we can provide any additional clarification, please do not hesitate to contact me.

Warm regards,

A handwritten signature in black ink, appearing to read 'CC' with a stylized flourish extending to the left.

Chris Camacho  
President & CEO  
Greater Phoenix Economic Council

May 25, 2018

Jim Thompson, City Manager  
City of Scottsdale

Dear Jim,

The Arizona Commerce Authority is honored to express our strong support for the expansion of the Nationwide Realty Investors operations center in Scottsdale, Arizona.

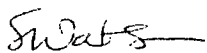
As the state's leading economic development agency, the Arizona Commerce Authority is focused not only on attracting businesses to the community, but also working with existing companies to expand their operations in Arizona and beyond. We recognize the critical role Nationwide already occupies in Arizona's business and financial sector--the second largest concentration in the country--and welcome an even greater role for Nationwide through expansion.

We believe a successful community relies and builds upon all of its resources, including civic leaders, government officials, engaged citizens and business leaders. We applaud Nationwide's strong corporate commitment to diversity, and its philanthropic efforts in the community.

Should Nationwide Realty Investors choose to expand in Arizona, it would have long-term positive impacts on our state's economy, and benefit our residents for generations to come. In turn, we are more than confident that Arizona's many pro-business advantages, streamlined regulatory environment and collaborative nature make it the perfect fit for such an expansion.

The Arizona Commerce Authority is proud to support the effort to bring this incredible expansion opportunity to the Scottsdale Airpark.

Yours truly,



Sandra Watson,  
President & CEO  
Arizona Commerce Authority





June 4, 2018

Mayor Jim Lane  
City of Scottsdale  
3939 N. Drinkwater Blvd.  
Scottsdale, AZ 85251

Dear Mayor Lane and Council,

As Director of Economic Development at Arizona Public Service, I am writing on behalf of the company to express our support for Project Advanced.

As an original Arizona company, we have been providing the power that has allowed for the growth of cities, businesses, and residential customers in our state. We have been engaged with City of Scottsdale and other key stakeholders over the past several years on Project Advanced and are pleased to support this next step in the process.

The economic impact of this project is compelling — an independent study has shown Project Advanced would result in thousands of new jobs and would generate significant tax revenues for the city. We look forward to continuing the great partnership we have with the City of Scottsdale to ensure the success of this project and others.

Thank you to each of you for your continued leadership on economic development efforts that have made Scottsdale such a great place to live and attractive place for businesses to locate.

Very sincerely,

A handwritten signature in black ink, appearing to read "Mike Martin", with a long horizontal flourish extending to the right.

Mike Martin  
Director, Economic Development  
Arizona Public Service