DMB CIRCLE ROAD PARTNERS
MIXED USE DEVELOPMENT

Z-14-18-2
Development Narrative

Approximately 415-feet north of the Northwest Corner of
Scottsdale Road and Kierland Boulevard

CITY OF PHOENIX

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Planning & Development
Department

Planned Unit Development Submittal

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PLANNED UNIT DEVELOPMENT DISCLAIMER

A Planned Unit Development (PUD) is intended to be a stand-alone document of zoning regulations for a particular project. Provisions not specifically regulated by the PUD are governed by the zoning ordinance. A PUD may include substantial background information to help illustrate the intent of the development. The purpose and intent statements are not requirements that will be enforced by the City. The PUD only modifies zoning ordinance regulations and does not modify other City Codes or requirements. The architectural design and images included in this PUD are representative of the building's massing, height, shape, configuration, and proportions to achieve the development's mixed-use program of retail, hotel, and multi-family residential uses. The architectural images in this PUD are not intended to represent the final design of the project, nor are they representative of the 'DESIGN STANDARDS: Architectural Design' described in this PUD application.

TABLE OF CONTENTS

DMB CIRCLE ROAD PARTNERS
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PLANNED UNIT DEVELOPMENT NARRATIVE

A. PURPOSE AND INTENT

1. PROJECT OVERVIEW

DMB Circle Road Partners LLP ("DMB"), long time owners of the property, are requesting to rezone the 1.93 gross acre parcel (APN #215-42-006C) located approximately 400-feet north of the northeast corner of North Kierland Boulevard and North Scottsdale Road (the "Property"). The site is currently zoned Intermediate Commercial Planned Community District ("C-2 PCD") and is located in Council District 2 of the City of Phoenix (the "City"). The Property directly fronts onto Scottsdale Road and is currently home of the 25,000 +/- square foot La Maison Interiors furniture store which includes warehouse space.

This Development Narrative outlines the request to rezone the Property from C-2 PCD to Planned Unit Development ("PUD") for the development of a mixed-use building including ground floor retail, hotel, and multi-family uses. The singular building will include a mixture of ground floor retail with the potential for hotel units and luxury condominiums on the upper floors. The PUD reflects multiple designs that have been constructed in the area including Kierland, Optima Towers, Scottsdale Quarter and potential taller developments east within Scottsdale. The design expectations of the DMB PUD are set to allow a singular multi-story building that will be iconic and entail landmark architecture for the City's side of the Scottsdale Road corridor.

The DMB PUD allows standards for development of the Property to be complimentary to surrounding developments. Given the growth and intensification of uses in the immediate area, the Property is no longer conducive to a single-story retail building fronting a major arterial road. Scottsdale Road has seen an abundance of redevelopment in the past few years including several 120-foot residential towers to the south and west of the Property. In an effort to accommodate existing and planned development proximate to the Property the DMB PUD includes two (2) building height options both of which include substantially similar square footage: (1) Option A, as more fully described below and depicted on Option A Exhibit (Exhibits 8-11) included herein has a maximum height of 120'; and (2) Option B (Exhibits 8-11), also more fully described below and depicted on Option B Exhibit included herein has a maximum height of 196'. Option A is designed at a height consistent with adjacent buildings built and planned to the south and west of the Property and Option B is designed to open and maximize view corridors for the adjacent buildings.

The mixed-use development will serve residents, restaurants and retail businesses in the Paradise Valley Village and in the surrounding area, and will provide substantial benefits to the City. Besides meeting an unmet local demand for residential and hotel uses, it will improve the site with open space, landscaping and award-winning architecture, which will enhance surrounding property values. The proposed mixed-use development will create new local job opportunities and allow the Property to be developed in a manner that is consistent with the surrounding area.

2. PROJECT GOALS

The DMB PUD's primary goal is to meet the unmet demand of upscale multi-family housing and a luxury boutique hotel option in the immediate market area, while blending with the urban, high-rise character of the adjacent buildings and surrounding properties. The goal is to facilitate a development that will be aesthetically pleasing, improve the site, meet the needs of the surrounding residents and increase the economic potential for the City.

A further goal of the DMB PUD is to redevelop an oddly shaped parcel and ensure compatibility with surrounding properties through the modification of standard provisions of the Phoenix Zoning Ordinance. These modifications will facilitate high quality, context specific development, while also addressing goals specific to the City's General Plan.

3. OVERALL DESIGN CONCEPT

The DMB PUD includes development standards and design guidelines which are intended to produce a mixed-use project that will be in harmony with existing and future development in Kierland and along the Scottsdale Road corridor. In accordance with this intent, DMB is proposing two site plan solutions for the Property, one which is the same height of adjacent buildings, but longer with more horizontal massing (Option A), and one which is taller in height but slimmer and less massive horizontally (Option B).

Option A is more in keeping with prior approved building heights in the area, such as the Optima Towers residential project directly to the southwest, the Kierland Lofts in Kierland Commons and the Westin Hotel further to the west. The design of the 120 foot tall building is more horizontal in nature, similar to the Optima buildings, its wing shaped design provides for significantly more architectural interest while placing the massing in the furthest portion of the main building from the developing adjacent residential towers. (See Option A in Exhibits 8-11 attached).

Option B is a departure from prior approved building heights and massing in the area, but solves the massing adjacency to the Optima project. Option B opens up view corridors both to and from existing residential development adjacent to the Property. It also creates less visual massing impact on the ground-level pedestrian realm and allows the building form to have more architectural character. It allows the Property to "breathe" by providing adequate open air space through the Property and adjacent property. (See Exhibits 9 and 11 for comparative perspectives attached).

4. DESIGN THEME

The overall design theme of the DMB PUD is to create a uniquely contextual mixed-use development of residential, hotel, and retail uses in harmony with existing and future development in and around the Property, particularly the Optima Towers residential project directly to its southwest. The development will also give attention to the Scottsdale Road street frontage to create a visually inviting pedestrian street edge thru traditional urban design principles, which is an expectation of the City's PUD zoning. The proposed multi-family residential / hotel tower, along with the proposed retail uses, are in keeping with the redevelopment that is taking place in Kierland. It will bring residential opportunities that will support existing and future retail and restaurant venues, in a vibrant and walkable pedestrian environment.

Architectural design of the building will support sustainable "green" design principles such as passive solar shading of windows, green roof elements, and Low-E glazing. Balconies for the residential units will be incorporated into the architectural design to allow owners and tenants direct access to outdoor space. They will also add visual interest and act as passive solar shading elements. The landscaping and redevelopment of the site will integrate with the character of the Optima Towers development to the southwest. The overall design concept will provide for a high-quality living environment that reflects Kierland and the evolving Scottsdale Road corridor.

PROJECT SITE DATA TABLE

DMB PUD	
Existing Zoning	C-2 PCD
Proposed Zoning	PUD (Planned Unit Development)
General Plan Designation	Commercial
Gross Lot Area	1.93 acres
Surrounding Streets	North Scottsdale Road, North 71st Street, North Kierland Boulevard

B. LAND USE PLAN

The approximately 1.93 gross acre site will allow retail, hotel and multi-family with accessory uses. Please see Conceptual Site Plan at **Exhibit 8**.

C. SITE CONDITIONS AND LOCATION

1. Acreage

The Property consists of approximately 1.93 acres (1.78 net acres). See Legal Description at **Exhibit 2.**

2. Location

The Property is located approximately 415 feet north of the northwest corner of North Scottsdale Road and North Kierland Boulevard. See Area Vicinity Map and Site Aerial at **Exhibits 3 and 4.**

3. Topography

There are no significant topographical or natural features on the Property. The site is generally flat. See Context Plan and Site Photos at **Exhibit 6.**

D. GENERAL PLAN CONFORMANCE

The proposed use is supported by numerous goals, policies and objectives of the General Plan, including:

Connect People & Places – Cores, Centers and Corridors

- ***Goal:*** *Phoenix residents should have an abundance of* ***places to connect*** *with services, resources and each other.*
- ***Land Use Principles:*** *Locate land uses with the greatest height and most intense uses within village cores, centers and corridors based on village character, and use needs, and transportation system capacity.*
- ***Design Principles:*** *Encourage centers to provide a pedestrian environment with plazas, common open space, shaded walkways, separation of pedestrian and vehicular traffic, bicycle parking, and vehicle parking in architecturally disguised structures or underground where feasible.*

    - Response: The development of Kierland Commons and the Scottsdale Quarter has sparked an increase in demand for retail, office, and luxury multi-family development within this corridor. The Scottsdale Road and

Kierland Boulevard intersection has become one of the most in demand locations promoting the need for more residential density and intensity of height. The Property is almost a half-mile from the closest single-family residence and the views from these residences to our proposed building will be screened by existing and proposed development and existing mature landscaping. The proposed open space will be designed so as to provide continual open space areas between the adjacent properties.

Connect People & Places – Opportunity Sites

- ***Goal:*** *To promote development of vacant parcels or redevelopment of underutilized parcels within the developed area of the city that are consistent with the character of the area or with the area's transitional objectives.*
- ***Land Use & Design Principles:*** *Promote and encourage compatible development and redevelopment with a mix of housing types in neighborhoods close to employment centers, commercial areas, and where transit or transportation alternatives exist.*

    - Response: Much of the development along the Scottsdale Road Corridor was created in the 1970's and 1980's as single story, auto-oriented strip centers. In the late 1990's, the west side of Scottsdale Road in this area developed out with a majority of furniture stores to serve the northeast valley. Recently, the furniture store properties have been redeveloping into a mixture of residential, office and more urban building forms. With the success of Kierland Commons commercial and evolving residential densities, both sides of Scottsdale Road have seen the transition to more urban, pedestrian oriented projects that have minimal to no impacts on single family neighborhoods. The proposed mixed use development will blend with the surrounding developments by providing an additional mix of housing types, potential hotel and retail. This intersection and the Scottsdale Road corridor is becoming a major destination. This site is the perfect opportunity to add to the surrounding uses and the overall economic potential of the Paradise Valley Village and City of Phoenix.

Strengthen our Local Economy – Job Creation (Employers)

- ***Goal:*** *Facilitate job creation in targeted high-growth/high-wage industry sectors and targeted trade industry sectors.*
- ***Land Use and Design Principles:*** *Support General Plan Land Use Map and zoning changes that will facilitate the location of employment generating uses in each of the designated employment centers.*

    - Response: The Scottsdale Airpark is one of the largest employments centers in the state of Arizona. Anchored by the Scottsdale Airport, the Scottsdale Airpark encompasses an 8.6 square mile area with over 2,900 businesses employing more than 51,000 people. Both sides of the Scottsdale Road corridor between Thunderbird Road on the south and Bell Road on the north have created a dynamic and successful mixed-use core for this area of northeast Phoenix. The proposal will provide for an iconic mixed-use building that exemplifies Phoenix's allowance for the continued progression of exemplary development projects.

Hard construction costs for Option A are estimated at approximately $137 million with total economic output of approximately $192 million. The construction-phase direct on-site employment is estimated at 894 full time equivalent jobs. Indirect job creation is estimated at 373 full time equivalent jobs, bringing the total construction-phase workforce to 1,267 full time equivalent jobs. Total payroll originating from these construction phase jobs is estimated at $61.5 million. At build-out and stabilization, Option A is estimated to generate direct employment of approximately 186 full time equivalent jobs with an annual payroll of approximately $5.4 million. Indirect economic impacts are estimated at 70 full time equivalent jobs and an annual payroll of approximately $3.0 million. Both direct and indirect economic benefits are estimated at 256 full time equivalent jobs and an annual payroll of approximately $8.5 million.

With over 2 million square feet of commercial, office and industrial uses, the provision of executive and employee housing alternatives, as well as a potential hospitality use, will benefit the surrounding Kierland community and airpark core. The proposed mixed-use development will have the flexibility to develop as retail, hotel and multi-family residential units. These uses provide job creation in an already targeted area and designated employment center. This intersection has become a regional center and is one of the more in-demand areas in the entire Valley for economic development. The location of high quality residential, commercial and employment uses in this area will provide for continued sustainable benefits to the area. Please refer to the Fiscal and Economic Impact Analysis submitted with this PUD case (Exhibit 13).

Celebrate our Diverse Communities & Neighborhoods – Diverse Neighborhoods

- ***Goal:*** *A diverse range of housing choices, densities, and prices in each village should be encouraged.*
- ***Land Use and Design Principles:*** *Include a mix of housing types and densities where appropriate within each village that support a broad range of lifestyles.*
    - Response: Even though the Kierland area has seen a surge of multi-family development, retail and office, including Scottsdale Airpark, still overwhelm in magnitude compared to available residential uses. The majority of the surrounding Paradise Valley Village is single-family homes. This intersection and corridor has provided the perfect center and

infrastructure to allow hotels and luxury multi-family development. This is the perfect location for additional residential density and height for the Village.

Celebrate our Diverse Communities & Neighborhoods – Certainty & Character

- ***Goal:*** *Every neighborhood and community should have a level of certainty. Ensure that development, redevelopment and infrastructure supports and reinforces the character and identity of each unique community and neighborhood.*
- ***Land Use Principles:*** *Locate land uses with the greatest height and most intense uses within limits based on village character, land use needs, infrastructure and transportation system capacity.*
- ***Design Principles:*** *Protect and enhance the character of each neighborhood and its various housing lifestyles through new development that is compatible in scale, design, and appearance.*

  - Response: The DMB PUD (Option B) will benefit the future views of the developing adjacent residential development while (Option A) provides for similar building massing and design of the adjacent residential tower project. This intersection is increasingly becoming more in demand for additional height and density. This is also one of the only areas that can facilitate additional height and density in all of north Phoenix without impacting low density, single family properties. The DMB PUD proposes to locate height and density in a regional type center that is compatible in scale, designs and appearance to the immediate adjacent property owners. The evolution of this immediate corner meets this land use principle of placing height and intensity based on the village character developing around this property.

Build the Sustainable City

- ***Goal:*** *Establish Phoenix as a leader in green/sustainable building through the use of green/sustainable building techniques in private and public development.*
- ***Land Use and Design Principles:*** *Encourage high-performance building designs that conserve resources, while balancing energy-efficient, water-efficient, cost-effective and low-maintenance engineering solutions and construction products through whole building life cycle assessment.*

  - Response: The DMB PUD allows a building design that can perform in a manner of conserving resources and being energy and water efficient, while also providing high design and compatibility with surrounding buildings. Many of the Scottsdale Road developments built in the 1970’s provided more surface parking that have in-turn contributed to the heat island around the Valley. With limited surface parking, this mixed use project is committed to providing an oasis that is comfortable for pedestrians, bicyclists and all visitors to the site. Placing residents and visitors to the area within a mixed-use core limits vehicular trips within the area. The proposal creates a similar urban design to the adjacent Optima residential project and will add a high performance building to an evolving urban core.

E. ZONING AND LAND USE COMPATIBILITY

1. EXISTING & SURROUNDING ZONING & CONFORMANCE

The Property is currently zoned Intermediate Commercial, Planned Community District (C-2 PCD), as are the immediately adjacent properties to the north. The property to the east, across Scottsdale Road is within the City of Scottsdale, and is zoned Commercial (C-3). The property to the south and west is zoned PUD. See **Exhibit 5**, Zoning Maps. In summary, the immediate surrounding context includes:

LOCATION	ZONING	USE
Property	C-2 PCD	Retail
North	C-2 PCD	Retail and Office
East	City of Scottsdale (C-3)	Across Scottsdale Rd; Retail and Office
South	PUD	Optima Residential Tower
West	PUD	Optima Residential Tower

General Plan Conformance

The Property is located in the General Plan Land Use Map designation of Commercial. The requested multi-family and commercial uses are consistent with this designation.

Overall, the requested zoning and planned project represent a compatible land use for the Property and properties along a major arterial and one of the busiest commercial and office centers in the Valley.

Currently, the La Maison furniture store building occupies the site. The plan contemplates to maintain a ground floor of approximately 25,000 s.f. for commercial uses that could include retail, restaurant, and other commercial uses including common areas for hotel and hotel support commercial uses.

2. EXISTING & SURROUNDING CHARACTER

The overall character of the area surrounding the Property is a mix of retail and office uses, but is historically auto-oriented large retail strip center developments. Much of the area was developed in the 1970's and 80's and were dominated with surface parked, auto-oriented retail centers.

The surrounding character for Kierland has evolved from its original master plan approval. The Westin hotel and resort created the first tall tower building within this area of Northeast Phoenix. The intensity and design of the Kierland commercial center allowed higher density residential units and height in and around the commercial center. The Plaza Lofts in turn developed to a similar height of the Westin hotel building. As redevelopment of the office and furniture store corridor on the east and west side of Scottsdale Road, taller buildings (Scottsdale Quarter) and more intense commercial cores were developed. The Optima residential project adjacent to the site removed a singular large furniture store building and standard surface parking to create a dense development of three (3) 120 foot high and one (1) 100 foot high residential towers. With the intense employment surrounding the commercial and evolving residential, the Kierland area is seeing a renaissance in redevelopment. Development within Kierland has evolved with the ever changing real estate market. The Westin hotel, two Plaza Lofts towers (one built) and the four (4) Optima residential towers, there have been seven (7) buildings approved for 120 feet in height. The Kierland area is becoming more urban, pedestrian oriented with taller buildings. The character of the surrounding developments demonstrates an evolution of change in this immediate area. The redevelopment of the low scale, auto oriented site designs are making way for more intense, taller development patterns. Variation in heights and massing will allow different property sizes and uses to adapt to the ever changing real estate market.

F. LIST OF USES

1. PERMITTED USES

1. Multifamily residential as outlined in the DMB Circle Road PUD
2. All C-2 uses, as permitted in Section 623 of the City of Phoenix Zoning Ordinance, except for the following prohibited uses:
    a. Adult bookstore, adult novelty store, adult theatre, adult live entertainment establishment, and erotic dance or performance studio.
    b. Nonprofit medical marijuana dispensary facility
    c. Pawn Shop
    d. Second Hand/Used Merchandise, Sales

2. TEMPORARY USES

1. Temporary uses shall be subject to Section 708 of the Phoenix Zoning Ordinance.

G. DEVELOPMENT STANDARDS

Inclusion of Development Standards within the PUD provides certainty to the adjacent property owners, and creates standards reflective of a high quality site and development. These standards permit greater flexibility in the development of a higher quality living environment, as well as benefit public health, safety and welfare of the citizens of the City. The standards contained herein pertain to density, setbacks, height, lot coverage and open space. They also promote an appropriate transition and compatible land use relationships with the adjacent properties. This section is split into two separate options; One for a maximum height of 120 feet and the other for 196 feet.

DEVELOPMENT STANDARDS – 120' Option A	
Maximum Number of Residential Units	272 Residential Units Maximum
Maximum Number of Hotel Units	210 Hotel Units (Keys)
Maximum Lot Coverage (%)	40% maximum
Minimum Building Setbacks • **East (As shown in Exhibit 10.1)** • **West (As shown in Exhibit 10.1)** • **North (As shown in Exhibit 10.1)** • **South (As shown in Exhibit 10.1)**	 - 50-feet minimum - 15-feet minimum - 10-feet minimum - 15-feet minimum
Maximum Height (feet)	120-feet maximum
Minimum Open Space/Common Area	70% (min. 59,000 square feet*)
PARKING STANDARDS	
Off-street parking	Hotel Parking - .6 parking spaces per room; Multifamily - 1.5 spaces per residential unit Commercial - 1 parking space per 500 square feet of commercial uses
Off-street parking shade	A minimum of 25% of provided above grade parking spaces shall be covered spaces with mature vegetation
Bicycle Parking	Minimum of 50 spaces (will follow standards listed in Section 1307.H of the Phoenix Zoning Ordinance)
LANDSCAPE STANDARDS	
LANDSCAPE AREA	**PUD**
All Landscape Areas	50% coverage at maturity
Landscape Setbacks • **East (As shown in Exhibit 10.2-B)** • **West (As shown in Exhibit 10.2-B)** • **North (As shown in Exhibit 10.2-B)** • **South (As shown in Exhibit 10.2-B)**	 - 7-feet minimum - 15-feet minimum - 2-feet minimum - 30-feet minimum
Plant Sizes: • **5-gallon Shrubs** **Within Landscape Setbacks** • **Trees (minimum 2-inch caliper)** • **Trees (minimum 3-inch caliper)**	 - 5 per tree - 60% required - 40% required
Trees per lineal feet within setback	1 per 20 feet on center
Parking landscape area (excluding the perimeter landscaping and all required setbacks)	10% minimum
Planter Dimensions **Planter Plant Types** **Trees** **Shrubs** **Sidewalks/Paths**	10 feet x 5 feet Minimum 2-inch caliper Minimum five (5) gallon shrubs per tree Minimum five (5) foot wide with 75% shade at maturity

***Open space is to be calculated as the total net site area minus any enclosed building spaces at the base/ground level. Open space includes areas of landscaping, vegetation, hardscape, fountains, public art and/or related areas, including roof top area that are not enclosed by walls and roof.**

DEVELOPMENT STANDARDS – 196' Option B	
Maximum Number of Residential Units	272 Residential Units Maximum
Maximum Number of Hotel Units	210 Hotel Units (Keys)
Maximum Lot Coverage (%)	40% maximum
Minimum Building Setbacks • **East (As shown in Exhibit 10.1)** • **West (As shown in Exhibit 10.1)** • **North (As shown in Exhibit 10.1)** • **South (As shown in Exhibit 10.1)**	 - 50-feet minimum - 15-feet minimum - 10-feet minimum - 15-feet minimum
Maximum Height (feet)	196-feet maximum
Minimum Open Space/Common Area	70% (min. 59,000 square feet*)
PARKING STANDARDS	
Off-street parking	Hotel Parking - .6 parking spaces per room; Multifamily - 1.5 spaces per residential unit Commercial - 1 parking space per 500 square feet of commercial uses
Off-street parking shade	A minimum of 25% of provided above grade parking spaces shall be covered spaces with mature vegetation
Bicycle Parking	Minimum of 50 spaces (will follow standards listed in Section 1307.H of the Phoenix Zoning Ordinance)
LANDSCAPE STANDARDS	
LANDSCAPE AREA	**PUD**
All Landscape Areas	50% coverage at maturity
Landscape Setbacks • **East (As shown in Exhibit 10.2-B)** • **West (As shown in Exhibit 10.2-B)** • **North (As shown in Exhibit 10.2-B)** • **South (As shown in Exhibit 10.2-B)**	 - 7-feet minimum - 15-feet minimum - 2-feet minimum - 30-feet minimum
Plant Sizes: • **5-gallon Shrubs** **Within Landscape Setbacks** • **Trees (minimum 2-inch caliper)** • **Trees (minimum 3-inch caliper)**	 - 5 per tree - 60% required - 40% required
Trees per lineal feet within setback	1 per 20 feet on center
Parking landscape area (excluding the perimeter landscaping and all required setbacks)	10% minimum
Planter Dimensions **Planter Plant Types** **Trees** **Shrubs** **Sidewalk/Paths**	10 feet x 5 feet Minimum 2-inch caliper Minimum five (5) gallon shrubs per tree Minimum five (5) foot wide with 75% shade at maturity

***Open space is to be calculated as the total net site area minus any enclosed building spaces at the base/ground level. Open space includes areas of landscaping, vegetation, hardscape, fountains, public art and/or related areas, including roof top area that are not enclosed by walls and roof.**

1. PARKING

The proposed parking for the mixed-use project will create a parking standard that utilizes current demand ratios for urban hotel users, high end condominium owners and/or urban residential renters and mixed-use retail parking and shared parking trends.

The majority of the parking for the project will be located in an underground garage. The size and dimensions of the underground garage will be based on the parking ratios outlined in the amended development standards. This new garage will provide for permanent parking spaces for the PUD in addition, there are 35 spaces in the future Optima Tower development that are permanently available for this development's use, along with 13 spaces above grade for retail (not to be used for loading), restaurant and service uses located in the first floor of this mixed-use building. The 35 underground parking spaces within the adjacent Optima project garage are for exclusive use for DMB within a recorded agreement (see Exhibit 12). There will be a minimum of two electrical car charging stations.

With any urban project, the role of the single occupancy vehicle is less emphasized. Standard parking ratios are not applicable for an urban hotel with today's alternative transportation options. In addition, with the evolution of this area, the developing trend is creating dynamic mixed-use, pedestrian-friendly projects with urban form, open space and walkable access to services, employment and entertainment. The mixed-use nature of the project will support the areas transformation from singular uses with above grade parking to urban building forms with underground/structured parking. The area has seen a growth in the pedestrian connections along both sides of the Scottsdale Road corridor. The Valley's most successful high intensity activated crosswalk ("HAWK") connecting Phoenix's Kierland Commons development to the Scottsdale Quarter is a sign of the strong pedestrian nature of development in this area.

Any mixed-use project utilizes a shared parking philosophy. In the past, different types of land uses didn't mix on one site because of the competition for parking by the customers, employees and residents. Today's users are more open to shared parking and alternative modes of transportation. Typical shared parking analysis for mixed-use projects allows for approximately twenty (20) percent reduction when other alternative modes of transportation are available or provided. The proposed parking ratios within the PUD take into effect an inherent shared parking assumption in determining the correct minimum space requirements. The proposed mixed-use project will provide a significant amount of bicycle parking for its residents and visitors. In addition to other vehicular parking amenities such as electric vehicle charging stations and the potential for tandem parking by valet, the site is along Valley metro's bus route for north bound and south bound travel along Scottsdale Road. Finally, with the proximity to employment, retail, restaurants, services and entertainment use, the continuance of the pedestrian oriented development pattern will minimize the need for the single occupancy vehicle within the project. The parking standards set forth herein is a logical request for a parking ratio that will promote the alternatives listed above and continue the transformation of the area from single occupancy vehicle based to alternative mode of travel and pedestrian based. The trends towards reduced off-street parking supply that have been implemented in transit oriented developments have the opportunity to be applied in other areas, further away from the traditional transit facilities, due to the growing availability of other transportation options.

The proposed parking ratio for this PUD will utilize:

- .6 parking spaces per hotel room and related hotel commercial uses
- 1.5 parking spaces per residential unit
- 1 space per 500 square feet of commercial uses

If additional parking demand is warranted, residential parking spaces can be added via tandem spaces, valet use and other methods to add parking. Incentives can be built into the purchase of residential units when residents only require one parking space. Urban developments of this nature may require 24 hour valet for residents and hotel users so as to ensure efficient and organized parking layouts with the underground garage. The above parking ratios are the minimum required.

2. AMENITIES

At a minimum, the following amenities will be provided:

1. Swimming Pool and Spa
2. Party Room/Event Space for Hotel and Residential
3. Fitness Center
4. Public courtyard area directly adjacent to ground floor retail space
5. Dog Park

3. SHADE

The project shall incorporate shading elements such as covered parking areas, and landscape shaded pathways. Additionally, the project proposes to incorporate building overhangs and recesses, awnings, shade trellises, trees, and other shade structures on the building and in the two courtyards. Balconies for the residential units shall be incorporated into the architectural design that will act as passive solar shading elements.

4. LIGHTING PLAN

The proposal will be in compliance to Section 704 and Section 507.Tab A. II.A.8. The project proposes a lighting plan providing both safety and comfort while also enhancing the building's architectural features, contextual landscaping and other unique project features. Photometric plans shall be submitted with the site plan review. The light layout and fixtures shall adhere to City Code Section 23-100. The project's final light fixture sections shall be provided at the time of final design.

H. DESIGN GUIDELINES AND STANDARDS

This section is split into two separate options; one for a maximum height of 120 feet, Option A and the other for 196 feet, Option B.

The project will meet the design standards outlined in the City's zoning ordinance, Section 507.Tab A. The below design standards are specific to the options outlined in this PUD.

<u>Site Description/Layout Guidelines, Option A; 120 feet maximum height:</u>
The objective of the site design for the project is to enhance the visual impact of the site as well as integrate into the existing community. This is done through orientation, placement, vegetation, and open space. The subject property will include layout standards noted below to achieve the site layout guidelines:

Site Description/Layout Standards:

Standard	PUD
Parking	A maximum of 13 parking spaces shall be located along Scottsdale Road. The parking spaces shall be used for commercial uses only and cannot be used for loading. Parking shall include a permeable paving alternative, as approved by the Zoning Administrator.
First Floor – See Exhibit 10.1 A	The first floor shall be will be comprised of commercial uses Pedestrian Plaza, Zones 2 and 3 will have connections to commercial uses to the north (See Exhibit 10.3 -A) Minimum 50-foot setback from property line along Scottsdale Road Minimum 120-foot setback from western property line Minimum 120-foot setback from the southern property line Maximum 35-foot setback from the northern property line

Primary Retail Entry – See Exhibit 10.1 A	Minimum 50-foot setback from property line along Scottsdale Road Maximum 75-foot setback Orientation will be toward Scottsdale Road
Passenger Drop-off/Pickup	Shall face Scottsdale Road Shall be a veranda entry with vegetation to provide shade
Building step back above the first floor – See Exhibit 10.1 A	**<u>East:</u>** Minimum 60-foot setback Maximum 75-foot setback **<u>West:</u>** Maximum 75-foot setback to the westernmost point of the northern building wing **<u>South:</u>** Minimum 50-foot setback **<u>North:</u>** Maximum of 35 feet
Building Form – See Exhibit 10.1 A	2 wings at a maximum width of 90 feet wide shall be located along the northern and eastern property lines The northern wing shall be maximum of 35-feet from the property line
Pedestrian Pathways	Minimum 5-foot pedestrian paths shall be located within the landscape setbacks. A pedestrian pathway shall connect from Scottsdale Road to a public courtyard Benches shall be located every 200-250 feet along pedestrian pathways
• Southwest Property Line	The property line that angles northwest/southeast is the southwest property line

Building Design Guidelines

The design aesthetic shall be expressed through the use of clean design forms, bold but simple massing, vibrant accent colors, flat roof expressions, cantilevered balconies, and simple yet elegant detailing. The architecture of the ground level will be visually distinct from the upper floors above with different materials, different floor to floor height and different footprint and massing to reflect a human scale at the ground floor**.** The subject property will incorporate the building design standards noted below to achieve the building design guidelines.

Building Design Standards

Standard	PUD
Design Standards	**<u>Exterior Materials:</u>** Minimum 2 accent materials Following materials shall be limited 50 % of the building: metal paneling, natural or synthetic stone, precast concrete and “EIFS” The following materials shall be prohibited: colored plastic, fiberglass, untextured concrete, unfinished blocks, steel panels or asphalt shingles. **<u>Exterior Façade:</u>** Minimum 75% of residential units shall have an exterior balcony Architectural feature shall be located every 60 lineal feet along the building. Architectural feature can include but is not limited to the following: • building offsets • columns • balconies • shading elements **<u>Color Palette:</u>** Minimum of two color treatments Following materials shall be prohibited 50 % of the building: metal paneling, natural or synthetic stone, precast concrete and “EIFS”
Wall treatment	All walls shall be decorative. No blank or untreated walls shall be permitted.

Open Space Guidelines

The development shall use low water use plants that reflect and enhance the image of the Sonoran Desert. Any proposed landscape treatment shall be compatible with and relate to any established distinctive character in the surrounding context area. Pedestrian safety and comfort shall be considered when selecting trees and plant material. Pavement materials along pedestrian routes and gathering areas shall be chosen to minimize reflected light and glare. Open spaces, plazas and courtyards shall be functional in terms of area, dimensions, location and amenities to promote safe human interaction. Usable public space shall incorporate shading through the use of structures that provide shading, landscaping or a combination of the two unless otherwise prohibited by site visibility triangles or other technical constraints. The subject property will incorporate the open space standards noted below to achieve the open space guidelines.

Open Space Standards

<table>
<tr><th>Standard</th><th>PUD</th></tr>
<tr><td>Zone 1 (Exhibit 10.3-A)</td><td>Minimum 6,000 square feet

Will include, but not limited to the following:
Dog park
passive open space for residents to gather
barbeques
trellis elements
seating areas
Shade trees
Pedestrian pathways</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Zone 2 and 3 (Exhibit 10.3-A)</td><td>Minimum 12,000 square feet

Zone 2 will be shaded by west wing of the building

Pedestrian oriented open-space

Open space area will include the following:
Public courtyard adjacent to and connected to ground floor retail.

Will include, but not limited to the following :
Canopies
Shaded seating area
Landscaping
Water feature
Art features
Alternative paving</td></tr>
</table>

	• Pedestrian pathways
Lower Roof Deck (Exhibit 10.3-A)	Minimum 2,500 square feet A minimum of 12% of the designated open space areas on the roofs will be planters and/or green roof. Will be oriented towards the west and south and formed by the east and north building wings Will include, but not limited to the following: • Pool • Landscaping • Seating areas • Barbeques • Fire pits
Upper Roof Deck (Exhibit 10.3-A)	Minimum 10,000 square feet A minimum of 12% of the designated open space areas on the roofs will be planters and/or green roof. Will include, but not limited to the following: • Pool • Landscaping • Seating areas • Barbeques • Fire pits
Plant type	Low water use plants
Shade	Minimum 75% of shade cover at maturity over pedestrian pathways (public and private)

196-FOOT OPTION - DESIGN STANDARDS

<u>Site Description/Layout Guidelines, Option B; 196 feet maximum height:</u>

The objective of the site design for the project is to enhance the visual impact of the site as well as integrate into the existing community. This is done through orientation, placement, vegetation, and open space. The subject property will include layout standards noted below to achieve the site layout guidelines:

Site Description/Layout Standards

Standard	PUD
Parking	A maximum of 13 parking spaces shall be located along Scottsdale Road. The parking spaces shall be used for commercial uses only and cannot be used for loading. Parking shall include a permeable paving alternative, as approved by the Zoning Administrator.
First Floor – See Exhibit 10.1 A	The first floor shall be will be comprised of commercial uses Pedestrian Plaza, Zones 2 and 3 will have connections to commercial uses to the north (See Exhibit 10.3 -A) Minimum 50-foot setback from property line along Scottsdale Road Minimum 120-foot setback from western property line Minimum 120-foot setback from the southern property line Maximum 35-foot setback from the northern property line
Primary Retail Entry – See Exhibit 10.1 A	Minimum 50-foot setback from property line along Scottsdale Road Maximum 75-foot setback Orientation will be toward Scottsdale Road

Passenger Drop-off/Pickup	Shall face Scottsdale Road Shall be a veranda entry with vegetation to provide shade
Building step back above the first floor – See Exhibit 10.1 A	**<u>East:</u>** Minimum 60-foot setback Maximum 75-foot setback **<u>West:</u>** See East step back and building form width requirement **<u>South:</u>** Minimum 120-foot setback **<u>North:</u>** Maximum of 35 feet
Building Form – See Exhibit 10.1 A	The upper floor's short axis shall be oriented east-west and shall not exceed a width of 120-feet. The northern wing shall be maximum of 35-feet from the property line
Pedestrian Pathways	Minimum 5-foot pedestrian paths shall be located within the landscape setbacks. A pedestrian pathway shall connect from Scottsdale Road to a public courtyard Benches shall be located every 200-250 feet along pedestrian pathways
• Southwest Property Line	The property line that angles northwest/southeast is the southwest property line

Building Design Guidelines

The design aesthetic shall be expressed through the use of clean design forms, bold but simple massing, vibrant accent colors, flat roof expressions, cantilevered balconies, and simple yet elegant detailing. The architecture of the ground level will be visually distinct from the upper floors above with different materials, different floor to floor height and different footprint and massing to reflect a human scale at the ground floor**.** The subject property will incorporate the building design standards noted below to achieve the building design guidelines.

Building Design Standards

Standard	PUD
Design Standards	**<u>Exterior Materials:</u>** Minimum 2 accent materials Following materials shall be limited 50 % of the building: metal paneling, natural or synthetic stone, precast concrete and “EIFS” The following materials shall be prohibited: colored plastic, fiberglass, untextured concrete, unfinished blocks, steel panels or asphalt shingles. **<u>Exterior Façade:</u>** Minimum 75% of residential units shall have an exterior balcony Architectural feature shall be located every 60 lineal feet along the building. Architectural feature can include but is not limited to the following: • building offsets • columns • balconies • shading elements **<u>Color Palette:</u>** Minimum of two color treatments Following materials shall be prohibited 50 % of the building: metal paneling, natural or synthetic stone, precast concrete and “EIFS”
Wall treatment	All walls shall be decorative. No blank or untreated walls shall be permitted.

Open Space Guidelines

The development shall use low water use plants that reflect and enhance the image of the Sonoran Desert. Any proposed landscape treatment shall be compatible with and relate to any established distinctive character in the surrounding context area. Pedestrian safety and comfort shall be considered when selecting trees and plant material. Pavement materials along pedestrian routes and gathering areas shall be chosen to minimize reflected light and glare. Open spaces, plazas and courtyards shall be functional in terms of area, dimensions, location and amenities to promote safe human interaction. Usable public space shall incorporate shading through the use of structures that provide shading, landscaping or a combination of the two unless otherwise prohibited by site visibility triangles or other technical constraints. The subject property will incorporate the open space standards noted below to achieve the open space guidelines.

Open Space Standards

Standard	PUD
Zone 1 (Exhibit 10.3)	Minimum 6,000 square feet Will include, but not limited to the following: • Dog park • passive open space for residents to gather • barbeques • trellis elements • seating areas • Shade trees • Pedestrian pathways
Zone 2 and 3 (Exhibit 10.3)	Minimum 12,000 square feet Pedestrian oriented open-space A minimum of 7,000 square feet will be shaded by a trellis structure. Open space area will include the following: Public courtyard adjacent to and connected to ground floor retail. Will include, but not limited to the following : • Canopies • Shaded seating area • Landscaping • Water feature • Art features • Alternative paving • Pedestrian pathways
Lower Roof Deck (Exhibit 10.3)	Minimum 9,000 square feet A minimum of 12% of the designated open space areas on the roofs will be planters and/or green roof.

	Will include, but not limited to the following: • Pool • Landscaping • Seating areas • Barbeques • Fire pits • Trellis
Upper Roof Deck (Exhibit 10.3)	Minimum 8,000 square feet A minimum of 12% of the designated open space areas on the roofs will be planters and/or green roof. Will include, but not limited to the following: • Pool • Landscaping • Seating areas • Barbeques • Fire pits • Trellis
Plant type	Low water use plants
Shade	Minimum 75% of shade cover at maturity over pedestrian pathways (public and private)

I. SIGNS

All sign proposals shall be subject to the City of Phoenix Sign Design Review process and in compliance with Section 705 of the City of Phoenix Zoning Ordinance.

All permanent signs shall be compatible with the design of buildings and sites, reflecting the architectural style, building materials, textures, colors, and landscape elements of the project.

J. SUSTAINABILITY GUIDELINES

The mixed use development shall incorporate a number of voluntary standards where practical. The intent of the building and site design is to further promote environmentally responsible and sustainable development practices. Fundamental principles of energy efficient building design, water resource conservation, light pollution control and indoor environmental quality shall be considered for the development.

Practices/Techniques that shall be Incorporated Include:

City Enforced

- Shaded open space areas and public spaces with vegetation, building design and overhangs.
- Shaded parking lots with vegetation.
- Shaded building entrances with vegetated pergolas.
- Building orientation that responds to climate and enables passive/active solar strategies and energy efficiency techniques.
- Site shall include Xeriscaping – use of drought tolerant plants
- Provide bicycle racks to be used by onsite and surrounding residents.

Developer Enforced

- Construction Waste Management – Will achieve end-of-project rates for recycling of 50 percent by weight of total non-hazardous solid waste generated by the work.
- Practice efficient waste management in the use of materials in the course of the work.
- Use all reasonable means to divert construction and demolition waste from landfills and incinerators. Facilitate recycling and salvage of materials.

- Noise mitigation construction techniques because of the sites proximity to the Scottsdale Airport

K. INFRASTRUCTURE

1. CIRCULATION

The primary vehicular entry shall be the utilization of the existing site driveway along Scottsdale Road. This access allows for right-in/right-out and left-in traffic movements.

The front of the mixed-use building will be facing east towards Scottsdale Road. The entrance from Scottsdale Road will allow a direct driveway to the below grade parking. 13 parking spaces will be available to the south of the entrance for access to the potential ground floor retail, restaurant and service uses.

Vehicular access along the western and southern boundaries is prohibited. It is the Owners intent to keep the access open to the north to continue the cross access.

2. GRADING AND DRAINAGE

A conceptual plan will be submitted as part of the Planning and Development Department Preliminary Site Plan submittal.

3. WATER AND SEWER

Water and wastewater infrastructure requirements will be determined at the time of the preliminary site plan review, when the final land-use and design of the property in question have been clearly identified and proposed water demands and wastewater generation and infrastructure locations have been clearly established. The project site will be served by the existing City of Phoenix water and wastewater systems pending capacity review and approval. If not, infrastructure improvements may be required to provide service. The improvements will be designed and constructed in accordance with City Code requirements and Water Service Department Design Standards, and Policies.

L. PHASING

There is no project phasing in this PUD.

EXHIBIT 1

COMPARATIVE ZONING STANDARDS TABLE EXHIBIT

STANDARDS	C-2 PCD	PUD Zoning
Maximum Density (du/ac)	15.23 du/ac	272 Residential Units Maximum 210 Hotel Units (Keys)
Maximum Lot Coverage (%)	40%	40%
Minimum Building Setbacks:		
East:	30-feet average	50-feet
West:	0-feet	15-feet
North:	0-feet	10-feet
South:	0-feet	15-feet
Maximum Height (feet/stories)	30-feet maximum or 56-feet maximum	196-feet maximum or 120-feet maximum
Landscape Setback:		
Street side:	**East:** 30-feet minimum	**East:** 7-feet minimum (along parking only)
Adjacent to property:	**North:** 10-feet minimum **South:** 10-feet minimum **West:** 10-feet minimum	**North:** 2-feet minimum (along garage entrance ramp only) **South:** 30-feet minimum **West:** 15-feet minimum
Minimum Open Space/Common Area	5% minimum	70% minimum

EXHIBIT 2

WOOD/PATEL

CIVIL ENGINEERS • HYDROLOGISTS • LAND SURVEYORS

Darrel E. Wood, P.E., R.L.S.
Ashok C. Patel, P.E., R.L.S.
James S. Campbell, P.E.
Gordon W. R. Wark, P.E.
Thomas R. Gettings, R.L.S.
Bruce Friedhoff, P.E.
Scott A. Nelson, R.L.S.
Richard L. Hiner, P.E.
Timothy A. Huval, P.E.
Michael J. Sexton, R.L.S.
Jack K. Moody, P.E.
Leslie J. Kland, P.E.
Curtis L. Brown, P.E.
R. Scott Rasmussen, P.E.
Paul M. Haas, P.E.
Shimin Zou, Ph.D., P.E.
David T. Phelps, P.E.
Michael T. Young, P.E.
Shawn D. Gustafson, P.E.

February 8, 1999
WP #99880.01

See Exhibit "A"

PARCEL DESCRIPTION
Kierland
Proposed Lot 3

A parcel of land lying within Section 3, Township 3 North, Range 4 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, being a portion of Parcel 4A of Kierland Parcels 1, 3 and 4A, as recorded in Book 418, page 45, records of Maricopa County, Arizona, more particularly described as follows:

Commencing at the south most southeast corner of said Parcel 4A;
THENCE along the southerly line of said Parcel 4A, North 44°48'52" East, a distance of 29.74 feet, to the east line of said Parcel 4A;
THENCE leaving said southerly line, along the east line of said Parcel 4A, North 00°06'24" West, a distance of 3., to the **POINT OF BEGINNING;**
THENCE leaving said east line, South 89°44'08" West, a distance of 54.04 feet;
THENCE North 00°15'52" West, a distance of 8.54 feet;
THENCE North 45°15'52" West, a distance of 368.10 feet;
THENCE South 89°44'08" West, a distance of 99.31 feet;
THENCE North 00°15'52" West, a distance of 69.99 feet, to the north line of said Parcel 4A;
THENCE along said north line, North 89°44'08" East, a distance of 414.57 feet, to the east line of said Parcel 4A;
THENCE leaving said north line, along said east line, South 00°06'24" East, a distance of 338.82 feet, to the **POINT OF BEGINNING.**

Containing 1.7794 acres, or 77,513 square feet of land, more or less.

Subject to existing rights-of-way and easements.

LEGALS\99880.01b.rs

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
27239
THOMAS R.
GETTINGS
Date Signed 2-8-99
ARIZONA, U.S.A.

EXHIBIT 3

EXHIBIT 3

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

AREA VICINITY MAP

SCALE: NTS

17167 - 04/27/2018

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CIRCLE ROAD COMPANIES

EXHIBIT 4

EXHIBIT 4

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

SITE AERIAL

SCALE: NTS

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EXHIBIT 5

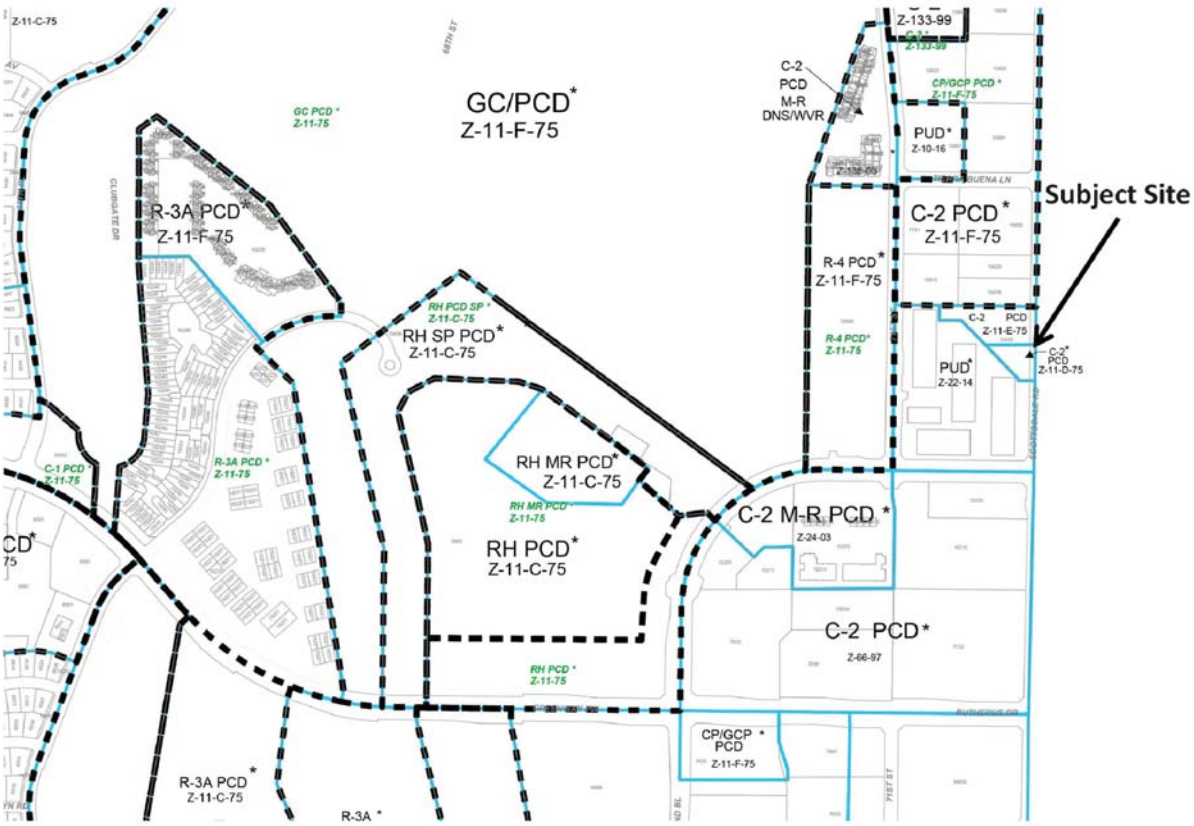

EXHIBIT 5

ZONING MAP

SCALE: NTS

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DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

EXHIBIT 6

01 CONTEXT PLAN - EXISTING SITE

north

EXHIBIT 6

CONTEXT PHOTOGRAPHS - PLAN KEY

SCALE: 1" = 120'-0"

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DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road


20: EXISTING SITE PHOTO


16: EXISTING SITE PHOTO


12: EXISTING SITE PHOTO


08: EXISTING SITE PHOTO


04: EXISTING SITE PHOTO


19: EXISTING SITE PHOTO


15: EXISTING SITE PHOTO


11: EXISTING SITE PHOTO


07: EXISTING SITE PHOTO


03: EXISTING SITE PHOTO


18: EXISTING SITE PHOTO


14: EXISTING SITE PHOTO


10: EXISTING SITE PHOTO


06: EXISTING SITE PHOTO


02: EXISTING SITE PHOTO


17: EXISTING SITE PHOTO


13: EXISTING SITE PHOTO


09: EXISTING SITE PHOTO


05: EXISTING SITE PHOTO


01: EXISTING SITE PHOTO

EXHIBIT 6

CONTEXT PHOTOGRAPHS

SCALE: NTS
17167 - 04/27/2018

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

EXHIBIT 7

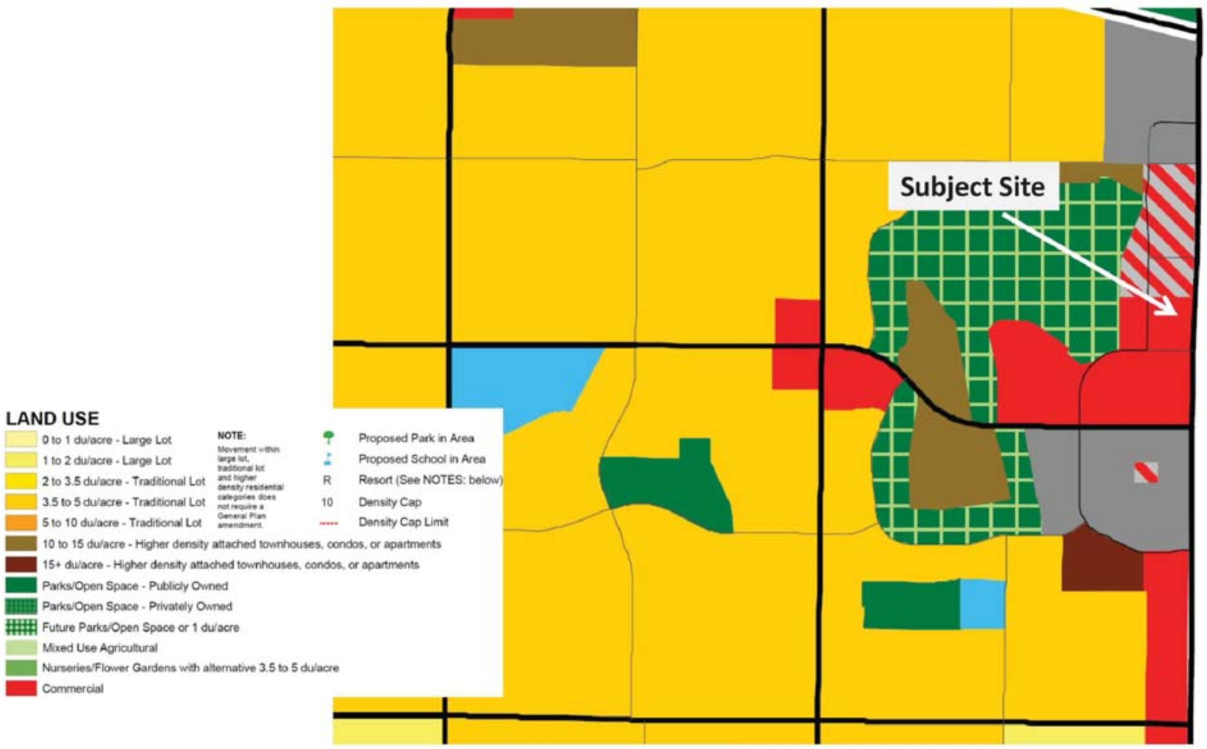

EXHIBIT 7

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

GENERAL PLAN MAP

SCALE: NTS

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EXHIBIT 8

DEVELOPMENT STANDARDS:

ADDRESS: 15450 N. Scottsdale Rd.
EXISTING SITE ZONING: C-3 PCD
PROPOSED SITE ZONING: PUD
APN: 215-42-004C
PROPOSED SITE AREA: 77,709 NET S.F. (1.78 NET ACRES)
1.93 GROSS ACRES

MAXIMUM DENSITY: 273 RESIDENTIAL UNITS MAXIMUM
210 HOTEL UNITS (KEYS)

MAXIMUM LOT COVERAGE: 40% MAXIMUM

MINIMUM BUILDING SETBACKS (REFER TO EXHIBIT 10.1):
EAST: 50' MINIMUM
WEST: 15' MINIMUM
NORTH: 10' MINIMUM
SOUTH: 15' MINIMUM

MAXIMUM HEIGHT: 150'-0" MAXIMUM

MINIMUM OPEN SPACE/COMMON AREA: 20,000 SF
OPEN SPACE PROVIDED: REFER TO EXHIBIT 10.2

VEHICULAR ACCESS: ACCESS WILL BE ONTO SCOTTSDALE RD.

OFF-STREET PARKING:
HOTEL PARKING: .6 SPACES PER ROOM
RESIDENTIAL PARKING: 1.5 SPACES / UNIT
COMMERCIAL PARKING: 1 SPACE/300 SF

OFF-STREET PARKING SHADE:
A minimum of 20% of provided first level parking spaces shall be covered spaces with mature vegetation in the form of trees. Refer to Exhibit 10.2.

BICYCLE PARKING: 20 SPACES MINIMUM

LANDSCAPE STANDARDS: REFER TO EXHIBIT 10.2

KEYED NOTES:

1. PROPERTY LINE
2. LINE OF BUILDING CONDOMINIUM TOWER FOOTPRINT, FLOORS 3-18
3. LINE OF BUILDING GROUND FLOOR FOOTPRINT
4. EXISTING DRIVE LOCATION TO REMAIN
5. LINE OF EXISTING CURB AND GUTTER TO REMAIN
6. LANDSCAPED AREA
7. HARDSCAPE AND PERMEABLE PAVING
8. PLANTERS
9. EXISTING FIRE HYDRANT
10. EXISTING FIRE HYDRANT TO BE RELOCATED
11. PROPOSED PATHWAYS WITH CONNECTION TO EXISTING PUBLIC SCOTTSDALE RD. SIDEWALK
12. POSSIBLE FUTURE SIDEWALK CONNECTION POINT TO PROPOSED PATHS IN ADJACENT OPTIMA KIERLAND DEVELOPMENT
13. PEDESTRIAN LANDSCAPED PLAZA PROVIDED AT A MINIMUM OF 5,000 SF: ZONE 3 - REFER TO PUD NARRATIVE FOR ZONE DESCRIPTIONS
14. PEDESTRIAN COVERED WALKWAY
15. MOUNTED SIGNAGE FOR HOTEL AND CONDO ENTRANCES, AND RETAIL
16. OPEN SPACE: ZONE 1 - REFER TO PUD NARRATIVE FOR ZONE DESCRIPTIONS
17. OPEN SPACE: ZONE 3 - REFER TO PUD NARRATIVE FOR ZONE DESCRIPTIONS

01 SITE PLAN 1"=60'-0"

north

EXHIBIT 8A

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

SITE PLAN
SCALE: 1" = 60'-0"
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EXHIBIT 8B

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

SITE PLAN

SCALE: 1" = 60'-0"

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EXHIBIT 9

OPTION B

OPTION A

NORTH AND EAST ELEVATIONS

EXHIBIT 9

CONCEPTUAL ELEVATIONS

SCALE: NTS

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DMB Circle Road Partners Mixed Use Dev.

OPTION B

OPTION A

WEST ELEVATIONS

EXHIBIT 9

CONCEPTUAL ELEVATIONS

DMB Circle Road Partners Mixed Use Dev.

SCALE: NTS

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OPTION B

OPTION A

SOUTH AND EAST ELEVATIONS

EXHIBIT 9

DMB Circle Road Partners Mixed Use Dev.

CONCEPTUAL ELEVATIONS

SCALE: NTS

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ELEVATIONS - SCOTTSDALE ROAD FRONTAGE

EXHIBIT 9

CONCEPTUAL ELEVATIONS

SCALE: NTS

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DMB Circle Road Partners Mixed Use Dev.

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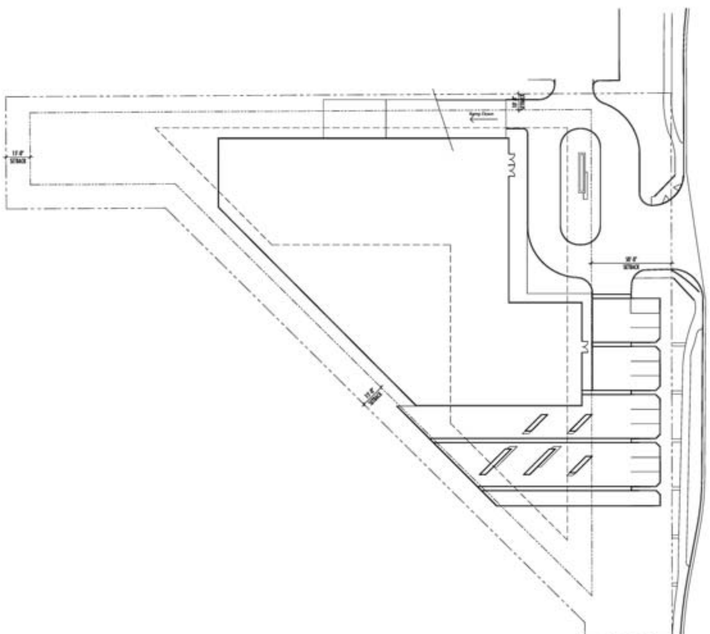
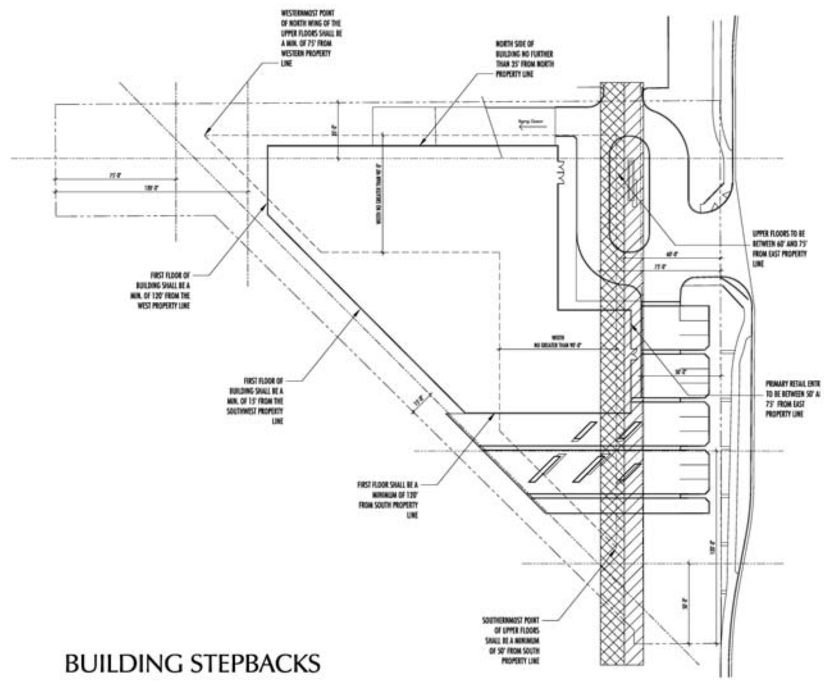
EXHIBIT 10



BUILDING SETBACKS



BUILDING STEPBACKS

EXHIBIT 10.1A

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

BUILDING SETBACKS

SCALE: 1" = 60'-0"

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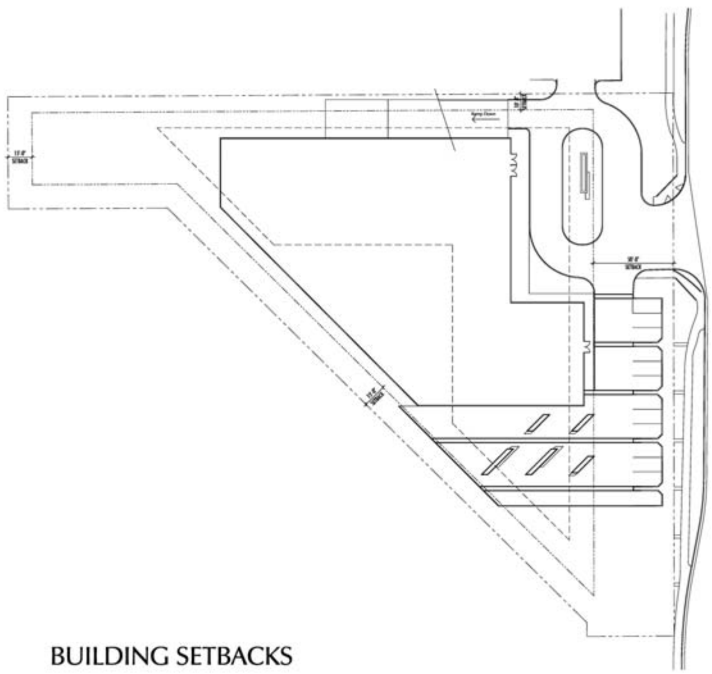
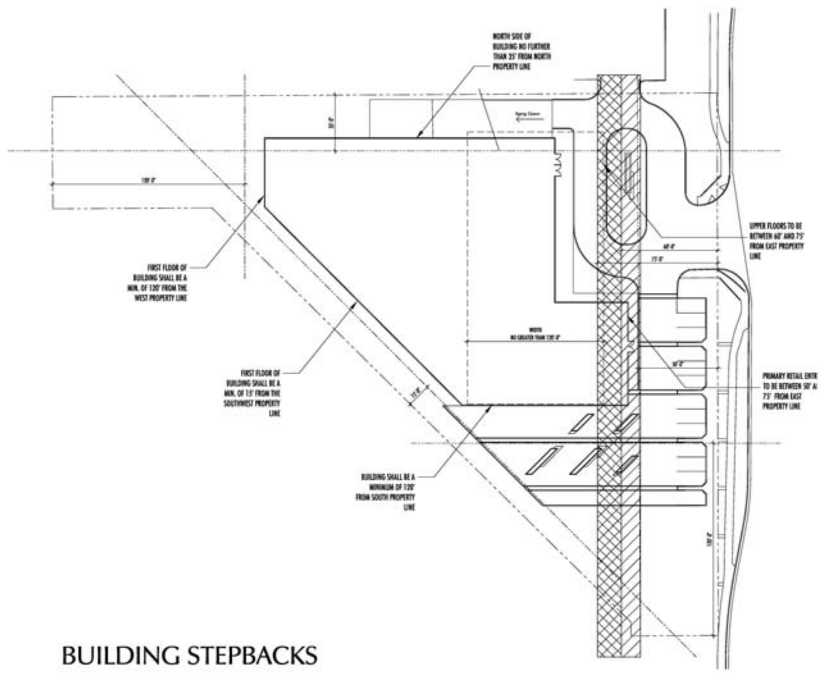


BUILDING SETBACKS



BUILDING STEPBACKS

EXHIBIT 10.1B

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

BUILDING SETBACKS

SCALE: 1" = 60'-0"
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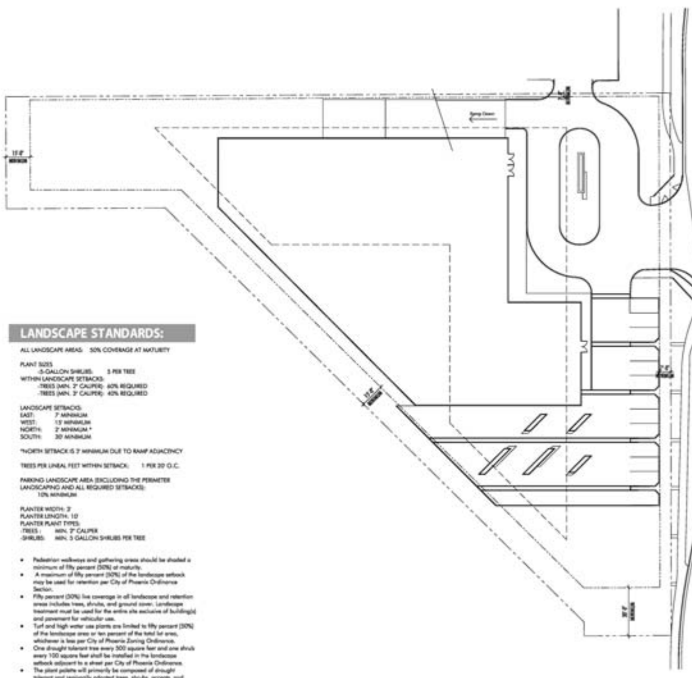

LANDSCAPE STANDARDS:

ALL LANDSCAPE AREAS: 50% COVERAGE AT MATURITY

PLANT SIZES:
-5-GALLON SHRUBS: 5 PER TREE
WITHIN LANDSCAPE SETBACKS:
-TREES (MIN. 2" CALIPER): 60% REQUIRED
-TREES (MIN. 3" CALIPER): 40% REQUIRED

LANDSCAPE SETBACKS:
EAST: 7' MINIMUM
WEST: 15' MINIMUM
NORTH: 2' MINIMUM *
SOUTH: 30' MINIMUM

*NORTH SETBACK IS 2' MINIMUM DUE TO RAMP ADJACENCY

TREES PER LINEAL FEET WITHIN SETBACK: 1 PER 20' O.C.

PARKING LANDSCAPE AREA (EXCLUDING THE PERIMETER LANDSCAPING AND ALL REQUIRED SETBACKS):
10% MINIMUM

PLANTER WIDTH: 3'
PLANTER LENGTH: 10'
PLANTER PLANT TYPES:
-TREES : MIN. 2" CALIPER
-SHRUBS: MIN. 5 GALLON SHRUBS PER TREE

- Pedestrian walkways and gathering areas should be shaded a minimum of fifty percent (50%) at maturity.
- A maximum of fifty percent (50%) of the landscape setback may be used for retention per City of Phoenix Ordinance Section.
- Fifty percent (50%) live coverage in all landscape and retention areas includes trees, shrubs, and ground cover. Landscape treatment must be used for the entire site exclusive of building(s) and pavement for vehicular use.
- Turf and high water use plants are limited to fifty percent (50%) of the landscape area or ten percent of the total lot area, whichever is less per City of Phoenix Zoning Ordinance.
- One drought tolerant tree every 300 square feet and one shrub every 100 square feet shall be installed in the landscape setback adjacent to a street per City of Phoenix Ordinance.
- The plant palette will primarily be composed of drought tolerant and regionally adapted trees, shrubs, accents, and groundcovers to be located internally and along the linear property line.
- Provide a mix of plant material sizes consisting of sixty percent (60%) trees with two inch (2") minimum caliper and forty percent (40%) with one inch (3") minimum caliper in accordance with the Arizona Nursery Association Standards per City of Phoenix Zoning Ordinance.
- All plant material shall be in compliance with the Department of Water Resources low water use plant list as approved by the City of Phoenix Planning and Development Department.

LANDSCAPE SETBACKS

CONCEPTUAL LANDSCAPE PLAN

EXHIBIT 10.2 - A

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

LANDSCAPE PLAN AND SETBACKS

SCALE: 1" = 60'-0"
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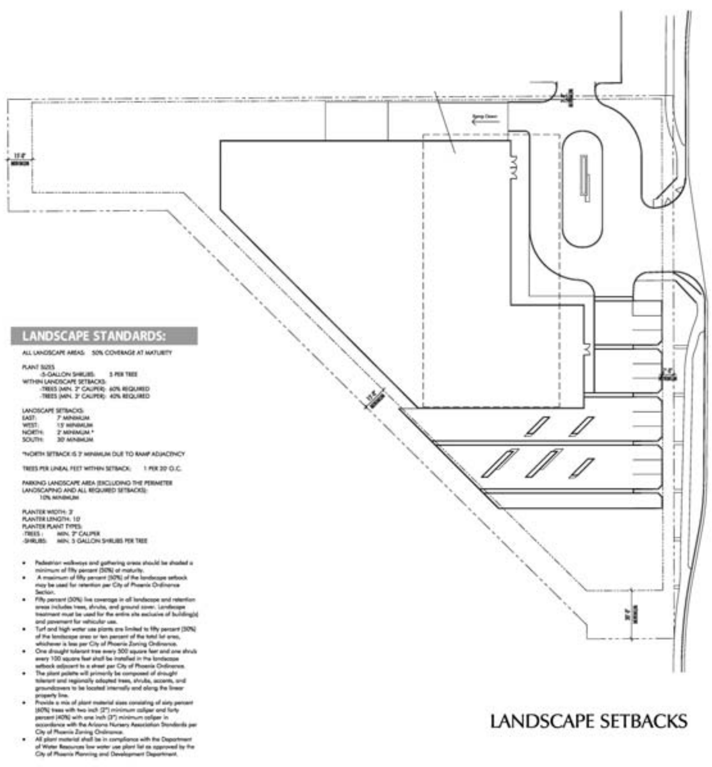
CIRCLE ROAD COMPANIES



LANDSCAPE SETBACKS

CONCEPTUAL LANDSCAPE PLAN

EXHIBIT 10.2 - B

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

LANDSCAPE PLAN AND SETBACKS

SCALE: 1" = 60'-0"

17167 - 06/06/2018

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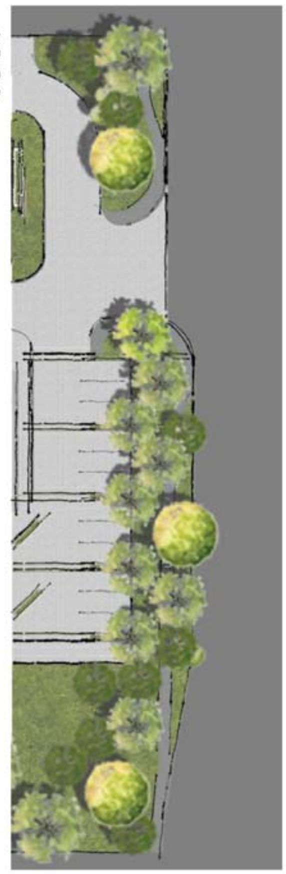
CIRCLE ROAD COMPANIES

EXISTING TREES
ALONG SCOTTSDALE
ROAD
(CURRENT AS OF
02/24/18)

CONCEPTUAL
LANDSCAPING
PROPOSED ALONG
SCOTTSDALE ROAD



LANDSCAPE STANDARDS:

ALL LANDSCAPE AREAS: 50% COVERAGE AT MATURITY

PLANT SIZES
-5-GALLON SHRUBS: 5 PER TREE
WITHIN LANDSCAPE SETBACKS:
-TREES (MIN. 2" CALIPER): 60% REQUIRED
-TREES (MIN. 3" CALIPER): 40% REQUIRED

LANDSCAPE SETBACKS:
EAST: 7' MINIMUM
WEST: 15' MINIMUM
NORTH: 2' MINIMUM *
SOUTH: 30' MINIMUM

*NORTH SETBACK IS 2' MINIMUM DUE TO RAMP ADJACENCY

TREES PER LINEAL FEET WITHIN SETBACK: 1 PER 20' O.C.

PARKING LANDSCAPE AREA (EXCLUDING THE PERIMETER LANDSCAPING AND ALL REQUIRED SETBACKS):
10% MINIMUM

PLANTER WIDTH: 3'
PLANTER LENGTH: 10'
PLANTER PLANT TYPES:
-TREES : MIN. 2" CALIPER
-SHRUBS: MIN. 5 GALLON SHRUBS PER TREE

- Pedestrian walkways and gathering areas should be shaded a minimum of fifty percent (50%) at maturity.
- A maximum of fifty percent (50%) of the landscape setback may be used for retention per City of Phoenix Ordinance Section.
- Fifty percent (50%) live coverage in all landscape and retention areas includes trees, shrubs, and ground cover. Landscape treatment must be used for the entire site exclusive of building(s) and pavement for vehicular use.
- Turf and high water use plants are limited to fifty percent (50%) of the landscape area or ten percent of the total lot area, whichever is less per City of Phoenix Zoning Ordinance.
- One drought tolerant tree every 500 square feet and one shrub every 100 square feet shall be installed in the landscape setback adjacent to a street per City of Phoenix Ordinance.
- The plant palette will primarily be composed of drought tolerant and regionally adapted trees, shrubs, accents, and groundcovers to be located internally and along the linear property line.
- Provide a mix of plant material sizes consisting of sixty percent (60%) trees with two inch (2") minimum caliper and forty percent (40%) with one inch (3") minimum caliper in accordance with the Arizona Nursery Association Standards per City of Phoenix Zoning Ordinance.
- All plant material shall be in compliance with the Department of Water Resources low water use plant list as approved by the City of Phoenix Planning and Development Department.

EXHIBIT 10.2 - C

LANDSCAPE R.O.W. COMPARISON

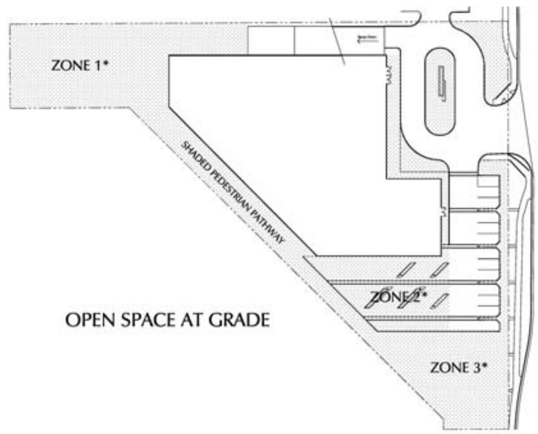
SCALE: 1" = 60'-0"
17167 - 06/06/2018

DAVIS

DMB®

CIRCLE ROAD COMPANIES

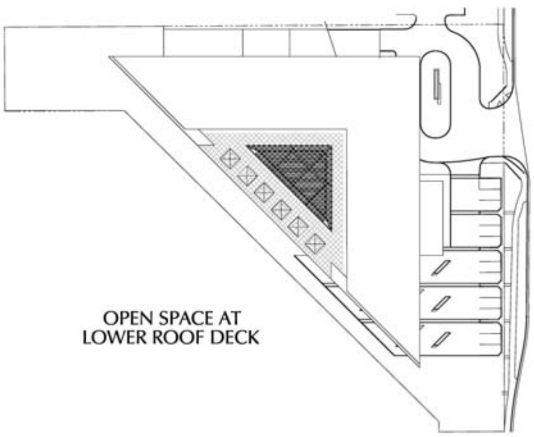
DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

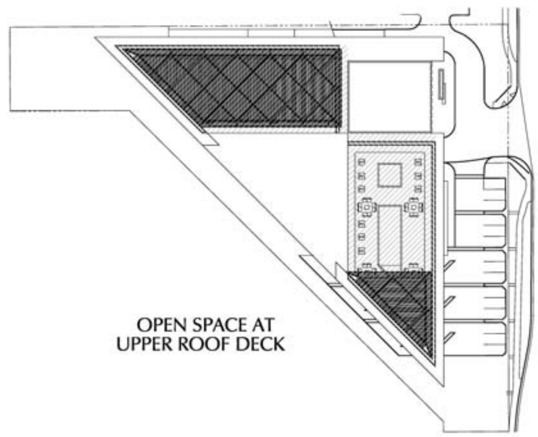


OPEN SPACE AT GRADE

OPEN SPACE PROJECT DATA

Open Space at Ground Floor Landscaping and Permeable Pavers	35,900 SF
Open Space at Lower Roof Deck	7,800SF
Open Space at Upper Roof Deck	23,000 SF
TOTAL OPEN SPACE	66,700 SF
NET SITE AREA	77,709 SF
% OPEN SPACE	85.8%


OPEN SPACE AT LOWER ROOF DECK


OPEN SPACE AT UPPER ROOF DECK

*REFER TO PUD NARRATIVE FOR DESCRIPTIONS OF EACH OPEN SPACE ZONE

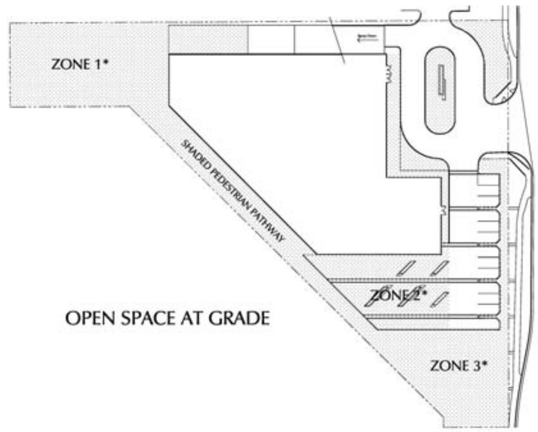
EXHIBIT 10.3 - A

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

OPEN SPACE PLAN

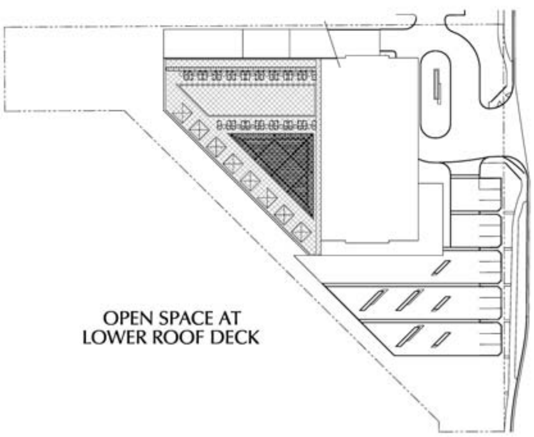
SCALE: 1" = 80'-0"
17167 - 06/06/2018

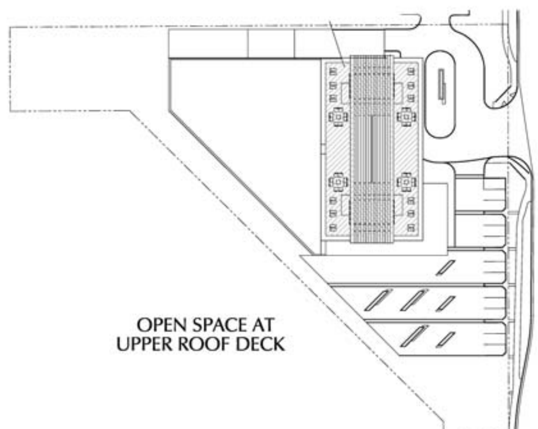
DAVIS DMB® CIRCLE ROAD



OPEN SPACE PROJECT DATA

Open Space at Ground Floor Landscaping and Permeable Pavers	35,900 SF
Open Space at Lower Roof Deck	13,700 SF
Open Space at Upper Roof Deck	9,400 SF
TOTAL OPEN SPACE	59,000 SF
NET SITE AREA	77,709 SF
% OPEN SPACE	75.9%





*REFER TO PUD NARRATIVE FOR DESCRIPTIONS OF EACH OPEN SPACE ZONE

EXHIBIT 10.3 - B

DMB Circle Road Partners Mixed Use Development - 15450 N Scottsdale Road

OPEN SPACE PLAN

SCALE: 1" = 80'-0"

17167 - 06/06/2018

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CIRCLE ROAD

EXHIBIT 11

B

A

EXHIBIT 11

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

DMB Circle Road Partners Mixed Use Dev.

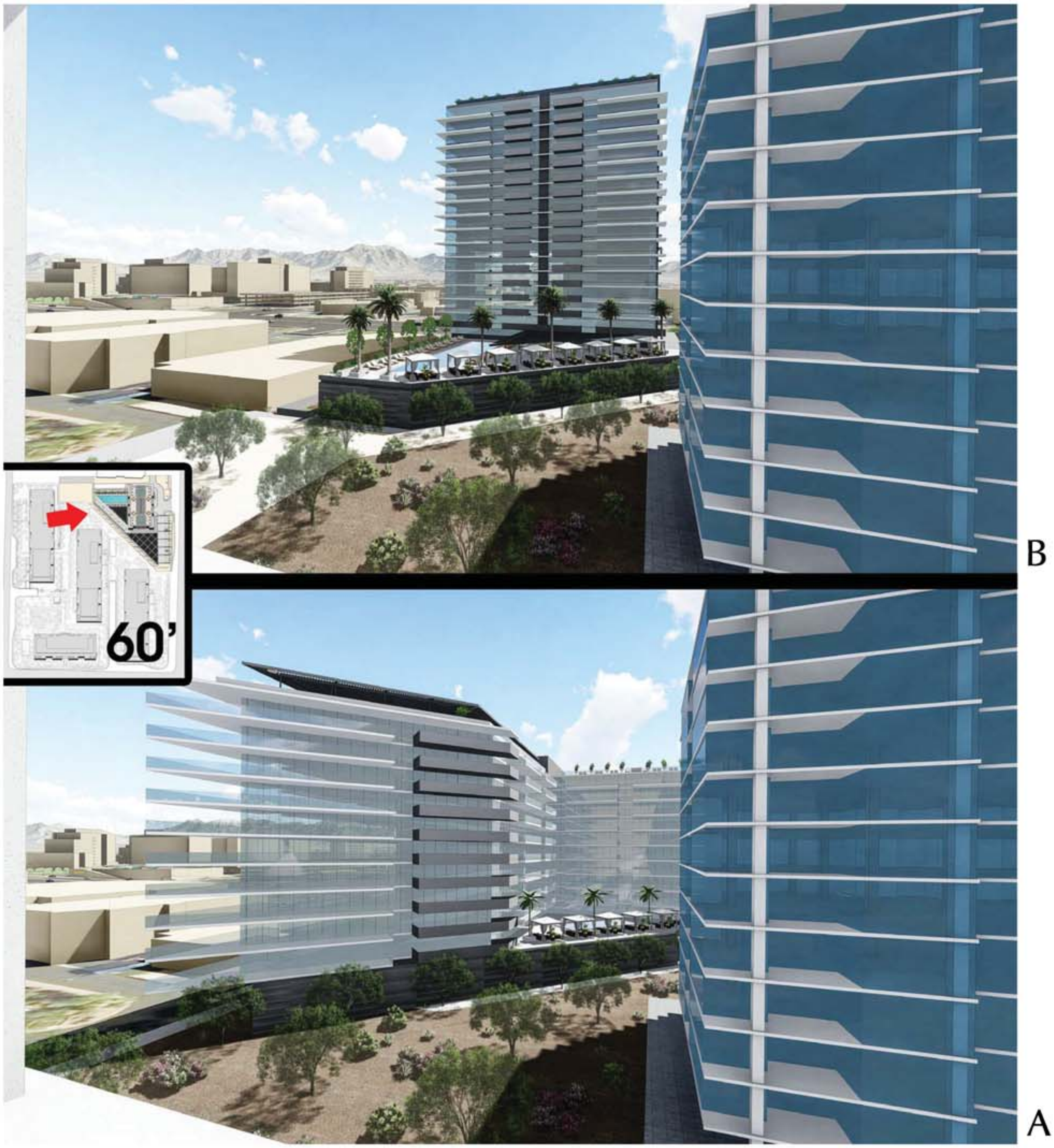


EXHIBIT 11

DMB Circle Road Partners Mixed Use Dev.

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

B

A

EXHIBIT 11

DMB Circle Road Partners Mixed Use Dev.

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

B

A

EXHIBIT 11

DMB Circle Road Partners Mixed Use Dev.

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

B

A

EXHIBIT 11

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

DMB Circle Road Partners Mixed Use Dev.

B

A

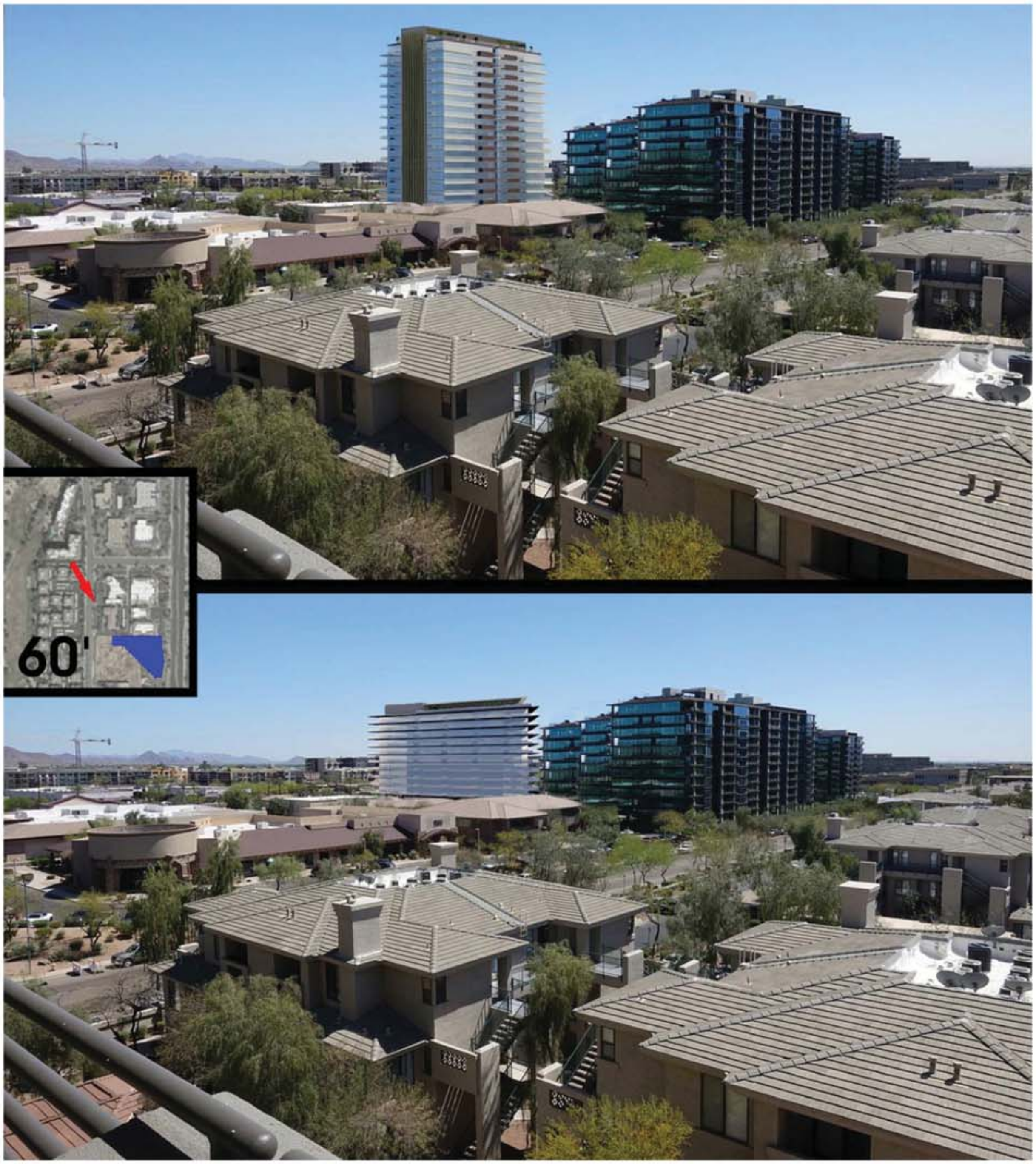
EXHIBIT 11

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

DMB Circle Road Partners Mixed Use Dev.



B

A

EXHIBIT 11

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

DMB Circle Road Partners Mixed Use Dev.

B

A

EXHIBIT 11

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

DMB Circle Road Partners Mixed Use Dev.

B

A

EXHIBIT 11

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

DMB Circle Road Partners Mixed Use Dev.

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CIRCLE ROAD COMPANIES

B

A

EXHIBIT 11

DMB Circle Road Partners Mixed Use Dev.

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

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CIRCLE ROAD COMPANIES

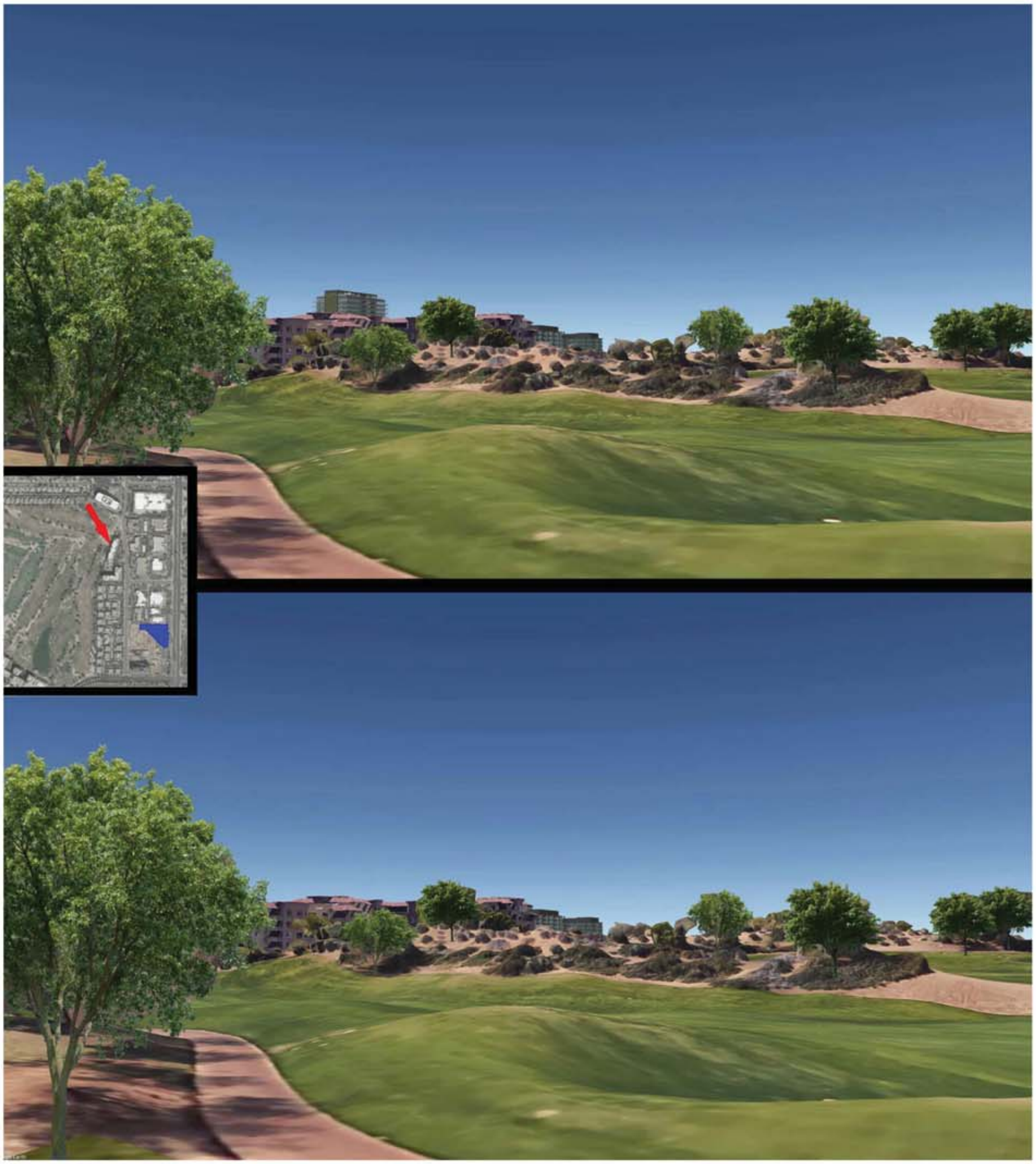

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EXHIBIT 11

DMB Circle Road Partners Mixed Use Dev.

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

B

A

EXHIBIT 11

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

DMB Circle Road Partners Mixed Use Dev.

B

A

EXHIBIT 11

Project View Corridors

SCALE: NTS

17167 - 04/27/2018

DMB Circle Road Partners Mixed Use Dev.

EXHIBIT 12

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
ADRIAN FONTES
20170540672 07/25/2017 09:05
ELECTRONIC RECORDING

1500995810381-58-1-1--
sarabiam

When recorded, return to:

Mr. David Bruner
4455 East Camelback Road, Suite C-140
Phoenix, AZ 85018

FOURTH AMENDMENT TO DECLARATION OF EASEMENTS AND OF LOCAL AREA COVENANTS AND RESTRICTIONS

THIS FOURTH AMENDMENT TO DECLARATION OF EASEMENTS AND OF LOCAL AREA COVENANTS AND RESTRICTIONS (this "Fourth Amendment") is made, declared and entered into as of the 21st day of July, 2017, by and between DMB CIRCLE ROAD PARTNERS, LLP, an Arizona limited liability partnership, fka DMB CIRCLE ROAD PARTNERS, an Arizona general partnership ("Declarant"); and 7120 EAST KIERLAND LLC, a Delaware limited liability company ("7120 Owner"), KIERLAND CENTER LLC, a Delaware limited liability company ("KC LLC", but in its capacity as owner of Unit 7130 as referred to below, "7130 Owner", in its capacity as owner of Unit 7140 as referred to below, "7140 Owner" and in its capacity as owner of Unit 7180 as referred to below, "7180 Owner") and 7160 EAST KIERLAND LLC, a Delaware limited liability company ("7160 Owner"). For purposes hereof, 7120 Owner, 7130 Owner, 7140 Owner, 7160 Owner and 7180 Owner are collectively, the "Kierland Owners").

RECITALS:

A. Declarant recorded that certain Declaration of Easements and of Local Area Covenants and Restrictions (the "Original Declaration") on August 13, 1996, as Instrument No. 96-0570533 in the Official Records of Maricopa County, Arizona (the "Official Records"), that certain First Amendment to Declaration of Easements and of Local Area Covenants and Restrictions on June 11, 1999, as Instrument No. 99-0563053 in the Official Records (the "First Amendment"), that certain Second Amendment to Declaration of Easements and of Local Area Covenants and Restrictions on September 20, 1999, as Instrument No. 99-0875237 and re-recorded as Instrument No. 20010721444 in the Official Records (the "Second Amendment"), and that certain Third Amendment to Declaration of Easements and of Local Area Covenants and Restrictions on August 31, 2015, as Instrument No. 20150633187 in the Official Records (together with the Original Declaration, the First Amendment and the Second Amendment, the "Declaration"), applicable to the real property described in the Declaration.

B. After the execution and delivery for recordation of the Declaration, Declarant reorganized its entity structure as an Arizona limited liability partnership, continues to operate under that form of entity structure and, among other things, the Declarant's rights under the Declaration are held by said limited liability partnership.

C. As of the effective date of the Third Amendment, KC LLC was the owner of the property legally designated as "Proposed Lot 1" and "Proposed Lot 2" in the Declaration but which is now legally described on Exhibit "A-1" (the "Kierland Property"), and Declarant was and currently is the owner of the property legally described on Exhibit "A-2" attached hereto

NCS 746629
1 of 1 AC

("Declarant's Property") which was originally designated as "Proposed Lot 3" in the Declaration.

E. Pursuant to Declaration of Condominium, Covenants, Conditions and Restrictions and Reservations of Easements for Optima Kierland Center, a Condominium, recorded August 31, 2015 as Instrument 2015-0634091 in the Official Records ("Master Condominium Declaration") and that certain Optima Kierland Center Condominium Plat, recorded August 31, 2015 as Instrument 2015-0633659 in the Official Records (the "Master Condominium Plat"), the Kierland Property was subjected to a condominium regime consisting of Unit 7120, Unit 7140, Unit 7160 and Unit 7180 and the common elements appurtenant thereto.

F. Pursuant to Amended and Restated Declaration of Condominium, Covenants, Conditions and Restrictions and Reservations of Easements for Optima Kierland Center, a Condominium, recorded June 21, 2016 as Instrument 2016-0433768 in the Official Records (together with Ratification of Amended Plat and Amended and Restated Declaration of Condominium for Optima Kierland Center, a Condominium, executed by Bank of the Ozarks recorded June 21, 2016 as Instrument 2016-0433801 in the Official Records and Ratification of Amended and Restated Declaration of Condominium for Optima Kierland Center, a Condominium, executed by PNC Bank, National Association recorded June 21, 2016 as Instrument 2016-0433800 in the Official Records and First Amendment to a Condominium Plat for Optima Kierland Center, a Condominium recorded June 21, 2016 at Book 1276, Page 1 in the Official Records, new Unit 7130 was created as a part of the Kierland Property from property formerly constituting common elements under the Master Condominium Declaration and Master Condominium Plat thereby vesting title in Unit 7130 in 7130 Owner;

E. As of the date hereof, (a) the owner of Unit 7120 is 7120 Owner, (b) the owner of Unit 7130 is 7130 Owner, (c) the owner of Unit 7140 is 7140 Owner, (d) the owner of Unit 7160 is 7160 Owner and (e) the owner of Unit 7180 is 7180 Owner.

F. The Kierland Property and Declarant's Property constitute all of the property subject to the terms of the Declaration.

G. Declarant and the Kierland Owners desire to amend and restate the Third Amendment in its entirety as a result of (a) the severance of ownership of the Kierland Property since the recordation of the Third Amendment and (b) the creation of, and proposed development of, newly created Unit 7130.

AGREEMENTS:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Incorporation of Recitals; Capitalized Terms; Certain References. The above Recitals are hereby incorporated into this Fourth Amendment by this reference. Defined terms appearing herein shall have the first letter of each word in the term capitalized. Unless otherwise expressly provided herein, such terms shall have the meanings given to them in the Declaration. References to "Sections" hereinbelow are to Sections of the Declaration, unless the context

hereof clearly indicates to the contrary. This Fourth Amendment amends and restates the Third Amendment in its entirety.

2. Common Areas. Section 1.1 is hereby amended to delete all references to Motor Vehicle Parking Areas and roadways and to add to the end thereof: ", all to the extent designed and constructed by the owner of the subject Parcel and intended by such owner to be subject to non-exclusive use from time to time. Common Areas affecting the Kierland Property are substantially as shown as "Common Elements" on, and shall be defined and determined in substantial accordance with, the drawing attached to the Fourth Amendment as Exhibit "I" (the "Common Area Plan")."

3. Easement Area. Section 1.2 is hereby deleted in its entirety. For purposes of the Declaration, the term "Easement Area" shall be as defined in this Fourth Amendment. Section 4 of the Declaration is hereby deleted.

4. Motor Vehicle Parking Area. Section 1.3 is hereby deleted in its entirety. In furtherance of the foregoing, all references to Motor Vehicle Parking Area(s) within the Declaration are also hereby deleted. No such deletion, however, has any effect on the rights of Declarant created hereby pursuant to the Temporary Parking Easement and the Permanent Parking Easement (respectively hereinafter defined).

5. Project.

(a) Each of the Kierland Owners desire to redevelop, or cause the redevelopment of, its portion of the Kierland Property generally as depicted on the site plan attached hereto as Exhibit "B" (the "Kierland Site Plan") as it relates to its portion of the Kierland Property, and with respect to Unit 7120 and Unit 7160, in accordance with the plans listed on Exhibit "J" (the "Kierland Construction Plans"). The project described in the Kierland Construction Plans and shown on the Kierland Site Plan and the construction and operation thereof is herein called the "Kierland Project", and the Kierland Site Plan, and the Kierland Construction Plans are collectively referred to herein as the "Kierland Project Documents". It is contemplated that upon Declarant's approval of plans and specifications for Unit 7140 and/or Unit 7180 pursuant to Section 2.4 of the Declaration (and Kierland Owners obtaining any approval required to be obtained by the Master Association), such plans and specifications will become a part of the Kierland Project Documents. Declarant agrees not to unreasonably withhold, delay or condition its consent to the plans and specifications for Unit 7140 and/or Unit 7180, or to modifications to the plans and specifications for Unit 7120 or 7160, and as to Unit 7130 only, so long as (1) the improvements on Unit 7130 do not exceed two stories, (2) the square footage of the floor area on the building on Unit 7130 does not exceed approximately 8,000 square feet and (3) Unit 7130 is used solely for office uses, together with customary accessory and incidental uses related thereto, provided that (a) up to 1,000 square feet of floor space may be used for a café/lounge/bar serving food and beverages (which shall not have a grease trap or vent and shall have no licenses relating to liquor other than a Series 12 license (restaurant) and Series 10 license (which allows the sale of packaged beer and wine)) and (b) any use for a bank or financial institution shall be subject to the prior written approval of Declarant its sole and absolute discretion. Declarant hereby agrees that, so long as the Kierland Project proceeds substantially in accordance with the Kierland Project Documents, the Kierland Project is an acceptable Project under Section 1.8, including the use of Units 7120, 7140, 7160 and 7180 for multi-story, multi-family residential dwellings (and the individual dwelling units thereof) and Unit 7130 for office use, together with customary accessory and incidental uses related thereto and the café/lounge/bar referred to above. For avoidance of doubt, the term "Project" as used in the Declaration is hereby amended to include the Kierland Project as approved pursuant the terms of this Fourth Amendment. Each Kierland Owner shall be responsible for obtaining, at its cost, all necessary permits required for the construction of the portion of the Kierland Project described in the Kierland Project Documents applicable to its unit.

(b) In connection with the parcel separation referenced in Section 11(c) below, the Kierland Owners are improving/reconfiguring Declarant's Property generally as depicted on the proposed site plan for Declarant's Property on file with the parties (such site plan, the "Declarant Site Plan", and such improvement/reconfiguration, the "Declarant's Parcel Separation Project").

6. Site Plan. Section 1.9 is hereby amended to provide that the "Site Plan" shall mean, as applicable, either the Kierland Site Plan or the Declarant Site Plan as the context requires. If applicable and as the context requires, the term "Site Plan" shall collectively mean the Kierland Site Plan and the Declarant Site Plan. Exhibit "B" to the Declaration is hereby deleted from the Declaration in its entirety and the Kierland Site Plan attached hereto as Exhibit "B" and the Declarant Site Plan are hereby substituted therefor. At all times during construction of the Kierland Project, the owner of the applicable portion thereof shall maintain all construction areas in accordance with the applicable laws and generally in a clean, sanitary and safe manner.

7. Modifications of Improvements. In accordance with the Declaration, including, without limitation, Sections 2.1 and 2.4, Declarant hereby approves the Kierland Project Documents and the use of the Kierland Property as the Kierland Project.

8. Landscaping and Parking. So long as the Kierland Project is constructed, developed and maintained substantially in accordance with the Kierland Project Documents, Declarant hereby approves same under the provisions of Sections 2.2, 2.3 and 2.4. Section 2.3 is hereby modified to provide that the minimum parking requirements for the Kierland Property shall be as specified in the Phoenix Zoning Ordinance (or such lesser amounts as may otherwise be set forth in any Planned Unit Development or other zoning district/designation approved by the City of Phoenix); provided, that at all times, the Kierland Property shall contain sufficient parking to satisfy zoning requirements applicable to the Kierland Property plus an additional thirty-five (35) parking spaces which may be assigned to Declarant in accordance with the terms hereof.

9. Use. So long as the Kierland Project is constructed, developed and maintained in substantial accordance with the Kierland Project Documents and Section 5 of this Amendment, Declarant hereby approves same under the provisions of Section 3.2 of the Declaration.

10. Final Delineation of Easement Area. Section 4 is hereby deleted from the Declaration in its entirety.

11. Easements.

(a) Existing Easements. Section 6 is hereby deleted from the Declaration in its entirety, subject to the terms of hereof; provided, however, that if the Kierland Site Plan is proposed to be modified in any material manner, the provisions of Section 17 hereof shall be applicable.

(b) Pedestrian Easements. There is hereby reserved over all Common Areas, for the benefit of all Owners, their Occupants and Permittees, subject to the provisions hereof, a non-exclusive easement appurtenant to each Occupant's property for the purposes of providing pedestrian access over and across any Common Areas located on any of the Parcels (the "Easement Area"). Notwithstanding the foregoing, Declarant may reconfigure or change the layout and location of the Common Areas on Declarant's Property, including the landscaping thereon, without the consent or approval of any Kierland Owner. The first sentence of Section 3.3 is hereby deleted.

(c) Parcel Separation. The Kierland Property and Declarant's Property are currently subject to the terms of an Agreement Regarding Expansion dated March 31, 2005 and recorded April 4, 2005 in the Official Records as Document No. 2005-0423610 (the "Lot Combination Agreement") which, for zoning and other purposes set forth in the Lot Combination Agreement, treats portions of the Kierland Property and Declarant's Property as one lot. In connection with the Kierland Project and the Declarant's Parcel Separation Project, the Lot Combination Agreement is no longer necessary and the parties desire to terminate such agreement and separate the lots for zoning and all other purposes. The parties acknowledge that the Water and Sewer Easement Agreement affecting Declarant's Property in the form attached hereto as Exhibit "D" (the "New Easement Agreement") has been fully executed and recorded in the Official Records. KC LLC and Declarant acknowledge and agree that the work described on Exhibit G-1 has been completed by KC LLC in accordance with the Declarant Site Plan ("Completed Parcel Separation Work"). KC LLC agrees, at its sole cost to continue to diligently perform the work described on Exhibit "G-2" attached hereto in accordance with the Declarant Site Plan (the "Incomplete Parcel Separation Work", and together with the Completed Parcel Separation Work, the "Parcel Separation Work"). KC LLC is hereby granted a temporary easement to enter Declarant's Property to perform the Parcel Separation Work, which KC LLC shall perform in accordance with applicable laws, free of liens and in such a manner to minimize disruption of utility service to the Declarant's Property, to the extent feasible. Upon satisfaction of the requirements of the City of Phoenix relating to the execution of the Termination Agreement (hereinafter defined), Declarant and Kierland Owners shall execute the Termination Agreement substantially in the form attached hereto as Exhibit "C" (the "Termination Agreement") and thereafter, KC LLC shall cause the City of Phoenix to execute the Termination Agreement. Promptly upon receipt of executed original counterparts of the Termination Agreement from Declarant and the City of Phoenix, KC LLC shall cause such agreement to be recorded in the Official Records. Notwithstanding the deletion of Section 6 of the Declaration as provided above, until such time as the existing utility lines have been relocated as part of the Parcel Separation Work in accordance herewith, Declarant shall be entitled to continue to use the existing utility lines as the same currently exist on any portion of the Kierland Property as of the date hereof. Immediately upon completion of the Parcel Separation Work, all prior utility easements granted pursuant to the Declaration in favor of Declarant shall automatically terminate. KC LLC shall be permitted to unilaterally record a notice of completion of the Parcel Separation Work in the Official Records without approval of Declarant to confirm the same.

(d) Temporary Parking Easement. Until completion of construction of Building 2 (Unit 7140) of the Kierland Project (as shown on the Kierland Site Plan) ("Temporary Easement Term"), the Kierland Owners hereby grant a non-exclusive easement (the "Temporary Parking Easement") and right to use the Temporary Parking Area (hereinafter defined) to Declarant and its employees, tenants, guests, and invitees upon the terms and conditions set forth in this Fourth Amendment. The "Temporary Parking Area" shall consist of the thirty-five (35) surface parking spaces on the Kierland Property in an area, initially located in the area depicted on Exhibit "E" attached hereto, it being understood that Exhibit "E" depicts the initial area of the Temporary Parking Easement and that if Declarant's use of any portion thereof is materially and adversely affected by construction activities in connection with the Kierland Project, then Kierland Owners shall provide other temporary parking facilities on the Kierland Property to Declarant, provided that in no event shall the Kierland Owners be obligated to provide more than thirty-five (35) parking spaces. The Temporary Parking Easement shall include non-exclusive, reasonable pedestrian and vehicular ingress and egress over a portion of the Common Areas on the Kierland Property necessary to access the Temporary Parking Area from the Declarant's Property, as reasonably determined by the Kierland Owners and subject to the Construction Activities (hereinafter defined) relating to the Kierland Project. Upon completion of construction of Building 2 (Unit 7140) of the Kierland Project as determined by Kierland Owners in their sole discretion and delivery of written notice thereof to Declarant, the Temporary Easement Term shall immediately terminate and Declarant's rights to use the Temporary Parking Area shall terminate. For purposes hereof, the term "Commencement" means the commencement of any Construction Activities at the Kierland Property pursuant to any demolition permit or building permit relating to the Kierland Project.

(e) Permanent Parking Easement. Provided that the underground garage for: (i) Building 2 (Unit 7140); and (ii) Building 3 (Unit 7180) to the extent any portion of the parking spaces noted below are located under said Building 3, each of the Kierland Project has been completed in accordance with the Kierland Project Documents, 7140 Owner and, as necessary, 7180 Owner (collectively, "Granting Garage Owners") hereby grant to Declarant, its successors and assignors in and to any portion of Declarant's Property, employees, tenants, guests and invitees a permanent, fully paid, irrevocable easement to use thirty-five (35) parking spaces in Unit 7140 or, as applicable, in Unit 7180 (collectively, the "Permanent Parking Area"), upon substantially the terms and conditions set forth in this Fourth Amendment. The Permanent Parking Area shall be located in the area depicted, and shall consist of the spaces noted, on Exhibit "F" attached hereto and shall include, and does include, non-exclusive pedestrian and vehicular access over a portion of the Common Areas on the Kierland Property as shown on the Common Area Plan and Exhibit "F" reasonably necessary to access the Permanent Parking Area from Declarant's Property. Declarant acknowledges receipt of a First American Title Insurance Company title insurance policy insuring Declarant's easement rights created by the terms of this Section. For avoidance of doubt, the parties acknowledge that at no time shall the Kierland Owners be obligated to provide Declarant an easement for more than thirty-five (35) parking spaces, whether the same are located in the Temporary Parking Area, the Permanent Parking Area or otherwise.

Notwithstanding the foregoing, Declarant hereby grants to the relevant Granting Garage Owner an exclusive, revocable (as provided in this paragraph) License (herein so called) to fully utilize the Permanent Parking Area in connection with its use and operation of Building 2 (Unit 7140) or Building 3 (Unit 7180), as the case may be. It is acknowledged that to the extent any of the Permanent Parking Area is located beneath Building 2 (Unit 7140) and such garage is completed prior to completion of the garage under Building 3 (Unit 7180), the permanent easement noted herein shall be and become fully affective as relates to any of the permanent parking area located within the completed Building 2 garage. The relevant Granting Garage Owner shall not permanently assign or otherwise designate any parking spaces within the Permanent Parking Area to any other parties in any manner unless such assignment or designation is terminable by the relevant Granting Garage Owner in accordance herewith. The License is revocable by Declarant only upon the occurrence of either of the following: (i) a breach of the terms of this paragraph by the relevant Granting Garage Owner which is not cured within thirty (30) days after written notice from Declarant; or (ii) on the sixtieth (60th) day after Declarant delivers written notice to the relevant Granting Garage Owner, at which time the License shall terminate and be of no further force or effect.

(f) Future Underground Garage Connection. In the event that Declarant redevelops Declarant's Property in the future, Declarant shall be entitled, at its sole cost, to create and use a vehicular and pedestrian access point between any underground parking facilities located within either Unit 7140 or Unit 7180 and any underground parking facilities to be located within Declarant's Property in the future. Declarant, the Unit 7140 Owner and the Unit 7180 Owner hereby agree that the connection point between the underground garages shall be located generally in the area labeled on the Kierland Site Plan as "Connection to Parcel 3 Future Underground Garage". Those parties shall execute an amendment to the Declaration or a separate written agreement to memorialize the location of any connection between the underground parking garages as described herein and the mutually agreed upon terms and conditions of construction and use of the same, at such time, if at all, the same becomes effective pursuant to the terms hereof.

(g) General Terms Applicable to Parking Easement Area.

(i) The Temporary Parking Area or the Permanent Parking Area, as applicable, may be used by Declarant during Normal Business Hours (hereinafter defined) for parking non-commercial passenger vehicles solely in connection with the business operations conducted on, or residential users/owners of Declarant's Property, subject to terms and conditions hereof and such other uniform, reasonable rules and regulations established by KC LLC from time to time which apply to all parking areas within the garage in which the Permanent Parking Area is located and, as to the Temporary Parking Area, as may be further temporarily limited by Construction Activities on the Kierland Property. Declarant will not use the Temporary Parking Area or the Permanent Parking Area, as applicable, in any manner which would materially interfere with the use, development or operation of the Kierland Property by the Kierland Owners, their tenants, agents, guests, employees, occupants, or invitees. In no event shall Declarant use the Temporary Parking Area or the Permanent Parking Area, as applicable, for storage, deliveries or in any manner other than the temporary parking of non-commercial passenger vehicles in accordance with the terms hereof. At all times while Declarant has the right to use the Permanent Parking Area in accordance herewith, Declarant shall be permitted to install, at the reasonable cost and expense of the relevant Granting Garage Owner, such reasonable and customary directional signage (including, without limitation, markers on the pavement and/or "curb bumpers") identifying the Permanent Parking Area as being available for the exclusive use of its tenants, users and guests, provided that such signage is consistent and harmonious with the then current signage plan established by the relevant Granting Garage Owner from time to time (provided that any such signage plan shall take into account the existence of the Permanent Parking Area) with respect to the Kierland Property. During such times as Declarant is using the Permanent Parking Area in accordance herewith, the relevant Granting Garage Owner agrees to use reasonable efforts to prevent unauthorized vehicles from parking in the Permanent Parking Area and upon notice from Declarant and subject to applicable laws, cause any such unauthorized vehicles using the Permanent Parking Area to be removed at the expense of the party owning such vehicles. All such signage shall be subject to the prior written approval of the relevant Granting Garage Owner, in its reasonable discretion, and shall comply with all applicable laws. For purposes hereof, the term "Normal Business Hours" shall mean the hours of operation that any business located on Declarant's Property is permitted to operate under applicable law or by the terms of any applicable lease, whichever is more restrictive. The relevant Granting Garage Owner as to the Unit owned by such Owner, shall have the obligation, at its sole cost and expense, to maintain the Permanent Parking Area in substantially the manner in which the balance of the underground parking area of which the Permanent Parking Areas a part is maintained. Notwithstanding anything herein to the contrary, there shall be no limitation (except as may otherwise be set forth herein) upon the use of the Permanent Parking Area if Declarant's Property is developed substantially as a residential property (being understood that incidental commercial use is such as lower floor(s) shops/businesses will not otherwise affect the character of such improvement as substantially residential).

(ii) Subject to the terms and conditions hereof, the Kierland Owners reserve the right from time to time to relocate the Temporary Parking Area upon ten (10) days prior written notice to Declarant during any period of Kierland Owners' site preparation work, environmental remediation activities, excavation and other construction activities undertaken by or on behalf of the Kierland Owners in connection with the Kierland Project (collectively, the "Construction Activities") to the extent that Declarant's use of the Temporary Parking Easement would materially and adversely interfere with any material portion of the Construction Activities, as determined by the Kierland Owners' contractor in its reasonable discretion, so long as the Kierland Owners provide alternative parking areas on the Kierland Property located as close to Declarant's Property as possible in light of the then-current stage of construction of the Kierland Project. Kierland Owners retain the right to temporarily suspend Declarant's rights to use the Temporary Parking Area or the Permanent Parking Area, as applicable, from time to time upon five (5) days prior written notice to Declarant during any period of maintenance or repair work being performed in or around such area by or on behalf of the Kierland Owners.

(iii) Notwithstanding anything contained in the Declaration, except for the willful misconduct or negligence of the applicable Kierland Owner, Declarant shall indemnify, defend and hold the Kierland Owners, their members, shareholders, partners, directors, officers, employees, contractors, tenants, agents, invitees and permittees harmless from and against all claims, costs, losses and damages (including, but not limited to, reasonable attorneys' fees) caused by the negligence or willful misconduct of Declarant or any of its members, shareholders, partners, directors, officers, employees, contractors, tenants, agents, invitees and permittees in exercising the rights to use the Temporary Parking Area or the Permanent Parking Area, as applicable, pursuant to the terms hereof.

12. Deletion Concerning R&S. Section 7.4 is hereby deleted from the Declaration in its entirety.

13. Damage to the Project. The following is added to the end of Section 11: "Notwithstanding the foregoing, in the event of destruction of any improvements on a Parcel, the Owner thereof may, in lieu of replacing such improvements, raze the damaged improvements and put the Parcel in a clean, graded, safe and sightly condition and in accordance with applicable law, in such event, all parking easements then in effect at such time pursuant to the terms hereof shall automatically terminate. Upon redevelopment of the burdened parcel, the Owner thereof shall provide similar parking rights to the Owner of the dominant estate in connection with such redevelopment to the extent feasible based on the approved redevelopment plans."

14. Insurance. Notwithstanding anything contained in the Declaration (including Section 13), Declarant shall carry insurance with coverage and amounts specified below with respect to its use of the Temporary Parking Area or the Permanent Parking Area (if, as and when the License is revoked and Declarant begins to use the same), as applicable:

(i) commercial general liability insurance coverage of not less than One Million Dollars ($1,000,000.00) per occurrence and Two Million Dollars ($2,000,000.00) in the aggregate;

(ii) commercial automobile insurance coverage of not less than One Million Dollars ($1,000,000.00) per accident for hired, owned and non-owned vehicles; and

(iii) Declarant shall deliver to the Kierland Owners evidence of such insurance reasonably satisfactory to the Kierland Owners including such additional insureds as reasonably requested by the Kierland Owners. Such insurance coverage shall: (i) be issued by an insurance company authorized to do business in the state of Arizona having a rating of at least "A-/VII" by A.M. Best Company; (ii) be primary and any insurance maintained by Declarant shall be excess and noncontributory; (iii) include contractual liability coverage; and (iv) not contain any exclusions for "insured versus insured" claims as respects any potential claim by a Kierland Owner against Declarant. Required policies shall provide for at least 30 days advance written notice to the Kierland Owners of any cancellation or non-renewal, per policy terms and conditions.

15. Drainage. Section 3 of the First Amendment is hereby deleted in its entirety. Notwithstanding the foregoing, Declarant's Property is hereby granted a permanent, fully paid, irrevocable non-exclusive underground easement in the areas on the Kierland Property labeled as the "Stormwater Drain Easement Area" and shown on Exhibit "H-1" attached hereto (the

"Stormwater Drain Easement"), together with the right to maintain within the Stormwater Drain Easement such underground stormwater drainage pipes and related facilities installed by KC LLC in accordance with Construction Notes 6, 8 and 11 on the Grading and Drainage Plan which is on file with the parties (the "La Maison Drainage Plan") pursuant to the Drainage Relocation Work (as such work is described on Exhibit G-2 attached hereto) and the right to connect to and use the stormwater management system, now or hereafter existing in, on or under the Kierland Property within the Stormwater Drain Easement Area (collectively, the "Drainage Facilities"). Declarant acknowledges receipt of a First American Title Insurance Company title insurance policy insuring Declarant's easement rights created by the terms of this Section. After completion of the Drainage Facilities pursuant to the Drainage Relocation Work, the Kierland Owners agree to maintain, at its sole cost, the portion of the Drainage Facilities that are located on the Kierland Property such that, at all times, Declarant's Property continues to have substantially the same capacity to carry surface run-off from Declarant's Property over or under the Kierland Property existing as of the date hereof. The Kierland Owners reserve the right, at any time, to relocate any portion of the Stormwater Drain Easement and any Drainage Facilities now or hereafter located on the Kierland Property which serve the Declarant's Property provided that the Kierland Owners shall use reasonable efforts to minimize disruption of Declarant's ability to carry surface run-off from Declarant's Property to the extent feasible during such relocation and following such relocation, Declarant's ability to carry surface run-off from Declarant's Property is substantially similar to that which existed prior to such relocation. In the event that a Kierland Owner or its successor in interest (the "Non-Performing Party") fails to adequately maintain the Drainage Facilities in accordance with this Fourth Amendment and such failure continues for thirty (30) days after written notice from Declarant (which period shall be subject to extension for an additional sixty (60) days if the Non-Performing Party has commenced and is pursuing a cure within said thirty (30) day period but has not completed the same), then, Declarant shall have the right, but not the obligation, to take such reasonable actions as are required to remedy such failure. In the event that Declarant incurs any out of pocket costs as a result of the Non-Performing Party's failure to perform under this Fourth Amendment, then the Non-Performing Party shall reimburse Declarant for such costs within thirty (30) days after receipt of a detailed invoice from Declarant setting forth such expenses actually incurred.

16. Declarant's Rights and Limitation of Liabilities. The operation of Section 18.1 of the Declaration is hereby suspended so long as the Project is constructed substantially in accordance with the Kierland Project Documents. Declarant acknowledges and agrees that in the event that any portion of the Kierland Property is subdivided or otherwise becomes owned by more than one party, a default hereunder by one party shall not result in a default by any such other owners and, so long as such non-defaulting owners are otherwise in substantial compliance herewith, all approvals and rights hereunder with respect to the property owned by such non-defaulting owners shall remain in full force and effect.

17. No Further Modifications; Variances from Approved KC LLC Project Documents. Except as amended herein, the terms and conditions of the Declaration shall remain in full force and effect. Except as otherwise provided in this Fourth Amendment, Declarant reserves the right to approve any material variances from said Kierland Project Documents if such approval is required under the Master CC&R's. Declarant's approval of any such variances, if required hereunder, shall not be unreasonably withheld, conditioned or delayed in the event that the Master Association has given its approval of the same. Notwithstanding the

foregoing, Declarant shall have sole discretion to approve or reject any such variance that materially and adversely affects Declarant's parking rights under the Declaration. In the event that a change is requested to the Kierland Project, no approval or disapproval by Declarant with respect to such requested change shall affect any existing approvals or rights hereunder previously granted to any unchanged and previously approved portions of the Kierland Project Documents, so long as such unchanged portions are in substantial compliance with the terms of the approvals applicable to such portions. The requesting Kierland Owner shall reimburse Declarant for any reasonable expenses of Declarant (including, without limitation, reasonable consultant's fees and costs and reasonable attorneys' fees and costs) incurred in connection with evaluating any such proposed modifications.

18. Runs with the Land. All of the provisions hereof shall run with the land as provided in the Declaration. This Fourth Amendment shall be considered an integral part of the Declaration and construed with the Declaration as if the provisions hereof were set forth therein. In the event of any conflict between the terms and provisions of this Fourth Amendment and the terms and provisions of the Declaration, the terms and provisions of this Fourth Amendment shall control.

19. Effective Date. This Fourth Amendment is executed as of the date set forth above.

20. Estoppel Certificates. Each party shall execute and deliver to the other party, within ten (10) days after receipt of a written request from such party, its lender or prospective purchaser, an estoppel certificate confirming (i) to such party's knowledge, whether or not any default exists under the terms of the Declaration, including this Fourth Amendment, (ii) that the Declaration remains in full force and effect and identifying any amendments or changes made to the Declaration, including this Fourth Amendment and (iii) such other reasonably requested items typically contained in such estoppel certificates.

[signature pages with acknowledgements follow]

IN WITNESS WHEREOF, Declarant and each Kierland Owner have executed this Fourth Amendment as of the day and year first above written.

DECLARANT:

DMB CIRCLE ROAD PARTNERS, LLP
an Arizona limited liability partnership

By: Bell 77 Properties Limited Partnership,
an Arizona limited partnership, its
duly authorized general partner

By: Circle Road Equities, Inc., an Arizona corporation, its duly authorized general partner

By: David L. Bruner
Name: David L. Bruner
Its: President

STATE OF Arizona)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 25th day of May, 2017, by David L. Bruner, as President of Circle Road Equities, Inc., an Arizona corporation, the duly authorized general partner of Bell 77 Properties Limited Partnership, an Arizona limited partnership, the duly authorized general partner of DMB Circle Road Partners, LLP, an Arizona limited liability partnership, for and on behalf of said latter partnership.

Celena Y Tice
Notary Public

My Commission Expires:
Oct 17, 2020

CELENA Y TICE
Notary Public - Arizona
Maricopa County
My Comm. Expires Oct 17, 2020

<u>7130 OWNER, 7140 OWNER AND 7180 OWNER</u>:

KIERLAND CENTER LLC,
a Delaware limited liability company

By: ______________________
Name: David C. Hovey
Its: President

STATE OF Arizona)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 23rd day of May, 2017, by David C. Hovey, the President of Kierland Center LLC, a Delaware limited liability company, for and on behalf of said limited liability company.

____
Notary Public

My Commission Expires:

September 27, 2017

MARK RIEHLE
Notary Public - Arizona
Maricopa County
My Comm. Expires Sep 27, 2017

7120 OWNER:

7120 EAST KIERLAND LLC,
a Delaware limited liability company

By: ____________________
Name: David C. Hovey
Its: President

STATE OF Arizona)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 23rd day of May, 2017, by David C. Hovey, the President of 7120 East Kierland LLC, a Delaware limited liability company, for and on behalf of said limited liability company.

____
Notary Public

My Commission Expires:

September 27, 2017

MARK RIEHLE
Notary Public - Arizona
Maricopa County
My Comm. Expires Sep 27, 2017

7160 OWNER:

7160 EAST KIERLAND LLC,
a Delaware limited liability company

By: ____________________
Name: David C. Hovey
Its: President

STATE OF Arizona)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 23rd day of May, 2017, by David C. Hovey, the President of 7160 East Kierland LLC, a Delaware limited liability company, for and on behalf of said limited liability company.

____
Notary Public

My Commission Expires:
September 27, 2017

MARK RIEHLE
Notary Public - Arizona
Maricopa County
My Comm. Expires Sep 27, 2017

PNC BANK NATIONAL ASSOCIATION, holder of that certain Deed of Trust filed for record August 31, 2015 as Document Number 2015-0634255, in the Office of the Recorder of Maricopa County, Arizona, and that certain Deed of Trust filed for record August 31, 2015 as Document Number 2015-0634253, in the Office of the Recorder of Maricopa County Arizona, hereby consents to the recording of the foregoing Fourth Amendment to Declaration of Easements and of Local Area Covenants and Restrictions.

PNC BANK NATIONAL ASSOCIATION

By: ______________________
Name: Tracy S. Larrison
Title: Senior Vice President

STATE OF Illinois)
) ss.
COUNTY OF DuPage)

I, Belinda M Appler, a Notary Public in and for the county and state aforesaid, CERTIFY that Tracy S. Larrison, as Sr. VP, of PNC BANK NATIONAL ASSOCIATION, a national banking association, who is personally known to me to be the person whose name is subscribed to the foregoing instrument as such authorized party appeared before me this day in person and acknowledged that he/she signed, sealed and delivered this instrument as his/her free and voluntary act as such authorized party and as the free and voluntary act of the company for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 16th day of June, 2017.

____
Notary Public

My commission expires: 3/15/21

OFFICIAL SEAL
BELINDA M APPLER
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:03/15/21

BANK OF THE OZARKS, holder of that certain Deed of Trust filed for record November 10, 2015 as Document Number 2015-0805400 and re-recorded November 17, 2015 as Document Number 2015-0821029, in the Office of the Recorder of Maricopa County, Arizona, hereby consents to the recording of the foregoing Fourth Amendment to Declaration of Easements and of Local Area Covenants and Restrictions.

BANK OF THE OZARKS

By:

Name: JUAN F. GONZALEZ

Title: EXECUTIVE VICE PRESIDENT

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

I, Armando Chavez, a Notary Public in and for the county and state aforesaid, CERTIFY that Juan Gonzalez, as EVP, of BANK OF THE OZARKS, a national banking association, who is personally known to me to be the person whose name is subscribed to the foregoing instrument as such authorized party appeared before me this day in person and acknowledged that he/she signed, sealed and delivered this instrument as his/her free and voluntary act as such authorized party and as the free and voluntary act of the company for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 19 day of July, 2017.

Notary Public

My commission expires: 11-06-2019

ARMANDO CHAVEZ - #13043272-2
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES 11-06-2019

Mutual of Omaha Bank, a federally chartered thrift, successor in interest to Federal Deposit Insurance Corporation as Receiver for First National Bank of Nevada, formerly First National Bank of Arizona, current holder of that certain Construction Deed of Trust, Assignment of Rents and Leases, Security Agreement and Financing Statement dated July 20, 2005 and filed for record on July 22, 2005 as Document Number 20051030876, in the Office of the Recorder of Maricopa County, Arizona, as amended by First Amendment to Construction Deed of Trust, Assignment of Rents and Leases, Security Agreement and Financing Statement dated March 5, 2013 and filed for record on March 19, 2013 as Document Number 20130248700 consents to the recording of the foregoing Fourth Amendment to Declaration of Easements and of Local Area Covenants and Restrictions.

MUTUAL OF OMAHA BANK

By: ____________________

Name: Jay Ganske

Title: Senior Vice President

TAMMY ORTEGO
Notary Public - Arizona
Maricopa County
My Comm. Expires Mar 9, 2020

STATE OF Arizona)
) ss.
COUNTY OF Maricopa)

I, Tammy Ortego, a Notary Public in and for the county and state aforesaid, CERTIFY that Jay Ganske, as Senior Vice President of Mutual of Omaha Bank, a federally chartered thrift who is personally known to me to be the person whose name is subscribed to the foregoing instrument as such authorized party appeared before me this day in person and acknowledged that he/she signed, sealed and delivered this instrument as his/her free and voluntary act as such authorized party and as the free and voluntary act of the company for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 24th day of May, 2017.

Tammy Ortego
Notary Public

My commission expires: March 9, 2020

EXHIBIT "A-1"

Kierland Property

[Attached]

PARCEL DESCRIPTION
Kierland
PROPOSED LOT 2

A PARCEL OF LAND LYING WITHIN SECTION 3, TOWNSHIP 3 NORTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING A PORTION OF PARCEL 4A OF KIERLAND PARCELS 1, 3 AND 4A, AS RECORDED IN BOOK 418, PAGE 45, RECORDS OF MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH MOST SOUTHEAST CORNER OF SAID PARCEL 4A;

THENCE ALONG THE SOUTH LINE OF SAID PARCEL 4A, SOUTH 89°44'08" WEST, A DISTANCE OF 195.17 FEET, TO THE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID SOUTH LINE, SOUTH 89°44'08" WEST, A DISTANCE OF 342.83 FEET;

THENCE NORTH 45°11'08" WEST, A DISTANCE OF 29.66 FEET, TO THE WEST LINE OF SAID PARCEL 4A;

THENCE LEAVING SAID SOUTH LINE, ALONG SAID WEST LINE, NORTH 00°06'24" WEST, A DISTANCE OF 244.02 FEET;

THENCE LEAVING SAID WEST LINE, SOUTH 90°00'00" EAST, A DISTANCE OF 46.83 FEET;

THENCE SOUTH 00°00'00" WEST, A DISTANCE OF 39.08 FEET;

THENCE SOUTH 45°15'52" EAST, A DISTANCE OF 199.72 FEET;

THENCE NORTH 89°44'08" EAST, A DISTANCE OF 175.23 FEET;

THENCE SOUTH 00°15'52" EAST, A DISTANCE OF 84.51 FEET; TO THE POINT OF BEGINNING.

CONTAINING 1.1238 ACRES, OR 48.951 SQUARE FEET OF LAND, MORE OR LESS.

SUBJECT TO EXISTING RIGHT-OF-WAY AND EASEMENTS.

EXHIBIT "A-2"

Declarant Property

[Attached]

PARCEL DESCRIPTION
Kierland
PROPOSED LOT 3

A PARCEL OF LAND LYING WITHIN SECTION 3, TOWNSHIP 3 NORTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING A PORTION OF PARCEL 4A OF KIERLAND PARCELS 1, 3 AND 4A, AS RECORDED IN BOOK 418, PAGE 45, RECORDS OF MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH MOST SOUTHEAST OF SAID PARCEL 4A;

THENCE ALONG THE SOUTHERLY LINE OF SAID PARCEL 4A, NORTH 44°48'52" EAST, A DISTANCE OF 29.74 FEET, TO THE EAST LINE OF SAID PARCEL 4A;

THENCE LEAVING SAID SOUTHERLY LINE, ALONG THE EAST LINE OF SAID PARCEL 4A,

NORTH 00°06'24" WEST, A DISTANCE OF 340.17 FEET, TO THE POINT OF BEGINNING;

THENCE LEAVING SAID EAST LINE, SOUTH 89°44'08" WEST, A DISTANCE OF 54.04 FEET;

THENCE NORTH 00°15'52" WEST, A DISTANCE OF 8.54 FEET;

THENCE NORTH 45°15'52" WEST, A DISTANCE OF 368.10 FEET;

THENCE NORTH 89°44'08" WEST, A DISTANCE OF 99.31 FEET;

THENCE NORTH 00°15'52" WEST, A DISTANCE OF 69.99 FEET, TO THE NORTH LINE OF SAID PARCEL 4A;

THENCE ALONG SAID NORTH LINE, NORTH 89°44'08" EAST, A DISTANCE OF 414.57 FEET, TO THE EAST LINE OF SAID PARCEL 4A;

THENCE LEAVING SAID NORTH LINE, ALONG SAID EAST LINE, SOUTH 00°06'24" EAST, A DISTANCE OF 338.82 FEET, TO THE POINT OF BEGINNING.

CONTAINING 1.7794 ACRES, OR 77,519 SQUARE FEET OF LAND, MORE OR LESS.

SUBJECT TO EXISTING RIGHTS-OF-WAY AND EASEMENTS.

EXHIBIT "B"

Kierland Site Plan

[Attached]

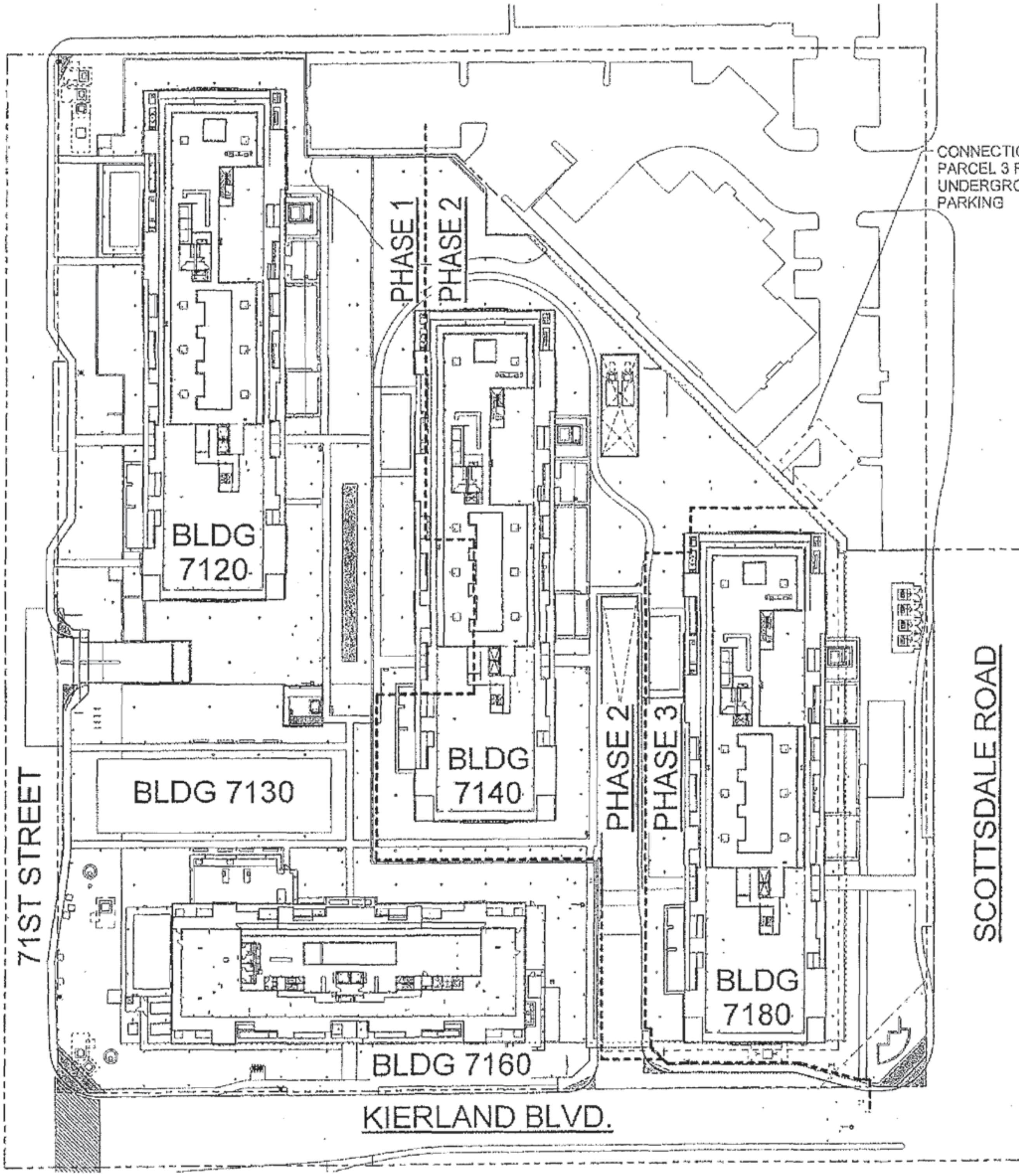

CONNECTION TO
PARCEL 3 FUTURE
UNDERGROUND
PARKING
PHASE 1
PHASE 2
BLDG
7120
BLDG 7130
BLDG
7140
PHASE 2
PHASE 3
BLDG
7180
BLDG 7160
71ST STREET
SCOTTSDALE ROAD
KIERLAND BLVD.

EXHIBIT "C"

Termination Agreement

[Attached]

Prepared by and after recording
return to:
Douglas J. Lubelchek, Esq.
Neal, Gerber & Eisenberg LLP
2 North LaSalle Street, Suite 1700
Chicago, Illinois 60602

TERMINATION AGREEMENT

TERMINATION AGREEMENT is made and entered into this ___ day of ____________, 2015, by and between **DMB CIRCLE ROAD PARTNERS, LLP**, an Arizona limited liability partnership ("DMB Circle"); **KIERLAND CENTER LLC**, a Delaware limited liability company ("KC"); and the **CITY OF PHOENIX**, an Arizona municipal corporation (the "City").

WITNESSETH:

WHEREAS, DMB Circle, KC (as successor party to C & H Development Co., a California corporation, the original party), and the City are parties to that certain Agreement Regarding Expansion, dated March 31, 2005, and recorded April 4, 2005 with the Maricopa County, Arizona Recorder as Document No. 2005-0423610, (the "Agreement"), with respect to the property legally described on Exhibit A-1 and Exhibit A-2 hereto; and

WHEREAS, DMB Circle, KC and the City desire to terminate the Agreement upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. Termination. The Agreement is hereby terminated in its entirety as of the date hereof and shall be of no further force or effect whatsoever.

2. Release. Each of DMB Circle, KC and the City hereby releases the others from any and all duties, obligations and liabilities pursuant to or arising under the Agreement.

3. Further Documents. The parties hereto shall execute and deliver such other instruments, agreements and documents as may be necessary in order to further document the termination of the Agreement.

4. Counterparts. This Termination Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

5. Governing Law. This Termination Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona, without reference to principles of conflict of laws which would require the application of the laws of any other jurisdiction.

IN WITNESS WHEREOF, this Termination Agreement has been executed by the parties hereto as of the date indicated above.

DMB CIRCLE ROAD PARTNERS, LLP, an Arizona limited liability partnership

By: Bell-77 Properties Limited Partnership, an Arizona limited partnership, its duly authorized general partner

By: Circle Road Equities, Inc., an Arizona corporation, its duly authorized general partner

By: ______________________
Name: ______________________
Title: ______________________

STATE OF)
) ss.
County of)

On ____________, 2015 before me, ______________________, a Notary Public in and for said state, personally appeared ______________________, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

____
Notary Public in and for said State

My Commission Expires:

____

Description of Document (to be completed by notary if notary block is not on the same page as all signers whose signatures are notarized)

Document Title: ______________________.
Document signers other than those names in the notarial certificate above:
______________________.
Document date: ______________________.
Document pages: __________ (including covers, tables of contents and signature and notary pages, but not including attachments, schedules or exhibits).

KIERLAND CENTER LLC, a Delaware limited liability company

By: ______________________________
Name: ______________________________
Title: ______________________________

STATE OF)
) ss.
County of)

On _____________, 2015 before me, ______________________________, a Notary Public in and for said state, personally appeared ____________________, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

____
Notary Public in and for said State

My Commission Expires:

____

Description of Document (to be completed by notary if notary block is not on the same page as all signers whose signatures are notarized)

Document Title: ______________________________.
Document signers other than those names in the notarial certificate above:
______________________________.
Document date: ____________________.
Document pages: __________ (including covers, tables of contents and signature and notary pages, but not including attachments, schedules or exhibits).

CITY OF PHOENIX, an Arizona municipal corporation

By: ______________________________
Name: ______________________________
Title: ______________________________

STATE OF)
) ss.
County of)

On ________________, 2015 before me, ______________________________, a Notary Public in and for said state, personally appeared ______________________________, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

____
Notary Public in and for said State

My Commission Expires:

____

Description of Document (to be completed by notary if notary block is not on the same page as all signers whose signatures are notarized)

Document Title: ______________________________.
Document signers other than those names in the notarial certificate above:
______________________________.
Document date: ____________________.
Document pages: __________ (including covers, tables of contents and signature and notary pages, but not including attachments, schedules or exhibits).

EXHIBIT A-1

[Attached]

EXHIBIT A-2

[Attached]

PHOENIX 63410-6 233007v1

EXHIBIT "D"

New Easement Agreement
Water/Sewer

When recorded, return to:
Patrick Barker
P.O. Box 14888
Scottsdale, AZ 85267

WATER AND SEWER EASEMENT AGREEMENT

THIS WATER AND SEWER EASEMENT AGREEMENT ("Agreement"), is made and entered into as of the 31st day of August, 2015, by and between BWB PROPERTIES LLC, an Arizona limited liability company ("Grantor"), and DMB CIRCLE ROAD PARTNERS, LLP, an Arizona limited liability partnership, fka DMB CIRCLE ROAD PARTNERS, an Arizona general partnership ("Grantee") (Grantor and Grantee hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties").

RECITALS

A. Grantor is the owner of certain real property located at 15615 N. 71st Street, Scottsdale, Arizona, as more particularly described in Exhibit A attached hereto and incorporated by reference ("Grantor's Parcel").

B. Grantee is the owner of certain real property located at 15450 N. Scottsdale Road, Scottsdale, Arizona, as more particularly described in Exhibit B attached hereto and incorporated by reference ("Grantee's Parcel") (Grantor's Parcel and Grantee's Parcel hereinafter sometimes referred to individually as a "Parcel" and collectively as the "Parcels").

C. The Parcels are contiguous to one another and are collectively situated near the northwest corner of Scottsdale Road and Kierland Boulevard in Scottsdale, Arizona. The intent of this Agreement is to "close the gap" between the northerly boundary of Grantee's Parcel and the southerly boundary of the twenty-five foot public water and sewer easement recorded on June 16, 1997 in Book 443, Page 39, Official Records of Maricopa County, Arizona (the "PUE"), such that no gap or gore exists between the PUE and Grantee's Parcel.

D. Grantor desires to grant Grantee certain perpetual non-exclusive utility easements ("Easements") for access, installation, use, operation, maintenance, and repair of underground water, sewer and fire line improvements on Grantor's Parcel as described and depicted in Exhibit C attached hereto and incorporated by reference (the "Easement Area").

AGREEMENTS

NOW, THEREFORE, in consideration of the promises, mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby covenant and agree for themselves and their successors and assigns as follows:

1. Incorporation of Recitals. The recitals set forth above are incorporated in this Agreement as if fully set forth in the body hereof.

2. Grant of Easement.

a. Grantor hereby grants Grantee a perpetual, non-exclusive utility easement on, under, over, across and through the real property lying within the Easement Area, for the purpose of installing, constructing, maintaining, replacing, repairing, monitoring and operating underground water, sewer and fire line improvements, together with temporary access rights related to the installation, construction, maintenance, replacement and repair of such underground utilities. Grantor hereby agrees for itself, its successors and assigns, not to erect, place or maintain, nor to permit the erection, placement, or maintenance of any buildings or other permanent improvements that would unreasonably interfere with Grantee's access to the Easement Area.

b. The Easements contained herein are non-exclusive and are granted for the installation of underground utility lines and appurtenant facilities serving Grantee's Parcel, which utilities are hereby limited to sewer, water, and fire line service. Grantee and any person or entity authorized to use the utility line improvements located within the Easement Area shall be responsible for repairing any damage to paving, landscaping, or irrigation systems caused by such use.

3. Use of Easement Area; Priority. Notwithstanding anything to the contrary contained herein, Grantor hereby reserves for itself and its successors and assigns, the right to use the surface of all such Easement Areas for (i) the installation of landscaping, fences, and irrigation systems, (ii) parking of vehicular traffic, and (iii) construction and maintenance of paved areas relating to such reserved uses. Upon delivery of reasonable notice to Grantee, Grantor shall have the right to use the Easement Area in any other manner so long as such use is not inconsistent with, and does not materially interfere with Grantee's use and enjoyment of the Easements granted pursuant to this Agreement. Grantor hereby agrees that temporary interruption of such parking uses shall be permitted in connection with Grantee's reasonable installation or repair of improvements located within the Easement Area. Upon delivery of reasonable notice to Grantor, Grantee shall have the right to temporarily access Grantor's Parcel for purposes of constructing, installing, maintaining and repairing improvements located within the Easement Area.

4. Construction and Maintenance Expense. In connection with the construction, operation, maintenance and repair of the utility line improvements, Grantee shall, at its sole cost and expense, promptly, and in a good and workmanlike manner, restore the surface of the Easement Area to as near a condition as existed prior to such work. During the installation and repair of utility line improvements, Grantee hereby agrees to make reasonable efforts to minimize any property damage with respect to the surface of the Easement Area and the surrounding improvements located within Grantor's Parcel.

5. No Encumbrances; Mechanics' Liens. Grantee shall not cause or permit any lien, claim, charge or encumbrance of any nature or description whatsoever to attach to or encumber the Easement Area, the balance of the Grantor's Parcel, or any improvements or parts thereof. Grantee shall not create or suffer to be created or to remain, and shall within thirty (30) days after notice of the filing thereof pay in full and discharge or provide bonding sufficient to obtain the release of any mechanic's, laborer's or materialmen's lien which might be or become a lien, encumbrance or charge upon one or more Parcels or any part thereof. If Grantee shall fail to cause any such lien to be released or discharged within the period aforesaid, then, in addition to any other rights or remedies, Grantor may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the release of such lien by bonding or other means, and any amount so paid and the reasonable costs and expenses incurred by Grantor in connection therewith shall be payable by Grantee on demand.

6. Indemnification. Grantee shall indemnify, defend and hold harmless Grantor and its successors and assigns, for, from and against any and all claims, liabilities, and expenses which may be claimed or asserted against Grantor, its successors and assigns, or the Grantor's Parcel for (i) bodily injury, death or property damage relating to the exercise of Grantee's rights under this Agreement, or (ii) any mechanics' or materialmen's liens on account of the exercise by Grantee of the rights granted under this Agreement (and to discharge of record, by bond or otherwise, any such mechanics' or materialmen's liens or claims of lien); provided, however, in no event shall Grantee be responsible to Grantor for any claims, liens, liabilities, or expenses which may be claimed or asserted against Grantor relating solely to the negligence or willful misconduct of Grantor or any of its employees, directors, officers, members, agents, affiliates, or personal representatives.

7. Notices. All notices, requests, demands or other communications hereunder shall be in writing and deemed given when delivered personally, when deposited to be sent via a nationally-recognized overnight courier keeping receipts of delivery, service prepaid or billed to sender, or on the day said communication is deposited in the U.S. mail, by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

To Grantor: BWB Properties
Patrick A. Barker
P.O. Box 14888
Scottsdale, AZ 85267

To Grantee: ______________________
____
____
____

or to such other address as the Parties may from time to time designate by notice in writing to the other Parties. Rejection, refusal to accept delivery or inability to deliver due to changed address of which no notice has been given shall be deemed receipt by the addressee.

8. Headings. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona.

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

11. Entire Agreement. This Agreement supersedes all prior understandings, representations and agreements between the Parties with regard to the subject matter hereof and there are no other understandings, representations, warranties or agreements between them.

12. Attorneys' Fees. If either Party brings or commences any legal action or proceeding to enforce any of the terms of this Agreement, the prevailing Party, if any, in such action shall be entitled to recover from the non-prevailing Party all reasonable attorneys' fees that may have been incurred, including any and all costs and expenses incurred in enforcing, perfecting and executing such judgment, and including all costs of appeal.

13. Amendment. Neither this Agreement nor any provision hereof may be changed, amended, modified, waived or discharged orally or by any course of dealing, but only by an instrument in writing signed by the Party against which enforcement of the change, amendment, modification, waiver or discharge is sought.

14. Authority. Each Party hereto hereby represents, warrants and covenants unto the other Party that this Agreement has been duly authorized, executed and delivered by such Party and constitutes the valid, legal and binding agreements and obligations of such Party enforceable against such Party in accordance with the terms hereof.

15. Severability. If any provision of this Agreement, or portion thereof, or the application thereof to any person or circumstances, shall, to any extent be held invalid, inoperative or unenforceable, the remainder of this Agreement, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby; it shall not be deemed that any such invalid provision affects the consideration for this Agreement; and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

16. No Joint Venture. Nothing in this Agreement shall be construed to make the Parties partners or joint venturers or render any of the Parties liable for the debts or obligations of the other.

17. Legal and Equitable Relief. In the event of any breach, or attempted or threatened breach, by any Party to this Agreement, of any of the terms, covenants or conditions hereof, the other Party shall be entitled to full and adequate relief by injunction and/or such other available legal or equitable remedies from the consequences of such breach. The remedies herein provided shall be cumulative as to all other remedies permitted by law or in equity.

18. Waiver. The waiver of, or failure to enforce, any breach or violation of the obligations or easements contained in this Agreement shall not be deemed to be a waiver of the right to enforce, or be deemed an abandonment of, the particular obligation violated or any of the

obligations; nor shall it be deemed to be a waiver of the right to enforce any subsequent breach or violation of this Agreement or any of the provisions set forth herein. The foregoing shall apply regardless of whether any Party has knowledge of the breach or violation.

19. No Public Dedication. The provisions of this Agreement are not intended to and do not constitute a dedication for public use of the Easement Area or any portion of real property described in the exhibits attached hereto, and the rights herein created are private and for the benefit only of the Parties, their successors and assigns.

20. Running of Benefits and Burdens. All provisions of this Agreement shall run with the land and are binding upon of the successors and assigns of the Parties.

21. Title Insurance. Grantor hereby agrees to reasonably cooperate with Grantee in obtaining title insurance for the Easement Area; provided, however, in no event shall Grantor be responsible for any financial obligations relating to such title insurance.

22. Estoppel. From time to time, either Grantor or Grantee shall furnish, within ten (10) business days after request therefor, a signed certificate confirming and containing such factual certifications and representations as to this Agreement as the requesting party may reasonably request.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives effective as of the date first set forth above.

GRANTOR:

BWB PROPERTIES LLC,
an Arizona limited liability company

By: ______________________________

Name: ____________________________

Its: ______________________________

STATE OF ARIZONA)
) ss.
County of)

On this ____ day of ____________, 2015, before me, the undersigned, Notary Public in and for said County and State, personally appeared ______________________, the ______________ of ______________________________, a/an ______________, who acknowledged himself to me and executed the foregoing instrument for and on behalf of the company for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[SEAL]

____
Notary Public

My Commission Expires: ______________

GRANTEE:

DMB CIRCLE ROAD PARTNERS, LLP
an Arizona limited liability partnership

By: Bell 77 Properties Limited Partnership, an Arizona limited partnership, its duly authorized general partner

By: Circle Road Equities, Inc., an Arizona corporation, its duly authorized general partner

By:____________________
Name: David L. Bruner
Its: President

STATE OF____________)
) ss.
COUNTY OF ___________)

The foregoing instrument was acknowledged before me this __ day of August, 2015, by David L. Bruner, as President of Circle Road Equities, Inc., an Arizona corporation, the duly authorized general partner of Bell 77 Properties Limited Partnership, an Arizona limited partnership, the duly authorized general partner of DMB Circle Road Partners, LLP, an Arizona limited liability partnership, for and on behalf of said latter partnership.

____

Notary Public

My Commission Expires:

____

LENDER CONSENT AND RATIFICATION:

_____________________________, a national banking association, as the Beneficiary under that certain [*Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing*] dated _______________, 20___, and recorded on _______________, 20____, as Instrument No. _________________ of the Official Records of Maricopa County, Arizona (the "Deed of Trust"), hereby consents to and ratifies the execution and recordation of the Water and Sewer Easement Agreement (the "Agreement") to which this Lender Consent and Ratification is attached. The undersigned further agrees that the Agreement shall continue in effect and be binding on the undersigned and on the property described therein which is subject to the Deed of Trust (the "Property") notwithstanding any Trustee's sale, foreclosure or conveyance in lieu thereof of the Property pursuant to or under the Deed of Trust and on any other persons or entities acquiring title to the Property pursuant to any such Trustee's sale, foreclosure or deed in lieu thereof.

_____________________________, a
national banking association

By: _______________________
Name: _____________________
Title: ______________________
Date: ______________________

STATE OF _______________)
) ss:
COUNTY OF _______________)

On this _____ day of _____________, 20____, before me, personally appeared _________________, as ___________ of _________________________, on behalf of said company, who is personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged to me that he/she executed it on behalf of _________________.

____
Notary Public

My Commission Expires: _______________

EXHIBIT A

Legal Description – Grantor's Parcel

Parcel 4B-5, KIERLAND PARCELS 4B & 6A, according to Book 443 of Maps, page 39, records of Maricopa County, Arizona.

21659681

EXHIBIT B

Legal Description – Grantee's Parcel

Kierland
Proposed Lot 3

A parcel of land lying within Section 3, Township 3 North, Range 4 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, being a portion of Parcel 4A of Kierland Parcels 1, 3 and 4A, as recorded in Book 418, page 45, records of Maricopa County, Arizona, more particularly described as follows:

Commencing at the south most southeast corner of said Parcel 4A;
THENCE along the southerly line of said Parcel 4A, North 44°48'52" East, a distance of 29.74 feet, to the east line of said Parcel 4A;
THENCE leaving said southerly line, along the east line of said Parcel 4A,
North 00°06'24" West, a distance o the **POINT OF BEGINNING;**
THENCE leaving said east line, South 89°44'08" West, a distance of 54.04 feet;
THENCE North 00°15'52" West, a distance of 8.54 feet;
THENCE North 45°15'52" West, a distance of 368.10 feet;
THENCE South 89°44'08" West, a distance of 99.31 feet;
THENCE North 00°15'52" West, a distance of 69.99 feet, to the north line of said Parcel 4A;
THENCE along said north line, North 89°44'08" East, a distance of 414.57 feet, to the east line of said Parcel 4A;
THENCE leaving said north line, along said east line, South 00°06'24" East, a distance of 338.82 feet, to the **POINT OF BEGINNING.**

Containing 1.7794 acres, or 77,513 square feet of land, more or less.

Subject to existing rights-of-way and easements.

EXHIBIT C

EXHIBIT

DESCRIPTION OF EASEMENT FOR
WATER, SEWER, AND PUBLIC UTILITIES
OVER PARCEL 4B5

A portion of Parcel 4B5, KIERLAND PARCELS, Book 443 of Maps, Page 39, records of Maricopa County, Arizona located in the Southeast quarter of Section 3, Township 3 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona more particularly described as follows:

COMMENCING at the City of Phoenix brass cap flush marking the intersection of Kierland Boulevard and 71st Street;

THENCE North 00 degrees 06 minutes 14 seconds West 750.00 feet along the monument line of said 71st Avenue to the westerly prolongation of the South line of said Parcel 4B5;

THENCE North 89 degrees 44 minutes 08 seconds East 35.00 feet along said prolongation to the Southwest corner of said Parcel 4B5 and the POINT OF BEGINNING;

THENCE North 00 degrees 06 minutes 14 seconds West 3.00 feet along the West line of said Parcel 4B5;

THENCE North 89 degrees 44 minutes 08 seconds East 250.00 feet to the East line of said Parcel 4B5;

THENCE South 00 degrees 06 minutes 13 seconds East 3.00 feet along said East line to the Southeast corner of said Parcel 4B5;

THENCE South 89 degrees 44 minutes 08 seconds West 250.00 feet along the South line of said Parcel 4B5 to the POINT OF BEGINNING.

COMPRISING of 750 sq. feet or 0.017 acres more or less, subject to all easements of record

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
42137
DAVID S.
KLEIN
5/6/15
Date Signed
ARIZONA, U.S.A.

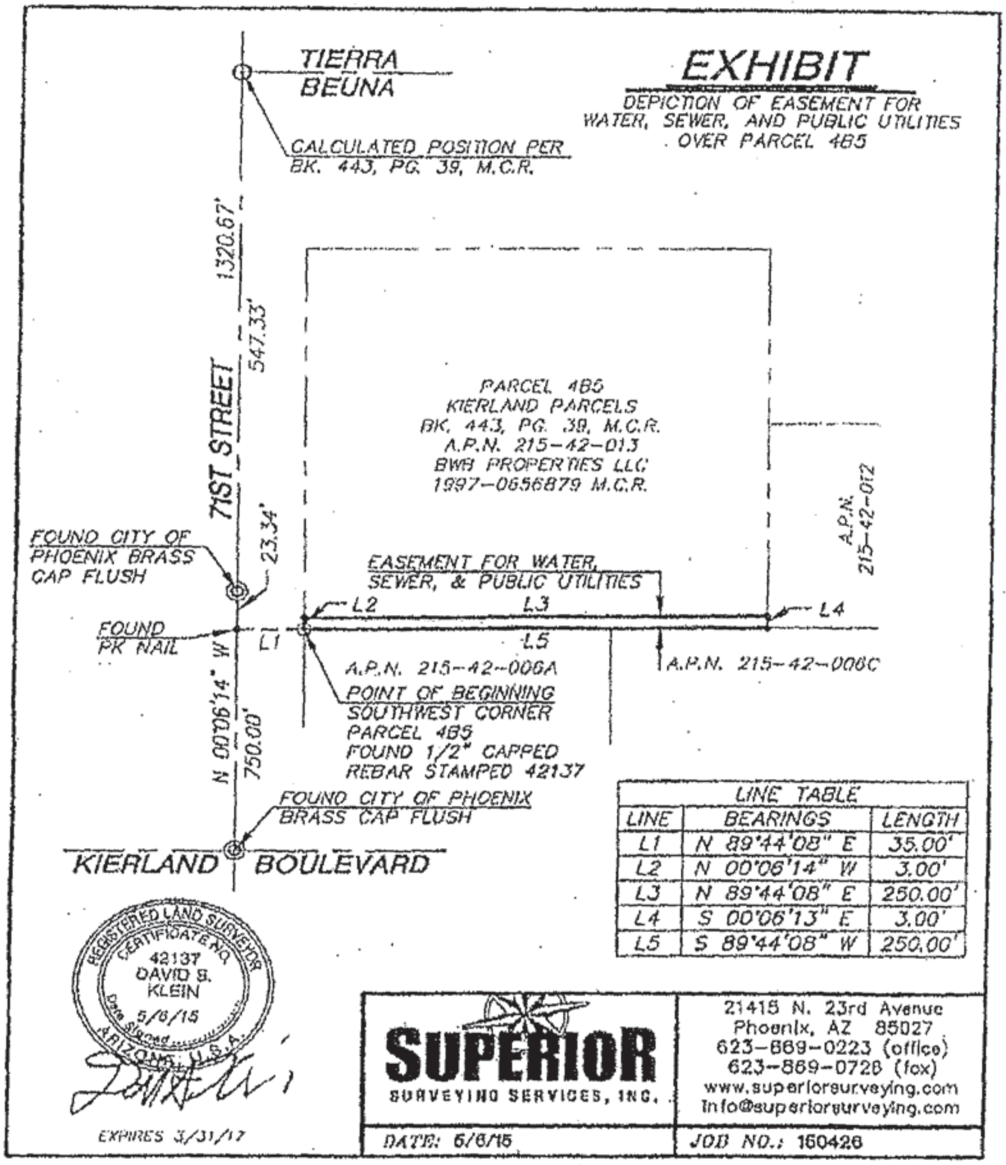
EXPIRES 3/31/17

SUPERIOR
SURVEYING SERVICES, INC.

21415 N. 23rd Avenue
Phoenix, AZ 85027
623-869-0223 (office)
623-869-0726 (fax)
www.superiorsurveying.com
info@superiorsurveying.com

DATE: 5/6/15 | *JOB NO.:* 150428

21659681



LINE TABLE

LINE	BEARINGS	LENGTH
L1	N 89°44'08" E	35.00'
L2	N 00°06'14" W	3.00'
L3	N 89°44'08" E	250.00'
L4	S 00°06'13" E	3.00'
L5	S 89°44'08" W	250.00'

The intent of this exhibit is to depict the Easement Area that "closes the gap" between the northerly boundary of Grantee's Parcel and the southerly boundary of the twenty-five foot public water and sewer easement recorded on June 16, 1997 in Book 443, Page 39, Official Records of Maricopa County, Arizona (the "PUE").

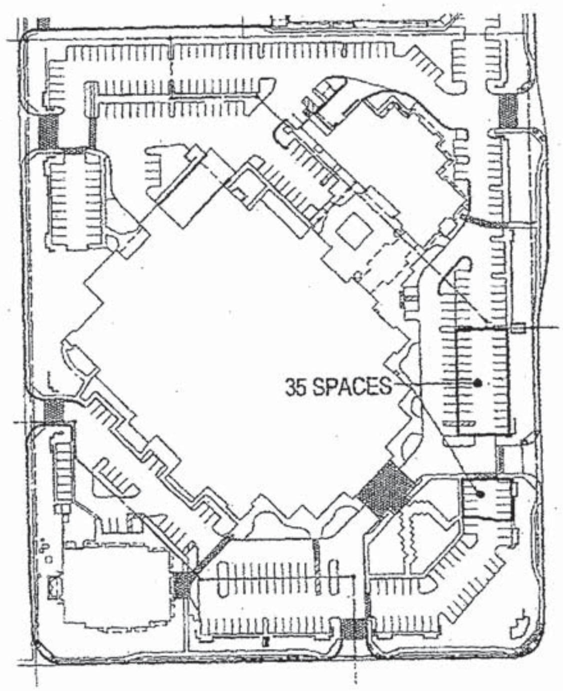
21659081

EXHIBIT "E"

Temporary Parking Area

[Attached]

20170540672

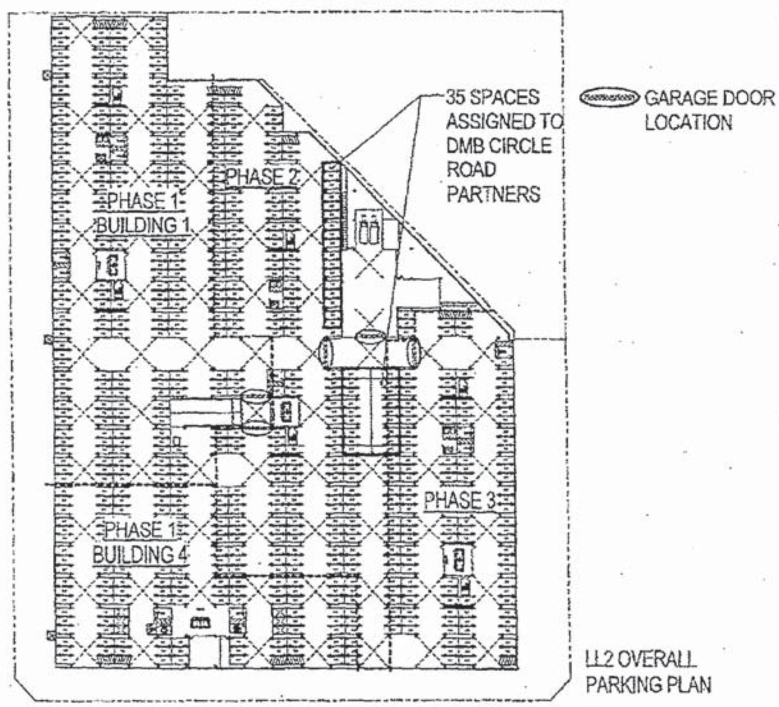


PARKING SPACES AVAILABLE FOR USE
DURING CONSTRUCTION OF PHASE 1

EXHIBIT "F"

Permanent Parking Area

[Attached]



20170540672

EXHIBIT "G-1"

Description of Completed Parcel Separation Work

1. Relocate the utility lines as set forth on Exhibit B of the Declarant Site Plan. In connection therewith, KC LLC agrees to use reasonable efforts to minimize disruption of any utilities serving the parcels during such work, including, any shared water lines for irrigation and electricity.

2. Relocate the existing monument sign currently on the KC LLC Property to the area labeled on the Declarant Site Plan as the "New Monument Sign Location".

3. Demolish the existing building connection between the KC LLC Property and the building currently located on Declarant's Property ("Declarant's Building").

4. Repair the façade of Declarant's Building to the extent necessary as a result of the demolition of the building connection described herein. KC LLC will use reasonable efforts to cause such repairs to the match the other portions of Declarant's Building to the extent feasible.

5. Install a new double door glass entry on Declarant's Existing Building in the area labeled on the Declarant Site Plan as the "New DBL Door Entry". Such double doors shall be of substantially similar design and quality as the existing doors and windows on Declarant's Existing Building.

6. Install a new canopy over the new double door entry way described above in the area labeled on the Declarant Site Plan as the "New Canopy Less than 4'". Such canopy shall be constructed in a similar design and quality as the other portions of the Declarant's Existing Building and shall extend no more than four feet from Declarant's Existing Building.

7. Install new landscaping in the areas shown on the Declarant Site Plan and repair any existing landscaping damaged as a result of any of the foregoing, all of which shall be performed in a manner that is consistent with the existing landscaping on the other portions of Declarant's Property.

EXHIBIT "G-2"

Description of Incomplete Parcel Separation Work

1. Reconfigure and install, as applicable, all new surface parking lot improvements as shown on the Declarant Site Plan, including the ramps, curbs, striping, sidewalks, screen walls and any required directional signage and lighting.

2. Construct and install the drainage facilities and related equipment on the Declarant's Property described and shown as Construction Notes 5, 6, 8, 10, 11, 17, 18, 19, 20, 22, 26 and 27 on the La Maison Drainage Plan and such other drainage facilities and related equipment on the KC LLC Property to the extent necessary to cause the surface water drainage from Declarant's Property to flow through new or existing underground pipes and drainage management systems within the Stormwater Drain Easement located on and serving the KC LLC Property in accordance with Section 15 of this Third Amendment (the "Drainage Relocation Work").

EXHIBIT "H-1"

Stormwater Drain Easement

[Attached]

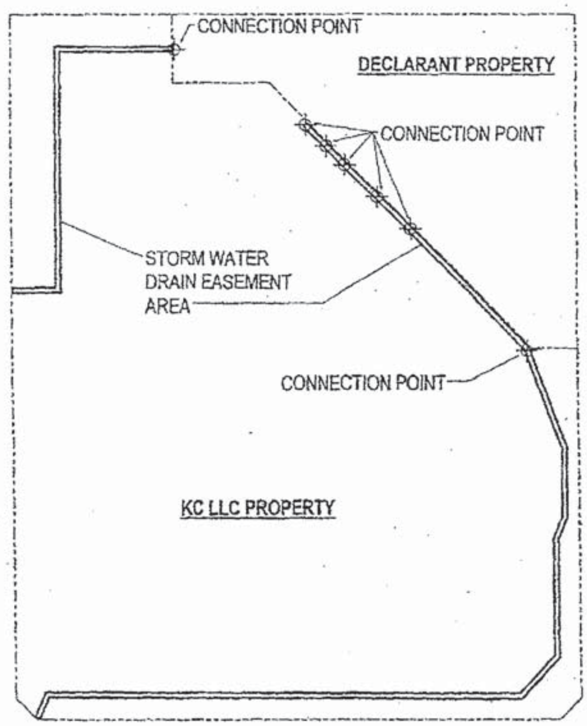

CONNECTION POINT
DECLARANT PROPERTY
CONNECTION POINT
STORM WATER
DRAIN EASEMENT
AREA
CONNECTION POINT
KC LLC PROPERTY

EXHIBIT "I"

Common Area Plan

[Attached]

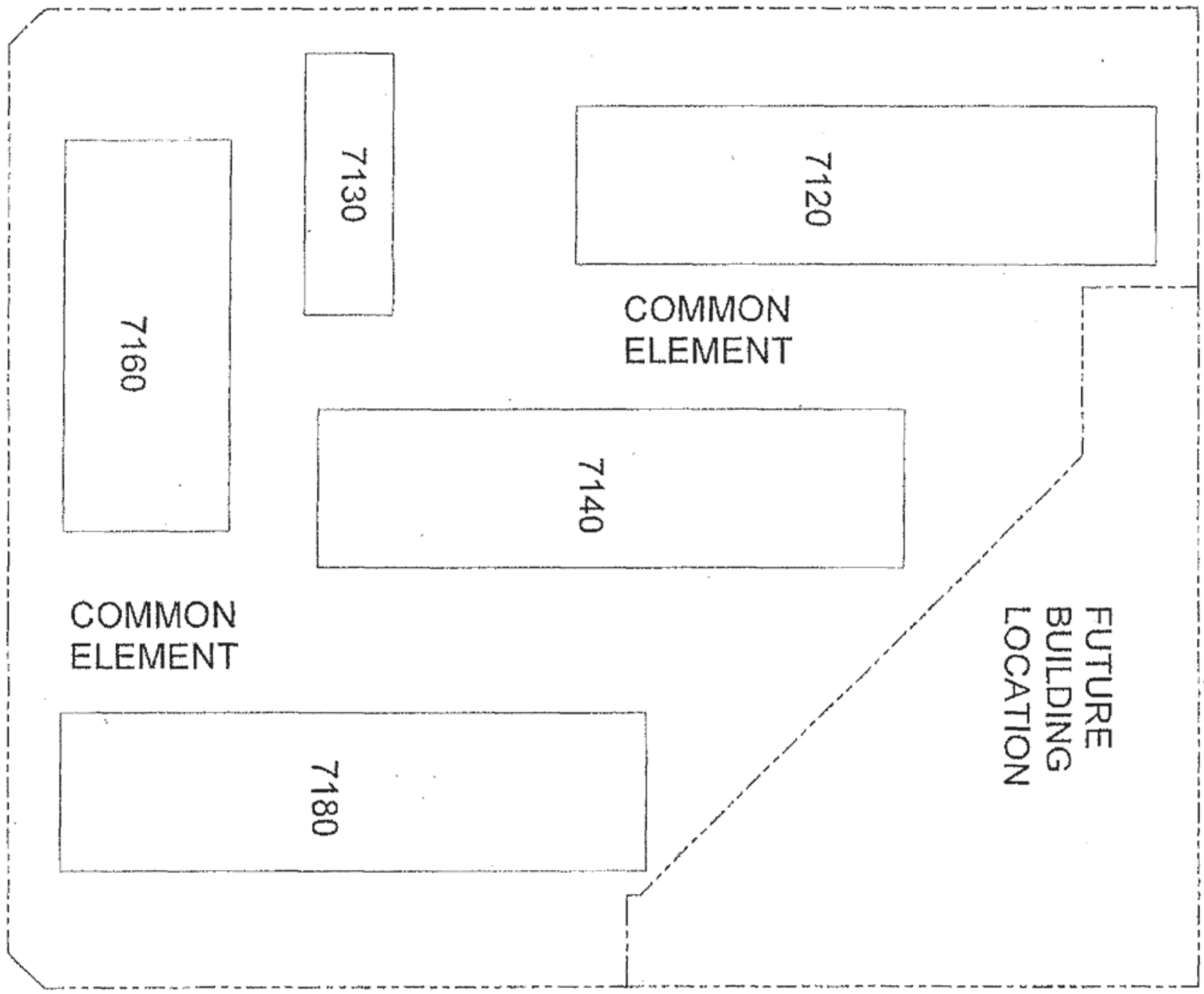

7130
7120
7160
COMMON ELEMENT
7140
COMMON ELEMENT
FUTURE BUILDING LOCATION
7180

EXHIBIT "J"

KC LLC Construction Plans

[attached]

EXHIBIT "J"

KC LLC Construction Plans

KMA-001	SITE PLAN REFERENCE A200 LL1-GA DATED 1/13/2017 CURRENTLY UNDER REVIEW BY C.O.P.
KMA-002	LEVEL 1 OVERALL
KMA-003	LEVEL 2 OVERALL
KMA-004	LL1 OVERALL REFERENCE A100-GA DATED 1/13/2017 CURRENTLY UNDER REVIEW BY C.O.P.
KMA-005	LL2 OVERALL REFERENCE A101-GA DATED 1/13/2017 CURRENTLY UNDER REVIEW BY C.O.P.
KMA-201	SCREENING & SIGNAGE PLAN
KMA-301	LL1-FP OVERALL PLAN
KMA-302	LL2-FP OVERALL PLAN
KMA-304a	BUILDING 1 (7120) LEVEL 2 FP ENLARGED PLAN
KMA-304b	BUILDING 4 (7160) LEVEL 2 FP PLAN
B400	EAST ELEVATION
B401	SOUTH ELEVATION
B402	WEST ELEVATION
B403	NORTH ELEVATION
L100	OVERALL CONCEPTUAL PLANTING PLAN REFERENCE L1.0 AND L1.1 APPROVED BY C.O.P DATED 8/9/2016
E102	PHOTOMETRIC SITE PLAN
E103	FIXTURE CUTSHEETS
EXHIBIT 1	PROPOSED ENTRY SIGN
CIVIL G&D 1	GRADING & DRAINAGE
CIVIL G&D 2	GRADING & DRAINAGE
CIVIL G&D 3	DEMOLITION PLAN
CIVIL G&D 4	GRADING & DRAINAGE
CIVIL G&D	GRADING & DRAINAGE
CIVIL G&D 6	GRADING & DRAINAGE
CIVIL G&D 7	GRADING & DRAINAGE
CIVIL G&D 8	GRADING & DRAINAGE
CIVIL FIRE 1	PRIVATE FIRELINE PLAN
CIVIL FIRE 2	PRIVATE. FIRELINE PLAN
CIVIL FIRE 3	PRIVATE FIRELINE PLAN
CIVIL WATER & SEWER 1	WATER & SEWER PLAN
CIVIL WATER & SEWER 2	WATER & SEWER PLAN
CIVIL WATER & SEWER 3	WATER & SEWER PLAN
CIVIL PAVING PLANS 1	PAVING PLANS WI DRAINAGE FACILITIES
CIVIL PAVING PLANS 2	PAVING PLANS W/ DRAINAGE FACILITIES
CIVIL PAVING PLANS 3	TYPICAL SECTIONS & DETAILS
CIVIL PAVING PLANS 4	PAVING PLANS W/ DRAINAGE FACILITIES
CIVIL PAVING PLANS 5	PAVING PLANS WI DRAINAGE FACILITIES

CIVIL PAVING PLANS 6	PAVING PLANS W/ DRAINAGE FACILITIES
S101-GA	GENERAL STRUCTURAL NOTES
S102-GA	GENERAL STRUCTURAL NOTES
$103-GA	COLUMN SCHEDULE
S104-GA	COLUMN SCHEDULE
5105-GA	SHEARWALL ELEVATIONS
S106-GA	SHEARWALL ELEVATIONS
$107-GA	SHEARWALL ELEVATIONS
5108-GA	SHEARWALL ELEVATIONS
S109-GA	SHEARWALL ELEVATIONS
S300 Li-GA	OVERALL Li FRAMING PLAN
S300 LL1-GA	OVERALL LL1 FRAMING PLAN
S300 LL2-GA	OVERALL LL2 FOUNDATION PLAN
5301 L1-GA	AREA 1 LEVEL 1 FRAMING PLAN
S301 LL1-GA	AREA 1 LL1 FRAMING PLAN
5301 LL2-GA	AREA 1 LL2 FOUNDATION PLAN
S301a Li-GA	AREA 1- LEVEL 1 MILD REINFORCING PLAN
S301a LL1-GA	AREA 1- LL1 MILD REINFORCING PLAN
5301b L1-GA	AREA 1- LEVEL 1 PT FRAMING PLAN
S301b LL1-GA	AREA 1- LL1 PT FRAMING PLAN
S302 Li-GA	AREA 2 - LEVEL 1 FRAMING PLAN
$302 LL1-GA	AREA 2 - LL1 FRAMING PLAN
S302 LL2-GA	AREA 2 - LL2 FOUNDATION PLAN
S302a Li-GA	AREA 2 - LEVEL 1 MILD REINFORCING PLAN
S302a LL1-GA	AREA 2 - LL1 MILD REINFORCING PLAN
S302b Li-GA	AREA 2 - LEVEL 1 PT FRAMING PLAN
S302b LL1-GA	AREA 2 - LL1 PT FRAMING PLAN
S303 Li-GA	AREA 3 - LEVEL 1 FRAMING PLAN
S303 LL1-GA	AREA 3 - LL1 FRAMING PLAN
5303 LL2-GA	AREA 3 - LL2 FOUNDATION PLAN
S303a Li-GA	AREA 3 - LEVEL 1 MILD REINFORCING PLAN
S303a LL1-GA	AREA 3 - LL1 MILD REINFORCING PLAN
S303b Li-GA	AREA 3 - Li PT FRAMING PLAN
S303b LL1-GA	AREA 3 - LL1 PT FRAMING PLAN
S304 LL2-GA	MAT REINFORCING PLAN
S401 L2-B1	BUILDING 1- 2ND FLOOR FRAMING PLAN
S401 L2-B4	BUILDING 4 - 2ND FLOOR FRAMING PLAN
S401a L2-B1	BUILDING 1- 2ND FLOOR MILD REINFORCING PLAN
S401a L2-B4	BUILDING 4 - 2ND FLOOR MILD REINFORCING PLAN
S402 L3-B1	BUILDING 1- 3-10 FLOOR FRAMING PLAN
S402 L3-B4	BUILDING 4 - 3-10 FLOOR FRAMING PLAN
S403 R-B3	BUILDING 1- ROOF FRAMING PLAN
S403 R-84	BUILDING 4 - ROOF FRAMING PLAN
5500-GA	TYPICAL DETAILS
S600-GA	FOUNDATION DETAILS

S601-GA	FOUNDATION DETAILS
S602-GA	FOUNDATION DETAILS
S603-GA	FOUNDATION DETAILS
S604-GA	FOUNDATION DETAILS
S700-GA	FRAMING DETAILS
S701-GA	FRAMING DETAILS
$702-GA	FRAMING DETAILS
5703-GA	FRAMING DETAILS
S704-GA	FRAMING DETAILS

EXHIBIT 13

FISCAL AND ECONOMIC IMPACT STUDY

DMB Circle Road Partners
Mixed-Use Development
15450 N. Scottsdale Rd.
Phoenix, Arizona

Prepared for:

DMB Circle Road Partners,
7600 E. Doubletree Ranch Road, Suite 300
Scottsdale, AZ 85258

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

FISCAL AND ECONOMIC IMPACT STUDY
DMB CIRCLE ROAD PARTNERS MIXED-USE DEVELOPMENT
15450 NORTH SCOTTSDALE ROAD
PHOENIX, ARIZONA

January 2018

Prepared for:
DMB Circle Road Partners, LLP
7600 E. Doubletree Ranch Road, Suite 300
Scottsdale, AZ 85258

Prepared by:
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PR# 17-12-03

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

January 31, 2018

David Bruner
DMB Circle Road Partners, LLP
7600 E. Doubletree Ranch Road, Suite 300
Scottsdale, AZ 85258

RE: Fiscal and Economic Impact Study
DMB Circle Road Partners Mixed-Use Development; Phoenix, Arizona

Mr. Bruner:

The purpose of the attached *Fiscal and Economic Impact Revenue Study* is to estimate tax revenues and economic benefits realized by the City of Phoenix, Arizona from development of a mixed-use development proposed by DMB Circle Road Partners, LLP approximately 400 feet north of the northwest corner of Scottsdale Road and Kierland Boulevard. The study evaluated two possible project plan scenarios, including: 1) ground floor commercial space, a hotel, residential condominiums, and structured parking ("Option A") and 2) ground floor commercial space, residential condominiums, and structured parking ("Option B"). Each project plan scenario compared the benefits of both for-sale condominiums versus rental apartments.

The study provides tax revenue and economic impact estimates generated by the proposed mixed-use development for the City of Phoenix, actual project performance and tax revenue collections may vary.

Upon review of the study findings, should any questions arise, or additional information requested, please call me directly at (716) 327-5576.

Respectfully submitted,

CANYON RESEARCH SOUTHWEST, INC.

Eric S. Lander, Principal

475 ELLICOTT STREET SUITE 301 / BUFFALO, NY 14203 / (716) 551-0655

TABLE OF CONTENTS

SUMMARY OF MAJOR FINDINGS

DMB Circle Road Partners, LLP ("DMB") is planning a mixed-use development on a net 1.78-acre parcel located approximately 400 feet north of the northwest corner of Scottsdale Road and Kierland Boulevard in Phoenix, Arizona. The purpose of this study is to estimate tax revenues and economic benefits realized by the City of Phoenix, Arizona from development under two possible project plan scenarios, including: 1) ground floor commercial space, a hotel, residential condominiums, and structured parking ("Option A") and 2) ground floor commercial space, residential condominiums, and structured parking ("Option B"). Each project plan scenario compared the benefits of both for-sale condominiums versus rental apartments. A summary of the report's major findings is provided in the text to follow.

General Fund and Special Revenue Fund Estimates

Project Plan Option "A"

The Project Plan Option A calls for 26,000 square feet of ground floor retail space, a 210-room boutique hotel, 141 condominiums, and surface and structured parking for 358 spaces.

Throughout the 20-year projection period, build-out of Option A with the residential component consisting of for-sale condominiums is estimated to generate total General Fund revenues for the City of Phoenix of approximately $15.8 million and Special Revenue Funds totaling approximately $24.1 million.

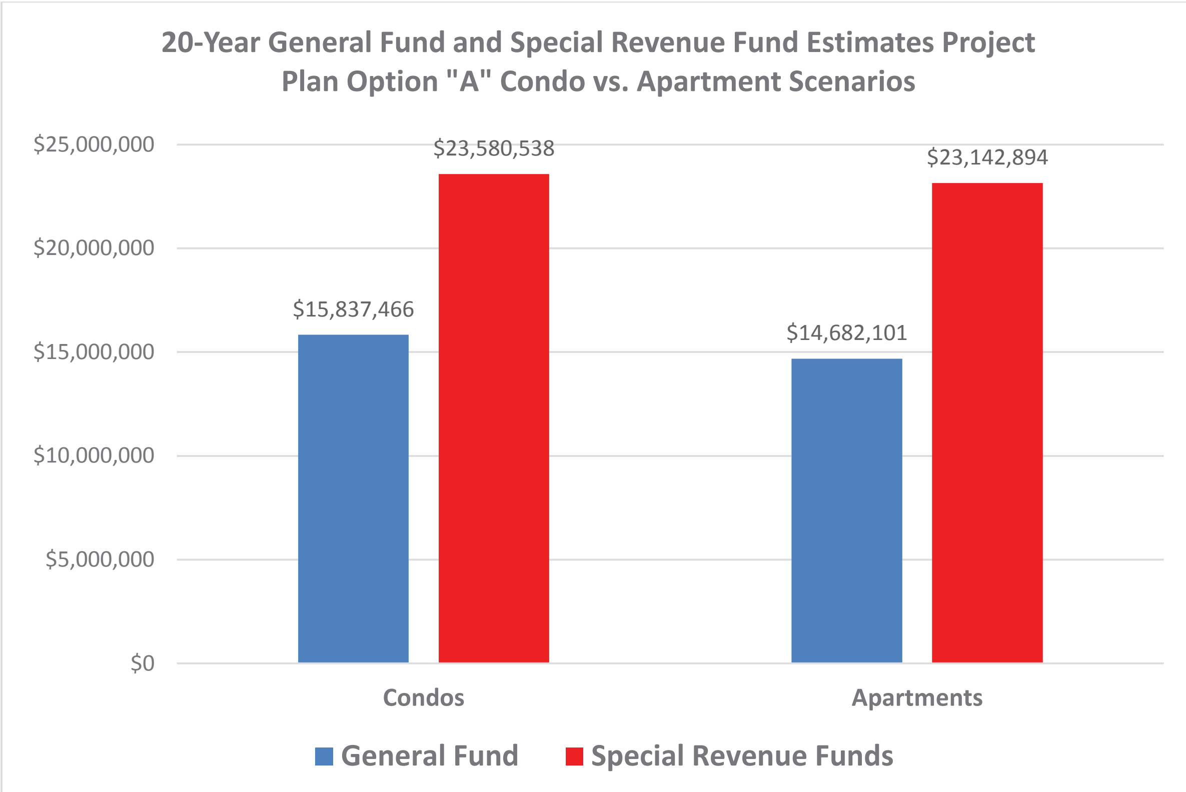
Throughout the 20-year projection period, build-out of Option A with the residential component comprised of rental apartments is estimated to generate total General Fund revenues for the City of Phoenix of approximately $14.7 million and Special Revenue Funds totaling approximately $23.1 million.

Project Plan Option "B"

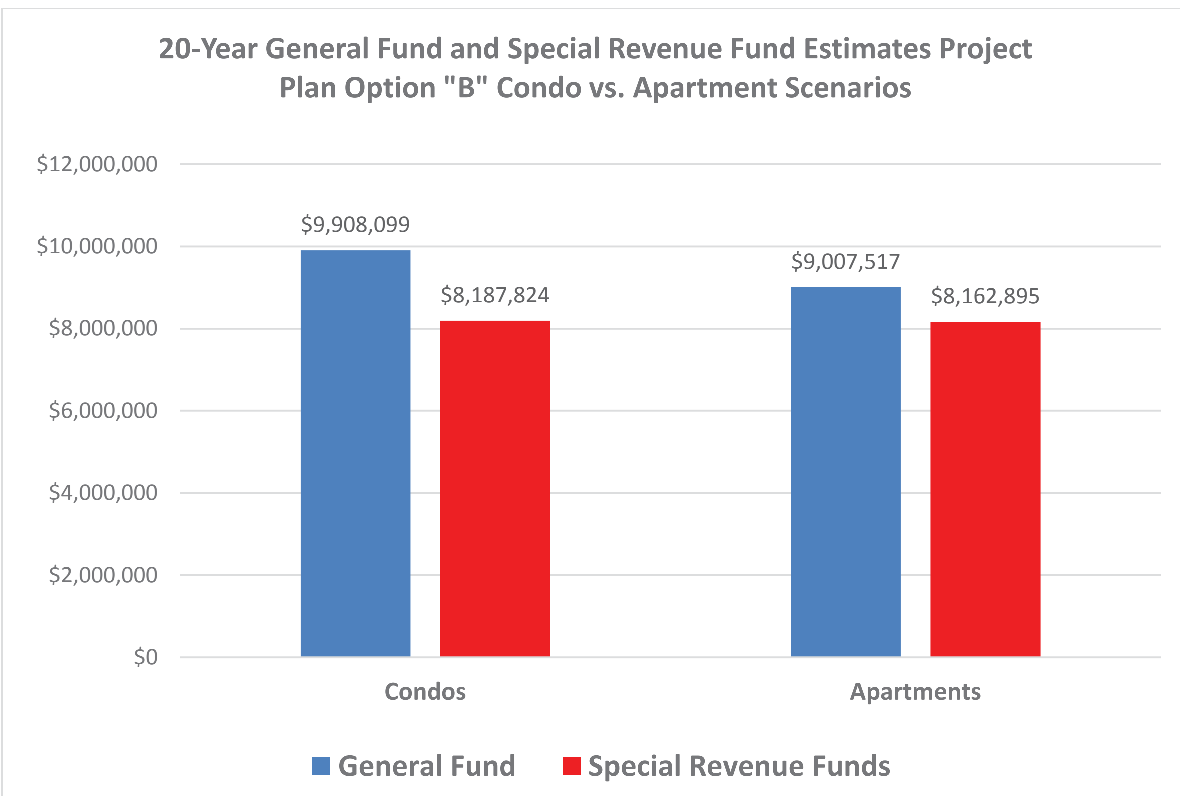
The Project Plan Option B features 26,000 square feet of ground floor retail space, 102 for-sale residential condominium units, and surface and structured parking for 358 spaces.

Throughout the 20-year projection period, build-out of the Project Plan Option B with the residential component consisting of for-sale condominiums is estimated to generate total General Fund revenues for the City of Phoenix of approximately $9.9 million and Special Revenue Funds totaling approximately $8.2 million.

Under an alternative project plan, rather than 102 for-sale residential condominium units the residential component for Option B would consist of 272 rental apartments. Throughout the 20-year projection period, build-out of Option B with the residential component with rental apartments is estimated to generate total General Fund revenues for the City of Phoenix of approximately $9.0 million and Special Revenue Funds totaling approximately $8.2 million.



20-Year General Fund and Special Revenue Fund Estimates Project Plan Option "A" Condo vs. Apartment Scenarios
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
$15,837,466
$23,580,538
$14,682,101
$23,142,894
Condos
Apartments
General Fund
Special Revenue Funds



20-Year General Fund and Special Revenue Fund Estimates Project Plan Option "B" Condo vs. Apartment Scenarios
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
$9,908,099
$8,187,824
$9,007,517
$8,162,895
Condos
Apartments
General Fund
Special Revenue Funds

Economic Impact

Development of the site into a mixed-use building will contribute significantly to the local economy by generating construction jobs, permanent jobs, and payroll.

Project Plan Option "A"

Hard construction costs for the Project Plan Option A are estimated at approximately $137 million with total economic output of approximately $192 million. The construction-phase direct on-site employment is estimated at 894 FTE jobs. Indirect job creation is estimated at 373 FTE jobs, bringing the total construction-phase workforce to 1,267 FTE jobs. Total payroll originating from these construction phase jobs is estimated at $61.5 million.

At build-out and stabilization, Option A is estimated to generate direct employment of approximately 186 FTE jobs with an annual payroll of approximately $5.4 million. Indirect economic impacts are estimated at 70 FTE jobs and an annual payroll of approximately $3.0 million. Both direct and indirect economic benefits are estimated at 256 FTE jobs and an annual payroll of approximately $8.5 million.

Project Plan Option "B"

Hard construction costs for the Project Plan Option B are estimated at approximately $116 million with total economic output of approximately $162 million. During the construction-phase direct on-site employment is estimated at 799 full-time equivalent jobs ("FTE"). Indirect job creation is estimated at 359 FTE jobs, bringing the total construction-phase workforce to 1,158 FTE jobs. Total payroll originating from these construction phase jobs is estimated at $56.7 million.

At build-out and stabilization, Option B is estimated to generate direct employment of approximately 84 FTE jobs with an annual payroll of approximately $2.4 million. Indirect economic impacts are estimated at 24 FTE jobs and an annual payroll of approximately $1.0 million. Both direct and indirect economic benefits are estimated at 108 FTE jobs and an annual payroll of approximately $3.4 million.

Summary of Tax Revenue and Economic Impacts Project Plan Options "A" and "B"

Project Plan	Option A		Option B
Retail	26,000 SF		26,000 SF
Hotel	210 Rooms		
Residential	141 DU		272 DU
Parking	358 Spaces		358 Spaces
General Fund Revenues Option A (20 Years)	**Condos**		**Apartments**
Privilege Tax Contracting	$623,972		$623,972
Privilege Tax Commercial Lease	$381,882		$1,299,483
Privilege Tax Retail & Restaurant	$2,653,273		$2,653,273
Privilege Tax Telecommunications	$142,430		$142,430
Privilege Tax Utilities	$284,879		$284,879
State Shared	$429,254		$429,254
Urban Revenue Sharing	$134,788		$134,788
Transient Lodging	$4,151,235		$4,151,235
Primary Property Tax	$7,035,739		$4,962,797
Total General Fund Revenue	**$15,837,452**		**$14,682,111**
Special Revenue Funds (20 Years)	**$23,580,529**		**$23,142,891**
General Fund Revenues Option B (20 Years)	**Condos**		**Apartments**
Privilege Tax Contracting	$527,008		$527,008
Privilege Tax Commercial Lease	$381,882		$2,152,005
Privilege Tax Retail & Restaurant	$2,653,273		$2,653,273
Privilege Tax Telecommunications	$203,898		$203,898
Privilege Tax Utilities	$185,350		$185,350
State Shared	$418,258		$418,258
Urban Revenue Sharing	$58,092		$58,092
Transient Lodging	$0		$0
Primary Property Tax	$5,480,353		$2,809,639
Total General Fund Revenue	**$9,908,114**		**$9,007,523**
Special Revenue Funds (20 Years)	**$8,187,820**		**$8,162,903**
Economic Impact Option A	**Jobs**		**Payroll**
Construction Phase			
Direct	894		$44,765,387
Indirect	373		$16,745,370
Totals	1,267		$61,510,758
Operational Phase			
Direct	186		$5,430,151
Indirect	70		$3,038,678
Totals	256		$8,469,029
Economic Impact Option B	**Jobs**		**Payroll**
Construction Phase			
Direct	799		$40,164,786
Indirect	359		$16,559,484
Totals	1,158		$56,724,271
Operational Phase			
Direct	84		$2,364,407
Indirect	24		$1,044,265
Totals	108		$3,408,672

Source: Canyon Research Southwest, Inc.; January 2018.

FISCAL AND ECONOMIC IMPACT STUDY
DMB CIRCLE ROAD PARTNERS MIXED-USE DEVELOPMENT
15450 NORTH SCOTTSDALE ROAD
PHOENIX, ARIZONA

January 2018

INTRODUCTION

Study Scope and Organization

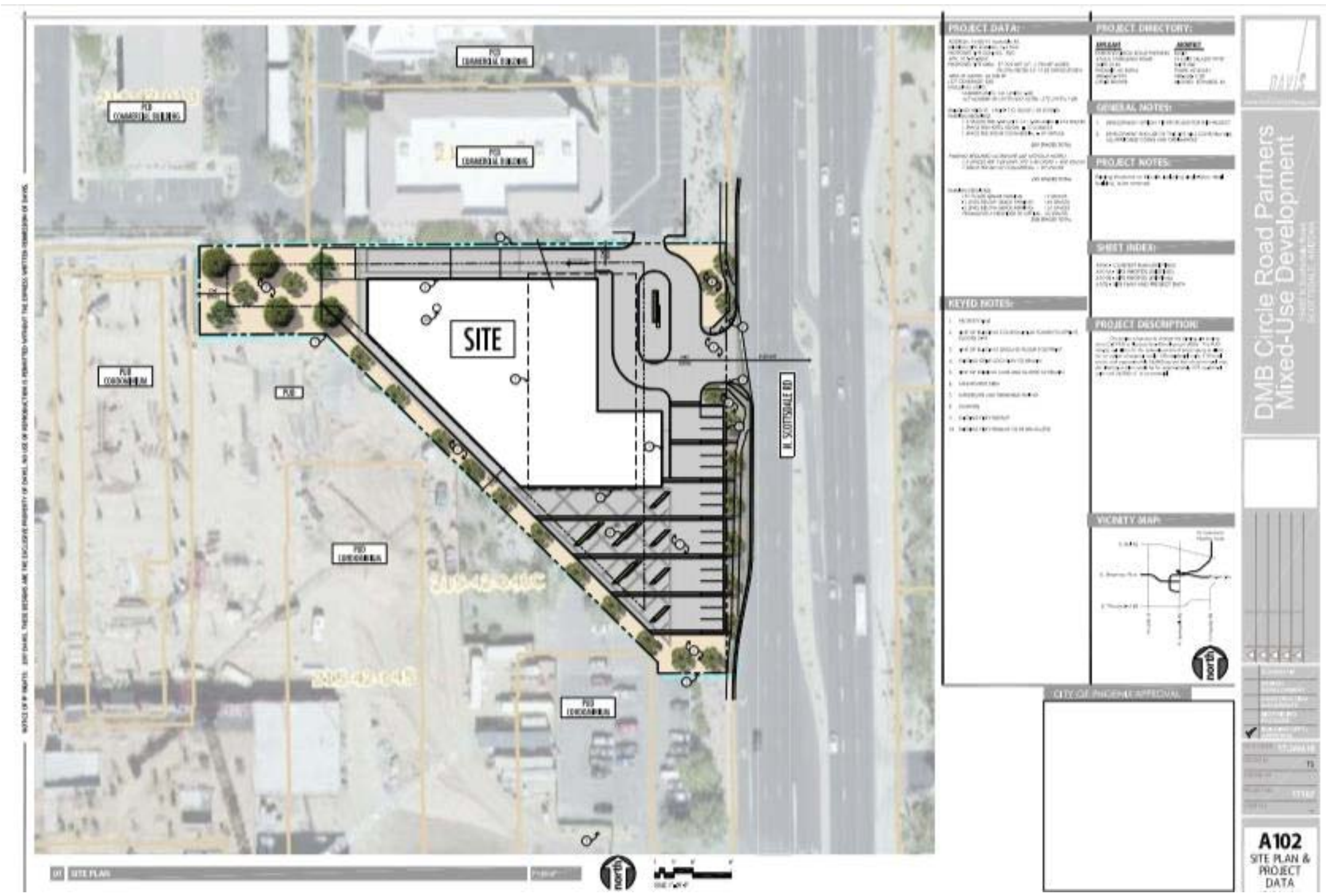
DMB Circle Road Partners, LLP ("DMB") have plans to develop a mixed-use project located approximately 400 feet north of the northwest corner of Scottsdale Road and Kierland Boulevard in Phoenix, Arizona. The purpose of this study is to estimate tax revenues and economic benefits realized by the City of Phoenix, Arizona from development under two possible project plan scenarios, including: 1) ground floor commercial space, a hotel, residential condominiums, and structured parking ("Option A") and 2) ground floor commercial space, residential condominiums, and structured parking ("Option B"). Each project plan scenario compared the benefits of both for-sale condominiums versus rental apartments.

Project Plan

The DMB Project Plan occupies a net 1.78-acre site located on the west side of Scottsdale Road between Kierland Boulevard and Paradise Road in Phoenix, Arizona.

The Project Plan Option A includes 26,000 square feet of ground floor retail space, a 210-room boutique hotel, 141 condominiums, and surface and structured parking for 358 spaces. The building will consist of 336,324 gross square feet of space with a building height of 196 feet. An alternative Project Plan (Option B) features 26,000 square feet of ground floor retail space, 102 for-sale residential condominium units, and surface and structured parking for 358 spaces. The preliminary project schedule has project design and permitting finalized by mid-2019 and construction completed by early- to mid-2021.

Project Component	Gross Area Sq. Ft.	Residential Units	Hotel Rooms	Parking Spaces
Project Plan Option "A"				
Retail (Ground Floor)	26,000			
Hotel (Floors 2-9)			210	
Residential (Floors 10-18)		141		
Surface Parking				17
Structured Parking (Two Levels)				306
Optima Tower Parking				35
Totals	**26,000**	**141**	**210**	**358**
Project Plan Option "B"				
Retail (Ground Floor)	26,000			
Residential (Floors 2-18)		102		
Surface Parking				17
Structured Parking (Two Levels)				306
Optima Tower Parking				35
Totals	**26,000**	**102**		**358**


PROJECT DATA:
PROJECT DIRECTORY:
GENERAL NOTES:
PROJECT NOTES:
SHEET INDEX:
KEYED NOTES:
PROJECT DESCRIPTION:
VICINITY MAP:
SITE
N. SCOTTSDALE RD
DMB Circle Road Partners
Mixed-Use Development
A102
SITE PLAN & PROJECT DATA

FISCAL REVENUE ANALYSIS

This section of the report provides tax revenue estimates generated for the City of Phoenix from build-out of the DMB Project Plan, a mixed-use building planned for a net 1.78-acre site located north of the northwest corner of Scottsdale Road and Kierland Boulevard in Phoenix, Arizona.

Tax revenue estimates realized by the City of Phoenix, Arizona were provided for a 20-year period under two possible project plan scenarios, including: 1) ground floor commercial space, a hotel, residential condominiums, and structured parking ("Option A") and 2) ground floor commercial space, residential condominiums, and structured parking ("Option B"). Each project plan scenario compared the benefits of both for-sale condominiums versus rental apartments.

Study Methodology

A fiscal impact analysis attempts to identify and quantify economic benefits which may accrue to a municipality or impacted public jurisdiction resulting from the construction and continued operation of a proposed real estate development. The analysis estimates future tax revenues and user fees that can be expected to occur over a specific timeframe. The analysis is tailored to specific, detailed information associated with the proposed development and the operation of the facility during the projection period.

Public service jurisdictions rely on revenues that include both local and extra-local sources. Local sources comprise a variety of tax levies and fees, while extra-local sources pertain to intergovernmental transfers from state and federal governments. The local taxes and fees are usually the more significant sources of revenue. Common tax revenues include levies on real and personal property, utility use, consumer sales, and income. In addition to taxes, governmental jurisdictions receive revenue from fees on permits and development impact fees, charges for services, fines and penalties.

Except for privilege taxes collected on contracting, the study focused only on estimating recurring fiscal revenue sources allocated to the General Fund and Special Revenue Funds of the City of Phoenix, Arizona. One-time development-related fees imposed on real estate construction such as building plan review, building permit, and impact fees are generally levied to reimburse the City's actual costs, and, thus are not viewed as net revenue sources and were not estimated in this report.

The General Fund is the primary operating fund for the City of Phoenix. All revenues that are not allocated by law or contractual agreement to a specific fund are accounted for in the General Fund and are used to finance the services associated with local government. General Fund revenues for the City of Phoenix consist of four major categories, including local taxes, state-shared revenues, primary property taxes, and user fees.

Special Revenue Funds consist of several revenue sources that are earmarked for specific purposes. Included in this category are voter-approved sales taxes for Neighborhood Protection, 2007 Public Safety Expansion, Public Safety Enhancement, Parks and Preserves, and Transportation 2050. Also included in this category are revenue from Court Awards, Development Services, Capital Construction, Sports Facilities, Arizona Highway User Revenue funds, Public Transit, Community Reinvestment, Secondary Property Tax, Regional Wireless Cooperative, Golf Courses, grant funds and other revenues.

A list of General Fund and Special Revenue Funds revenue sources levied by the City of Phoenix was compiled through review of the City of Phoenix Summary Budget for FY 2017-18 as well as information provided by the Arizona Department of Revenue, Maricopa County Assessor, and City of Phoenix.

Applicable General Fund revenue sources to be levied by the City of Phoenix resulting from development of the DMB Project Plan include primary property tax and privilege taxes on construction contracting; commercial and residential lease revenue; transient lodging; retail and restaurant sales; telecommunications; and utilities.

Special Revenue Funds to be levied by the City of Phoenix resulting from development of the Project Plan include Neighborhood Protection, 2007 Public Safety Expansion, Public Safety Enhancement, Parks and Preserves, Transportation 2050, Convention Center, Sports Facilities, Capital Construction, and Secondary Property Tax.

The State of Arizona distributes several sources of state collected tax revenue to individual incorporated communities with the share calculated based on each community's percentage of statewide population. State-sponsored distributions applicable to development of the DMB Project Plan include State-shared privilege tax and Urban Revenue Sharing Program.

Each tax revenue source to be collected by the City of Phoenix resulting from the completion and operation of the DMB Project Plan is defined and estimated in the text to follow.

From 1997 through 2016 the Consumer Price Index (CPI) rose at an average annual rate of 2.24 percent. For the purpose of this report fiscal revenues are escalated at a more conservative rate of 2.0 percent annually throughout the 20-year projection period.

Project Plan Option "A"

The Project Plan Option "A" calls for the development of a mixed-use project featuring 26,000 square feet of ground floor retail space, a 210-room boutique hotel on Floors 2-9, 141 residential condominium units on Floors 10-18, and surface and structured parking for 358 spaces. This section of the study provides fiscal revenue estimates to the City of Phoenix under this Project Plan scenario.

Privilege Tax on Contracting

The City of Phoenix levies a 2.3 percent privilege tax on the gross income from business upon every construction contractor engaging or continuing in the business activity of construction contracting within the City. All construction contracting gross income subject to the tax is allowed a deduction of 35 percent. Construction cost estimates were provided by the developer and supported by industry sources such as Marshall & Swift and the HVS Cost Per Room Survey.

Of the 2.3 percent privilege tax on contracting, 0.7 percent is allocated to the General Fund with the remaining 1.6 percent contributed to voter-approved resources for Neighborhood Protection (0.1%); Public Safety Expansion (0.2%); Parks (0.1%); Transportation (0.7%); and Convention Center (0.5%).

Construction costs are estimated at $418 per square foot for the retail space, $250,000 per hotel room, $385 per square foot for the residential, and $35,000 per parking space for the structured parking. Applying the 35 percent standard deduction yields taxable construction costs of approximately $89.1 million. At the current tax rate of 2.3 percent, privilege tax revenues levied on contracting by the City of Phoenix are estimated at approximately $2.05 million, including $623,972 dedicated to the General Fund and $1.43 million distributed to various Special Revenue Funds.

Privilege Tax on Contracting
Project Plan Option "A"

Line Item	Building Sq. Ft.	Guest Rooms	Parking Spaces	Cost Per Sq. Ft.	Cost Per Room	Cost Per Space	Construction Costs
Retail Space	26,000			$418			$10,868,000
Hotel		210			$250,000		$52,500,000
Residential Dwelling Units	163,789			$385			$63,058,765
Parking Structure			306			$35,000	$10,710,000
Total Costs							$137,136,765
Less: Labor Deduction (35%)							-$47,997,868
Taxable Costs							$89,138,897
Privilege Tax Revenue (2.3%)							**$2,050,195**
General Fund (0.7%)							**$623,972**
Special Revenue Funds (1.6%)							**$1,426,222**

Source: Canyon Research Southwest, Inc.; January 2018.

Privilege Tax on Commercial and Residential Property Rental

The City of Phoenix levies a privilege tax on the gross rental income from leasing or renting real property within the City for a consideration. The privilege tax rate is 2.4 percent on commercial property rentals and 2.3 percent for residential property rentals, with 1.3 percent to 1.2 percent; respectively, dedicated to the General Fund and the balance allocated to various Special Revenue Funds.

The Project Plan Option A includes 26,000 square feet of commercial space and 141 luxury residential dwelling units. The commercial space will be marketed at a rent of approximately $50.00 per square foot. Assuming the residential dwelling units are available for lease achievable rents were based on such comparable properties as Optima and Scottsdale Quarter. At an average unit size of 900 square feet and a rent of $2.25 per square foot, a monthly rent of approximately $2,000 per dwelling unit is supportable. The study assumes the commercial spaces and residential units will operate at a 7 percent vacancy factor. Rents for the parking spaces within the garage are incorporated into the rents for the commercial space and residential units. The lease rates utilized in this report are estimates only. Actual commercial space and apartment rents may vary. As outlined in the table below, during the initial year the Project Plan Option A is forecast to generate gross rental income of approximately $4.4 million.

Estimated Annual Gross Rental Income
Project Plan Option "A"

Project Component	Rentable Sq. Ft.	# of Units	Rent Per Sq. Ft.	Monthly Rent	Gross Rent
Commercial Space	26,000		$50.00		$1,300,000
Apartment Units		141		$2,000	$3,384,000
Total Gross Rent					$4,684,000
Less: Vacancy Loss					-$327,880
Net Taxable Rent					$4,356,120

Source: Canyon Research Southwest, Inc.; January 2018.

As outlined in the table on the following page, assuming the residential component is operated as rental apartments, throughout the entire 20-year projection period total privilege tax on commercial and residential lease revenue generated for the City of Phoenix by the Project Plan Option A are estimated at approximately $2.5 million. The tax revenue by fund includes $1.3 million to the General Fund and $1.2 allocated to various Special Revenue Funds.

Under the scenario where the residential component of the Project Plan Option A is marketed as for-sale condominiums, throughout the entire 20-year projection period total privilege tax on commercial lease revenue generated for the City of Phoenix is estimated at approximately

$705,000. Sales tax revenue by fund includes $382,000 to the General Fund and $323,000 allocated to various Special Revenue Funds.

Privilege Tax on Commercial and Residential Lease Revenue
Project Plan Option "A"

Year	Commercial Rental Income	General Fund 1.30%	Special Funds 1.10%	Residential Rental Income	General Fund 1.20%	Special Funds 1.10%	General Fund Totals	Special Funds Totals
1	$1,209,000	$15,717	$13,299	$3,147,120	$37,765	$34,618	$53,482	$47,917
2	$1,233,180	$16,031	$13,565	$3,210,062	$38,521	$35,311	$54,552	$48,876
3	$1,257,844	$16,352	$13,836	$3,274,264	$39,291	$36,017	$55,643	$49,853
4	$1,283,000	$16,679	$14,113	$3,339,749	$40,077	$36,737	$56,756	$50,850
5	$1,308,660	$17,013	$14,395	$3,406,544	$40,879	$37,472	$57,891	$51,867
6	$1,334,834	$17,353	$14,683	$3,474,675	$41,696	$38,221	$59,049	$52,905
7	$1,361,530	$17,700	$14,977	$3,544,168	$42,530	$38,986	$60,230	$53,963
8	$1,388,761	$18,054	$15,276	$3,615,052	$43,381	$39,766	$61,435	$55,042
9	$1,416,536	$18,415	$15,582	$3,687,353	$44,248	$40,561	$62,663	$56,143
10	$1,444,867	$18,783	$15,894	$3,761,100	$45,133	$41,372	$63,916	$57,266
11	$1,473,764	$19,159	$16,211	$3,836,322	$46,036	$42,200	$65,195	$58,411
12	$1,503,240	$19,542	$16,536	$3,913,048	$46,957	$43,044	$66,499	$59,579
13	$1,533,304	$19,933	$16,866	$3,991,309	$47,896	$43,904	$67,829	$60,771
14	$1,563,970	$20,332	$17,204	$4,071,135	$48,854	$44,782	$69,185	$61,986
15	$1,595,250	$20,738	$17,548	$4,152,558	$49,831	$45,678	$70,569	$63,226
16	$1,627,155	$21,153	$17,899	$4,235,609	$50,827	$46,592	$71,980	$64,490
17	$1,659,698	$21,576	$18,257	$4,320,321	$51,844	$47,524	$73,420	$65,780
18	$1,692,892	$22,008	$18,622	$4,406,728	$52,881	$48,474	$74,888	$67,096
19	$1,726,750	$22,448	$18,994	$4,494,862	$53,938	$49,443	$76,386	$68,438
20	$1,761,285	$22,897	$19,374	$4,584,760	$55,017	$50,432	$77,914	$69,806
Total	$29,375,520	$381,882	$323,131	$76,466,738	$917,601	$841,134	$1,299,483	$1,164,265

Source: Canyon Research Southwest, Inc.; January 2018.

Privilege Tax on Retail and Restaurants & Bars

Chapter 14-460 of the City of Phoenix Tax Code allows the City of Phoenix to levy a privilege tax on gross income from the business activity upon every person engaging or continuing in the business of selling tangible personal property at retail. The privilege tax on retail sales levied by the City of Phoenix is 2.3 percent with 1.2 percent dedicated to the General Fund and the remaining 1.1 percent allocated to various special funds.

Chapter 14-455 of the City of Phoenix Tax Code allows the City of Phoenix to levy privilege tax on gross income from the business activity upon every person engaging or continuing in the business of preparing or serving food or beverage in a bar, cocktail lounge, restaurant, or similar establishment where articles of food or drink are prepared or served for consumption on or off the premises, including also the activity of catering. The privilege tax on restaurants and bars levied by the City of Phoenix is 2.3 percent with 0.7 percent dedicated to the General Fund and the remaining 1.6 percent allocated to various special funds.

For the purpose of this report, privilege taxes on retail and restaurant & bar sales have been combined. The Project Plan Option A calls for approximately 26,000 square feet of ground floor commercial space. Eating and drinking establishments are anticipated to occupy approximately 4,000 square feet of the ground floor commercial space.

Taxable retail and restaurant sales volumes for Option A were estimated based on several sources, including:

1. *Dollars & Cents of Shopping Centers* published by the Urban Land Institute;

2. Sales data published by the International Council of Shopping Centers;

3. *Nation's Restaurant News 2017 Top 100 U.S. Chain System-wide Sales*;

4. National Retail Federation's *Top 100 Retailers 2016*; and

5. Internal data base of actual sales of comparable commercial space and restaurants.

According to *Nation's Restaurant News*, national restaurant chains such as Bonefish Grill, California Pizza Kitchen, Capital Grill, Carrabba's Italian Grill, Cheesecake Factory, PF Chang's China Bistro, Ruth's Chris Steak House, and Yardhouse reported average store sales ranging from approximately $2.6 million to $10.7 million annually, translating to approximately $438 to $971 per square foot. First-year taxable sales are estimated at $600 per square foot for restaurant space and $350 per square foot for the balance of the commercial space.

Throughout the entire 20-year projection period total privilege tax on retail and restaurant & bar sales generated by the Project Plan Option A for the City of Phoenix are estimated at approximately $5.6 million. Privilege tax revenue by fund includes the General Fund of $2.7 million and $3.0 allocated to various special funds.

Privilege Tax on Retail and Restaurant & Bar Sales
Project Plan Option "A"

Year	Restaurant Sales $600	General Fund 0.70%	Special Funds 1.60%	Retail Sales $350	General Fund 1.20%	Special Funds 1.10%	Total Revenue General Fund	Total Revenue Special Funds
1	$2,400,000	$16,800	$38,400	$7,700,000	$92,400	$84,700	$109,200	$123,100
2	$2,448,000	$17,136	$39,168	$7,854,000	$94,248	$86,394	$111,384	$125,562
3	$2,496,960	$17,479	$39,951	$8,011,080	$96,133	$88,122	$113,612	$128,073
4	$2,546,899	$17,828	$40,750	$8,171,302	$98,056	$89,884	$115,884	$130,635
5	$2,597,837	$18,185	$41,565	$8,334,728	$100,017	$91,682	$118,202	$133,247
6	$2,649,794	$18,549	$42,397	$8,501,422	$102,017	$93,516	$120,566	$135,912
7	$2,702,790	$18,920	$43,245	$8,671,451	$104,057	$95,386	$122,977	$138,631
8	$2,756,846	$19,298	$44,110	$8,844,880	$106,139	$97,294	$125,436	$141,403
9	$2,811,983	$19,684	$44,992	$9,021,777	$108,261	$99,240	$127,945	$144,231
10	$2,868,222	$20,078	$45,892	$9,202,213	$110,427	$101,224	$130,504	$147,116
11	$2,925,587	$20,479	$46,809	$9,386,257	$112,635	$103,249	$133,114	$150,058
12	$2,984,098	$20,889	$47,746	$9,573,982	$114,888	$105,314	$135,776	$153,059
13	$3,043,780	$21,306	$48,700	$9,765,462	$117,186	$107,420	$138,492	$156,121
14	$3,104,656	$21,733	$49,674	$9,960,771	$119,529	$109,568	$141,262	$159,243
15	$3,166,749	$22,167	$50,668	$10,159,986	$121,920	$111,760	$144,087	$162,428
16	$3,230,084	$22,611	$51,681	$10,363,186	$124,358	$113,995	$146,969	$165,676
17	$3,294,686	$23,063	$52,715	$10,570,450	$126,845	$116,275	$149,908	$168,990
18	$3,360,579	$23,524	$53,769	$10,781,859	$129,382	$118,600	$152,906	$172,370
19	$3,427,791	$23,995	$54,845	$10,997,496	$131,970	$120,972	$155,964	$175,817
20	$3,496,347	$24,474	$55,942	$11,217,446	$134,609	$123,392	$159,084	$179,333
Totals	$58,313,688	$408,196	$933,019	$187,089,747	$2,245,077	$2,057,987	$2,653,273	$2,991,006

Source: Canyon Research Southwest, Inc.; January 2018

Privilege Tax on Telecommunications

Chapter 14-470 of the City of Phoenix Tax Code allows the City of Phoenix to levy privilege tax on the gross income from the business activity upon every person engaging or continuing in the business of providing telecommunication services to consumers within this City.

Taxable telecommunications include any service or activity connected with transmission or relay of sound, image, data or information over a communication channel. The City of Phoenix privilege tax rate for telecommunications services is 4.7 percent of the gross income, of which 2.7 percent is allocated to the General Fund and remaining 2.0 percent to the Capital Construction Fund.

The Project Plan Option A includes constructing 26,000 square feet of ground floor retail, a 210-room hotel, and 141 residential dwelling units. Annual telecommunications costs associated with the planned development are estimated at $0.30 per square foot of commercial space, $250 per hotel guest room, and $1,200 per residential dwelling unit. Inclusive of 7 percent vacancy factor for the retail space and housing units, first year telecommunication costs associated with Option A are estimated at approximately $217,000.

Estimated Annual Telecommunication Costs
Project Plan Option "A"

Project Component	Rentable Sq. Ft.	# of Units	Telecommunication Costs Sq. Ft.	Telecommunication Costs Unit/Room	Gross Costs
Commercial Space	26,000		$0.30		$7,800
Hotel		210		$250	$52,500
Residential Units		141		$1,200	$169,200
Total Gross Costs					$229,500
Less: Vacancy Loss					-$12,390
Net Taxable Costs					$217,110

Source: Canyon Research Southwest, Inc.; January 2018.

As illustrated by the table on the following page, throughout the entire 20-year projection period total privilege tax at on telecommunications generated by the Project Plan Option A for the City of Phoenix is estimated at $248,000. Privilege tax revenue by fund includes $142,000 for the General Fund and $106,000 for the Capital Construction Fund.

Privilege Tax on Telecommunications
Project Plan Option A

	Telecommunication Costs				Privilege Tax	General	Construction
	Retail	Hotel	Housing	Total	Revenue	Fund	Fund
Year	$0.30	$250	$1,200	Costs	4.70%	2.70%	2.00%
1	$7,254	$52,500	$157,356	$217,110	$10,204	$5,862	$4,342
2	$7,399	$53,550	$160,503	$221,452	$10,408	$5,979	$4,429
3	$7,547	$54,621	$163,713	$225,881	$10,616	$6,099	$4,518
4	$7,698	$55,713	$166,987	$230,399	$10,829	$6,221	$4,608
5	$7,852	$56,828	$170,327	$235,007	$11,045	$6,345	$4,700
6	$8,009	$57,964	$173,734	$239,707	$11,266	$6,472	$4,794
7	$8,169	$59,124	$177,208	$244,501	$11,492	$6,602	$4,890
8	$8,333	$60,306	$180,753	$249,391	$11,721	$6,734	$4,988
9	$8,499	$61,512	$184,368	$254,379	$11,956	$6,868	$5,088
10	$8,669	$62,742	$188,055	$259,467	$12,195	$7,006	$5,189
11	$8,843	$63,997	$191,816	$264,656	$12,439	$7,146	$5,293
12	$9,019	$65,277	$195,652	$269,949	$12,688	$7,289	$5,399
13	$9,200	$66,583	$199,565	$275,348	$12,941	$7,434	$5,507
14	$9,384	$67,914	$203,557	$280,855	$13,200	$7,583	$5,617
15	$9,571	$69,273	$207,628	$286,472	$13,464	$7,735	$5,729
16	$9,763	$70,658	$211,780	$292,201	$13,733	$7,889	$5,844
17	$9,958	$72,071	$216,016	$298,046	$14,008	$8,047	$5,961
18	$10,157	$73,513	$220,336	$304,006	$14,288	$8,208	$6,080
19	$10,360	$74,983	$224,743	$310,087	$14,574	$8,372	$6,202
20	$10,568	$76,483	$229,238	$316,288	$14,866	$8,540	$6,326
Totals					$247,934	$142,430	$105,504

Source: Canyon Research Southwest, Inc.; January 2018.

Privilege Tax on Utility Services

According to Section 14-480 of the City of Phoenix Tax Code, the City of Phoenix levies a privilege tax on utility sales of 4.7 percent on the gross income from the business activity upon every person engaging or continuing in the business of producing, providing, or furnishing utility services, including electricity, electric lights, current, power, gas (natural or artificial), or water. Of the total tax levy, 2.7 percent is allocated to the General Fund and remaining 2.0 percent to the Public Enhancement Fund.

Based on national averages, annual utility costs associated with the Project Plan Option A are estimate at $3.75 per square foot for restaurant space; $2.00 per square foot for the retail space; $1.75 per square foot of hotel space; and $1.00 per square foot for the residential space. Based on a 7 percent vacancy factor for the retail space and housing units, first year utility costs are estimated at approximately $434,000.

Estimated Annual Utility Costs
Project Plan Option A

Project Component	Building Area Sq. Ft.	Utility Costs Sq. Ft.	Gross Utility Costs
Commercial Space	22,000	$2.00	$44,000
Restaurant Space	4,000	$3.75	$15,000
Hotel	129,745	$1.75	$227,054
Residential	163,789	$1.00	$163,789
Total Gross Costs			$449,843
Less: Vacancy Loss			-$15,595
Net Taxable Utility Costs			$434,248

Source: Canyon Research Southwest, Inc.; January 2018.

As illustrated by the table on the following page, throughout the entire 20-year projection period total privilege tax at on utility services collected by the City of Phoenix resulting from the Project Plan Option A featuring 26,000 square feet of ground floor commercial space, a 210-room hotel, and 141 residential dwelling units are estimated at approximately $496,000, with $285,000 allocated to the General Fund and $211,00 to the Public Enhancement Fund.

Privilege Tax on Utility Costs
Project Plan Option A

	Utility Costs							
Year	Retail $2.00	Restaurants $3.75	Hotel $1.75	Residential $1.00	Total Utility Costs	Privilege Tax on Utilities 4.70%	General Fund 2.70%	Public Enhancement Fund 2.00%
1	$40,920	$13,950	$227,054	$152,324	$434,248	$20,410	$11,725	$8,685
2	$41,738	$14,229	$231,595	$155,370	$442,932	$20,818	$11,959	$8,859
3	$42,573	$14,514	$236,227	$158,478	$451,791	$21,234	$12,198	$9,036
4	$43,425	$14,804	$240,951	$161,647	$460,827	$21,659	$12,442	$9,217
5	$44,293	$15,100	$245,770	$164,880	$470,043	$22,092	$12,691	$9,401
6	$45,179	$15,402	$250,686	$168,178	$479,444	$22,534	$12,945	$9,589
7	$46,083	$15,710	$255,699	$171,541	$489,033	$22,985	$13,204	$9,781
8	$47,004	$16,024	$260,813	$174,972	$498,814	$23,444	$13,468	$9,976
9	$47,944	$16,345	$266,030	$178,472	$508,790	$23,913	$13,737	$10,176
10	$48,903	$16,672	$271,350	$182,041	$518,966	$24,391	$14,012	$10,379
11	$49,881	$17,005	$276,777	$185,682	$529,345	$24,879	$14,292	$10,587
12	$50,879	$17,345	$282,313	$189,395	$539,932	$25,377	$14,578	$10,799
13	$51,896	$17,692	$287,959	$193,183	$550,731	$25,884	$14,870	$11,015
14	$52,934	$18,046	$293,718	$197,047	$561,745	$26,402	$15,167	$11,235
15	$53,993	$18,407	$299,593	$200,988	$572,980	$26,930	$15,470	$11,460
16	$55,073	$18,775	$305,584	$205,008	$584,440	$27,469	$15,780	$11,689
17	$56,174	$19,150	$311,696	$209,108	$596,129	$28,018	$16,095	$11,923
18	$57,298	$19,533	$317,930	$213,290	$608,051	$28,578	$16,417	$12,161
19	$58,444	$19,924	$324,289	$217,556	$620,212	$29,150	$16,746	$12,404
20	$59,613	$20,323	$330,774	$221,907	$632,617	$29,733	$17,081	$12,652
Totals						$495,900	$284,879	$211,021

Source: Canyon Research Southwest, Inc.; January 2018.

Privilege Tax on Transient Lodging

According to Sections 14-444 and 14-447 of the City of Phoenix Tax Code, the City of Phoenix levies a privilege tax of 5.3 percent on the gross income from the business activity upon every person or hotel engaging or continuing within the City in the business of charging for lodging and/or lodging space furnished to any one person or transient.

Of the total tax levy of 5.3 percent, 1.2 percent is allocated to the General Fund. Special Revenue Funds designated to receive transient lodging revenues include the Convention Center Fund (2.0%), Sports Facilities Fund (1.0%), Transportation 2050 Fund (0.7%), 2007 Public Safety Expansion (0.2%), Neighborhood Projection Fund (0.1%), and Parks & Preservation Fund (0.1%).

The Project Plan Option A incorporates a 210-room hotel on Floors 2 through 9. The property is envisioned as a boutique hotel that compliments the nearby Westin Kierland Resort & Spa. According to the 2016 Lodging Statistics Report published by the City of Scottsdale, the during 2015 the Scottsdale/Paradise Valley Market Area reported an average daily room rate of $184.85 and an average occupancy rate or 67.7 percent.

Based on the room rates garnered by comparable North Scottsdale luxury hotels, the average daily rate for the proposed boutique hotel is estimated at $275. Stabilized occupancy is anticipated to require three years with an average occupancy of 60 percent in Year 1, 65 percent in Year 2, and stabilized in Year 3 at 68 percent. Based on these operational projections the proposed 210-room hotel is forecast to generate lodging revenues of approximately $9.2 million in Year 1, $10.2 million in Year 2, and $10.8 million in Year 3. For every year thereafter, lodging revenues for the 210-room hotel were escalated at an annual rate on 2.0 percent.

As illustrated by the table on the following page, throughout the entire 20-year projection period total transient lodging tax revenues collected by the City of Phoenix resulting from the Project Plan Option A's 210-room hotel are estimated at approximately $18.3 million, with $4.2 million allocated to the General Fund and the remaining $14.2 million distributed to various Special Revenue Funds.

Transient Lodging Revenue Estimates
Project Plan Option A

Year	Lodging Revenues	Transient Lodging Tax 5.30%	General Fund 1.20%	Special Funds 4.10%
1	$12,647,250	$670,304	$151,767	$518,537
2	$13,975,211	$740,686	$167,703	$572,984
3	$14,912,625	$790,369	$178,952	$611,418
4	$15,210,878	$806,177	$182,531	$623,646
5	$15,515,095	$822,300	$186,181	$636,119
6	$15,825,397	$838,746	$189,905	$648,841
7	$16,141,905	$855,521	$193,703	$661,818
8	$16,464,743	$872,631	$197,577	$675,054
9	$16,794,038	$890,084	$201,528	$688,556
10	$17,129,919	$907,886	$205,559	$702,327
11	$17,472,517	$926,043	$209,670	$716,373
12	$17,821,968	$944,564	$213,864	$730,701
13	$18,178,407	$963,456	$218,141	$745,315
14	$18,541,975	$982,725	$222,504	$760,221
15	$18,912,815	$1,002,379	$226,954	$775,425
16	$19,291,071	$1,022,427	$231,493	$790,934
17	$19,676,893	$1,042,875	$236,123	$806,753
18	$20,070,430	$1,063,733	$240,845	$822,888
19	$20,471,839	$1,085,007	$245,662	$839,345
20	$20,881,276	$1,106,708	$250,575	$856,132
Totals		**$18,334,622**	**$4,151,235**	**$14,183,386**

Source: Canyon Research Southwest, Inc.; January 2018.

Real Property Taxes

Arizona property taxes are divided into two levies. The primary levy is used for general operation and maintenance expense while the secondary levy can only be used for voter-approved general obligation bond debt service. The 2017-18 primary property tax levy is $1.3359 per $100 of assessed valuation. The 2017-18 secondary tax levy is $0.8241 per $100 of assessed value, for a combined property tax rate of $2.16.

A property's full cash value as determined by the Maricopa County Assessor is used to compute real property taxes, which may consist of bonds, budget overrides, and special districts such as fire, flood control, and other limited purpose districts. Full cash value reflects the market value of a property and consists of land and improvements. The Maricopa County Assessor determines a property's full cash value on an annual basis as of January 1st.

The assessed value of each property class is determined by applying percentages set by the Arizona State Legislature to the full cash value. The current assessment ratio for Commercial Legal Class 1 property is 18 percent with Primary Residence Legal Class 3 at 10 percent and Rented Residential Legal Class 4 at 10 percent.

The full cash values for the commercial space, hotel, and housing were determined by researching the Maricopa County Assessor's records for the 2018 full cash values of comparable properties. Comparable full-service hotels possess a current full cash value ranging from $70,391 to $323,996 per guest room. The full cash value for the hotel component, inclusive of structured parking, was estimated at $250,000 per guest room for a total of $52.5 million.

Comparable Hotel Properties
Full Cash Value 2018

Property	# of Rooms	Full Cash Value	FCV Per Room
aLoft	126	$10,285,700	$81,633
Embassy Suites Scottsdale	312	$21,961,900	$70,391
Hilton Garden Inn North	122	$10,422,200	$85,428
Saguaro Hotel	194	$24,505,500	$126,317
Scottsdale Marriott Suites	243	$38,019,000	$156,457
W Hotel	246	$54,010,800	$219,556
Gainey Suites Hotel	162	$13,881,000	$85,685
Westin Kierland Resort	732	$237,165,000	$323,996

Source: Maricopa County Assessor.

The full cash value for the remaining project components was estimated at $600 per square foot for the commercial space and $575 per square foot for the residential condominiums. The value of the parking garage is incorporated into the commercial space and residential condominium units. At build-out, the full cash value under the Project Plan Option A is estimated at approximately $162 million. Throughout the balance of the 20-year projection period the full cash value was escalated at 2.0 percent per year.

Based on the assessment ratio schedule for Legal Classes 1, 3 and 4, throughout the entire 20-year projection period the Project Plan Option A with for-sale condominiums is estimated to generate total primary and secondary real property taxes for the City of Phoenix of approximately $7.0 million and $4.3 million, respectively.

Estimated Real Property Taxes to City of Phoenix
Project Plan Option A (For-Sale Condominiums)

	Full Cash Value				Primary	Secondary
			Residential	Assessed	Property Tax	Property Tax
Year	Commercial	Hotel	Condos	Value	$1.3359	$0.8241
1	$15,600,000	$52,500,000	$94,178,675	$21,675,868	$289,568	$178,631
2	$15,912,000	$53,550,000	$96,062,249	$22,109,385	$295,359	$182,203
3	$16,230,240	$54,621,000	$97,983,493	$22,551,573	$301,266	$185,848
4	$16,554,845	$55,713,420	$99,943,163	$23,002,604	$307,292	$189,564
5	$16,885,942	$56,827,688	$101,942,027	$23,462,656	$313,438	$193,356
6	$17,223,661	$57,964,242	$103,980,867	$23,931,909	$319,706	$197,223
7	$17,568,134	$59,123,527	$106,060,484	$24,410,547	$326,101	$201,167
8	$17,919,496	$60,305,998	$108,181,694	$24,898,758	$332,623	$205,191
9	$18,277,886	$61,512,118	$110,345,328	$25,396,733	$339,275	$209,294
10	$18,643,444	$62,742,360	$112,552,235	$25,904,668	$346,060	$213,480
11	$19,016,313	$63,997,207	$114,803,279	$26,422,762	$352,982	$217,750
12	$19,396,639	$65,277,151	$117,099,345	$26,951,217	$360,041	$222,105
13	$19,784,572	$66,582,694	$119,441,332	$27,490,241	$367,242	$226,547
14	$20,180,263	$67,914,348	$121,830,158	$28,040,046	$374,587	$231,078
15	$20,583,869	$69,272,635	$124,266,762	$28,600,847	$382,079	$235,700
16	$20,995,546	$70,658,088	$126,752,097	$29,172,864	$389,720	$240,414
17	$21,415,457	$72,071,250	$129,287,139	$29,756,321	$397,515	$245,222
18	$21,843,766	$73,512,675	$131,872,882	$30,351,447	$405,465	$250,126
19	$22,280,641	$74,982,928	$134,510,339	$30,958,476	$413,574	$255,129
20	$22,726,254	$76,482,587	$137,200,546	$31,577,646	$421,846	$260,231
Totals					**$7,035,739**	**$4,340,259**

Source: Canyon Research Southwest, Inc.; January 2018.

Under the scenario whereby the residential component operates as rental apartments the 2018 full cash values for comparable luxury apartment properties were by researched via the Maricopa County Assessor's records. As the table below indicates, the current full cash value for comparable luxury apartment properties ranged from $146,139 to $188,887 per dwelling unit. Inclusive of the structured parking, the full cash value for the rental apartments was estimated at $215,000 per dwelling unit.

Comparable Apartment Properties
Full Cash Value 2018

Property / Address	# of Units	Full Cash Value	FCV Per Unit
7160 Optima Kierland	152	$22,213,100	$146,139
7160 E. Kierland Blvd.			
Ninety Degrees	339	$55,600,000	$164,012
18440 N. 68th Street			
The View at Cascade	187	$33,738,800	$180,421
18525 N. Scottsdale Road			
Liv North Scottsdale	241	$45,521,700	$188,887
15509 N. Scottsdale Road			
Tradition at Kierland	364	$64,401,100	$176,926
6633 E. Greenway Pkwy.			
Legend at Kierland	360	$62,815,300	$174,487
6735 E. Greenway Pkwy.			
Avion on Legacy	322	$57,960,000	$180,000
7340 E. Legacy Blvd.			
Average FCV Per Unit			$172,982

Source: Maricopa County Assessor Office.

Based on the assessment ratio schedule for Legal Classes 1, 3 and 4, throughout the entire 20-year projection period the Option A Project Plan with the residential component operated as rental apartments is estimated to generate total primary and secondary real property taxes for the City of Phoenix of approximately $5.0 million and $3.1 million, respectively (See table on page 19).

Estimated Real Property Taxes to City of Phoenix
Project Plan Option A (Rental Apartments)

	Full Cash Value				Primary	Secondary
Year	Commercial	Hotel	Rental Apartments	Assessed Value	Property Tax $1.3359	Property Tax $0.8241
1	$15,600,000	$52,500,000	$30,315,000	$15,289,500	$204,252	$126,001
2	$15,912,000	$53,550,000	$30,921,300	$15,595,290	$208,337	$128,521
3	$16,230,240	$54,621,000	$31,539,726	$15,907,196	$212,504	$131,091
4	$16,554,845	$55,713,420	$32,170,521	$16,225,340	$216,754	$133,713
5	$16,885,942	$56,827,688	$32,813,931	$16,549,847	$221,089	$136,387
6	$17,223,661	$57,964,242	$33,470,210	$16,880,843	$225,511	$139,115
7	$17,568,134	$59,123,527	$34,139,614	$17,218,460	$230,021	$141,897
8	$17,919,496	$60,305,998	$34,822,406	$17,562,830	$234,622	$144,735
9	$18,277,886	$61,512,118	$35,518,854	$17,914,086	$239,314	$147,630
10	$18,643,444	$62,742,360	$36,229,231	$18,272,368	$244,101	$150,583
11	$19,016,313	$63,997,207	$36,953,816	$18,637,815	$248,983	$153,594
12	$19,396,639	$65,277,151	$37,692,892	$19,010,571	$253,962	$156,666
13	$19,784,572	$66,582,694	$38,446,750	$19,390,783	$259,041	$159,799
14	$20,180,263	$67,914,348	$39,215,685	$19,778,599	$264,222	$162,995
15	$20,583,869	$69,272,635	$39,999,999	$20,174,171	$269,507	$166,255
16	$20,995,546	$70,658,088	$40,799,999	$20,577,654	$274,897	$169,580
17	$21,415,457	$72,071,250	$41,615,999	$20,989,207	$280,395	$172,972
18	$21,843,766	$73,512,675	$42,448,319	$21,408,991	$286,003	$176,431
19	$22,280,641	$74,982,928	$43,297,285	$21,837,171	$291,723	$179,960
20	$22,726,254	$76,482,587	$44,163,231	$22,273,914	$297,557	$183,559
Totals					**$4,962,797**	**$3,061,487**

Source: Canyon Research Southwest, Inc.; January 2018.

Inter-governmental Revenue Transfers

The State of Arizona distributes several forms of tax revenue to incorporated cities and towns. Inter-governmental transfers distributed to the City of Phoenix include State-shared privilege tax revenues; Urban Revenue Sharing; and motor vehicle in-lieu tax. State-shared privilege tax and Urban Revenue Sharing distributions are calculated based on a city's share of total statewide population. The motor vehicle in-lieu distribution is based on the city's population in relation to the total incorporated population of the County. Urban Revenue Sharing and State-shared privilege tax revenue estimates were included in this analysis.

According to the *FY 2017 Annual Report* published by the Arizona Department of Revenue, for FY 2016-17 the City of Phoenix received a 28.82 percent share in State-shared privilege tax and Urban Revenue Sharing distributed to cities and towns. This current distribution rate for inter-governmental revenue transfers will be applied throughout the 20-year projection period.

State-Shared Privilege Tax

The State of Arizona levies a transaction privilege tax rate of 5.6 percent that includes 5.0 percent to the General Fund and 0.6 percent to Education. Transaction privilege taxes are divided into two parts, including distribution base and non-share revenue. Under law, the method the privilege tax revenue is split into these parts varies from class to class. According to Proposition 301 the 0.6 percent Education levy is classified as non-shared revenue. The distribution base portion is divided among incorporated cities and towns (25%), counties (40.51%), and the State General Fund (34.49%). The non-shared portion is deposited directly to the State General Fund.

The Project Plan Option A will generate privilege tax revenue for the State of Arizona on construction contracting, retail sales, bar and restaurant sales, telecommunications, and utilities. For the State's privilege tax rate levied on construction contracting, telecommunications, and utilities, the distribution base is 1.0 percent. The distribution base is 2.0 percent for retail sales and bar and restaurant sales.

As depicted by the table on page 21, over the entire 20-year projection period total State-shared privilege tax revenue transfers distributed to the City of Phoenix General Fund resulting from development of the Project Plan Option A are estimated at approximately $429,000.

State-Shared Privilege Tax Revenue Transfer Estimates
Distributed to the City of Phoenix @ Project Plan Option A

Year	Contracting	Telecom.	Utilities	Taxable Costs	State of Arizona Distribution Base 1.0%	Retail & Restaurant Sales	State of Arizona Distribution Base 2.0%	Total Distribution Base	Cities & Towns 25%	City of Phoenix 28.82%
1	$89,138,897	$217,110	$434,248	$89,790,255	$897,903	$10,100,000	$202,000	$1,099,903	$274,976	$79,248
2		$221,452	$442,933	$664,385	$6,644	$10,302,000	$206,040	$212,684	$53,171	$15,324
3		$225,881	$451,792	$677,673	$6,777	$10,508,040	$210,161	$216,938	$54,234	$15,630
4		$230,399	$460,827	$691,226	$6,912	$10,718,201	$214,364	$221,276	$55,319	$15,943
5		$235,007	$470,044	$705,051	$7,051	$10,932,565	$218,651	$225,702	$56,425	$16,262
6		$239,707	$479,445	$719,152	$7,192	$11,151,216	$223,024	$230,216	$57,554	$16,587
7		$244,501	$489,034	$733,535	$7,335	$11,374,240	$227,485	$234,820	$58,705	$16,919
8		$249,391	$498,814	$748,206	$7,482	$11,601,725	$232,035	$239,517	$59,879	$17,257
9		$254,379	$508,791	$763,170	$7,632	$11,833,760	$236,675	$244,307	$61,077	$17,602
10		$259,467	$518,967	$778,433	$7,784	$12,070,435	$241,409	$249,193	$62,298	$17,954
11		$264,656	$529,346	$794,002	$7,940	$12,311,844	$246,237	$254,177	$63,544	$18,313
12		$269,949	$539,933	$809,882	$8,099	$12,558,081	$251,162	$259,260	$64,815	$18,680
13		$275,348	$550,731	$826,079	$8,261	$12,809,242	$256,185	$264,446	$66,111	$19,053
14		$280,855	$561,746	$842,601	$8,426	$13,065,427	$261,309	$269,735	$67,434	$19,434
15		$286,472	$572,981	$859,453	$8,595	$13,326,736	$266,535	$275,129	$68,782	$19,823
16		$292,201	$584,441	$876,642	$8,766	$13,593,270	$271,865	$280,632	$70,158	$20,220
17		$298,046	$596,129	$894,175	$8,942	$13,865,136	$277,303	$286,244	$71,561	$20,624
18		$304,006	$608,052	$912,058	$9,121	$14,142,438	$282,849	$291,969	$72,992	$21,036
19		$310,087	$620,213	$930,300	$9,303	$14,425,287	$288,506	$297,809	$74,452	$21,457
20		$316,288	$632,617	$948,906	$9,489	$14,713,793	$294,276	$303,765	$75,941	$21,886
Total										$429,254

Source: Canyon Research Southwest, Inc.; January 2018.

Urban Revenue Sharing

Incorporated cities and towns receive a share of net individual and corporate income tax collections through the Urban Revenue Sharing program. Each year an amount equal to 15 percent of net collections from two years prior is distributed to cities and towns. For 2016 individual returns the graduated rate structure ranged from 2.59 percent on an individual's income of $0 to $10,000 (or joint income of $0 to $20,000), to a maximum of 4.54 percent on an individual's income over $150,000 (or joint income over $300,000).

Full-time equivalent employment for the Project Plan Option A is estimated assuming job creation of 1.0 employee per $100,000 in restaurant sales, 2.5 employees per 1,000 square feet of commercial space, and 0.5 employee per hotel room. These job generation rates yield total employment of 187 full-time equivalent jobs at build-out.

Annual wages were estimated based on the *Occupational Employment and Wage Estimates May 2016,* published by the U.S. Department of Labor stating annual median incomes in the metropolitan Phoenix area of $23,020 for food preparation and serving related workers; $55,990 for food service managers; $27,180 for retail sales; $59,410 for lodging managers; $23,830 for maids and housekeepers; $23,530 for hotel desk clerk; $65,770 for property managers; and $26,200 for building and maintenance workers. Earnings were escalated at an average annual rate of 2.0 percent throughout the projection period.

As depicted in the table below, at build-out total earnings for Option A are estimated at approximately $5.4 million. Taxable income was based on a standard deduction of $4,945, a personnel exemption of $2,100 and a blended 2016 Arizona personal income tax rate applying both the 2.88 percent for taxable income between $10,000 and $24,999 and 3.36 percent for taxable income between $25,000 and $49,999.

Job Creation and Earnings Estimates
Project Plan Option A @ Build-out

Project Component	Building Sq. Ft.	FTE Jobs	Total Earnings
Restaurants	4,000	24	$674,215
Retail	22,000	56	$1,522,080
Residential	163,789	2	$84,056
Hotel	129,745	105	$3,150,000
Totals		187	$5,430,351

Source: Canyon Research Southwest, Inc.

As illustrated in the table on page 23, over the entire 20-year projection period total Urban Revenue Sharing transfers distributed to the City of Phoenix General Fund stemming from the development of the Project Plan Option A are estimated at approximately $135,000.

Urban Revenue Sharing Transfer Estimates
Distributed to the City of Phoenix @ Project Plan Option A

Year	Total Payroll	Less: Deductions & Exemptions	Taxable Income	Income Taxes 3.12%	Shared Base 15%	City of Phoenix 28.82%
1	$5,430,351	$1,317,415	$4,112,936	$128,324	$19,249	$5,547
2	$5,538,958	$1,343,763	$4,195,195	$130,890	$19,634	$5,658
3	$5,649,737	$1,370,639	$4,279,099	$133,508	$20,026	$5,772
4	$5,762,732	$1,398,051	$4,364,681	$136,178	$20,427	$5,887
5	$5,877,987	$1,426,012	$4,451,974	$138,902	$20,835	$6,005
6	$5,995,546	$1,454,533	$4,541,014	$141,680	$21,252	$6,125
7	$6,115,457	$1,483,623	$4,631,834	$144,513	$21,677	$6,247
8	$6,237,766	$1,513,296	$4,724,471	$147,403	$22,111	$6,372
9	$6,362,522	$1,543,562	$4,818,960	$150,352	$22,553	$6,500
10	$6,489,772	$1,574,433	$4,915,339	$153,359	$23,004	$6,630
11	$6,619,568	$1,605,922	$5,013,646	$156,426	$23,464	$6,762
12	$6,751,959	$1,638,040	$5,113,919	$159,554	$23,933	$6,898
13	$6,886,998	$1,670,801	$5,216,197	$162,745	$24,412	$7,035
14	$7,024,738	$1,704,217	$5,320,521	$166,000	$24,900	$7,176
15	$7,165,233	$1,738,301	$5,426,932	$169,320	$25,398	$7,320
16	$7,308,537	$1,773,067	$5,535,470	$172,707	$25,906	$7,466
17	$7,454,708	$1,808,528	$5,646,180	$176,161	$26,424	$7,615
18	$7,603,802	$1,844,699	$5,759,103	$179,684	$26,953	$7,768
19	$7,755,878	$1,881,593	$5,874,285	$183,278	$27,492	$7,923
20	$7,910,996	$1,919,225	$5,991,771	$186,943	$28,041	$8,082
Totals						**$134,788**

Source: Canyon Research Southwest, Inc.; January 2018.

Total General Fund and Special Fund Revenue Estimates

The study estimated both General Fund and Special Revenue Fund revenues generated for the City of Phoenix through build-out of the Project Plan Option A under both for-sale and rental residential scenarios.

For-Sale Residential Condominium Scenario

Twenty-year fiscal revenue streams generated for the City of Phoenix General and Special Revenue Funds resulting from development and operation of Project Plan Option A with for-sale condominiums are outlined in the table on page 25.

Throughout the 20-year projection period, build-out of the Project Plan Option A is estimated to generate total General Fund revenues for the City of Phoenix of approximately $15.8 million. Total tax revenues by source include primary property taxes of $7.0 million; transient lodging tax of $4.2 million; and privilege tax on retail and restaurant sales ($2.7 million); privilege taxes on contracting ($623,972); State-shared privilege tax revenue ($429,254); privilege tax on commercial lease revenue ($381,882); privilege tax on utility costs ($284,879); privilege tax on telecommunications ($142,430); and Urban Revenue Sharing ($134,788).

In addition to the General Fund revenues, through the 20-year projection period, build-out of the Project Plan Option A incorporating for-sale residential condominiums is estimated to generate total Special Revenue Funds for the City of Phoenix totaling approximately $23.6 million.

Luxury Rental Apartments Scenario

Twenty-year fiscal revenue streams generated for the City of Phoenix General and Special Revenue Funds resulting from development and operation of Project Plan Option A with luxury rental apartments are outlined in the table on page 26.

Throughout the 20-year projection period, build-out of the Project Plan Option A is estimated to generate total General Fund revenues for the City of Phoenix of approximately $14.7 million. Total tax revenues by source include primary property tax of $5.0 million; transient lodging tax of $4.2 million; and privilege tax on retail and restaurant sales ($2.7 million); privilege tax on commercial lease revenue ($1.3 million); privilege taxes on contracting ($623,972); State-shared privilege tax revenue ($429,254); privilege tax on utility costs ($284,879); privilege tax on telecommunications ($142,430); and Urban Revenue Sharing ($134,788).

Throughout the 20-year projection period, build-out of the Project Plan Option A incorporating for-sale residential condominiums is also estimated to generate total Special Revenue Funds for the City of Phoenix totaling approximately $23.1 million.

20-Year General Fund Revenue Estimates for the City of Phoenix
Project Plan Option A @ For-Sale Residential Condominium Scenario

	General Fund									Total	Total
Year	Contracting	Commercial Lease	Retail & Restaurant	Telecom.	Utilities	State Shared	Urban Revenue Sharing	Transient Lodging	Primary Property Tax	General Fund Revenue	Special Revenue Funds
1	$623,972	$15,717	$109,200	$5,862	$11,725	$79,248	$5,547	$151,767	$289,568	**$1,292,606**	**$2,272,816**
2		$16,031	$111,384	$5,979	$11,960	$15,324	$5,658	$167,703	$295,359	**$629,398**	**$907,602**
3		$16,352	$113,612	$6,099	$12,199	$15,630	$5,771	$178,952	$301,267	**$649,881**	**$952,729**
4		$16,679	$115,884	$6,221	$12,443	$15,943	$5,887	$182,531	$307,292	**$662,879**	**$971,783**
5		$17,013	$118,202	$6,345	$12,692	$16,262	$6,004	$186,182	$313,438	**$676,136**	**$991,219**
6		$17,353	$120,566	$6,472	$12,945	$16,587	$6,124	$189,905	$319,706	**$689,659**	**$1,011,043**
7		$17,700	$122,977	$6,602	$13,204	$16,919	$6,247	$193,703	$326,101	**$703,452**	**$1,031,264**
8		$18,054	$125,436	$6,734	$13,468	$17,257	$6,372	$197,577	$332,623	**$717,521**	**$1,051,889**
9		$18,415	$127,945	$6,868	$13,738	$17,602	$6,499	$201,529	$339,275	**$731,872**	**$1,072,927**
10		$18,783	$130,504	$7,006	$14,012	$17,955	$6,629	$205,560	$346,061	**$746,509**	**$1,094,386**
11		$19,159	$133,114	$7,146	$14,293	$18,314	$6,762	$209,671	$352,982	**$761,440**	**$1,116,273**
12		$19,542	$135,776	$7,289	$14,579	$18,680	$6,897	$213,864	$360,041	**$776,668**	**$1,138,599**
13		$19,933	$138,492	$7,434	$14,870	$19,053	$7,035	$218,141	$367,242	**$792,202**	**$1,161,371**
14		$20,332	$141,262	$7,583	$15,168	$19,435	$7,176	$222,504	$374,587	**$808,046**	**$1,184,598**
15		$20,738	$144,087	$7,735	$15,471	$19,823	$7,319	$226,954	$382,079	**$824,207**	**$1,208,290**
16		$21,153	$146,969	$7,889	$15,780	$20,220	$7,466	$231,493	$389,720	**$840,691**	**$1,232,456**
17		$21,576	$149,908	$8,047	$16,096	$20,624	$7,615	$236,123	$397,515	**$857,505**	**$1,257,105**
18		$22,008	$152,906	$8,208	$16,418	$21,037	$7,767	$240,846	$405,465	**$874,655**	**$1,282,247**
19		$22,448	$155,964	$8,372	$16,746	$21,457	$7,922	$245,663	$413,574	**$892,148**	**$1,307,892**
20		$22,897	$159,084	$8,540	$17,081	$21,886	$8,081	$250,576	$421,846	**$909,991**	**$1,334,050**
Total										**$15,837,466**	**$23,580,538**

Source: Canyon Research Southwest, Inc.; January 2018.

20-Year General Fund Revenue Estimates for the City of Phoenix
Project Plan Option A @ Rental Apartments Scenario

	General Fund									Total	Total
Year	Contracting	Commercial Lease	Retail & Restaurant	Telecom.	Utilities	State Shared	Urban Revenue Sharing	Transient Lodging	Primary Property Tax	General Fund Revenue	Special Revenue Funds
1	$623,972	$53,482	$109,200	$5,862	$11,725	$79,248	$5,547	$151,767	$204,252	**$1,245,055**	**$2,254,804**
2		$54,552	$111,384	$5,979	$11,960	$15,324	$5,658	$167,703	$208,337	**$580,896**	**$889,230**
3		$55,643	$113,612	$6,099	$12,199	$15,630	$5,771	$178,952	$212,504	**$600,409**	**$933,989**
4		$56,756	$115,884	$6,221	$12,443	$15,943	$5,887	$182,531	$216,754	**$612,417**	**$952,669**
5		$57,891	$118,202	$6,345	$12,692	$16,262	$6,004	$186,182	$221,089	**$624,666**	**$971,722**
6		$59,048	$120,566	$6,472	$12,945	$16,587	$6,124	$189,905	$225,511	**$637,159**	**$991,156**
7		$60,229	$122,977	$6,602	$13,204	$16,919	$6,247	$193,703	$230,021	**$649,902**	**$1,010,980**
8		$61,434	$125,436	$6,734	$13,468	$17,257	$6,372	$197,577	$234,621	**$662,900**	**$1,031,199**
9		$62,663	$127,945	$6,868	$13,738	$17,602	$6,499	$201,529	$239,314	**$676,158**	**$1,051,823**
10		$63,916	$130,504	$7,006	$14,012	$17,955	$6,629	$205,560	$244,100	**$689,681**	**$1,072,860**
11		$65,194	$133,114	$7,146	$14,293	$18,314	$6,762	$209,671	$248,982	**$703,475**	**$1,094,317**
12		$66,498	$135,776	$7,289	$14,579	$18,680	$6,897	$213,864	$253,962	**$717,545**	**$1,116,203**
13		$67,828	$138,492	$7,434	$14,870	$19,053	$7,035	$218,141	$259,041	**$731,895**	**$1,138,527**
14		$69,185	$141,262	$7,583	$15,168	$19,435	$7,176	$222,504	$264,222	**$746,533**	**$1,161,298**
15		$70,568	$144,087	$7,735	$15,471	$19,823	$7,319	$226,954	$269,506	**$761,464**	**$1,184,524**
16		$71,980	$146,969	$7,889	$15,780	$20,220	$7,466	$231,493	$274,896	**$776,693**	**$1,208,214**
17		$73,419	$149,908	$8,047	$16,096	$20,624	$7,615	$236,123	$280,394	**$792,227**	**$1,232,378**
18		$74,888	$152,906	$8,208	$16,418	$21,037	$7,767	$240,846	$286,002	**$808,072**	**$1,257,026**
19		$76,385	$155,964	$8,372	$16,746	$21,457	$7,922	$245,663	$291,722	**$824,233**	**$1,282,166**
20		$77,913	$159,084	$8,540	$17,081	$21,886	$8,081	$250,576	$297,557	**$840,718**	**$1,307,810**
Totals										**$14,682,101**	**$23,142,894**

Source: Canyon Research Southwest, Inc.; January 2018.

Project Plan Option "B"

The Project Plan Option B calls for 26,000 square feet of ground floor retail space, 102 for-sale residential condominium units, and surface and structured parking for 358 spaces. An alternative Project Plan converts the for-sale condominiums into 272 rental apartments. This section of the study provides fiscal revenue estimates to the City of Phoenix under both Project Plan scenarios.

Privilege Tax on Contracting

The City of Phoenix levies a 2.3 percent privilege tax on the gross income from business upon every construction contractor engaging or continuing in the business activity of construction contracting within the City. A construction contractor is any person who undertakes to or offers to undertake to, or purports to have the capacity to undertake to, or submits a bid to, or does himself or by or through others construct, alter, repair, add to, subtract from, improve, move, wreck, or demolish any building, highway, road, railroad, excavation, or other structure, project, development, or improvement to real property, or to do any part thereof. All construction contracting gross income subject to the tax is allowed a deduction of 35 percent. Construction cost estimates were provided by the developer and supported by industry sources such as Marshall & Swift and the HVS Cost Per Room Survey.

Of the 2.3 percent privilege tax on contracting, 0.7 percent is allocated to the General Fund with the remaining 1.6 percent contributed to voter-approved Special Revenue Funds for Neighborhood Protection (0.1%); Public Safety Expansion (0.2%); Parks (0.1%); Transportation (0.7%); and Convention Center (0.5%).

Construction costs are estimated at $418 per square foot for the retail space, $385 per square foot for the residential, and $35,000 per parking space for the structured parking. Applying the 35 percent standard deduction yields taxable construction costs of $87.5 million. At the current tax rate of 2.3 percent, privilege tax revenues levied on contracting by the City of Phoenix are estimated at approximately $1.7 million, including approximately $527,000 dedicated to the General Fund and $1.2 million distributed to various Special Revenue Funds.

Privilege Tax on Contracting
Project Plan Option B

Line Item	Building Sq. Ft.	Parking Spaces	Cost Per Sq. Ft.	Cost Per Space	Construction Costs
Retail Space	26,000		$418		$10,868,000
Residential Dwelling Units	244,800		$385		$94,248,000
Parking Structure		306		$35,000	$10,710,000
Total Costs					$115,826,000
Less: Labor Deduction (35%)					-$40,539,100
Taxable Costs					$75,286,900
Privilege Tax Revenue (2.3%)					**$1,731,599**
General Fund (0.7%)					**$527,008**
Special Allocation Funds (1.6%)					**$1,204,590**

Privilege Tax on Commercial and Residential Property Rental

The City of Phoenix levies a privilege tax on the gross income from business activity upon ever person engaging or continuing in the business of leasing or renting real property within the City for a consideration, to the tenant in actual possession, or the licensing for use of real property to the final licensee located within the City for a consideration including any improvements, rights or interest in such property. Privilege tax applies to the rental or lease of any real property, including commercial buildings, apartments, homes or other residential units. The privilege tax rate is 2.4 percent on commercial property rentals and 2.3 percent for residential property rentals, with 1.3 percent to 1.2 percent; respectively, dedicated to the General Fund and the balance allocated to various Special Revenue Funds.

The Project Plan Option B includes 26,000 square feet of commercial space and 102 for-sale condominium units. Under the alternative Project Plan the for-sale condominiums are replaced with 272 rental apartments.

The commercial space will be marketed at an average rent of $50.00 per square foot. Assuming the residential dwelling units are available for lease achievable rents were based on such comparable properties as Optima and Scottsdale Quarter. At an average unit size of 900 square feet and a rent of $2.25 per square foot, a monthly rent of approximately $2,000 per dwelling unit is supportable. The study assumes the commercial spaces and residential units operate at a 7 percent vacancy factor. Rent for the structured parking spaces are incorporated into the rents for the commercial space and residential units.

As outlined in the table below, during the initial year of operation the Project Plan Option B is forecast to generate gross rental income of approximately $7.3 million.

Estimated Annual Gross Rental Income
Project Plan Option B

Project Component	Rentable Sq. Ft.	# of Units	Rent Per Sq. Ft.	Monthly Rent	Gross Rent
Commercial Space	26,000		$50.00		1,300,000
Apartment Units		272		$2,000	6,528,000
Total Gross Rent					7,828,000
Less: Vacancy Loss					-$547,960
Net Taxable Rent					$7,280,040

Source: Canyon Research Southwest, Inc.; January 2018.

The lease rates utilized in this report are estimates only. Actual retail space lease rates for the Option B may vary.

As outlined in the table on page 30, assuming the residential units are operated as rental apartments, throughout the entire 20-year projection period total privilege tax on commercial and residential lease revenue generated for the City of Phoenix by the Project Plan Option B are estimated at approximately $4.1 million. Sales tax revenue distributions include approximately $2.2 million to the General Fund and $1.9 million allocated to various Special Revenue Funds.

Under the scenario whereby the residential component is marketed as for-sale condominiums, throughout the entire 20-year projection period total privilege on commercial lease revenue generated for the City of Phoenix are estimated at approximately $705,000. Sales tax revenue by fund includes the General Fund of approximately $382,000 and $323,000 allocated to various Special Revenue Funds.

Privilege Tax on Commercial and Residential Lease Revenue
Project Plan Option B

Year	Commercial Rental Income	General Fund 1.30%	Special Funds 1.10%	Residential Rental Income	General Fund 1.20%	Special Funds 1.10%	General Fund Totals	Special Funds Totals
1	$1,209,000	$15,717	$13,299	$6,071,040	$72,852	$66,781	$88,569	$80,080
2	$1,233,180	$16,031	$13,565	$6,192,461	$74,310	$68,117	$90,341	$81,682
3	$1,257,844	$16,352	$13,836	$6,316,310	$75,796	$69,479	$92,148	$83,316
4	$1,283,000	$16,679	$14,113	$6,442,636	$77,312	$70,869	$93,991	$84,982
5	$1,308,660	$17,013	$14,395	$6,571,489	$78,858	$72,286	$95,870	$86,682
6	$1,334,834	$17,353	$14,683	$6,702,919	$80,435	$73,732	$97,788	$88,415
7	$1,361,530	$17,700	$14,977	$6,836,977	$82,044	$75,207	$99,744	$90,184
8	$1,388,761	$18,054	$15,276	$6,973,717	$83,685	$76,711	$101,738	$91,987
9	$1,416,536	$18,415	$15,582	$7,113,191	$85,358	$78,245	$103,773	$93,827
10	$1,444,867	$18,783	$15,894	$7,255,455	$87,065	$79,810	$105,849	$95,704
11	$1,473,764	$19,159	$16,211	$7,400,564	$88,807	$81,406	$107,966	$97,618
12	$1,503,240	$19,542	$16,536	$7,548,575	$90,583	$83,034	$110,125	$99,570
13	$1,533,304	$19,933	$16,866	$7,699,547	$92,395	$84,695	$112,328	$101,561
14	$1,563,970	$20,332	$17,204	$7,853,538	$94,242	$86,389	$114,574	$103,593
15	$1,595,250	$20,738	$17,548	$8,010,608	$96,127	$88,117	$116,866	$105,664
16	$1,627,155	$21,153	$17,899	$8,170,821	$98,050	$89,879	$119,203	$107,778
17	$1,659,698	$21,576	$18,257	$8,334,237	$100,011	$91,677	$121,587	$109,933
18	$1,692,892	$22,008	$18,622	$8,500,922	$102,011	$93,510	$124,019	$112,132
19	$1,726,750	$22,448	$18,994	$8,670,940	$104,051	$95,380	$126,499	$114,375
20	$1,761,285	$22,897	$19,374	$8,844,359	$106,132	$97,288	$129,029	$116,662
Total	$29,375,520	$381,882	$323,131	$147,510,304	$1,770,124	$1,622,613	$2,152,005	$1,945,744

Source: Canyon Research Southwest, Inc.; January 2018.

Privilege Tax on Retail and Restaurants & Bars

Chapter 14-460 of the City of Phoenix Tax Code allows the City of Phoenix to levy a privilege tax on gross income from the business activity upon every person engaging or continuing in the business of selling tangible personal property at retail. Arizona does not tax the sales of grocery items for home consumption and prescription drugs. The privilege tax on retail sales levied by the City of Phoenix is 2.3 percent with 1.2 percent dedicated to the General Fund and the remaining 1.1 percent allocated to various Special Revenue Funds.

Chapter 14-455 of the City of Phoenix Tax Code allows the City of Phoenix to levy privilege tax on gross income from the business activity upon every person engaging or continuing in the business of preparing or serving food or beverage in a bar, cocktail lounge, restaurant, or similar establishment where articles of food or drink are prepared or served for consumption on or off the premises, including also the activity of catering. Cover charges and minimum charges must be included in the gross income of this business activity. The privilege tax on restaurants and bars levied by the City of Phoenix is 2.3 percent with 0.7 percent dedicated to the General Fund and the remaining 1.6 percent allocated to various Special Revenue Funds.

For the purpose of this report, privilege taxes on retail and restaurant & bar sales were combined. The Project Plan Option B calls for approximately 26,000 square feet of ground floor commercial space. Eating and drinking establishments are anticipated to occupy up to 4,000 square feet of the ground floor commercial space.

Taxable retail and restaurant sales volumes the Project Plan Option B were estimated based on several sources, including:

1. *Dollars & Cents of Shopping Centers* published by the Urban Land Institute;
2. Sales data published by the International Council of Shopping Centers;
3. *Nation's Restaurant News 2017 Top 100 U.S. Chain System-wide Sales*;
4. National Retail Federation's *Top 100 Retailers 2016*; and
5. Internal data base of actual sales of comparable commercial space and restaurants.

According to *Nation's Restaurant News*, national restaurant chains such as Bonefish Grill, California Pizza Kitchen, Capital Grill, Carrabba's Italian Grill, Cheesecake Factory, PF Chang's China Bistro, Ruth's Chris Steak House, and Yardhouse reported average store sales ranging from approximately \$2.6 million to \$10.7 million annually, translating to approximately \$438 to \$971 per square foot. First-year taxable sales are estimated at \$600 per square foot for restaurant space and \$350 per square foot for the balance of the commercial space.

Throughout the entire 20-year projection period total privilege tax on retail and restaurant & bar sales generated by the Project Plan Option B for the City of Phoenix are estimated at approximately \$5.7 million, with \$2.7 million allocated to the General Fund and \$3.0 million distributed to various Special Revenue Funds.

Privilege Tax on Retail and Restaurant & Bar Sales
Project Plan Option B

Year	Restaurant Sales $600	General Fund 0.70%	Special Funds 1.60%	Retail Sales $350	General Fund 1.20%	Special Funds 1.10%	Total Revenue General Fund	Total Revenue Special Funds
1	$2,400,000	$16,800	$38,400	$7,700,000	$92,400	$84,700	$109,200	$123,100
2	$2,448,000	$17,136	$39,168	$7,854,000	$94,248	$86,394	$111,384	$125,562
3	$2,496,960	$17,479	$39,951	$8,011,080	$96,133	$88,122	$113,612	$128,073
4	$2,546,899	$17,828	$40,750	$8,171,302	$98,056	$89,884	$115,884	$130,635
5	$2,597,837	$18,185	$41,565	$8,334,728	$100,017	$91,682	$118,202	$133,247
6	$2,649,794	$18,549	$42,397	$8,501,422	$102,017	$93,516	$120,566	$135,912
7	$2,702,790	$18,920	$43,245	$8,671,451	$104,057	$95,386	$122,977	$138,631
8	$2,756,846	$19,298	$44,110	$8,844,880	$106,139	$97,294	$125,436	$141,403
9	$2,811,983	$19,684	$44,992	$9,021,777	$108,261	$99,240	$127,945	$144,231
10	$2,868,222	$20,078	$45,892	$9,202,213	$110,427	$101,224	$130,504	$147,116
11	$2,925,587	$20,479	$46,809	$9,386,257	$112,635	$103,249	$133,114	$150,058
12	$2,984,098	$20,889	$47,746	$9,573,982	$114,888	$105,314	$135,776	$153,059
13	$3,043,780	$21,306	$48,700	$9,765,462	$117,186	$107,420	$138,492	$156,121
14	$3,104,656	$21,733	$49,674	$9,960,771	$119,529	$109,568	$141,262	$159,243
15	$3,166,749	$22,167	$50,668	$10,159,986	$121,920	$111,760	$144,087	$162,428
16	$3,230,084	$22,611	$51,681	$10,363,186	$124,358	$113,995	$146,969	$165,676
17	$3,294,686	$23,063	$52,715	$10,570,450	$126,845	$116,275	$149,908	$168,990
18	$3,360,579	$23,524	$53,769	$10,781,859	$129,382	$118,600	$152,906	$172,370
19	$3,427,791	$23,995	$54,845	$10,997,496	$131,970	$120,972	$155,964	$175,817
20	$3,496,347	$24,474	$55,942	$11,217,446	$134,609	$123,392	$159,084	$179,333
Totals	$58,313,688	$408,196	$933,019	$187,089,747	$2,245,077	$2,057,987	$2,653,273	$2,991,006

Source: Canyon Research Southwest, Inc.; January 2018.

Privilege Tax on Telecommunications

Chapter 14-470 of the City of Phoenix Tax Code allows the City of Phoenix to levy privilege tax on the gross income from the business activity upon every person engaging or continuing in the business of providing telecommunication services to consumers within this City.

Taxable telecommunications include any service or activity connected with transmission or relay of sound, image, data or information over a communication channel. The City of Phoenix privilege tax rate for telecommunications services is 4.7 percent of the gross income, of which 2.7 percent is allocated to the General Fund and remaining 2.0 percent to the Capital Construction Fund. Chapter 14-470 of the City of Phoenix Tax Code defines telecommunications services as any of the following:

1. Two-way voice, sound, and/or video communication over a communications channel;
2. One-way voice, sound, and/or video transmission or relay over a communications channel;
3. Facsimile transmissions;
4. Providing relay or repeater service;
5. Providing computer interface services over a communications channel; or
6. Time-sharing activities with a computer accomplished through the use of a communications channel;

The Project Plan Option B includes 26,000 square feet of ground floor retail space and 272 residential dwelling units. Annual telecommunications costs are estimated at $0.30 per square foot of commercial space and $1.33 per square foot for the residential, totaling approximately $311,000 in the initial year, inclusive of 7 percent vacancy factor.

Estimated Annual Telecommunication Costs
Project Plan Option B

Project Component	Rentable Sq. Ft.	Livable Sq. Ft.	Telecommunication Costs Comm/Sq. Ft.	Telecommunication Costs Unit/Sq. Ft.	Gross Costs
Commercial Space	26,000		$0.30		$7,800
Apartment Units		244,800		$1.33	$326,400
Total Gross Costs					$334,200
Less: Vacancy Loss					-$23,394
Net Taxable Costs					$310,806

Source: Canyon Research Southwest, Inc.; January 2018.

As illustrated by the table on the following page, throughout the entire 20-year projection period total privilege tax at on telecommunications generated by the Project Plan Option B for the City of Phoenix is estimated at approximately $355,000. Privilege tax revenue by fund includes $204,000 for the General Fund and $151,000 for the Capital Construction Fund.

Privilege Tax on Telecommunications
Project Plan Option B

	Telecommunication Costs			Privilege Tax	General	Construction
	Commercial	Residential	Total	Revenue	Fund	Fund
Year	$0.30	$1,200	Costs	4.70%	2.70%	2.00%
1	$7,254	$303,552	$310,806	$14,608	$8,392	$6,216
2	$7,399	$309,623	$317,022	$14,900	$8,560	$6,340
3	$7,547	$315,816	$323,363	$15,198	$8,731	$6,467
4	$7,698	$322,132	$329,830	$15,502	$8,905	$6,597
5	$7,852	$328,574	$336,426	$15,812	$9,084	$6,729
6	$8,009	$335,146	$343,155	$16,128	$9,265	$6,863
7	$8,169	$341,849	$350,018	$16,451	$9,450	$7,000
8	$8,333	$348,686	$357,018	$16,780	$9,639	$7,140
9	$8,499	$355,660	$364,159	$17,115	$9,832	$7,283
10	$8,669	$362,773	$371,442	$17,458	$10,029	$7,429
11	$8,843	$370,028	$378,871	$17,807	$10,230	$7,577
12	$9,019	$377,429	$386,448	$18,163	$10,434	$7,729
13	$9,200	$384,977	$394,177	$18,526	$10,643	$7,884
14	$9,384	$392,677	$402,061	$18,897	$10,856	$8,041
15	$9,571	$400,530	$410,102	$19,275	$11,073	$8,202
16	$9,763	$408,541	$418,304	$19,660	$11,294	$8,366
17	$9,958	$416,712	$426,670	$20,053	$11,520	$8,533
18	$10,157	$425,046	$435,203	$20,455	$11,750	$8,704
19	$10,360	$433,547	$443,908	$20,864	$11,986	$8,878
20	$10,568	$442,218	$452,786	$21,281	$12,225	$9,056
Totals				$354,933	$203,898	$151,035

Source: Canyon Research Southwest, Inc.; January 2018.

Privilege Tax on Utility Services

According to Section 14-480 of the City of Phoenix Tax Code, the City of Phoenix levies a privilege tax on utility sales of 4.7 percent on the gross income from the business activity upon every person engaging or continuing in the business of producing, providing, or furnishing utility services, including electricity, electric lights, current, power, gas (natural or artificial), or water. Of the total tax levy, 2.7 percent is allocated to the General Fund and remaining 2.0 percent to the Public Enhancement Fund.

Based on national averages, annual utility costs associated with the Project Plan Option B are estimate at $3.75 per square foot for restaurant space; $2.00 per square foot for the retail space; and $1.00 per square foot for the residential space. Assuming a 7 percent vacancy factor, first year utility costs are estimated at approximately $283,000.

Estimated Annual Utility Costs
Project Plan Option B

Project Component	Building Area Sq. Ft.	Utility Costs Sq. Ft.	Gross Utility Costs
Commercial Space	22,000	$2.00	$44,000
Restaurant Space	4,000	$3.75	$15,000
Residential	244,800	$1.00	$244,800
Total Gross Costs			$303,800
Less: Vacancy Loss			-$21,266
Net Taxable Costs			$282,534

Source: Canyon Research Southwest, Inc.; January 2018.

As illustrated by the table on the following page, throughout the entire 20-year projection period total privilege tax at on utility services collected by the City of Phoenix resulting from the ground floor commercial space and 272 residential condominium units are estimated at approximately $323,000, with $185,000 allocated to the General Fund and $137,000 to the Public Enhancement Fund.

Privilege Tax on Utility Costs
Project Plan Option B

Year	Utility Costs Retail $2.00	Restaurants $3.75	Residential $1.00	Total Utility Costs	Privilege Tax on Utilities 4.70%	General Fund 2.70%	Public Enhancement Fund 2.00%
1	$40,920	$13,950	$227,664	$282,534	$13,279	$7,628	$5,651
2	$41,738	$14,229	$232,217	$288,185	$13,545	$7,781	$5,764
3	$42,573	$14,514	$236,862	$293,948	$13,816	$7,937	$5,879
4	$43,425	$14,804	$241,599	$299,827	$14,092	$8,095	$5,997
5	$44,293	$15,100	$246,431	$305,824	$14,374	$8,257	$6,116
6	$45,179	$15,402	$251,359	$311,940	$14,661	$8,422	$6,239
7	$46,083	$15,710	$256,387	$318,179	$14,954	$8,591	$6,364
8	$47,004	$16,024	$261,514	$324,543	$15,254	$8,763	$6,491
9	$47,944	$16,345	$266,745	$331,034	$15,559	$8,938	$6,621
10	$48,903	$16,672	$272,080	$337,654	$15,870	$9,117	$6,753
11	$49,881	$17,005	$277,521	$344,407	$16,187	$9,299	$6,888
12	$50,879	$17,345	$283,072	$351,296	$16,511	$9,485	$7,026
13	$51,896	$17,692	$288,733	$358,321	$16,841	$9,675	$7,166
14	$52,934	$18,046	$294,508	$365,488	$17,178	$9,868	$7,310
15	$53,993	$18,407	$300,398	$372,798	$17,521	$10,066	$7,456
16	$55,073	$18,775	$306,406	$380,254	$17,872	$10,267	$7,605
17	$56,174	$19,150	$312,534	$387,859	$18,229	$10,472	$7,757
18	$57,298	$19,533	$318,785	$395,616	$18,594	$10,682	$7,912
19	$58,444	$19,924	$325,160	$403,528	$18,966	$10,895	$8,071
20	$59,613	$20,323	$331,663	$411,599	$19,345	$11,113	$8,232
Totals					$322,647	$185,350	$137,297

Source: Canyon Research Southwest, Inc.; January 2018.

Real Property Taxes

Arizona property taxes are divided into two levies. The primary levy is used for general operation and maintenance expense while the secondary levy can only be used for voter-approved general obligation bond debt service.

The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously untaxed property (primarily new construction), and allowable tort liability judgments. The Phoenix City Charter also limits the primary property tax rate to no more than $1.00 plus the amount to cover the costs of libraries.

In 2012, voters approved Proposition 117, amending the Arizona Constitution by capping the annual increase in limited property values used to calculate primary net assessed value. The amendment has capped the limited property value at no greater than 5 percent above the previous year, plus new construction, since 2015-16.

The 2017-18 primary property tax rate is $1.3359 per $100 of assessed valuation. The 2017-18 secondary rate is $0.8241 per $100 of assessed value, for a combined property tax rate of $2.16.

A property's full cash value as determined by the Maricopa County Assessor is used to compute real property taxes, which may consist of bonds, budget overrides, and special districts such as fire, flood control, and other limited purpose districts. Full cash value reflects the market value of a property and consists of land and improvements. The Maricopa County Assessor determines a property's full cash value on an annual basis as of January 1st.

The assessed value of each property class is determined by applying percentages set by the Arizona State Legislature to the full cash value. The current assessment ratio for Commercial Legal Class 1 property is 18 percent with Primary Residence Legal Class 3 at 10 percent and Rented Residential Legal Class 4 at 10 percent.

The full cash values for the commercial space and housing were determined by researching the Maricopa County Assessor's records for the 2018 full cash values of comparable properties. For the purpose of this analysis, the full cash value was estimated at $600 per square foot for the commercial space, and $575 per square foot for the residential condominiums. The value of the parking garage is incorporated into the commercial space and residential condominium units. At build-out, the full cash value under the Project Plan Option B was estimated at approximately $184 million. Throughout the balance of the 20-year projection period the full cash value was escalated at 2.0 percent per year.

Based on the assessment ratio schedule for Legal Classes 1, 3 and 4, throughout the entire 20-year projection period the Project Plan Option B with the residential component operated as for-sale condominiums is estimated to generate total primary and secondary real property taxes for the City of Phoenix of approximately $5.5 million and $3.4 million, respectively (See table on page 37).

Estimated Real Property Taxes to City of Phoenix
Project Plan Option B (For-Sale Condominiums)

	Full Cash Value			Primary	Secondary
		Residential	Assessed	Property Tax	Property Tax
Year	Commercial	Condos	Value	$1.3359	$0.8241
1	$15,600,000	$140,760,000	$16,884,000	$225,553	$139,141
2	$15,912,000	$143,575,200	$17,221,680	$230,064	$141,924
3	$16,230,240	$146,446,704	$17,566,114	$234,666	$144,762
4	$16,554,845	$149,375,638	$17,917,436	$239,359	$147,658
5	$16,885,942	$152,363,151	$18,275,785	$244,146	$150,611
6	$17,223,661	$155,410,414	$18,641,300	$249,029	$153,623
7	$17,568,134	$158,518,622	$19,014,126	$254,010	$156,695
8	$17,919,496	$161,688,995	$19,394,409	$259,090	$159,829
9	$18,277,886	$164,922,774	$19,782,297	$264,272	$163,026
10	$18,643,444	$168,221,230	$20,177,943	$269,557	$166,286
11	$19,016,313	$171,585,655	$20,581,502	$274,948	$169,612
12	$19,396,639	$175,017,368	$20,993,132	$280,447	$173,004
13	$19,784,572	$178,517,715	$21,412,994	$286,056	$176,464
14	$20,180,263	$182,088,069	$21,841,254	$291,777	$179,994
15	$20,583,869	$185,729,831	$22,278,079	$297,613	$183,594
16	$20,995,546	$189,444,427	$22,723,641	$303,565	$187,266
17	$21,415,457	$193,233,316	$23,178,114	$309,636	$191,011
18	$21,843,766	$197,097,982	$23,641,676	$315,829	$194,831
19	$22,280,641	$201,039,942	$24,114,510	$322,146	$198,728
20	$22,726,254	$205,060,741	$24,596,800	$328,589	$202,702
Totals				$5,480,353	$3,380,761

Source: Canyon Research Southwest, Inc.; January 2018.

Under the scenario whereby the residential component operates as rental apartments the 2018 full cash values for comparable luxury apartment properties were by researched via the Maricopa County Assessor's records. Inclusive of the structured parking, the full cash value for the rental apartments was estimated at $215,000 per dwelling unit.

Based on the assessment ratio schedule for Legal Classes 1, 3 and 4, throughout the entire 20-year projection period the Project Plan Option B with the residential component operated as rental apartments is estimated to generate total primary and secondary real property taxes for the City of Phoenix of approximately $2.8 million and $1.7 million, respectively.

Estimated Real Property Taxes to City of Phoenix
Project Plan Option B (Rental Apartments)

	Full Cash Value			Primary Property Tax	Secondary Property Tax
Year	Commercial	Rental Apartments	Assessed Value	$1.3359	$0.8241
1	$15,600,000	$58,480,000	$8,656,000	$115,636	$71,334
2	$15,912,000	$59,649,600	$8,829,120	$117,948	$72,761
3	$16,230,240	$60,842,592	$9,005,702	$120,307	$74,216
4	$16,554,845	$62,059,444	$9,185,816	$122,713	$75,700
5	$16,885,942	$63,300,633	$9,369,533	$125,168	$77,214
6	$17,223,661	$64,566,645	$9,556,923	$127,671	$78,759
7	$17,568,134	$65,857,978	$9,748,062	$130,224	$80,334
8	$17,919,496	$67,175,138	$9,943,023	$132,829	$81,940
9	$18,277,886	$68,518,641	$10,141,884	$135,485	$83,579
10	$18,643,444	$69,889,013	$10,344,721	$138,195	$85,251
11	$19,016,313	$71,286,794	$10,551,616	$140,959	$86,956
12	$19,396,639	$72,712,530	$10,762,648	$143,778	$88,695
13	$19,784,572	$74,166,780	$10,977,901	$146,654	$90,469
14	$20,180,263	$75,650,116	$11,197,459	$149,587	$92,278
15	$20,583,869	$77,163,118	$11,421,408	$152,579	$94,124
16	$20,995,546	$78,706,380	$11,649,836	$155,630	$96,006
17	$21,415,457	$80,280,508	$11,882,833	$158,743	$97,926
18	$21,843,766	$81,886,118	$12,120,490	$161,918	$99,885
19	$22,280,641	$83,523,841	$12,362,900	$165,156	$101,883
20	$22,726,254	$85,194,317	$12,610,158	$168,459	$103,920
Totals				$2,809,639	$1,733,231

Source: Canyon Research Southwest, Inc.; January 2018.

Inter-governmental Revenue Transfers

The State of Arizona distributes several forms of tax revenue to incorporated cities and towns. Inter-governmental transfers distributed to the City of Phoenix include State-shared privilege tax revenues; Urban Revenue Sharing; and motor vehicle in-lieu tax. State-shared privilege tax and Urban Revenue Sharing distributions are calculated based on a city's share of total statewide population. The motor vehicle in-lieu distribution is based on the city's population in relation to the total incorporated population of the County. Urban Revenue Sharing and State-shared privilege tax revenue estimates were included in this analysis.

According to the *FY 2017 Annual Report* published by the Arizona Department of Revenue, for FY 2016-17 the City of Phoenix received $143,471,341 in State-shared privilege tax and $191,224,843 in Urban Revenue Sharing distributions to cities and towns, equating to a 28.82 percent share. This current distribution rate for inter-governmental revenue transfers will be applied throughout the 20-year projection period.

State-Shared Privilege Tax

The State of Arizona levies a transaction privilege tax rate of 5.6 percent that includes 5.0 percent to the General Fund and 0.6 percent to Education. Transaction privilege taxes are divided into two parts, including distribution base and non-share revenue. Under law, the method the privilege tax revenue is split into these parts varies from class to class. According to Proposition 301 the 0.6 percent Education levy is classified as non-shared revenue. The distribution base portion is divided among incorporated cities and towns (25%), counties (40.51%), and the State General Fund (34.49%). The non-shared portion is deposited directly to the State General Fund.

The Project Plan Option B will generate privilege tax revenue for the State of Arizona on construction contracting, retail sales, bar and restaurant sales, telecommunications, and utilities. For the State's privilege tax rate levied on construction contracting, telecommunications, and utilities, the distribution base is 1.0 percent. The distribution base is 2.0 percent for retail sales and bar and restaurant sales.

As depicted by the table on page 40, over the entire 20-year projection period total State-shared privilege tax revenue transfers distributed to the City of Phoenix General Fund resulting from development of the Project Plan Option B are estimated at approximately $418,000.

State-Shared Privilege Tax Revenue Transfer Estimates
Distributed to the City of Phoenix @ Project Plan Option B

Year	Contracting	Telecom.	Utilities	Taxable Costs	State of Arizona Distribution Base 1.0%	Retail & Restaurant Sales	State of Arizona Distribution Base 2.0%	Total Distribution Base	Cities & Towns 25%	City of Phoenix 28.82%
1	$75,286,900	$310,806	$282,534	$75,880,240	$758,802	$10,100,000	$202,000	$960,802	$240,201	$69,226
2		$317,022	$288,185	$605,207	$6,052	$10,302,000	$206,040	$212,092	$53,023	$15,281
3		$323,363	$293,948	$617,311	$6,173	$10,508,040	$210,161	$216,334	$54,083	$15,587
4		$329,830	$299,827	$629,657	$6,297	$10,718,201	$214,364	$220,661	$55,165	$15,899
5		$336,426	$305,824	$642,250	$6,423	$10,932,565	$218,651	$225,074	$56,268	$16,217
6		$343,155	$311,940	$655,095	$6,551	$11,151,216	$223,024	$229,575	$57,394	$16,541
7		$350,018	$318,179	$668,197	$6,682	$11,374,240	$227,485	$234,167	$58,542	$16,872
8		$357,018	$324,543	$681,561	$6,816	$11,601,725	$232,035	$238,850	$59,713	$17,209
9		$364,159	$331,034	$695,192	$6,952	$11,833,760	$236,675	$243,627	$60,907	$17,553
10		$371,442	$337,654	$709,096	$7,091	$12,070,435	$241,409	$248,500	$62,125	$17,904
11		$378,871	$344,407	$723,278	$7,233	$12,311,844	$246,237	$253,470	$63,367	$18,262
12		$386,448	$351,296	$737,744	$7,377	$12,558,081	$251,162	$258,539	$64,635	$18,628
13		$394,177	$358,321	$752,499	$7,525	$12,809,242	$256,185	$263,710	$65,927	$19,000
14		$402,061	$365,488	$767,549	$7,675	$13,065,427	$261,309	$268,984	$67,246	$19,380
15		$410,102	$372,798	$782,900	$7,829	$13,326,736	$266,535	$274,364	$68,591	$19,768
16		$418,304	$380,254	$798,558	$7,986	$13,593,270	$271,865	$279,851	$69,963	$20,163
17		$426,670	$387,859	$814,529	$8,145	$13,865,136	$277,303	$285,448	$71,362	$20,567
18		$435,203	$395,616	$830,819	$8,308	$14,142,438	$282,849	$291,157	$72,789	$20,978
19		$443,908	$403,528	$847,436	$8,474	$14,425,287	$288,506	$296,980	$74,245	$21,397
20		$452,786	$411,599	$864,384	$8,644	$14,713,793	$294,276	$302,920	$75,730	$21,825
Total										$418,258

Source: Canyon Research Southwest, Inc.; January 2018.

Urban Revenue Sharing

Incorporated cities and towns receive a share of net individual and corporate income tax collections through the Urban Revenue Sharing program. Each year an amount equal to 15 percent of net collections from two years prior is distributed to cities and towns. For 2016 individual returns the graduated rate structure ranged from 2.59 percent on an individual's income of $0 to $10,000 (or joint income of $0 to $20,000), to a maximum of 4.54 percent on an individual's income over $150,000 (or joint income over $300,000).

Full-time equivalent employment for the Option B Project Plan is estimated assuming job creation of 1.0 employee per $100,000 in restaurant sales and 2.5 employees per 1,000 square feet of commercial space. These job generation rates yield total employment of 84 full-time equivalent jobs at build-out.

Annual wages were estimated based on the *Occupational Employment and Wage Estimates May 2016,* published by the U.S. Department of Labor stating annual median incomes in the metropolitan Phoenix area of $23,020 for food preparation and serving related workers; $55,990 for food service managers; $27,180 for retail sales; $65,770 for property managers; and $26,200 for building and maintenance workers. Earnings were escalated at an average annual rate of 2.0 percent throughout the projection period.

As depicted in the table below, at build-out total wages for the Option B Project Plan are estimated at approximately $2.36 million. Taxable income was based on a standard deduction of $4,945, a personnel exemption of $2,100 and a blended 2016 Arizona personal income tax rate applying both the 2.88 percent for taxable income between $10,000 and $24,999 and 3.36 percent for taxable income between $25,000 and $49,999.

Job Creation and Earnings Estimates
Project Plan Option B @ Build-out

Project Component	Building Sq. Ft.	FTE Jobs	Total Wages
Restaurants	4,000	24	$674,215
Retail	22,000	56	$1,522,080
Residential	244,800	4	$168,112
Totals		84	$2,364,407

Source: Canyon Research Southwest, Inc.

As illustrated in the table on page 42, over the entire 20-year projection period total Urban Revenue Sharing transfers distributed to the City of Phoenix General Fund stemming from the development of the Project Plan Option B are estimated at approximately $58,000.

Urban Revenue Sharing Transfer Estimates
Distributed to the City of Phoenix @ Project Plan Option B

Year	Total Payroll	Less: Deductions & Exemptions	Taxable Income	Income Taxes 3.12%	Shared Base 15%	City of Phoenix 28.82%
1	$2,364,407	$591,780	$1,772,627	$55,306	$8,296	$2,391
2	$2,411,695	$603,616	$1,808,080	$56,412	$8,462	$2,439
3	$2,459,929	$615,688	$1,844,241	$57,540	$8,631	$2,487
4	$2,509,128	$628,002	$1,881,126	$58,691	$8,804	$2,537
5	$2,559,310	$640,562	$1,918,748	$59,865	$8,980	$2,588
6	$2,610,496	$653,373	$1,957,123	$61,062	$9,159	$2,640
7	$2,662,706	$666,440	$1,996,266	$62,283	$9,343	$2,693
8	$2,715,960	$679,769	$2,036,191	$63,529	$9,529	$2,746
9	$2,770,280	$693,365	$2,076,915	$64,800	$9,720	$2,801
10	$2,825,685	$707,232	$2,118,453	$66,096	$9,914	$2,857
11	$2,882,199	$721,377	$2,160,822	$67,418	$10,113	$2,914
12	$2,939,843	$735,804	$2,204,039	$68,766	$10,315	$2,973
13	$2,998,640	$750,520	$2,248,120	$70,141	$10,521	$3,032
14	$3,058,613	$765,531	$2,293,082	$71,544	$10,732	$3,093
15	$3,119,785	$780,841	$2,338,944	$72,975	$10,946	$3,155
16	$3,182,181	$796,458	$2,385,723	$74,435	$11,165	$3,218
17	$3,245,824	$812,387	$2,433,437	$75,923	$11,388	$3,282
18	$3,310,741	$828,635	$2,482,106	$77,442	$11,616	$3,348
19	$3,376,955	$845,208	$2,531,748	$78,991	$11,849	$3,415
20	$3,444,495	$862,112	$2,582,383	$80,570	$12,086	$3,483
Totals						**$58,092**

Source: Canyon Research Southwest, Inc.; January 2018.

Total General Fund and Special Revenue Fund Estimates

The study estimated both General Fund and Special Revenue Fund revenues generated for the City of Phoenix through build-out of the Project Plan Option B under both for-sale and rental residential scenarios.

For-Sale Residential Condominium Scenario

Twenty-year fiscal revenue streams generated for the City of Phoenix General and Special Revenue Funds resulting from development and operation of Option B Project Plan with for-sale condominiums are outlined in the table on page 44.

Throughout the 20-year projection period, build-out of the Project Plan Option B is estimated to generate total General Fund revenues for the City of Phoenix of approximately $10.9 million. Total tax revenues by source include primary property taxes of $5.5 million and privilege tax on retail and restaurant sales ($2.7 million); privilege taxes on contracting ($527,008); State-shared privilege tax revenue ($418,258); privilege tax on commercial lease revenue ($381,882); privilege tax on utility costs ($185,350); privilege tax on telecommunications ($203,898); and Urban Revenue Sharing ($58,092).

In addition to the General Fund revenues, through the 20-year projection period, build-out of the Project Plan Option B incorporating for-sale residential condominiums is estimated to generate total Special Revenue Funds for the City of Phoenix totaling approximately $8.9 million.

Luxury Rental Apartments Scenario

Twenty-year fiscal revenue streams generated for the City of Phoenix General and Special Revenue Funds resulting from development and operation of Project Plan Option B with luxury rental apartments are outlined in the table on page 45.

Throughout the 20-year projection period, build-out of the Project Plan Option B is estimated to generate total General Fund revenues for the City of Phoenix of approximately $9.0 million. Total tax revenues by source include primary property tax of $2.8 million and privilege tax on commercial lease revenue ($2.2 million); privilege tax on retail and restaurant sales ($2.7 million); privilege taxes on contracting ($527,008); State-shared privilege tax revenue ($418,258); privilege tax on utility costs ($185,350); privilege tax on telecommunications ($203,898); and Urban Revenue Sharing ($58,092).

Through the 20-year projection period, build-out of the Project Plan Option B incorporating for-sale residential condominiums is also estimated to generate total Special Revenue Funds for the City of Phoenix totaling approximately $8.2 million.

20-Year General Fund Revenue Estimates to the City of Phoenix
Project Plan Option B @ For-Sale Residential Condominium Scenario

	General Fund								Total	Total
Year	Contracting	Commercial Lease	Retail & Restaurant	Telecom.	Utilities	State Shared	Urban Revenue Sharing	Primary Property Tax	Total General Fund Revenue	Total Special Revenue Funds
1	$527,008	$15,717	$109,200	$8,392	$7,628	$69,226	$2,391	$225,553	**$965,115**	**$1,491,997**
2		$16,031	$111,384	$8,560	$7,781	$15,281	$2,439	$230,064	**$391,540**	**$293,155**
3		$16,352	$113,612	$8,731	$7,936	$15,587	$2,488	$234,665	**$399,370**	**$299,018**
4		$16,679	$115,884	$8,906	$8,095	$15,898	$2,537	$239,359	**$407,358**	**$304,999**
5		$17,013	$118,202	$9,084	$8,257	$16,216	$2,588	$244,146	**$415,505**	**$311,099**
6		$17,353	$120,566	$9,265	$8,422	$16,541	$2,640	$249,029	**$423,815**	**$317,321**
7		$17,700	$122,977	$9,451	$8,590	$16,871	$2,693	$254,009	**$432,291**	**$323,667**
8		$18,054	$125,436	$9,640	$8,762	$17,209	$2,747	$259,089	**$440,937**	**$330,140**
9		$18,415	$127,945	$9,833	$8,937	$17,553	$2,801	$264,271	**$449,756**	**$336,743**
10		$18,783	$130,504	$10,029	$9,116	$17,904	$2,857	$269,557	**$458,751**	**$343,478**
11		$19,159	$133,114	$10,230	$9,298	$18,262	$2,915	$274,948	**$467,926**	**$350,348**
12		$19,542	$135,776	$10,434	$9,484	$18,627	$2,973	$280,447	**$477,285**	**$357,354**
13		$19,933	$138,492	$10,643	$9,674	$19,000	$3,032	$286,056	**$486,830**	**$364,502**
14		$20,332	$141,262	$10,856	$9,868	$19,380	$3,093	$291,777	**$496,567**	**$371,792**
15		$20,738	$144,087	$11,073	$10,065	$19,768	$3,155	$297,612	**$506,498**	**$379,227**
16		$21,153	$146,969	$11,295	$10,266	$20,163	$3,218	$303,565	**$516,628**	**$386,812**
17		$21,576	$149,908	$11,520	$10,472	$20,566	$3,282	$309,636	**$526,961**	**$394,548**
18		$22,008	$152,906	$11,751	$10,681	$20,978	$3,348	$315,829	**$537,500**	**$402,439**
19		$22,448	$155,964	$11,986	$10,895	$21,397	$3,415	$322,145	**$548,250**	**$410,488**
20		$22,897	$159,084	$12,226	$11,113	$21,825	$3,483	$328,588	**$559,215**	**$418,698**
Total									**$9,908,099**	**$8,187,824**

Source: Canyon Research Southwest, Inc.; January 2018.

20-Year General Fund Revenue Estimates to the City of Phoenix
Project Plan Option B @ Rental Apartments Scenario

	General Fund								Total	Total
Year	Contracting	Commercial Lease	Retail & Restaurant	Telecom.	Utilities	State Shared	Urban Revenue Sharing	Primary Property Tax	General Fund Revenue	Special Revenue Funds
1	$527,008	$88,569	$109,200	$8,392	$7,628	$69,226	$2,391	$115,636	**$928,050**	**$1,490,971**
2		$90,340	$111,384	$8,560	$7,781	$15,281	$2,439	$117,949	**$353,733**	**$292,109**
3		$92,147	$113,612	$8,731	$7,936	$15,587	$2,488	$120,308	**$360,808**	**$297,951**
4		$93,990	$115,884	$8,906	$8,095	$15,898	$2,537	$122,714	**$368,024**	**$303,910**
5		$95,870	$118,202	$9,084	$8,257	$16,216	$2,588	$125,168	**$375,385**	**$309,988**
6		$97,787	$120,566	$9,265	$8,422	$16,541	$2,640	$127,671	**$382,892**	**$316,188**
7		$99,743	$122,977	$9,451	$8,590	$16,871	$2,693	$130,225	**$390,550**	**$322,512**
8		$101,738	$125,436	$9,640	$8,762	$17,209	$2,747	$132,829	**$398,361**	**$328,962**
9		$103,773	$127,945	$9,833	$8,937	$17,553	$2,801	$135,486	**$406,328**	**$335,541**
10		$105,848	$130,504	$10,029	$9,116	$17,904	$2,857	$138,196	**$414,455**	**$342,252**
11		$107,965	$133,114	$10,230	$9,298	$18,262	$2,915	$140,960	**$422,744**	**$349,097**
12		$110,124	$135,776	$10,434	$9,484	$18,627	$2,973	$143,779	**$431,199**	**$356,079**
13		$112,327	$138,492	$10,643	$9,674	$19,000	$3,032	$146,654	**$439,823**	**$363,200**
14		$114,573	$141,262	$10,856	$9,868	$19,380	$3,093	$149,587	**$448,619**	**$370,464**
15		$116,865	$144,087	$11,073	$10,065	$19,768	$3,155	$152,579	**$457,592**	**$377,874**
16		$119,202	$146,969	$11,295	$10,266	$20,163	$3,218	$155,631	**$466,744**	**$385,431**
17		$121,586	$149,908	$11,520	$10,472	$20,566	$3,282	$158,743	**$476,078**	**$393,140**
18		$124,018	$152,906	$11,751	$10,681	$20,978	$3,348	$161,918	**$485,600**	**$401,003**
19		$126,498	$155,964	$11,986	$10,895	$21,397	$3,415	$165,157	**$495,312**	**$409,023**
20		$129,028	$159,084	$12,226	$11,113	$21,825	$3,483	$168,460	**$505,218**	**$417,203**
Totals									**$9,007,517**	**$8,162,895**

Source: Canyon Research Southwest, Inc.; January 2018.

ECONOMIC IMPACT ASSESSMENT

Construction phase and operations phase economic impacts generated from development of the DMB Project Plan under both Options A and B include:

- Direct and indirect temporary construction jobs and payroll

- Indirect and indirect permanent jobs and payroll

The *Economic Impact Assessment* examines the economic implications of the DMB Project Plan in terms of the direct and indirect growth in employment and income. The project's economic impact has been measured in terms of both construction-phase and operational.

Direct impacts measure the spending and job creation that occurs as a direct result of the operations and activities that associated with both DMB Project Plan options. Indirect impacts consist of re-spending of the initial or direct expenditures, or the supply of goods or services resulting from the initial direct spending associated with the DMB Project Plan.

Economic impacts measure the effects of economic stimuli or new demand for goods and services in the local economy. New demand in this case is created by the new jobs and residents to the market and the additional spending they will support. The secondary impacts of supplier expenditures by these businesses, employee spending and resident spending is called multiplier effects. Multiplier effects are a way of representing the larger effects on the local economy of an initial increase in demand.

Wages were determined by consulting the *Occupational Employment and Wage Estimates May 2016* for the Phoenix/Mesa MSA published by the U.S. Department of Labor.

Project Plan Option A

Construction Phase

Development of the Project Plan Option A with 26,000 square feet of commercial space, 210-room hotel, 141 multi-family residential dwelling units, and a 306-space parking structure would generate non-recurring construction impacts. The total construction budget for Option A is estimated at approximately $137 million.

The construction-phase economic impacts generated by Option A include an estimated total economic output of approximately $192 million, direct and indirect job creation of 1,267 FTE jobs, and total payroll of $61.5 million.

Total direct and indirect economic impacts generated from construction-phase of Option A are summarized in the table on the following page.

Construction Phase Economic Impact Estimates
Project Plan Option A

	Totals
Direct Construction Budget	$137,136,765
Total Economic Output	$191,991,471
Job Creation	
Direct	894
Indirect	373
Total	1,267
Payroll	
Direct	$44,765,387
Indirect	$16,745,370
Total	$61,510,758

Operations Phase

Full-time equivalent employment resulting from development and operation of the Project Plan Option A was estimated using employment rations stated in the number of jobs per 1,000 square feet of building area, jobs per $100,000 in restaurant sales, and 0.5 job per hotel guest room. Total payroll was estimated based on annual mean incomes pertinent occupations in the Phoenix-Mesa MSA published by the U.S. Department of Labor's *Occupational Employment and Wage Estimates May 2016.*

At full operating levels the Option A is estimated to directly support approximately 186 FTE jobs and $5.4 million in annual payroll. Both direct and indirect economic benefits are estimated at 256 FTE jobs and an annual payroll of approximately $8.5 million.

Operations Phase Economic Impact Estimates
Project Plan Option A

	Totals
Job Creation - FTE	
Direct	186
Indirect	70
Total	256
Payroll	
Direct	$5,430,351
Indirect	$3,038,678
Total	$8,469,029

Project Plan Option B

Construction Phase

Development of the Project Plan Option B with 26,000 square feet of commercial space, 272 multi-family residential dwelling units, and a 306-space parking structure would generate non-recurring construction impacts. The total construction budget for the initial phase is estimated at approximately $116 million.

The construction-phase economic impacts generated by the Option B include an estimated total economic output of approximately $162 million, direct and indirect job creation of 1,158 FTE jobs, and total payroll of $56.7 million.

Total direct and indirect economic impacts generated from construction-phase of Option B are summarized in the table below.

Construction Phase Economic Impact Estimates
Project Plan Option B

	Totals
Direct Construction Budget	$115,826,000
Total Economic Output	$162,156,400
Job Creation	
Direct	799
Indirect	359
Total	1,158
Payroll	
Direct	$40,164,786
Indirect	$16,559,484
Total	$56,724,271

Operations Phase

Full-time equivalent employment resulting from development and operation of the Project Plan Option B was estimated using employment rations stated in the number of jobs per 1,000 square feet of building area and jobs per $100,000 in restaurant sales. Total payroll was estimated based on annual mean incomes pertinent occupations in the Phoenix-Mesa MSA published by the U.S. Department of Labor's *Occupational Employment and Wage Estimates May 2016.*

At full operating levels the Option B is estimated to directly support approximately 84 FTE jobs and $2.4 million in annual payroll. Both direct and indirect economic benefits are estimated at 108 FTE jobs and an annual payroll of approximately $3.4 million.

Operations Phase Economic Impact Estimates
Project Plan Option B

	Totals
Job Creation - FTE	
Direct	84
Indirect	24
Total	108
Payroll	
Direct	$2,364,407
Indirect	$1,044,265
Total	$3,408,672

ADDENDA

EXHIBIT A

Canyon Research Southwest, Inc., Client List

Canyon Research Southwest, Inc. Client List

Canyon Research Southwest, Inc. has provided real estate consulting services for a number of leading organizations including:

American Furniture Warehouse (Englewood, CO)
Arizona State Land Department
Bain & Company, Inc. (Boston, Massachusetts)
Bashas' Markets
Bayer Properties (Birmingham, Alabama)
Belz-Burrow (Jonesboro, Arkansas)
Bridgeview Bank Group
Browning-Ferris Industries
Burch & Cracchiolo PA
Cameron Group (Syracuse, New York)
Carrow Real Estate Services (Albany, New York)
Cass County, Missouri
Cavan Real Estate Investments
D.J. Christie, Inc. (Overland Park, Kansas)
Church of Jesus Christ of Latter Day Saints
City of Belton, Missouri
City of Dodge, Kansas
City of Fenton, Missouri
City of Glendale Economic Development Department
City of Independence, Missouri
City of Lee's Summit, Missouri
City of Liberty, Missouri
City of Osage Beach, Missouri
City of Mesa Economic Development Department
City of Mesa Real Estate Services
City of Norman, Oklahoma
City of Phoenix Economic Development Department
City of Phoenix Real Estate Department
City of St. Charles, Missouri
City of Tucson Community Services Department
City of Warsaw, Missouri
City of Wichita, Kansas
Chickasaw Nation Economic Development
DeRito Partners Development, Inc.
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)
DeRito Partners (Phoenix, AZ)
DMB Associates
DMJM Arizona Inc.
EDAW, Inc. (Denver, Colorado)
Gilded Age (St. Louis, Missouri)
W.M. Grace Development
Greystone Group (Newport Beach, California)
Hanford/Healy Advisory Company

Heritage Bank (Louisville, Colorado)
Highwoods Properties (Kansas City, MO)
Holiday Hospitality Corporation (Atlanta, Georgia)
Jorden & Bischoff, PLC
JPI Development
Kaiser Permanente (Oakland, California)
Kessinger Hunter (Overland Park, Kansas)
Landmark Organization (Austin, Texas)
Lawrence Group (St. Louis, MO)
Lee's Summit Economic Development Council (Lee's Summit, Missouri)
Lewis and Roca
Lowe's Companies, Inc. (West Bloomfield, MI)
Lund Cadillac
Marriott International, Inc. (Washington, D.C.)
MCO Properties
Meritage Homes
Metropolitan Housing Corporation (Tucson, Arizona)
Monterey Homes
Mountain Funding (Charlotte, North Carolina)
Navajo Nation Division of Economic Development
Opus Northwest Corporation
Opus West Corporation
Pederson Group, Inc.
Phelps Dodge Corporation
Piper Jaffray (Kansas City, Missouri)
Pivotal Group
Pulte Home Corporation
Pulte Homes of Greater Kansas City
Pyramid Development (St. Louis, Missouri)
RED Development (Kansas City, Missouri)
R.H. Johnson & Company (Kansas City, Missouri)
Richmond American Homes
River Run Development (Boise, Idaho)
Royal Properties (Champaign, Illinois)
Salt River Project
Steiner + Associates, Inc. (Columbus, Ohio)
Summit Development Group (St. Louis, Missouri)
SWD Holdings (San Francisco, California)
The Innova Group Tucson (Tucson, Arizona)
The University of Arizona Department of Economic Development (Tucson, Arizona)
The University of Arizona Medical Center (Tucson, Arizona)
Trammell Crow Residential
Union Homes (Salt Lake City, Utah)
Unified Government of Wyandotte County and City of Kansas City, Kansas
Wal-Mart, Inc. (Bentonville, Arkansas)
Waste Management
Wells Fargo Bank NA
Widewaters (Syracuse, New York)
Wolfswinkel Group

EXHIBIT B

Resume of Eric S. Lander, Principal
Canyon Research Southwest, Inc.

ERIC S. LANDER

EDUCATION

In May, 1981, Mr. Lander received a B.S. in Marketing from the Arizona State University College of Business Administration. In May, 1992, Mr. Lander received a Masters in Real Estate Development and Investment from New York University, graduating with honors.

BUSINESS EXPERIENCE

Canyon Research Southwest, Inc.
President (October 1984 to Present)

Established Canyon Research Southwest, Inc. as a multi-disciplined real estate consulting firm designed to provide comprehensive research and analysis to the development, financial, investment, and municipal communities. Responsibilities include direct marketing, project management, staffing, and client relations. The firm has performed in excess of 400 major consulting assignments with over 75 local and national clients. Fields of expertise include market and feasibility analysis of large-scale master planned communities, freeway oriented mixed-use projects, retail centers, office complexes, business parks, and hotels. Additional services include fiscal impact studies, property valuation, and development plan analysis.

Mountain West Research
Associate (December 1988 to January 1990)
Senior Consultant (October 1983 to October 1984)

Assisted in managing the Commercial Real Estate Services Division of Mountain West, Arizona's largest real estate and economic development consulting firm. Responsibilities included direct marketing, personnel management, client relations, and consulting on large-scale commercial, office, industrial, and hotel projects. Also contributed to several real estate publications and assisted in the management and marketing of the firm's commercial, office, and industrial (COI) data base.

Iliff, Thorn & Company
Marketing Assistant (January 1982 to December 1983)

Joined Iliff, Thorn & Company during its infancy and became solely responsible for providing in-house marketing support services to its commercial real estate brokers. These services included demographic research, office/industrial/retail market studies, raw land sales packages, site selection analysis, client relations, and property research. Major accomplishments included establishing and implementing office and industrial absorption studies, devised central office market and available raw land files, and organized the development of an industrial/retail map. Also, during this time, Mr. Lander obtained a real estate sales license and became involved in commercial brokerage activities.

RANGE OF EXPERIENCE

In 1987, Mr. Lander, in cooperation with the Drachman Institute of Regional Land Planning, published a working paper titled "Land Development as Value Added in the Development Process and Appropriate Criteria to Rank Sites for Selection of Master Planned Satellite Communities." Since the publication of this working paper, Mr. Lander has conducted numerous market feasibility studies on existing and proposed, large-scale, master planned communities in the Southwestern United States, totaling over 80,000 acres. The working paper was also evaluated and utilized by such prestigious universities as Harvard, M.I.T. and the University of North Carolina as part of their Masters program in Real Estate, City and Regional Planning, and Business.

For two year Mr. Lander was an instructor with the Commercial Real Estate Institute, teaching classes in Market Analysis, Commercial Property Valuation and Land Valuation.

Mr. Lander is an active member of the City of Buffalo Preservation Board and a board member for the Campaign for Greater Buffalo History, Architecture & Culture.

Mr. Lander has provided consulting services on downtown redevelopment and historic preservation efforts. Recent examples include a heritage tourism study for the Erie Canal terminus in Buffalo, New York; evaluation of potential office, retail, hotel and arena development in the downtown areas of Glendale and Mesa, Arizona; retail market evaluation and redevelopment plan for downtown Warsaw, Missouri; a downtown master plan for downtown Lee's Summit, Missouri; and a redevelopment plans for the 24 Highway Corridor in Independence, Missouri and Porter Avenue Corridor in Norman, Oklahoma.

Mr. Lander has conducted *TIF and TDD Revenue Projections* for a variety of large-scale retail projects in Missouri and Kansas. Tax Increment Financing and Transportation Development Districts are government-backed funding mechanisms designed to finance project-specific public infrastructure improvement. Funded is provided via the issue and sale of bonds. In the case of Tax Increment Financing the bonds are repaid with incremental increases in property tax and sales tax revenue generated by the designated redevelopment area. Transportation Development Districts involve the levy of an additional sales tax on businesses operating within the redevelopment area.

Mr. Lander has conducted *STAR Bond Feasibility and Market Studies* on several major developments in Kansas, including the Kansas City Tourism District, Legends at Village West, Kansas City Research & Medical Campus, Rosedale Station Shopping Center, Prairiefire at LionsGate, The Gateway, RiverWalk in Wichita and downtown Manhattan, Kansas. The *Market Study* evaluates the market positioning, market demand, short-term development potential, and economic impact for the proposed Redevelopment District. Meanwhile, the *Feasibility Study* provides a STAR Bond revenue vs. costs comparison to determine the ability of the Redevelopment District to cover debt service for the projected STAR Bond obligations throughout the bond maturity period.