



**74<sup>TH</sup> ST AND MCDOWELL RD RFP**  
**SCOTTSDALE, ARIZONA**

***RESPONSE PREPARED BY:***

***NORTH AMERICAN DEVELOPMENT GROUP***  
***7373 N SCOTTSDALE ROAD, SUITE A250***  
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**NORTH AMERICAN DEVELOPMENT GROUP**  
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October 1, 2010

City of Scottsdale  
Economic Vitality Department  
4021 N 75<sup>th</sup> St, #102  
Scottsdale, AZ 85251

**RE: RESPONSE TO 74<sup>TH</sup> ST & MCDOWELL RD RFP**

To Whom It May Concern:

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Thank you for your invitation to prepare a proposal for the redevelopment of the 3.73 acres located south of the southeast corner of 74<sup>th</sup> Street and McDowell Road (the "Site"). The McDowell Corridor submarket is extremely important to the City's economic future, and North American Development Group ("NADG") is proud to be part of the selection process.

NADG, one of North America's leading shopping center developers, owners and managers (please refer to the enclosed NADG Overview for detailed information on the Company), began working on the Site (along with the surrounding properties, as it is NADG's desire to combine the city-owned RFP Site with several other properties and develop a retail center) more than one year ago. Since learning about the opportunity, members of NADG's development team have committed significant time and money on the project. Such work includes, but is not limited to, engaging consultants, engineers, and architects, discussions with potential anchor tenants, site tours, meetings with the City, and financial and other evaluations.

Since NADG was founded in 1977, the company's primary focus has been on shopping center development and redevelopment. NADG has developed more than 12,000,000 square feet of new retail product, and is currently in various stages of developing more than 3,000,000 square feet of shopping center space across various markets in North America. The company also owns more than 2,000 acres of future development land debt free. In addition, NADG has commenced grocery anchored development programs with both Publix Supermarkets and Safeway in the Florida, Tennessee and Texas markets, and currently has 6 grocery anchored projects under development with a more than a dozen additional supermarket development projects in various stages of entitlement and pre-development.

Our company is familiar with the Site and is very capable to undertake such a development project from both a historical expertise and financial standpoint. We look forward to the opportunity of working with the City of Scottsdale on this exciting redevelopment.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Chamberlain", written in a cursive style.

Chris Chamberlain  
Director of Development

## **DEVELOPER OVERVIEW**

### **NORTH AMERICAN DEVELOPMENT GROUP: A HISTORICAL OVERVIEW**

NADG was founded in 1977 by its Chairman, John W. S. Preston. Initially, the operations were primarily in Canada, and throughout the 1980's the company became one of the largest owners, developers, acquirers and managers of unenclosed shopping center assets in the country.

In 1987, NADG entered the U.S. market and acquired a number of shopping centers in Florida.

In 1991, NADG established Centrecorp Management Services as a stand alone real estate services company. By 1994, Centrecorp had become the largest third party real estate provider in Canada and by the end of that decade expanded its operations into the U.S. Today, Centrecorp has approximately 20 million square feet of GLA under management and administration.

In 1994, NADG co-founded Centrefund Realty Corporation through a Toronto Stock Exchange (TSX) initial public offering led by Royal Bank of Canada. Centrefund was a growth-oriented real estate investment company that focused exclusively on the acquisition of neighborhood and community shopping centers in Canada and the United States.

Centrefund grew from its initial 5 properties, comprising approximately 1 million square feet of GLA, to a portfolio of 70 shopping centers in Canada and the U.S., comprising approximately 10 million square feet of GLA, with a value of \$1.1 billion. Centrefund was sold in August 2000.

In March 2001, NADG merged Centrecorp with Sterling Financial Corporation, a TSX public company. The merged company changed its name to Sterling Centrecorp Inc. During the period 2002 to 2004, the Company acquired approximately 3.5 million square feet of shopping center GLA, with about 70 percent of the portfolio being in the U.S.

In June 2005, Sterling completed its U.S. Land and Shopping Center Fund 1 offering, raising \$50 million from private investors in both the U.S. and Canada. The U.S. Land and Shopping Center Fund 1 capital was substantially invested and/or committed within a year.

In early 2007, NADG in partnership with Citibank created a \$160 million fund to acquire future retail development land in the United States. With the implosion of the US economy in 2008, NADG re-positioned this fund from buying land to acquiring existing shopping centers at exceptional prices. To date NADG has acquired 7 existing shopping centers and 5 development deals, comprising over 1 million square feet of leasable area.

In mid 2007, Sterling was privatized by NADG in a \$280 million transaction.

In Canada, during the 2005 to 2008 timeframe, NADG continued its shopping center development growth. The Company concentrated on larger developments, where there was less competition given their complexity and capital requirements. In addition, NADG established a third land and shopping center fund targeting select retail land opportunities.

Today the company employs 120 real estate professionals in 11 offices across North America, consisting of 4 in Canada and 7 in the United States. In Canada, the Company's head office is in Toronto, with regional offices in Edmonton, Montreal and Halifax. In the U.S., NADG's head office is in Palm Beach Gardens, Florida with regional offices in Los Angeles, Phoenix, Denver, Dallas, Nashville and Atlanta. The company shopping center portfolio is comprised of approximately 10 million square feet of retail space.

NADG's real estate management company, Centrecorp Management Services, provides management services for approximately 20 million square feet of retail space, including the Company's portfolio as noted above.

## **NORTH AMERICAN DEVELOPMENT GROUP TODAY**

In its cumulative business history, North American Development Group ("NADG") has been active in the development, acquisition, redevelopment and management of over 150 shopping centers comprising well in excess of 20 million square feet of GLA with an enterprise value of over \$2.5 billion.

NADG is the managing partner and owner of over 10 million square feet of existing shopping center space in the U.S and Canada. The company has an additional 3 million square feet in development or pre-development. NADG also owns approximately 1400 acres of land for future retail development in the U.S. and Canada. This land is held virtually debt free.

NADG has 11 offices across North America, consisting of 7 in the United States and 4 in Canada, and a team of approximately 120 seasoned real estate professionals. In the U.S., NADG's head office is in Palm Beach Gardens, Florida with regional offices in Los Angeles, Phoenix, Denver, Dallas, Nashville and Atlanta. In Canada, the Company's head office is in Toronto, with regional offices in Edmonton, Montreal and Halifax.

NADG has been the sponsor of numerous funds, each targeting a different area of the shopping center sector. The most recently completed fund was a \$160 million dollar fund partnered with Citibank that targeted the acquisition of existing shopping centers in the United States. This was a very entrepreneurial fund which took advantage of the current U.S. real estate distressed markets. The current fund is a \$60 million fund which targets the opportunistic acquisition and/or development of supermarket anchored shopping centers in the U.S. This fund will focus primarily on Publix Supermarket opportunities.

Several of NADG's notable projects (see following pages for site plans and more detail on each project):

### **Dartmouth Crossing, Halifax, Nova Scotia:**

A 518 acre parcel of land. Phase 1 of the development opened in 2007 and contains approximately 1.1 million square feet of GLA, anchored by Walmart, Home Depot, Costco, Canadian Tire, Best Buy, Future Shop, Staples, Empire Cinemas and others.

### **Boucherville, Montreal, Quebec:**

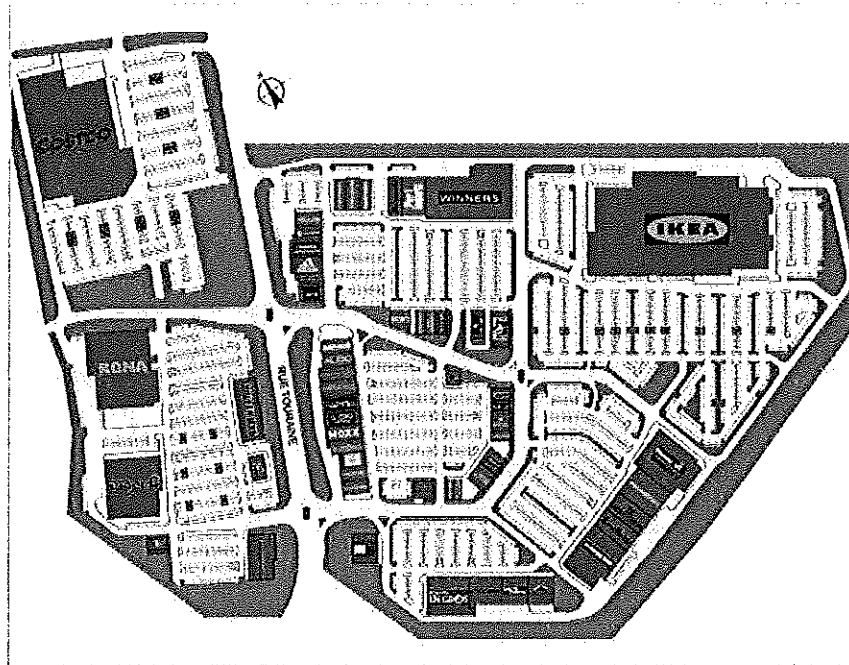
A 1,000,000 square foot development in suburban Montreal, anchored by IKEA, Costco, Rona Home Improvement, Staples, Winners (TJX), Future Shop (Best Buy) and others.

### **Weatherford Crossing, Dallas, Texas:**

A 50 acre property located just west of Dallas with 400,000 square feet of GLA completed or under construction, anchored by JC Penny, Belk, Bed Bath & Beyond, Michaels, Famous Footwear and others.

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**Carrefour de la Rive Sud**



**Property Media:**

- [Site Plan](#)
- [Aerial Photo 1](#)
- [Area Map 1](#)
- [Site Photo 1](#)
- [Video](#)

**Summary**

Ikea, Costco, Rona, Metro, Winners/HomeSense and Staples anchor this centre along with 28 national fashion tenants.

The third phase addition of this successful 1.1 million sq. ft. super regional big box centre was further enhanced with the addition of Costco.

The 100,000 sq. ft. final phase opened in fall 2005 anchored by Future Shop and Home Outfitters, along with Archambault, Bouclair and Linen Chest.

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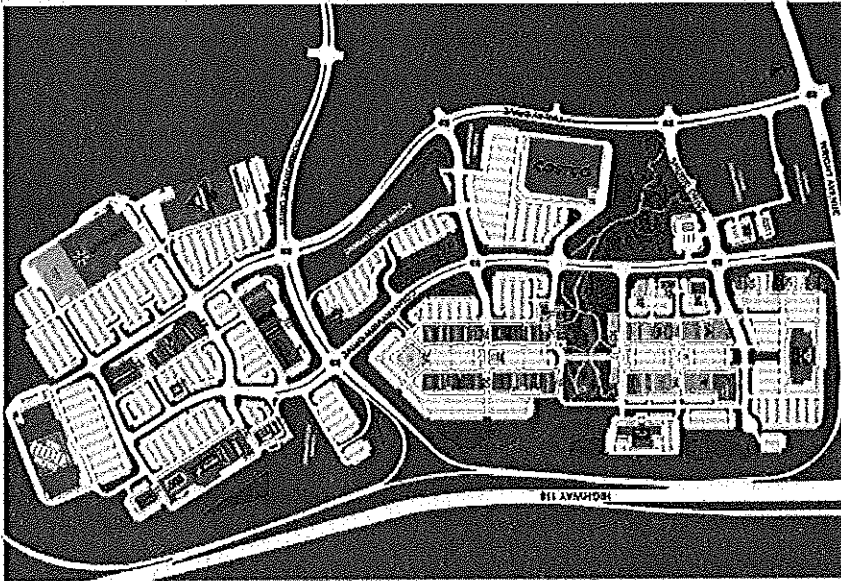
Description:	Large Format
City:	Boucherville
Address:	Montarville/ Hwy. 20
Leasing Contact:	Jean Francoise Mauger
Tenants:	Ikea, Costco, Rona, Super C, Business Depot, Future Shop, Home Outfitters, Winners, Homesense
Sq.Ft.:	510,000

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**Dartmouth Crossing**



**Property Media:**

- [Site Plan](#)
- [Aerial Photo 1](#)
- [Area Map 1](#)
- [Rendering 1](#)

**Summary**

Dartmouth Crossing is a multi-use retail and commercial development, combining popular major and mid-size retail with intimacy of boutique-style shopping, restaurants and entertainment.

Phase One of Dartmouth Crossing offers 220 acres and 1.6 million square feet of retail and commercial space and will be one of the region's premiere shopping locations. Anchors include: Home Depot, Walmart, Canadian Tire, Costco and Empire Theatres.

Once complete, it will be a shopping destination with something for everyone.

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[Download Site Plan](#)

[Website](#)

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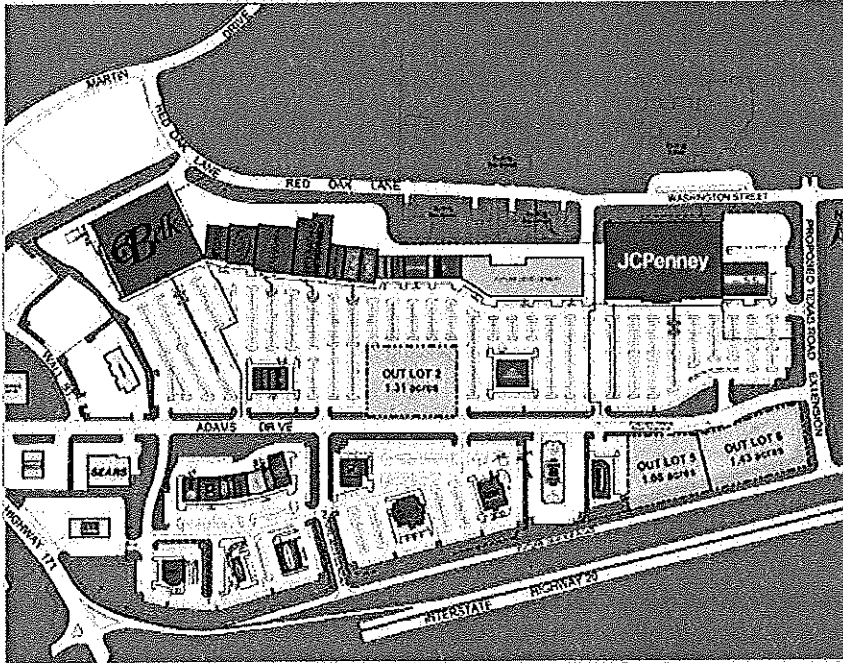
<b>Description:</b>	Lifestyle + Large Format Centre
<b>City:</b>	Halifax
<b>Address:</b>	101 Lakeview Ave.
<b>Leasing Contact:</b>	Tony Fazari
<b>Tenants:</b>	Canadian Tire, Wal-Mart, Home Depot, Best Buy, Staples
<b>Sq.Ft.:</b>	1,600,000

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**Weatherford Crossing**



**Property Media:**

- [Site Plan](#)
- [Aerial Photo](#)
- [Location Map](#)

**Summary**

Weatherford Crossing is a 50-acre power center with approx. 400,000 square feet of retail, anchored by an 83,000-square-foot JCPenney store and 74,000-square-foot Belk department store.

[Contact Sales Rep](#)

[Download Site Plan](#)

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Description: Power Center  
 City: Weatherford  
 Address: I-20 & S Main St.  
 Leasing Contact:  
 Tenants: JCPenney, Belk, Bed Bath & Beyond, Michael's  
 Sq.Ft.: 400,000

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## **NADG PROPOSAL**

### **1 Summary**

NADG desires to purchase the Site from the City of Scottsdale and combine it with several surrounding properties in order to develop a 200,000 square foot multi-anchored retail center (see attached site plan for context).

### **2 City Benefits**

NADG's proposed project would result in: 1) a cash payment to the City upon closing (to be determined based upon the contracted purchase prices for the surrounding properties necessary for the re-development); 2) significant tax revenues as a result of the retail sales generated by the to-be-developed businesses that will locate at the center; and 3) hundreds of jobs created in the new project, amenities provided for the neighboring commercial and residential communities, tens of millions of dollars in private investment in the project that will serve as a catalyst for continued development of the McDowell Corridor.

These benefits will be at low risk to the City of Scottsdale due to the fact that they will not be asked to participate in the funding of any of the redevelopment.

### **3 Project Description**

- A NADG proposes a 200,000 sf shopping center to be developed on the Site and the surrounding properties, with parking, FAR, land coverage, and building height all conforming to current City standards;
- B NADG will work to contract the surrounding properties concurrently with their efforts to purchase the Site from the City, and will immediately proceed to project design and commence the municipal approval process once the properties and anchor tenant leases have been secured. The complete timeframe from site acquisition to completion of construction and tenant occupancy should be approximately 24 to 30 months.
- C NADG builds all of their shopping centers with the intent of long term ownership, and that attitude is reflected in the quality of their centers. The project would be designed with an eye on quality and sustainable development, with a diversity of materials that allowed for a functionality to be highlighted and appreciated by its users (McDowell Mountain Marketplace at the southwest corner of Thompson Peak Parkway and Bell Road and Lakeview Village Center at Morrison Ranch at the southeast corner of Higley and Elliot Roads in Gilbert are two local examples of NADG's commitment to quality building – both design and materials).
- D Conceptual Layout (see site plan following this proposal section)
- E NADG will work with the surrounding property owners to ensure that any concerns over the proposed uses are discussed and dealt with...though as this was at one time a commercial center, the potential for discord with the neighbors is low given NADG's proposed redevelopment.

### **4 Economic and Design Assumptions**

- A NADG desires to purchase the Site from the City of Scottsdale;
- B The price paid to the city will be determined by the project budget and the prices of the surrounding properties necessary for the larger redevelopment;
- C NADG estimates total project costs for the redevelopment of approximately \$25 million;
- D NADG does not anticipate that the City will have any ongoing costs related to the proposed redevelopment;



- E NADG will use corporate cash and traditional construction financing for the proposed redevelopment;
- F NADG is working with the owners of surrounding properties to secure those sites, and will not require that the City participate in those efforts by way of condemnation;
- G NADG does not anticipate that the City will have any significant participation in the development of improvements;
- H The current zoning allows for all the uses contemplated by NADG's proposed redevelopment;
- I NADG is in constant communication with the various tenants that would locate at this site, and understands that this property fits strategically within their growth plans in the market. This is a mature area of town with dense population and excellent demographics; it is just missing the right mix of retailers to encourage customers to change their shopping patterns
- J NADG has spent significant time reviewing financial projections for the redevelopment and is confident that their proposal is economically and physically feasible.

## **5 Developer Summary**

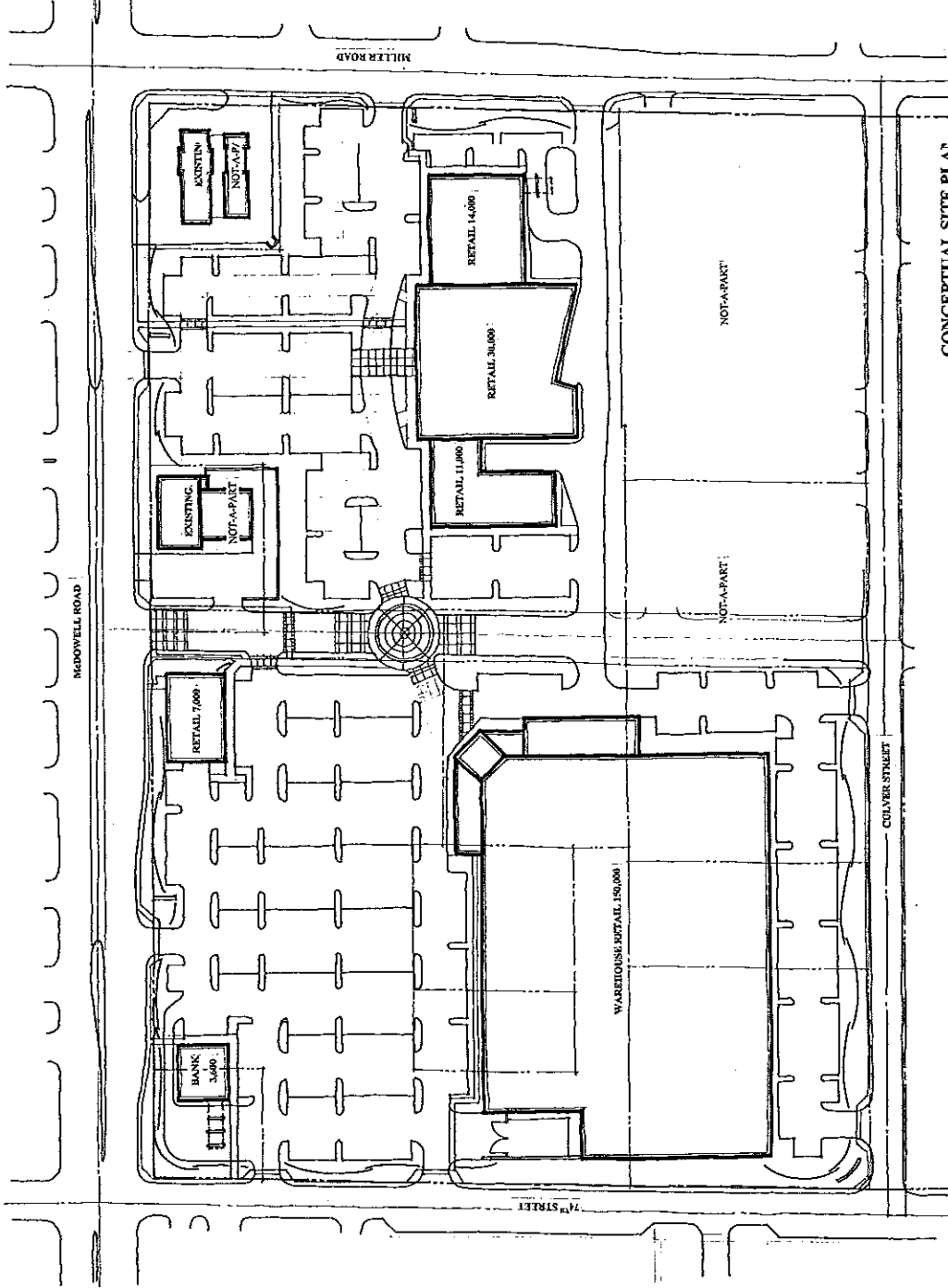
Please see attached developer overview section for information on NADG.

The key members of NADG's development team for this project will be:

Russ Watson, Managing Partner (joined NADG in 1989 and has served as VP of Construction, Leasing and Development), and

Chris Chamberlain, Development Partner (joined NADG in 1999 and has served as Director of Development, Leasing and Acquisitions)

PROJECT NO.	
DATE	
SCALE	
DESIGNER	
CLIENT	
DATE	
SCALE	
DESIGNER	
CLIENT	



**CONCEPTUAL SITE PLAN  
SCHEME C**

SCALE: 1" = 40'-0"