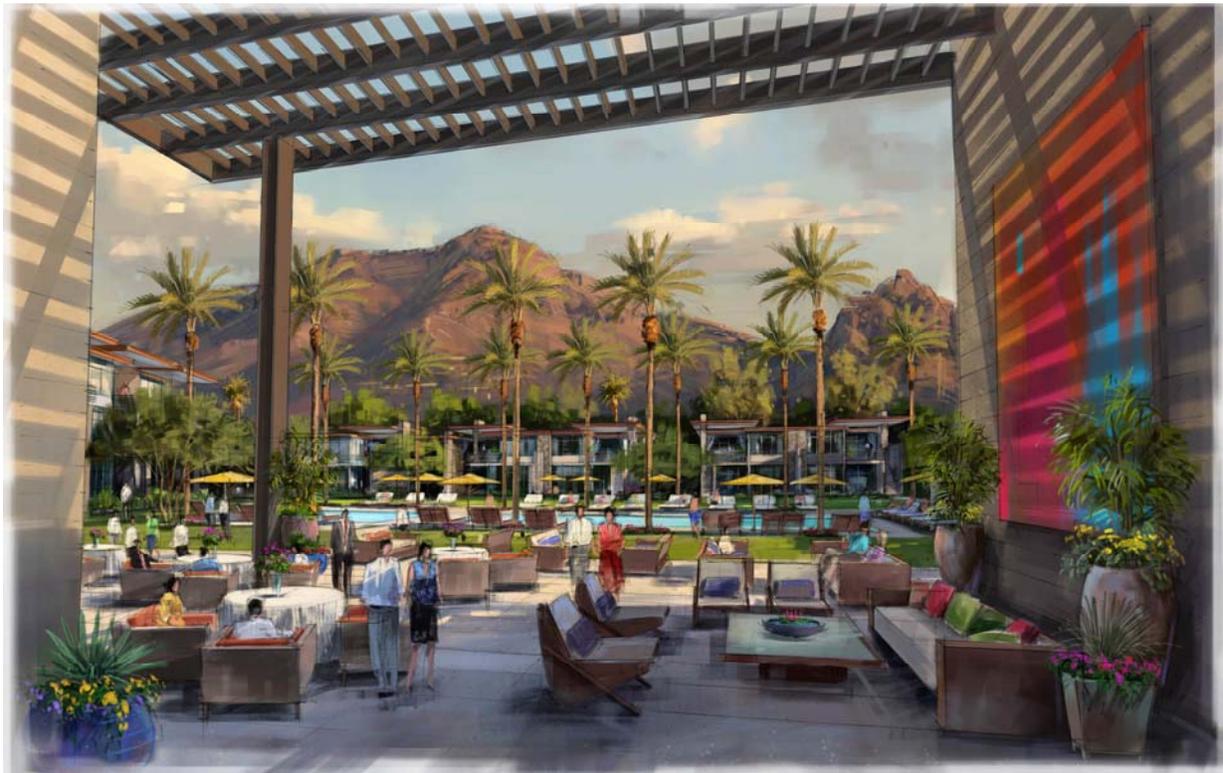


MOUNTAIN SHADOWS RESORT

SPECIAL USE PERMIT APPLICATION NARRATIVE

MAY 2012



Concepts for the Revitalization of a Community Landmark

Table of Contents

NARRATIVE	- 4 -
I. Introduction and History	- 4 -
Surrounding Land Uses	- 8 -
Existing Use of Site	- 8 -
II. THE DESIGN TEAM FOR MOUNTAIN SHADOWS RESORT VILLAGE	- 9 -
III. VISION OF PROPOSED DEVELOPMENT PLAN	- 10 -
Introduction	- 10 -
IV. COMMUNITY, MARKET, AND SITE CONSIDERATIONS	- 12 -
Factors Considered	- 12 -
Community.....	- 12 -
Market	- 12 -
Site.....	- 12 -
Key Features Proposed	- 13 -
Hotel.....	- 13 -
Golf Course	- 13 -
Club Component.....	- 13 -
Resort Residential	- 13 -
Pedestrian circulation linkage	- 14 -
Public Thoroughfare and ROW improvements.....	- 14 -
Improvement of view corridors.....	- 14 -
V. Architectural Character and Planning	- 14 -
Architectural Character	- 15 -
Design Vocabulary.....	- 15 -
Building Massing.....	- 15 -
Building Heights.....	- 15 -
Building Design Standards.....	- 16 -
Planning	- 16 -
Traffic and Circulation	- 16 -
Parking	- 18 -
Lighting.....	- 18 -
Landscaping.....	- 18 -
Signage	- 19 -
VI. PERMITTED USES/LAND USE PLAN	- 19 -
Development Envelope Plan/Original Natural Grade Plan	- 20 -
Conceptual Site Plan.....	- 20 -
Resort Management Plan.....	- 22 -
VII. STATEMENT ON DEVELOPMENT PHASING	- 22 -
VIII. CONCLUSION	- 23 -

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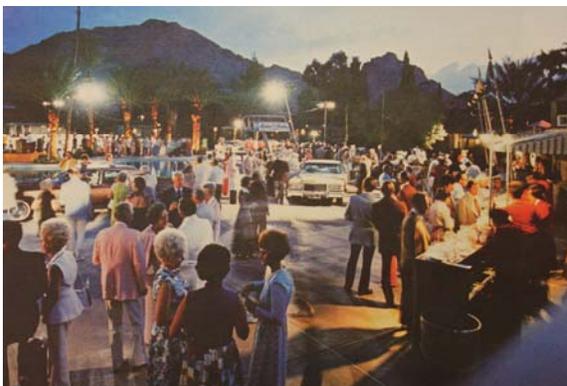
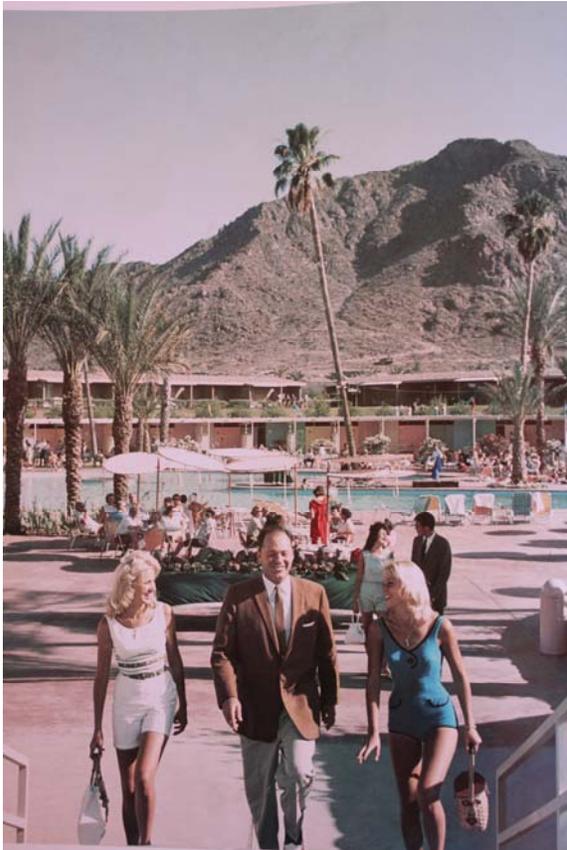
NARRATIVE

I. Introduction and History

In January 2007, an affiliate of Crown Realty & Development Corp. (“Crown”) acquired the Mountain Shadows Resort, located on approximately 68-acres bisected by 56th Street between Lincoln Drive and McDonald Drive (the “Resort”) in the Town of Paradise Valley (the “Town”). Land use on the Resort is currently governed by an Annexation and Development Agreement executed by the Town in 1992 (the “1992 Agreement”). Crown is now seeking a special use permit and related approvals (“SUP”) which will limit land use rights from those allowed by the 1992 Agreement and facilitate a dramatic redevelopment of the partially closed Resort. The proposed changes will revitalize the once-thriving Resort, elevating it to a level of excellence that will surpass its past glory. The redevelopment plan will emphasize sustainable “green” concepts in design, materials, reuse, energy efficiency and operations and seek LEED certification.



While the Resort first became a part of the Town in 1992 by way of the 1992 Agreement, resort uses on the property have been present for nearly half a century. In 1957, Maricopa County granted Mountain Shadows a use permit to construct and operate resort facilities east of 56th Street. In 1960, Maricopa County approved a second use permit for the west side of 56th Street. Within a few years, substantially all of the main resort facilities and homes in what are now referred to as Mountain Shadows Estates East and Mountain Shadows Estates West were built. All of Mountain Shadow's land and improvements remained under Maricopa County jurisdiction until a series of annexations from 1984 through 1992.



The Town's efforts to annex the Resort date back to the late 1970s, when efforts were initiated by the Town to annex two resorts owned by Marriott Corporation: Camelback Inn and Mountain Shadows. While the Camelback Inn was annexed in 1983, the Mountain Shadows resort annexation was not completed until 1992. In the years between these annexations, the Town annexed the two existing residential subdivisions, Mountain Shadows Estates West in 1984 and Mountain Shadows Estates East in 1985.



To facilitate annexation of the Mountain Shadows Resort, the Town entered into the 1992 Agreement with the Resort's owner, the Marriott Corporation. The 1992 Agreement was patterned after a similar arrangement worked out in 1983 with the Camelback Inn, also owned by the Marriott Corporation. The 1992 Agreement includes provisions permitting: (i) lot coverage of 30% (on the entire 68-acre property including the golf course), (ii) density of one unit per 5,000 square feet of property (e.g. 583 units), (iii) residential units, horizontal property regimes, and (iv) development of the golf course.





In 1993, Marriott Corporation split into two companies: Marriott International and Host Marriott (now Host Hotels & Resorts), with Host controlling the majority of the real estate holdings. While Host maintained ownership of the property, Marriott International operated the Resort under a formal management agreement until early September 2004 when the management agreement was terminated and the Resort’s hotel component (the “Hotel”) was closed. Other parts of the Resort have remained operating, including the golf course, club house and tennis club. The proposed SUP application includes the entire 68.48 acres.

In almost all respects, Crown’s proposal significantly improves on what is allowed by the 1992 Agreement by: (i) decreasing allowed density, (ii) securing and dedicated the golf course and (iii) limiting permitted uses. In this regard we note the following comparison.

<u>1992 Agreement</u>	<u>Proposed SUP</u>
583 Units	339
30% Lot Coverage	25% Floor Area Ratio
1.77 million sf of building area* Unlimited Residential Uses	564,500 sf Net Building Area, Limits Residential units to 239 units
No Required Open Space	Commitment to restrict golf course as permanent open space
No Required offsite improvements	Proposed improvements to Lincoln Drive and 56 th Street including improved safety and beautification
High Traffic with higher unit count	Lower Traffic due to lower unit count and density

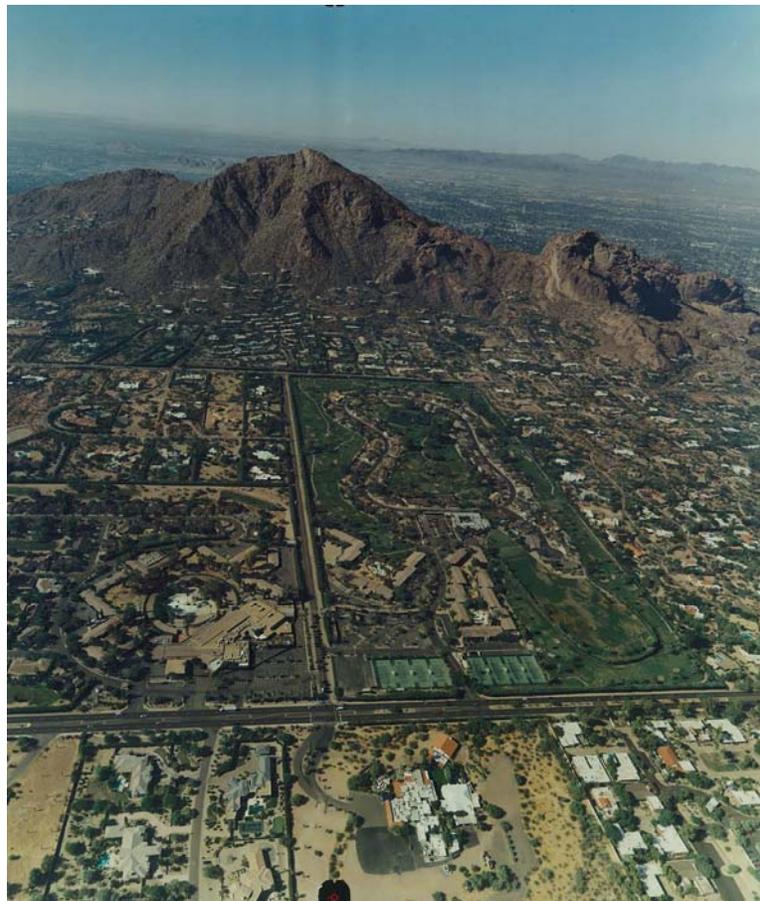
***(assumes 30% coverage and two stories)**

Surrounding Land Uses

The land uses surrounding the site includes: Lincoln Drive, the El Chorro Lodge and single-family homes to the north, and single-family homes to the south, west, and east. The 59 homes of Mountain Shadows Estates West are integrated within the existing 18-hole Mountain Shadows golf course, which is about 40 acres of the 68-acre site. Lincoln Drive is designated as a major arterial by the Town's General Plan. The east and west portions of the Resort are divided by 56th Street, designated as a collector street by the General Plan.

Existing Use of Site

The components of the non-operating portions of the Resort consist of a 339-room hotel which also includes 2 restaurants, 2 bar/lounges, 3 swimming pools, fitness center, sand volleyball court, approximately 19,000 square feet of meeting and function space, retail shops and other support areas. In addition, there is an 18 hole golf course, a golf clubhouse with restaurant and bar, and a golf practice range for irons. All of the hotel components of the Resort are currently closed to the general public, awaiting redevelopment. The golf course, golf clubhouse, practice range, and related access roads and support areas remain operating.



II. THE DESIGN TEAM FOR MOUNTAIN SHADOWS RESORT

Crown has gathered a world-class creative team to guide the design and re-development of the Mountain Shadows Resort as outlined in this SUP application. Principal members of this team are:

A. Crown Realty and Development: Crown has over 20 years experience as a successful developer and owner of real estate in five states, which includes retail, office, resort, multifamily and industrial projects. Crown's track record includes many complex and sensitive projects, involving multiple stakeholders and mixed elements of land use. Locally, Crown completed the master plan and development of the nationally renowned resort known as Montelucia. Currently Crown's principals own and control over \$400 million of performing real estate.

B. Oz Architects, Inc. – Don Ziebell: Crown has retained Ziebell and his Scottsdale based firm, Oz Architects, to provide master planning and architectural design for the property. Oz is one of the premier boutique hospitality and custom residential architects in the Valley, with many notable local projects including the renovation and expansion of the Royal Palms Resort and Spa, Silverleaf Club and Spa, and several phases of the renovation and expansion of the Hermosa Inn. Ziebell has over 25 years experience in the hospitality field, and has worked with many notable hotel management companies, including Ritz Carlton, Montage, Four Seasons, Capella, and others throughout the world. In addition, the firm is responsible for the design of a number of notable Paradise Valley homes, and has extensive experience in the design of golf clubhouses, spas, and hospitality residential projects.

C. Fleet Fisher Engineering- Fred Fleet: Fred E. Fleet, P.E. has over 40 years of diversified civil engineering experience. The breadth of his experience ranges from large subdivisions and master-planned communities to highway bridge, power line construction as well as major water and sewer line projects. Mr. Fleet's major projects in the Town of Paradise Valley included the design of the original subdivisions surrounding the Camelback Inn Country Club, the Finisterre development, the Judson School, the Montelucia Resort as well as the Ritz Carlton Development.

D. Jorden Bischoff & Hiser-Doug Jorden: During his 36 years of practicing law in Arizona with a focus on land use matters, Doug Jorden has represented local governments, developers, and homeowners and has served as a land use hearing officer for the City of Phoenix and Maricopa County, giving him the opportunity to approach land use issues from all perspectives. From 1978-1982, Jorden was the Town Attorney for the Town of Paradise Valley, and since then has continued to represent a variety of local governments in specific land use matters. In addition to his local government practice, Jorden regularly represents developers and private landowners, including several resorts in the Town of Paradise Valley.

III. VISION OF PROPOSED DEVELOPMENT PLAN

Introduction

Mountain Shadows has a long and illustrious history as one of the premier resorts in the Valley, including a period as an acclaimed Mobile Five Star resort. The famous and not-so-famous have stayed at Mountain Shadows over the years, and although it is hard to visualize through today's lenses, the property was considered a trendsetting and progressive property throughout its early life. In many ways, Mountain Shadows was one of the original mixed resort/residential communities, providing an enhanced lifestyle for the adjacent residences through shared use of certain resort amenities.

The new Mountain Shadows will continue this legacy and quality, creating a new, iconic resort community through sophisticated, modern design and land planning. The following narrative description of the proposed character of the new Resort, Resort Residential, and associated amenities is being provided as the guiding vision for future development on the site. Illustrative photos of potential design themes are also included to further convey the new vision for the Resort, along with conceptual renderings visually describing the anticipated design direction and architectural vocabulary. With the approval of the SUP, the Planning Commission and Town Council will establish the regulatory framework of development standards and design criteria that will govern the site planning, architectural design, landscape design and technical plans for the phased implementation of the project.

The centerpiece of the property will be the new Resort Hotel with a minimum of 100 and up to a maximum of 289 rooms and associated amenities. Integral to the Resort will be a club facility offering social and golf memberships available to neighboring residents as well as the community at large. The amenities being contemplated in the Resort and club include a spa; fitness facility with outdoor fitness areas; dynamic bar and restaurant facilities; a dramatic feature pools; and outdoor event plazas and lawn areas. A new and repositioned clubhouse will support the 18-hole golf course, which will relocate several holes and delete the current practice area. Renovation of the golf course will address and mitigate safety concerns of affected residents.

The hotel will cater to the sophisticated luxury market, with emphasis on the independent resort traveler and the smaller corporate conference client. A uniquely special swimming pool will be introduced into the design. Locals, seasonal residents, tourists, and resort guests will want to frequent the restaurant and cocktail venues regularly due to the design, relaxed and welcoming ambiance, views, alfresco seating, and menus. The club component will provide the high quality social, golf, and fitness amenities, and help increase the usage and "energy" of the property throughout the year. The club features of the Resort will provide a social gathering place and hub for the entire Town.

Integral to the success of the Resort, various Resort Residential components will provide a range of living opportunities; these will range from for-sale seasonal units to larger villas and single family homes. All units will be designed, at the individual owner's option, to be placed within the Resort operator's rental program and managed accordingly. The character of the residential elements will have a distinctive and exclusive resort charm in layout and design, and follow the distinctive and consistent architectural vocabulary of the Resort.

New to Mountain Shadows will be a limited retail component, ideally suited for a small gourmet, neighborhood market to enhance Resort services and which will encourage residents and guests to stay "on site" as well as providing a unique amenity to Town residents.

Crown's goal is to return this once highly regarded resort and golf course to its former quality and reposition Mountain Shadows as a world-class destination, combining hotel, spa, fitness, golf, restaurants and "for-sale" residential amenities. The intent is to create, once again, a special place for residents to gather and for visitors to enjoy a vacation experience for which they will want to return year after year. The anticipated project elements will be woven together seamlessly with a sophisticated and consistent architectural theme, lushly landscaped perimeters, courtyards and pedestrian walkways and artfully designed signage. When completed, the new Mountain Shadows Resort will return this property to its prominence as a leading part of residential and resort experiences in Paradise Valley.

Important to the redevelopment plan is respect for the Mountain Shadows East and West communities, both in terms of land use, preservation of golf/open space and access and use of the Resort facilities.

The new Resort at Mountain Shadows will acknowledge an evolving definition of hospitality; one where the affluent guest is looking for quality and sophisticated refinement that captures a true sense of place. Today many luxury travelers are searching for a resort "experience", one that embodies the soul of its surroundings and exhibits authenticity and integrity, rather than an imported style or a consistent, yet contrived design. Increasingly sophisticated and well-traveled, these guests at high-end properties prefer to pursue well-being in all facets and to be active, yet they demand the option for privacy, quiet, and peace that is the antidote for the pace of life today. Design considerations that cater to families, such as larger units will be an important element for the project.

IV. COMMUNITY, MARKET, AND SITE CONSIDERATIONS

Factors Considered

This SUP proposal is based upon years of consideration of a number of key factors including:

Community

- Crown has spent seven years studying the various stakeholders and unique considerations of the Resort and has considered multiple planning options.
- Crown has sought the input from the Town the existing Mountain Shadows Estates West and East communities and other nearby neighborhoods.
- The new Mountain Shadows Resort is intended to be responsive to the long-term goals of Paradise Valley as expressed in the 2012 General Plan.
- Crown has incorporated important considerations and other accommodations to facilitate ongoing requirements for current residents.

Market

- The project's planning has also taken into consideration the current state of the market and the critical need for flexibility in the timing, scope and sequencing of the various elements of the overall Resort.
- The challenging real estate market conditions and the changing nature of demand as the market constantly evolves must be taken into account. With the resort residential components being a key to the success of the Resort itself, it will be critical to maintain sufficient flexibility in planning, design and phasing to ensure that what is being brought to market reflects the evolving and current demand. Rather than proposing an artificial phasing schedule, Crown must be able to respond to market conditions as the project develops to ensure a successful outcome. The conceptual site plan, while a representation of what is currently intended, is based on our knowledge of current market needs and conditions. Things can and will change.

Site

- Crown and its consultant team have analyzed the physical advantages as well as the constraints of the site, including mountain views and terrain.
- The impact of 56th Street bisecting the Resort, and access points have been taken into consideration in the location of proposed uses and traffic impacts.
- The significant noise generated by traffic along Lincoln has been taken into account with the proposed development envelope to buffer future uses and mitigate noise impacts to current residents.
- The community benefit to open up views to the Camelback Mountain currently screened by tall oleander hedging along Lincoln Drive is an important planning consideration.

- The site's original grade contours have been analyzed in conjunction with Town engineering staff, and an "Original Natural Grade" plan has been agreed upon to ensure that the grades used to establish building heights are based on the original topography of the property, regardless of future changes.

Key Features Proposed

With consideration of these factors, planning for the incorporation of key features drove the creation of the proposed development envelope and overall conceptual site plan for the Resort including the following:

Hotel

- The new Resort Hotel will be the centerpiece of the project to be constructed with a minimum of 100 rooms and sequenced with other development components as dictated and supported by market forces and demand. Crown is in serious negotiations with a world-renowned hotel brand/operator for the Resort Hotel, which is expected to result in Resort-wide branding and management by this operator.

Golf Course

- Preservation and renovation of an 18-hole, Par 3 executive golf course (*or its preservation* as permanent open space) with the realignment or relocation of the two existing golf holes along Lincoln Drive, the elimination of the existing practice area, and addressing several safety concerns with the current course layout. Maintenance facilities and other course amenities will eventually be relocated, renovated and appropriately sized.

Club Component

- Development of a strong *membership* club component that will allow the property to become a center of social, fitness, and business activity within the community and create the opportunity for a wide range of Resort activities and services for club members. These amenities will range from fitness, including outdoor fitness areas, and lap pool; a spa; resort pools; a relocated new or renovated golf club house; as well as food, beverage, meeting and social catering venues. All existing homeowners of Mountain Shadows Estates East and West will be eligible for membership in addition to a program to provide use and access to certain Resort amenities in keeping with historical practices.

Resort Residential

- Development of a range of well-appointed, resort quality, luxury residential alternatives.
- The area east of 56th Street will be limited to 50 single-family lots all with limitations on heights, setbacks and architectural character. A central feature of the east side will be two new signature landscaped open spaces, one at the corner of Lincoln and 56th and one within the project interior.
- The area west of 56th Street will be a mixture of residential configurations and may include duplexes, townhomes or flats.

- Resort residential will have common amenities which as fitness, pools, golf and access to the Resort Hotel facilities such as restaurant, bar and spa.
- Each home or unit may be owned by either the Resort owner or through private ownership. Some units may have multiple keys (e.g. for example, an owner's 3-bedroom unit may have 2 keys, any of which can be placed into the Resort's rental program.
- Parking near units may include garages, surface parking, below grade parking, and carports.

Pedestrian circulation linkage

- Creation of a multi-faceted pedestrian walkway system integrating and connecting the various elements of the Resort residential, hotel, golf, pools and attractive outdoor spaces.

Public Thoroughfare and ROW improvements

- 56th Street will be dramatically improved both functionally and visually. Features to improve traffic flows and enhance access will be incorporated along Lincoln Boulevard. Landscaping of existing ROW's surrounding the Resort will be enhanced, with sidewalks and landscape.

Improvement of view corridors

- Capitalizing upon and enhancing views from Lincoln Drive, while acknowledging the critical need to mitigate the significant noise impact generated from traffic along this busy thoroughfare.

With these key goals in mind, Crown has conceived the new development guidelines and conceptual master plan so they balance the Town's needs and expectations for this property with site opportunities and market demand. This plan sets the stage for a landmark project with lasting appeal and quality.

V. Architectural Character and Planning

The new Resort will exhibit an evolutionary modern architectural style that will enhance the legacy of the original Mountain Shadows and compliment the character and image of the Town of Paradise Valley. The design of this important property will be human, warm, and comfortable, exhibiting a quiet harmony with the existing surroundings. It will respect the rich historical vocabulary that has helped to define the community in the past while looking to the future to create a unique and evolutionary architecture. As a community, Paradise Valley exhibits a balance between the rich yet aesthetic beauty of the native Sonoran Desert and a softer, greener landscape. Respecting this balance will be a key component of the design approach.

Architectural Character

Design Vocabulary

To achieve these goals, the design will emphasize a simple palette of honest, natural materials that are carefully and artfully detailed and assembled. In the time-honored tradition of warm climate architecture, the project will use courtyards, landscaping, shade, and the judicious use of water to create human scaled areas of oasis as well as true indoor-outdoor living opportunities. This architecture will, however, consistently recall that it is “in and of” the desert. The design will be modern, but it will be a warm, comfortable, and human-scaled modern that will be designed to be used and enjoyed; restrained and appropriate rather than excessive and imported; emotional and intuitive rather than rational and intellectual; *and* understated rather than heroic and monumental. Deep, broad overhangs will provide shade for exterior living areas and the large window openings that will be oriented to capture the magnificent views to Camelback Mountain. These large windows will help to also provide the light filled spaces the modern guest desires, and open directly onto outdoor living room that will be furnished as comfortable living spaces with soft furniture and fireplaces, helping to “blur” the line between inside and out. Materials will be chosen for their ability to withstand the desert climate, as well as for their ability to age well and develop a patina. Focusing on the extraordinary views from the site, interior spaces will be light filled, warm and inviting. Guest rooms will be large with bathrooms that exceed expectations; some will open to the outside and to the view. Landscaped trellises and shade trees will soften the intense sun along with numerous courtyards, fountains, outdoor showers, and private plunge pools which will provide both a visual as well as an actual cooling effect. The sense of discovery will be celebrated, with a sequence of wonderful outdoor spaces offering guests an opportunity to wander.

Building Massing

- The building massing will be horizontal and linear, emphasizing a scale that is visually connected to the ground; this recalls both early desert contemporary architects as well as local Prairie School influences.
- Roof planes will “float” above the building mass, with the use of transom glazing.
- Building massing and orientation will be used to mitigate sound impacts generated by road noise, especially Lincoln Drive traffic.

Building Heights

- Building heights will be a mix of mostly one, two, and some three story elements to provide a variety of rooflines and massing.
- Taller buildings will be located and oriented to help mitigate traffic noise.
- Adjacent to existing homes, the heights will be limited to one and two story, providing compatible heights and massing to existing residential uses.
- All building components will be controlled through setbacks and a height envelope defined in the Development Envelope Plan.

Building Design Standards

- The overall architecture theme will be consistent throughout the various components of the project with compatible variety emphasized to add character and interest while remaining architecturally cohesive.
- Buildings shall be designed and constructed so that all four sides receive consistent architectural treatment, with emphasis on front and rear elevations.
- Patios and courtyards will be incorporated to create inviting transitions between architectural facades and landscape adding character and visual interest.
- Sustainable architectural design and energy use will be emphasized, with a priority placed on renewable/recycled materials as well as on active and passive systems that mitigate energy usage.
- Building designs will incorporate varied and well-articulated facades with offsets in building components, varied rooflines, balcony elements, chimney and tower features and a compatible mix of materials.
- Mechanical equipment shall be screened.
- Site mounted equipment, trash containers and other ancillary structures shall be screened from view, both from adjacent properties and surrounding streets through the use of landscape or architectural features.

Planning

Traffic and Circulation

The new Resort sits on one of the Town's busiest arterial roads, Lincoln Drive and is also bounded by the important McDonald Drive and 56th Street. The new Resort's proposed uses, including a hotel, restaurants, retail, meeting and banquet space, golf course, fitness and spa are similar in scale with less intensity than past uses of the property

This SUP proposes significant circulation improvements over what exists today and non-existent requirements under the 1992 Agreement.

For the Resort west of 56th Street, the following improvements will be made:

1. There will be two primary access points to the west side Resort components:
 - a. A new dedicated, right turn lane will be added on the south side of Lincoln Drive, west of 56th Street, serving the existing Lincoln Drive Resort access.
 - b. A new dedicated, right turn lane to facilitate right turn movements onto 56th Street leading to a new traffic circle and then leading to the west Resort access off 56th Street.

2. A right in/right out only service entrance on Lincoln Drive to facilitate service vehicles needing access to potential clubhouse, Resort Hotel and maintenance areas. This will limit service vehicles within the Resort proper.
3. A potential service entrance south of the traffic circle, on the west side of 56th Street to provide access for service areas and parking facilities.
4. Located in the south west corner of the golf course is a maintenance area which is accessed off a driveway on McDonald. This driveway may be relocated as needed and will be used for golf course maintenance vehicles only.

For the Resort east of 56th Street, there exists today three drive entrances off of Lincoln Drive and one off 56th Street. Crown is working with the Mountain Shadows Estates East HOA (“East HOA”) to formulate the access and internal circulation plan to address the mutual needs of the two communities as well as elements to improve safety and meet current guidelines. Crown is proposing the following:

1. Two options for primary access and circulation from Lincoln Drive:
 - a. Option A eliminates all ingress from Lincoln and directs all traffic into or out of the east side Resort at the new traffic circle on 56th Street.
 - b. Option B maintains at least one (but not more than two) driveway on Lincoln Drive and also has access to 56th Street at the new traffic circle.

In either Option A or B, internal circulation will share driveways to provide access to East HOA residents and new residents alike.

2. A new egress-only connection to 56th Street located at the nexus of the East HOA and Crown property at 56th Street. It is Crown’s intention to provide access over a historical pedestrian easement in this area, which along with East HOA property, will provide the routing for this egress drive to 56th Street. Crown will work with East HOA complete design of the final configuration of this drive, including issues related to potential gates.

For 56th Street, Crown proposes enhanced traffic and right-of-way improvements to include:

1. Installation of a traffic circle on 56th Street just south of Lincoln Drive to facilitate primary Resort access to east and west sides of the Project and southerly 56th Street. North of the traffic circle to Lincoln Drive, the ROW section will be two lanes south, two lanes north, a center median, sidewalks on both sides and generous landscape areas as shown on the proposed ROW plans.
2. South of the traffic circle, 56th Street will return to two lanes. The street south of the traffic circle will move about 13 feet east of its current location and return to the current center line location at a point shown on the

- proposed ROW plans. This area will also be improved with sidewalks on both sides, with the balance of the landscaped ROW improved according to the ROW guidelines.
3. Crown and the Town staff have also discussed ROW improvements on the balance of the west side of 56th Street from the southern edge of the proposed ROW improvements to McDonald Drive. A depiction of this ROW improvement is also included in the application.

In all 56th Street will be improved and beautified as a result of the proposed development, including improved traffic flow, safety and dramatic visual appeal.

Parking

- Parking will be accomplished in a variety of fashions throughout the property including surface parking (both valet and self parked), and dedicated garage parking both on and possibly above or below grade.
- A comprehensive parking analysis will be submitted for staff approval prior to issuance of building permits for any permanent inhabitable structure, which may include shared use calculations and other considerations intended to adequately and appropriately provide sufficient parking. It will be assumed that parking required for the golf course, including its related club house and maintenance will be not more than currently provided, and subject to shared use.

Lighting

- Site lighting shall be designed in such a manner as to provide for safe vehicular and pedestrian movement into and around the site.
- Lighting shall be designed to minimize glare and conserve energy while creating an aesthetically pleasing resort ambiance, and comply with Town standards.
- Pedestrian level thematic lighting shall be used throughout the project as a unifying element among resort components and to make walking safe and inviting
- A comprehensive lighting plan for each phase of development will be submitted for staff approval prior to issuance of building permits for any portion of the Resort.

Landscaping

- Landscaping will be in character with the adjacent community- sensitive to the importance of water conservation, but retaining a gracious and comfortable character emphasizing colorful, mature plantings without being overly geometrical or rigid. The look and character will be such that one would think the landscaping happened more naturally over time, as is the case with the existing property.
- Care will used to maintain and salvage existing relevant specimen landscaping as feasible.

- Clustering and gathering of plantings at different heights and circumferences will evoke the feel of an established community.

Signage

- A comprehensive conceptual signage plan for the entire Resort will be submitted for staff approval prior to issuance of building permits for any portion of the Resort. Specific sign plans will be formulated based on the approved conceptual sign plan and reviewed on a phase by phase basis as the Resort is developed.

VI. PERMITTED USES/LAND USE PLAN

An important element of the SUP is the “Land Use Plan” which delineates various “zones” within the 68.48 acre site, where specific uses are allowed and other uses are restricted. When viewed in its totality, the Mountain Shadows community is quite large and includes the 68-acre site subject to this SUP and along with Mountain Shadows Estates East and West, which inclusively totals over ___ acres. Historically, the former Mountain Shadows provided a place of public gathering for the larger community of Paradise Valley as well. For this reason, a comprehensive set of Resort related uses will be included in the master plan to provide facilities which meet the needs and desires of existing residents, new residents, future hotel guests and community-wide patrons.

A general list of various Resort-related uses which will be allowed is as follows:

- Resort Hotel, including guest rooms, meeting, banquet and conference areas
- Restaurants, bars, lounges, snack bars and kiosks
- Fitness, spa, pools and locker rooms
- Club house, pro shop and related golf uses such as maintenance areas storage areas, restrooms, cart paths, lakes and ponds
- Parking areas and garages, both surface, covered, enclosed and structured
- Free-standing retail, including small market, gifts, quick service food and coffee shops
- Resort retail, located within hotel or golf facilities
- Communications, for reservation systems, internet, radio, cell tower, telecommunications and satellite
- Residential, including single-family detached and various forms of attached residential
- Service facilities for receiving, trash, utilities and mechanical systems

The Land Use Plan has divided the Resort into seven zones where certain uses are allowed and others are restricted. While it is intended that the Resort be developed in a flexible regime, uses have been placed in the seven zones based upon a set of specific criteria and goals, including:

- Minimize any perceived impact to neighbors

- Maximize the vitality and efficiency of a particular use
- Take advantage of site characteristics and historical uses
- Desires of the various stakeholders

A general description of uses allowed in each zone is as follows:

Zone A: Resort Hotel, Resort Resident and Golf facilities

Zone B: Resort Hotel and Resort Residential

Zone C: Resort Residential and Golf facilities

Zone D: Golf, golf facilities, open space and those uses which facilitate these uses such as club house, pro shop, maintenance, storage and parking.

Zone E: Resort Residential

Zone F: Resort Retail

Zone G: Signature Landscaped Open Space

Please refer to the “Land Use Plan” for more specific details.

Development Envelope Plan/Original Natural Grade Plan

To provide for a durable zoning approval and regulated land use plan, the Development Envelope Plan (“DEP”) restricts development of the Resort within specified setback and height limitations. The DEP is to be used along with the Land Use Plan and Original Natural Grade Plan to determine if a proposed improvement meets the requirements of the SUP. The Original Natural Grade Plan establishes the historical grades of the Resort as reviewed and approved by the Town Engineer and which will be used to form the basis of measuring the heights of all proposed structures.

If a proposed improvement meets the requirements of the DEP, its use is allowed within the zone as shown on the Land Use Plan and otherwise meets the requirements of the SUP, then the improvement is allowed.

Conceptual Site Plan

The Conceptual Site Plan is just that, a concept of what would be allowed by the Land Use Plan, DEP and other elements of the SUP. While it reflects a reasonable concept of what is intended and results from over 7 years of planning by Crown and its team, the final site plan can and likely will be different.

To best understand what is presented in this conceptual plan, it should be broken down into its parts.

East Side

There are four basic components of the East Side:

- .Up to 50 residential lots to provide custom or semi-custom home sites to be developed under a cohesive regime for design, use and maintenance.
- A signature landscaped open space at its northwest corner intended to provide a community-wide visual amenity with a scale which speaks of the importance of this landmark Resort. Across the expanse of this open space, the vistas of the mountains which form this Paradise Valley will be forever seen.
- A signature landscape garden and open space set in the middle of the site which will provide a pedestrian and visual amenity to residents.
- New, improved circulation elements serving Mountain Shadows Estates East and new residents along with a new guard gate. Mountain Shadows Estates East may continue to use their existing guard gate or share the new one on the Resort property pursuant to a future arrangement.

West Side

Resort Hotel

Positioned as a luxury, boutique resort hotel of not less than 100 rooms, with an orientation designed to maximize the vista to Camelback Mountain and enhance open space within its grounds. A dramatic tree-lined arrival court opens into a dramatic lobby which frames the picture perfect view of the mountain and the Resort pool and guest rooms.

Set along side the arrival court is the spa and fitness facilities, with separate entrance to enhance the “club” appeal for local residents, guests and owners within the Resort complex. The spa/fitness facility includes an outdoor area with lap pool, exterior fitness and relaxation zones and free-standing studios for yoga, Pilates and similar activities.

Within the main lodge building and fronting the cloistered open space, is the signature restaurant and bar, which will enjoy the benefit of indoor and outdoor dining and magnificent views of the mountain.

Function and banquet space is located both at grade with generous outdoor function space as well as on the second floor of the lodge building, also with outdoor deck space and magnificent views.

Guestrooms are generous in size (450 to 900 s.f.) and are scattered in a variety of one, two and three-story configurations. Outdoor decks or patios will be available for most rooms and may include private plunge pools or spa.

The main Resort pool is set in the center and oriented to both capture the views and full day sun.

Service areas are screened and set adjacent to the service entrance off 56th Street.

Resort Villas

Set in the general location of the current golf clubhouse are 27 Resort villas. These units will range between 2,500 to about 3,000 square feet and will include attached, two-car garages and generous patios and decks for outdoor living. Designed in a modern desert architecture, these units will employ spacious indoor/outdoor living configurations.

Resort Suites

Set in the general location of the current driving range, is a community of two and three-story building organized around generous courtyards with the Resorts main residential amenities for pool, fitness and clubhouse. These common amenities are intended to be available to all residents of Mountain Shadows, including the residents of Mountain Shadows East and West.

A total of 100-162 Resort Suites in one, two and three-bedroom configurations designed to augment the total available number of “keys” available in the Resort Hotel’s rental program. Parking for the Flats Suites are subterranean. Resort Suites can be offered for sale including fully furnished options, to be eligible for the Resort Rental Program.

Resort Management Plan

The component parts of the Resort will be maintained and governed under a single unified management system. There will be a master set of comprehensive Covenants, Conditions and Restrictions (“CC&R’s”) for the entire Resort requiring consistent design attributes for each component within a single overarching architectural theme for buildings, walls, landscaping and signage. The CC&R’s will provide for the collection of dues which will be used in the maintenance of common Resort facilities such as roads, landscape, pools, walls as well as a fund to maintain the perimeter and signature landscape elements. The CC&R’s will also control future changes and require a high standard of maintenance and appearance.

VII. STATEMENT ON DEVELOPMENT PHASING

- A. Phase One: Demolition of the exiting improvements, other than existing clubhouse, tennis, parking areas and roads. The Demolition process will begin after the final approval of this SUP application including any referendum period. The Demolition process begins with a comprehensive environmental study of the project. The abatement team will follow based on the findings of the environmental team and building demolition will begin thereafter. Crown will determine the most effective demolition plan during this initial stage based on factors such as storm water run-off, safety issues, aesthetic concerns and continuing operations.
- B. Phase Two: East Side Residential Development. After Crown receives final plat approval, completes design work and receives permits for the development of the east side, Crown will begin construction of the east side infrastructure. Concurrently with the east side development, Crown will complete those off-site

improvements that are needed for access to the east side development. Crown plans to build two to three model units concurrently with the construction of the infrastructure.

- C. Remaining Phases: The remaining phases will include final design for a new golf clubhouse, the Resort hotel, additional resort residential retail and modifications to the golf course. Each of these phases will be based on prevailing market conditions. The completion of needed off-site improvements will be completed concurrently ahead of various phases based on recommendations by Crown's traffic engineer and Town staff.

VIII. CONCLUSION

Historically, the Town of Paradise Valley has had a highly synergistic and mutually beneficial relationship with its resort properties from a quality of life and financial perspective. In fact, the Town's General Plan specifically states that the Town will encourage the revitalization and continual improvement of its existing resorts. The proposed plan and development standards as submitted by Crown is entirely consistent with this objective, while also being respectful and sensitive to the unique characteristics of this property, its neighbors, and the Town generally.

The Town, its residents, and Crown have a rare and very timely opportunity to create a remarkable new Resort that is designed to appeal to the most discerning and sophisticated travelers and residents. This artful blend of a hotel and exquisitely integrated resort residential and amenities will truly enhance the already high real estate values and luxury, upscale image for the Town as a whole. Mountain Shadows has long been a Town landmark and world-renowned attraction to Valley visitors and residents alike. The new Mountain Shadows will restore this premier status and become once again the upscale centerpiece of Lincoln Drive.