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ITEM SP02

DATE: November 14, 2025

TO: Honorable Mayor and Members of the City Council

COPY: Charter Officers Greg Caton, Sonia Andrews, Lai Cluff, and Ben Lane

FROM: Luis E. Santaella, Interim City Attorney

RE: November 17, 2025, Special Meeting Items

This memorandum outlines the items scheduled for discussion and potential action during the City Council's **Special Meeting on November 17, 2025**.

1. Memorandum of Understanding (MOU) – Axon World Headquarters Campus

Council will be asked to consider approval of a proposed MOU between the City and **Axon Enterprise, Inc.** The MOU outlines the terms for development of Axon's international headquarters campus, including:

- Phased construction of office, manufacturing, hotel, and residential components
- Infrastructure commitments (roads, trails, utilities)
- Affordable housing provisions
- Access to a Real-Time Crime Center
- Use of third-party permitting and inspection processes

Unit Reduction:

The MOU specifically reduces the total number of residential units previously approved (1,882) to:

- **Apartments: 750** units
- **Condominiums: 750** units
- **Total Residential Units: 1,500**
- **Affordable Housing:** Thirty-eight units will be dedicated as affordable units, pursuant to A.R.S. § 9-461.19
- **Phasing:** Vertical construction on 375 apartment units and 375 condominium units will be deferred until after January 1, 2030

2. Proposed Ordinance No. 4697 – Self-Certification and Third-Party Certification Program

Council will consider adoption of Ordinance No. 4697, which establishes a **self-certification and third-party certification program** for qualified international headquarters campuses. The ordinance:

- Enables licensed professionals (architects and engineers) to certify plans and inspections
- Applies only to projects qualifying under A.R.S. § 9-461.19
- Includes provisions for City oversight, audit rights, and enforcement
- Is proposed to sunset on January 1, 2035, unless extended

3. Proposed Ordinance No. 4698 – Repeal of Zoning Ordinance No. 4658

Council will also consider Ordinance No. 4698, which would repeal **Zoning Ordinance No. 4658** and would restore the prior zoning designation (I-1 PCD) for the affected property.

4. Litigation Authorization – CV2025-034961

The Council will be asked to consider authorizing the Interim City Attorney and/or designees to file any appropriate **counterclaims, cross-claims, or third-party claims** in the matter of: *Taxpayers Against Awful Apartment Zoning Exemptions, et al. v. State of Arizona, City of Scottsdale, et al., CV2025-034961.*

Prior to the consideration of these items, an executive session will be held during the November 17 special meeting to receive legal advice.

RESOLUTION NO. 13567

RESOLUTION OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND AXON ENTERPRISE, INC.

WHEREAS, Arizona Revised Statutes ("A.R.S.") §9-461.19 authorizes as a matter of right certain ancillary uses for an international headquarters campus; and

WHEREAS, Axon is an inventor, designer, programmer and manufacturer of industry leading cutting-edge technology and public safety tools and equipment. Axon is the owner of real property that meets the criteria established in A.R.S. §9-461.19; and

WHEREAS, Axon desires to construct a modern technology campus including a new office headquarters and state-of-the-art manufacturing facility as well as commercial uses such as a hotel and supportive multi-family housing and other commercial uses; and

WHEREAS, the City finds that the benefits to the City of the proposed project are anticipated to be of great economic benefit to the City in the form of retaining existing jobs, creating new jobs, economic development in Scottsdale, tax revenues, water, sewer and drainage enhancements, roadway, and other infrastructure, tax, and economic development benefits to the City; and

WHEREAS, the Parties wish to enter into a Memorandum of Understanding to facilitate the proposed international headquarters campus project; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. That the Mayor is hereby authorized and directed to execute, on behalf of the City of Scottsdale, Memorandum of Understanding No. 2025-195-COS, with Axon Enterprise, Inc.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, this ____ day of _____, 2025.


CITY OF SCOTTSDALE, an
Arizona municipal corporation,

ATTEST:

Ben Lane
City Clerk

Lisa Borowsky
Mayor

APPROVED AS TO FORM:



Luis E. Santaella, Interim City Attorney

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") is entered into between Axon Enterprise, Inc., a Delaware corporation ("Axon") and the City of Scottsdale, Arizona, a municipal corporation ("City"), each individually referred to as Party and collectively referred to as the Parties.

RECITALS

This MOU is predicated upon the following:

A. Arizona Revised Statutes ("A.R.S.") §9-461.19 authorizes as a matter of right certain ancillary uses defined within the statute for an international headquarters campus that meet the requirements of the aforementioned statute.

B. Axon is an inventor, designer, programmer and manufacturer of industry leading cutting-edge technology and public safety tools and equipment. Axon is the owner of real property as described in Section C below that meets the criteria established in A.R.S. §9-461.19

C. Axon purchased from the Arizona State Land Department ("ASLD") on September 10, 2020, the real property that is legally described and depicted in Exhibit A of the First Amended and Restated Public Infrastructure Reimbursement Development Agreement, City of Scottsdale Contract No. 2020-138-COS-A1 ("Amendment") (the "Property"). The Property, which consisted of approximately 3,204,801 square feet at the time of the auction, is part of that larger master planned area depicted in Exhibit B of the Amendment ("Crossroads East Property"). As of the Effective Date, the Crossroads East Property is subject to that certain Third Amended and Restated Development Agreement between the State of Arizona and City, Agreement No. 2002-141-COS-A3, dated June 12, 2018, and recorded June 15, 2018 at Document No. 2018-0456551 of the public records of Maricopa County, Arizona (as so amended, the "Crossroads East Agreement"). The Crossroads East Property is also subject to Planned Community Zoning and a Development Plan with an accompanying land use budget as set forth in Ordinance Nos. 4346 and 4379 and Resolution 11145 (the "Crossroads East Regulatory Approvals").

D. Axon desires to construct a modern technology campus on the Property including a new office headquarters and state-of-the-art manufacturing facility as well as commercial uses such as a hotel and supportive multi-family housing and other commercial uses as part of an international headquarters campus ("Axon World Headquarters Campus").

E. Axon desires to construct its Axon World Headquarters Campus in one or more phases and will commence construction on its headquarters and manufacturing facility prior to commencement of construction of the supportive hotel, commercial, and multi-family portions. The term “commence construction”, for the purposes of this MOU, shall mean the initiation of substantial construction activities on the Axon World Headquarters Building, as evidenced by the issuance of a building permit for the headquarters building in accordance with A.R.S. §9-461.19.

F. The City finds that the benefits to the City of the proposed project outlined in this MOU are anticipated to be of great economic benefit to the City in the form of retaining existing jobs, creating new jobs, economic development in Scottsdale, tax revenues, water, sewer and drainage enhancements, roadway, and other infrastructure, tax, and economic development benefits to the City.

G. The City and Axon previously entered into the Amendment and the Parties intend the terms of this MOU will be incorporated as additional terms to the Amendment.

H. The Parties desire to enter this MOU as set forth herein.

I. The Parties acknowledge the applicability of A.R.S. §9-461.19 and confirm that this MOU is intended to implement those statutory provisions as they apply to the Axon World Headquarters Campus.

TERMS

The Parties agree as follows:

1. **Recitals.** The recitals set forth above are acknowledged by the Parties to be true and correct and are incorporated herein by reference.
2. **Authority.** This MOU entered into pursuant to the authority of A.R.S. §9-461.19 and other applicable laws. Further, the City, pursuant to *Wennerstrom v. City of Mesa*, 169 Ariz. 485 (1991), expressly states that it is the intent and purpose of the City in entering this MOU to engage in an administrative act, and that this MOU is (1) an act limited in its application solely to Axon, and (2) is used as a means by the City to implement existing policy.
3. **Agreement by All Parties with Interest in Property.** The terms of the First Amended and Restated Public Infrastructure Reimbursement Development Agreement, City of Scottsdale, Contract No. 2020-138-COS-A1 remain in effect except as otherwise modified by this MOU or superseded by this MOU. Pursuant to A.R.S. §9-500.05(B), the City Manager with the concurrence of the City Attorney are authorized to execute any necessary amendments to the First Amended and Restated Public Infrastructure Reimbursement Development Agreement, City of

Scottsdale Contract No. 2020-138-COS to carry out the provisions of this MOU to also include as follows:

3.1. Section 10.7 of the First Amended and Restated Public Infrastructure Reimbursement Development Agreement Water Rights shall be removed and there will be no requirement for Axon to purchase long term storage credits from the Gila River Water Storage, LLC in any amount or to transfer any amount to the City.

3.2. References to design review standards have been removed to comply with A.R.S. §9-461.19 as they apply to the Axon World Headquarters Campus.

3.3. Reference to the City review of documents have been removed or amended to comply with this MOU.

4. Compliance with City Codes, Objective Development Standards, and Statutory Requirements (A.R.S. §9-461.19). Axon shall comply with all applicable City of Scottsdale codes and A.R.S. §9-461.19, including but not limited to building codes, fire codes, and objective development standards, as set forth or limited by A.R.S. §9-461.19. This includes, without limitation, compliance with municipal or state regulations regarding building height, setbacks, parking, utility capacity, phasing of certificates of occupancy, affordable housing, occupancy restrictions, and any other standards or requirements referenced in A.R.S. §9-461.19 or otherwise applicable to the development of the Axon World Headquarters Campus and its ancillary uses. Axon further agrees that the City shall not be required to approve any ancillary use or issue any permit unless all such codes, objective development standards, and statutory requirements are satisfied.

5. Water and Wastewater Infrastructure. The Parties agree to adjust the water and wastewater infrastructure by amending the Amendment if the change in the number of apartments, condominium and hotel rooms anticipated by this MOU result in a change in the wastewater flow rates or water demand contemplated in the Amendment. Such adjustments shall be in conformance with Chapter 49 of the Scottsdale Revised Code. In the event the Parties cannot agree on the application of the appropriate City code sections, the Parties shall agree to submit the matter to third-party arbitration administered by the American Arbitration Association before a single arbitrator with relevant engineering or utility-infrastructure expertise. The arbitration shall be binding and conducted in Scottsdale, Arizona, provided that either Party may appear remotely at its election. Each Party shall bear its own costs and expenses associated with any arbitration and the arbitrator shall be selected by mutual agreement of the Parties.

6. Reduction of units. Axon agrees to reduce the number of units from one thousand eight hundred eighty-two (1882) to seven hundred fifty (750) apartments and seven hundred fifty (750) condominium units from the amount previously approved in Ordinance Number 4658 for a total of fifteen hundred (1500) units (collectively, the "Units") Thirty eight of the Units shall be dedicated as affordable units pursuant to A.R.S. §9-461.19. Axon will furthermore delay the start of vertical construction on three hundred seventy-five (375) apartment units and three hundred seventy-five (375) condominium units until after January 1, 2030. Infrastructure required to support the deferred units may be constructed at any time following issuance of the building permit

for the headquarters building.

7. Hotel Rooms. Axon will build hotel rooms up to the amount authorized by A.R.S. §9-461.19 except as otherwise authorized by a later rezoning or change in state law.

8. Commercial Space Commitment. The Parties acknowledge that Ordinance No. 4658, which established a minimum commercial floor area of forty-seven thousand (47,000) square feet for the Property, is subject to possible repeal. Notwithstanding any such repeal, Axon shall provide not less than forty-seven thousand (47,000) square feet of commercial floor area (including retail, restaurant, and similar uses) as part of the development of the Property. This commitment shall be binding and enforceable under this Memorandum of Understanding and shall survive any repeal of Ordinance No. 4658, unless and until expressly modified by a written amendment to this MOU.

9. Road Location and Construction. Notwithstanding any repeal of Ordinance No. 4658 or any changes to the underlying zoning designation, Axon shall construct and locate all public and private roads, including Axon Way and related streets and improvements, in accordance with the alignment, design, and specifications set forth in the previously approved zoning application and associated development plans. This includes, but is not limited to, the realignment of the Major Collector corridor (Axon Way) and the dedication of right-of-way required to maintain or improve the level of service for N. Hayden Road and E. Axon Way, as specified in the approved Traffic Impact and Mitigation Analysis and the stipulations of Ordinance No. 4658. Axon shall also construct all required street improvements, including curb, gutter, pavement, bike lanes, sidewalks, roundabouts, and traffic signals, as detailed in the prior zoning stipulations and development plan, regardless of the status of the zoning ordinance. The City shall accept such roads and improvements upon satisfactory inspection and completion. Any modification to the road location or design shall require the mutual written consent of the Parties.

10. Pedestrian and Bicycle Trail Commitment. Notwithstanding any repeal of Ordinance No. 4658 or any changes to the underlying zoning designation, Axon shall construct and maintain a minimum six-foot-wide pedestrian and bicycle trail along the entire perimeter of the Axon campus, totaling approximately one mile in length, similar to what was depicted in the previously approved development plan. The design, location, and specifications of the trail shall be reasonably consistent with the standards set forth in the prior zoning stipulations. The trail shall be completed in coordination with the phasing of the overall development and shall provide continuous public access, connectivity, and safety for pedestrians and cyclists. Any modification to the trail alignment or specifications shall require the mutual written consent of the Parties.

11. Dog Park. Notwithstanding any repeal of Ordinance No. 4658, Axon shall construct and maintain a dog park on the site that shall remain open to the public during reasonable daytime hours and with reasonable restrictions.

12. Current Zoning Ordinance. The City agrees to agendaize for consideration the repeal

of Ordinance 4658 which is subject to the referendum. If repealed, the Property will have light industrial use zoning designation (I-1 PCD) that it had prior to the adoption of Ordinance 4658.

13. Water Pumping and Sewer lift station. To the extent permitted and authorized by law, Axon will develop water pump-stations and sewer lift stations that are required by the development. To the extent necessary, Axon will upsize any sewer lift stations or water pump stations to accommodate the demands added by the project and in compliance with any applicable governing codes and laws at the time of construction of such infrastructure. Axon may elect to build the stations to the same standard that the city uses for its own stations, and if so such on-site facilities shall be dedicated and transferred to City ownership.

14. Real Time Crime Center. Axon will provide the City with access to a state-of-the-art Real-Time Crime Center ("RTCC") for a period of five years commencing on the date a RTCC begins operation.. The RTCC shall have the capability to act as a centralized hub with the goal of integrating live video, mapping, alerts, and analytics to improve situational awareness and support faster, better-informed decision-making during emergencies, major events, and public safety operations. Axon will provide the City, at no cost, access to the RTCC consistent with the access generally made available to other governmental clients, with scope, services, and integrations subject to the terms and conditions to be determined by a future written agreement by the Parties.

15. Third Party or Self Certification Permitting, Inspection and Certification. The City agrees to develop and enact an ordinance pursuant to A.R.S. §9-500.49 to allow Axon to utilize a third party to issue building permits, to conduct building inspections and issue certificates of occupancy and for any portion or phase an international headquarters campus, including any excising or adjacent phase, an including any residential phase of the campus. Such a program will allow registered architects and professional engineers, mutually agreed upon by the Parties, to certify and be responsible for compliance with all applicable ordinances and construction standards for the project covered by this MOU and the Amendment. The enacted ordinance will limit the projects being qualified to projects that meet the requirements of A.R.S. §9-461.19 and are in or adjacent to the international headquarters campus and considered ancillary uses under A.R.S. §9-461.1 , including the current Axon site on Perimeter Drive. Axon shall be entitled to use any ordinance enacted to provide for third party building permits, to conduct building inspections and issue certificates of occupancy for the duration of the campus construction, even if the Code is later modified, unless state law precludes such use. The self-certification or third party reviewer shall be empowered to make code interpretations and variances as required in his or her professional opinion. In the event the Parties cannot agree on the application of such City code sections, inspections, or certifications, the Parties shall agree to submit the matter to third-party arbitration administered by the American Arbitration Association before a single arbitrator with relevant expertise, or other mutually agreed on expert or process. The arbitration shall be binding and conducted in Scottsdale, Arizona, provided that either Party may appear remotely at its election. This commitment shall be binding and enforceable under this Memorandum of Understanding unless and until expressly modified by a written amendment to this MOU.

Arbitration shall Apply to off-site improvements.

16. Building Code Limitation. To the extent permitted by law, the headquarters building may be reviewed and permitted under the building codes in effect upon Axon's prior submittal to City. This code applicability shall include updates or modifications to the plans. The Parties may further document the applicable building-code baseline for the headquarters building in a separate written side letter mutually approved by the Parties. To the extent any code has changed, and the new code is viewed more favorably, the new code may be used for review.

17. Staggered Construction. Axon may upon issuance of permits construct its Project in a staggered fashion by allowing Axon to start construction on the headquarters building immediately, with permitting for Axon Way and ancillary use buildings to follow.

18. Airport/Aviation Requirements.

18.1. FAA Determination. With the final construction plan approval process for any building that penetrates the 100:1 slope, Axon shall submit a copy of the FAA Determination Letter on FAA Form 7460-1 to the City. The highest point of the tallest building(s), including rooftop appurtenances, shall be detailed in the FAA Form 7460-1 submittal.

18.2. Aircraft Noise and Overflight Disclosure. Prior to issuance of any Certificate of Occupancy for the development project, Axon shall provide noise disclosure notice to occupants, potential residents, employees, and/or students in a form acceptable to the Scottsdale Aviation Director.

18.3. 18.3 Sound Attenuation Measures. With the construction document submittal, Axon shall submit plans and documentation demonstrating that the buildings of the development project have been designed and will be constructed to reduce interior-to-exterior noise by at least 25 decibels, in accordance with the most recent noise attenuation measures at the time of construction document submittal, and as set forth in Section 4.00 of Appendix F of the FAA Part 150 Noise Compatibility Study, as amended.

18.4 Avigation Easement. Prior to the issuance of any permit for the development project, Axon shall dedicate an Avigation Easement to the City of Scottsdale, in a form acceptable to the City Attorney or designee.

19. City Council Liaison. The Parties acknowledge and agree that Councilman Adam Kwasman, in his capacity as chair of the City Council Economic Development Committee, shall serve as a liaison between Axon and the City of Scottsdale for matters relating to the Axon World Headquarters Campus and this Memorandum of Understanding. To the extent permitted by law, the City Charter and City Ordinances, Councilman Kwasman shall facilitate communication and

coordination among Axon, the City Manager, the City Attorney, and other relevant City staff and officials, and shall provide advice to assist in resolving issues and ensuring the effective implementation of the terms of this MOU.

20. Conforming Changes to Amendment. The Parties agree to amend the Restated Public Infrastructure Reimbursement Development Agreement, City of Scottsdale Contract No. 2020-138-COS-A1, to be effective the date of this MOU.

21. Amendment; Termination. This MOU may be amended or canceled, in whole or in part and with respect to all or any portion of the Property, only with the mutual written consent of City and Axon. This MOU constitutes a binding agreement and the obligations set forth herein are enforceable in accordance with their terms. Within ten (10) days after any such amendment or cancellation of this MOU is fully executed by all Parties, the amendment or cancellation shall be recorded by City in the Official Records of Maricopa County, Arizona.

22. City agrees not to challenge A.R.S. §9-461.19 in any way that would materially impact this agreement. Notwithstanding the foregoing, the City reserves the right to defend itself appropriately against litigation challenging the unconstitutionality of A.R.S. §9-461.19

23. Term. The term of this MOU begins on the date it is fully executed by the Parties (the Effective Date) and shall terminate on January 1, 2056.

24. Cancellation for Conflict of Interest. The MOU is subject to the cancellation provisions of A.R.S. §38-511 for conflict of interest.

25. Successors and Assigns. The provisions of this Amendment shall inure to the benefit of and be binding upon the Parties' successors and assigns.

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

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

[SIGNATURES ON FOLLOWING PAGES]

AXON:

AXON ENTERPRISE, INC., a Delaware corporation

By: _____
Name: _____
Its: _____

STATE OF ARIZONA)
) ss
County of Maricopa)

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2025 by
_____, _____ of Axon
Enterprise, Inc., a Delaware corporation.

Notary Public

My Commission Expires:

CITY: CITY OF SCOTTSDALE, an Arizona municipal corporation

By: _____
Lisa Borowsky, Mayor

ATTEST:

Ben Lane, City Clerk

STATE OF ARIZONA)
) ss
County of Maricopa)


SUBSCRIBED AND SWORN to before me this ____ day of _____,
2025 by Lisa Borowsky, Mayor of the City of Scottsdale, Arizona, a municipal corporation.

Notary Public

My Commission Expires:

Greg Caton, City Manager

APPROVED AS TO FORM:



Luis E. Santaella, Interim City Attorney