



MEMORANDUM

Date: December 21, 2018

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **World View Litigation and the Goldwater Institute**

On December 17, the County received the Goldwater Institute's Opening Brief appealing the decision of the Superior Court regarding procurement of architect and construction services for the World View facility. We will defend this appeal and believe we will prevail on the merits of the law involved in this portion of the litigation. It is likely a decision by the Court of Appeals will take some time.

You can certainly tell the Goldwater Institute is in a fundraising mode by reading their December 18, 2018 blog positing about their appeal, which inaccurately describes the County's transaction with World View as follows:

Pima County officials decided two years ago to give \$15 million of taxpayer money to World View Enterprises, a private balloon tourism company, in an effort to boost the economy. But they did more than that. They also decided to make the company a custom-made 135,000 square-foot-facility-including a balloon launch pad, a headquarters building, and a construction area for high-altitude balloons-all with taxpayer money.

They assert that Pima County *both* built (and gave) World View a facility and paid the company \$15 million. As you know, that is not correct. The County has never given World View any money. The County built a facility and related launch pad for approximately \$15 million and leased the facility to World View. During the lease we will recover far more in revenue than our expenses. Unfortunately, the Goldwater Institute continues to pursue a disinformation campaign directed at the County. Of more concern, the Goldwater Institute is simply misleading the public to gain a financial benefit.

In the meantime, the County has contacted the Goldwater Institute and proposed a scheduling framework for proceeding with the third phase of the litigation, that being the challenge under the Arizona Constitution's "gift clause." We are prepared to demonstrate that our lease with World View Enterprises has not and did not violate the gift clause as

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interpreted by the Arizona Supreme Court. Defending the gift-clause claim, however, requires significant further litigation regarding the value of what World View receives under the lease-purchase and operating agreements, and the value of what it provides the County in return.

We would like to conclude this litigation as soon as possible since it has been nearly three years since the County entered into the economic development incentive lease-purchase and operating agreements with World View. Given the current rate of progress in this litigation, it is likely that any long-term resolution of the litigation is two to four years in the future.

It should be remembered that the County prevailed in the Court of Appeals regarding its reliance on the economic development statute as authority for the lease- purchase and operating agreements. The Goldwater Institute appealed this decision to the Arizona Supreme Court, which, in turn, let the ruling in favor of the County stand without further review.

World View continues to serve as a key anchor of Southern Arizona's budding space economy, an industry that Morgan Stanley analysts project will reach over \$1 Trillion by 2040. World View is positively disrupting the space economy through the development of unique stratospheric technology that allows for low-cost research, remote sensing, and communications applications for government and commercial customers. In 2018 alone, World View launched eight successful Stratollite missions for a variety of customers (including NASA, the US Army, and many others), increased its hiring, and successfully raised \$26.5 million in the latest round of Silicon Valley venture capital financing. In 2019, World View endeavors to continue the momentum built on the company's success. World View's growth and the growth of the space industry in general continues to fuel new investment, jobs, and innovation in Southern Arizona.

CHH/anc

c: Andrew Flagg, Chief Civil Deputy County Attorney
Regina Nassen, Deputy County Attorney
John Voorhees, Assistant County Administrator
John Moffatt, Director, Economic Development Office