



MEMORANDUM

Date: August 8, 2019

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CH Huckelberry", is written over the typed name of the County Administrator.

Re: **Accelerate Diagnostics Lease with Pima County**

At the August 6, 2019 Board of Supervisors Meeting, Supervisor Miller made some inaccurate statements regarding Accelerate Diagnostics' lease with Pima County. Supervisor Miller inferred the tenant improvements provided by the County were somehow a gift and that it was in violation of the Constitutional Gift Clause. Such is incorrect.

Supervisor Miller appears to be trying to portray Accelerate Diagnostics with her incorrect analysis of our World View economic development lease. Our lease with World View has been litigated with the Goldwater Institute. To date, the Goldwater Institute has lost every allegation litigated through the Court of Appeals. We hope that within a short period of time, we will be able to drive a stake in this ill-founded, inappropriate litigation.

Bringing up the Gift Clause and other matters, Supervisor Miller has confused standard business leasing transactions that occur as a common practice in the private sector and has attempted to equate them as somehow, gifts. This transaction with Accelerate Diagnostics facilitated perhaps one of the most successful startup companies in Pima County. They started with 10 employees and now employ over 180 employees with an average salary of \$140,000. Their economic benefits to our community has been significant. Supervisor Miller believes the \$1.6 million in tenant improvements provided by the County in the initial term of the lease were gifts – they are not.

Supervisor Miller also confuses the amount provided in tenant improvements. The amount Pima County provided was \$1.6 million because Accelerate Diagnostics paid over \$200,000 of these improvements initially.

Over the last six years, Accelerate Diagnostics has also constructed a 2,380 square foot addition to the Annex Building and provided for Abrams Building 4th floor tenant improvements, which included upgraded building infrastructure improvements, whose total cost to Accelerate was nearly \$3.5 million. At the end of this lease, these improvements are the property of Pima County, at no cost.

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In addition, Accelerate Diagnostics is paying what is known as a modified triple net lease, which means they pay building expenses, including utility costs associated with their 24/7/365 operation and the lease started at a low \$9.25 per square foot and ended at \$19.80 per square foot.

Accelerate Diagnostics has paid the County over \$4.1 million in lease payments, in addition to payments they have made for utilities, taxes and other expenses. They have repaid our \$1.6 million in tenant improvements back, nearly three times over. This is not a gift, and cannot be construed as a gift.

If the Board requires any additional factual information, please contact my office.

CHH/anc

c: Jan Leshar, Chief Deputy County Administrator
Tom Burke, Deputy County Administrator for Administration
Lisa Josker, Director, Facilities Management