



MEMORANDUM

Date: January 7, 2015

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

From: C.H. Huckelberry
County Administrator

Re: **Accelerate Diagnostics, Inc. Lease Amendment**

The January 13, 2015 Board of Supervisors Addendum will include the fifth amendment to Accelerate Diagnostics' lease of space within our Herbert K. Abrams Public Health Building.

This is a minor amendment. It will add the name of a contractor now employed by Accelerate Diagnostics to make tenant improvements for the currently leased area, which has grown from the original 15,000 square feet to over 45,000 square feet.

As you will recall, Accelerate Diagnostics is a startup bioscience/biotechnology firm that relocated from Denver, Colorado to Tucson and began their operations in leased space at the Abrams Public Health Building. They are a major bioscience startup expansion success story, growing from 16 Tucson-based employees in January 2013 to over 66 employees, with an average annual wage in excess of \$90,000. In addition, they spent \$4.4 million on various materials and services with local vendors in 2014 alone. Accelerate was provided a favorable lease rate that increases over time to market value. Some of the original lease space is now at market rate, with other space to follow.

By 2018, it is likely Accelerate Diagnostics will move from their present location to a permanent facility. The lease within the Abrams Public Health Building was intended to facilitate an incubator or startup of this now successful bioscience/biotechnology firm.

Attached is a letter from Accelerate's Chief Financial Officer, Steve Reichling, describing their work with Pima County over the years.

I recently met with Accelerate representatives, including Mr. Reichling to discuss the possibility of leasing additional space at the Kino Campus to facilitate their startup of product manufacturing. We are presently examining an annex space where the property adjacent to the Abrams Public Building could be leased to Accelerate Diagnostics so they may move their product manufacturing in-house rather than outsource this work.

The Honorable Chair and Members, Pima County Board of Supervisors
Re: Accelerate Diagnostics, Inc. Lease Amendment
January 7, 2015
Page 2

By accommodating additional expansion of the entire Fourth Floor of the Abrams Public Health Building and by adding the manufacturing component of their operations, we anticipate Accelerate's employment to grow to over 100 employees in 2015 with room for another 50.

This minor lease modification is brought to your attention to demonstrate the importance of our participation in economic development and growing high-wage, high-tech employment within Pima County.

CHH/anc

Attachment

c: Hank Atha, Deputy County Administrator for Community and Economic Development
Michael Kirk, Director, Facilities Management



December 29, 2014

Chuck Huckleberry & Pima County Board of Supervisors
130 West Congress Street, 10th Floor
Tucson, AZ 85701

Re: Pima County support of Accelerate Diagnostics delivers strong economic development returns

To whom it may concern:

On August 20, 2012 Accelerate Diagnostics entered into a lease arrangement with Pima County for 15,000 square feet of initial facilities to support the company's relocation from Denver, Colorado to Tucson, Arizona. This lease was a key component of a broader incentive package to attract Accelerate to Tucson, and in only a little over two years into this partnership, the investment made by the State of Arizona and Pima County has returned substantial economic development returns.

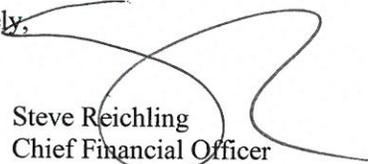
In 2015 Accelerate Diagnostics (NASDAQ: AXDX) will begin commercializing its diagnostic system for the rapid identification and antibiotic sensitivity testing of bacteria and other infectious pathogens. The lack of rapid testing today has perpetuated the challenge of antibiotic resistance and has contributed to an estimated 100,000 infection deaths in the United States each year. The critical work of transforming our key technologies into viable and robust diagnostic solutions and building infrastructure to support manufacturing and commercialization of this system has been accomplished in Tucson over the past two years.

Upon relocating to Tucson in January 2013, the company had 16 Tucson-based employees. As of December 2014, this number has grown to 66 with an average annual wage in excess of \$90,000. In addition, Accelerate spent \$4.4 million on various materials and services with local vendors in 2014.

The initial space provided by Pima County has been expanded three times to support the Company's growth and expanded operations. In 2015, Accelerate will expand further to occupy the entire fourth floor at the Abrams Public Health Center (50,000 total square feet) to accommodate up to an additional 70 employees over the next 2-3 years. Additionally, an annex space on the Abrams campus will allow the Company to establish core manufacturing capabilities in Tucson adding an additional 10 jobs in 2015 and more thereafter. The Company is already making plans for a future campus build-out at which time the current space could be used as ideal incubator space for another up and coming technology company.

We greatly appreciate the ongoing support of Pima County in our endeavor to deliver life-saving diagnostic solutions to address the challenge of drug-resistant infections and in the process become one of the leading employers in the greater-Tucson area.

Sincerely,



Steve Reichling
Chief Financial Officer
Accelerate Diagnostics, Inc.