



BOARD OF SUPERVISORS AGENDA ITEM REPORT
CONTRACTS / AWARDS / GRANTS

☐ Award ☒ Contract ☐ Grant

Requested Board Meeting Date: August 6, 2019

* = Mandatory, information must be provided

or Procurement Director Award ☐

***Contractor/Vendor Name/Grantor (DBA):**

Accelerate Diagnostics, Inc., a Delaware corporation ("Accelerate")

***Project Title/Description:**

Lease Agreement with Accelerate ("Lease") at 3950 W. Country Club, 4th floor and at 2980 E. Ajo Way ("Premises") for continued use of Premises for Accelerate's operations.

***Purpose:**

The purpose of this Lease is to allow for Accelerate to continue its current operations in its current Premises. Accelerate Leased the Premises from the County pursuant to Lease Agreements CTN-FM-13*055 and CTN-FM-15*187, at the Abrams Building, 3950 W Country Club, 4th Floor and at the Annex building, 2980 E. Ajo Way. Both Leases have expired and Accelerate and the County wish to enter into a new Lease for the Premises.

***Procurement Method:**

"Exempt pursuant to Pima County Code section 11.04.020"

***Program Goals/Predicted Outcomes:**

Provides for the continuation of Accelerate's production, manufacture and research and development of scientific equipment to help quickly diagnose and treat cases of antibiotic-resistant bacterial infections, allowing for better patient outcomes in local, national and international health care centers.

***Public Benefit:**

Accelerate currently employs approximately 180 locally-based employees at an average wage of \$140,000 as well as uses other business services (such as janitorial and security services) to support its operations, which in turn provides positive impact to Pima County's economy.

***Metrics Available to Measure Performance:**

Continued sales, manufacture/production and R&D of scientific equipment; Creation or retention of jobs or otherwise improves the economic climate of County including continued current and/or increased levels of local employment; Payment of rent to County and payment of applicable taxes; Publicly available economic sources indicate Company growth over time.

***Retroactive:**

No.

70: COB- 7.24.19
Ver. 1
JJS- 22
(2)

Contract / Award Information

Document Type: CTN Department Code: FM Contract Number (i.e., 15-123): 20*016
Effective Date: 08/06/2019 Termination Date: 08/05/2025 Prior Contract Number (Synergen/CMS): 13*055 & 15*187
☐ Expense Amount: \$* _____ ☒ Revenue Amount: \$ \$4,600,000

*Funding Source(s) required: Revenue Contract

Funding from General Fund? ☐ Yes ☒ No If Yes \$ _____ % _____

Contract is fully or partially funded with Federal Funds? ☐ Yes ☒ No

If Yes, is the Contract to a vendor or subrecipient? _____

Were insurance or indemnity clauses modified? ☐ Yes ☒ No

If Yes, attach Risk's approval.

Vendor is using a Social Security Number? ☐ Yes ☒ No

If Yes, attach the required form per Administrative Procedure 22-73.

Amendment / Revised Award Information

Document Type: _____ Department Code: _____ Contract Number (i.e., 15-123): _____
Amendment No.: _____ AMS Version No.: _____
Effective Date: _____ New Termination Date: _____
Prior Contract No. (Synergen/CMS): _____

☐ Expense or ☐ Revenue ☐ Increase ☐ Decrease Amount This Amendment: \$ _____

Is there revenue included? ☐ Yes ☐ No If Yes \$ _____

*Funding Source(s) required: _____

Funding from General Fund? ☐ Yes ☐ No If Yes \$ _____ % _____

Grant/Amendment Information (for grants acceptance and awards) ☐ Award ☐ Amendment

Document Type: _____ Department Code: _____ Grant Number (i.e., 15-123): _____
Effective Date: _____ Termination Date: _____ Amendment Number: _____
☐ Match Amount: \$ _____ ☐ Revenue Amount: \$ _____

*All Funding Source(s) required: _____

*Match funding from General Fund? ☐ Yes ☐ No If Yes \$ _____ % _____

*Match funding from other sources? ☐ Yes ☐ No If Yes \$ _____ % _____

*Funding Source: _____

*If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)? _____

Contact: Roberta Small

Department: Facilities Management

Telephone: 520-724-9870

Department Director Signature/Date: _____

Deputy County Administrator Signature/Date: _____

County Administrator Signature/Date: _____

(Required for Board Agenda/Addendum Items)

CONTRACT	
NO.	CTN-FM-20-016
AMENDMENT NO.	
This number must appear on all invoices, correspondence and documents pertaining to this contract	

LEASE AGREEMENT

This Lease Agreement ("**Lease**") is made and entered by and between ACCELERATE DIAGNOSTICS, INC., a Delaware corporation ("**Accelerate**"), and PIMA COUNTY, a political subdivision of the State of Arizona ("**County**").

RECITALS

- A. County owns a building ("**Abrams Building**") located at 3950 S. Country Club Road in Tucson, Arizona, on the Kino public health campus. The Abrams Building is adjacent to the Banner-University Medical Center South Campus. County also owns a building ("**Annex Building**") and, together with the Abrams Building, the "**Buildings**") located at 2980 E. Ajo Way, Tucson, Arizona, which is adjacent to the Abrams Building. The location of the Buildings is shown on **Exhibit A**.
- B. Accelerate currently occupies (1) the entire 4th floor of the Abrams Building, (45,885 square feet) (the "**4th Floor**"), under a lease, the term of which expired on January 12, 2019 (the "**Previous Abrams Lease**"), and (2) 6,207 square feet of space in the Annex Building (the "**Annex Space**" and, together with the 4th Floor, the "**Premises**"), under a separate lease, the term of which expired November 18, 2018. Accelerate has been a holdover tenant under the prior leases, but wishes to enter into a new lease for the Premises.
- C. Accelerate is a highly innovate bio-technology firm that has, since relocating to Pima County from Colorado in 2012, increased its workforce from 16 employees to 180 employees, with total wages averaging \$140,000. It has invested over \$3,000,000 in tenant improvements to the Premises and has paid \$4,700,000 to Pima County in the form of rent and taxes.
- D. County has authority, pursuant to A.R.S. § 11-254.04, to enter into leases of County-owned property for economic-development purposes without following the auction process in A.R.S. § 11-256.
- E. County staff obtained an appraisal of the fair rental value of the Premises, and Accelerate has agreed to pay the full appraised value for the new lease.
- F. The Board of Supervisors has determined that leasing the Premises to Accelerate under the terms set forth in this agreement will "assist in the creation or retention of jobs" and "otherwise improve or enhance the economic welfare of the inhabitants of the county."

AGREEMENT

1. **Lease/Premises.** In consideration of rent monies and all terms, conditions, covenants, and agreements contained herein, County hereby leases to Accelerate and Accelerate hereby leases from County, the Premises.
 - 1.1. **Common Areas.** The Buildings have associated with them, outside the Premises, certain interior and exterior areas for the common use of all occupants of the Buildings, including (but not limited to) streets, sidewalks, canopies, driveways, loading platforms, entryways, lobbies, stairways, elevators, hallways, washrooms, shelters, ramps, landscaped areas and related common areas (the "**Common Areas**"). Accelerate may use the Common Areas on a non-exclusive basis together with other occupants of the Buildings.
 - 1.2. **Parking.** Accelerate's employees may park in the unassigned spaces in the employee designated area of the parking lot as shown on **Exhibit B**. Accelerate's visitors may park in the visitor section of the parking lot.
2. **Term.** The term of this Lease (the "**Term**") is a period of 6 years beginning on August 6th, 2019 (the "**Commencement Date**"). Accelerate may terminate the Lease early, as of the third, fourth, or fifth anniversary of the Commencement Date, upon payment of the Early Termination Fee as provided in Section 4 below. Accelerate will notify County, in writing, at least 6 months prior to the effective date of the early termination.
3. **Use.**
 - 3.1. **Permitted Uses.** The Premises may be used by Accelerate for all lawful purposes, including laboratory operations and associated use of fluids/flammables and other materials typical to engineering and biological labs, manufacturing of medical and scientific equipment, and any other uses reasonably related thereto, provided that all applicable laws and regulations regarding such uses (including zoning), and the storage and use of such materials, are followed. Accelerate must obtain and maintain all required permits and certifications for its operations at the Premises.
 - 3.2. **Solar Panels.** Accelerate's use of the Premises may result in exhaust particles or condensation landing on the solar panels mounted on the rooftop of the Abrams Building. The impacts of such exhaust particles and condensation will be determined by County's Facilities Management Department. If this exhaust degrades the panels more than the mutually agreed-upon estimated impacts (based on the plans for the original tenant improvements under the Previous Abrams Lease), Accelerate will indemnify County from and against any liability to third parties incurred as a result of the degradation.
 - 3.3. **Prohibited Activities:** Accelerate will not permit any unlawful activities on the Premises or any activities that unduly interfere with activities of the other occupants of the Buildings or neighboring property owners/occupants.

- 3.4. **Hazardous Materials Prohibited; Clean Air Act.** Accelerate will not cause or permit any hazardous or toxic materials or substances to be brought upon, kept, or used in or about the Premises by Accelerate, its agents, employees, contractors or invitees, without the prior written consent of County, other than such hazardous or toxic materials or substances that are necessary or useful to Accelerate's business and will be used, kept and stored in a manner that complies with all laws regulating any such materials or substances. Accelerate's operations on the Premises will comply with all applicable provisions of environmental laws and regulations, including the Clean Air Act, 42 U.S.C. 7401 et seq. and Arizona Revised Statutes, Title 49, Chapter 3. Accelerate will remediate and clean up, at its sole cost and expense, any contamination of the Premises caused by Accelerate occurring during the Term of this Lease.
- 3.5. **Biological Waste & Material Disposal.** Accelerate will properly dispose of any medical or biological waste—including but not limited to syringes, vials, prescriptions and any materials containing blood or other biological material used or generated on the Premises. Accelerate's disposal may include using appropriate medical waste containers and/or contracting with a third party medical waste disposal company. Accelerate will never dispose of any medical or biological supplies or waste outside of the Premises in the Building's Common Areas. Accelerate will indemnify and defend County from and against any liability incurred by County as a result of any disposal of such materials in violation of this Lease or in violation of applicable law.
- 3.6. **Common Areas.** The Common Areas will at all times be subject to the control and management of County and County will have the right from time to time to change the area, level, location, appearance and furnishing or landscaping of the Common Areas provided that such activity does not materially interfere with Accelerate's operations. County will have the right at any time to temporarily close any portion of the Common Areas for the purpose of making repairs, changes or additions thereto and County may enter into agreements with adjacent owners for cross-easements for parking, ingress or egress.
- 3.7. **Rules and Regulations.** Accelerate and its employees, agents, contractors and invitees will abide by rules and regulations for the Buildings that are established from time to time by County concerning, among other things, sanitation, handling of trash and debris, loading and unloading of trucks and other vehicles, safety and security, after hours use and procedures and use of Common Areas. The current rules are attached as **Exhibit C**. Such rules and regulations will be applied in a non-discriminatory manner and will not unduly limit or impair Accelerate's permitted use of the Premises. Notwithstanding the Item 9 in the rules and regulations, Accelerate may use flammable, combustible fluids and materials as set forth in Section 3.1 above.
- 3.8. **Use of Other Areas of the Buildings.** County currently uses the other areas within the Buildings for public health offices and related purposes, but has the right to make any legal

use of the Buildings, and may lease space within the Buildings to other organizations and agencies for any legal use.

4. Rent.

4.1. Rent. Accelerate will pay annual rent for the Premises as follows:

Year 1: \$500,000.00

Year 2 \$500,000.00

Year 3 \$750,000.00

Year 4 \$850,000.00

Year 5 \$1,000,000.00

Year 6 \$1,000,000.00

4.2. Early Termination Fee. If Accelerate elects to terminate the Lease as of the third, forth, or fifth anniversary of the Commencement Date, Accelerate will pay to County, on or before the date that the last payment of Rent is due, an additional amount (the "**Early Termination Fee**") as follows:

Third anniversary: \$550,000

Fourth anniversary: \$466,667

Fifth anniversary: \$233,333

4.3. Taxes. Accelerate will also reimburse County for any taxes or assessments that County is required to pay related to this Lease, the Premises, or the rent paid to County under this Lease, and will pay when due all property taxes on its personal property, and all government property lease excise taxes due under Title 42, Chapter 6, Article 5 of the Arizona Revised Statutes. Within 30 days after execution of this Lease, the parties will execute and the County will record a memorandum of this Lease in compliance with A.R.S. § 42-6202(C)(1), and the County will provide the County Treasurer with a copy of this Lease as required by A.R.S. § 42-6202(C)(2).

4.4. Payment of Rent. Accelerate will pay Rent in advance, in equal monthly installments of 1/12 the annual Rent amount, on or before the Commencement Date and the first day of each month thereafter during the Term, except that the first month's Rent will be reduced by any rent that Accelerate has already paid for any portion of that month. Rent must be delivered to Pima County Government, Finance-Revenue Management Division, 33 N. Stone, 6th Floor, Mail Stop DT-BAB6-404, Tucson, Arizona 85701. Accelerate will pay

interest (simple interest, not compounded) on any late payments of Rent, or any other sum due under this Lease that is not paid when due, at the rate of 8% per annum from the date due until paid.

5. Repairs, Services & Utilities.

5.1. Repairs – Abrams Building. Subject to Section 15 of this Lease concerning damage resulting from a casualty, and subsection 5.7 of this section 5, County will make all repairs in and to the Abrams Building and Premises, except as provided below. This will include the roof, structural portions of the Abrams Building, and major Building systems such as air conditioning motors or compressors, major plumbing requirements (in-wall plumbing), heating units, in-wall electrical connections, and fixtures and systems furniture installed in the 4th Floor as part of the original Tenant Improvements constructed by County under the Previous Abrams Lease.

5.2. Repairs – Annex Building. Accelerate is responsible for all building systems installed for the operation of its business including the heating, ventilation and air conditioning systems and HEPA filters. Subject to Section 15 of this Lease concerning damage resulting from a casualty, and subsection 5.7 of this section 5, Landlord will make all repairs in and to the remainder of the Annex Building and Premises, including the roof, structural portions of the Annex Building and major Building systems other than those that are the responsibility of Accelerate.

5.3. Notification to County. In the event of a breakdown or needed repairs to the Premises or equipment associated therewith, for which County is responsible, Accelerate will notify County by email addressed to FM-TenantRequest@pima.gov, and County will cause such repairs and/or replacements as are necessary to correct such condition to be done within a reasonable period of time.

5.4. Janitorial.

5.4.1. Responsibility. Accelerate will obtain and pay for janitorial services for the Premises. County will provide janitorial services for all other areas of the Buildings, including the Common Areas.

5.4.2. Insurance. Accelerate will ensure that its janitorial contractor obtains and maintains, during the entire period that it is performing work in the Premises, general liability and worker's compensation of \$1M each, and will require the contractor to name County as an additional insured on the liability policy. Accelerate will provide proof of this insurance to County prior to the janitorial contractor performing any work in the Premises.

5.4.3. *Janitorial Closet.* The janitorial contractor may only obtain water from, and dispose of water in, the mop sink in the janitorial closet provided in each portion of the Premises, and must use that storage area for storage of janitorial supplies.

5.4.4. *List of Contractor Employees.* Accelerate must provide to County a list of the names of each janitorial contractor employee who will be working in the Premises so a key card can be issued. Accelerate will incur charges as stated in Section 5.5 below for each key card that is lost, damaged or stolen by any janitorial employee.

5.5. **Security.**

5.5.1. *Hours.* County provides security personnel for the Abrams Building, including the front lobby, 6:00 AM to 10:00 PM, Monday through Friday, excluding County holidays, and on Saturday mornings 8:00 AM – 1:00 P.M. when County programs in the Abrams Building are open. The security personnel also conduct periodic perimeter checks that include the Annex Building.

5.5.2. *Additional Security.* County will, if requested by Accelerate, supply security personnel to the Abrams Building or the Annex Building during other times, and/or will assign security personnel exclusively to the Premises, and Accelerate will pay County's security contractor directly for those additional services.

5.5.3. *Key Cards; Security Procedures.* County has issued Accelerate key cards and/or fobs for access to the Premises. Accelerate will pay to County a standard charge (\$25.00) for any key card and standard charge (\$50.00) for any fob that is lost, stolen or damaged and must be replaced by County. Accelerate will comply with County's Abrams Building security system, which may include checking in and out of the Abrams Building after hours.

5.6. **Equipment.** Accelerate will maintain, repair and replace all equipment provided and installed by Accelerate, including but not limited to security cameras, office and medical machines, air conditioners, kitchen appliances, conference room appliances and equipment, and laboratory and scientific equipment.

5.7. **Tenant Damage.** Accelerate will promptly repair any damage done to the Premises, the Common Area, or the Buildings caused by any employee, agent, contractor or invitee of Accelerate.

5.8. **Access to the Premises.** Accelerate will permit County and County's authorized representatives to enter the Premises at times convenient to Accelerate for purposes of inspection, making any repairs and performing any work that is necessary for County to comply with the provisions of this Section 5. County, in the performance of any such work, will cause as little inconvenience, annoyance, disturbance, or damage to Accelerate as reasonably possible under the circumstances, and will comply with restrictions applicable to

certain areas of the Premises, such as clean rooms. Accelerate will provide keys to first responders.

- 5.9. **Utilities.** County will provide electricity, water, sewer, and trash-and-recycle-collection services to the Premises and will invoice Accelerate on a monthly basis for the cost of those services, except that Accelerate does not pay for water service to the Abrams Building. Accelerate will pay each invoice within twenty days. Accelerate has established and will continue to maintain an account with Southwest Gas and will directly pay for the gas supplied to the Annex portion of the Premises as determined by the Southwest Gas meter.

5.9.1. *Metering.* The normal hours for provision of heating, ventilation and air conditioning services (“HVAC”) in the Abrams Building are 6:00 am to 6:00 pm, Monday through Friday and from 6:00 am to noon on Saturdays. At Accelerate’s request, County supplies HVAC to the Abrams Building 24/7. Sub-meters have been installed to measure the electricity used in or for the 4th Floor and the Annex Space, including the electricity used to run the County chiller outside of normal hours in order to provide the 24/7 HVAC service at the Abrams Building.

5.9.2. *Trash and Recycling.* The cost of trash and recycling services for the Premises is currently \$332.26 per month. Accelerate will continue to pay this charge, as well as any future cost increases for this service.

5.9.3. *Chillers.* If, in County’s reasonable judgment, the existing chillers become insufficient to meet the needs of the Abrams Building, County will install an additional stand-alone, self-contained chiller sized to support Accelerate’s HVAC needs. Accelerate will reimburse County for the cost of purchasing and installing the new chiller, including all costs to purchase and install meter.

5.9.4. *Back-Up Generator.* Accelerate may use County’s existing generator, located on property adjacent to the Abrams Building, for backup power. In the event Accelerate’s operations potentially would increase the load on the County Generator. Accelerate will notify the County of the potential for increased load and Accelerate will engage an electrical engineer to calculate the capacity available for each and any additional load put on the generator to support Accelerate’s operations. Accelerate will, within three (3) days, notify the County of its findings and provide a copy of the stamped electrical engineer’s report as soon as it is available. Any damage associated with or caused by increased load will be the sole responsibility of Accelerate. If the existing generators cannot accommodate Accelerate’s backup power needs, Accelerate may install a small emergency generator in a location agreed upon by County and Accelerate. Accelerate will purchase, install, obtain permits for, test, maintain and repair any such generator at Accelerate’s expense. The generator’s location and how it is connected to the Building(s) are subject to County’s approval, which will not be unreasonably withheld, conditioned, or delayed.

5.10. Telephone/Internet.

5.10.1. Accelerate has installed its own telephone system and will continue to maintain that system and directly pay for telephone and internet service. All equipment installed by Accelerate remains the property of Accelerate and may be removed upon termination or expiration of the Lease.

5.10.2. Accelerate has a network connection from a local ISP, which it will maintain at its own expense, and will continue to utilize its own ISP connection hardware. County will continue to provide the ISP entry point into the building, a location for the ISP's network hardware, and a data connection to move Accelerate internet traffic from the building entry point up to the 4th Floor. County and Accelerate will continue to follow the previously-approved wireless network channel allocation plan, which prevents network interference. Accelerate is responsible for securing Accelerate's networks against intrusion through use of encrypted/password-protected wireless connections.

6. **Licensure and Registration.** Accelerate will apply for and obtain any license, registration or permit that is required during the Term of this Lease and will maintain such license, registration or permit in good standing throughout the Term of this Lease. Accelerate will immediately notify County, in writing, if the license, registration or permit is denied or terminated. In the event of such denial or termination, County may, in its sole discretion, terminate this Lease with no further obligation to Accelerate.

7. **Insurance.** County will obtain and maintain fire and other property insurance for the Buildings, and may self-insure for such losses. Accelerate will insure its personal property brought to the Premises. Accelerate will provide commercial general liability insurance or its equivalent in the amount of \$2,000,000 each occurrence. The policy will be endorsed to include County as an additional insured. Accelerate's Worker's Compensation coverage will contain a waiver of subrogation against County. Accelerate will annually provide County with evidence of insurance. Accelerate's insurance will be primary insurance and non-contributory with respect to all other available sources.

8. Default.

8.1. **Tenant Default.** The occurrence of any one or more of the following events will constitute a default and breach of this Lease by Accelerate for which County may terminate this Lease:

8.1.1. *Monetary Obligations.* The failure by Accelerate to make any payment required to be made by Accelerate hereunder, as and when due, where such failure will continue for a period of ten (10) calendar days after notice from County that such payment is due.

8.1.2. *Violation of Law.* Use of the Premises for any unlawful or illegal purpose and such use will continue for a period of three (3) days after written notice from County;

provided that Accelerate will not be entitled to the benefit of more than one (1) such grace period of three (3) days under this subparagraph during the Term of this Lease.

8.1.3. *Health and Safety Violation.* Any action or omission by Accelerate that, in the County's reasonable judgment, causes a threat to the health or safety of the general public or the users of the Building and such use will continue for a period of two (2) days after written notice from County. Accelerate's failure to obtain and maintain any required license and/or registration for its operations at the Premises is considered a violation under this paragraph.

8.1.4. *Other Covenants.* The failure by Accelerate to observe or perform any other of the covenants, conditions or provisions of this Lease to be observed or performed by Accelerate, where such failure will continue for a period of thirty (30) days after written notice thereof by County to Accelerate; provided, however, that if the nature of Accelerate's default is such that more than thirty (30) days are reasonably required for its cure, then Accelerate will not be deemed to be in default if Accelerate commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion provided such cure is completed within one hundred and twenty (120) days of the notice by County.

8.2. **County Default.** County will be deemed to be in default hereunder if County fails to perform any covenant or condition of this Lease to be performed by County and such failure continues for thirty (30) days after written notice and demand from Accelerate (unless the failure is of such a character as to require more than thirty (30) days to cure, in which event County will be in default only if it fails to initiate the cure within thirty days, and thereafter diligently pursue the same to completion).

8.3. **Remedies.** Either party may pursue any remedies provided by law and in equity for the breach of this Lease, including termination of the Lease.

9. **Notices.** All notices to be given under this Lease will be in writing and will be either served personally or sent by certified or registered mail, return receipt requested, to the parties as indicated below or to such other persons, or addressees as either party may designate in writing to the other party:

ACCELERATE: Accelerate Diagnostics, Inc.
Attn: Lawrence Mehren
3950 S. Country Club Rd, 4th Floor
Tucson, AZ 85714

COUNTY: Clerk of the Board of Supervisors
130 W. Congress St.
Tucson, Arizona 85701

With a copy to:

Director, Pima County Facilities Management
150 W. Congress Street, 3rd Floor
Tucson, Arizona 85701

10. **Sublease and Assignment.** Accelerate may not assign its interest in this Lease, or sublet any portion of the Premises, without County's prior written consent. Any assignment of this Lease or subletting of the Premises, if permitted, does not release Accelerate from any of its obligations under this Lease. The County agrees that if it decides to sell the Building, it will do so only subject to the terms and conditions of this Lease and further agrees to give Accelerate at least thirty (30) days notice of its intent to sell.
11. **Modifications.** Accelerate will make no modifications to the Premises without County's prior written approval, which will not be unreasonably withheld.
12. **Furnishings.** Accelerate will not remove from the Premises any fixtures, furnishings and equipment provided by the County. Accelerate may remove any furnishings, fixtures, or equipment paid for and installed by Accelerate and will, subject to Section 13, restore the Premises to its condition prior to the installation of said furnishings, fixtures, or equipment. With County's advance approval, Accelerate may leave said items in place and they will become the property of the County. Accelerate will maintain, repair and replace all furnishings provided and installed by Accelerate.
13. **Return of Premises to Original Condition.** Accelerate, upon Lease expiration, will restore the Premises to their condition upon initial occupancy on January 4, 2013, unless this obligation is waived in writing by the County. This obligation may be waived in part or in whole. Accelerate will reimburse County for any costs necessary to restore the fire sprinkler system and densities applicable to office use standards including but not limited to: removal of shower and installing plumbing fixtures and toilets in the south employee restroom, installing a building standard entry door into the break room, all other costs to remove any modifications required or requested by Accelerate, the Fire Marshal or any other governmental entity necessary to convert the Premises back to office use. Accelerate will be responsible for returning all common areas on both the first and fourth floors of the Abrams Building and any exterior areas of the Premises modified for Accelerate use to pre-occupancy condition.
14. **No Liens or Interference.** Accelerate agrees not to incur, or if incurred to promptly remove, any obligations, judgments or other actions which would result in a lien or encumbrance on the Premises or the Buildings.
15. **Destruction of Premises.** If at any time during the Term of the Lease, the Premises becomes partially or totally destroyed by reason of any damage by fire, flood, hurricane, windstorm or other casualty or act of God and the County cannot or does not fully repair the Premises within ninety (90) days through no fault of Accelerate then Accelerate will be relieved of any further

obligation, duty or liability under this Lease. If the Premises can be and are repaired fully in ninety (90) days, then the Lease will continue in full force and effect while the repairs are being made, and Rent will be abated by the percentage of the total space which is unavailable or not reasonably useful to Accelerate.

16. Condemnation.

16.1. Complete Taking. If the whole of the Premises is taken or condemned for any public or quasi-public use or purpose, by right of eminent domain or by purchase in lieu thereof, or if a substantial portion of the Premises is taken or condemned so that the portion or portions remaining is or are insufficient or unsuitable, in the mutual reasonable judgment of County and Accelerate, for the continued operation of the business contemplated by this Lease, so as to effectively render the Premises untenable, then this Lease will cease and terminate as of the date on which Accelerate is required to vacate the Premises as a result of the condemning authority taking possession and all Rent will be paid by Accelerate to County up to that date or refunded by County to Accelerate if Rent has previously been paid by Accelerate beyond that date.

16.2. Partial Taking. If a portion of the Premises is taken, and the portion or portions remaining can, in the mutual reasonable judgment of County and Accelerate, be adapted and used for the conduct of Accelerate's business operation, then the County will promptly restore the remaining portion or portions thereof to a condition comparable to their condition at the time of such taking or condemnation, less the portion or portions lost by the taking, and this Lease will continue in full force and effect except that the Rent payable hereunder will, if necessary, be equitably adjusted to take into account the portion or portions of the Premises lost by the taking.

17. Damage to Property. Accelerate covenants that it will permit no waste or damage to the lease property; that it will keep all improvements placed upon the Premises in reasonably good order and reasonably good state of repair, subject to Section 5 with respect to repair obligations.

18. Quiet Enjoyment. County warrants that County is seized of the Premises and has the full right to make this Lease. County further covenants that Accelerate will have quiet and peaceful possession of the Premises during the entire Term as against lawful acts of third parties and as against the acts of all parties claiming title to, or a right to possess, the Premises.

19. Expenses Advanced by Accelerate. If County fails within thirty days (or such lesser time as is appropriate if there is a threat to health or safety) after requested by Accelerate to make such repairs or perform such other act as may be required of County under this Lease, Accelerate may cause such repairs to be made or such acts to be performed at the expense of County. Accelerate may apply such claims against any subsequent installment of Rent.

20. Signs. Accelerate may maintain the existing exterior and interior signage.

21. **Change In Ownership.** If ownership of the Premises or the name or address of the party entitled to Rent will be changed, Accelerate may, until receipt of written notice of such change, continue to pay Rent to the party to whom and in the manner in which the last preceding installment of Rent was paid. Accelerate will not be subject to double liability for any Rent so paid.
22. **Surrender/Holding Over.** On termination of Accelerate's occupancy, Accelerate will surrender the Premises in the condition in which Accelerate is required to maintain them under this Lease. If Accelerate for any reason and with written consent of County remains in possession after the expiration of this Lease (including any optional extension), or after the date specified in any notice of termination given by either party, such possession will be as a month to month tenant, subject to all conditions of this Lease other than the Term hereof, at the current monthly Rent on the Lease expiration date.
23. **Interpretation of Lease.** The parties acknowledge that each has had the opportunity to review this Lease with counsel of their choice. This Lease will not be construed more strongly in favor or against either of the parties but will be interpreted fairly and equitably to effectuate the intent of the parties. All provisions contained in this Lease will bind and inure to the benefit of the parties and their successors and assigns.
24. **Entire Agreement.** This Lease contains the entire agreement between the parties and all previous Leases, amendments, negotiations, or understandings are superseded by and merged in this Lease. This Lease may be modified by the parties only by writing executed with the same formalities as this Lease.
25. **Non-Discrimination.** The parties will comply with all applicable state and federal statutes and regulations governing equal employment opportunity, non-discrimination, and immigration.
26. **Arbitration.** The parties agree that any dispute arising under this Lease involving the sum of FIFTY THOUSAND DOLLARS (\$50,000) or less in money damages only will be resolved by arbitration pursuant to the Arizona Uniform Rules of Procedure for Arbitration. The decision of the arbitrator(s) will be final.
27. **Nonappropriation.** The parties recognize that the performance by County may be dependent upon the appropriation of funds by the Board of Supervisors of the County, or the availability of funding from other sources. Should the Board of Supervisors fail to appropriate the necessary funds, or if funding becomes otherwise not legally available to the County to fund its responsibilities under this Lease, the County may terminate this Lease without further duty or obligation. County agrees to notify Accelerate as soon as reasonably possible after the unavailability of said funds comes to the Board's attention.
28. **Conflict of Interest.** This Lease is subject to cancellation pursuant to the provisions of Arizona Revised Statute § 38-511 regarding Conflict of Interest.

29. **Law to Govern.** This Lease is made under and will be interpreted according to Arizona law.
30. **Americans With Disabilities Act.** Both parties will comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and applicable federal regulations under the Act as it pertains to facilities and use of the facilities. This will not obligate County to make any modifications to the Building, as a result of any change in the law or regulations, if such repairs are not otherwise legally required.
31. **Sustainability Plan.** In accordance with the County's Sustainability Plan, Accelerate will use all reasonable efforts to use recycled products or re-use and recycle materials used in the Premises.
32. **Applicable Law.** The parties will comply with all federal, state and local laws, rules, regulations, standards, Executive Orders, and Pima County Board of Supervisors' policies, including Policy Number C. 3.18 entitled "Tobacco-Free Environment," a copy of which is attached as **Exhibit D**, without limitation to those designated within this Lease. The laws and regulations of the State of Arizona will govern the rights of the parties, the performance of this Lease and any disputes hereunder. Any action relating to this Lease will be brought in a court of the State of Arizona in Pima County. Any changes in the governing laws, rules, regulations, and Board of Supervisors' policies during the terms of this Lease will apply but do not require an amendment.

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IN WITNESS WHEREOF, we have set our hands and seals on the day and date first written above.

LANDLORD:

PIMA COUNTY, a political subdivision of
The State of Arizona

TENANT:

ACCELERATE DIAGNOSTICS, INC.
a Delaware corporation

By: _____
Richard Elias
Chairman, Board of Supervisors

By: _____
Steve Reichling
Chief Financial Officer

Date: _____

Date: 7/19/2019

ATTEST:

By: _____
Julie Castaneda, Clerk of the Board of Supervisors

Date: _____

APPROVED AS TO CONTENT:

By: _____
Lisa Josker, Director, Facilities Management Department

Date: 7/24/19

APPROVED AS TO FORM:

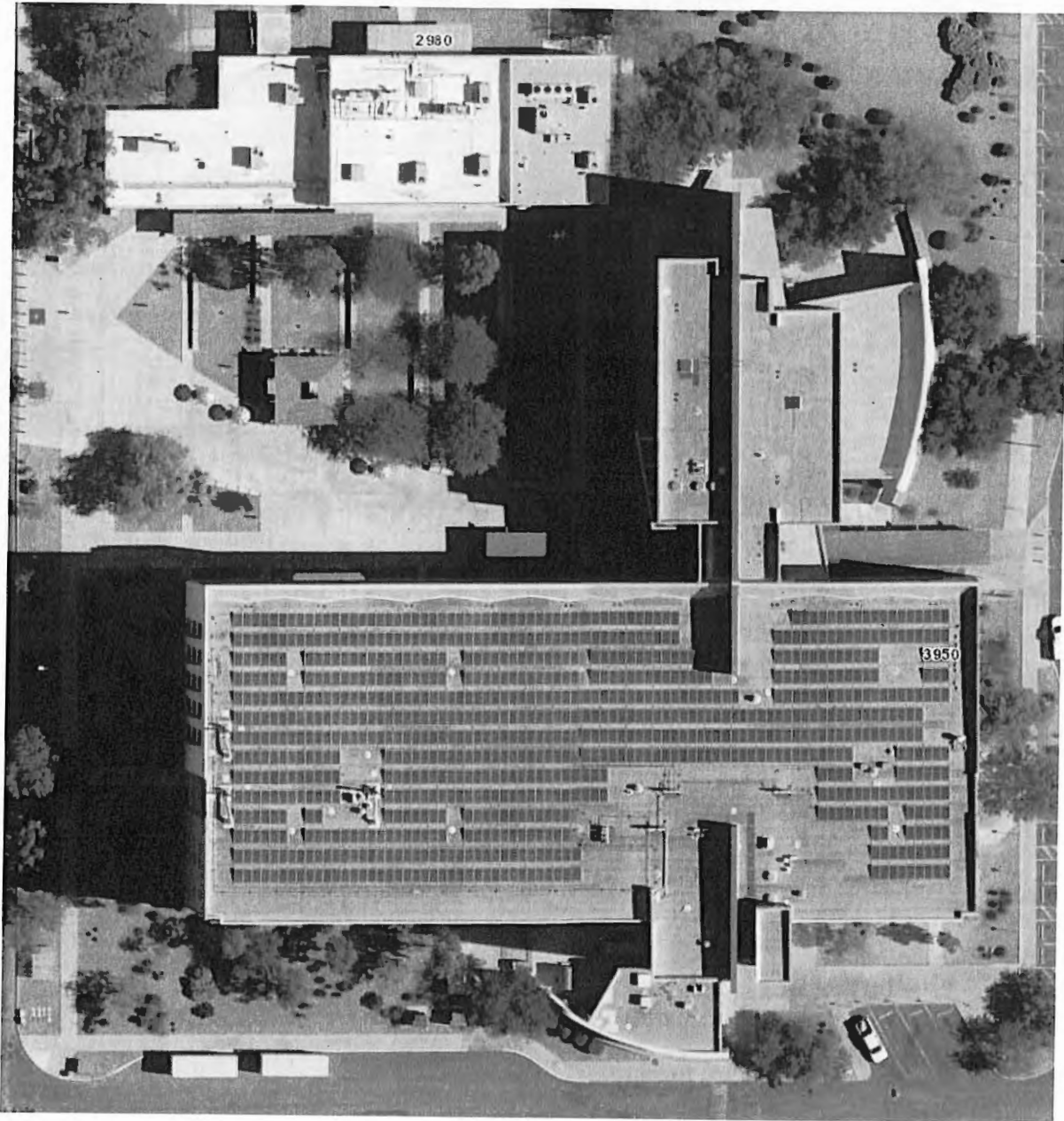
By: _____
Regina Nassen, Deputy Pima County Attorney

Date: 7.23.2019

Exhibits:

Exhibit A: Abrams and Annex Buildings
Exhibit B: Parking Areas
Exhibit C: Rules and Regulations
Exhibit D: Tobacco Free Policy C 3.1.18

EXHIBIT A
ABRAMS AND ANNEX BUILDINGS



ANNEX: 2980 EAST AJO WAY, TUCSON ARIZONA
ABRAMS: 3950 SOUTH COUNTRY CLUB ROAD, TUCSON ARIZONA

EXHIBIT B PARKING AREAS

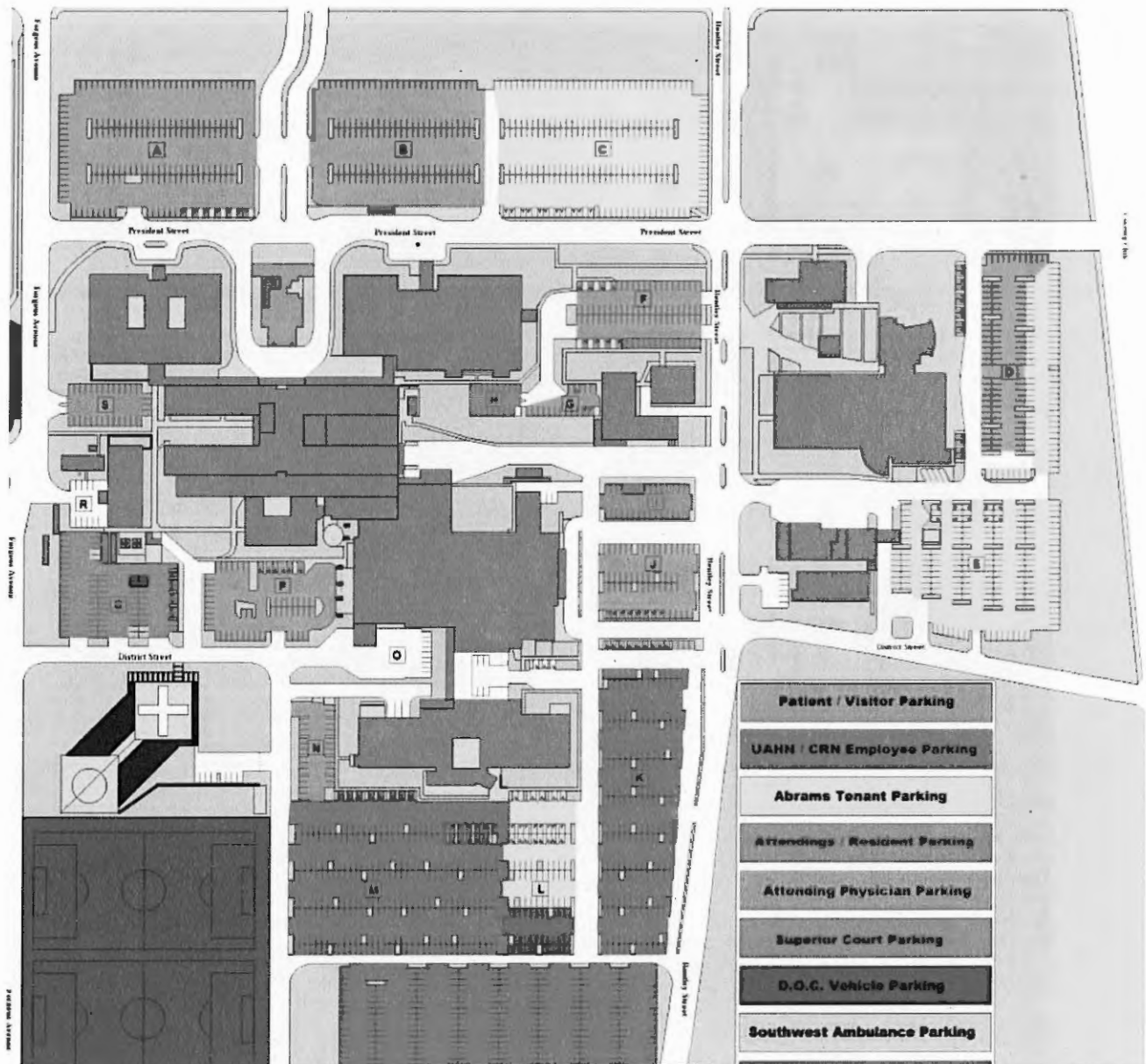


EXHIBIT C
COUNTY'S RULES & REGULATIONS

Re: 3950 S. Country Club, Tucson, Arizona

Tenant: Accelerate Diagnostics, Inc.

These Rules & Regulations have been adopted by County in order to set forth standards of conduct that will allow all tenants to enjoy a professional working environment that is compatible with the general character of the building. County reserves the right to make amendments and/or additions to these Rules and Regulations from time to time. These Rules and Regulations are in addition to and will not be construed to modify or amend any of the terms, covenants, or agreements and conditions of a tenant's lease. Each tenant will be responsible for informing its employees and invitees as to the provisions of these Rules and Regulations and to enforce same with respect to its employees and invitees. County may waive compliance with any one or more of these Rules and Regulations for the benefit of a tenant. Such waiver will not be construed as a waiver for any other tenant, nor will it prevent County from enforcing the same against any or all other tenants. These rules may only be enforced by County. The failure of County to enforce any Rule or Regulation will not give any tenant the right to enforce same against another Building occupant. Any concerns about violations of the Rules and Regulations should be addressed to the Building Manager's office or to such other place as County may designate from time to time.

1. No sign, placard, picture, advertisement, name or notice will be inscribed, displayed, printed or affixed on or to any part of the inside of the Building without the prior written consent of County. County will have the right to remove any unapproved sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant. All approved signs must be placed or affixed on the wall adjacent to Tenant's entry doors. All approved signs will be printed, painted, inscribed, affixed or removed at the expense of Tenant by a person approved by County. All walls or other structures where Tenant's signs have been affixed or attached must be restored to their original condition at Tenant's expense after removal of such signs. Nothing may be mounted on wood doors or finished wood surfaces.
2. Tenant will not place anything or allow anything to be placed near any window, door, partition or wall that may appear unsightly from outside the Premises, nor will Tenant cause any window in the Premises to be color treated.
3. The sidewalks, halls, passages, exits, entrances, elevators and stairways will not be obstructed by Tenant or used for any purpose other than for ingress and egress from Tenant's Premises.
4. Tenant will not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises without prior written consent of County, which will not be unreasonably withheld. County will have no obligation to open Tenant's Premises due to the loss of keys by Tenant. All requests to open Tenant's Premises to guests or employees must be made by Tenant to County. If Tenant needs to have its leased Premises rekeyed for any reason, Tenant will use the County's authorized building locksmith. Any rekeying will keep the applicable lock

on the existing building master keyway. Tenant will bear the entire cost of rekeying, unless the rekeying is requested by County. Any installation or repair of specialty locks will be at Tenant's expense. Tenant assumes all responsibility for protecting its Premises from theft, robbery, and pilferage, including but not limited to, keeping all means of entry to Premises closed and locked.

5. The plumbing facilities will not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever will be thrown therein. The expense of any breakage, stoppage or damage resulting from a violation of this provision will be borne by the Tenant whose employee, agent or invitee will have caused it.
6. Tenant will not deface the Premises or any part thereof. Tenant will not install, affix or fasten to the rooftop any signs, satellites, or antennas without the prior written approval of County. County may require design drawings, specifications and/or weight load structural tests prior to granting approval for any rooftop installation. Tenant will bear the entire expense of any drawings or tests to be submitted to County for approval.
7. No furniture, freight or equipment of any kind will be brought into the Building without prior notice to County. All moving of items into or out of the Building will be done at such time and in such manner as County will designate. Any damage to the elevators, doors, frames, walls or hallway surfaces caused by Tenant or Tenant's invitees or moving contractors will be repaired at Tenant's expense to County's satisfaction. County will have the right to prescribe the weight, size and position of all heavy equipment brought into the Building. Heavy objects, will, stand on supports of such thickness as is necessary to properly distribute the weight.
8. Tenant will not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to the County or other occupants of the Building by reason of noise, odors and/or vibrations, or that would interfere in any way with other Building occupants or those having business therein. No animals will be brought in or kept in or about the Premises or the Building except service animals.
9. Tenant will not use or keep in the Premises or the Building any kerosene, gasoline, or flammable or combustible fluid or material, other than such hazardous or toxic materials or substances that are necessary or useful to Accelerate's business and will be used, kept and stored in a manner that complies with all laws regulating any such materials or substances, or use any method of heating or air conditioning other than that supplied by County.
10. Tenant acknowledges that periodically the Tucson Fire Department or other contractor or representative of the County will inspect the Premises for Fire Code compliance and fire, sprinkler, and alarm testing. Tenant, and its employees, contractors and invitees will comply with any fire safety and handicap procedures and regulations established by the County and/or any governmental agency. Tenant will distribute to its employees, representatives, contractors and invitees a copy of these Rules and Regulations and all fire drill safety and handicap material provided to it from time-to-time by County and/or any governmental agency. If an audible fire

alarm is sounded in the Building, Tenant must take immediate and prudent actions to evacuate its employees, guests or patients from the Building through designated exits as posted by County. Tenant will notify County in writing of the emergency contact information of two on-site employees or representatives who are responsible for emergency evacuations or fire drills for their Premises. Tenant is responsible for notifying the County in writing of any changes to such assignments. Each Tenant will notify the County of any handicapped occupants or other individuals who may require special assistance in the event of an emergency.

11. Pursuant to the Smoke-Free Arizona Act, A.R.S. section 36-601.01, no smoking is allowed in any part of the Building, or within 20' of doors outside the Building. Tenant will instruct its employees of this regulation.
12. County will direct electricians and/or phone installation employees or contractors as to where and how telephone and computer network cables are to be introduced. No boring or cutting for wires will be allowed without the consent of the County. The location of telephones, call boxes and other office equipment affixed to the Premises will be subject to the approval of County.
13. County reserves the right, in its sole and reasonable discretion, to increase security services for the Building. Each Tenant will be responsible for its share of costs associated with such additional security, based on the percentage of the Building's useable square footage occupied by each tenant.
14. Outside of Business Hours, Tenant and its employees may access the Building or halls, elevators or stairways in the Building or to the Premises by using the security access card assigned by County. The County will in no case be liable for damages with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, fire alarm, bomb threat, riot, public excitement, or other commotion, County reserves the right to prevent access to the Building during the continuance of the same by closing of the doors or otherwise, for the safety of the Building occupants and the protection of the Building.
15. County reserves the right to exclude or expel from the Building any person who, in the judgment of County, is intoxicated or under the influence of alcohol or drugs, or who will in any manner do any act in violation of any of the rules and regulations of the Building or impair the safety of any Tenant, employee, or contractor of County.
16. No machines of any description will be installed, maintained or operated upon the Premises without the written consent of the County.
17. Tenant will not disturb, solicit, or canvass any occupant of the Building and will cooperate to prevent same by others.
18. County will have the right to control and operate the Common Area(s), and the public facilities, and heating and air conditioning, as well as facilities furnished for the common use of the Building occupants, in such manner as County deems best for the benefit and safety of the

Building occupants generally.

19. All entrance doors in the Premises will be locked when the Premises are not in use, and all doors opening to public corridors will be kept closed except for normal ingress and egress from the Premises. All emergency fire exit doors must remain free of debris from both the interior and exterior and remain locked when not in use.
20. The common hallway immediately adjoining the Premises will be kept clean and free from dirt and rubbish by Tenant and Tenant will not place or permit any obstruction or merchandise in such areas.
21. All patio areas, other than those adjacent to the common break room, may be utilized only by the Building tenants, and their employees, guests or invitees. No unsightly storage will be placed upon the patios. Tenant agrees to limit the use of the patio to outdoor furniture such as tables and chairs. There will be no storage, temporary or permanent, of bicycles, refuse containers or other such unsightly materials on any patio.
22. Upon the termination of the tenancy, Tenant will deliver to County all keys to the Premises and security access cards for the Building that have been furnished to Tenant.
23. No electrical cooking appliances other than microwave ovens and coffee machines located in the kitchen/breakroom are allowed in the Premises.
24. No space heaters, floor fans or floor lamps are allowed at any time in the Premises.

EXHIBIT D
TOBACCO FREE POLICY C 3.1.18

Page 1 of 2

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS POLICY
Subject: Tobacco-Free Environment
Policy Number C 3.18

Purpose:

Smoking and the use of tobacco related products are a major cause of preventable disease and death. As a leading employer and health proponent Pima County is committed to the promotion of health, wellness, and the prevention / treatment of diseases. Pima County also serves as a model for the public influencing attitudes about smoking and the dangers of tobacco products. The purpose of this tobacco-free policy is to create tobacco-free environments for all Pima County facilities, public buildings and adjacent properties, to provide Pima County employees and the public with guidelines for managing and supporting this policy, and to encourage a healthy lifestyle for all personnel and visitors.

Background:

As a major entity involved in the promotion of public health and safety within Pima County, the Board of Supervisors promotes and encourages the establishment of a tobacco-free zone on County facilities, public buildings and adjacent properties. The Board of Supervisors has previously established wellness as a priority for all County employees, by the adoption of the long-range Sustainability Program and employee incentives in the way of premium discounts for health insurance benefits. The establishment of a tobacco-free policy is the natural continuance of those efforts.

Policy:

It is the policy of the Board of Supervisors that to provide a safe and healthy environment for all employees, and the general public.

The Board of Supervisors prohibits the use of tobacco products at all times on County facilities, public buildings and adjacent properties, and in County vehicles. This prohibition applies to all employees, and to all visitors and other persons at any County sponsored activity or event conducted on County facilities, in public buildings or on adjacent properties.

Definitions:

Tobacco Products include cigarettes, cigars, pipes, smokeless tobacco, water pipes, hookah, e-cigarettes, chewing tobacco, snuff and other products containing tobacco.

EXHIBIT D
TOBACCO FREE POLICY C 3.1.18

Page 2 of 2

County Facilities, Public Buildings and Adjacent Properties including County owned or leased properties and a facility occupied or used by any County personnel, visitor, or vendor, and includes but is not limited to buildings, courtyards, walkways, breeze-ways, parking lots, parking structures, County vehicles (owned or leased), loading docks or construction sites.

Compliance:

County personnel are responsible for compliance with the policy.

Visitors and vendors observed to violate this policy shall be respectfully informed of the Tobacco-Free Environment Policy and asked to comply. If a visitor or vendor neglects to comply, that neglect to comply may be used as grounds for prohibiting access to premises or facilities by said visitor or vendor.

If any individual violating the policy appears agitated or otherwise confrontational regarding compliance, then County personnel shall immediately inform the staff responsible for the facility or security personnel if available and shall engage in no further intervention.

All vendors doing business with Pima County shall be notified of the Tobacco-Free policy and shall be expected to comply with the policy. Organizers and supervisors of public events, conferences, meetings and work activities on County facilities, work sites, public buildings and adjacent properties shall be responsible to communicating the requirements of the Tobacco-Free Policy to such events or conferences for attendees.

All new employees of Pima County will be informed on and educated about the Tobacco-Free Policy and the requirement that employees comply with the policy. Additionally, new employees shall be made aware of the availability of tobacco cessation programs sponsored or funded by Pima County.

References:

Pima County Ordinance, Chapter 2.12

Pima County Code, Section 8.50

Adopted Date: November 13, 2012

Effective Date: January 1, 2013

Website:

http://webcms.pima.gov/UserFiles/Servers/Server_6/File/Government/Clerk%20of%20the%20Board/Policies/C3-18.pdf