



City Council Agenda Item

City Council Meeting Date: April 21, 2020

TO: Honorable Mayor and Members of the City Council

FROM: Jim Throop, City Manager
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Jeff Malawy, City Attorney
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SUBJECT: Approval of an Amendment to the Memorandum of Understanding with Pale Blue Dot Ventures, LLC, for Potential Sale of Approximately 82 acres of City-owned Property, Including and Adjacent to Ken Adam Park, for Development of a Space Center

Recommendation:

Staff recommends the City Council approve the proposed Amendment to the Memorandum of Understanding (MOU) with Pale Blue Dot Ventures, LLC, (PBDV) (Amendment) (Attachment 1), which would extend the timelines established by the MOU due to the COVID-19 crisis and make certain other changes to the MOU.

Background and Discussion:

At its meeting of July 16, 2019, the City Council approved the MOU (Attachment 2). PBDV has been actively working to complete all of its obligations set forth in the MOU. Due to the impact the COVID-19 crisis has had on PBDV's efforts, Steve Franck sent a letter (Attachment 3) requesting timelines required of PBDV be extended by 90-120 days (Letter). As stated in the Letter, the current crisis has lessened PBDV's ability to have potential investors participate in the project, since they likely suffered significant financial losses due to the current economic situation. In addition, California's required "shelter-in-place" order has made it more difficult to have substantive conversations with potential investors. Below are the timelines that would be extended by the Amendment:

1. The term of the MOU, which is currently 545 days after July 17, 2019 (the effective date of the MOU), would be extended to 665 days; and
2. The date PBDV must provide proof of completing seed funding (\$750,000 with at least \$500,000 in cash) and provide the Concept & Feasibility Study and Experience Design Plan, which is currently 365 after the effective date of the MOU, would be extended to 485 days.

In addition, Mr. Franck indicated the entity involved with the project has been converted, pursuant to Delaware law, from Pale Blue Dot Ventures, LLC, a Delaware limited liability company, to Pale Blue Dot Ventures, Inc., a Delaware C corporation (which is registered to do business in California). Based on that, the Amendment changes the entity name accordingly; and, under Delaware law, the converted entity has assumed all the rights and obligations of the prior LLC under the MOU, as of the date of the conversion was completed, which was September 27, 2019. Also, the Amendment provides for how assignments to other entities will be handled in the future.

As required by the MOU, PBDV has already deposited \$25,000 with the City to cover the City's costs associated with negotiations of a potential exclusive negotiation agreement and disposition and development agreement (Deposit). The Amendment allows the City to use a portion of the Deposit to cover the City's legal costs for the preparation of this staff report and the Amendment.

Finally, the address to which notices would be sent to PBDV are also modified by the Amendment.

Staff is recommending the time extensions of 120 days suggested by the Letter, due to the uncertainty surrounding how long the COVID-19 crisis will continue.

Fiscal Impact:

The City's legal costs related to the Amendment would be covered by the Deposit. As stated when the MOU was presented to the City Council for approval, anticipated development of space center facilities in the City would add significantly to the economics of the City's General Fund, as well as the community's businesses. The actual projections for such economic benefits would be part of the *pro forma* provided by PBDV.

Conclusion:

For the above reasons, staff recommends the City Council approve the Amendment and direct the City Manager to execute it.

Respectfully submitted,

Jim Throop, City Manager



Jeff Malawy, City Attorney

- Attachments: 1) Amendment to MOU signed on behalf of PBDV
 2) MOU
 3) Letter from Steve Franck