



10 September 2020

**VIA ELECTRONIC DELIVERY AND COURIER**

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To: City of Lompoc  
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**SUBJ: REQUEST FOR ADDITIONAL 150-180-DAY DELAY OF MOU DEADLINES**

Ref: (a) Lompoc – PBDV Memorandum of Understanding (MOU) executed 17 Jul 2019  
(b) MOU Amendment approved by City Council and dated 22 April 2020 extending our  
Exclusivity Period by 120 days

Dear Mr. Throop:

I hope you and the wider Lompoc community are well considering the unprecedented and continuing effects of the COVID-19 virus.

Reference (a) was the original MOU between the City and Pale Blue Dot Ventures, Inc. executed on 17 July 2019. In late March 2020, we requested a deadline delay due to the early effects of COVID-19 lockdown. Our request was approved by the City Council and executed on 22 April 2020 (reference (b) pertains). This approval extended the "Exclusivity Period" in Section 2 of the MOU from 545 days to 665 days after July 17, 2019. We thank you for your consideration. In the ensuing period (April-September 2020), we have:

- Closed our \$300,000+ Friends & Family Round financing. This capital was a combination of cash and in-kind contributions. Our investors are predominantly local with experience in real estate, hospitality, architecture, media & entertainment, and education.
- Completed documentation for our \$1M Seed financing round, which will be used to finance the Concept & Feasibility Study (CFS), Experience Design Plan (EDP), environmental planning, project management office, legal and accounting fees, working capital, etc.
- Commissioned our website ([www.palebluedotventures.com](http://www.palebluedotventures.com)) and updated our teaser video (<https://youtu.be/hRW5qhPNJg>), which shows a 3D conceptual representation of our proposed project.
- Moved to Lompoc in early June.

- Begun to have substantive discussions from potential investors from the following key categories:
  1. **Space Industry Players:** In late July ULA and SpaceX won the National Security Space Launch (NSSL) competition worth multi-billion \$\$\$\$. We have reached out to SpaceX at the highest level. We are also pursuing contacts at United Launch Alliance, Blue Origin, Northrup Grumman, and Raytheon. We will be contacting other space industry players as well.
  2. **High Net Worth Investors/Family Offices:** We have several high-profile local opportunities and this is likely our second-best source of capital. A key meeting is pending with a well-known Santa Barbara potential benefactor who has backed local educational projects in the past.
  3. **Real Estate Development Players:** One local developer will be looking at the land this month. We would be keen to find a hotel development partner.
  4. **Hospitality Industry:** We are looking for the right sector entry point and would welcome the chance to work with a national hotel chain. COVID-19 has dramatically reduced the amount of travel and generally hotel investors are facing tremendous financial stress with many properties in forbearance, making them unwilling to step into new investment opportunities.
  5. **Silicon Valley Angel Investors and Venture Capitalists:** Broadly speaking, these investors are generally looking for 10x returns with low risk. We are working with the Cal Poly Center of Innovation and Entrepreneurship, Small Business Development Center (SBDC) to find interested parties.
  6. **Government Grants:** This is normally a lengthy process, and typically requires a 501c3 legal entity. Creating a 501c3 will likely be a requirement to work with varied government (USAF, USSF, NASA, etc.) and non-profit agencies.

While we hope you find this progress encouraging, COVID-19 has continued to cause exceptional financial market disruptions. The stock market has largely recovered from its dramatic 30-41% fall in Feb-Apr, and in fact recently even made new highs. Nonetheless, the markets remain highly volatile and the changes in 2020 measured on a year-over-year (YoY) or year to date (YTD) basis are decidedly mixed (Russell 2000 poor, NASDAQ Composite very strong).

Table 1 Stock Market Performance Sep 2019 - Sep 2020

	Feb High	Mar Low	Change High-Low	Recent 10 Sep 20	Change Low-Recent	YoY Sep19-Sep20	YTD Jan20-Sep20
Dow Jones Industrials (DJIA)	29,551	18,592	-37%	27,535	+48%	+1%	-3%
S&P 500 (SPX)	3,386	2,237	-34%	3,339	+49%	+11%	+3%
NASDAQ Composite	9,817	6,861	-30%	10,920	+59%	+34%	+22%
Russell 2000	1,692	1,002	-41%	1,508	+50%	-4%	-10%

Source: Wall Street Journal; Google Finance; low closing prices on 23 Mar 2020. YoY = Year on year results from Sep 10, 2019; YTD = Year to Date

I returned to California in early June. Quite frankly, the “shelter-in-place” restrictions and Santa Barbara County’s “Purple” classification continue to make substantive conversations difficult. In addition, in our view many potential investors are waiting for more clarity from the forthcoming national elections



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before making a substantial financial commitment. Finally, we believe the REACH2030 project will begin to highlight investment opportunities such as ours on the Central Coast.

#### REQUEST FOR ADDITIONAL DELAY

Consequently, we request an additional 150-180-day delay to our key milestone requirements. We had hoped that our previous 120-day delay would be sufficient. In our opinion, this should provide enough time for the capital markets to settle down and allow us to properly pursue the six key potential investor segments. The effect of this change would:

- Section 3C requires that PBDV *"Show evidence of having completed a seed funding round of ... at least \$500,000 in cash"* by 17 July 2020.
- Reference (b) effectively moved this deadline to mid-November 2020.
- We are requesting another 150-180-day delay, moving our mid-November 2020 deadline to mid-May 2021.
- Naturally, we remain hopeful that this deadline extension will not be utilized.

Many thanks for your consideration. We look forward to working with the City of Lompoc to build a future national treasure. With best regards.

A handwritten signature in black ink that reads "Steven G. Franek". The signature is fluid and cursive, with the first name being the most prominent.

Steven G. Franek  
Founder & CEO

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