



4 March 2021

VIA ELECTRONIC DELIVERY AND COURIER

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To: City of Lompoc
Attn: City Manager, Mr. Jim Throop
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SUBJ: REQUEST FOR ADDITIONAL DELAY OF KEY MOU DEADLINE TO DECEMBER 2021

Ref: (a) Original 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
(c) Second Amendment to MOU approved by City Council and dated 9 Oct 2020 extending our Exclusivity Period by an additional 180 days

Dear Mr. Throop:

Many thanks for your continued support for our project. I hope you and the wider Lompoc community are well considering the continuing effects of the COVID-19 virus.

Reference (a) was the original MOU between the City and Pale Blue Dot Ventures LLC executed on 17 July 2019. Having raised \$300K+ over a four-month period, in 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. In September 2020 the effects of the COVID-19 pandemic were still significant and hence we requested an additional 2nd delay. The Second Amendment approval (reference (c) pertains) on 9 Oct 2020 further extended the “Exclusivity Period” in Section 2 of the MOU an additional 180-days to 845 days after July 17, 2019. That effectively moved the key deadline to mid-May 2021. We thank you for your consideration.

In the ensuing period (October 2020 – March 2021), we have begun to have a number of substantive discussions with potential investors from the following key categories:

1. **Space Industry Players:** We have proposals out to both Boeing and United Launch Alliance. A significant industry player would be our ideal partner, as they could not only bring capital but also expertise. We are working on a specific offer to SpaceX at the highest level. We are also pursuing contacts at Northrup Grumman and Raytheon, as well as other space industry players.



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2. **High Net Worth Investors/Family Offices:** We continue to pursue several high-profile local opportunities, and this is likely our second-best source of capital. Naturally, we don't believe it prudent to divulge their names.
3. **Hospitality Industry:** We have proposals out to several local, regional, and national hotel developers and have had substantive discussions with them. COVID-19 has dramatically reduced the amount of travel and generally hotel investors are facing tremendous financial stress with many properties in forbearance. Nonetheless, some hotel properties in the Cape Kennedy area have been running at 80-90% of capacity thru this challenging period. For instance, we have had discussions with an operator of 20+ premium brand select service hotels with 3,400 rooms across 8 US states. Also, with the leading, global, 3rd party hotel management company operating branded full service, select service, luxury hotels, destination resorts, convention centers and lifestyle hotels. This company now represents a premium portfolio of more than 1,500 branded and independent properties in 49 states and 21 countries.
4. **National Developer:** We have had financing discussions with a west coast developer with more than 10 million ft² of commercial and mixed use, hospitality, multi-family and master planned communities across the USA.
5. **Angel Investors and Venture Capitalists:** We have begun early-stage due diligence with the principals of Little Harbor Advisors LLC, a \$370 million SEC registered private equity and hedge fund manager. We have early interest from a Florida based private equity fund that already has themed entertainment, educational, hospitality and real estate investments.
6. **Academic:** We have had talks at the highest levels of Cal Poly about finding ways to work together. We are putting together a team with Cal Poly's Engineering Department to pitch for a DARPA program called NOM4D (Novel Orbital and Moon Manufacturing, Materials and Mass-efficient Design). We remain engaged with Cal Poly's Center of Innovation and Entrepreneurship, and Small Business Development Center (SBDC) to find interested parties.
7. **Government Grants:** We have begun to pursue government grants (state & federal) as well as creating a 501(c)(3) legal entity. We believe this will be necessary to work with varied government (USAF, USSF, NASA, etc.) and non-profit agencies. Given the forthcoming focus on infrastructure by the new administration as the pandemic wains, we believe government support could be a real possibility, albeit later in 2021 or 2022.

Of course, COVID-19 has continued to cause exceptional and widespread disruptions since your 2nd Amendment in Oct 2020. I returned to California in September 2020. Unfortunately, the Dec 2020 "shelter-in-place" restrictions and Santa Barbara County's "Purple" and more recently "Red" classification continue to make substantive conversations difficult.

REQUEST FOR ADDITIONAL DELAY

Consequently, we request an additional 210-day (7 months) delay to our key milestone requirements. We had hoped that our previous delay would be sufficient. In our opinion, this should provide enough time to properly pursue the seven 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.
- Reference (c) effectively moved this deadline to mid-May 2021.
- We are now asking for a third (and presumably final) amendment to move our key deadline an additional 210 days (7-months) to mid-December 2021.



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- Naturally, we remain hopeful that this deadline extension will not be utilized.

In summary, we are specifically asking for:

- The deadline for satisfactory completion of the seed funding round and submission of the MOU Submittals pursuant to MOU Subdivision 3.C be extended an additional 210 days to 875 days after July 17, 2019. This effectively makes the key financing deadline mid-December 2021.
- The "Exclusivity Period" as defined in Section 2 of the MOU also be extended an additional 210 days for a total of 1055 days after July 17, 2019. This effectively makes the "Exclusivity Period" thru mid-June 2022.

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, appearing to read "Steven G. Franck". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Steven G. Franck
Founder & CEO

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