



City Council Agenda Item

City Council Meeting Date: April 6, 2021

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 a Third Amendment to the Memorandum of Understanding with Pale Blue Dot Ventures, Inc., 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 Third Amendment to the Memorandum of Understanding (MOU) (Attachment 1) with Pale Blue Dot Ventures Inc. (PBDV) (Third Amendment), which would extend the timelines established by the MOU due to the COVID-19 crisis. If the Third Amendment is approved, the proof of completing seed funding and the Concept & Feasibility Study and Experience Design Plan will be due on December 8, 2021, instead of May 12, 2021, and the exclusive negotiations period will end on June 6, 2022, instead of November 8, 2021.

Background and Discussion:

At its meeting of July 16, 2019, the City Council approved the MOU (Attachment 2). At its meeting of April 21, 2020, the City Council approved the first amendment to the MOU (Attachment 3); and at its meeting of October 6, 2020, approved the second amendment to the MOU (Attachment 4). PBDV has continued actively working to complete all of its obligations set forth in the MOU, as amended. Due to the impact the COVID-19 crisis has had on PBDV's efforts, Steve Franck sent a letter (Attachment 5) requesting two timelines required of PBDV be extended by 210 days (Letter). As stated in the Letter, the current crisis has continued to lessen PBDV's ability to have potential investors participate in the proposed 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.

The timelines that would be extended by the Third Amendment are the dates 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. Those deadlines are currently 665 days after the effective date of the MOU, which was July 17, 2019, and would be extended to 875 days after that effective date. In addition, the period within

which the City is agreeing to deal, exclusively, with PBDV regarding the subject property will be extended for an additional 210 days to 1055 days after that effective date.

That means if the Third Amendment is approved, the proof of completing seed funding and the Concept & Feasibility Study and Experience Design Plan will be due on December 8, 2021, instead of May 12, 2021; and the exclusivity period will end on June 6, 2022 instead of November 8, 2021.

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). As did the First Amendment and Second Amendment, the Third 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.

Staff is recommending the time extensions be for the 210 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 Third Amendment would be covered by the Deposit. As stated when the MOU, First Amendment, and Second Amendment were 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 Council approve the Third Amendment.

Respectfully submitted,

Jim Throop, City Manager



Jeff Malawy, City Attorney

Attachments: 1) Proposed Third Amendment signed on behalf of PBDV
2) MOU
3) First Amendment to MOU
4) Second Amendment to MOU
5) Letter from Steve Franck