



November 4, 2022

BY U.S. MAIL AND EMAIL

Pale Blue Dot Ventures, Inc.
Attn: Steven Franck, CEO
1010 North H Street
LaunchPad Suite G, Box 35
Lompoc, CA 93436
steven.franck@palebluedotventures.com

Re: Fundraising Requirement – MOU Section 3.C.1.

Mr. Franck,

Thank you for your submission by letter dated September 30, 2022, and subsequent supporting documentation, in an effort to comply with Section 3.C.1. of the Memorandum of Understanding dated July 17, 2019, between Pale Blue Dot Ventures, Inc. (Developer) and the City of Lompoc. Relevant City staff and I have reviewed and evaluated the information you submitted. My findings are as follows:

Third Party Expenditures:

1. The Developer has spent \$253,362 (3 invoices) on services provided by IDEAS Media Experience & Design.
2. There is a formal contract for those services, which entail strategic plan and community outreach services.
3. The contract states that the two parties are unrelated in any respect.

The Developer has met the burden of proof for the \$250,000 in allowable third party expenditures as part of the \$750,000 MOU seed funding requirement.

Cash Requirement:

1. The Developer has deposited \$404,227 into a checking account in the name of Pale Blue Dot Ventures, Inc.

2. The Developer indicated that \$69,621 (\$14,395 + \$55,226) in funds were contributed to the project, but those funds do not appear on the bank statements submitted by the Developer. Also, no information is provided on what project related costs were paid for with those funds.
3. The Developer has provided expenditures information for \$35,824 in expenses. It is unclear how a significant number of those expenditures are directly project related.
4. The ending balance in the Pale Blue Dot Ventures, Inc. checking account is \$285,986. Based on the information that has been submitted, it is impossible to determine whether or not the \$118,241 (\$404,277 - \$285,986) in withdrawals were used for expenses directly related to the project.

Based on the currently available information, the City can verify that \$285,986 in seed funds have been made available directly to the proposed project. For the City to validate that the full \$500,000 cash funding requirement has been fulfilled, it will be necessary for the Developer to complete the following action to demonstrate that there have been \$214,014 in additional direct cash contributions to the proposed project:

1. Provide documentation, validated by an independent CPA in accordance with Generally Accepted Accounting Principles, of a minimum of \$214,014 in expenditures that are directly related to the project.

Sincerely,



Dean Albro
City Manager
City of Lompoc