



December 20, 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 submitting additional documentation on December 2, 2022, as the City requested in our letter dated November 4, 2022, as part of your 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. I have reviewed and evaluated the information you submitted, with the assistance of a consultant, Keyser Marston Associates. My findings are as follows:

Per Section 3.C.1. of the MOU, Pale Blue Dot is required to provide evidence of \$750,000 in seed funding, consisting of at least \$500,000 in cash and the remainder can be provided through third-party expenditures.

Third Party Expenditures

1. Pale Blue Dot has spent \$253,362 (3 invoices) on services provided by IDEAS Media Experience & Design.
2. There is a formal contract for these services, which entail strategic plan and community outreach services.
3. The contract states that the two parties are unrelated in any respect.
4. Approximately \$100,000 of these services were related to an event called Lompoc Space Park Story Jam that was held in 2019.

Based on the above, Pale Blue Dot has met the burden of proof for the \$250,000 in allowable third party expenditures.



Cash Expenditures (\$500,000 Requirement)

Per conversations between Pale Blue Dot and the City's consultant, Pale Blue Dot Ventures, Inc. is a single purpose entity formed specifically for the Proposed Project (as defined in the MOU). Pale Blue Dot provided a Profit and Loss Statement for this entity for the period of January 2018 to November 28, 2022.

1. The Profit and Loss Statement identifies \$678,470 in total expenses over this four-year period.
2. It is assumed the \$253,362 in services provided by IDEAS Media Experience & Design are included in the Profit and Loss Statement. Since the IDEAS services are already counted towards the \$250,000 in allowable third party expenditures as part of the \$750,000 MOU seed funding requirement, the City excludes these costs from the total Losses.
3. When the \$253,362 in IDEAS services are excluded from the Profit and Loss Statement, Pale Blue Dot can show \$425,108 in expenditures ($\$678,470 - \$253,362 = \$425,108$).
4. Pale Blue Dot also submitted checking account statements that demonstrate an ending balance of \$285,986 as of September 30, 2022.

When the \$425,108 in net expenditures from the Profit and Loss Statement are added to the \$285,986 in available funds in the checking account, Pale Blue Dot can demonstrate \$711,094 in cash and/or cash expenditures. This exceeds the MOU's \$500,000 cash expenditure requirement.

As such, Pale Blue Dot has exceeded the minimum seed funding requirements imposed by the MOU.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dean Albro".

Dean Albro
City Manager
City of Lompoc