

EXHIBIT A

As appended to City of Moreno Valley, California Professional Services Agreement dated (insert date) between the City and Lighthouse Immersive Studios California , Inc, (“Vendor”)

REVISED SCOPE OF WORK DOCUMENT – Moreno Valley Museum and Art Space

V6 – Nov 9/24

1. Project Overview

- **Project Title:** Moreno Valley Museum and Art Space
- **Purpose:** The City of Moreno Valley wishes to engage Vendor to design, build and operate a revenue-generating combination permanent museum and a separate art space that LIS will program with temporary exhibitions. In addition, the City requires some of the space for offices and public use.
- **Location:** The site is the 76,000 ft² Floor 1 of a former Sears retail store in the Moreno Valley Mall. The mall occupies prime freeway frontage on State Route 60 which serves as the main thoroughfare between Los Angeles and Palm Springs with 56.2 million vehicle trips per year.
- **Goals:** In order to increase local visitors’ traffic and attract new residents, the City wishes to redevelop the mall to include a destination entertainment district, new hotels and residential units and a transportation hub. The new Museum and Art Space are meant to anchor the entertainment district within the re-developed mall.
- **Vendor Scope:** The Vendor’s scope of work is limited to the 38,000 ft² of interior space for the museum and art spaces. This SOW excludes the remaining 38,000 ft² to be used for City purposes Any exterior cladding, landscaping, branding, wayfinding signage or lighting for either space are the responsibility of the City.
- **Timeline:** A professional services agreement between Vendor and the City is to be executed by Jan 31, 2025; the target completion/opening date for the Museum and Art Space is by Jan 31, 2026.

2. Scope Description – Vendor shall be responsible to perform the following services within the attached Project Timeframe attached hereto.

- **Research:**
 - Conduct historical research on the history of the Moreno Valley area
 - Identify suitable content for permanent exhibition
 - Identify suitable content for upgrading the permanent exhibition on an annual basis
 - Research suitable temporary attractions to program the art space and present a list and prospective calendar

- Research building and site dimensions, conditions, environmental factors, permit considerations, desirable visitor amenities, electrical and plumbing requirements
- Research potential sponsorship support
- **Building Design:**
 - Present a design for approximately 5,000 square feet of permanent museum space to showcase the history and features of Moreno Valley
 - Present a design for approximately 8,000 square feet of temporary art space suitable for touring immersive shows, interactive exhibitions, and art exhibits
 - Present a design for the remaining 25,000 square feet to include:
 - Multi-use space – Café, additional exhibition/event space
 - Retail store
 - Staff/Public Washrooms
 - Scenic Lobby
 - Common Space
 - Loading Dock/Receiving/Storage
 - Server/utility room
 - Staff Break Room
 - Administrative/production office
 - A preliminary Use of Space plan has been attached hereto
- **Build-Out: City Obligations**
 - The City will deliver the space to Vendor as specified below:
 - in good, leak-free working order,
 - free of any material defects or hazardous materials,
 - all ceiling tiles and hanging bars removed,
 - all excess plumbing, wiring or other hardware not needed for the functioning of the space removed, remaining pieces to be properly dressed
 - functioning work lights,
 - grade-level loading dock capable of accommodating two 53-foot articulated semi-trailers at the same time,
 - all access doors fitted with secure, keyed metal doors,
 - properly sealed windows,
 - fully functional hvac system capable of managing heating, cooling and ventilation needs of the space as it is intended to be used as a public-gathering space,
 - temperature and humidity control for the Gallery and additional exhibition space to meet standards of touring art and museum exhibitions
 - a Gallery specific power supply of at least 400A 3-phase 208V
 - a working 1” water supply
 - men’s and women’s washroom facilities as required for the intended use of the space
 - access to sufficient grey and blackwater drainage to meet the building’s intended future uses
 - a suitable fire suppression system as mandated by local building codes for the building’s intended future uses as a public entertainment and gathering space

- **Build-Out: Vendor Obligations**
 - engage and manage a general contractor to manage all trades to develop the physical spaces and required infrastructure in preparation for installation of the permanent exhibition, art spaces and all other intended uses as identified on the attached Use of Space drawing.
 - engage and manage all required designers, technicians, fabricators, and content creators to build/fabricate both the permanent exhibition, art space and all other spaces as identified on the attached Use of Space drawing.

- **Exhibition Installation(s) and Removal(s)** (on annual basis)
 - Manage the installation, operation and maintenance of the museum and immersive art spaces
 - On an annual basis, manage the changeover (removal and installation) between temporary exhibitions in the art space

- **Operations** (both Museum & Art spaces on an annual basis)
 - Propose and manage staffing
 - propose and manage a ticketing solution
 - propose and manage a retail souvenir store operation
 - propose and manage a food & beverage operation
 - propose and manage a maintenance plan for all physical exhibit elements and all technical equipment
 - propose and manage an annual marketing plan to drive visitor traffic
 - propose and manage an annual plan to solicit sponsorship support
 - propose and manage a booking strategy for the art space to secure suitable attractions on a year-round basis
 - propose and manage a financial plan to provide budgeting, forecasting and reporting for the project

- **Project Management:** (during buildout)
 - Provide full project management services to achieve the stated goals
 - Maintain regular communication with City officials throughout
 - Provide agreed reporting on a scheduled basis

3. Deliverables

Vendor will supply the following according to the Project Timeline:

- **Design Documents:** Concept sketches, architectural drawings, 3D models (if any), etc.
- **Specifications:** Material and finish specifications, systems requirements (lighting, electrical, plumbing, security, internet service)
- **Construction Plans:** Submit detailed construction documents including structural, mechanical, and electrical plans
- **Museum Design:** Submit design for permanent City of Moreno Valley Museum
- **Art Space Design:** Submit design for temporary, re-configurable art space(s)

- **Legal Structure:** Vendor will setup a specific California company to enter into the agreement with the City and to build and operate the venue

4. Project Timeline

- **Overall:** preliminary proposed timeline is attached hereto
- **Milestones:** proposed milestone dates are attached hereto

5. Roles and Responsibilities (research, design, construction to venue opening)

- **Vendor Project Leaders:**
 - **Lighthouse President & CEO** – Corey Ross
 - **Project Leader** – Vicente Fusco (key person)
 - **Project Director** – Keti Gordover (key person)
 - **Executive Producer** – Steve Howard
 - **Artistic Director** – David Korins
 - **Studio Director** – Miles Dale
 - **Project Manager** – tba
 - **General Contractor** – tba
 - **Project Architect** – tba
- **Vendor Operating Team** – team to be identified at a later date
 - General Manager (key person)
 - Ticketing Director
 - Marketing Director
 - Operations Director
 - Finance Director
- **City Representatives**
 - **Assistant City Manager** – Brian Mohan
 - **Parks & Community Services Director** – Jeremy Bubnick
 - **Senior Management Analyst** – Melissa McClain
- **City Involvement**

Vendor requires that the City Representatives be responsible for:

 - Providing a list of documents from Vendor that require formal City approval
 - Provide timely approvals on document submissions
 - Provide reasonable notice of any issue that may result in the assessment of a penalty deduction from Vendor’s fee in order to allow Vendor an opportunity to remedy the issue
 - Provide direction to Vendor on priorities for content in the City Museum portion of the project space
 - Provide artifacts for display in the Museum

- Provide assistance to vendor’s research team with regard to the history of the City and surrounding area
- Provide introductions to key business and charitable leaders within the community upon request
- Assist Vendor with the solicitation of local business for sponsorship support
- Attend (at least) monthly update meetings (in-person or online)
- Provide a list of all required permits and inspections to allow Vendor to complete the SOW
- Provide timely assistance to any roadblocks or challenges appropriate for the City to assist with
- Approvals on contracts for temporary exhibitions which will expose the City to potential operating losses – subject to Vicente discussion with City
- Provide timely approval of any Vendor sub-contractors not on the pre-approved list
- Provide marketing support including, but not limited to:
 - Billboard signage throughout Moreno Valley
 - Street pole banners throughout Moreno Valley
 - Signage locations with Moreno Valley Mall
 - Electronic Marquee facing freeway
 - Regular mailouts to area residents
 - Website and social media support on City channels
- Provide government backed insurance for high value exhibitions
- Provide a \$5M line of credit for funding 3rd party IP content for Art Space

6. Financials

- **Estimated Startup Costs** (includes contingency and Vendor profit margin):

○ Concept Development & Design	\$1,500,000
○ Research Study	\$150,000
○ Construction/Build-Out	\$1,800,000
○ Design/Production Services	\$2,500,000
○ Fabrication (props, scenic)	\$2,500,000
○ Pre-Opening Marketing Campaign	\$500,000
○ Operations Launch	\$250,000
○ Management Fees	\$650,000
○ Ticketing Setup	\$150,000

Total	\$10,000,000
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- **Payment Schedule**

- \$5,000,000 on execution of the agreement
- \$250,000 per month beginning on Feb 1, 2025 and continuing for 10 months ending Nov 1, 2025
- \$2,500,000 on opening of the Museum and Art Space

- **Estimated Combined Venue Operating Costs (annual)**
 - Leasing Costs (paid by City)
 - Utilities (paid by City)
 - Staffing \$800,000
 - Equipment/Consumables \$100,000
 - Marketing \$550,000
 - General (Insurances, Permits) \$50,000

Total **\$1,500,000**

Operating costs to be paid on the 1st of every month to the Vendor.

- Vendor to be permitted move funds between cost categories within the total approved capitalization and annual operating budgets
- City and Vendor to agree an annual cost inflation amount for operating budget throughout the 10-year term

- **Estimated Art Space Exhibition Revenue & Costs**

- Each temporary exhibition will have its own cost obligations which are in addition to the annual venue operating costs detailed above
- Typical additional costs include:
 - A guarantee payment to the rights holder
 - A royalty payment to the rights holder
 - Reimbursement of certain rights holder expenses
 - Costs to install and remove the exhibit
 - Any necessary modifications to the Art space to accommodate the exhibition
 - Additional insurance cover (ie fine art exhibition)
 - Marketing costs
 - Additional staffing
 - Additional equipment rentals
 - Misc additional costs

- **Funding Sources:**

- This project is being fully funded by the City of Moreno Valley
- There is no U.S. federal money funding the project
- Once operating (post open) some funds will come from the City’s share of stated revenue sources

- **Revenue Allocation – Museum**

- Ticket Revenue (net of any applicable taxes and credit card fees) will be shared on a 50/50 basis between the City and Vendor
- Once the City has recovered its \$1.5M annual operating costs, any overage will be held as a cultural fund used for financing future art space exhibitions or securing additional museum content
- Ticket Fee revenue will be retained by Vendor in return for providing ticketing services

- Operating costs including staffing, marketing, utilities and insurances will be paid by the City from the approved operating budget
 - Museum operating profits will be retained by Vendor in return for programming, marketing and managing the venue
 - Museum operating losses are 100% the responsibility of the City
 - City to earn a 20% sales commission on any sponsorship it helps to sell, net of any directly attributable costs; Vendor to manage all sponsorship solicitation and program execution
 - Vendor to be responsible for collection of all revenue, paying all taxes/expenses and providing quarterly statements and revenue distributions to City
- **Revenue Allocation – Art Space – Vendor promoted IP**
 - Vendor will be actively booking and promoting temporary attractions in the art space on an annual basis
 - All revenue from all sources will be retained by Vendor in return for taking the financial risk, programming, managing and marketing such exhibition(s)
 - Vendor is responsible to pay any required guarantees and royalties to third-party IP holders
 - Vendor is responsible to pay all costs of installation and removal
 - Vendor is responsible to pay all costs of exhibition-specific marketing
 - Operating costs including staffing, venue (not IP) marketing, utilities and insurances will be paid by the City from the approved operating budget
- **Revenue Allocation – Art Space – Third Party Rentals**
 - When Vendor rents the Art Space to third parties, City shall receive 50% of the rental fee net of any directly attributable costs associated with generating the rental income, with the balance retained by Vendor
 - All operating expenses will be paid by the third-party tenant, unless included in the negotiation to be part of the rental fee
 - All operating risk will be taken by the third-party tenant
 - All operating profit will be retained by the third-party tenant
- **Estimates Subject to Change**
 - All revenue and expense estimates are subject to change
 - In no event shall Vendor’s total billing exceed the agreed Maximum Allowable cost without prior, written approval.

7. Regulatory Requirements

- **Permits and Approvals:**
 - Vendor will be relying upon the City, General Contractor and Project Architect to provide Vendor with an overview of necessary local, state, and federal permits required to complete the SOW.
- **Building Codes:**
 - Vendor and its subcontractors will be compliant with relevant building and safety codes.

8. Communication Plan

- **Reporting:**
 - Vendor will provide a written update on the project progress on at least a monthly basis
- **Meetings:**
 - Vendor will schedule an online or in-person meeting at least monthly to update the City on the project progress

9. Risk Management

- **Identified Risks:** (including, but are not limited to)
 - Failure of transportation delivering goods or services
 - Inclement weather or other force majeure issues
 - Global supply chain challenges
 - Unidentified prior conditions within the space
 - Poorer than expected ticket sales
 - Higher than expected operating costs
 - Underperformance in other revenue categories
 - Operating losses
- **Mitigation Strategies:** Plans to address identified risks.
The following are the strategies the Vendor will employ to address the risks above:
 - Sourcing alternative sources of transportation or services
 - Advance planning when inclement weather is forecast
 - Sourcing alternative suppliers
 - Timely remediation of unidentified prior conditions within the venue
 - Alternative ticket pricing, show scheduling and marketing strategies to address poor ticket sales
 - Changes to staffing levels and renegotiations with vendors to address higher than expected operating costs
 - Sourcing additional resources, expanding target list, changing marketing tactics, adjusting product mix, pricing and program design – will be employed to address underperformance in other revenue categories
 - Cost reduction strategies coupled with revenue improvements will be employed to address operating losses

10. Change Management

- **Process for SOW Changes proposed by Vendor:**
 - **Step 1** – Vendor to notify City in writing of any recommended changes
 - **Step 2** – City to respond in a timely manner with approval, denial or alternative suggestions
 - **Step 3** – Vendor to issue a written Change Order once all changes have been discussed and agreed
 - **Step 4** – Vendor to update any applicable documentation to reflect the changes – ie timeline, budget, design drawings, SOW
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11. Acceptance & Approval Criteria & Process

- Vendor submissions for approval must substantially meet the expectations set forth by the City.
- Approvals must be given in a timely manner, Vendor to communicate required timeline at time of submission
- Vendor will consult with City (if requested) but Vendor has final approval on all Art Space bookings

12. City-Hired Vendors

- City must inform Vendor, in advance, of any plans to hire its own or Vendors in connection with this SOW
- City and Vendor would then meet to discuss any possible SOW overlap in order to avoid any resulting complications, delays or cost escalations

13. Appendices

- **Project Timeline**
- **Project Use of Space Document** – preliminary version has been previously provided
- **List of Documents requiring City approval** – City to provide to Vendor
- **List of pre-approved vendors as sub-contractors**
- **Template sub-contractor agreement**