

DRAFT**RESOLUTION 20xx-xxx**

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO BLUE ECONOMY AGREEMENTS OR BLUE ECONOMY AGREEMENTS IN SUBSTANTIAL CONFORMANCE THEREWITH, THROUGH THE DISTRICT'S BLUE ECONOMY INCUBATOR WITH: (1) SAN DIEGO BAY AQUACULTURE LLC. FOR A 5-YEAR PILOT PROJECT TO DEMONSTRATE SHELLFISH AQUACULTURE NURSERY OPERATIONS AND MANAGE THE FLOATING UPWELLER SYSTEM; (2) RED LION CHEM TECH LLC. FOR A 1-YEAR PILOT PROJECT TO DEMONSTRATE COPPER REMEDIATION APPLICATIONS FOR A TOTAL AMOUNT NOT TO EXCEED \$165,000; (3) RENTUNDER AB. FOR A 2-YEAR PILOT PROJECT TO DEMONSTRATE A DRIVE-IN BOATWASH TECHNOLOGY FOR A TOTAL AMOUNT NOT TO EXCEED \$140,000; AND (4) SWELL ADVANTAGE LTD. FOR A 1-YEAR PILOT PROJECT TO REFINE DEVELOPMENT OF A SMART MARINA SOFTWARE AND SMART PHONE APPLICATION FOR A TOTAL AMOUNT NOT TO EXCEED \$100,000

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the legislature in 1962 pursuant to Harbors and Navigation Code Appendix 1, (Port Act); and

WHEREAS, in 2016 the District established a Blue Economy incubator and strategic investment fund to assist in the creation, development and scaling of new business ventures on San Diego Bay, focusing on aquaculture and blue technology; and

WHEREAS, the District's Blue Economy incubator will serve to build a Blue Economy portfolio by leveraging the commitment from a strategic investment fund of \$5,000,000 over 5 years, with \$1,000,000 budgeted per fiscal year; and

WHEREAS, the investment fund will focus on shellfish aquaculture and blue technology opportunities, balancing between early stage (pre-revenue), market-ready ventures, and between a mix of high growth and long-term strategic opportunities; and

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WHEREAS, the Blue Economy incubator will also assist in bringing innovative tenants who can deliver multiple social and environmental benefits to the region including, fisheries enhancement, ecosystem restoration, water quality improvement, environmental monitoring, and education and outreach; and

WHEREAS, on May 9, 2016, the District launched the Blue Economy Incubator inviting, early stage and market-ready ventures that align with the incubator objectives to submit applications and business proposals on a continuous basis; and

WHEREAS, the District received multiple inquiries and seven official proposals, of which, four were deemed complete and were moved forward for consideration under the following four step competitive review process; and

WHEREAS, the proposals selected for review provided the required business plan information for staff to analyze the pilot project feasibility, the financial viability of the proposal, and strategic alignment with the District's core mission, Port Act and Public Trust purposes; and

WHEREAS, a cross-departmental team conducted a due diligence with the objective to evaluate whether the four complete business proposals were consistent with the core objectives of the incubator; and

WHEREAS, the due diligence also included a review of the risks, financial, social, and environmental benefits of the proposals

WHEREAS, an Incubator Committee comprising of the District's Chief Financial Officer, Chief Operations Officer, a representative from the General Counsel's Office, Business Director and Subject Matter Experts met on January 24, 2017 with the four companies who submitted completed proposals and recommended the four proposals be advanced to the next step; and

WHEREAS, the Incubator Committee presented the proposals to the BPC's Blue Economy Investment Ad-Hoc Committee for direction and feedback regarding which proposals should be forwarded to the full BPC for consideration;

WHEREAS, the Blue Economy Investment Ad-Hoc Committee met on March 8, 2017 and March 22, 2017 and directed staff to advance all four proposals to be considered by the full BPC, and

WHEREAS, the staff on the incubator committee has reviewed and selected the following four proposals and recommends authorizing agreements as they achieved the best balance of potential return on investment, and potential social and environmental benefits:

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(1) San Diego Bay Aquaculture LLC (SDA) for a 5-year pilot project to operate the Floating Upweller Nursery System (FLUPSY) for the shellfish aquaculture nursery operations, and the District providing certain permit rights, and use of District-owned property and/or equipment in exchange for a percentage of revenue from the pilot project and other consideration; and

(2) Red Lion Chem Tech LLC for a 1-year pilot project to demonstrate the efficiency of the absorbent media filtration (resin technology) designed to remove dissolved copper in seawater under both a passive (Ballast Flow Through) and active (Pump and Treat Flow Through) filtration systems; with a District investment of \$165,000 and the District providing certain permit rights, and use of District-owned property and/or equipment in exchange for royalties on the future revenue of Red Lion's technology and other consideration; and

(3) Rentunder AB – Drive-in Boatwash for a 2-year pilot project for the installation and operation of the Drive-in Boatwash technology for in-water hull cleaning, as well as water quality monitoring, with a District investment of \$140,000 and the District providing certain permit rights, and use of District-owned property and/or equipment in exchange for a percentage of revenue from the pilot project, royalties on revenue from future systems installed in the State of California and other consideration; and

(4) Swell Advantage Ltd. for a 1-year pilot project to improve and demonstrate Swell's technology and smart phone application by refining, and continuing the development of a smart marina mapping tool to automate and optimize dock management application for marinas in San Diego Bay with a District investment of \$100,000 in exchange for royalties on the future revenue of Swell Advantage's technology and other consideration.

NOW, THEREFORE, BE IT RESOLVED that the Board of Port Commissioners of the San Diego Unified Port District hereby authorizes the Executive Director or her designee to execute four Blue Economy Agreements with (1) San Diego Bay Aquaculture LLC for a 5-year pilot project to demonstrate shellfish aquaculture nursery operations and manage the floating upweller system; (2) Red Lion Chem Tech LLC for a 1-year pilot project to demonstrate copper remediation applications for a total amount not to exceed \$165,000; (3) Rentunder AB- Drive-in Boatwash for a 2-year pilot project to demonstrate a drive-in boatwash technology for a total amount not to exceed \$140,000; and (4) Swell Advantage Ltd. for a 1-year pilot project to refine development of a smart marina software and smart phone application for a total amount not to exceed \$100,000; so long as the agreements are in substantial conformance with those attached to the corresponding Agenda on file in the Office of the District Clerk.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the
San Diego Unified Port District, this 20th day of June 2017, by the following vote: