



**\*\*NEWS RELEASE\*\***

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## **Poseidon Resources' Carlsbad Desalination Project Reaches Financing Milestone**

San Diego -- Poseidon Resources today announced the California Debt Limitation Allocation Committee ("CDLAC") has voted unanimously (3-0) to allocate \$530 million in Private Activity Bonds ("PABs") to the Carlsbad Desalination Project. CDLAC administers and allocates the state's annual allocation of federal tax-exempt PABs for the financing of certain private development projects that benefit the public. The allocation of PABs to the Carlsbad Desalination Project should lower the project's debt service costs, which in turn will allow Poseidon's public water agency customers to purchase water at a lower rate.

Every year, hundreds of private developers apply to CDLAC to utilize this financing structure. Since 2005, CDLAC has allocated billions of dollars in PABs to privately-owned companies in California. Projects have included industrial development, redevelopment projects, enterprise zones, facilities that treat water, sewage or hazardous materials, pollution control, solid waste reduction projects and low income multi-family housing. Unlike municipal bonds that also carry a tax exempt status, Poseidon will solely be at risk to pay the principal and interest on the PABs. The state of California and the project's public water agency customers bear no financial responsibility for the repayment of the bonds.

"Today's action by the California Debt Limitation Allocation Committee is a major milestone in the financing for the Carlsbad Desalination Project. The allocation of Private Activity Bonds should allow Poseidon Resources to lower the cost of this new drinking water supply for San Diego's ratepayers," said Poseidon Resources' Senior Vice President Peter MacLaggan. "The allocation of Private Activity Bonds clears the way for Poseidon to close project financing and move forward with full-scale construction of the plant," said MacLaggan.

Poseidon has worked in partnership with the City of Carlsbad, Valley Center Municipal Water District, Sweetwater Authority, Santa Fe Irrigation District, City of Oceanside, Rincon del Diablo Municipal Water District, Olivenhain Municipal Water District, Rainbow Municipal Water District and the Vallecitos Water District to build the desalination plant, which will have the capacity to produce 50-million-gallons-per-day of high quality drinking water and serve 300,000 residents annually. Phase I of project construction started in November 2009. During the two and half-year construction and start up, the project will create 2,100 jobs and approximately \$200 million in economic stimulus. The facility is scheduled to be operational in 2012.

*Poseidon Resources specializes in developing and financing water infrastructure projects, primarily seawater desalination and water treatment plants. These projects are implemented through innovative public-private partnerships in which private enterprise assumes the developmental and financial risks. For more information on Poseidon Resources and the Carlsbad desalination plant visit our website at [www.carlsbad-desal.com](http://www.carlsbad-desal.com).*

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