

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: January 15, 2019

*Request to Approve Final Resolution Authorizing the Issuance
of Refunding Water Furnishing Revenue Bonds*

Prepared by: *Andrea Gonzalez*

Applicant:	San Diego County Water Authority Financing Agency	Amount Requested:	\$210,000,000
Project Location:	City of Carlsbad (San Diego County)	Application No.:	926(SB)
		Final Resolution No.:	18-01-530
		Prior Actions:	IR approved 10/25/2011 IR amended 9/18/2012 FR approved 11/30/2012

Summary. The San Diego County Water Authority Financing Agency (SDCWafa) and/or its Affiliates (which Affiliates shall include the San Diego County Water Authority (“SDCWA” or the “Water Authority”), as co-applicants, request approval of a Final Resolution to issue the California Pollution Control Financing Authority Water Furnishing Revenue Refunding Bonds, Series 2019 (San Diego County Water Authority Desalination Project Pipeline) (the “2019 Pipeline Bonds”) in an amount not to exceed \$210,000,000 to (i) refund all of the outstanding the California Pollution Control Financing Authority Water Furnishing Revenue Bonds, Series 2012 (San Diego County Water Authority Desalination Project Pipeline) (the “2012 Pipeline Bonds”) in the amount of \$200,605,000, (ii) fund a debt service reserve fund for the 2019 Pipeline Bonds, and (iii) finance costs of issuance of the 2019 Pipeline Bonds.

Borrower. SDCWafa is a joint powers entity formed by SDCWA. SDCWafa is duly organized and existing under the California Joint Exercise of Powers Act (Chapter 5 of Division 7 of Title 1 of the Government Code, and in particular Articles 1, 2, and 4 thereof (the “JPA Act”)) and an Agreement entitled “Joint Exercise of Powers Agreement” by and between the SDCWA and the California Municipal Finance Authority creating the San Diego County Water Authority Financing Agency, dated December 17, 2009, for the purpose of assisting the financing of capital projects of the SDCWA.

The Governing Board of the SDCWafa is as follows:

Mark Muir, Chair of SDCWA Board

Frank Hilliker, Chair of the Administrative & Finance Committee of SDCWA

Maureen A. Stapleton, General Manager of SDCWA

Mark Hattam, General Counsel of SDCWA

Lisa Marie Harris, Director of Finance/Treasurer of SDCWA

SDCWA was established in San Diego County on June 9, 1944. It is a public agency serving the San Diego region as wholesale supplier of water from the Colorado River and Northern California. The SDCWA provides water to its 24 member agencies serving the San Diego region.

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Since it is a public agency, the SDCWA does not have owners. A listing of the board members is attached as Attachment A.

Legal Status Questionnaire. Staff has reviewed the applicant’s responses to the questions contained in the Legal Status Questionnaire portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings. Prior actions and financings are listed below.

Description	CUSIP Numbers	Date of Bond Issue	Original Amount	Amount Outstanding as of 12/20/2018
Water Furnishing Revenue Bonds, Series 2012 (San Diego County Water Authority Desalination Project Pipeline)	13054WAE7 13054WAF4 13054WAG2	12/24/2012	\$203,215,000	\$200,605,000
TOTAL:			<u>\$203,215,000</u>	<u>\$200,605,000</u>

Background. On December 24, 2012, CPCFA issued the 2012 Pipeline Bonds in the amount of \$203,215,000. CPCFA loaned the proceeds of the 2012 Pipeline Bonds to SDCWAFWA to finance the costs of the development, design, engineering, acquisition and construction of water furnishing facilities for the distribution of clean water in the County of San Diego, including the costs of constructing the approximately 10-mile pipeline (the “Pipeline”) connecting the Claude "Bud" Lewis Carlsbad Desalination Plant, a reverse-osmosis seawater desalination plant (the “Plant”), and related facilities and equipment.

On December 24, 2012, CPCFA also issued the California Pollution Control Financing Authority Water Furnishing Revenue Bonds, Series 2012 (Poseidon Resources (Channelside) LP Desalination Project) (the “2012 Plant Bonds”) in the amount of \$530,345,000. CPCFA loaned the proceeds of the 2012 Plant Bonds to Poseidon Resources (Channelside) LP (“Poseidon”) to finance the acquisition, design, construction, improvement and equipping of the Plant. The Plant began commercial operations on December 23, 2015. Poseidon owns the Plant and the Water Authority owns, operates and maintains the Pipeline.

On June 9, 2017, bondholders were advised that Poseidon Resources (Channelside) LP inadvertently failed to timely file a material event notice pursuant to Section 4 of the Continuing Disclosure Agreement of an unscheduled draw on the Debt Service Reserve Fund for the Series 2012 Plant Bonds. Bondholders were informed that on June 7, 2016, Poseidon Resources (Channelside) LP directed the Collateral Agent to make an unscheduled draw of \$1,715,947 on the Debt Service Reserve Fund in order to pay a portion of the \$13,258,625 interest payment due on July 1, 2016. Such interest payment was also funded with \$11,542,678 from Plant Revenues. Poseidon Resources (Channelside) LP replenished \$1,546,363 on October 12, 2016 and replenished the balance due November 7, 2016, such that since that date the Debt Service Reserve Fund has been fully funded with a combination of cash and reserve surety, in the amount of the Debt Service Requirement, as defined in the Collateral Agreement.

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In December 2017, pursuant to written direction from SDCWA, CPCFA exercised the option to redeem a portion of the 2012 Pipeline Bonds in the amount of \$2,610,000.

On January 3, 2019, pursuant to written direction from SDCWA, CPCFA will exercise its option under Section 3.01(a) of the Trust Indenture dated December 24, 2012 to redeem the outstanding 2012 Bonds on February 20, 2019.

Current Request. The SDCWAFWA currently requests approval of the Final Resolution to issue the 2019 Pipeline Bonds in an amount not to exceed \$210,000,000 to (i) refund all of the outstanding 2012 Pipeline Bonds in the amount of \$200,605,000, (ii) fund a debt service reserve fund for the Series 2019 Pipeline Bonds, and (iii) finance costs of issuance of the Series 2019 Pipeline Bonds. No additional volume cap is required because the 2019 Pipeline Bonds are governmental purpose bonds, rather than private activity bonds, and the financing is a refunding. The amount currently requested is larger than the amount outstanding. The larger authorization is requested to account for a potential increase in the size of the refunding bond issue necessitated by market-driven structuring changes. The request is not being made to provide any proceeds for new money purposes.

Fees. The applicant has paid an application fee of \$5,000 and will pay an administrative fee of up to \$445,000 at closing.

TEFRA. A TEFRA hearing is not required since the bonds are governmental purpose bonds rather than private activity bonds and the financing is a refunding.

Financing Details. The SDCWA anticipates issuance of fixed rate refunding bonds through a negotiated limited offering to Qualified Institutional Buyers (QIBs as defined in SEC Rule 144 under the Securities Act of 1933) in minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof, for a term not to exceed November 21, 2045. The SDCWA is seeking at least two investment grade ratings from Fitch Ratings and Moody's. The Water Authority expects the ratings to be known on January 16, 2019.

The Water Authority will make scheduled installment payments to SDCWAFWA, which will assign such payments to CPCFA. In turn, CPCFA will assign such payments to the trustee to pay the debt service on the 2019 Pipeline Bonds. The 2019 Pipeline Bonds will be additionally secured by the obligation of Poseidon to make Contracted Shortfall Payments under certain circumstances pursuant to a Collateral Trust Agreement, as amended.

The 2019 Pipeline Bonds are being issued to (i) refund all of the outstanding 2012 Pipeline Bonds in the amount of \$200,605,000, (ii) fund a debt service reserve fund for the 2019 Pipeline Bonds, and (iii) finance costs of issuance of the 2019 Pipeline Bonds. Proceeds of the 2012 Pipeline Bonds were loaned to SDCWAFWA pursuant to the Pipeline Loan Agreement, dated December 24, 2012 (the "2012 Loan Agreement"), and made available to the Water Authority pursuant to the Pipeline Installment Sale and Assignment Agreement, dated December 24, 2012 (the "2012 Installment Sale Agreement") to finance the costs of developing, designing, acquiring and constructing the Pipeline.

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The Water Authority and the SDCWAFa desire to amend and supplement certain sections of the 2012 Loan Agreement (as amended, the “Loan Agreement”) and the 2012 Installment Sale Agreement (as amended, the “Installment Sale Agreement”) pursuant to an Omnibus Refunding Amendment Agreement to reduce the purchase price of the Pipeline that the Water Authority is obligated to pay under the Installment Sale Agreement, thereby reducing the total amount of loan repayments that SDCWAFa will be obligated to make under the Loan Agreement to reflect certain savings in connection with the refunding of the 2012 Pipeline Bonds, and Poseidon desires to make conforming amendments and supplements to the Plant Loan Agreement, dated December 24, 2012, pursuant to the Omnibus Refunding Amendment Agreement.

Financing Team.

Underwriters: J.P. Morgan Securities LLC; RBC Capital Markets, LLC; Goldman Sachs & Co.; Loop Capital Markets
Trustee: MUFG Union Bank, N.A.
Plant Owner: Poseidon Resources (Channelside) LP
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Financial Advisor: Montague DeRose and Associates, LLC; Acacia Financial Group, Inc.
Issuer’s Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of Resolution No. 18-01-530 for the San Diego County Water Authority Financing Agency and/or its Affiliates for an amount not to exceed \$210,000,000.

Attachment A

Board Members of the San Diego County Water Authority*

Name	Officer/Partner/Member
Jim Madaffer	Chair of SDCWA Board (San Diego)
Gary Croucher	Vice Chair of SDCWA Board (Otay)
Christy Guerin	Secretary of SDCWA Board (Olivenhain)
Keith Lewinger	Board Member (Carlsbad)
Matt Hall	Board Member (Carlsbad)
Mel Katz	Board Member (Del Mar)
Ed Gallo	Board Member (Escondido)
Jack Bebee	Board Member (Fallbrook)
Kathleen Hedberg	Board Member (Helix)
Joel Scalzitti	Board Member (Helix)
Frank Hilliker	Board Member (Lakeside)
Ron Morrison	Board Member (National City)
Brian Boyle	Board Member (Oceanside)
Christy Guerin	Board Member (Olivenhain)
Tim Smith	Board Member (Otay)
Doug Wilson	Board Member (Padre Dam)
John Simpson	Board Member (Pendleton)
Barry Leonard	Board Member (Poway)
Tom Kennedy	Board Member (Rainbow)
David Barnum	Board Member (Ramona)
James Murtland	Board Member (Rincon Del Diablo)
Chris Cate	Board Member (San Diego)
Jimmy Ayala	Board Member (San Diego)
Tony Heinrichs	Board Member (San Diego)
Elsa Saxod	Board Member (San Diego)
Fern Steiner	Board Member (San Diego)
Lois Fong-Sakai	Board Member (San Diego)
Jerry Butkiewicz	Board Member (San Diego)
David Cherashore	Board Member (San Diego)
Mark Muir	Board Member (San Dieguito)
Michael Hogan	Board Member (Santa Fe Irrigation)
Jose Preciado	Board Member (South Bay Irrigation)
Betty Evans	Board Member (Vallecitos)
Gary Arant	Board Member (Valley Center)
Marty Miller	Board Member (Vista Irrigation)
Ron Watkins	Board Member (Yuima)

*As of December 27, 2018

**FINAL BOND RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO THE REFINANCING OF WATER FURNISHING FACILITIES FOR
SAN DIEGO COUNTY WATER AUTHORITY FINANCING AGENCY
AND/OR SAN DIEGO COUNTY WATER AUTHORITY**

January 15, 2019

WHEREAS, the California Pollution Control Financing Authority (the “Issuer”) has received the application of the San Diego County Water Authority (the “Water Authority”) on behalf of itself and the San Diego County Water Authority Financing Agency (the “Borrower”), for financial assistance to refinance the costs of the development, design, engineering, acquisition and construction of water furnishing facilities, located in San Diego County, and all as more particularly described in the Term Sheet attached hereto as Exhibit A (the “Term Sheet”) and incorporated herein (the “Pipeline”); and

WHEREAS, pursuant to that certain Trust Indenture, dated December 24, 2012 (the “2012 Pipeline Indenture”), by and between the Issuer and MUFG Union Bank, N.A. (the “2012 Pipeline Trustee”), the Issuer has previously issued its Water Furnishing Revenue Bonds, Series 2012 (San Diego County Water Authority Desalination Project Pipeline), in the aggregate principal amount of \$203,215,000 (the “2012 Bonds”); and

WHEREAS, upon the written direction of the Water Authority, the Issuer previously exercised its option to redeem a portion of the 2012 Bonds in the aggregate principal amount of \$2,610,000 on December 18, 2017; and

WHEREAS, the Water Authority and the Borrower now wish to refund the outstanding 2012 Bonds in the aggregate principal amount of \$200,605,000 (the “Prior Bonds”) which were used to finance the Pipeline; and

WHEREAS, the Water Authority and the Borrower have requested the Issuer to issue its revenue bonds from time to time in an amount not to exceed \$210,000,000 to assist in the refinancing of the Pipeline and the refunding of the Prior Bonds; and

WHEREAS, the proceeds of the Prior Bonds were loaned to the Borrower pursuant to that certain Pipeline Loan Agreement, dated as of December 24, 2012 (the “Pipeline Loan Agreement”), between the Issuer and the Borrower; and

WHEREAS, the Borrower is and will continue to be obligated to make loan repayments under the Pipeline Loan Agreement solely from, and the Borrower’s obligation to make such loan repayments is and will continue to be secured solely by, installment sale payments to be made by the Water Authority to the Borrower under that certain Pipeline Installment Sale and

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Assignment Agreement, dated as of December 24, 2012 (the “Installment Sale Agreement”), by and between the Borrower and the Water Authority; and

WHEREAS, pursuant to that certain Trust Indenture, dated December 24, 2012 (the “2012 Plant Indenture”), by and between the Issuer and MUFG Union Bank, N.A. (the “2012 Plant Trustee”), the Issuer has previously issued its Water Furnishing Revenue Bonds, Series 2012 (Poseidon Resources (Channelside) LP Desalination Project) (the “2012 Plant Bonds”); and

WHEREAS, the proceeds of the 2012 Plant Bonds were loaned to Poseidon Resources (Channelside) LP (“Poseidon”), a limited partnership duly organized and existing under the laws of the State of Delaware, pursuant to that certain Loan Agreement, dated as of December 24, 2012 (the “Plant Loan Agreement”), between the Issuer and Poseidon; and

WHEREAS, under certain circumstances, Poseidon is obligated to make certain payments to the Water Authority pursuant to the terms of that certain Carlsbad Seawater Desalination Project Water Purchase Agreement, dated December 20, 2012, by and between Poseidon and the Water Authority, which obligation is and will continue to be secured pursuant to the terms of that certain Collateral Trust Agreement, dated as of December 24, 2012 (the “Collateral Trust Agreement”), among Poseidon, the 2012 Pipeline Trustee and MUFG Union Bank, N.A., as collateral agent (the “Collateral Agent”), and others, and the Water Authority has assigned, and will continue to assign, its rights to receive such payments to the Borrower pursuant to the Installment Sale Agreement (the “Contracted Shortfall Payments”); and

WHEREAS, pursuant to the Pipeline Loan Agreement, the Borrower has assigned, and will continue to assign, its rights to receive Contracted Shortfall Payments to the Issuer and, pursuant to the 2019 Pipeline Indenture (as hereinafter defined), the Issuer will assign its rights to receive such payments to the 2019 Pipeline Trustee (as hereinafter defined) as additional security for the 2019 Pipeline Bonds (as hereinafter defined); and

WHEREAS, the Water Authority and the Borrower desire to amend and supplement certain sections of the Pipeline Loan Agreement and the Installment Sale Agreement pursuant to an Omnibus Agreement (as hereinafter defined) to reduce the purchase price of the Pipeline that the Water Authority is obligated to pay under the Installment Sale Agreement, thereby reducing the total amount of loan repayments that the Borrower will be obligated to make under the Pipeline Loan Agreement to reflect certain savings in connection with the refunding of the Prior Bonds, and Poseidon desires to make conforming amendments and supplements to the Plant Loan Agreement, , pursuant to the Omnibus Agreement; and

WHEREAS, forms of the following documents have been prepared and put on file with the Issuer:

- (i) a Trust Indenture (the “2019 Pipeline Indenture”), between the Issuer and MUFG Union Bank, N.A., as trustee (the “2019 Pipeline Trustee”), relating to the 2019 Pipeline Bonds;
- (ii) an Omnibus Refunding Amendment Agreement (the “Omnibus Agreement”), among the Issuer, the Borrower, the Water Authority, the 2019 Pipeline

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Trustee, the 2012 Pipeline Trustee, the 2012 Plant Trustee, Poseidon and the Collateral Agent, amending, supplementing and restating certain provisions of the Pipeline Loan Agreement, the Installment Sale Agreement and the Plant Loan Agreement;

- (iii) a Bond Purchase Agreement relating to the 2019 Pipeline Bonds (the “Pipeline Bond Purchase Agreement”), among the Issuer, the Treasurer of the State of California and the underwriters named in the Term Sheet (the “Underwriters”), and approved by the Borrower; and
- (iv) a Limited Offering Memorandum relating to the 2019 Pipeline Bonds (the “Limited Offering Memorandum”); and

WHEREAS, final approval of the terms of the 2019 Pipeline Bonds and the documents relating thereto is now sought; and

WHEREAS, the Borrower has previously provided documentation to the Issuer demonstrating that the Pipeline has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division; and

WHEREAS, the Borrower has caused the Collateral Trust Agreement, as amended by the Master Collateral Documents Amendment Agreement, to be placed on file with the Issuer;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Issuer reaffirms and ratifies that the Pipeline constitutes a “project,” and the Borrower is a “participating party” both within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Issuer, designated as the “California Pollution Control Financing Authority Water Furnishing Revenue Refunding Bonds (San Diego County Water Authority Desalination Project Pipeline) Series 2019” (the “2019 Pipeline Bonds”), or such alternate designation as may be approved by the Executive Director of the Issuer, in an aggregate principal amount not to exceed \$210,000,000 are hereby authorized to be issued. The 2019 Pipeline Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax exempt or taxable mode, in accordance with the 2019 Pipeline Indenture as finally executed. The proceeds of the 2019 Pipeline Bonds shall be used to refinance the Pipeline by refunding the Prior Bonds, to fund a debt service reserve fund and to pay a portion of the costs of issuance of the 2019 Pipeline Bonds.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the 2019 Pipeline Bonds, at one time or from time to time on or before December 31, 2019, by negotiated sale, at such price, at such interest rate or rates and in such mode (taxable or tax-exempt) as he or she may determine, such determination to be as set forth in the Pipeline Bond Purchase Agreement.

Section 4. The following documents:

- (i) the 2019 Pipeline Indenture;
- (ii) the Omnibus Agreement;
- (iii) the Pipeline Bond Purchase Agreement; and
- (iv) the Limited Offering Memorandum, including in preliminary form (the “Preliminary Limited Offering Memorandum”)

are hereby approved in substantially the forms on file with the Issuer prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect changes required by the rating agencies or potential investors) in substantial conformance with the Term Sheet as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the 2019 Pipeline Indenture, the Omnibus Agreement and the Pipeline Bond Purchase Agreement and by delivery thereof in the case of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum.

Section 5. The Issuer understands and agrees that (i) the Borrower will continue to make loan repayments required under the Pipeline Loan Agreement, as amended, solely from, and the Borrower’s obligation to make such loan repayments will continue to be secured solely by, the proceeds of installment sale payments to be made by the Water Authority to the Borrower under the Installment Sale Agreement, as amended, and (ii) the 2019 Pipeline Bonds are additionally secured by the obligation, under certain circumstances, of Poseidon to make Contracted Shortfall Payments, which obligation is itself secured pursuant to the Collateral Trust Agreement, as amended.

Section 6. The Issuer understands and agrees that pursuant to the terms of the Pipeline Loan Agreement, as amended, the obligations of the Borrower may, under some circumstances, continue to be carried out or assumed by a successor or assignee entity or by the Water Authority or its successors, provided any such successor or assignee (including, but not limited to, the Water Authority) meets the definition of “Participating Party” in the Act and controls, is controlled by, or is under common control with, the Borrower, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 7. The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of each series of the 2019 Pipeline Bonds (including, but not limited to, the establishment of debt service reserve funds) shall be as provided in the 2019 Pipeline Indenture, as finally executed.

Section 8. The Underwriters are hereby authorized to distribute the Preliminary Limited Offering Memorandum to persons who may be interested in the purchase of the 2019 Pipeline Bonds. The Underwriters are hereby directed to deliver a copy of the final Limited Offering Memorandum to all actual purchasers of the 2019 Pipeline Bonds.

Section 9. The 2019 Pipeline Bonds shall be executed by the manual or facsimile signature of the Chairman or any Deputy to the Chairman and the seal of the Issuer shall be affixed

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thereon (or a facsimile reproduced thereon) in the form set forth in and otherwise in accordance with the 2019 Pipeline Indenture. The 2019 Pipeline Bonds, when executed, shall be delivered to the 2019 Pipeline Trustee under the 2019 Pipeline Indenture for authentication by the 2019 Pipeline Trustee. The 2019 Pipeline Trustee is hereby requested and directed to authenticate the 2019 Pipeline Bonds by executing the 2019 Pipeline Trustee's certificate of authentication appearing thereon. The 2019 Pipeline Trustee is hereby requested and directed to deliver the 2019 Pipeline Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriters in accordance with written instructions executed on behalf of the Issuer, which instructions are hereby approved. Such instructions shall provide for the delivery of the 2019 Pipeline Bonds to The Depository Trust Company, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

Section 10. Each officer of the Issuer, acting alone, is hereby authorized and directed to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the 2019 Pipeline Bonds, and otherwise to effectuate the purposes of this Resolution and the 2019 Pipeline Indenture, the Loan Agreement, as amended, the Installment Sale Agreement, as amended, the Omnibus Agreement, the Pipeline Bond Purchase Agreement and the Limited Offering Memorandum. The Issuer hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation, any certifications and one or more tax certificates.

Section 11. The provisions of the resolution of the Issuer entitled "Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings" adopted by the Issuer on January 23, 2018, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 12. The Issuer hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 13. This Resolution shall take effect immediately upon its passage. The adoption by the Issuer of this Resolution for the Borrower shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Pipeline or in any application for any required permission or authority to construct or operate the Pipeline.

EXHIBIT A

TERM SHEET

Name of Issue:	California Pollution Control Financing Authority Water Furnishing Revenue Refunding Bonds (San Diego County Water Authority Desalination Project Pipeline) Series 2019 (the “2019 Pipeline Bonds”)
Maximum Amount of Issue:	\$210,000,000 (tax-exempt)
Issuer:	California Pollution Control Financing Authority, Sacramento, California
Borrower:	San Diego County Water Authority Financing Agency
Pipeline Trustee:	MUFG Union Bank, N.A.
Underwriters:	J.P. Morgan Securities LLC, RBC Capital Markets, LLC, Goldman Sachs & Co., Loop Capital Markets
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Project	Proceeds of the 2019 Pipeline Bonds will refinance the costs of the development, design, engineering, acquisition and construction of water furnishing facilities for the distribution of clean water in the County of San Diego, including the costs of constructing the approximately 10-mile pipeline connecting the reverse-osmosis seawater desalination plant, and facilities and equipment functionally related thereto, located adjacent to the Encina Power Station, at 4590 Carlsbad Boulevard, Carlsbad, California 92008, with the San Diego County Water Authority’s water distribution system.
Maximum Bond Term:	Not to exceed November 21, 2045.
Type of Sale:	Negotiated limited offering to Qualified Institutional Buyers as defined in Rule 144A under the Securities Act of 1933
Description of Minimum Denominations:	\$250,000 or any integral multiple of \$5,000 in excess thereof
Financing Structure:	Fixed rate bonds

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Maximum Interest Rate:	12%
Other Security for the Bonds:	The 2019 Pipeline Bonds are additionally secured by the obligation, under certain circumstances, of Poseidon Resources (Channelside) LP to make Contracted Shortfall Payments under the Collateral Trust Agreement, as amended.
Anticipated Bond Rating:	A minimum rating of “Baa3,” “BBB-,” or “BBB-” from at least two of Moody’s, S&P and Fitch, respectively
Type of Financing:	Water furnishing revenue refunding bonds
Prepared by:	Jamison Feheley, (212) 270-1156