

**RESOLUTION NO. 08-01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASTAIC LAKE  
WATER AGENCY FINANCING CORPORATION APPROVING AN INSTALLMENT  
PURCHASE AGREEMENT WITH CASTAIC LAKE WATER AGENCY AND  
CERTAIN OTHER DOCUMENTS, AUTHORIZING THE PREPARATION,  
SALE AND DELIVERY OF CERTIFICATES OF PARTICIPATION,  
AND AUTHORIZING CERTAIN ACTIONS  
IN CONNECTION THEREWITH (VARIABLE RATE)**

WHEREAS, the Castaic Lake Water Agency Financing Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation") with the authority to assist in the refinancing of water system improvements on behalf of the Castaic Lake Water Agency (the "Agency"); and

WHEREAS, the Agency and the Corporation desire to enter into that certain Installment Purchase Agreement – Variable Rate by and between the Agency and the Corporation (the "Installment Purchase Agreement"), the form of which has been presented to this Board of Directors at this meeting, pursuant to which the Corporation will agree to purchase the 1994B Project (as defined in the Installment Purchase Agreement) from the Agency and the Agency will agree to purchase the 1994B Project (as defined in the Installment Purchase Agreement from the Corporation) and to pay certain Installment Payments (as defined in the Installment Purchase Agreement) in connection therewith which will be pledged to the owners of the Certificates (defined below) by the Corporation pursuant to a Trust Agreement – Variable Rate by and among U.S. Bank National Association, as trustee (the "Trustee"), the Agency and the Corporation (the "Trust Agreement"), the form of which has been presented to this Board of Directors at this meeting; and

WHEREAS, the Corporation will assign to the Trustee payments under the Installment Purchase Agreement, such assignment to be made pursuant to an Assignment Agreement – Variable Rate by and between the Corporation and the Trustee (the "Assignment Agreement"), the form of which has been presented to this Board of Directors at this meeting; and

WHEREAS, the Corporation and the Agency have determined that it may be in the best interests of the Corporation, the Agency and citizens of the community within the boundary of the Agency to authorize the preparation, sale and delivery of Certificates of Participation in an aggregate principal amount not to exceed \$55 million to finance the purposes listed in (i) through (iii) in Section 1 below (the "Certificates"), which Certificates evidence proportionate interests in the Installment Payments (as defined in the Installment Purchase Agreement) to be made pursuant to the Installment Purchase Agreement.

NOW, THEREFORE, the Board of Directors of the Corporation does hereby resolve as follows:

**SECTION 1. Certificates.** This Board of Directors hereby authorizes the preparation, sale and delivery of the Certificates in an aggregate principal amount not to exceed \$55 million to finance the purposes listed in (i) through (iii) below in accordance with the terms and provisions of the Trust Agreement. The purposes for which the proceeds of the sale of the Certificates shall be expended are (i) to refund on a variable rate basis the Adjustable Debt Refunding Revenue Certificates of Participation (1994 Refunding Project) Series 2004B originally issued to finance certain water system improvements to the Agency's water system,

(ii) to fund a reserve fund or acquire a reserve fund surety bond and (iii) to pay the costs of the sale and delivery of the Certificates.

SECTION 2. Certificate Documents. The forms of the Installment Purchase Agreement, Assignment Agreement and Trust Agreement (collectively, the "Agreements") presented at this meeting are approved. The President or Vice President of the Corporation or the President's designee is authorized and directed to execute and deliver said agreements. The Agreements shall be executed in substantially the forms hereby approved, with such additions thereto and changes therein as are recommended or approved by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Special Counsel to the Corporation ("Special Counsel") and approved by such officers of the Corporation executing the Agreements, such approval to be conclusively evidenced by the execution and delivery or acknowledgement thereof. Further, Special Counsel is hereby directed to make all changes to the Agreements as are necessary to reflect the selection of a municipal bond insurer and a reserve fund surety bond provider, if any, and the reasonable comments thereof.

SECTION 3. Other Actions. The President and the Secretary, and such other officers of the Corporation are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including an insurance agreement with a municipal bond insurer, which they may deem necessary or advisable in order to consummate the sale and delivery of the Certificates, the delivery of the Agreements, and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 4. Effect. This Resolution shall take effect from and after its date of adoption.

ADOPTED, SIGNED AND APPROVED this 27th day of February, 2008.

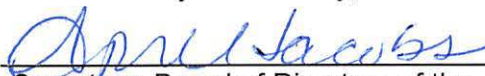
  
\_\_\_\_\_  
President, Board of Directors of the Castaic  
Lake Water Agency Financing Corporation

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors of  
the Castaic Lake Water Agency  
Financing Corporation

\*\*\*\*\*

I hereby certify that the foregoing Resolution 08-01 was duly and regularly adopted and passed by the Board of Directors of CASTAIC LAKE WATER AGENCY FINANCING CORPORATION at a special meeting hereof held on the 27th day of February, 2008.

  
\_\_\_\_\_  
Secretary, Board of Directors of the  
Castaic Lake Water Agency  
Financing Corporation

