

RESOLUTION NO. 08-02

**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 (FIXED 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 additions, betterments, extensions and improvements to the Water System on behalf of Castaic Lake Water Agency (the "Agency"); 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 \$55,000,000 to finance the purposes listed in (i) through (iii) in Section 1 below (the "Certificates"), which Certificates evidence proportionate interests in installment payments to be made pursuant to the Installment Purchase Agreement-Fixed Rate, dated as of March 1, 2008, by and between the Agency and the Corporation (the "Installment Purchase Agreement"); and

WHEREAS, the Agency and the Corporation desire to enter into the Installment Purchase Agreement – Fixed Rate, the form of which has been presented to this Board of Directors at this meeting, and the Trust Agreement-Fixed Rate, dated as of March 1, 2008, 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 – Fixed Rate, such assignment to be made pursuant to an Assignment Agreement-Fixed 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.

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 \$55,000,000 to (i) refund the Castaic Lake Water Agency Adjustable Rate Refunding Revenue Certificates of Participation (1994 Refunding Project), Series 2004B (the "Refunded Certificates") on a fixed rate basis, (ii) fund a reserve fund, and (iii) pay the costs of the sale and delivery of the Certificates, all in accordance with the terms and provisions of the Trust Agreement.

Section 2. Certificate Documents. The forms of the Installment Purchase Agreement – Fixed Rate, the Assignment Agreement and Trust Agreement and (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 or acknowledged, as the case may be, 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 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.



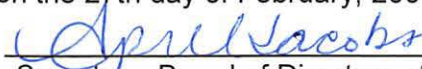
President, Board of Directors of the Castaic
Lake Water Agency Financing Corporation

ATTEST:



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

I hereby certify that the foregoing Resolution No. 08-02 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

