

RESOLUTION NO. 07-03

RESOLUTION OF THE
CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK
RELATING TO THE SALE OF CERTAIN RESIDUAL INTERESTS IN THE 2003A
TOBACCO ASSETS,
FOR AND ON BEHALF OF AND AS AGENT FOR
THE STATE OF CALIFORNIA

February 9, 2007

WHEREAS, the State of California (the "State") is party to a Master Settlement Agreement entered into on November 23, 1998, among the attorneys general of 46 states, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa and the Commonwealth of the Northern Mariana Islands and the Original Participating Manufacturers (as defined therein) pursuant to which the State is entitled to receive certain payments; and

WHEREAS, Article 7 (commencing with Section 63049) of Chapter 2 of Division 1 of Title 6.7 of the California Government Code (the "Act") authorizes the California Infrastructure and Economic Development Bank (the "Bank") to sell for, and on behalf of, the State, and solely as its agent, all or any portion of tobacco assets, or any residual interests therein, to the Golden State Tobacco Securitization Corporation, the special purpose trust established as a not-for-profit corporation pursuant to the Act (the "Corporation"), and, for that purpose, to enter into one or more sales agreements with the Corporation on the terms the Bank deems appropriate; and

WHEREAS, pursuant to the Act, the State previously sold to the Corporation the 2003A Tobacco Assets (as defined in the 2007 Sale Agreement), and as consideration for the sale of the 2003A Tobacco Assets, the Corporation paid the State the net proceeds of its Tobacco Settlement Asset-Backed Bonds, Series 2003A (the "Series 2003A Bonds") and issued to the State a residual certificate in and to the 2003A Tobacco Assets (the "2003A Residual Certificate"); and

WHEREAS, pursuant to the Act, the Corporation desires to purchase the 2003A Residual Certificate and will finance the purchase of the 2003A Residual Certificate by issuing its Golden State Tobacco Securitization Corporation Tobacco Settlement Asset-Backed Bonds, Series 2007 (the "Series 2007 Bonds"); and

WHEREAS, in connection with the purchase of the 2003A Residual Certificate, the Bank, for and on behalf of, and as agent for, the State and the Corporation will enter into a 2007 Sale Agreement dated as of February 1, 2007 (the "2007 Sale Agreement"), in substantially the form presented to this meeting.

NOW, THEREFORE, BE IT RESOLVED by the California Infrastructure and Economic Development Bank as follows:

Section 1. Findings. All of the recitals herein are true and correct and the Bank so finds.

Section 2. 2007 Sale Agreement. The proposed form of 2007 Sale Agreement by and between the Bank for, and on behalf of, the State, as seller, and the Corporation, as purchaser, on file with the Secretary, is hereby approved, subject to the receipt by the State of not less than \$900 million upon the sale of the 2003A Residual Certificate. The Executive Director, the Chair of the Bank or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver, the 2007 Sale Agreement in substantially the form presented to this meeting, with such insertions and changes therein, as the official executing the same, with the advice of the Bank's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Board hereby finds that the provisions contained in the 2007 Sale Agreement are necessary to establish and maintain the security of the Series 2007 Bonds issued by the Corporation to purchase the 2003A Residual Certificate and that such provisions are necessary to establish and maintain the exemption of interest on the Series 2007 Bonds from federal income taxation.

Section 3. Direction to the Attorney General. The Executive Director and the Chair of the Bank or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to modify the wiring instructions information form delivered to the escrow agent under the California Escrow Agreement (defined in the 2007 Sale Agreement) to irrevocably instruct the escrow agent under the California Escrow Agreement that, on and after the date of issuance of the Series 2007 Bonds, the 2003A Tobacco Assets are to be paid directly to the Trustee for the 2007 Bonds.

Section 4. Further Actions. The Executive Director, the Chair of the Bank or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, jointly and severally, to do any and all things, and to execute and deliver any and all documents and certificates, including amendments to the documents herein authorized, which they may deem necessary or advisable in order to consummate the sale of the 2003A Residual Certificate, the issuance of the Series 2007 Bonds, the direction to the California Attorney General and the escrow agent under the California Escrow Agreement and otherwise to effectuate the purpose of this resolution and the Act.

Section 5. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on February 9, 2007, by the following vote.

AYES: Heidig, Kessler, Carroll, Matteucci, Rice

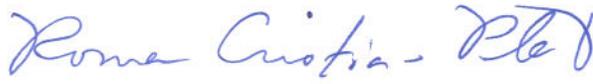
NAYS: None

ABSENT: None

ABSTAIN: None

By: 
Stanton C. Hazeleroth, Executive Director

Attest:

By: 
Roma Cristia-Plant, Secretary