

BOARD OF DIRECTORS  
OF THE  
VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

---

RESOLUTION NO. 24

A Resolution of the Board of Directors of  
the Vandenberg Village Community Services District  
Amending Resolution No. 20 Adopted  
October 26, 1988

---

Adopted November 16, 1988

BOARD OF DIRECTORS  
OF THE  
VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

---

RESOLUTION NO. 24

A Resolution of the Board of Directors of  
the Vandenberg Village Community Services District  
Amending Resolution No. 20 Adopted  
October 26, 1988

WHEREAS, the Board of Directors of the Vandenberg Village Community Services District (the "District") on October 26, 1988, duly passed and adopted its Resolution No. 20 (the "Resolution") authorizing the issuance and prescribing the terms, conditions and form of \$1,600,000 principal amount of Vandenberg Village Community Services District Sewer Revenue Bonds, Series 1988; and

WHEREAS, the Board of Directors of the District has determined that the public interest and necessity require that the Resolution be amended as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Vandenberg Village Community Services District, as follows:

Section 1. Section 1.01 of the Resolution is amended to add the definition of "Bond Insurer" and to amend the definition of "Federal Securities" to read as follows:

Bond Insurer

"Bond Insurer" means Capital Guaranty Insurance Company at its office in the Steuart Tower, 22nd Floor, One Market Plaza, San Francisco, California 94105-1413, or at such other address as may be provided in writing by said company to the District and the Fiscal Agent.

Federal Securities

"Federal Securities" means bonds, notes, bills or certificates of indebtedness of the Department of Treasury of the United States of America or other evidences of indebtedness for which the full faith and credit of the United States of America are pledged for the payment of interest and principal; obligations issued by banks for cooperatives, the Federal Farm Credit Bank or the Federal Home Loan Bank Board; obligations, participations or other instruments of or issued by, or fully guaranteed as to interest and principal by, the Federal National Mortgage Association; obligations, participations or other instruments of or issued by a federal agency or a United States of America government sponsored enterprise fully guaranteed as to interest and principal by the United States of America; and also any securities both the interest on and principal of which are guaranteed directly or indirectly by the full faith and credit of the United States of America, as and to the extent that such securities are eligible for the legal investment of District funds.

Section 2. Section 2.03 of the Resolution is amended by amending the fourth full paragraph thereof to read as follows:

The Fiscal Agent shall mail a notice of redemption of Series 1988 Bonds upon receipt of a Written Request of the District (which request shall be given to the Fiscal Agent, with a copy to the Bond Insurer, at least sixty (60) days prior to the date fixed for redemption), but only after the District shall have deposited with or otherwise made available to the Fiscal Agent the money required for payment of the redemption price of all Series 1988 Bonds or the portions thereof then to be called for redemption (or the Fiscal Agent determines that money will be deposited with or otherwise made available to it in such amount and in sufficient time for such purpose), together with the estimated expense of giving such notice.

Section 3. Section 2.07 of the Resolution is amended to read as follows:

Section 2.07. Registration Books for Series 1988 Bonds. The Fiscal Agent will keep at its office sufficient books for the registration of the transfer or exchange of the Series 1988 Bonds, which books shall be available for inspection by the District, the Bond Insurer or any Holder or his agent duly authorized in writing at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Fiscal Agent shall, under such reasonable

regulations as it may prescribe, register the transfer of or exchange the Series 1988 Bonds in such books as hereinabove provided. The ownership of the Series 1988 Bonds shall be proved by the books required to be kept by the Fiscal Agent pursuant to the provisions of this section.

Section 4. Sections 3.01(a) and (c) of the Resolution are amended to read as follows:

(a) The District shall be in compliance with all agreements, conditions, covenants and terms contained herein and in all Supplemental Resolutions theretofore adopted by the Board of Directors, and a Certificate of the District to that effect shall have been filed with the Fiscal Agent and the Bond Insurer.

(c) The audited Net Revenues (excluding from such calculation of Net Revenues all connection charges and investment income) for the last Fiscal Year or last recorded twelve-month period preceding the date of the adoption by the Board of Directors of the Supplemental Resolution providing for the issuance of such Additional Bonds, as shown by an Accountant's Report on file with and approved by the Fiscal Agent (who shall be under no liability by reason of such approval); plus

(i) An allowance for Net Revenues (excluding from such calculation of Net Revenues all connection

charges and investment income) for such Fiscal Year or twelve-month period from any improvements to the Enterprise to be acquired and constructed with the proceeds of such Additional Bonds or with the proceeds of any money from any other source, and also for Net Revenues (excluding from such calculation of Net Revenues all connection charges and investment income) from any such improvements which have been acquired and constructed from money from any source but which, during all or any part of such Fiscal Year or twelve-month period, were not in service, all in an amount equal to seventy-five per cent (75%) of the estimated additional average annual Net Revenues (excluding from such calculation of Net Revenues all connection charges and investment income) to be derived from such improvements for the first twelve (12) months in which each such improvement is respectively to be in operation, all as shown by an Engineer's Opinion on file with and approved by the Fiscal Agent (who shall be under no liability by reason of such approval); and

(ii) An allowance for earnings arising from any increase in the rates, fees and charges fixed and prescribed for the Sewer Service which became effective prior to the issuance of such Additional

Bonds but which, during all or any part of such Fiscal Year or twelve-month period, was not in effect, in an amount equal to seventy-five per cent (75%) of the amount by which the Net Revenues (excluding from such calculation of Net Revenues all connection charges and investment income) would have been increased if such increase in rates, fees and charges had been in effect during the whole of such Fiscal Year or twelve-month period, as shown by an Engineer's Opinion on file with and approved by the Fiscal Agent (who shall be under no liability by reason of such approval);

shall have produced a sum equal to at least one hundred twenty per cent (120%) of the Maximum Annual Debt Service on all Outstanding Bonds and such Series of Bonds; provided, that in the event such Additional Bonds are to be issued solely for the purpose of refunding and retiring any Outstanding Bonds, interest and principal payments on the Outstanding Bonds to be so refunded and retired from the proceeds of such Additional Bonds being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service.

Section 5. Sections 4.03(4) and (5) of the Resolution are amended to read as follows:

(4) Bond Reserve Account. On or before the first day of each month, beginning in January, 1989, the

District shall, from the remaining money in the Revenue Fund, deposit with the Fiscal Agent in the Bond Reserve Account in equal deposits over the next ensuing twenty-four month period such amount of money as shall be required to increase or restore the Bond Reserve Account to an amount equal to the Reserve Requirement at the end of such twenty-four month period.

No deposit need be made into the Bond Reserve Account if the amount contained therein is at least equal to the Reserve Requirement.

If on any November 1 the amount in the Bond Reserve Account exceeds the Reserve Requirement and if the District is not then in default hereunder, the Fiscal Agent shall, upon receipt of a Certificate of the District that the District is not then in default under the Resolution and all Supplemental Resolutions, withdraw the amount of any such excess from such account and shall pay such amount to the District for deposit in the Surplus Account. Except for such withdrawals, all money in the Bond Reserve Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of eliminating any deficiency which may exist at any time in either of the accounts established by Sections 4.03(2) and (3), in such order, in the event of any deficiency at any time in either of such accounts, or for the purpose (together



with any other money of the District) of retiring all Outstanding Bonds.

(5) Surplus Account. All money remaining in the Revenue Fund on the first day of each month, beginning in January, 1989, after setting aside and depositing all of the sums required to be set aside or deposited therefrom by the provisions of Sections 4.03(1), (2), (3) and (4) hereof, shall be deposited by the District in the Surplus Account. All money in the Surplus Account shall be used and withdrawn by the District solely for the purpose of eliminating any deficiency which may exist at any time in any of the accounts established by Sections 4.03(1), (2), (3) and (4), in such order, in the event of a deficiency at any time in any of such accounts; provided, that any money in the Surplus Account (so long as no such deficiency shall then be in existence) may be expended by the District at any time to pay any unbudgeted Maintenance and Operation Costs or to pay any expense or cost incurred in connection with the acquisition and construction of improvements to the Enterprise. All money in the Surplus Account on November 1 of each year (beginning in November, 1989, and so long as the District shall have been in compliance with Section 5.14 during the Bond Year ending on such November 1) shall be withdrawn therefrom and deposited in the District's general fund for expenditure for any lawful purpose of

the District; provided, that the District shall not withdraw any money from the Surplus Account if and when it is in default hereunder.

Section 6. Sections 5.09(d), (e) and (f) of the Resolution are amended to read as follows:

(d) The District will procure and maintain public liability insurance covering claims against the District (including directors, officers and employees of the District) for bodily injury or death, or damage to property occasioned by reason of the District's operations, including any use or occupancy of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar sewer collection, treatment and disposal systems; provided, that such insurance may be effected under a self-insurance program that is actuarially sound as certified by an independent consultant.

(e) The District will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof, such insurance to cover all persons employed in connection with the Enterprise; provided, that such insurance may be effected under a self-insurance program that is actuarially sound as certified by an independent consultant.

(f) All policies of insurance required to be maintained herein shall provide that the Bond Insurer and the Fiscal Agent shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby; provided, that the Fiscal Agent shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by it.

Section 7. Section 5.10 of the Resolution is amended by adding subsection (d) thereto to read as follows:

(d) The District will forward to the Bond Insurer (i) a copy of each preliminary budget when prepared, and (ii) a copy of each final budget when adopted, and (iii) a copy of each annual audited financial statement within thirty (30) days of its acceptance by the District, but in no event later than one hundred twenty (120) days after the close of each Fiscal Year, together with evidence of all insurance carried by the District under the Resolution and a statement as to the compliance by the District with Section 5.14 and a statement indicating the market value of the funds on deposit in the Bond Reserve Account as of the end of the immediately preceding Fiscal Year; and the District will immediately advise the Bond Insurer at any time if the Fiscal Agent makes a draw on the Bond Reserve Account.

Section 8. Section 5.14(b) of the Resolution is amended to read as follows:

(b) In addition to the requirements of the foregoing subsection (a), the District will, at all times while any of the Bonds shall be Outstanding, fix, prescribe and collect rates, fees and charges in connection with the Sewer Service so as to yield Net Revenues during each Fiscal Year equal to at least one hundred twenty per cent (120%) of the Annual Debt Service for such Fiscal Year; provided, that in determining such Net Revenues there shall be excluded all connection charges and investment income, except that investment income may be included in an amount equal to the lesser of 5.50% per annum or the current passbook savings rate, which rate may be applied to the balances in the Bond Reserve Account and any other Enterprise funds that will earn interest throughout the year, so long as the investment income included in the calculation of such Net Revenues is not in excess of 10% of the Annual Debt Service payable during such Fiscal Year. The District may make adjustments from time to time in such rates, fees and charges and may make such classification thereof as it deems necessary, but shall not reduce such rates, fees and charges below those then in effect unless the Net Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this section. ✓

Section 9. Section 6.01 of the Resolution is amended by amending the third full paragraph thereof to read as follows:

The District may at any time in its sole discretion (and shall upon the written direction of the Bond Insurer) remove the Fiscal Agent initially appointed, and any successor thereto, and the Fiscal Agent initially appointed, and any successor thereto, may at any time resign by giving written notice to the Bond Insurer and to the District and by giving notice by mail in accordance with Section 10.09 to the Holders of all Outstanding Bonds of such resignation. Upon giving any such notice of removal or upon receiving any such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing; provided, that in the event the District does not appoint a successor Fiscal Agent within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Fiscal Agent may petition any appropriate court having jurisdiction to appoint a successor Fiscal Agent. Any successor Fiscal Agent shall be a bank or trust company doing business and having a principal office in Los Angeles, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at

least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal or resignation of a Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by a successor Fiscal Agent.

Section 10. Section 7.01 of the Resolution is amended by amending the first full paragraph thereof and the first six lines of the second paragraph thereof to read as follows:

Section 7.01. Amendment by Consent of Holders. The Resolution and the rights and obligations of the District and of the Holders may be amended at any time by a Supplemental Resolution which shall become binding when the written consents of (1) the Holders of sixty per cent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.02, and (2) the Bond Insurer, are filed with the Fiscal Agent. No such amendment shall (1) extend the maturity of or reduce the interest rate or redemption premium, if any, on, or otherwise alter or impair the obligation of the District to pay the interest on or principal of or redemption premium, if any, on any Bond at the time and place and at the rate and in the

currency provided herein, without the express written consent of the Holder of such Bond, or (2) permit the creation by the District of any pledge of or lien on the Net Revenues superior to or on a parity with the pledge of and lien on the Net Revenues created herein for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any of the rights or obligations of the Fiscal Agent without its prior written assent thereto.

The Resolution and the rights and obligations of the District and of the Holders may also be amended at any time by a Supplemental Resolution which shall become binding upon adoption, without the consent of any Holders, but with the written consent of the Bond Insurer, but only to the extent permitted by law and only for any one or more of the following purposes --

Section 11. Section 8.01 of the Resolution is amended by amending the last eleven lines of the first full paragraph thereof, and the second and third full paragraphs thereof, to read as follows:

then, and in each and every such case during the continuance of such event of default, the Fiscal Agent may (with the prior written consent of the Bond Insurer), and upon the written request of the Holders of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds at the time Outstanding and the written direction of the Bond Insurer

shall, by notice in writing to the District, declare the principal of all the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained herein or in the Bonds to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the District shall deposit with the Fiscal Agent a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of twelve per cent (12%) per annum on such overdue installments of interest and principal, and the reasonable expenses of the Fiscal Agent, and any and all other defaults known to the Fiscal Agent (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Fiscal Agent or provision deemed by the Fiscal Agent to be adequate shall have been made therefor, then, and in every such case, the Holders of at least twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding (with the prior written consent of the Bond Insurer), by written notice to the



District and to the Fiscal Agent, may, on behalf of the Holders of all of the Bonds then Outstanding, rescind and annul such declaration and its consequences. No such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Within thirty (30) days after the occurrence of any event of default hereunder, the Fiscal Agent shall give written notice of such event of default to the Bond Insurer, and within ninety (90) days after the occurrence of any event of default hereunder, the Fiscal Agent shall, unless such event of default shall have been cured or waived, mail in accordance with Section 10.09 a notice of such event of default to the Holders of all Outstanding Bonds.

Section 12. Section 8.03 of the Resolution is amended by amending the first three lines thereof to read as follows:

Section 8.03. Other Remedies of Holders. Any Holder (with the prior written consent of the Bond Insurer) shall have the right for the equal benefit and protection of all Holders similarly situated --

Section 13. Section 8.04 of the Resolution is amended by amending the second and third paragraphs thereof to read as follows:

A waiver of any default or breach of duty or contract by any Holder or the Bond Insurer shall not affect

any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission of any Holder or the Bond Insurer to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein; any every right and remedy conferred upon the Holders and the Bond Insurer by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by such Holders and the Bond Insurer.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to any Holder or the Bond Insurer, the District and such Holder and the Bond Insurer shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 14. Section 9.01 of the Resolution is amended by amending subsection (c) thereof to read as follows:

(c) Any Bonds shall prior to their maturity dates or redemption dates be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity dates, the District shall have given to the Fiscal Agent in form

satisfactory to it irrevocable instructions to mail in accordance with Section 10.09 a notice of redemption to the Holders of such Bonds on such date, (2) there shall have been irrevocably deposited with the Fiscal Agent either money in an amount which shall be sufficient or Federal Securities (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) not subject to redemption prior to their maturities the interest on and the principal of which when paid will provide money which, together with the money, if any, deposited with the Fiscal Agent at the same time, shall be sufficient to pay when due the interest due and to become due on such Bonds on and prior to their maturity dates or redemption dates, as the case may be, and the principal of and redemption premiums, if any, on such Bonds on such maturity dates or redemption dates, as the case may be, (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the District shall have given the Fiscal Agent in form satisfactory to it irrevocable instructions to mail in accordance with Section 10.09 a notice to the Holders of such Bonds that the deposit required by (2) above has been made with the Fiscal Agent and that such Bonds are deemed to have been paid in accordance with this section, and stating such maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the

principal of and redemption premiums, if any, on such Bonds, and (4) the Bond Insurer shall have been notified and provided with draft copies of the proposed escrow agreement, the Independent Certified Public Accountant's verification, the proposed preliminary official statement of the refunding issue (if applicable) and the proposed bond counsel opinion, all of which materials shall be delivered to the Bond Insurer no less than five (5) business days prior to the scheduled defeasance, and a copy of the escrow agreement and the Independent Certified Public Accountant's verification stating that the escrow is sufficient to meet the standards of this section. The final official statement for the refunding issue (if applicable), the bond counsel opinion, the Fiscal Agent's receipt and the Fiscal Agent's certification as to the application of funds shall be furnished to the Bond Insurer no later than ten (10) business days subsequent to the defeasance.

Section 15. Section 10.10 of the Resolution is amended by amending the third from the last sentence thereof to read as follows:

Money in the Bond Reserve Account may, and upon the Written Request of the District shall, be invested by the Fiscal Agent in Federal Securities, at least one-half (1/2) of which shall mature not more than one (1) year and the balance of which shall mature not more than five (5) years from the date of purchase by the Fiscal Agent, and money in the Surplus Account

may be invested by the District in any lawful investment of the District.

Section 16. The Resolution is amended by adding thereto a new Section 10.12 to read as follows (with the succeeding sections of Article X of the Resolution renumbered accordingly):

Section 10.12. Special Provisions Concerning the Bond Insurer. As long as the financial guaranty bond issued by the Bond Insurer (the "Financial Guaranty Bond") shall be in full force and effect, the District and the Fiscal Agent agree to comply with the following provisions:

1. The gross amount to be deposited in the Revenue Fund by the District to pay principal and/or interest on the Bonds on each scheduled interest or interest and principal payment date (an "Interest Payment Date") shall be deposited by the District at least five (5) business days prior to each such stated Interest Payment Date.

2. If, at the close of business on the fifth business day prior to an Interest Payment Date, the Fiscal Agent determines that, after having exhausted the Bond Reserve Account, there will be insufficient funds in the funds and accounts available to pay the principal of or interest on the Bonds on such Interest Payment Date, the Fiscal Agent shall so notify both United States Fidelity and Guaranty Company ("USF&G") via telephonic notice to Steven J. Trecker, USF&G Company, 100 Light Street, Baltimore, Maryland 21202,

telephone (301) 625-5616 and the Bond Insurer via telephonic notice to the Bond Insurer's Claims Officer at (415) 995-8000, confirmed by facsimile transmission of a completed "Notice of Nonpayment" attached in form as Exhibit A to the Financial Guaranty Bond to (415) 995-8008. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency will be applicable and whether payment due on such Bonds will be deficient as to either principal or interest, or both, all in accordance with said Exhibit A.

3. Simultaneously with the giving of notice to the Bond Insurer and USF&G as provided in (2) above, the Fiscal Agent shall make available to the Bond Insurer and USF&G, their agents or assigns the bond registration books of the District maintained by the Fiscal Agent, and all records relating to the funds and accounts established under the Resolution.

4. By the close of business on the third business day prior to an Interest Payment Date, the Fiscal Agent shall provide the Bond Insurer and USF&G with a list of the Holders of Bonds entitled to receive principal or interest payments from the Bond Insurer and USF&G under the terms of the Financial Guaranty Bond and the full or partial amounts of interest and principal due each such Holder.

5. By the close of business on the second business day prior to an Interest Payment Date, USF&G shall make arrangements with its Disbursing Agent (as such term is

defined in the Financial Guaranty Bond) to disburse to the Fiscal Agent on the business day next preceding an Interest Payment Date funds to be held by the Fiscal Agent in a segregated trust account (the "Segregated Account") in an amount sufficient to enable the Fiscal Agent (1) to mail checks or drafts on the Interest Payment Date to the Holders of Bonds entitled to receive full or partial interest payments pursuant to the terms of the Financial Guaranty Bond, and (2) to pay principal upon Bonds surrendered to the Fiscal Agent by the Holders of Bonds entitled to receive full or partial principal payments from USF&G.

6. The Fiscal Agent, at the time it provides notice to the Bond Insurer and USF&G pursuant to (2) above, shall notify the Holders of Bonds subject to the benefit of the Financial Guaranty Bond (i) as to the fact of such entitlement, (ii) that USF&G's Disbursing Agent will remit to the Fiscal Agent all or a portion of the interest payments coming due on the next scheduled Interest Payment Date, (iii) that if entitled to receive full payment of principal pursuant to the terms of the Financial Guaranty Bond, such Holders must tender their Bonds for payment thereof to the Fiscal Agent along with the form of transfer of title thereto attached to the Financial Guaranty Bond as Schedule B, and (iv) that if entitled to receive partial payment of principal pursuant to the terms of the Financial Guaranty Bond, such Holders must tender their Bonds for payment thereof to the

Fiscal Agent along with the form of transfer of title thereto attached to the Financial Guaranty Bond as Schedule B. The Fiscal Agent shall note on such Bonds that all or that a portion of the principal paid by the Fiscal Agent has been paid pursuant to the terms of the Financial Guaranty Bond from assets held in the Segregated Account. Upon the tendering of such Bonds to the Fiscal Agent, the Fiscal Agent shall pay the Holders thereof the unpaid portion of principal.

7. USE&G, if it causes the Disbursing Agent to make payment of all or a portion of principal or of interest on Bonds pursuant to the Financial Guaranty Bond, shall become subrogated to the rights of the recipients of such payments in accordance with the terms of the Financial Guaranty Bond, and to evidence such subrogation (i) in the case of subrogation as to payments under the Financial Guaranty Bond representing interest, the Fiscal Agent shall note USE&G's rights as subrogee on the registration books of the District maintained by the Fiscal Agent, and (ii) in the case of subrogation as to payments under the Financial Guaranty Bond representing principal, the Fiscal Agent shall note USE&G's rights as subrogee on the registration books of the District maintained by the Fiscal Agent upon surrender of the Bonds by the Holders thereof; and in any such case all covenants, agreements and other obligations of the District to the Holders shall continue to exist and USE&G shall be subrogated to the rights of such Holders.



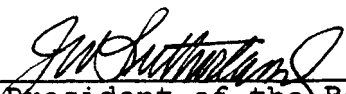
Section 17. Except as herein amended, the Resolution and all of the conditions, terms and provisions thereof are hereby ratified, confirmed and approved and shall remain in full force and effect.

PASSED AND ADOPTED this 16th day of November, 1988, by the following vote:

AYES: Directors Sutherland, Fisher, Grantz, Tyler and White


NOES: None

ABSENT: None

  
\_\_\_\_\_  
President of the Board of  
Directors of Vandenberg Village  
Community Service District

[SEAL]

Attest:

  
\_\_\_\_\_  
Secretary of the Board of  
Directors of Vandenberg Village  
Community Service District

SECRETARY'S CERTIFICATE

I, Faye Edman, Secretary of the Board of Directors of Vandenberg Village Community Services District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of Vandenberg Village Community Services District duly and regularly held in Lompoc, California, on November 16, 1988, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof was present.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and it is now in full force and effect.

I further certify that an agenda of said meeting was posted at least seventy-two (72) hours before said meeting at a location fully accessible to members of the public in Lompoc, California, and a brief general description of said resolution appeared on said agenda.

*Faye Edman*

SECRETARY'S CERTIFICATE

I, Faye Edman, Secretary of the Board of Directors of Vandenberg Village Community Services District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of Vandenberg Village Community Services District duly and regularly held in Lompoc, California, on November 16, 1988, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof was present.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and it is now in full force and effect.

I further certify that an agenda of said meeting was posted at least seventy-two (72) hours before said meeting at a location fully accessible to members of the public in Lompoc, California, and a brief general description of said resolution appeared on said agenda.

*Faye Edman*

IN WITNESS WHEREOF, I have executed this  
certificate and affixed the seal of Vandenberg Village  
Community Services District hereto this 23rd day of  
November \_\_\_\_\_, 1988.

*Jay Edman*

---

Secretary of the Board of  
Directors of Vandenberg Village  
Community Services District

[SEAL]