

FORM OF THE CONTINUING DISCLOSURE CERTIFICATE

§ _____
DISCOVERY BAY PUBLIC FINANCING AUTHORITY
(Contra Costa County, California)
SERIES 2012 ENTERPRISE REVENUE BONDS
(Water and Wastewater Financing Projects)

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Town of Discovery Bay Community Services District (the “District”) in connection with the issuance of \$ _____ Discovery Bay Public Financing Authority, Series 2012 Enterprise Revenue Bonds (the “Bonds”) by the Discovery Bay Public Financing Authority (the “Authority”). The Bonds are being issued pursuant to an Indenture of Trust (the “Indenture”), dated as of August 1, 2012, by and between the Authority and _____ (the “Trustee”).

The Bonds are limited obligations of the Authority payable from the Revenues (defined herein) pledged under the Indenture, consisting primarily of (i) water installment payments (the “Water Installment Payments”) to be made by the Town of Discovery Bay Community Services District (the “District”) under a water installment sale agreement, dated as of August 1, 2012, by and between the Authority and the District (the “Water Installment Sale Agreement”), and (ii) wastewater installment payments (the “Wastewater Installment Payments,” and together with the Water Installment Payments, the “Installment Payments”) to be made by the District under a wastewater installment sale agreement, dated as of August 1, 2012, by and between the Authority and the District (the “Wastewater Installment Sale Agreement,” and together with the Water Installment Sale Agreement, the “Installment Sale Agreements”). The Water Installment Payments are secured by a pledge of and lien on the net revenues of the District’s municipal water enterprise (the “Water System”), and the Wastewater Installment Payments are secured by a pledge of and lien on the net revenues of the District’s municipal wastewater enterprise (the “Wastewater System”).

Pursuant to the Installment Sale Agreements, the District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 2. Definitions. In addition to the definitions set forth in the Indenture or the Installment Sale Agreements, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms will have the following meanings:

“*Annual Report*” will mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Dissemination Agent*” will mean _____, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*Listed Events*” will mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” will mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive continuing disclosure filings pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“Official Statement” will mean the final Official Statement, dated August __, 2012, prepared in connection with the sale and offering of the Bonds.

“*Participating Underwriter*” will mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” will mean rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District will, or will cause the Dissemination Agent to, not later than nine (9) months after the end of the District’s Fiscal Year, commencing with the report for the 2011-12 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Trustee and the Participating Underwriter. Not later than fifteen (15) Business Days prior to said date, the District will provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent will contact the District to determine if the District is in compliance with the previous sentence. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the District’s Fiscal Year changes, it will give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District will send a notice to the MSRB, in an electronic format as prescribed by the MSRB, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent will (if the Dissemination Agent is other than the District) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB pursuant to this Disclosure Certificate.

Section 4. Content of Annual Reports. The District's Annual Report will contain the following information:

(i) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

(ii) To the extent not contained in the audited financial statements filed pursuant to the preceding clause (a), the Annual Report will contain information with respect to the District's Water System showing:

(a) Annual water service structure and pricing, together with adopted rates in a format comparable to Table _ of the Official Statement for the prior Fiscal Year, if such information is not otherwise included elsewhere in the Annual Report;

(b) Largest ten users of the Water System, based on annual billings for the prior calendar year, if such information is not otherwise included elsewhere in the Annual Report;

(c) Any additional indebtedness incurred during the prior Fiscal Year which is payable from revenues of the Water System on a parity with the Bonds, if such information is not otherwise included elsewhere in the Annual Report; and

(d) An update of the information contained in Table _ under the heading "THE FINANCING PLAN – Water--Debt Service Coverage Projections for the Bonds" in the Official Statement for the Bonds, if such information is not otherwise included elsewhere in the Annual Report.

(iii) To the extent not contained in the audited financial statements filed pursuant to the preceding clause (a), the Annual Report will contain information with respect to the District's Wastewater System showing:

(a) Annual wastewater service structure and pricing, together with adopted rates in a format comparable to Table _ of the Official Statement for the prior Fiscal Year, if such information is not otherwise included elsewhere in the Annual Report;

(b) Largest ten users of the Wastewater System, based on annual billings for the prior calendar year, if such information is not otherwise included elsewhere in the Annual Report;

(c) Any additional indebtedness incurred during the prior Fiscal Year which is payable from revenues of the Wastewater System on a parity with the Bonds, if such information is not otherwise included elsewhere in the Annual Report; and

(d) An update of the information contained in Table _ under the heading “THE FINANCING PLAN – Wastewater--Debt Service Coverage Projections for the Bonds” in the Official Statement for the Bonds, if such information is not otherwise included elsewhere in the Annual Report.

Any or all of the items listed above may be included by specific reference to other documents, including Official Statements of debt issues of the District or related public entities, which have been submitted to MSRB. If the document included by reference is a final Official Statement, it must be available from the MSRB. The District will clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Optional, contingent or unscheduled bond calls, if material;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material.
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District;
- (xii) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District will, or will cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), and (a)(xiv) of this Section 5 contain the qualifier “if material.” The District will cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event’s occurrence is material for purposes of U.S. federal securities law.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate will be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District will give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be _____.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

The Dissemination Agent will agree to any amendment so requested by the District; provided neither the Trustee nor the Dissemination Agent will be obligated to enter into any amendment increasing or affecting its duties or obligations.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison will include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison will be quantitative. A notice of the change in the accounting principles will be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate will be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District will have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate will not be deemed an Event of Default under the Indenture or any Supplemental Indenture or the Installment Sale Agreements, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate will be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent will have only duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties under the Indenture, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section will survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate will inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and will create no rights in any other person or entity.

Section 14. Future Determination of Obligated Persons. In the event that the Securities Exchange Commission amends, clarifies or supplements the Rule in such a manner that requires any landowner within the District to be an obligated person as defined in the Rule, nothing contained herein will be construed to require the District to meet the continuing disclosure requirements of the Rule with respect to such obligated person and nothing in this Disclosure Certificate will be deemed to obligate the District to disclose information concerning any owner of land within the District except as required as part of the information required to be disclosed by the District pursuant to Section 4 and Section 5 hereof.

Date: August __, 2012

TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT

By: _____
General Manager

Accepted and Acknowledged:

_____, as
Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: Town of Discovery Bay Community Services District

Name of Bond Issue: Discovery Bay Public Financing Authority
Series 2012 Enterprise Revenue Bonds
(the "Bonds").

Date of Issuance: August __, 2012

NOTICE IS HEREBY GIVEN that the Town of Discovery Bay Community Services District (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated August __, 2012. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT

By _____