

**\$560,000**  
**City of Missoula, Montana**  
**Pooled Special Sidewalk, Curb, Gutter and Alley Approach Bonds**  
**Series 2008A**

**CONTINUING DISCLOSURE UNDERTAKING**

**May 15, 2008**

This Continuing Disclosure Undertaking, dated as of May 15, 2008 (the “Disclosure Undertaking”), is executed and delivered by the City of Missoula, Montana, a municipal corporation (the “Issuer”), in connection with the issuance of its Pooled Special Sidewalk, Curb, Gutter and Alley Approach Bonds, Series 2008A (the “Bonds”), in the original aggregate principal amount of \$560,000. The Bonds are being issued pursuant to an authorizing resolution adopted by the City Council of the Issuer on March 24, 2008, and a bond resolution adopted by the City Council of the Issuer on April 21, 2008 (collectively, the “Resolutions”) and delivered to the Purchaser on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Holders (defined herein) of the Bonds. Although the issue of the Bonds is exempt from complying with SEC Rule 15c2-12(b)(5) (the “Rule”) promulgated by the Securities and Exchange Commission because the Bonds are being issued in a principal amount of less than \$1,000,000, the Issuer has elected to comply with the full provisions of the Rule for the Bonds. This Disclosure Undertaking, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

If the Issuer fails to comply with any provisions of this Disclosure Undertaking, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant, contained in this Disclosure Undertaking, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder. Notwithstanding anything to the contrary contained herein, in no event shall a default under this Disclosure Undertaking constitute a default under the Bonds or under any other provision of the Resolutions.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

“Audited Financial Statements” means the Issuer’s annual financial statements, prepared in accordance with generally accepted accounting principles (“GAAP”) for Governmental Units as Prescribed by the Governmental Accounting Standards Board (“GASB”).

“Bonds” means the Issuer’s Pooled Special Sidewalk, Curb, Gutter and Alley Approach Bonds, Series 2008A, in the original aggregate principal amount of \$560,000.

“Disclosure Information” means the same as defined in Section 4 hereof.

“Fiscal Year” means the fiscal year of the Issuer.

“Final Official Statement” means the deemed final official statement dated April 7, 2008, plus the addendum thereto which together constitute the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Holder” means the person in whose name a security is registered or a beneficial owner of such a security.

“Issuer” means the City of Missoula, Montana which is the obligated person with respect to the Bonds.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Undertaking.

“MSRB” means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, VA 22314.

“NRMSIR” means any nationally recognized municipal securities information repository as recognized from time to time by the SEC for purposes of the Rule.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser(s)) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means D.A. Davidson & Co.

“Repository” means each NRMSIR and each SID, if any.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission.

“SID” means any public or private repository or entity designated by the State of Montana as a state information depository for the purpose of the Rule. As of the date of this Certificate, there is no SID.

Section 3. Information to be Disclosed. The Issuer will provide, in the manner set forth in Section 5 hereof, either directly or indirectly through an agent designated by the Issuer, the following information at the following times:

(a) The Issuer shall provide, as soon as available, but not later than 270 days after the end of the Fiscal Year commencing with the year that ends June 30, 2008, each Repository with an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and will be submitted as soon as available.

(b) If the Issuer is unable or fails to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repositories and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

(d) Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the Issuer shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within ten (10) days after the receipt thereof, the Issuer shall provide the audited financial statements.

(e) Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to each of the repositories hereinafter referred to under Section 2 or the SEC. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify in the Disclosure Information each document so incorporated by reference.

If any part of the Disclosure Information can no longer be generated because the operations of the Project or the Issuer have materially changed or been discontinued, such Disclosure Information need no longer be provided if the Issuer includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other Issuer operations in respect of which data is not included in the Disclosure Information and the Issuer determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (3) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following financial information and operating data in respect of the Issuer (the "Disclosure Information"):

(A) the audited financial statements of the Issuer for such fiscal year, accompanied by the audit report and opinion of the accountant or government auditor relating thereto, as permitted or required by Montana law, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, showing in comparative form such figures for the preceding fiscal year of the Issuer, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the Issuer, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the City Finance Director/Treasurer; and

(B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available, which

information may be unaudited, but shall be certified as to accuracy and completeness in all material respects by the City Finance Director/Treasurer to the best of his or her knowledge, which certification may be based on the reliability of information obtained from governmental or other third-party sources, of the type contained in the Final Official Statement under the captions: "AUTHORITY AND PURPOSE," "SECURITY AND FINANCING," "SECURITY AND FINANCING - The Revolving Fund and Outstanding Special Improvement Districts and Special Sidewalk, Curb, Gutter and Alley Bonds."

Any filing under this Disclosure Undertaking may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the SEC has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Undertaking.

Section 5.        Reporting of Material Events.

- (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events if material with respect to the Bonds:
1. Principal and interest payment delinquencies;
  2. Non-payment related defaults;
  3. Unscheduled draws on debt service reserves reflecting financial difficulties;
  4. Unscheduled draws on credit enhancements reflecting financial difficulties;
  5. Substitution of credit or liquidity providers, or their failure to perform;
  6. Adverse tax opinions or events affecting the tax-exempt status of the security;
  7. Modifications to rights of security holders;
  8. Bond calls;
  9. Defeasances;
  10. Release, substitution or sale of property securing repayment of the securities; and
  11. Rating changes.
- (b) Whenever the Issuer obtains knowledge of the occurrence of a Material Event, the Issuer shall promptly file a notice of such occurrence with either all NRMSIRs or with the MSRB and with any SID. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(8) and (9) 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 pursuant to the Resolutions.

- (c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Undertaking shall terminate upon the legal defeasance, or upon the redemption or payment in full of all the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Undertaking, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions constituting the Undertaking and this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that the Issuer delivers to each then existing NRMSIR and the SID, if any, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the Resolutions and this Disclosure Undertaking are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions and this Disclosure Undertaking may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to each then existing NRMSIR and the SID, if any, of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of the Resolutions and this Disclosure Undertaking and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Undertaking any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the following officials of the City of Missoula, Montana have executed this CONTINUING DISCLOSURE UNDERTAKING as of the date and year first written above.

**CITY OF MISSOULA, MONTANA**

By: \_\_\_\_\_  
Its: Mayor

(SEAL)

By: \_\_\_\_\_  
Its: City Clerk

By: \_\_\_\_\_  
Its: City Finance Director/Treasurer