
CONTINUING DISCLOSURE AGREEMENT

Dated as of June 30, 2010

Between

THE CITY OF KIRKSVILLE, MISSOURI

And

BANK OF KANSAS CITY, N.A.

\$2,274,000

City of Kirksville, Missouri

Taxable Combined Waterworks and Sewerage System Revenue Bonds

(Recovery Zone Economic Development Bonds)

Series 2010

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of June 21, 2010 (the “**Continuing Disclosure Agreement**”), is executed and delivered by the **CITY OF KIRKSVILLE, MISSOURI** (the “**Issuer**”) and **BANK OF KANSAS CITY, N.A.**, as dissemination agent (the “**Dissemination Agent**”).

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the Issuer of **\$2,274,000 Taxable Combined Waterworks and Sewerage System Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010** (the “**Bonds**”), pursuant to an Ordinance adopted by the governing body of the Issuer (the “**Ordinance**”).

2. The Issuer and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”). The Issuer is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Continuing Disclosure Agreement 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, **Section 2** of this Continuing Disclosure Agreement.

“**Beneficial Owner**” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Dissemination Agent**” means Bank of Kansas City, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures operated by the MSRB, which can be accessed at www.emma.msrb.org.

“**Material Events**” means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

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

“Rule” means 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 2. Provision of Annual Reports.

- (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than **180** days after the end of the Issuer’s fiscal year, commencing with the year ending December 31, 2010, provide to the MSRB, via EMMA, the following financial information and operating data (the “**Annual Report**”):
- (1) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.
 - (2) Updates as of the end of the fiscal year of certain financial information and operating data contained in the final Official Statement, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an “**obligated person**” (as defined by the Rule), which have been provided to the MSRB and is available through EMMA or to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

In each case, 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 this Section; provided that the audited financial statements of the Issuer 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 they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

- (b) The Dissemination Agent shall notify the Issuer each year not later than 90 days prior to the date for providing the Annual Report to the Repositories, of the date on which its Annual Report must be provided to the Dissemination Agent or Repositories.
- (c) Not later than the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall either (1) provide the Annual Report to the Dissemination Agent, with written instructions to file the Annual Report as specified in subsection (a), or (2)

provide written notice to the Dissemination Agent that the Issuer has provided the Annual Report to the MSRB (or will do so prior to the deadline specified in subsection (a)).

- (d) If the Dissemination Agent has not received either an Annual Report with filing instructions or a written notice from the Issuer that it has provided an Annual Report to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as **Exhibit B**.
- (e) The Dissemination Agent shall, unless the Issuer has provided the Annual Report to the MSRB, promptly following receipt of the Annual Report and instructions required in subsection (b) above, provide the Annual Report to the MSRB and file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided to the MSRB.
- (f) In addition to the foregoing requirements of this Section, the Issuer agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same have been delivered to the MSRB.

Section 3. Reporting of Material Events.

- (a) Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given to the MSRB, via EMMA, notice of the occurrence of any of the following events with respect to the Bonds, if material (“**Material Events**”):
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults;
 - (3) modifications to rights of bondowners;
 - (4) optional, contingent or unscheduled bond calls;
 - (5) defeasances;
 - (6) rating changes;
 - (7) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
 - (8) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (9) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (10) substitution of credit or liquidity providers, or their failure to perform; or
 - (11) release, substitution or sale of property securing repayment of the Bonds.
- (b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the Superintendent of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the Issuer determines that such event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d).
- (c) Whenever the Issuer obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer

shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).

- (d) If the Dissemination Agent receives written instructions from the Issuer to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence to the MSRB, with a copy to the Issuer. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the registered owners of affected Bonds pursuant to the Ordinance.

Section 4. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agent; Other Designated Agents.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is Bank of Kansas City, N.A.

(b) The Issuer may, from time to time, appoint or designate one or more agents (each, a "designated agent") to submit Annual Reports, Material Event notices, and other notices or reports with the MSRB. The Institution hereby appoints the Dissemination Agent as designated agent of the Issuer solely for the purpose of submitting Issuer-approved Annual Reports, Material Event notices, and other notices or reports to the MSRB. The Issuer may revoke this designation at any time upon written notice to the designated agent, and may designate one or more additional designated agents for purposes of this **Section 5(b)** from time to time by written designation to the newly appointed designated agent.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Continuing Disclosure Agreement and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer and the Dissemination Agent with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or

operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement 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 Continuing Disclosure Agreement. 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 Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the Issuer or the Dissemination Agent fails to comply with any provision of this Continuing Disclosure Agreement, any Participating Underwriter or any Beneficial Owner 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 or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Issuer 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 hereunder, 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 wilful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Issuer shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement.

Section 10. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the Issuer:

City of Kirksville
201 South Franklin
Kirksville, Missouri 63501
Attention: City Manager
Telephone/Fax: 660-627-1225/660-665-0940

To the Dissemination Agent: Bank of Kansas City, N.A.
4600 Madison Avenue, Suite 800
Kansas City, MO 64112
Attention: Ken Dotson
Telephone/Fax: 816-932-7303/816-932-7315

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 11. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. No Prior Continuing Disclosure Obligation. The City has not previously entered into a continuing disclosure obligation under the Rule.

Section 13. Severability. If any provision in this Continuing Disclosure Agreement, the Ordinance or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Remainder of this page intentionally left blank.]

Section 16. Governing Law. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

CITY OF KIRKSVILLE, MISSOURI

By: _____
Title: Mayor

BANK OF KANSAS CITY, N.A.,
as Dissemination Agent

By: _____
Title: Authorized Officer

EXHIBIT A

**FINANCIAL INFORMATION AND OPERATING DATA TO BE
INCLUDED IN ANNUAL REPORT**

The following sections and tables contained in *Appendix B* to the final Official Statement:

OPERATION OF THE SYSTEM:

Customers and Operations

DEBT STRUCTURE OF THE SYSTEM:

Current Outstanding Revenue Obligations of the System

FINANCIAL INFORMATION CONCERNING THE SYSTEM:

Historical Debt Service Coverage

Utility Rates

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Kirksville, Missouri

Name of Bond Issue: \$2,274,000 Taxable Combined Waterworks and Sewerage System Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010 (the "Bonds")

Name of Obligated Person: City of Kirksville, Missouri (the "Issuer")

Date of Issuance: June 30, 2010

NOTICE IS HEREBY GIVEN that the City of Kirksville, Missouri, has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of June 21, 2010, between the Issuer and Bank of Kansas City, N.A., as Dissemination Agent. [The Issuer has informed the Dissemination Agent that the Issuer anticipates that the Annual Report will be filed by _____.]

Dated: _____, _____, _____

Bank of Kansas City, N.A., as Dissemination Agent
on behalf of the **City of Kirksville, Missouri**

cc: City of Kirksville