

**BROOKS DEVELOPMENT AUTHORITY**  
**SENIOR LIEN REVENUE BONDS**  
**Series 2015A-1**  
**Series 2015B-1**  
**Taxable Series 2015B-2**

This CONTINUING DISCLOSURE UNDERTAKING (this "**Undertaking**") is executed and delivered as of this 1st day of August, 2015 by the Brooks Development Authority, a defense base development authority and political subdivision of the State of Texas (the "**Authority**").

**BACKGROUND:**

1. The Authority is a defense base development authority and a political subdivision of the State of Texas created by the City of San Antonio, Texas (the "**City**") pursuant to, and operating in accordance with, the Constitution and laws of the State of Texas, including particularly Chapter 379B, Texas Local Government Code (the "**Authority Act**").

2. In accordance with Section 379B.003(a)(1) of the Authority Act, the Authority was created in order to (i) accept title to, or operate under a lease from, the United States of America or any other person all or a portion of the land (together with the improvements and personal property located on such land) inside the boundaries of a defense base previously known as Brooks Air Force Base and areas around the base property, and (ii) engage in the economic development of the base property and areas around the base property.

3. Pursuant to the Authority Act, the Authority is authorized to exercise power necessary or convenient to carry out the purposes of the Authority Act, including but not limited to the power to enter into a contract or incur a liability, borrow money or issue bonds in an amount that does not exceed the maximum amount set by the board of directors of the Authority, grant a mortgage on a property right, and request and accept a loan from any source permitted by law.

4. Concurrently with this Undertaking, the Authority has entered into a Senior Lien Master Trust Indenture, Deed of Trust, and Security Agreement (the "**Master Indenture**") with UMB Bank, N.A. (the "**Trustee**"), as currently and hereafter supplemented by separate Supplemental Indentures (together with the Master Indenture, the "**Indenture**"), for the purpose of issuing revenue bonds to finance the economic development of the base property and areas around the base property, and for other lawful and proper purposes.

5. Pursuant to the Indenture, the Authority has issued the above-referenced revenue bonds of the Authority (the "**Senior Lien Bonds**"), payable from and secured by the lien of the Indenture. Stifel, Nicolaus & Company, Incorporated and Estrada Hinojosa & Company, Inc. have served as underwriters to the Authority with respect to the issuance of the Senior Lien Bonds (the "**Underwriters**").

6. In order to induce the purchase of the Senior Lien Bonds and in order to assist the Underwriters in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**"), and in consideration thereof, the Authority desires to enter into this Undertaking for the benefit of the holders of the Senior Lien Bonds (the "**Bondholders**"), in compliance with the applicable rules of the United States Securities and Exchange Commission, including, without limitation, the Rule.

**ACCORDINGLY**, the Authority hereby covenants and agrees as follows:

**SECTION 1. Purpose of the Undertaking.** This Undertaking is being executed and delivered by the Authority, for the benefit of the Bondholders and in order to assist the Underwriters in complying with the Rule. The Authority acknowledges that the Trustee has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Undertaking or the Rule.

**SECTION 2. Definitions.** Any capitalized term used in this Undertaking unless otherwise defined herein shall have the meaning attributed thereto in the Master Indenture.

**SECTION 3. Annual Reports.**

(a) *Obligation to provide Annual Reports.* Commencing with the fiscal year ending September 30, 2015, the Authority shall, within ten (10) Business Days following receipt of audited financial statements of the Authority, but in any event no later than March 31 of each year, provide to the Municipal Securities Rulemaking Board, or any successor repository designated by the Securities and Exchange Commission (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system, with a copy to the Trustee and the Bondholder Representative, an Annual Report which is consistent with the requirements set forth in Section 3(b) below.

(b) *Content of Annual Reports.* The Authority's Annual Report shall conform to the following requirements and contain the following information:

- (i) The Authority's Annual Report shall contain the audited financial statements of the Authority for the preceding fiscal year. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements shall be filed in the same manner as the Annual Report when they become available. The Authority follows generally accepted accounting principles ("GAAP"). In the event of any material change in such requirements the impact of such changes will be described in the Annual Report of the year such change occurs.
- (ii) An Officer's Certificate of the Authority required pursuant to Section 7.04(b) of the Master Trust Indenture, together with a certification to the effect that as of the date of such Certificate, the Authority is in material compliance with the terms of the Master Indenture and no default or event of default of the Authority has occurred and is continuing, or, any event or circumstance exists which, with the passage of time, would constitute an event of default under the Master Indenture or other Bond Documents;
- (iii) A list of the fifteen largest property owners and tenants currently located on the Authority Property;
- (iv) A description of the material projects currently under development on the Authority Property by parcel, and any activity of the Authority regarding the application for or securing of a building permit, certificate of occupancy, or water or wastewater activity during the Fiscal Year;
- (v) The annual financing and capital plan of the Authority;

- (vi) A summary report showing the most recent appraised values of the parcels constituting the Premises and the value of the Net Capital Assets of the Authority;
- (vii) Updated information contained in the following headings or subheadings of the Private Limited Offering Memorandum of the Authority dated July 20, 2015, substantially in the form originally depicted in such Private Limited Offering Memorandum: "BROOKS DEVELOPMENT AUTHORITY," "COVENANT CALCULATIONS," "PLANNED INFRASTRUCTURE PROJECTS," "ENVIRONMENTAL CONDITIONS," "THE PROPERTY," and "APPENDIX E – TABLE OF PREMISES," and "TABLE F – APPRAISAL OF AUTHORITY PROPERTY."

Any or all of the items listed above may be incorporated by reference from other documents, including filings required under the 1934 Act and official statements of debt issues of the Authority or related public entities, which have been submitted to the MSRB through EMMA. If the document incorporated by reference is deemed a final official statement, it shall be available from the MSRB through EMMA. The Authority shall clearly identify each such other document so incorporated by reference in its Annual Report.

(c) *Failure to Provide Annual Reports.* If the Authority is unable to provide to the MSRB, the Trustee and the Bondholder Representative an Annual Report by the date required in (a) above, the Authority shall, within ten (10) Business Days following such date, file a Notice of Failure to File Annual Report to the MSRB through EMMA, with copies to the Trustee and the Bondholder Representative.

**SECTION 4. *Unaudited Financial Statements.*** Commencing with the fiscal year ending September 30, 2015, not later than sixty (60) days following the end of each fiscal year, the Authority shall provide to the MSRB through EMMA, with copies to the Trustee and the Bondholder Representative, the unaudited financial statements of the Authority for such fiscal year, together with the Officer's Certificate of the Authority required pursuant to Section 7.04(a) of the Master Trust Indenture. If the Authority is unable to provide to the MSRB its unaudited financial statements by the date required above, the Authority shall, within ten (10) Business Days following such date, file a Notice of Failure to File Unaudited Financial Statements to the MSRB through EMMA, with copies to the Trustee and the Bondholder Representative.

**SECTION 5. *Quarterly Reports.*** The Authority shall, no later than thirty (30) days following the end of each fiscal quarter, commencing with the fiscal quarter ending September 30, 2015, provide to the MSRB through EMMA, with copies to the Trustee and the Bondholder Representative, a quarterly report summarizing the status of current construction projects on the Authority Property, and the current in-tract infrastructure, grading, and vertical construction work taking place or recently completed on the Premises by parcel; and (ii) a statement of the balances in the Pledged Funds under the Indenture held by the Trustee or with a depository of the Authority as of the last day of such fiscal quarter. If the Authority is unable to provide to the MSRB the quarterly report by the date required above, the Authority shall, within ten (10) Business Days following such date, file a Notice of Failure to File Quarterly Report to the MSRB through EMMA, with copies to the Trustee and the Bondholder Representative.

**SECTION 6. *Reporting of Certain Events.***

(a) The Authority shall, within ten (10) Business Days after their occurrence, provide notice to the MSRB through EMMA, with copies to the Trustee and the Bondholder Representative, of any of the following events:

- (i) The Authority enters into a Material lease, or any letter of intent ("**LOI**") to enter into a Material lease, or any amendment or modification to an existing Material lease;
- (ii) Any default under or termination of any Material lease;
- (iii) The bankruptcy, receivership or other similar event of a tenant under a Material lease;
- (iv) The Authority enters into any Material real estate purchase and sale agreement, development agreement, or letter of intent to enter into any of the foregoing;
- (v) The Authority enters into any Material credit agreement, loan agreement, guarantee, or other financing commitment, as lender or borrower, whether contingent or non-contingent;
- (vi) The Authority enters into any other Material Operating Document;
- (vii) Any default or termination of any agreement or commitment described in clauses (iv), (v) or (vi) above;
- (viii) Any changes to the environmental condition, status, or classification of the Premises, Authority Property, or the Net Capital Assets under applicable law;
- (ix) the occurrence of a Triggering Event; and
- (x) a violation by the Authority of any covenant under the Transaction Documents.

Upon the request of any Bondholder, the Authority shall deliver to such Bondholder copies of any agreement, letter of intent, or other Material Operating Document for which notice is required to be delivered under this Section 6.

(b) For purposes of this Section 6, the term "Material" shall mean, (A) with respect to executed lease documents, a lease or LOI relating to more than 25,000 square feet of leasable space or resulting in more than 5% of Gross Revenues per year; (B) with respect to executed real estate purchase and sale agreements or development documents, an agreement or LOI relating to more than ten (10) acres or 25,000 square feet, as the case may be, or being sold for, or involving, more than 5% of Net Asset Value; and (C) with respect to executed credit agreements, loan agreements, or other financing documents and transactions involving amounts in excess of \$5 million

(c) If the Authority fails to provide notice to the MSRB of any event described in this Section 6 within five (5) Business Days following the occurrence thereof, the Authority shall, within five (5) Business Days following such date, send a Notice of Failure to File Notice of Certain Event(s) to the MSRB through EMMA, with copies to the Trustee and the Bondholder Representative.

**SECTION 7. *Reporting of Listed Events.***

(a) The Authority shall, within ten (10) Business Days following their occurrence, provide notice to the MSRB, with copies to the Trustee and the Bondholder Representative, of any of the following events with respect to the Senior Lien Bonds:

- (i) Principal and interest payment delinquencies;

- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on the Debt Service Reserve Fund reflecting financial difficulties;
- (iv) Unscheduled draws on the 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 of determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (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 Authority;

(Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority).

- (xiii) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) In complying with this Section 7, the Authority shall determine whether or not an event is material as such term is interpreted in accordance with applicable federal laws, including, without limitation, the Rule.

(c) If the Authority fails to provide notice to the MSRB through EMMA of any event described in this Section 7 within ten (10) Business Days following the occurrence thereof, the Authority shall file send a Notice of Failure to File Notice of Listed Event(s) to the MSRB through EMMA.

**SECTION 8.** *Management Discussion of Items Disclosed.* If an item required to be disclosed under this Undertaking would be misleading without discussion, the Authority shall additionally provide a statement clarifying the disclosure in order that the statement made will not be misleading in light of the circumstances in which it is made.

**SECTION 9.** *Delivery of Information.* All reports, notices and other information filed with the MSRB through EMMA under this Undertaking shall be delivered in an electronic format as prescribed by the MSRB.

**SECTION 10.** *Termination of Reporting Obligation.* The obligations of the Authority under this Undertaking shall not terminate so long as any Senior Lien Bonds are outstanding, without the prior written consent of Bondholders holding a majority of the principal amount of the Bonds. The Authority shall not be permitted to assign its obligations to any other person without the prior written consent of such a majority and shall remain liable for the performance of its obligations hereunder for as long as the Senior Lien Bonds are outstanding; provided, however, that the Authority may retain a dissemination agent to assist the Authority in complying with the terms of this Undertaking.

**SECTION 11.** *Amendment, Waiver.* Notwithstanding any other provision hereof, the Authority may not amend or waive any provision of this Undertaking without the prior written consent of a Bondholders of majority of the principal amount of the Bonds, unless the amendment is made in connection with a change in the Rule, if all of the following conditions are satisfied:

(i) An amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking;

(ii) The Authority shall have delivered to the Trustee and the Bondholder Representative an opinion of counsel, addressed to the Authority and the Trustee, to the effect that the performance by the Authority under this Undertaking as so amended will not result in a violation of the Rule; and

(iii) The Authority shall have delivered copies of such opinion and amendment to the Trustee, with a copy to the Bondholder Representative

In the event of any such amendment or waiver of a provision of this Undertaking, the Authority shall promptly file such amendment with the MSRB through EMMA, with copies to the Trustee and the Bondholder Representative, and shall describe such amendment in the next Annual Report relating to the Authority including, 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 or in respect of the Authority.

**SECTION 12.** *Additional Information.* Nothing in this Undertaking shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report, audited and unaudited financial statement, quarterly report, or notice of occurrence of any event required to be disclosed herein, in addition to that which is required by this Undertaking. If the Authority chooses to include any information in any report or notice in addition to that which is specifically required by this Undertaking, the Authority shall have no obligation under this Undertaking to update such information or include it in any future report or notice.

**SECTION 13. *Default.*** In the event of a failure by the Authority to comply with any provision of this Undertaking, the Authority shall pay a penalty amount to the Bondholder Representative for every month in which the Authority is not in compliance with this Undertaking, in accordance with that certain Agreement Concerning Continuing Disclosure Undertaking dated as of the date hereof between the Bondholder Representative and the Authority. Additionally, the Trustee may, and at the direction of the Bondholder Representative, shall, take such actions as may be necessary and appropriate, including specific performance by court order, to cause the Authority to comply with its obligations under this Undertaking.

**SECTION 14. *Beneficiaries.*** This Undertaking shall inure to the benefit of the Trustee, the Underwriters, and the Bondholders, and the obligations of the Authority hereunder shall be enforceable by the Trustee, the Underwriters, and the Bondholder Representative.

**SECTION 15. *Recordkeeping.*** The Authority shall maintain records of all Annual Reports, audited and unaudited financial statements, quarterly reports, or notices of occurrence of any event required to be disclosed herein, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**SECTION 16. *Construction.*** This Undertaking shall be construed in accordance with the laws of the State of Texas.

*(signature page follows)*

IN WITNESS WHEREOF, the undersigned have executed this Continuing Disclosure Undertaking as of the date first set forth above.

BROOKS DEVELOPMENT AUTHORITY

By:

  
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President & CEO

(Signature Page to Continuing Disclosure Undertaking)