

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

THE GEO GROUP, Inc.)
)
 Plaintiff,)
)
 v.) Case No. CIV-23-1014 G
)
 HINTON ECONOMIC DEVELOPMENT)
 AUTHORITY, a Public Trust, and)
 THE TOWN OF HINTON, OKLAHOMA,)
)
 Defendants/Counterclaimants.)

**ANSWER TO COMPLAINT FOR DECLARATORY JUDGMENT
AND COUNTERCLAIM**

The Hinton Economic Development Authority (HEDA), an Oklahoma public trust, and the Town of Hinton, Oklahoma, HEDA's sole beneficiary, answers the Complaint for Declaratory Judgment as follows:

1. Defendants admit the statement in Paragraph 1 of the Complaint.
2. Defendants admit the statement in Paragraph 2 of the Complaint.
3. Defendants admit the statement in Paragraph 3 of the Complaint.
4. Defendants admit the statement in Paragraph 4 of the Complaint.
5. Defendants admit the statement in Paragraph 5 of the Complaint.
6. Defendants admit the statement in Paragraph 6 of the Complaint.
7. Defendants admit the statement in Paragraph 7 of the Complaint, subject to

the fact that the terms of the Lease Agreement speak for themselves and must be interpreted and applied according to applicable legal principles. A true and correct copy of the Lease

Agreement is attached as "Exhibit 1." Defendants deny any and all remaining allegations set forth in Paragraph 7 of the Complaint.

8. Defendants deny the allegations made in Paragraph 8 of the Complaint.

9. Regarding Complaint Paragraph 9, Defendants deny that GEO Group is the Lessee under the Lease Agreement. Further, the Lease Agreement speaks for itself and its terms must be interpreted and applied according to applicable legal principles. Defendants deny any and all remaining allegations set forth in Paragraph 9 of the Complaint.

10. Defendants deny the allegations made in Paragraph 10 of the Complaint.

11. Defendants deny the allegations made in Paragraph 11 of the Complaint.

12. Regarding the allegations set out in Paragraph 12, Defendants admit HEDA was party to the *Intergovernmental and Private Prison Contractor Agreement* dated as of March 1, 2000 (the "Prison Contract"). The Prison Contract speaks for itself; its terms must be interpreted and applied according to applicable legal principles. A copy of the Prison Contract is attached as "Exhibit 2." Defendants deny any and all remaining allegations set forth in Paragraph 12 of the Complaint.

13. Regarding Paragraph 13, Defendants admit, upon information and belief, that GEO Group is the successor in interest to Cornell Corrections and acquired Cornell Corrections' interest under the terms of the Prison Contract. Concerning the remaining allegations of Paragraph 13, the Prison Contract speaks for itself; its terms must be interpreted and applied according to applicable legal principles. Defendants deny any and all remaining allegations set forth in Paragraph 13 of the Complaint.

14. Defendants deny the characterization of the Prison Contract's language in Paragraph 14 is accurate. The Prison Contract speaks for itself; its terms must be interpreted and applied according to applicable legal principles. Defendants deny any and all remaining allegations set forth in Paragraph 14 of the Complaint.

15. In answer to the statements in Paragraph 15, Defendants state the Prison Contract speaks for itself; its terms must be interpreted and applied according to applicable legal principles. Defendants deny any and all remaining allegations set forth in Paragraph 15 of the Complaint.

16. Defendants deny the statement in Paragraph 16.

17. Defendants deny the allegations set forth in Paragraph 17, except that Defendants admit the Oklahoma Department of Corrections began housing inmates in the Facility in 2023 and continues to do so. Defendants deny any and all remaining allegations set forth in Paragraph 17 of the Complaint.

18. Concerning Paragraph 18, Defendants admit HEDA has invoiced GEO for the payments due according to the contracts and GEO has not paid HEDA as required. Defendants deny the remainder of the claims and allegations set forth in Paragraph 18 of the Complaint.

19. Defendants admit HEDA has invoiced GEO for payments pursuant to the applicable contracts and that GEO has failed and refused to remit payment as required. The remainder of the statements in Paragraph 19 are legal conclusions and arguments to which no response is required.

DEFENSES

1. Plaintiff lacks standing to prosecute the allegations of the Complaint.
2. Plaintiff is not the real party in interest.
3. Prior to the Oklahoma Department of Corrections' execution of the contract related to the Facility, Plaintiff purported to engage in good faith discussions and negotiations with HEDA. Plaintiff represented, and HEDA believed, that Plaintiff would honor the Prison Contract consistent with the Parties' prior course of conduct by making prisoner per diem payments to HEDA. Plaintiff has waived any right to claim that the Prison Contract is not applicable under the present circumstance.
4. Plaintiff is estopped from claiming that the Prison Contract is not applicable under the present circumstances.
5. Plaintiff initiated discussions with HEDA and engaged in the conduct outlined in paragraph 3 above in response to HEDA's inquiries to Plaintiff regarding the status of negotiations with the Department of Corrections and in response to HEDA's requests for details regarding the terms being negotiated. Plaintiff deliberately and fraudulently misled Defendants and induced Defendants to refrain from directly contacting the Department of Corrections and thereby discovering Plaintiff's scheme prior to the execution of the contract by the Department of Corrections.
6. Based on Plaintiff's allegations, Plaintiff's use of the HEDA-owned facility lacks public purpose. The Lease and Prison Contract are therefore void.

7. Based on Plaintiff's allegations and Plaintiff's interpretation of the agreements, the agreements are not supported by valid consideration. The Lease and Prison Contract are therefore void.

COUNTERCLAIM

The Hinton Economic Development Authority (HEDA), an Oklahoma public trust, and the Town of Hinton, Oklahoma, HEDA's sole beneficiary, in support of their counterclaim application for construction of certain written instruments pertaining to the Trust, state:

PARTIES, JURISDICTION AND VENUE

1. This is an action for construction of the provisions of certain trust instruments, the determination of the existence or nonexistence of certain facts affecting the administration of the trust estate and the law applicable thereto, and the powers, duties, and liabilities of the trust, pursuant to 60 O.S. § 175.23.

2. HEDA is a public trust created pursuant to 60 O.S. §§ 176 through 180.4, on June 29, 1987, as shown by the Trust Indenture on file with the Oklahoma Secretary of State, "Exhibit 3".

3. The sole beneficiary of the HEDA Trust is the Town of Hinton, Oklahoma.

4. This Court has supplemental jurisdiction pursuant to 28 U.S.C. §1367, because this counterclaim is "so related to claims in the action within such original jurisdiction that they form part of the same case or controversy under Article III of the United States Constitution."

5. This Court has original jurisdiction pursuant to 28 U.S.C. §1332 because the amount in controversy exceeds Seventy-five Thousand Dollars (\$75,000.00) exclusive of interest and costs and the action is between citizens of different states.

6. Venue in the Western District of Oklahoma is proper pursuant to 28 U.S.C. §1391(b) and (d) and 60 O.S. §175.23 (A) and (B).

FACTS

7. Pursuant to the broad grant of authority under Article IV of the Trust Indenture, HEDA is the owner of the “Great Plains Correctional Facility” (“Facility”), a medium security adult prison, built on HEDA-owned land in Hinton, Caddo County, Oklahoma.

8. In late 1999 and early 2000, HEDA entered into a “Lease Agreement” (“Lease”), “Exhibit 1”, and “Intergovernmental and Private Prison Contractor Agreement” (“Prison Contract”), “Exhibit 2”, with Cornell Corrections of Oklahoma, Inc., (“Cornell”) for the Facility.

9. According to Article II of the Prison Contract, the Facility was established by the Town pursuant to the Town’s governmental functions and the Town designated Cornell as the exclusive contractor to manage, maintain, and operate the Facility.

10. The initial Lease term was 75 years with an option to extend for an additional 75 years.

11. Article III of the Lease also provides for Cornell’s payment to HEDA of annual “Base Rent” in the amount of \$100,000 and “Additional Rent” based on an increase

in the “Inmate Contract Per Diem” rate as defined in the Prison Contract. The Lease includes a formula for determining the Additional Rent.

12. Section 3.1 of the Prison Contract grants to Cornell “the sole and exclusive authority and duty to, at its expense, equip, maintain and operate the business affairs associated with the Facility.”

13. Section 3.4 of the Prison Contract imposes certain duties on Cornell, including:

Cornell shall perform or supervise the operation and management of the Facility and the performance of its obligations pursuant to [the Prison Contract] so as to use its best efforts to cause the Facility to best achieve its performance goals. . . . Cornell shall at all times operate and manage the Facility in good faith and with no less care and effort than is customary for it in providing services to other similar facilities owned or operated by it. . . . Cornell shall be responsible for licensing or permitting of the Facility to permit it to be occupied. . . .

14. Section 3.6 of the Prison Contract additionally grants to Cornell “authority to prepare and execute all contracts for the design, construction, equipping, managing, maintaining, operating, or any sale or other disposition, of all or any part of the Facility, including, without limitation, the continuance or general operations of Facility and the housing and medical care of inmates and the transportation of inmates to the Facility.”

15. Section 3.9 of the Prison Contract imposes on Cornell

the responsibility . . . to confine and supervise all Inmates assigned to the Facility and to provide safe and humane care and treatment, in accordance with ACA Standards, including the furnishing of subsistence, routine and emergency medical care, training and treatment programs. . . .

16. Section 3.10 of the Prison Contract addresses the administration of the Facility and requires Cornell to “enter into all agreements and understandings which are

normal, routine and reasonable for the general operations of the Facility under its own corporate identity, unless otherwise specified” in the Prison Contract.

17. Cornell is also required to employ fully trained and uniformly dressed staff to provide 24-hours per day, seven days per week correctional services for the Facility.

18. The authority granted to Cornell by the contracts is limited by a “Reservation of Power and Authority to the Town” in Section 3.2, which retains for the Town “all decision making powers and authority over all Inmate Contracts it enters into. . . . The Town shall have the ultimate and sole decision making authority to negotiate contractual terms and conditions of confinement with regard to said Inmate Contracts.”

19. Section 4.1 of the Prison Contract provides for the payment of a “Base Management Fee” by HEDA to Cornell based on a formula set forth in section 4.3. Per Section 4.1, Cornell is entitled to receive “an amount equal to the Base Per Diem Rate multiplied by the number of Inmate Days less the amounts reserved to [HEDA] in Section 4.3 herein. The Base per Diem rate under any Inmate Contract shall be sufficient to reimburse Cornell for all costs incurred by Cornell in connection with such Inmate Contract and to provide Cornell with a reasonable pre-tax rate of return on Cornell’s investment of at least 15% per annum.”

20. According to Article I of the Prison Contract, an “Inmate Contract” is a contract between the Town and/or Cornell and any governmental entity that has sentenced the Inmate to a prison term and contracted with the Town and/or Cornell for the Inmate’s housing and care in the Facility which describes the rights and obligations of the parties relative to the housing and care of inmates at the Facility.

21. The “Base Management Fee” authorized by Section 4.1 is subject to a reservation to HEDA per Section 4.3 in “the sum of One Dollar (\$1.00) per diem for each Inmate at any time housed in the facility” (the “Inmate Per Diem”). The Inmate Per Diem is to be increased if the “Inmate Contract Per Diem is raised above \$43.95,” up to a maximum Inmate Per Diem of \$1.25.

22. Although the Prison Contract contemplates payments from contracting entities being made to HEDA and subsequent payment from HEDA to Cornell per Sections 4.1 and 4.3, Cornell and its successors have received direct payments from contracting entities, and they in turn remitted payment of reserved Inmate Per Diem to HEDA.

23. Cornell assigned the Lease to Municipal Corrections Finance, L.P. (“MCF”) on August 14, 2001.

24. The GEO Group, Inc. (“GEO”) acquired Cornell in 2010.

25. On April 18, 2023, GEO/MCF purported to enter into a 66 month Sublease of the Facility with the Oklahoma Department of Corrections (“ODOC”), “Exhibit 4”.

26. This Sublease provides for the housing of prisoners in the custody of ODOC at the Facility.

27. According to the Sublease, ODOC is solely responsible for the operation of the Facility.

28. HEDA did not negotiate or consent to GEO/MCF’s sublease of the Facility.

29. Contrary to the express terms of the Lease and Prison Contract, the Sublease makes no provision for HEDA to receive Inmate Per Diem and rent.

30. HEDA has made demand upon GEO/MCF for monthly payment of the Inmate Per Diem but GEO/MCF refuses to make the payments to HEDA required by the agreements.

31. By their actions, GEO/MCF have deprived the citizens of the Town of Hinton and Caddo County of the economic benefits that formed the basis and the public purpose for the construction and continued operation of the Facility.

32. The recitals in the HEDA Trust Indenture unequivocally state that the Trust was formed to enhance the ability of the Town of Hinton to provide for “future economic growth and development,” and “generally promote...economic welfare and prosperity.” The Indenture vests HEDA with broad powers to achieve these ends.

33. Under 60 O.S. § 175.23, HEDA and the Town of Hinton have the right to invoke this Court’s authority to construe the provisions of the Trust Indenture, Lease, Prison Contract, and all documents and transactions involving HEDA, GEO/MCF, and ODOC related thereto, and to determine the applicable law and facts affecting the administration of the trust estate.

PRAYER FOR RELIEF

WHEREFORE, HEDA and the Town of Hinton pray the Court enter judgment construing the Trust Indenture, Lease, Prison Contract, and all related documents and transactions, and:

- A. Ruling the Lease and Prison Contract constitute a single, non-severable agreement; and

- B. Requiring GEO/MCF pay HEDA a monthly Inmate Per Diem in the amount of \$1.25 per inmate per day in accordance with the Prison Contract, in addition to all payments required under the Lease; and/or
- C. Ruling that GEO/MCF was not authorized to sublease the Facility to the State of Oklahoma while failing to perform its duties under the Prison Contract and the sublease executed by GEO/MCF and the State of Oklahoma is therefore void and of no effect; and/or
- D. Determining that GEO/MCF breached the terms of the agreements with HEDA and the Town of Hinton when it subleased the Facility without complying with its obligations under the Prison Contract and that HEDA and the Town are therefore entitled to terminate the Lease and Prison Contract; and/or
- E. Determining the Lease and Prison Contract are illusory and/or void as against public policy and are therefore of no force and effect; and/or
- F. Determining the Lease and Prison Contract, as interpreted and applied by GEO/MCF, serve no public purpose and are therefore void and of no force and effect; and
- G. Denying Plaintiff's request for declaratory judgment and granting the relief requested by Defendants/Counterclaimants; and
- H. Entering judgment for such additional relief as is appropriate under the circumstances.

Respectfully submitted,

s/Andrew W. Lester

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**ATTORNEYS FOR DEFENDANTS AND
COUNTERCLAIMANTS THE HINTON
ECONOMIC DEVELOPMENT
AUTHORITY and THE TOWN OF
HINTON, OKLAHOMA**

CERTIFICATE OF SERVICE

I hereby certify that on December 8, 2023, I electronically transmitted the attached documents to the Clerk of Court using the ECF system for filing and transmittal of Notice of Electronic Filing to all counsel of record including:

Randall J. Wood rwood@piercecouch.com
Robert S. Lafferrandre rlafferrandre@piercecouch.com

s/Andrew W. Lester

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LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into as of the 31st day of December, 1999 (this "Lease"), by and among the HINTON ECONOMIC DEVELOPMENT AUTHORITY, a public trust and agency of the State of Oklahoma, with the Town of Hinton, Oklahoma, as its beneficiary (the "Authority"), the Town of Hinton, Oklahoma (the "Town") and CORNELL CORRECTIONS OF OKLAHOMA, INC., an Oklahoma corporation ("CCOI").

WITNESSETH:

WHEREAS, the Authority is the owner of certain land and the Facility (hereinafter defined) located in Caddo County, Oklahoma, described in Section 1.06 hereinbelow and on Exhibit "A" attached hereto (such land and the Facility being hereinafter referred to collectively as the "Land"); and

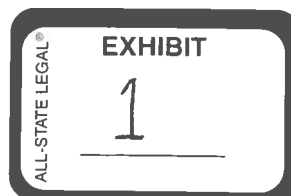
WHEREAS, the Town, acting in furtherance of its governmental purposes and in the exercise of its police powers, has taken action to create and establish a correctional facility to house and care for adult medium-security inmates (as more particularly defined in Section 1.03 hereinbelow, the "Facility") and has designated CCOI to equip, manage, maintain, and operate the Facility in the capacity of a private prison contractor pursuant to the terms of the Intergovernmental and Private Prison Contractor Agreement dated as of December 31, 1999, by and among the Town, the Authority and CCOI (the "Intergovernmental Agreement"); and

WHEREAS, CCOI intends to lease the Land from the Authority pursuant to this Lease and design, construct and equip certain improvements to the Facility.

WHEREAS, the Authority intends to grant an option to purchase its interest in the Land and the Facility, from time to time, in the event CCOI or the Town is required to grant an option to purchase the Land and the Facility in connection with the execution of a contract with the State of Oklahoma to house and care for inmates at the Facility.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties agree as follows:

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ARTICLE I
DEFINITIONS

For purposes of this Agreement:

Section 1.01. "Alterations" shall mean construction (including tenant improvements), reconstruction, replacement, repairs, renovations, alterations, changes, additions, expansions, improvements and demolitions of or to the Facility (hereinafter defined) and all excavations at any time made or to be made in, on or about the Land.

Section 1.02. "Events of Default" or any of the same shall mean Events of Default as defined and described in Article VI.

Section 1.03. "Facility" shall mean that certain medium-security prison which is currently designed to house and care for up to 812 adult inmates situate on the Land (hereinafter defined) together with all (a) Alterations, buildings, structures, improvements and appurtenances now and hereafter located, constructed, erected, installed, affixed, placed, and/or maintained in or upon the Land, together with all replacements and substitutions therefor and (b) all fixtures and goods to become fixtures that are installed, affixed, placed and/or maintained in or upon the Land, together with all replacements and substitutions thereof, including, but not limited to, furnaces, steam boilers, hot water boilers, oil burners, pipes, radiators, air conditioning and sprinkler systems, gas and electric fixtures, carpets, rugs, shades, awnings, screens, elevators, motors, and dynamos.

Section 1.04. "Financing Documents" shall mean all documents, instruments, and agreements of whatsoever nature now or hereafter entered into by, between, and among CCOI and Persons that are affiliates thereof and the Lenders (as defined below) with respect to the Land, the Facility, and any matters related thereto in any way whatsoever.

Section 1.05. "Impositions" shall mean, subject to Section 4.03 hereof, all taxes, assessments, water and sewer charges, charges for public utilities, excises, levies, license and permit fees and other governmental charges, of any kind and nature whatsoever which at any time prior to or during the term of the Lease may become a lien on (i) the Land; (ii) the Facility; (iii) the rent, income or other payments received by CCOI or anyone claiming by, through or under CCOI; (iv) any use or occupation of the Land thereon or personal property therein; and (v) such franchises as may be appurtenant to the use of the Land or personal property therein.

Section 1.06. "Land" shall mean a certain tract of real property situate in Caddo County, Oklahoma, described on Exhibit "A" attached hereto and made a part hereof and upon which the Facility is situated, and all improvements and appurtenances, including the Facility, and all easements and rights appurtenant thereto.

Section 1.07. "Leasehold Estate" shall mean CCOI's interest in

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the Land and the Facility and all other rights of CCOI created by this Lease.

Section 1.08. "Leased Premises" shall mean all or any part of the Land.

Section 1.09. "Lenders" shall mean any Persons providing financial accommodations related to the Facility or the Land, including, without limitation, Leasehold Mortgagees (hereinafter defined).

Section 1.10. "Mortgage" shall mean that certain first mortgage (and any amendments and refinancing thereof as permitted pursuant to Article IX) and any other loan documents presently (or in the future) held by ING (U.S.) Capital Corporation, as agent, and recorded in Book 2190, Page 34 - 59 of the records of the County Clerk of Caddo County, State of Oklahoma, which constitutes a lien on the Leasehold Estate, all executed by CCOI, as mortgagor, and any future mortgage held by a Lender.

Section 1.11. "Person" shall mean any individual, sole proprietorship, corporation, business trust, unincorporated organization, association, company, partnership, joint venture, limited liability company, or governmental authority (whether a national, federal, state, county, municipality, or otherwise, and shall include without limitation any instrumentality, division, agency, body, or department thereof) or other entity.

ARTICLE II

DEMISE AND TERM

Section 2.01. Demise. Subject to and upon the terms, conditions, covenants, and undertakings hereinafter set forth, the Authority hereby demises and leases to CCOI, and CCOI hereby leases from the Authority, upon the terms and conditions herein contained, the Leased Premises.

Section 2.02. Lease Term. The term of this Lease (the "Lease Term") shall commence December 31, 1999 (the "Commencement Date"), and terminate on December 30, 2075; provided, however, that Tenant may renew this Lease and extend the Lease Term for one (1) additional period of seventy-five (75) years (commencing December 31, 2075) on the same terms and provisions as provided in this Lease, by delivering written notice of the exercise of such option to extend to Landlord prior to the expiration of the Lease Term.

Section 2.03. Ownership of Facility and Land. The Facility and the Land shall be the property of the Authority and be a part of the realty and the property of the Authority, without any compensation or payment therefor by the Authority to CCOI.

Section 2.04. CCOI to Quit. Upon expiration of this Lease or the exercise of a purchase option described in Section 13.01 of this Lease, the Facility shall be vacated and surrendered by CCOI to the Authority, and, upon

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payment to CCOI of any sums due it pursuant to this Lease, CCOI agrees to execute and deliver to the Authority such assignment or other instruments of conveyance as may be reasonably deemed necessary to evidence such termination of the Leasehold Estate.

ARTICLE III

RENT

Section 3.01. Base Rent. CCOI shall pay annual rental in arrears of One Hundred Thousand and No/100 Dollars (\$100,000.00) (the "Base Rent") to the Authority on December 31, 2000, and on each anniversary thereof during the Lease Term.

Section 3.02. Additional Rent. In the event that CCOI is granted an increase in the Inmate Contract Per Diem rate (as defined in the Intergovernmental Agreement), commencing on the first day of the Lease year following such increase, CCOI shall pay "Additional Rent" in an amount equal to the product of the Base Rent multiplied by the percentage increase in the Consumer Price Index, Dallas-Fort Worth, TX CMSA (1993-1995=100) as reported for December of such Lease year by the Bureau of Labor Statistics of the United States Department of Labor (the "CPI") over the monthly CPI reported for December of the prior Lease year; provided, however, that the percentage increase represented by the Additional Rent shall in no event exceed the percentage increase in the Inmate Contract Per Diem rate (for example, if the Inmate Contract Per Diem rate should increase by five percent (5%)), and the CPI should increase by ten percent (10%), then the Additional Rent shall represent an increase over the Base Rent of only five percent (5%). Should the CPI cease to be reported, the index used to calculate Additional Rent shall be one selected by the parties to reflect changes in the purchasing power of the Base Rent as nearly as possible identical to the CPI. Base Rent and Additional Rent are hereinafter referred to collectively as the "Rent".

ARTICLE IV

PAYMENT OF IMPOSITIONS

Section 4.01. Payment. Throughout the Lease Term, CCOI shall pay (except as hereinafter provided in Section 4.02), as and when the same become due, before any fine, penalty, interest or cost may be added thereto, or become due or be imposed by operation of law for the non-payment thereof, all Impositions; provided, however, that:

(a) If, by law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition) CCOI may exercise the option to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments and, in such event, shall pay such installments as the same become due during the Lease Term and before

any fine, penalty, further interest or cost may be added thereto; provided, however, that the amount of all installments of any such Imposition, which are to become due and payable after the expiration of the Lease Term, shall be paid on or before the date which shall be one (1) year immediately prior to the date of such expiration or on such later date if such Imposition is levied thereafter; and

(b) Any Imposition, other than Impositions which have been converted into installment payments by CCOI pursuant to subparagraph 4.1(a), relating to a fiscal period of the taxing authority, a part of which period is included within the Lease Term and a part of which is included in a period of time after the expiration of this Lease, shall (whether or not such Imposition shall become payable during the term of this Lease) be adjusted between the Authority and CCOI as of that portion of such Imposition which that part of such fiscal period included in the period of time before the expiration of this Lease bears to such fiscal period, and CCOI shall pay such portion thereof; provided, however, that if CCOI shall be in default in the performance of any of CCOI's covenants, agreements and undertakings of this Lease provided, then to the extent of the amount of any such default CCOI shall not be entitled to receive an apportionment.

Section 4.02. Contest. CCOI at CCOI's own cost and expense shall have the right to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith. Upon the termination of any such proceedings, CCOI shall pay the amount of such Imposition or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees, interest, penalties or other liabilities in connection therewith.

CCOI shall have the right to seek a reduction in the valuation of the Land and the Facility, or any part thereof, assessed for tax purposes and to prosecute any action or proceeding theretofore commenced by CCOI, if such assessed valuation or valuations shall relate or pertain, in whole or in part, to any period subsequent to the commencement of the Lease Term.

Section 4.03. Assessment of Certain Taxes. It is the intention and understanding of the parties that no ad valorem taxes, personal property taxes, real estate taxes, or other similar property taxes or assessments (collectively, the "Property Taxes") will be assessed on the Land or the Facility during the Lease Term. In the event Property Taxes are assessed (by reason of a change in law, court ruling, agency regulation or for any other reason), then the following shall control:

(a) To the extent that Property Taxes are assessed retroactively for prior tax years, then (i) the Authority shall immediately pay to CCOI an amount necessary to reimburse CCOI for such retroactive taxes, such amount not to exceed, in the aggregate, the greater of (x) \$500,000.00 or

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(y) the total Rent paid for the preceding five (5) years of the Lease Term, together with interest thereof from the date demand is made by CCOI until paid at the rate of eighteen percent (18%) per annum, and (ii) CCOI shall be entitled to offset against future-accruing payments of Rent an amount not to exceed thirty percent (30%) of the then-current per diem rate reserved to the Authority under the Intergovernmental Agreement, but only for so long as is necessary to reimburse CCOI for the amount of retroactive Property Taxes not reimbursed pursuant to Section 4.03(a)(i) hereinabove.

(b) To the extent that Property Taxes are assessed (or it is determined that Property Taxes shall be assessed) on an ongoing, yearly basis, then (i) the Base Rent shall be decreased to the sum of \$25,000.00 per year and (ii) if Property Taxes are assessed prior to December 31, 2005, then the then-current per diem rate reserved to the Authority under the Intergovernmental Agreement shall be decreased by \$0.08 per inmate. In such event, the Base Rent shall thereafter not be subject to increase pursuant to Section 3.02 and no Additional Rent shall be imposed pursuant to Section 3.02.

Section 4.04. Authority's Participation in Contest. The Authority shall join in and assist in good faith with any proceedings referred to in Section 4.02 hereof, including, without limitation, causing such proceedings be brought by or in the name of the Authority or any owner of the Land or the Facility or any part thereof. Except as otherwise provided in this Lease, CCOI shall be entitled to any refund of any Imposition and penalties or interest thereon received which have been paid by CCOI.

Section 4.05. Attorney in Fact. The Authority appoints CCOI the attorney-in-fact of the Authority (which appointment is coupled with an interest) for the purposes of making all payments to be made by CCOI pursuant to any of the provisions of this Lease to persons or entities other than the Authority.

ARTICLE V
INSURANCE

Section 5.01. Required Coverage. At all times during the term of this Lease, CCOI shall, at CCOI's sole cost and expense, but for the mutual benefit of, and naming as additional insureds, the Authority and any Lender or other mortgagee of the Leased Premises and the Facility as their interests may appear, maintain the following policies of insurance:

(a) Fire and extended coverage insurance on the Facility, including protection against loss or damage by other risks now embraced by the so-called all-risk coverage endorsement, in amounts at all times sufficient to prevent the Authority or CCOI from becoming a coinsurer under the terms of the applicable policies, but in any event in an amount not less than

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\$17,000,000.

(b) Comprehensive general public liability and property damage (minimum limit of \$5,000,000 per occurrence and a \$5,000,000 umbrella policy), comprehensive property hazard, riot, medical, and employee workers compensation insurance. The liability policy or policies shall name the Trustees of the Town, the Town, the employees of the Town, the Trustees of the Authority and the Authority, as additional insureds and CCOI shall seek to have such policies provide for a thirty (30) days' notice prior to cancellation with the Town and the Authority named as additional notice parties. CCOI shall pay any and all applicable deductible amounts.

The foregoing policies shall be subject to a reasonable deductible or coinsurance, but in no event shall any deductible amount for the coverage required by Section 5.01(b) exceed the sum of \$100,000 for the coverage afforded the additional insureds. CCOI shall pay any and all applicable deductible amounts.

Section 5.02. Loss Payable. All insurance provided for in Section 5.01(a) hereof shall be effected under standard form policies issued by insurers of recognized responsibility, which are rated at least "A+7" by national rating organizations. All such insurance shall be carried in the name of the Authority and CCOI; and loss thereunder shall be payable to CCOI and any mortgagee, as their respective interests may appear.

Section 5.03. Evidence of Policies and Renewals. Upon request by the Authority and thereafter not less than seven (7) days prior to the expiration dates of the expiring policies theretofore furnished pursuant to this Article, certificates of insurance or insurance binders evidencing renewal of the insurance required under this Article V. If said certificates or binders contain language which limits the rights of the additional insureds unless their names are specifically indorsed on the policy, CCOI shall provide copies of said indorsements.

Section 5.04. Waiver of Claim. Any other provisions of this Lease to the contrary notwithstanding, the Authority and CCOI do hereby mutually waive any and all claims which shall or may arise, in favor of one party and against the other party to this Lease during the Lease Term or any extension thereof, for any and all claims regarding, loss of, or damage to the Leased Premises (or any personal property therein or thereon), which claim, loss or damage are covered by valid and collectible fire and extended coverage insurance policies (or are required pursuant to this Lease to be so covered). Inasmuch as the above mutual waiver shall and does preclude the assignment of any claim aforesaid, by way of subrogation (or otherwise) to any insurance company (or any other person), the Authority and CCOI hereby agree to give to each insurance company issuing policies of fire and extended coverage insurance, written notification of the terms of the said mutual waivers, and to have such policies of insurance coverage properly endorsed, if such endorsement may be necessary, to prevent any invalidation of the said policies of insurance coverage by reason of the existence of such waivers.

Section 5.05. Cancellation Notices. Each policy delivered

hereunder shall, to the extent obtainable, contain an agreement by the insurer that such policy shall not be canceled without at least thirty (30) days prior written notice to CCOI and the Authority (ten (10) days for non-payment), and to any additional party or person that the Authority shall designate in writing from time to time.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01. CCOI's Default. It shall be an "event of default" or a "default" hereunder if CCOI shall fail to observe or perform any of its material obligations under this Lease in accordance with the terms hereof.

Section 6.02. Authority's Remedies. Upon the occurrence of an event of default by CCOI hereunder, which shall remain uncured for one hundred twenty (120) days after receipt by CCOI of written notice of such event of default (or such longer period as may be reasonably necessary, provided that within such 120 days CCOI has commenced cure of such default and is diligently continuing to effect a cure), the Authority, as its sole and exclusive remedy, may thereafter or any time subsequently during the existence of such event of default, subject to the rights of existing lessees, sublessees, Lenders, or other entities providing financing, file suit against CCOI for actual (but not consequential or other) damages occasioned by the Authority as a result of CCOI's default. In no event shall the Authority be entitled to terminate this Lease or to terminate or disturb CCOI's possession, use or enjoyment of the Leased Premises. In the event that the Authority attempts to terminate this Lease, it shall thereupon become immediately liable to pay an amount equal to the sums described in Section 12.01(a) and (d) as liquidated damages and not as a penalty. The obligation of the Authority to make such payment is absolute and unconditional and shall not be subject to any abatement, reduction, set-off, counterclaim or recoupment for any reason whatsoever.

Section 6.03. Authority's Default. It shall be an "event of default" or a "default" hereunder if the Authority shall fail to observe or perform any of its material obligations under this Lease in accordance with the terms hereof.

Section 6.04. CCOI's Remedies. Upon the occurrence of an event of default by the Authority hereunder, which shall remain uncured for sixty (60) days after receipt by the Authority of written notice of such event of default (unless within such 60 days the Authority has commenced cure of such default and is diligently continuing to effect a cure), CCOI may thereafter or any time subsequently during the existence of such breach or default perform any act that the Authority is required to perform hereunder as the Authority's attorney-in-fact (which power of attorney is coupled with an interest and is, therefore, irrevocable) and recover its costs incurred in such performance, bring suit for any and all damages occasioned by the Authority's default (including, without limitation, lost

profits), or to seek any other remedy to which it may be entitled at law or in equity. CCOI shall have the right to specific performance hereof.

ARTICLE VII

USE OF PREMISES; ADDITIONAL COVENANTS

Section 7.01. Use. CCOI shall have the right to use the Leased Premises for any lawful purpose whatsoever, but shall not use or permit the use of the Leased Premises for any unlawful purpose.

Section 7.02. Granting Easements. Upon request by CCOI, the Authority and the Town shall grant to CCOI such permanent easements over adjacent lands respectively owned by same as are reasonably necessary to construct, maintain, manage and operate the Facility (or cause same to be performed on CCOI's behalf); and to exercise CCOI's rights and obligations under this Lease. The Authority hereby covenants to CCOI that it shall not grant or allow to be granted any easement, license or other right to use the Leased Premises without the prior written consent of CCOI, which consent may be withheld in CCOI's sole and absolute discretion.

Section 7.03. Continuation of Services. Notwithstanding any provision of this Lease to the contrary, and notwithstanding that fire, police and ambulance services (collectively, the "Services") may have previously been provided to the Leased Premises, in consideration of the Rent and the per diem rate reserved to the Authority under the Intergovernmental Agreement, the Services shall continue to be provided by the Town to the Leased Premises in the same manner as heretofore provided without charge, fee, cost or expense to CCOI.

Section 7.04. No Condemnation. To the extent allowed by applicable law, the Town hereby covenants that, during the Lease Term, it shall not exercise any right of eminent domain, condemnation power or similar rights or powers with respect to the Leasehold Estate or the Leased Premises. The Authority hereby warrants and represents to CCOI that it possesses no right of eminent domain, condemnation power or similar rights or powers; moreover, in the event that the Authority has or obtains such rights or powers, it shall comply with the preceding sentence. In the event that the Leasehold Estate or the Leased Premises is the subject of a Taking (hereinafter defined) by or on behalf of the Town or the Authority, the award to CCOI shall be not less than that established pursuant to Section 12.01 hereinbelow (but without deduction for the amount set forth in Section 12.01(c)).

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Section 7.05. Limit on Amount of Leasehold Mortgages. Notwithstanding any provision contained in this Lease to the contrary, in no event shall the amount of any Leasehold Mortgages incurred in connection with Alterations exceed the principal amount of the actual costs (direct and indirect) of such Alterations, together with accrued and unpaid interest thereon, all according to CCOI's books and records regarding such costs.

Section 7.06. Compliance with Mortgage and Leasehold Mortgages. Cornell covenants to fully comply with all material terms and conditions of the Mortgage or any Leasehold Mortgages.

ARTICLE VIII

AUTHORITY'S TITLE AND LIEN

Section 8.01. Title to Land. The Authority shall have title to the Land and the remainder of the residual interest in the Facility paramount to all others, subject, however, to the Mortgage, and the rights of CCOI existing hereunder. The Authority shall not without the prior written consent of CCOI and the Lenders transfer or convey any interest in this Lease, the Facility, or the Land, which consent shall be given or not in the sole discretion of CCOI and the Lenders.

Section 8.02. No Right of CCOI to Encumber Title. Except as provided in this Lease, CCOI shall have no right or power to and shall not in any way encumber the title of the Authority in and to the Land or the Authority's residual or remainder interest in the Facility. If requested by CCOI, the Authority agrees to grant one or more mortgages on the fee simple estate of the Authority in the Land in connection with CCOI's financing and any refinancing of the indebtedness secured thereby, but the Authority's fee simple estate in the Land shall not otherwise be in any way subject to any claim by way of lien or otherwise, whether claimed by operation of law or by virtue of any express or implied lease or contract or other instrument made by CCOI. Other than such as arise pursuant to the financing contemplated in this Section 8.02 and any refinancing thereof, any claim to a lien or otherwise upon the Land arising from any act or omission of CCOI shall accrue only against the Leasehold Estate of CCOI in the Land and shall in all respects be subject to the paramount rights of the Authority in the Land and the Authority's remainder or residual interest in the Facility.

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ARTICLE IX

MORTGAGE, ASSIGNMENT, SUBLETTING, ETC.

Section 9.01. Mortgage or Assignment by CCOI. CCOI may, without restriction, (a) assign, pledge, mortgage, encumber and in any other manner transfer this Lease and/or the Leasehold Estate, and any part thereof, either as a stand-alone transaction or as part of a sale/leaseback or a lease/leaseback transaction, and (b) sublease the Leased Premises, or any part thereof, to any Person, all without the necessity of giving notice to, or obtaining the consent of, the Authority. In such event, the Authority and the Town agree to execute and deliver such assignments or amendments of this Lease or other instruments requested by CCOI or the Lenders.

Section 9.02. Rent to Continue After Assignment. If this Lease be assigned, the Authority may and is hereby empowered to collect rent from the assignee and enforce the terms of this Lease against the assignee.

Section 9.03. Assignee and Successor Liable for Rent. Without limiting CCOI's rights provided under Section 9.01 hereof, each and every assignee, whether as assignee or as successor in interest of any assignee of CCOI herein named, immediately shall be and become and remain liable for the payment of the Rent and the charges payable under this Lease, and for the due performance of all the covenants, agreements, terms and provisions of this Lease on CCOI's part to be performed to the full end of the term of this Lease. Each and every provision of this Lease applicable to CCOI shall also apply to and bind every such assignee with the same force and affect as though such assignee were CCOI named in this Lease. No transfer to such assignee shall be binding upon the Authority unless such assignee shall deliver to the Authority a recordable instrument which contains a covenant or assumption by such assignee to such effect; but the failure or refusal of such assignee to deliver such instrument shall not release or discharge such assignee from its obligations and liability as above set forth. Notwithstanding the foregoing, the Authority agrees that no assignment of this Lease as collateral for indebtedness shall thereby cause a Lender to become liable for performance of the obligations of CCOI hereunder.

Section 9.04. Mortgages and Refinancing. The proceeds from obligations which are secured by the Mortgage were used to acquire, design, construct, equip, operate, and maintain the Facility and to pay other expenses associated with the Facility. CCOI may enter into refinance agreements relating to obligations secured by the existing Mortgage.

In furtherance of the rights granted to CCOI in Section 9.01 hereinabove, CCOI may incur additional indebtedness secured by additional mortgages and liens on the Leasehold Estate to secure obligations incurred for its own purposes, including but not limited to the costs of operating expenses, refinancing existing mortgages on the Facility or financing the cost of Alterations. CCOI may mortgage, pledge and encumber the Leasehold Estate, but it may not further mortgage the fee interest of the Authority in the Land

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and the Facility.

Section 9.05. Authority to Cooperate. The Authority agrees that the existing Mortgage and any refinancing under this Article shall constitute a lien on the Land as well as upon the Facility thereon. The Authority agrees to execute such documents as may reasonably be required by CCOI or the Lenders, including, but not limited to, modifications and amendments to this Lease, the Intergovernmental Agreement, and any other documents executed in connection with the transactions contemplated in this Lease or the Financing Documents. The Authority agrees to execute such subordination, attornment and non-disturbance or similar documents as CCOI, the Lenders or an assignee or subtenant may request. CCOI shall have the right to grant one or more mortgages or other encumbrances upon the Leasehold Estate and its interests in the Facility and the Land.

Section 9.06. Estoppel Certificates. The Authority agrees to execute promptly upon presentation thereof, certificates to assignees, subtenants, or providers of financing regarding the status of this Lease, the Rent, and whether any defaults exist hereunder.

Section 9.07. Waiver of Authority's Lien. The Authority and the Town each hereby waives any and all liens and claims, whether statutory, constitutional or otherwise, in and to any equipment, personal property, inventory, furnishings and fixtures (except to the extent of fixtures not readily removable without material damage) from time to time located in or upon the Leased Premises.

Section 9.08. Additional Provisions Regarding Leasehold Mortgages. Without limiting the foregoing, and notwithstanding any provision of this Lease to the contrary:

(a) Right to Mortgage Lease. (i) On one or more occasions, without the Authority's consent, CCOI may mortgage or otherwise encumber CCOI's Leasehold Estate, and assign this Lease and mortgage CCOI's interest in the Leased Premises as security for such mortgage or mortgages. (ii) Anything herein to the contrary notwithstanding, there shall be no limitation or restriction on the amount or number of separate Leasehold Mortgages (as hereinafter defined) CCOI may place upon this Lease and/or the Leasehold Estate thereby created. (iii) CCOI's default as mortgagor under a Leasehold Mortgage shall not constitute a default under this Lease except to the extent that CCOI's actions or failure to act in and of itself constitutes an event of default under this Lease.

(b) Notice to Leasehold Mortgagee and Further Assurances. (i) (A) If CCOI shall, on one or more occasions, mortgage CCOI's Leasehold Estate to a mortgagee, and if CCOI or such mortgagee as the Leasehold Mortgagee (as hereinafter defined) shall have provided the Authority with notice of such Leasehold Mortgage together with a true copy of such Leasehold Mortgage, and the name and address of the Leasehold Mortgagee, the Authority and CCOI agree that, following receipt of such

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notice by the Authority, the following provisions of this Section 9.08(b) shall apply in respect to each such Leasehold Mortgage; provided that the following provisions of this Section 2 shall not be binding on the Authority unless and until such notice shall have been given and such copy delivered to the Authority. (B) In the event of any assignment of a Leasehold Mortgage or in the event of a change of address of a Leasehold Mortgagee, notice of the new name and address shall be provided to the Authority; provided that the following provisions of this Lease as to such mortgagee or assignee shall not be binding on the Authority unless and until such notice shall have been given and such copy delivered to the Authority. (ii) The Authority shall, upon request, acknowledge to CCOI and the Leasehold Mortgagee the receipt of the notice provided for by Section 9.08(b)(i). (iii) Upon the written request of the holder of a Leasehold Mortgage, the Authority and such Leasehold Mortgagee shall execute and deliver a separate written instrument in recordable form signed and acknowledged by both parties setting forth and confirming the rights of such Leasehold Mortgagee under this Lease. (iv) Notice to the Authority of the name and address of a Leasehold Mortgagee shall bind any successor of the Authority, provided that such notice is given in the manner otherwise provided for in this Section 9.08.

(c) Leasehold Mortgages. The term "Leasehold Mortgage" as used in this Lease shall include a mortgage, a deed of trust, a deed to secure a debt, a UCC-1 security agreement or other security instrument by which CCOI's Leasehold Estate and CCOI's interest in the Leased Premises, including CCOI's right to use any improvements or fixtures and equipment or personal property subject to this Lease, is mortgaged, conveyed, assigned, or otherwise transferred, to secure a debt or other obligation (but not including installment purchases, equipment leases or similar arrangements entered into in the ordinary course of business) or in connection with an assignment of this Lease, a purchase money leasehold mortgage taken back by CCOI as part of the consideration for such assignment. More than one Leasehold Mortgage may exist at any time.

(d) Leasehold Mortgagee. The term "Leasehold Mortgagee" as used in this Lease shall refer to each holder of a Leasehold Mortgage in respect to which the notice provided for by Section 9.08(b)(i) has been given and received and as to which the provisions of this Lease are applicable. More than one Leasehold Mortgagee may exist at any time.

(e) Leasehold Mortgagee's Consent. No cancellation, surrender, or modification of this Lease shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee, provided, however, that this provision shall not affect a cancellation because of a default under this Lease which is not cured in accordance with this Lease.

(f) Notice to Leasehold Mortgagee. The Authority, upon providing any notice to CCOI, including but not limited to, notice of (i) a default or an event of default under this Lease, or (ii) a termination of this Lease, or (iii) a matter on which the Authority may predicate or claim a default or event of default, shall at the same time provide a copy of such notice to every Leasehold Mortgagee. No such notice by the Authority to CCOI shall be deemed to have been duly given to CCOI unless and until a copy thereof has been so given to each such Leasehold Mortgagee by registered or certified mail at the address specified in the notice given pursuant to Section 9.08(b)(i). From and after the date such notice has been given to a Leasehold Mortgagee, such Leasehold Mortgagee shall have the additional periods of time specified in Sections 9.08(g) and (h) to remedy, commence remedying, or cause to be remedied the defaults or events of defaults or acts or omissions which are specified in any such notice. The Authority shall accept such performance by or at the instigation of such Leasehold Mortgagee and does hereby authorize any such Leasehold Mortgagee to take any such action at such Leasehold Mortgagee's option and does hereby authorize entry upon the Leased Premises by the Leasehold Mortgagee for such purposes. The Leasehold Mortgagee shall in no event be obligated to remedy, commence remedying, or cause to be remedied any default, event of default or any acts or omissions specified in any notice received by the Leasehold Mortgagee.

(g) Leasehold Mortgagee's Cure Rights. (i) Anything herein to the contrary notwithstanding, if any event of default shall occur which entitles the Authority to terminate this Lease, the Authority shall have no right to terminate this Lease unless, following the expiration of the period of time given CCOI to cure such event of default or the act or omission which gave rise to such event of default, the Authority shall notify every Leasehold Mortgagee of the Authority's intent to so terminate (the "Leasehold Termination Notice") at least sixty (60) days in advance of the proposed effective date of such termination, if such event of default is capable of being cured by the payment of money, and at least one hundred twenty (120) days in advance of the proposed effective date of such termination, if such event of default is not capable of being cured by the payment of money. The provisions of Section 9.08(h) shall apply if, during such 60-day or 120-day Leasehold Termination Notice period, any Leasehold Mortgagee shall: (A) notify the Authority of such Leasehold Mortgagee's desire to nullify such Leasehold Termination Notice; (B) pay or cause to be paid all Rent and other payments then due under this Lease and in arrears as specified in the Leasehold Termination Notice and which may become due during such cure period unless such payments are disputed in good faith; (C) deposit in escrow all amounts otherwise payable under the preceding (B) but disputed in good faith; and (D) comply or in good faith, with diligence and continuity, commence to comply with all non-monetary requirements of

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this Lease then in default and reasonably susceptible of being complied with by such Leasehold Mortgagee. The Authority agrees to accept the good faith, diligent efforts of the Leasehold Mortgagee to cure such defaults, as if same were being conducted by CCOI. (ii) A Leasehold Mortgagee shall in no event be required to cure or commence to cure any default or event of default consisting of CCOI's failure to satisfy or discharge any lien, charge or encumbrance affecting the Leasehold Estate junior in priority to the lien of the Leasehold Mortgage held by such Leasehold Mortgagee unless such lien, charge or encumbrance is also a lien against the fee estate.

(h) Deferral of Termination. (i) If the Authority shall elect to terminate this Lease by reason of an event of default, and a Leasehold Mortgagee shall have proceeded in the manner provided for by Section 9.08(g)(i), the specified date for the termination of this Lease as fixed by the Authority in its Leasehold Termination Notice shall be extended for a period of thirty (30) business days after the date proposed for termination in the Leasehold Termination Notice, provided that such Leasehold Mortgagee shall, during such thirty (30) business day period: (A) pay or cause to be paid the Rent, and other monetary obligations of CCOI under this Lease for the current period as the same become due, and continue its good faith efforts to perform all of CCOI's other obligations under this Lease; and (B) if not enjoined or stayed, take steps to commence the acquisition or sale of CCOI's interest in this Lease by foreclosure of the Leasehold Mortgage or other appropriate means. (ii) If at the end of such thirty (30) business day period such Leasehold Mortgagee is complying with Section 9.08(h)(i), this Lease shall not then terminate and the time for completion by such Leasehold Mortgagee of its proceedings (whether in foreclosure or otherwise) shall continue for so long as such Leasehold Mortgagee continues to comply with Section 9.08(h)(i) and is not enjoined or stayed and thereafter for so long as such Leasehold Mortgagee proceeds to complete steps to acquire or sell CCOI's interest in this Lease by foreclosure of the Leasehold Mortgage or by other appropriate means with diligence and continuity. Nothing in this Section, however, shall be construed to extend this Lease beyond its stated Lease Term or to require a Leasehold Mortgagee to continue such foreclosure proceedings after the event of default has been cured. If the event of default shall be cured and the Leasehold Mortgagee shall discontinue such foreclosure proceedings, this Lease shall continue in full force and effect as if CCOI had not defaulted under this Lease. (iii) If a Leasehold Mortgagee is complying with Sections 9.08(h)(i) and (ii), upon the acquisition of CCOI's estate herein by such Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale or otherwise and the discharge by foreclosure or otherwise of any lien, charge or encumbrance against CCOI's interest in this Lease or the Leased Premises which is junior in priority to the lien of the Leasehold Mortgage held by such Leasehold Mortgagee and which CCOI is obligated to satisfy and discharge by the

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terms of this Lease, this Lease shall continue in full force and effect as if CCOI had not defaulted under this Lease. (iv) The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Lease or of the Leasehold Estate hereby created, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Lease or of the Leasehold Estate created hereby so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of CCOI to be performed hereunder, but the purchaser at any sale of this Lease and of the Leasehold Estate thereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of this Lease and of the Leasehold Estate created under any instrument of assignment or transfer, in lieu of the foreclosure of any Leasehold Mortgage, shall be deemed to be an assignee or transferee, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the CCOI to be performed hereunder from and after the date of such purchase and assignment. (v) Any Leasehold Mortgagee or other acquirer of the Leasehold Estate of CCOI pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings may, upon acquiring CCOI's Leasehold Estate, without further consent of the Authority, sell and assign such Leasehold Estate; provided that such assignee shall have delivered to the Authority its written agreement to be bound thereafter by all of the provisions of this Lease. (vi) Any sale of this Lease and of the Leasehold Estate thereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignment or transfer of this Lease and of the Leasehold Estate thereby created in lieu of the foreclosure of any Leasehold Mortgage shall be deemed to be a sale, transfer or assignment of this Lease and of the Leasehold Estate thereby created and the Authority shall recognize any such purchaser or assignee of the Leasehold Estate (including the Leasehold Mortgagee should it be the purchaser or assignee, and any assignee of the Leasehold Mortgagee) as CCOI hereunder.

(i) New Lease. In the event of the termination of this Lease as a result of an event of default, or in the event CCOI (as debtor in possession) or a trustee in bankruptcy for CCOI rejects this Lease in connection with any proceeding involving CCOI under the Bankruptcy Code or any similar state or federal statute, or in the event of any other termination of this Lease, the Authority shall, in addition to providing the notices of default and termination required by Sections 9.08(f) and (g) provide each Leasehold Mortgagee with written notice (the "Authority's Notice of Termination") that this Lease has been terminated, together with a statement of all sums which would at that time be due under this Lease but for such termination, and of all other defaults or events of default, if any, then known to the Authority. the Authority agrees to enter into a new lease ("New Lease") of the Leased Premises with such Leasehold Mortgagee or its designee for the remainder of the term,

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effective as of the date of termination, at the rent and additional rent, and upon the terms, covenants and conditions (but excluding requirements which are not applicable or which have already been fulfilled) of this Lease provided: (i) such Leasehold Mortgagee shall make written request upon the Authority for such New Lease within forty-five (45) days after the date such Leasehold Mortgagee receives the Authority's Notice of Termination given pursuant to this Section; (ii) such Leasehold Mortgagee or its designee shall pay or cause to be paid to the Authority at the time of the making of the request referred to in subparagraph (i) above, any and all sums which would at the time of execution and delivery thereof be due pursuant to this Lease but for such termination and, in addition thereto, all expenses, including reasonable attorneys' fees, which the Authority shall have incurred by reason of such termination and the execution and delivery of the New Lease and which have not otherwise been received by the Authority from CCOI or other party in interest under CCOI; (iii) such Leasehold Mortgagee or its designee shall agree in writing to remedy any of CCOI's defaults of which said Leasehold Mortgagee was notified by the Authority and which are reasonably susceptible of being so cured by the Leasehold Mortgagee or its designee; (iv) by virtue of the recording of this Lease or a memorandum thereof, the New Lease shall have the same priority as this Lease and the tenant under such New Lease shall have the same right, title and interest in and to the Leased Premises as CCOI had under this Lease; (v) the Authority shall, if requested, execute and deliver such ordinances and other documents as shall be reasonably necessary to enable the tenant under the New Lease to obtain title insurance as to its leasehold interest under the New Lease, at such new tenant's expense; (vi) if the Authority and the new tenant disagree regarding any payment due the Authority in connection with the execution of a New Lease, then the tenant shall be deemed to have performed its payment obligation if such new tenant: (A) pays the Authority the full amount not in controversy and (B) agrees in writing to pay any additional sum ultimately determined to be due promptly upon such determination; (vii) effective upon the commencement of the term of any New Lease, all subleases by CCOI shall be assigned and transferred without recourse by the Authority to tenant under the New Lease and all monies on deposit with the Authority pursuant to such subleases by CCOI, if any, shall be similarly assigned to tenant under the New Lease.

(j) Priority of Leasehold Mortgagees. If more than one Leasehold Mortgagee desires to exercise Leasehold Mortgagee's cure rights or shall request a New Lease, the Authority shall recognize the Leasehold Mortgagee exercising such right or privilege and enter into such New Lease with the Leasehold Mortgagee whose Leasehold Mortgage is prior in lien or with the designee of such Leasehold Mortgagee, and thereupon the requests for a New Lease of each holder of a Leasehold Mortgage junior in lien shall be, and be deemed to be, void and of no

force or effect. The Authority, without liability to CCOI or any Leasehold Mortgagee with an adverse claim, may rely upon either (i) a mortgagee title insurance policy issued at CCOI's expense, by a title insurance company doing business within the State of Oklahoma and selected by the Authority or (ii) such other Leasehold Mortgagee as has been designated in writing by all Leasehold Mortgagees and CCOI, as the basis for determining the appropriate Leasehold Mortgagee who is entitled to such New Lease.

(k) Condemnation Proceeds. CCOI's share, as provided by this Lease, of condemnation proceeds arising from an exercise of the power of eminent domain shall, subject to the provisions of such Lease, be disposed of as provided for by any Leasehold Mortgagee.

(l) Insurance. A standard mortgagee clause naming each Leasehold Mortgagee may be added to any and all insurance policies required to be carried by CCOI on condition that the insurance proceeds shall be applied in the manner specified in this Lease. The Leasehold Mortgagee may provide a manner for the disposition of such insurance proceeds, if any, otherwise payable to CCOI pursuant to the provisions of this Lease.

(m) Condemnation and Insurance Proceeds. All references in this Lease to the disposition of condemnation and insurance proceeds are hereby amended to clarify that the Authority's share of any condemnation or insurance proceeds is limited to and calculated by reference to the Authority's interest in the land subject to this Lease and not in any improvements subject to this Lease.

(n) Additional Notice Provisions. Anything herein to the contrary notwithstanding, notices from the Authority to each Leasehold Mortgagee shall be mailed to the address furnished the Authority pursuant to Section 9.08(b) and those from each Leasehold Mortgagee to the Authority shall be mailed to the address designated pursuant to the provisions of this Lease. Such notices, demands and requests shall be given in the manner described in this Lease and shall in all respects be governed by the provisions of this Lease.

(o) Additional Leases, etc. The Authority and CCOI each agree to execute any amendments to this Lease or other documents reasonably required by a Leasehold Mortgagee; provided, however, that any such amendment shall not materially change either party's rights or increase either party's obligations hereunder.

(p) Transfer of CCOI's Rights. CCOI may delegate or otherwise transfer to a Leasehold Mortgagee any or all of CCOI's rights under this Lease, but no such delegation or transfer shall bind the Authority unless and until the Authority shall have received a copy of a written instrument effecting such delegation accompanied by a photocopy of the Leasehold Mortgagee's fully executed Leasehold Mortgagee. Such

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delegation or transfer of authority may be effected by the terms of the Leasehold Mortgage itself, in which case service upon the Authority of a copy of such Leasehold Mortgage shall be sufficient to bind the Authority to such delegation or transfer of rights.

(q) Quiet Enjoyment During Cure Period. So long as the time for a Leasehold Mortgagee to properly exercise its cure rights pursuant to this Lease with respect to a nonmonetary default by CCOI has not expired (and provided that all monetary defaults are cured within the Leasehold Mortgagee's cure period provided for under this Lease), the Authority shall not (i) re-enter the Leased Premises, (ii) serve a notice of election to terminate this Lease, or (iii) bring a proceeding on account of such default or event of default to (1) dispossess CCOI and/or other occupants of the Leased Premises, (2) re-enter the Leased Premises, (3) terminate this Lease or the Leasehold Estate, or (4) otherwise exercise any other rights or remedies under this Lease by reason of such default or event of default.

(r) Leasehold Mortgagee's Right to Enter Premises. The Authority and CCOI authorize each Leasehold Mortgagee to enter the Leased Premises as necessary to effect such Leasehold Mortgagee's cure rights and take any actions reasonably necessary to effect such cure. A Leasehold Mortgagee's rights under this Section shall not constitute control of the Leased Premises or otherwise be construed to mean that such Leasehold Mortgagee has assumed performance of CCOI's obligations hereunder.

(s) Payments Made by Leasehold Mortgagee. Any payment made by a Leasehold Mortgagee to the Authority to cure any claimed default or event of default shall be deemed to have been made "under protest" and without prejudice to CCOI's or Leasehold Mortgagee's recovery of such payment if the Authority's claim of default or event of default shall be determined to have been erroneous.

(t) Escrow Deposits, Bonds and Security. Notwithstanding anything in this Lease to the contrary, no escrow deposits, bonds or security (to the extent otherwise required under this Lease) shall be required pursuant to this Lease with respect to the performance of any obligation being undertaken or performed on behalf of CCOI pursuant to the terms of a Leasehold Mortgage by or under the supervision of any Leasehold Mortgagee.

(u) The Authority's Bankruptcy. If the Authority (as debtor in possession) or a trustee in bankruptcy for the Authority rejects this Lease in connection with any proceeding under the Bankruptcy Code or any similar state or federal statute, then: (i) CCOI shall not have the right to elect to treat this Lease as terminated except with the prior written consent of each and every Leasehold Mortgagee whose recorded Leasehold Mortgage requires such consent by the applicable Leasehold

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Mortgagee; (ii) if CCOI does not properly elect to treat this Lease as terminated, then this Lease shall continue in effect without change upon all the same terms and conditions as are set forth in this Lease. Thereafter, CCOI and its successors (including Leasehold Mortgagees) shall be entitled to offset against rent any damages arising from such rejection, in accordance with applicable law governing the bankruptcy proceeding, and any such offset properly made shall not constitute an event of default. If CCOI claims a greater offset than the offset to which CCOI is lawfully entitled, then the taking of such excessive offset by CCOI shall constitute a monetary default as to which CCOI and Leasehold Mortgagees shall be entitled to notice and opportunity to cure as provided in this Lease; and (iii) the lien of any Leasehold Mortgage that was in effect before the rejection of this Lease shall extend to CCOI's continuing possessory rights with respect to the Leased Premises following such rejection, with the same priority as it would have enjoyed had such rejection not taken place.

(v) Non-Curable Defaults. (i) Nothing herein contained shall require any Leasehold Mortgagee or its designee as a condition to its exercise of rights hereunder to cure any default or event of default of CCOI not reasonably susceptible of being cured by such Leasehold Mortgagee or its designee, in order to comply with the provisions of Sections 9.08(g) or (h), or as a condition of entering into the New Lease provided for by Section 9.08(i), defaults or events of default capable of being cured by the payment of money to a third party shall, in any event, be deemed reasonably susceptible of being cured. (ii) If the Authority shall elect to terminate this Lease by reason of any default or event of default of CCOI not reasonably susceptible of being cured by a Leasehold Mortgagee, and a Leasehold Mortgagee shall have proceeded in the manner provided by Section 9.08(g)(i), the specified date for the termination of this Lease as fixed by the Authority in its termination notice shall be extended as provided for in Section 9.08(h), provided that such Leasehold Mortgagee shall proceed in the manner set forth in Section 9.08(h).

(w) Notice of Arbitration or Legal Proceedings. The Authority shall give each Leasehold Mortgagee prompt notice of any arbitration or legal proceedings between the Authority and CCOI involving obligations under this Lease. Each Leasehold Mortgagee shall have the right to intervene in any such proceedings and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. In the event that any Leasehold Mortgagee shall not elect to intervene or become a party to any such proceedings, the Authority shall give the Leasehold Mortgagee notice of, and a copy of any award or decision made in any such proceedings, which shall be binding on all Leasehold Mortgagees not intervening after receipt of notice thereof.

(x) No Merger. So long as any Leasehold Mortgage is in

existence, unless all Leasehold Mortgagees shall otherwise expressly consent in writing, the fee title to the Leased Premises and the Leasehold Estate of CCOI created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said Leasehold Estate by the Authority or by CCOI or by a third party, by purchase or otherwise.

ARTICLE X

CONSTRUCTION, REPAIRS, ADDITIONS, ETC.

Section 10.01. Expansion of Facility. CCOI shall at all times have the right to make Alterations, erect additional improvements, and to remove, remodel, alter, or otherwise change the Facility or any improvements in such manner as shall be satisfactory to CCOI in its sole and absolute discretion, without the necessity for prior notice to or approval of the Authority or the Town.

Section 10.02. No Repairs by Authority. The Authority shall not be required to furnish any services or facilities or to make any normal repairs or alterations in or to the Facility and the Land throughout the term of this Lease, CCOI hereby assuming the full and sole responsibility for the condition, operation, repair, and maintenance of the entire Facility and the Land. Nothing contained in this Lease shall impose on the Authority the obligation to make any repairs or expend any moneys for the maintenance of the Land or the renewal, replacement or repair of the Facility.

Section 10.03. CCOI to Make Repairs. CCOI shall throughout the Lease Term, at CCOI's sole expense, take good care of the Land and the Facility, promptly make all normal repairs thereto, and shall maintain and keep the Land and the sidewalks and curbs adjacent thereto in good order, repair and condition, normal wear and tear and casualties excepted. CCOI shall indemnify and hold the Authority harmless of and from any and all claims, damages, or demands upon or arising out of the failure of CCOI to perform this covenant or arising out of any accident, injury or damage to any person or property which shall or may happen in or upon the Land, however caused (but excluding the negligence or willful misconduct of the Authority or the Town or their respective employees, agents and contractors), and except as is permitted under Article IX shall keep the Land and the Facility free and clear of any and all mechanics' and materialmen's liens or other similar liens or charges incidental to work done or material supplied in or about the Land and the Facility, subject to the provisions of Article IX.

Section 10.04. Disposal of Property. CCOI will not do, permit or suffer any material waste or damages to or upon the Facility, the Land or any part thereof. CCOI shall have the right at any time and from time to time, to sell or dispose of any fixture or other property subject to this Lease which CCOI determines, in its sole discretion, may have become obsolete or unfit for use or which CCOI determines, in its sole discretion, is no longer useful,

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necessary or profitable in the conduct of CCOI's business.

Section 10.05. Alterations to Facility. CCOI shall have the right to make (but shall not be obligated to do so, beyond initial repairs), at CCOI's sole cost and expense, Alterations in or to the Leased Premises

Section 10.06. No Liability to Authority. Whether under the provisions of this Lease or otherwise, but without limiting CCOI's rights and duties hereunder, neither CCOI, nor any agent, employee, representative, contractor, or subcontractor of CCOI shall have any power or authority to do any act or thing or to make any contract or agreement which will bind the Authority. Further, the Authority shall have no responsibility to CCOI or to any contractor, subcontractor, supplier, materialman, workman or other person, firm or corporation who shall engage in or participate in any construction of any improvements or buildings or Alterations thereto unless the Authority shall expressly undertake such obligations by an agreement in writing.

Section 10.07. Excavation to Land. If any excavation or other building operation contemplated to be made or shall be made upon the Land or the Facility or any adjoining premises, street or alley, CCOI shall, and does hereby assume, at CCOI's expense, all obligations imposed by law on both the owner and the occupant of the Land with respect to shoring and lateral support and agrees to prevent any claims or liens against the Authority or the Land or any part thereof by reason of failure to furnish such lateral support or shoring.

Section 10.08. Building Codes. The construction of Alterations shall be done promptly and in good workmanlike manner and in compliance with the building and zoning laws of the Town.

Section 10.09. Payment for Alterations. The cost of the construction of Alterations shall be paid promptly so that the Land and the Facility shall at all times be free of liens for labor and materials supplied to CCOI except as contested.

ARTICLE XI

DAMAGE OR DESTRUCTION

Section 11.01. Fire or Casualty Damage. If during the term of this Lease the Facility or any part thereof shall be substantially injured or destroyed by fire or any other casualty so as to render the Facility unfit for occupancy, or makes it impossible to conduct the business of CCOI thereon, or to such extent that the Facility and the Leased Premises cannot in the sole opinion of CCOI be repaired with reasonable diligence within two hundred seventy (270) days from the later of (i) occurrence of such injury or destruction or (ii) the payment of insurance proceeds relating thereto, then CCOI at CCOI's option may terminate this Lease and the term hereof from the date of such injury or destruction. In such instance, CCOI immediately shall surrender the Leased Premises and the Facility and all interest therein to the Authority, and the Authority shall refund to CCOI a pro-rata portion of the Rent previously paid for the year in which the termination occurs.

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In such event, insurance proceeds shall be first used to clear the debris from the Land and then be applied in the order of priority established in Section 12.01, subparagraphs (a) through (e) hereof. In the event that CCOI fails to recover an amount equal to the sums set forth in Sections 12.01(a) and (d), CCOI shall have the option to require that the Authority execute and deliver a conveyance to CCOI of all of the Authority's right, title, and interest in the Land and Facility in such manner as CCOI shall specify.

Section 11.02. Repair of Facility. Subject in all instances to the requirements of the Mortgage and any Leasehold Mortgage, if the Facility has been substantially injured or destroyed but, in the sole discretion of CCOI, can be restored as nearly as possible to its condition immediately prior to such injury or destruction within the aforesaid 270-day period, and CCOI does not elect to terminate this Lease pursuant to Section 11.01 hereof, then this Lease shall not end or terminate on account of such injury or destruction. In such event, all insurance moneys recovered by CCOI or by the Authority (as their respective interests may appear), on account of such damage or destruction under the policies of insurance provided for in Section 5.01 hereof, less the cost, if any, of such recovery (the "Insurance Proceeds"), shall be applied by CCOI, in its sole discretion but subject to the terms of the Financing Documents, to the payment of the cost of repairing, restoring, rebuilding the Facility or altering the damaged property, including the cost of temporary repairs and the protection of property pending the completion of permanent restoration, repairs, rebuilding or alterations (all of which temporary work and permanent work are hereinafter collectively referred to as the "Restoration").

Section 11.03. Obligation to Repair. Subject in all instances to the terms of the Mortgage and this Lease, in the event the Leased Premises shall be injured by any cause aforesaid, so as not to be rendered unfit for occupancy, then CCOI promptly shall repair the same.

Section 11.04. Excess Repairs. It is expressly understood and agreed that CCOI shall in no event be obligated to expend any sums for Restoration in excess of the amount of Insurance Proceeds.

Section 11.05. Rent Abatement. Except as otherwise provided in this Article XI no destruction of or damage to the Facility, the Leased Premises or any part thereof by fire or any other casualty shall terminate or permit CCOI to surrender this Lease or shall relieve CCOI from CCOI's liability to pay the full Rent and other charges payable under this Lease, except to the extent that Rent shall be paid by the application thereto by the Authority of the proceeds of insurance required pursuant to Section 5.01 or from any of CCOI's other obligations under this Lease. CCOI waives any rights now or hereafter conferred upon CCOI by statute or otherwise to quit or surrender this Lease or the Leased Premises or any part thereof, or to any suspension, diminution, abatement or reduction of Rent on account of any such destruction or damage.

Section 11.06. CCOI to Determine Settlement. With respect to the settlement of any claim under any policy of insurance maintained pursuant to

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Section 5.01, the Authority and CCOI, subject to the rights of the Lenders in the Financing Documents, shall use their reasonable efforts to mutually agree upon the amount of any such settlement; provided, however, that as between the Authority and CCOI, CCOI, in CCOI's sole judgment and discretion, shall make the final decision with respect to the amount of any such settlement.

Section 11.07. Force Majeure. Notwithstanding the above, CCOI shall not be deemed in violation of the applicable provisions of this Lease if, while undertaking to restore the Leased Premises and the Facility after a casualty, the Restoration is interrupted by force majeure. CCOI shall be excused from the performance required of CCOI hereunder, during the continuation of the interruption by force majeure.

Section 11.08. Terms of Mortgage to Control. In the event the Mortgage, or any other mortgage shall be in force at the time of any damage to or destruction by fire or otherwise to the Facility, the Leased Premises or any part thereof, then the terms of such mortgage shall control with respect to repair, restoration and replacement of the Leased Premises and to the application of insurance proceeds.

ARTICLE XII

CONDEMNATION

Section 12.01. Distribution of Award. If, at any time during the Lease Term, title to the whole or substantially all of the Leased Premises shall be taken by statute or in condemnation proceedings or by any right of eminent domain (hereinafter called a "Taking"), this Lease shall terminate and expire on the date of such Taking and the Rent and other charges payable hereunder shall be apportioned and paid to (or refunded for all periods after) the date of such Taking. For purposes of this Article XII, "substantially all" of the Leased Premises or the Facility shall be deemed to have been taken if the remaining portion cannot be practically and economically used or converted for use by CCOI for the purposes permitted by this Lease, and "date of Taking" shall mean the date that possession of the Leased Premises, the Facility or any part thereof is denied CCOI and the Authority so that the intents and purposes of this Lease are incapable of being fulfilled.

In the event of any such Taking and the termination of this Lease, the Authority and CCOI shall together make one claim for an award for the combined interests in the subject property, and shall assist each other as shall be reasonably necessary in the orderly and timely prosecution of their claims to insure the maximum recovery for the Taking. The net award received (after deduction of reasonable fees and expenses, including without limitation reasonable fees for attorneys and experts) shall be paid as follows and in the following order:

- (a) The holders of the Mortgage shall first receive the amount of the original promissory note made by CCOI in connection with the existing Mortgage, which is hereby stipulated to be \$43,100,000.00, together with the amount of any increases in the indebtedness secured by such note made in connection with Alterations to the Leased Premises.

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(b) The holder of any mortgages or liens created pursuant to Article IX shall receive amounts required in reduction of the secured indebtedness.

(c) The Authority shall then be entitled to receive the value of the Authority's fee interest in and to the Land for the agreed value of \$240,000.00 if the entire tract is Taken or if the Land is sold pursuant to Section 13.01. If less than all of the tract is Taken, the Authority shall receive the value of that interest up to the amount of \$240,000.

(d) The sum of (i) an amount sufficient to compensate CCOI for all actual direct and indirect costs and expenses incurred by CCOI in acquiring, designing, constructing, financing and developing the Facility, plus (ii) a fair and reasonable rate of return, which the parties agree is 18% per annum, on such costs and expenses, plus (iii) the fair market value of the Leasehold Estate. The books and records of CCOI shall be determinative of the total amount paid for said costs and expenses. The fair market value of CCOI interest in the Leasehold Estate (which includes the Land and the Facility) shall be conclusively determined by an independent M.A.I. certified appraiser selected by CCOI (which appraiser shall assume full occupancy of the Facility through the entire remaining Lease Term and a per diem payment per inmate equal to the then highest such payment, escalated annually at the then-prevailing CPI rate, over such term, discounted at 8% per annum to the calculation date). The costs of any such appraisal shall be paid by CCOI.

(e) The balance of said award or awards, if any, shall then be paid to the Authority.

Section 12.02. Partial Condemnation. Upon a Taking of only a portion of the Leased Premises, the Facility or of an easement therein, which does not substantially impair, render impractical or uneconomical the future business of CCOI (in its sole and absolute discretion), this Lease shall nevertheless continue, and in such event CCOI agrees (subject to any Financing Documents), at CCOI's cost and expense, to repair or restore any improvements affected by the condemnation, to permit the continuing improvements to be used by CCOI in the most economical manner. CCOI shall not be obligated to expend an amount in excess of the proceeds of the net award available to CCOI for such purposes.

Section 12.03. Rent Reduction. From the date of such partial Taking, the Rent to be paid by CCOI shall abate in the proportion that the remaining Leased Premises bears to the Leased Premises as existing immediately preceding the event of the condemnation.

Section 12.04. Separate Claims. The Authority and CCOI each reserve the right to file separate claims and to prosecute their claims separately, arising from the termination or taking by condemnation. However, each covenant with each other to aid and assist each other reasonably in the orderly and timely prosecuting of their claims to insure the maximum recovery for the Taking.

ARTICLE XIII

OPTIONS TO PURCHASE

Section 13.01. Authority to Grant Options to Purchase. CCOI shall have the right to grant one or more options to purchase the Land and/or the Facility to the State of Oklahoma Department of Corrections. The Authority agrees to join in execution of any documents executed in connection therewith. CCOI shall not, without obtaining the prior written consent of the Authority, grant an option to purchase the Land and the Facility which will result in the Authority's receiving less than \$240,000.00 in the event the option to purchase is exercised.

Section 13.02. Distribution of Proceeds. In the event a third party exercises an option to purchase granted in accordance with this Article XIII, the proceeds of such sale of the Land and/or the Facility shall be distributed in the order of priority established in Section 12.01, subparagraphs (a) through (e).

Section 13.03. CCOI Not to Purchase. The parties hereto understand the option to purchase established herein is to accommodate the requirements of jurisdictions sending inmates to the Facility. Under no circumstances shall this Lease be construed to allow CCOI an option to purchase the Facility or the Land.

ARTICLE XIV

QUIET ENJOYMENT

Section 14.01. No Hindrance. The Authority covenants that if and so long as CCOI in all material respects keeps and performs each and every material covenant, agreement, term, provision and condition therein contained on the part and on behalf of CCOI to be kept and performed, CCOI shall quietly have and enjoy the Land during the term, subject to the covenants, agreements, terms, provisions, and conditions of this Lease.

Section 14.02. Binding on Assigns. It is expressly understood and agreed that the terms the "Authority" and "CCOI" as used in this Lease mean only the present owner of the Land and the present owner of the Leasehold Estate, respectively. In the event of the sale, assignment or transfer of either such owner of its interest in the Leased Premises, or this Lease as permitted under Article IX, such owner shall thereupon be released and discharged from all covenants and obligations of the Authority or CCOI thereafter accruing; but such covenants and obligations shall be binding upon each new owner of any interest in the Land. CCOI shall have the right to sell or assign its interest in the Facility, the Land, and/or the Leasehold Estate to such Persons as it may elect.

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ARTICLE XV
NOTICES

Section 15.01. Addresses. All notices, demands, requests or other communications which may be or are required to be given, served or sent by either party to the other shall be in writing and shall be deemed to be sufficient for all purposes and to have been properly given or sent:

(a) If intended for CCOI, by mailing by registered or certified mail, return receipt requested, with the postage prepaid or by nationally recognized overnight courier, addressed to CCOI at: Cornell Companies of Oklahoma, Inc., 1700 West Loop South, Suite 1500, Houston, TX 77027.

(b) If intended for the Authority, by mailing by registered or certified mail, return receipt requested, with the postage prepaid or by nationally recognized overnight courier, addressed to the Authority at: 300 West Maple, P.O. Box 519, Hinton, OK 73047.

Each party may designate by notice in writing a new address to which any notice, demand, request or communication may hereafter be so given, served or sent. Each notice, demand, request or communication which shall be mailed by certified mail, return receipt requested to the Authority or CCOI in the manner aforesaid shall be deemed sufficiently given, served or sent for all purposes hereunder three (3) business days after the time such notice, demand, request or communication shall be mailed by United States certified mail, return receipt requested in any post office or branch post office regularly maintained by the United States Government.

Section 15.02. Duty to Act Reasonably. Unless expressly provided otherwise in this lease, if a request is received in writing by the Authority or CCOI for a consent or approval required under this Lease or for information to which the party making such request shall be entitled, the party receiving such request shall act with reasonable promptness thereon and shall not unreasonably delay notifying the party making such request as to the granting or withholding of such consent or approval or furnishing to such party the information requested.

ARTICLE XVI
REPRESENTATIONS AND WARRANTIES

Section 16.01. Of Authority. The Authority, with knowledge that CCOI is relying thereon in entering into this Lease, represents and warrants to CCOI that:

- (a) The Authority is a public trust duly formed, validly existing, and in good standing under the laws of the State of Oklahoma.
- (b) The Authority has all requisite right, power and authority to

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enter into, execute, deliver, and perform its obligations under this Lease. This Lease has been duly and validly executed and delivered and constitutes the legal, valid, and binding obligation of the Authority in accordance with the terms hereof, free of any claim of immunity with respect to the performance of this Agreement by the Authority.

Section 16.02. Of CCOI. CCOI, with knowledge that the Authority is relying thereon in entering into this Lease, represents and warrants to the Authority that:

- (a) CCOI is a corporation duly formed, validly existing, and in good standing under the laws of the State of Oklahoma.
- (b) CCOI has all requisite right, power and authority to enter into, execute, deliver, and perform its obligations under this Lease. This Lease has been duly and validly executed and delivered and constitutes the legal, valid, and binding obligation of the Authority in accordance with the terms hereof.

ARTICLE XVII
MISCELLANEOUS

Section 17.01. Severability. If any term or provision of this Lease, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17.02. Binding Effect. This Lease shall be binding upon, and inure to the benefit of, the parties hereto, and their successors and assigns.

Section 17.03. Counterparts. This Lease may be executed in counterparts, each of which shall constitute one and the same instrument.

Section 17.04. Applicable Law. This Lease shall be interpreted and enforced in accordance with the laws of the State of Oklahoma.

Section 17.05. No Recourse Under Lease. All covenants, stipulations, premises, agreements and obligations of the Authority contained in this Lease shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer, employee or agent of the Authority in an individual capacity and no recourse shall be had for the payment of amounts due under the Lease or for any claim based thereon or under this Lease against any member, officer, employee or agent of the Authority.

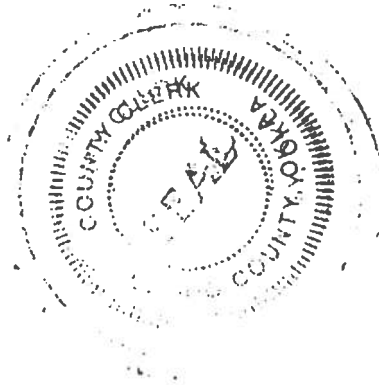
Section 17.06. Recording. CCOI may record a counterpart of this

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Lease (or memorandum hereof, in which event the parties hereto agree to promptly execute and deliver counterparts of such a memorandum) in the appropriate public records of Caddo County, Oklahoma.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

STATE OF OKLAHOMA, CADDO County
Filed for record on the 30 day
of Dec 1999 at 3:05 P.M.
Book 2268 Page 333
Document 365
J.T. McCASLAND County Clerk
Blenda Best Deputy
CCA



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IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

HINTON ECONOMIC DEVELOPMENT
AUTHORITY

By: Eldon McCumber
Eldon McCumber, Chairman

Attest: [Signature]
Secretary
(SEAL)

TOWN OF HINTON, OKLAHOMA

By: [Signature]
Jimmy Smith, Mayor

Attest: [Signature]
Town Clerk
(SEAL)

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CORNELL CORRECTIONS OF
OKLAHOMA, INC.

By: 
Steven W. Logan, President

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STATE OF OKLAHOMA)
)SS:
COUNTY OF CADDO)

The foregoing instrument was acknowledged before me this 30th day of December, 1999, by Eldon McCumber, Chairman, of the Hinton Economic Development Authority, a public trust, on behalf of the trust.

[Signature]
Notary Public

My Commission Expires: 7-8-2003

(SEAL)

STATE OF OKLAHOMA)
)SS:
COUNTY OF CADDO)

The foregoing instrument was acknowledged before me this 30th day of December, 1999, by Jimmy Smith, Mayor of the Town of Hinton, Oklahoma, on behalf of said town.

[Signature]
Town Clerk

(SEAL)

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STATE OF TEXAS)
)SS:
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this 29th day of December, 1999, by Steven W. Logan, President of Cornell Corrections of Oklahoma, Inc., a corporation, on behalf of said corporation.

Stephanie E. Donaho
Notary Public

My Commission Expires: 12-16-2002
(SEAL)



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EXHIBIT A

A tract of land in the N/2 of Section 9, Township 11 North, Range 11 West of the Indian Meridian, Caddo County, Oklahoma, more particularly described as follows: Beginning at the Northwest corner of the NE/4 of Section 9; thence South 88 51'06" East along the North line of said NE/4 a distance of 1308.81 feet, thence South 00 04'58" West a distance of 1631.47 feet, thence N 89 05'04" West a distance of 1308.11 feet to a point on the West line of said NE/4 situated 1636.81 feet South 0 03'42" West of the Northwest corner of said NE/4, thence continuing North 89 05'04" West into the NW/4 of said Section 9, a distance of 531.75 feet, thence North 00 03'42" East a distance of 1640.29 feet to a point on the North line of said NW/4, thence South 88 42'35" East along said North line a distance of 531.81 feet to the point of beginning.

FILE DATE: 12/30/1999 FILE TIME: 03:05
CADDO COUNTY, OKLAHOMA, JT MCCASLAND - COUNTY CLERK DOC #: 1999 9387
BOOK: 2268 PAGE: 365

**INTERGOVERNMENTAL AND
PRIVATE PRISON CONTRACTOR AGREEMENT**

THIS INTERGOVERNMENTAL AND PRIVATE PRISON CONTRACTOR AGREEMENT (the "Agreement"), dated as of March 1, 2000, is made and entered into by and among the **TOWN OF HINTON, OKLAHOMA** with a mailing address of 115 East Main Street, P.O. Box 159, Hinton, OK 73047 (the "Town"), the **HINTON ECONOMIC DEVELOPMENT AUTHORITY**, a public trust and agency of the State of Oklahoma created pursuant to a Trust Indenture dated as of June 29, 1987, and Title 60, Oklahoma Statutes 1991 Sections 176 to 180.4, as amended and supplemented with a mailing address of 200 W. Maple, P.O. Box 519, Hinton, OK 73047 (the "Authority") and **CORNELL CORRECTIONS OF OKLAHOMA, INC.**, an Delaware corporation, or its assigns as hereinafter provided (hereinafter called "Cornell") with its principal office and mailing address located at 1700 West Loop South, Suite 1500, Houston, TX 77027:

WHEREAS, the Town and the Authority acting in furtherance of their governmental purposes and in the exercise of its police powers have created and established a correctional detention facility to house medium-security inmates known as the Great Plains Correctional Facility (the "Facility"); and

WHEREAS, the Authority is the owner of the Facility and the Authority and the Town are desirous of designating and appointing Cornell as the private prison contractor to maintain and operate the Facility under the terms of this Agreement; and

WHEREAS, Cornell is willing to act as a private prison contractor and act as the manager and operator the Facility under the terms of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants herein contained the parties hereby agree as follows:

ARTICLE I

Definitions

In addition to those terms defined in the preamble, the following terms contained within this Agreement shall have the meanings hereinafter defined in this Article I:

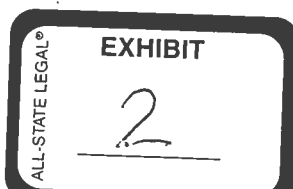
ACA. The term "ACA" means the American Corrections Association (or its successors).

ACA Standards. The term "ACA Standards" means the standards established and amended from time to time by ACA for medium security adult correctional facilities.

Base Per Diem Rate. The term "Base Per Diem Rate" means the daily rate identified in any Inmate Contract.

Inmate. The term "Inmate" shall mean those prisoners charged or convicted of violations of law and duly contracted from municipal or governmental authorities assigned to the care, custody and control of the Facility.

Inmate Contract. The term "Inmate Contract" means a contract between the Town and/or Cornell and a Jurisdiction, including the Oklahoma DOC, which describes the rights



Execution Copy

and obligations of the parties relative to the housing and care of inmates at the Facility.

Inmate Day. The term "Inmate Day" means each day an Inmate is assigned to the Facility, including the day of delivery, but excluding the day such Inmate is retaken by the Inmate's Jurisdiction, for which the delivering Jurisdiction is contractually obligated to pay a per diem rate to or on account of Cornell for correctional services performed under the applicable Inmate Contract. The definition of inmate day contained in the applicable Jurisdiction contract shall control if there is a conflict.

Jurisdiction. The term "Jurisdiction" means any governmental entity that has sentenced the Inmate to a prison term and contracted with Cornell and/or the Town for the Inmate's housing and care in the Facility.

Oklahoma DOC. The term "Oklahoma DOC" means the State of Oklahoma Department of Corrections (and its successors).

Reimbursable Expenses. The term "Reimbursable Expenses" means those expenses incurred by Cornell for funeral, transportation, hospital, surgical, ambulance, x-ray, medicine and other expenses for Inmates which the Jurisdiction has agreed to pay pursuant to an Inmate Contract which are paid in addition to the per diem amount for such Inmates.

State. The State of Oklahoma.

ARTICLE II

Establishment of Correctional Facility

Section 2.1. Establishment. The Town, in the furtherance of its governmental functions and in the exercise of its police powers, hereby establishes the Facility as an adult medium-security correctional facility to house inmates from the State of Oklahoma, the federal government, and other states, counties, municipalities or similar entities.

Section 2.2. Private Prison Contractor. The Town hereby irrevocably designates Cornell as the exclusive private prison contractor to manage, maintain and operate the Facility.

Section 2.3. Independent Contractor Status. Cornell in the performance of its duties described in and contemplated by this Agreement shall occupy the position of an independent contractor with respect to the Town and the Authority. Nothing contained herein shall be construed as making the parties hereto partners or joint venturers, nor, except as expressly provided herein, construed as making Cornell an agent or employee of either the Town, or the Authority.

ARTICLE III

Duties and Authority of Cornell

Section 3.1. General Duties and Authority. Cornell shall have the sole and exclusive authority and duty to, at its expense, equip, maintain and operate the business affairs associated with the Facility.

Section 3.2 Reservation of Power and Authority to the Town.

A. The Town specifically reserves all decision making powers and authority over all Inmate Contracts it enters into with other governmental entities, including, but not limited to

the U.S. Bureau of Prisons. The Town shall have the ultimate and sole decision making authority to negotiate contractual terms and the conditions of confinement with regard to said Inmate Contracts. The Town will communicate directly with such governmental entities and has the power and ultimate authority to discuss and settle issues arising out of such Inmate Contracts and communicate such information to Cornell as provided in Section 3.13 hereof.

B. The Town reserves the right to review and approve the person who will serve in the capacity of warden or the senior management official of the Facility.

C. The Town reserves the right to directly participate and be present during all audits and close outs with contracting Jurisdictions.

D. The Town reserves the right to perform onsite periodic inspections of the Facility and all records of the Facility relating to the housing of inmates.

E. The Town reserves the right to receive copies of all reports and performance's.

Section 3.3. Location and Ownership of Facilities. The Authority will at all times during the pendency of this Agreement own the Facility and the Land.

Section 3.4. Duty of Care; Licensing. Cornell shall perform or supervise the operation and management of the Facility and the performance of its obligations pursuant to this Agreement so as to use its best efforts to cause the Facility to best achieve its performance goals with optimal efficiency and cost controls in conformance with all applicable permits, approvals, laws, rules and regulations in respect of Cornell and the Facility. Cornell shall at all times operate and manage the Facility in good faith and with no less care and effort than is customary for it in providing services to other similar facilities owned or operated by it. Cornell shall obtain and maintain in full force and effect during the term hereof all applicable licenses, permits and approvals to fully perform its services and functions hereunder. Cornell shall promptly notify the Authority should any such license, permit or approval be terminated, suspended or threatened in any material respect. Cornell shall be responsible for licensing or permitting of the Facility to permit it to be occupied, e.g. occupancy permit, fire marshal's approval or other construction licensing, etc. To the extent reasonably necessary or helpful, the Authority will join in any applications or required procedures for permits, approval, licensing, etc. and otherwise provide reasonable assistance and cooperation to Cornell, all at Cornell's sole cost and expense.

Section 3.5 Facility to Meet ACA, Oklahoma and Federal Standards. Cornell shall use its best efforts to maintain accreditation of the Facility in accordance with the American Corrections Association "ACA" standards. The Facility shall meet all minimum applicable standards under state and federal statutes, constitutional provisions, rules, regulations and court orders. The programs for those services offered to the population at the Facility will meet the minimum applicable standards of the State of Oklahoma and the federal government for adult male correctional programs.

Section 3.6. Agreements. Except as provided in Section 3.2 herein, Cornell shall have the authority to prepare and execute all contracts for the design, construction, equipping, managing, maintaining, operating, or any sale or other disposition, of all or any part of the Facility, including, without limitation, the continuance of general operations of Facility and the housing and medical care of inmates and the transportation of inmates to the Facility. Any

agreement which includes the Town as a party shall be submitted to the Board of Trustees for the Town for prior approval which approval shall not be unreasonably withheld, conditioned or delayed.

Section 3.7. Hold Harmless and Indemnity.

A. Cornell, at its expense, agrees to defend and hold harmless the Trustees of the Town, employees of the Town, the Trustees of the Authority and the Authority (collectively, the "HEDA Indemnified Parties") for any claim or cause of action arising out of the operation of the Facility by Cornell on and after the January 6, 1998. Cornell shall not be required to defend and hold harmless the HEDA Indemnified Parties for actions of employees of the Town while performing its routine activities. The parties acknowledge and agree, however, that under the Private Prison Contract (the "Oklahoma Private Prison Contract"), dated originally July 1, 1997, between the Oklahoma Department of Corrections and the Authority, as renewed from time to time, the State of Oklahoma is obligated to defend and indemnify (or sometimes referred to as "hold harmless" or other similar wording) the Authority, the Town and/or its private prison contractors from certain claims including without limitation (i) actions related to the transfer of inmates to the Facility or the housing of them at the Facility rather than an Oklahoma prison and (ii) actions challenging the validity of the conviction, the sentence of any inmate, and the classification and assignment of any inmate. This Agreement shall in no way diminish or impair any obligation of the State of Oklahoma or any other sending jurisdiction to indemnify, hold harmless and/or defend any of the HEDA Indemnified Parties and Cornell as the Authority's private prison contractor and the Authority and the Town hereby grant to Cornell the right and authority to exercise the right to receive and enforce any and all such indemnity, hold harmless and/or defense obligations of such sending jurisdictions.

B. The Authority, at its expense, agrees to defend and hold harmless Cornell and its Affiliates and their respective officers, directors, shareholders, employees, agents and other representatives and their successors and assigns (collectively, the "Cornell Indemnified Parties") for any claim or cause of action arising out of the operation of the Facility by or on behalf of the Authority prior to January 6, 1998, including but not limited to all actions and appeals filed by inmates regarding conditions of confinement, transfer or habeas corpus or arising from the escape of any inmate. "Affiliate" as to any person or entity means a person or entity, directly or indirectly, controlled by, controlling or under common control with another person or entity or a purchaser of substantially all of the assets of that person or entity.

All such actions shall be defended by counsel selected by Cornell and reasonably acceptable to the other parties hereto. Cornell shall have the exclusive authority to settle any and all claims arising out of the operation of the Facility.

Section 3.8. Insurance. At all times Cornell shall obtain and maintain insurance coverage in amounts described below.

(a) **Workers' Compensation Insurance.** Cornell shall provide and maintain in force statutory workers' compensation insurance coverage for all employees of Cornell engaged in work under this Agreement. Coverage must extend to include all departments in which employees are engaging in work and employer's liability protection not less than \$500,000 per person, \$500,000 per occurrence. The Policy must be endorsed to waive rights of subrogation against Cornell, the Town, the

Trustees of the Town, the Authority, the Trustees of the Authority, and their respective employees, shareholders, officers, directors, agents and other representatives, and their successors and assigns (collectively, the "Additional Insureds").

(b) Comprehensive (Commercial) General Liability Insurance. Cornell will provide and maintain in force comprehensive (commercial) general liability insurance, with coverage limits not less than \$5,000,000 combined single limit per occurrence and annual aggregates where generally applicable and shall include premise operations, independent contractors, products, completed operations, broad form property damage, contractual liability coverage for indemnification clause in Section 3.6 and personal injury endorsements. It shall be subject to a reasonable deductible or coinsurance, but in no event shall that deductible amount exceed the sum of \$100,000 for the coverage afforded the additional insureds ("hereinafter defined"). This insurance shall contain a "cross liability" or "severability of interest" clause or endorsement and Cornell, the Town, the Trustees of the Town, the Authority and the Trustees of the Authority shall be included as additional insureds. This insurance shall be considered primary of any other insurance carried by the Additional Insureds through self insurance or otherwise.

(c) Comprehensive Automobile Liability Insurance. Cornell shall provide and maintain in force comprehensive automobile liability insurance covering all owned, hired and non-owned vehicles with coverage limits not less than \$1,000,000 combined single limit per occurrence and annual aggregate. This insurance shall contain a "cross liability" or "severability of interest" clause or endorsement and Additional Insureds shall be included as additional insureds. This insurance shall be considered primary of any other insurance carried by Cornell through self insurance or otherwise. Any transportation contractor engaged by Cornell shall be subject to the same insurance requirement.

(d) Professional Liability Insurance. Cornell will provide and maintain in force professional liability insurance or a comparable policy form providing jail keepers' legal liability insurance coverage for errors, omissions or wrongful acts of Cornell, a subcontractor or anyone directly or indirectly employed by them in the performance of services of this Agreement with limits not less than \$5,000,000 combined single limit per occurrence and annual aggregate limit. It shall be subject to a reasonable deductible or coinsurance in an amount not to exceed \$100,000 for the coverage afforded the additional insureds. This insurance shall contain a "cross liability" or "severability of interest" clause or endorsement and the Additional Insureds shall be included as additional insureds.

(e) Umbrella Liability Insurance. Cornell will provide and maintain in force an umbrella liability insurance coverage for with limits not less than \$5,000,000 combined single limit per occurrence and annual aggregate limit. This insurance shall contain a "cross liability" or "severability of interest" clause or endorsement and the Additional Insureds shall be included as additional insureds.

(f) Property Insurance. Cornell shall provide fire and extended coverage insurance on the Facility, including protection against loss or damage by other risks now embraced by the so-called all-risk coverage endorsement, including, without limitation,

loss by fire, explosion, theft, windstorm, flood and other risks casualties under an "all risk" insurance policy, in an amount equal to the replacement value, as new, of the Facility, including all fixtures and personal property used at the Facility, but in any event in an amount not less than \$17,000,000. It shall be subject to a reasonable deductible. Such insurance shall also insure Cornell against the interruption of business relating to the Facility in such amount as will provide sufficient moneys to pay operating expenses and the mortgaged indebtedness of the Facility for a period of 12 months (with a deductible of not more than thirty (30) days).

(g) Additional Coverage. Cornell is responsible for obtaining any insurance required by the State where the Facility is located to cover inmate work related injury, disability, or death.

(h) Claims Made Coverage. If any of the required insurance is arranged on a "claims made" basis, "tail" coverage shall be required at the completion of this Agreement for a duration of 24 months. Cornell will be responsible for furnishing certification of "tail" coverage as described or continuous "claims made" liability coverage for 24 months following Agreement completion. Continuous "claims made" coverage will be acceptable in lieu of "tail" coverage, provided its retroactive date is on or before the effective date of this Agreement.

(i) Additional Insured. The liability insurance coverage required for performance of this Agreement shall include the Additional Insureds but only with respect to Cornell's activities to be performed under this Agreement.

(j) Cancellation. There shall be no cancellation, material change, potential exhaustion of aggregate limits or intent to not renew insurance coverages without thirty (30) days written notice from Cornell or its insurers to Cornell. Any failure to comply with the reporting provision of this insurance, except for the potential exhaustion of aggregate limits, shall not affect the coverages provided to the Additional Insureds.

(k) Self-Insurance. Cornell may self-insure as to any of the required insurance. If Cornell self-insures, then the amount of retention (or self-insured risk) shall not exceed \$100,000. Cornell will furnish certification of the insurance coverage in excess of the self-insured (retention) amount, with such excess coverage being subject to the terms and conditions of this Section 3.7. If said certification contains language which limits the rights of the additional insureds unless their names are specifically indorsed on the policy, Cornell will provide copies of said indorsements.

Section 3.9. Inmate Incarceration Services. It shall be the responsibility of Cornell to confine and supervise all Inmates assigned to the Facility and to provide safe and humane care and treatment, in accordance with ACA Standards, including the furnishing of subsistence, routine and emergency medical care, training and treatment programs, compliance with sentences and orders of the committing Jurisdiction(s), access to legal process and compliance with all applicable laws and agreements.

(a) Food Service. Food service operations may be delivered by Cornell employees, contractor employees or a combination of Cornell staff and contractor employees. All staff, Inmates and contractor employees will undergo medical testing prior to initially reporting for food service duty assignments and will be examined

regularly to assure health of the staff. Cyclical menus will approved by a registered diettitian and will provide for a minimum of daily calories to meet or exceed ACA standards and applicable Inmate Contracts. All health regulations of the State will be followed and the results of all inspections will be promptly provided to the Authority. Special meals will be provided for Inmates when prescribed by medical or religious staff. Food shall not be withheld nor the standard menu varied as a disciplinary sanction.

(b) Health Care. Health care operations may be delivered by Cornell employees, contractor employees or a combination of Cornell staff and contractor employees. All medical, mental health and dental care personnel providing services to Inmates will be appropriately licensed and/or certified under the laws of the State and all medical services will be delivered in accordance with ACA standards. All correctional officers will receive annual training in CPR. In the event that any Jurisdiction requires a co-payment plan for Inmate treatment, Cornell will participate in said plan as instructed by the Jurisdiction. Cornell will operate or contract with a pharmacy service under the supervision and control of a doctor or pharmacist which will provide Inmates with over-the-counter medications and prescribed pharmaceuticals. Cornell will provide for emergency and non-emergency transportation for Inmate health care services outside of the Facility as required.

(c) Inmate Programs and Case Management. Cornell will develop and deliver Inmate programs as appropriate to the needs of the Inmate population and to the objectives of the Jurisdiction.

The educational qualifications, training and certification of all program staff members will satisfy the standards of the ACA and the Jurisdiction. Academic and vocational instructors may be either Cornell employees and/or contract employees. All other programs staff members will be Cornell employees or subcontractors of Cornell.

(d) Inmate Work Program. Cornell will develop and implement a comprehensive work program for Inmates. The program's objective will be to provide maximum opportunity for Inmates to be engaged in constructive activities for as many hours each day as possible, considering mandatory Facility schedules.

(e) Religion. Cornell will employ a services of a chaplain to develop and conduct a comprehensive religious program with representation from a variety of denominations and faiths. The program will be open to all Inmates who wish to participate and no preference will be given to the activity of any one denomination, sect or faith over another. Cornell undertakes to seek participation of local churches and nonprofit organizations near the Facility. These religious and rehabilitative programs will be instituted and continuously encouraged by Cornell that will allow the local community to have a sense of mission to meet the inmates' religious needs. It is understood and recognized that improving and changing lives is the focus of these cooperative programs. Cornell will be actively involved in the support and utilization of local applications and broader nationally recognized programs of similar application.

(f) Transportation. Cornell will be responsible, at its own cost and expense, for all local transportation of Inmates assigned to the Facility from the point of delivery

of such Inmate to the care, custody and control of Cornell and the Facility in accordance with the Inmate Contract or as directed by the Jurisdiction delivering such inmate to the Facility and Cornell will retain all charges and reimbursements paid by any Jurisdiction in connection with any such transportation services. Cornell's responsibility begins once the Inmate is accepted by Cornell.

(g) Inmate Records Management. Cornell will adapt its reporting systems for basic compatibility with systems used by those Jurisdictions whose Inmates occupy the Facility.

Section 3.10. Facility Administration. Cornell shall have authority to fully and completely manage the operation of the Facility and to select, hire, train, supervise and discharge all of Cornell's employees assigned to the Facility. Cornell shall enter into all agreements and understandings which are normal, routine and reasonable for the general operations of the Facility under its own corporate identity, unless otherwise specified within this Agreement. Cornell shall prepare Policies and Procedures Manuals covering the operation of all elements of the Facility and shall provide same to the Authority for approval not later than ninety (90) days prior to the expected Service Commencement Date of the Facility. These manuals will constitute a comprehensive reference for all actions associated with the Facility and shall incorporate, but shall not be limited to, the following terms and conditions:

(a) Personnel Hiring and Qualifications. Cornell shall employ a fully trained and uniformly dressed staff to provide 24-hour per day, seven days per week correctional services for the Facility. Prior to their employment, applicants will undergo background investigations to include educational, criminal and employment history to help assure that their personal conduct or history will not jeopardize security of operations or discredit the Facility, Cornell or the Authority. Cornell will obtain a criminal record check and drug test for all employees at the Facility.

(b) Emergency Response Plans. Cornell will deliver to the Authority an Emergency Response Plan for the marshaling of resources to quickly and appropriately respond to any crisis that might arise in the operation of the Facility. Procedures and plans will be developed in coordination with local and area fire departments, law enforcement agencies and the State Department of Corrections, and will be provided to all parties in written form to assure clear understandings. The plan will include procedures to deal with fire, bomb threats, escape, hostage situations, riots, medical epidemics and natural disasters. It will also provide for the notification and reporting of escapes to residents within an appropriate radius of the Facility, and to the Authority.

(c) Accreditation. Cornell shall use its best efforts to maintain the accreditation of the Facility from the ACA.

(d) Scheduled Meetings. Quarterly meetings arranged by Cornell will be scheduled at the Facility available for attendance by representatives of Cornell, representatives of the host government, the Facility warden, an operations executive of Cornell, the Jurisdiction's monitor, if any, and by other parties with appropriate business for discussion. Any representative may participate by telephone. Regular topics will include Inmate population count, Inmate departures by reason, disturbances and incidences, results of fire and health inspections, program statistics, medical care,

food service, physical plant, personnel vacancies, client concerns, community concerns and Inmate litigation.

(e) Records Keeping. Cornell shall develop a system of financial accounting and inmate tracking for the Facility. Records and reports shall be maintained that comply with all applicable Inmate Contracts and reasonable requirements to be determined by Cornell, and shall include, without limitation, files and reports documenting Inmates' activities, adjustment, participation, discipline and any other relevant information or significant events while in custody at the Facility.

Section 3.11. Licenses and Permits. Cornell shall do all reasonable things necessary to maintain in full force and effect for the benefit of the Facility all licenses and permits required for operations of the Facility and the Town and the Authority will assist Cornell in such matters.

Section 3.12. Duty to Market Bedspace. Subject to the duties and powers of the Town and the Authority, Cornell shall be primarily responsible for marketing of the Facility and for attending all meetings, receiving copies of proposals, and initiating negotiations with the Jurisdictions and the Oklahoma DOC and the personnel associated with the contracting for bed space within the Facility as applicable.

Section 3.13. Duty to Communicate With Liaison Official. The Town and the Authority shall designate a Liaison Official to communicate decisions to Cornell affecting Inmate Contracts and the Facility. Initially, such officer shall be Eldon McCumber and he will continue to hold such position until the Town and the Authority notifies Cornell in writing of a new person that will hold such position.

ARTICLE IV

Compensation to Cornell and Security Interest

Section 4.1. Base Management Fee. The Town and Authority shall pay Cornell as a base management fee for its performance under this Agreement an amount equal to the Base Per Diem Rate multiplied by the number of Inmate Days less the amounts reserved to the Authority in Section 4.3 herein. The Base Per Diem Rate under any Inmate Contract shall be sufficient to reimburse Cornell for all costs incurred by Cornell in connection with such Inmate Contract and to provide Cornell with a reasonable pre-tax rate of return on Cornell's investment of at least 15% per annum.

Section 4.2. Payment for Reimbursable Expenses; Other Charges. Cornell shall receive from the Town and the Authority additional amounts for Reimbursable Expenses received by the Authority under any Inmate Contract and all other fees, charges and payments of any sort paid by any Jurisdiction (collectively, "Other Charges") under any Inmate Contract.

Section 4.3. Amounts Reserved by the Town and the Authority. The Authority, subject to adjustment as hereinafter provided, reserves from the amounts owed to Cornell as its base management fee described in Section 4.1, the sum of One Dollar (\$1.00) per diem for each Inmate at any time housed in the Facility. The per diem shall be calculated using the day of the Inmate arrival, but not the day of inmate departure and using the midnight count. The \$1.00 per diem payable under this Section is based upon a daily Inmate per diem (the "Inmate

Contract Per Diem") of \$43.95 payable by the applicable Jurisdiction for each Inmate. If the Inmate Contract Per Diem is raised above \$43.95, the amount reserved by the Town and the Authority will be increased on a pro rata basis up to a maximum reservation of \$1.25 per day when the Inmate Contract Per Diem is \$45.95 per day. Example: If the Inmate Contract Per Diem per Inmate increases from \$43.95 to \$44.45 (an increase of \$00.50), then the per diem reserved by the Authority would increase from \$1.00 to \$1.0625 (an increase of \$00.0625, which is equal to \$00.50 times the quotient of \$00.25 divided by \$2.00). If the Inmate Contract Per Diem increases and then subsequently decreases, then the per diem reservation by the Town and the Authority will be decreased on a pro rata basis down to a minimum of \$1.00 when the Inmate Contract Per Diem is \$43.95. If the Inmate Contract Per Diem falls below \$43.95 or increases above \$45.95 per day, no corresponding decrease or increase will be sought by either party. If there is more than one Inmate Contract Per Diem for Inmates, then the weighted average Inmate Contract Per Diem for all Inmates will be used.

Section 4.4. Submission of Invoices by the Authority and Cornell. No later than the 5th Business Day of each month, Cornell shall have submitted an invoice to each Jurisdiction detailing the Inmate Days to be charged and any claims of Cornell for Reimbursable Expenses and Other Charges.

Section 4.5. Deposit of Proceeds. All monies collected from sending jurisdictions by the Authority, the Town and Cornell shall be deposited into a special segregated account set up solely for that purpose. Cornell shall have a security interest and lien on the proceeds of said account for the payment of the Base Per Diem Rate, Reimbursable Expenses and Other Charges. Cornell shall cause to be paid its invoice for the housing of Inmates and Reimbursable Expenses and Other Charges..

Section 4.6. Limited Obligations of the Authority. The obligations of the Town and the Authority to pay Cornell the Base Per Diem Rate or any other management fees described in Section 4.1. and the amounts due for Reimbursable Expenses and Other Charges described in Section 4.3, are the special limited obligations of the Authority payable solely from monies the Authority has received from the Jurisdiction as payment related to the housing and care of its inmates at the Facility. If, for any reason, a Jurisdiction fails to make a payment to or on account of the Town and the Authority, for any reason, whether by reason of a default, failure to obtain appropriations by the applicable legislative branch of the Jurisdiction's state government, reallocation by the executive branch for payment of other obligations of such state or otherwise, the Town and the Authority shall to the extent of such nonpayment, have no corresponding obligation to Cornell, until or unless such payment is made to or on account of the Authority by such Jurisdiction.

Section 4.7 Disputed Amounts. In the event a Jurisdiction fails to pay or contests any charges, the Authority, the Town and Cornell agree to cooperate in attempting to collect the amounts due as invoiced.

ARTICLE IV

Duties of Town and the Authority

Section 5.1 Duties of the Town and the Authority.

A. The Town shall make all decision relating to Inmate Contracts it enters into with

other governmental entities, including, but not limited to the U.S. Bureau of Prisons. The Town shall have the ultimate and sole decision making authority to negotiate contractual terms and the conditions of confinement with regard to said Inmate Contracts. The Town will communicate directly with such governmental entities and has the power and ultimate authority to discuss and settle issues arising out of such Inmate Contracts and communicate such information to Cornell.

B. The Town will have the right review and approve the person designated by Cornell who will serve in the capacity of warden or the senior management official of the Facility.

C. The Town will directly participate and be, though its designated liaison officer, present during all audits and close outs with contracting Jurisdictions.

D. The Town has the right to perform onsite periodic inspections of the Facility and all records of the Facility relating to the housing of inmates.

E. The Town shall have the right to receive copies of all reports and perform's relating to the housing of inmates.

Section 5.2. Notification of Claims. The Town and the Authority agree to promptly notify Cornell of any claim or lawsuit made against the Town or the Authority relating to of the Facility.

Section 5.3. Agreement to Cooperate With Cornell and Authority. The Town and the Authority hereby agree to cooperate with Cornell in the performance of Cornell's duties and responsibilities under this Agreement and to do all reasonable things necessary to aid and effect Cornell's performance as a private prison contractor under the terms of this Agreement and to assist Cornell in obtaining inmates to be housed at the Facility on commercially reasonable terms and conditions. The Town agrees to execute such documents as may reasonably be required by Cornell or its lenders providing financing relating to the Facility, including, but not limited to, modifications and amendments to this Intergovernmental Agreement, and any other documents executed in connection with the transactions contemplated in this Intergovernmental Agreement. The Authority agrees to use commercially reasonable efforts to (i) ensure the continuation of the Oklahoma Private Prison Contract and/or procurement of other acceptable Inmate Contracts and the availability of prisoners to the Facility, (ii) to assist Cornell in obtaining the State of Oklahoma's and any other applicable Jurisdiction's approval of any operator (including Cornell) selected by Cornell, (iii) to assist Cornell to expand the term of the Oklahoma Private Prison Contract so as to permit an expansion of the Facility, (iv) to cooperate with Cornell to accommodate any other sources of inmates which Cornell may identify, which may allow for an additional expansion of the Facility and (v) to negotiate favorable annual adjustments in the rental, per diem rates or other revenue to be paid by the State of Oklahoma under the terms of the Oklahoma Private Prison Contract. Cornell agrees to use commercially reasonable efforts to design, build and finance an expansion of the Facility if the Oklahoma Private Prison Contract is expanded and/or additional sources for inmates are secured.

Section 5.4. Transfer of Funds. The Town and the Authority hereby assign to Cornell all of the Town's and Authority's (except the Authority's reservations described in Section 4.3 hereof) right, title and interest in and to all revenue (from rental, per diem payments or otherwise) generated from any and all contracts the Town and/or the Authority

enters into with any sending jurisdictions, including without limitation, the Oklahoma Private Prison Contract or from any other source with respect to the Facility. The Town and the Authority each hereby assigns to Cornell the right to receive and collect and retain, and agrees that it shall, unconditionally and immediately, transfer all funds received from anyone other than Cornell with respect to the Facility, including, without limitation, payments of sending jurisdictions for the housing and care of inmates at the Facility, to Cornell (as instructed to Cornell) without any abatement, offset or reduction for amounts due to the Town or Authority, as the case may be, by Cornell hereunder or otherwise. Any amounts in dispute will be held by Cornell in a separate account until the dispute is resolved pursuant to Section 8.10 or as otherwise agreed by the parties.

ARTICLE VI

Termination, Events of Default and Term

Section 6.1. Events of Default. The following shall be Events of Default and cause for a party to this Agreement to terminate this Agreement:

(a) a material failure by a party to keep, observe, perform, meet, or comply with any material covenant, agreement, term, or provision of this Agreement and such failure continues for a period ninety (90) days beyond the curative provided within this Article VII after written notice thereof, or

(b) failure by either party to make any payment required in this Agreement, and not in good faith dispute, within thirty (30) days from the date it is due and such failure continues for a period of fifteen (15) days after written notice from the non-defaulting party specifying such failure, or

(c) Any party's (i) admitting in writing its inability to pay its debts; (ii) making a general assignment for the benefit of creditors; (iii) suffering a decree or order appointing a receiver or trustee for it or substantially all of its property to be entered and, if entered without its consent, not causing such decree or order to be stayed or discharged within the curative period provided herein; (iv) suffering proceedings under any law relating to bankruptcy, insolvency, or the reorganization or relief of debtors to be instituted by or against it and, if contested by it, not to be dismissed or stayed within the curative period provided within this Article VI; or (v) suffering any judgment, writ of attachment or execution, or any similar process to be issued or levied against a material part of its property which is not released, stayed, bonded, or vacated within the curative period provided within this Article VII after issue or levy.

(d) the discovery by a party that any material statement, representation, or warranty in this Agreement by another party is false, misleading, or erroneous in any material aspect.

Section 6.2. Force Majeure. The failure to perform any of the terms and conditions of this Agreement resulting from force majeure shall not be considered a breach or an Event of Default.

Section 6.3. Curative Period. If any non-monetary default, or material breach of this Agreement by a party remains uncured for a period of ninety (90) days after written notice thereof such default or breach shall be an Event of Default; provided, however that, if within

ninety (90) days after such notice a substantial effort in good faith has been made by the offending party to cure said breach, said breach shall not be an Event of Default.

Section 6.4. Remedy. Upon the occurrence of an Event of Default and the lapse of the curative periods set forth in Section 6.3, a party shall have the right to pursue any remedy it may have at law or in equity, including but not limited to: (a) reducing its claim to judgment, (b) taking action to cure the Event of Default in which event such party shall be entitled to recover its reasonable costs incurred in effecting such cure, and/or (c) termination of this Agreement on at least thirty (30) days prior written notice.

Section 6.5. Term. The initial term of this Agreement shall commence on the date hereof and shall end on December 31, 2075, provided, however, the Town and the Authority grants Cornell the option to renew this Agreement and extend the term for one (1) additional period of seventy-five (75) years on the same terms and provisions as provided in this Agreement, by delivering written notice of the exercise of such option to extend to the Authority and the Town prior to the expiration of the initial term.

ARTICLE VII

Assignment

Section 7.1. This Agreement shall be assignable by all parties upon their mutual consent (which consent shall not be unreasonably withheld), and the Town and the Authority hereby consents to the assignment of this Agreement by Cornell (and its successors and assigns) to another entity (which shall include a surviving or resulting entity in the case of a merger or consolidation) which satisfies the following criteria:

- (a) The entity adopts and assumes all of the conditions and obligations of Cornell as set forth in this Agreement; and
- (b) The entity, or company engaged by the entity to provide daily operations at the Facility and is acceptable to the Oklahoma Department of Corrections or such other sending jurisdiction whose inmates constitute the majority of inmates at the Facility, as a successor operator of the Facility; and
- (c) All payments to the Town and the Authority due from Cornell are current as of the date of the assignment.

Cornell reserves the right to, with the consent of the Town, which consent shall not be unreasonably withheld, conditioned or delayed, assign, subcontract or contract directly with third party companies for the actual staffing and operation of the Facility. Cornell also shall have the right to assign this Agreement in whole to an Affiliate, and to grant security interests in and otherwise assign this Agreement as collateral for any financing or indebtedness of Cornell, or Affiliates, on the Facility. The Town and the Authority agree to grant any consent and issue any certificates as to factual matters required by any entities providing such financing.

Section 7.2. Assignment for Security. Without limiting, Section 7.1, Town and Authority acknowledge that Cornell is entering into certain financing agreements with certain secured lenders and may, from time to time in the future, enter into other loan agreements, lease agreements or other contracts with third parties relating to the Facility. The Town and

the Authority will cooperate with Cornell by providing such documents, certificates and instruments as such lenders and other third parties may request. The Town and Authority hereby further agree that without any prior written notice to, or consent of the Town or Authority, Cornell (and its successors) may assign, transfer, convey to such lenders or other third parties (and their successors) all of the right, title, interest to this Agreement, as collateral security for loans it receives, for leases or contracts entered into by Cornell or other obligations incurred by Cornell from time to time in connection with the Facility.

ARTICLE VIII

Miscellaneous

Section 8.1 Headings. The headings contained herein are for convenience only and are not intended to define or limit the scope of intent of any provision of this Agreement.

Section 8.2 Governing Law. The validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties hereto shall be governed by the laws of the State of Oklahoma.

Section 8.3 Notices. Any notice required or permitted herein to be given shall be given in writing and shall be delivered by United States mail, first class postage prepaid return receipt requested, to the respective President of Cornell, the Mayor of the Town, and Chairman of the Authority at the addresses set forth on the page 1 hereof.

Section 8.4 Successors. This Agreement shall be binding upon and inure to the benefit of the respective parties and their permitted assigns and successors in interest.

Section 8.5 Attorney's Fees. If it shall become necessary for any party hereto to engage attorneys to institute legal action for the purpose of enforcing its rights hereunder, the party prevailing in such litigation shall be entitled to receive all costs, expenses and fees, including reasonable attorney's fees, incurred by it, including costs of any appeals from the losing party.

Section 8.6 Severability. Should any term or provision hereof be deemed invalid, void or unenforceable either in its entirety or in a particular application, the remainder of this Agreement shall nonetheless remain in full force and effect and, if the subject term or provision is deemed to be invalid, void or unenforceable only with respect to a particular application, such term or provision shall remain in full force and effect with respect to all other applications.

If, however, any court of competent jurisdiction should render a final judgment that the authority granted to Cornell from the Town or the Authority exceeds the bounds of permissible delegation under applicable law, the parties agree that this Agreement shall be deemed amended, modified and reformed to the extent necessary to reduce the scope of authority so delegated and to limit that authority to that permissible under applicable law as evidenced by written legal opinion of special counsel to the Cornell, the Town and the Authority and the parties agree to negotiate in good faith appropriate changes, if any, to the financial terms of this Agreement based on the amendment, modification or reformation of this Agreement.

The parties agree that in no event shall any determination that the discretion and authority granted to Cornell hereunder exceeds permissible bounds result in this Agreement

MAR-28-2000 15:58

GREAT PLAINS CORRECTION

1 405 542 3710 P.17/19

being declared or adjudged invalid, void, or unenforceable in its entirety; rather, the parties request that any court examining such issue employ great latitude in reforming the Agreement so as to make the Agreement as reformed valid and enforceable.

Section 8.7. Indemnifications. Should there be a challenge to the legality of the Town or the Authority to enter into this Agreement The Town and the Authority at their expense agree to rigorously defend such challenge provided that, Cornell may at its expense, defend and indemnify the Town and the Authority regarding such challenge.

Section 8.8. Defense Immunity. By entering into this Agreement, neither the Town, nor the Authority, nor Cornell waives any immunity defense which may be available to it by operation of law, including any limitation on the amount of damages which may be awarded.

Section 8.9. Waivers. No waiver of any breach of any of the terms or conditions of this Agreement shall be held to be a waiver of any other or subsequent breach; nor shall any waiver be valid or binding unless the same shall be in writing and signed by the party alleged to have granted the waiver.

Section 8.10. Arbitration of Disputes. Any controversy or claim arising out of or related to this Agreement or breach thereof, shall be settled by binding arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. Any such controversy or claim shall be submitted to an arbitrator agreed to by Cornell, the Town and the Authority; or if they cannot agree on an arbitrator, an arbitrator shall be selected for them by the American Arbitration Association, and such arbitration shall be held in Hinton, Oklahoma.

Section 8.11 Prior Occurrences. As between the Authority and Cornell, the Authority shall remain solely responsible for any losses or costs resulting from litigation relating to the Facility attributable to its acts pending on January 6, 1998 or for lawsuits arising thereafter relating to events or conditions which occurred or existed prior to January 6, 1998. Cornell agrees to cooperate with the Town and the Authority in the defense of any such suits, if any.

Section 8.12. Counterparts. This Agreement may be executed in multiple counterparts each of which shall constitute but one Agreement.

Section 8.13. Entire Agreement. This Agreement is the entire Agreement between the parties as to the subject matter of this Agreement, any additional amendment hereto must be in writing and signed by all parties hereto to come into full force and effect. As of the date of this Agreement, this Agreement supersedes the Intergovernmental Agreement previously entered into among the parties hereto as of January 6, 1998.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date March 1, 2000.

MAR-28-2000 15:59

GREAT PLAINS CORRECTION

1 405 542 3710 P.18/19

Town of Hinton, Oklahoma

Jimmy D. Smith
Jimmy Smith, Mayor

ATTEST:

George Coonley
Town Clerk
(SEAL)

Hinton Economic Development Authority, a public trust

by Eldon M. Cumber
Eldon McCumber, Chairman

ATTEST:

[Signature]
Secretary
(SEAL)

MAR-28-2000 15:59

GREAT PLAINS CORRECTION

1 405 542 3710 P.19/19

Cornell Corrections of Oklahoma, Inc.

by 

Steven W. Logan, President and Chief Executive
Officer

FILED

NOV 25 1987

OKLAHOMA SECRETARY
OF STATE

TRUST INDENTURE

CREATING THE

HINTON ECONOMIC DEVELOPMENT AUTHORITY

RECORDED

NOV 25 1987

10617
OKLAHOMA } SS.
COUNTY }
FILED FOR RECORD

NOV 19 1987

State Auditor & Inspector

Recorded in Book 357 Page 227
Jack VanDevanter County Clerk

KNOW ALL MEN BY THESE PRESENTS:

This Trust Indenture dated as of the 29 day of June, 1987, by ELDON McCUMBER, hereinafter referred to as the Trustor, and ELDON McCUMBER, DAVID C. SITTON, KAY KELLEY, KENNETH DOUGHTY and ROBERT C. POTTS, and their respective successors as provided herein, to be known as the Trustees of the Hinton Economic Development Authority, who shall be and are hereinafter referred to as Trustees of the said Authority, hereinafter referred to as "Authority" or "Trust".

WITNESSETH:

WHEREAS, the Legislature of the State of Oklahoma has heretofore adopted certain legislation specifically encouraging the economic growth and development of its Towns and Counties, such legislation empowering the Towns to provide for their respective future economic growth and development and specifically authorizing them to prepare and finance comprehensive growth and development studies and plans and to inventory their respective services, resources and facilities and to promote and stimulate the growth and development of their agriculture, commerce and industrial resources as a whole, all in order that they may achieve the maximum utilization of their human, economic and natural resources and tourist attractions and to foster and promote their respective industrial climate and payroll and to otherwise generally promote their economic welfare and prosperity; and,

WHEREAS, in order to help bring to fruition the general economic development of the Beneficiary Town (hereinafter defined) in conformity with the aforerecited legislatively annunciated general public purposes and goals, the parties hereto do by these presents establish this economic development Authority for the sole benefit of the Beneficiary Town, according to the terms and conditions and for the specific purposes herein set forth.

NOW THEREFORE in consideration of the payment by the Trustor to the Trustees of the sum of Ten Dollars (\$10.00), receipt of which is hereby acknowledged, the mutual covenants herein set forth, and other valuable considerations, the said Trustees agree to hold, manage, invest, assign, convey and distribute as herein provided, authorized and directed, such property as Trustor, or others may from time to time assign, transfer, lease convey, give, bequeath, devise or deliver unto this Trust or the Trustees hereof.

TO HAVE AND HOLD such property and the proceeds, rents, profits and increases thereon unto said Trustees and said Trustees'

LL-STATE LEGAL
EXHIBIT
3

10617

STATE OF OKLAHOMA } SS.
CASSO COUNTY }
FILED FOR RECORD

NOV 19 1987

TRUST INDENTURE
CREATING THE
HINTON ECONOMIC DEVELOPMENT AUTHORITY

BY M. P. Jack VanDeVenter Recorder, Casso County, Oklahoma
BY Jack VanDeVenter County Clerk

KNOW ALL MEN BY THESE PRESENTS:

This Trust Indenture dated as of the 29 day of June, 1987, by ELDON McCUMBER, hereinafter referred to as the Trustor, and ELDON McCUMBER, DAVID C. SITTON, KAY KELLEY, KENNETH DOUGHTY and ROBERT C. POTTS, and their respective successors as provided herein, to be known as the Trustees of the Hinton Economic Development Authority, who shall be and are hereinafter referred to as Trustees of the said Authority, hereinafter referred to as "Authority" or "Trust".

WITNESSETH:

WHEREAS, the Legislature of the State of Oklahoma has heretofore adopted certain legislation specifically encouraging the economic growth and development of its Towns and Counties, such legislation empowering the Towns to provide for their respective future economic growth and development and specifically authorizing them to prepare and finance comprehensive growth and development studies and plans and to inventory their respective services, resources and facilities and to promote and stimulate the growth and development of their agriculture, commerce and industrial resources as a whole, all in order that they may achieve the maximum utilization of their human, economic and natural resources and tourist attractions and to foster and promote their respective industrial climate and payroll and to otherwise generally promote their economic welfare and prosperity; and,

WHEREAS, in order to help bring to fruition the general economic development of the Beneficiary Town (hereinafter defined) in conformity with the aforerecited legislatively annunciated general public purposes and goals, the parties hereto do by these presents establish this economic development Authority for the sole benefit of the Beneficiary Town, according to the terms and conditions and for the specific purposes herein set forth.

NOW THEREFORE in consideration of the payment by the Trustor to the Trustees of the sum of Ten Dollars (\$10.00), receipt of which is hereby acknowledged, the mutual covenants herein set forth, and other valuable considerations, the said Trustees agree to hold, manage, invest, assign, convey and distribute as herein provided, authorized and directed, such property as Trustor, or others may from time to time assign, transfer, lease convey, give, bequeath, devise or deliver unto this Trust or the Trustees hereof.

TO HAVE AND HOLD such property and the proceeds, rents, profits and increases thereon unto said Trustees and said Trustees'

successors and assigns, but nevertheless in trust, for the use and benefit of the Town of Hinton, State of Oklahoma, such Town being hereby designated and hereinafter referred to as "Beneficiary Town", and upon the following trust, terms and conditions herein stated.

Article I

Creation of Trust

The undersigned Trustor creates and establishes a Trust for the use and benefit of the Beneficiary for the public purposes hereinafter set forth, under the provisions of Title 60, Oklahoma Statutes 1981, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma.

Article II

Name and Effective Date of Trust

The Trustees of this Trust shall conduct all business and execute or authorize the execution of all instruments in the name of this Trust, which shall be the "Hinton Economic Development Authority", and otherwise perform the duties and functions required in the execution of this Trust, and hereby authorize the Chairman or Vice Chairman, Secretary or Assistant Secretary of the Trust to execute instruments on behalf of the Trust as directed by duly enacted resolutions of the Trust. This Trust Indenture shall be in full force and effect from and after the date of acceptance of beneficial interest herein by the Beneficiary.

Article III

Definitions

- (a) "Act" shall mean the Oklahoma Public Trust Act, being Title 60, Oklahoma Statutes 1981, Sections 176 to 180.4, as amended and supplemented.
- (b) "Authority" shall mean the Hinton Economic Development Authority created pursuant to this Indenture, and the Trustees thereof, acting on behalf of and in the name of said Authority.
- (c) "Trustees" shall mean the Trustees of the Authority.
- (d) "Bonds" or "Notes" shall mean, respectively, the bonds and notes of the Authority authorized to be issued under this Indenture.
- (e) "Beneficiary" or "Beneficiary Town" shall mean the Town of Hinton, State of Oklahoma, acting by and through the Mayor or President of the Town Board of Trustees of the Town of Hinton.

(f) "Governmental Agency" shall mean the United States of America and the State or any department, division, public corporation, public agency, political subdivision or other public instrumentality of either.

(g) "Lending Institution" shall mean any bank or trust company, Federal National Mortgage Association, mortgage banker, mortgage company, national banking association, savings bank, savings and loan association and any other financial institution or Governmental Agency or person.

(h) "Indenture" shall mean this Trust Indenture establishing the Authority, as amended and supplemented from time to time.

(i) "Mortgage" shall mean a mortgage, mortgage deed, deed of trust, security agreement or other instrument creating a lien on a fee interest in real and/or personal property located within the Beneficiary or a leasehold on such fee interest.

(j) "Mortgage Loan" means an interest bearing obligation secured by a Mortgage.

(k) "State" shall mean the State of Oklahoma.

(l) "By-Laws" shall mean the By-Laws duly adopted by the Authority as the same may be amended from time to time.

Article IV

Purposes of Trust

The purposes of this Trust are:

(1) To assist the Beneficiary, the State of Oklahoma, its Governmental Agencies, municipalities and private entities, agencies and citizens in making the most efficient use of all of their economic resources and powers in accord with the needs and benefit of the State of Oklahoma and the Beneficiary in order to lessen the burdens on government and to stimulate economic growth and development, specifically including, but not limited, to the power to conduct studies and prepare comprehensive plans relating to the future economic growth and development of the Beneficiary; to inventory the services, facilities and resources of the entire Beneficiary Town; to promote, stimulate, encourage and finance the growth and development of the agriculture, commerce, and industry of the Beneficiary Town as a whole, all in order to achieve maximum utilization of the Beneficiary Town's human, economic and natural resources and tourist attractions; to foster and promote an industrial climate and the payroll of the Beneficiary Town and to otherwise promote its general economic welfare and prosperity and to finance any and all programs, facilities or resources promoting or intending to promote any of the foregoing and, without restriction, in furtherance of the foregoing general objectives, the following specific powers or purposes, to wit:

- (a) To promote and develop any and all public works projects or facilities of any type or description including but not limited to those for water, sewer, solid waste, natural gas or other public utilities of any type or description.
- (b) To promote, develop and finance projects or facilities relating to agriculture, farming, ranching and agribusiness of any sort or description, including, but not limited to, any land or personal property related thereto, or projects relating to cattle, poultry, irrigation equipment and systems, or other agri-projects of any other sort or description.
- (c) To promote, finance and develop commercial and industrial projects or facilities and to exercise all of the powers, privileges and prerogatives of industrial trusts within this State.
- (d) To promote, finance and develop hospitals and other health care facilities and any other medically related facilities, including, but not limited to, medical and/or dental, optometric, osteopathic or chiropractic clinics, offices, laboratories, nursing homes, research facilities, geriatric facilities, retirement facilities, central service facilities and training facilities, extended care facilities, facilities for aged and/or disabled persons, day-care facilities for children and all other types of facilities for serving the medical and physical needs of people.
- (e) To promote, finance and develop projects or facilities relating to the development of energy of any sort or description including but not limited to those relating to the development of oil, gas, coal, gravel, lead, zinc or other minerals or hydrocarbons, the financing of oil and gas equipment, refineries, drilling and pumping rigs and equipment, or other energy development of any sort or description and synthetic fuel facilities.
- (f) To promote, finance and develop projects, facilities, services and industries pertaining to the development or improvement of: individual, commuting and mass transportation; transportation generally; trucking; handling and shipping of goods; railroads; railroad rights-of-way; railroad equipment or rolling stock construction, repair or maintenance facilities; air transportation; public or mass transportation systems, facilities and equipment, and the financing of automobiles, trucks and vehicles of every sort and description; and other methods and modes of transporting people, goods and equipment of whatsoever kind or

character, within the boundaries of the Beneficiary and to provide additional employment or increase transportation efficiency which will benefit and strengthen the economy of the beneficiary.

- (g) To promote, finance and develop recreational cultural, tourism, entertainment and communication media projects or facilities including but not limited to mass-media broadcasting facilities such as radio, television, and cable television equipment and facilities.
- (h) To plan, establish, develop, construct, finance, enlarge, remodel, acquire, improve, make alterations, extend, maintain, equip, operate, lease, furnish and regulate any facilities related to any of the foregoing, and, if desired, to lease such facilities and to operate the same in connection therewith, and to do, perform, own, acquire, construct or engage in or finance any other enterprise or activity, project or facility to such extent and in such manner as now is or may be considered a proper and lawful function of public trust entities with the State of Oklahoma.

(2) To promote the development of adequate housing within the territorial limits of the Beneficiary whether single family dwellings or multi-family dwellings:

- (a) By making or committing to make or participating in the making of loans to profit or non-profit sponsors of housing;
- (b) By making or committing to make or participating in the making of loans to persons upon terms and conditions requiring such owners to use the proceeds of such loans to construct, acquire, rehabilitate or improve housing and such additional terms and conditions as may be set by the Authority;
- (c) By participating in all Government Agency programs relating to housing and housing projects;

(3) To provide funds and assistance for the purposes set out in this Indenture which include, among others:

- (a) The expansion of the supply of funds in the Beneficiary available for new Mortgage Loans on housing; and
- (b) The provision of the additional housing needed to remedy the shortage of such housing within the boundaries of the Beneficiary and to upgrade substandard housing within the boundaries of the Beneficiary so as to eliminate the existence of sub-standard dwellings.

(4) To hold, maintain and administer any leasehold rights in and to physical properties demised to the Beneficiary and to comply with the terms and conditions of any such lease.

(5) To acquire by lease, purchase, production, reduction to possession or otherwise, and to plan, establish, develop, construct, enlarge, improve, extend, maintain, equip, operate, furnish, provide, supply, regulate, hold, store and administer any and all physical properties (real, personal or mixed), rights, privileges, immunities, benefits and any other thing of value, designated or needful for utilization in furnishing, providing or supplying the aforementioned services, utilities, buildings and facilities; to finance and refinance and to enter into contracts of purchase, lease-purchase or other interest in or operation and maintenance of said properties, and revenues thereof, and to comply with the terms and conditions of any such contracts, leases or other contracts made in connection with the acquisition, equipping, maintenance and disposal of any of said property; and to relinquish, dispose of, rent or otherwise make provisions for properties owned or controlled by the Trust but no longer needful for Trust purposes.

(6) To acquire, construct, reconstruct, extend, lease, purchase, install, equip, maintain, repair, enlarge, remodel and operate any property, improvements, buildings and other facilities of every nature for use by the State of Oklahoma, the United States of America, or the Beneficiary, or for use by authorities or agencies of the State of Oklahoma, the United States of America or of the Beneficiary or of any municipality thereof, or for use by municipal or other political subdivisions of the Beneficiary, or for the use of the corporations, individuals, partnerships, associations or proprietary companies for industrial development; to plan, establish, develop, construct and enlarge, railroad and railway facilities, trucking, air transportation, public or mass transportation, and all phases of transportation relating to commerce; improve, extend, replace, reconstruct, repair, operate and maintain railroad rights-of-way, truckage, air transportation, public or mass transportation projects, and related facilities, maintain, equip, operate, lease, furnish, provide, supply, regulate, hold, store and administer property, buildings, improvements and facilities of every nature, within the territorial boundaries of the Beneficiary which may be useful in securing, developing and maintaining facilities, Railroad rights-of-way and rail expansion, and the general transporting of goods or people in commerce generally.

(7) To perform on behalf of the Beneficiary the functions and powers as authorized by industrial and economic development statutes.

(8) To provide funds for the cost of financing, refinancing, acquiring, constructing, purchasing, equipping, maintaining, leasing, repairing, improving, extending, enlarging, remodeling, holding, storing, operating and administering any or all aforesaid property,

improvements, buildings, facilities and all properties (real, personal or mixed) needful for executing and fulfilling the Trust purposes, as set forth in this instrument, and all other charges, costs and expenses necessarily incurred in connection therewith and in so doing, to incur indebtedness, either unsecured or secured by all or any part of the Trust Estate and its revenues.

(9) To expend all funds coming into the hands of the Trustees as revenue or otherwise for the payment of any indebtedness incurred by the Trustees for the purposes specified herein, and in the payment of the aforesaid costs and expenses, and in payment of any other obligation properly chargeable against the Trust Estate, and to distribute the residue and remainder of such funds to the Beneficiary.

Article V

Duration of Trust

This Trust shall have duration for the term of duration of the Beneficiary and until such time as its purposes shall have been fully fulfilled, or until it shall be terminated as hereinafter provided.

Article VI

The Trust Estate

The Trust Estate shall consist of:

(1) The funds and property presently in the hands of the Trustees or to be acquired or constructed by Trustees and dedicated by the Trustor, the Beneficiary and others to be used for trust purposes.

(2) Any and all leasehold rights remised to the Trustees by the Beneficiary, and others as authorized and empowered by law.

(3) Any and all money, property (real, personal or mixed), rights, choses in action, contracts, leases, privileges, immunities, licenses, franchises, benefits, Mortgages, Mortgage Loans, collateral and all other things of value coming into the hands of the Trustee under the Trust Indenture.

(4) Cash in the sum of \$10.00 paid to the Trustees, receipt of which is hereby acknowledged by the Trustees.

Article VII

The Trustees

(1) The number of Trustees shall be five (5). The terms of office of the original Trustees shall be staggered and each Trustee and officer of this Trust shall serve until their successor is approved and qualified.

*Filed
Sec. of State
Nov 23, 1981*

Original Trustee	<u>ELDON McCUMBER</u>	shall serve for one year.
Original Trustee	KAY KELLEY <i>Michael</i>	shall serve for two years.
Original Trustee	DAVID C. SITTON	shall serve for three years.
Original Trustee	<u>KENNETH DOUGHTY</u>	shall serve for four years.
Original Trustee	<u>ROBERT C. POTTS</u>	shall serve for five years.

Bill Sparks

Upon expiration of any Trustee's term of office a successor Trustee to serve a five year term shall be appointed in the manner hereinafter set out. Upon the occurrence of a vacancy in the office of Trustee, a successor Trustee to serve for the remainder of the unexpired term of office shall be appointed in the manner hereinafter set out. All appointments of successor Trustees shall be made by appointment by the President or Mayor of the Town Board of Trustees of the Town of Hinton and confirmed by a majority vote by the members of the Towan Board of Trustees of the Town of Hinton, Oklahoma, the Beneficiary. Notwithstanding any of the above, such Town Board of Trustees may, at any time, upon a majority vote, remove any Trustee from Office with just cause, the objective of this provision being to insure at all times the control of this Authority by the said President or Mayor and Town Board of Trustees of said Beneficiary. Each successor in office shall without any further act, deed or conveyance, automatically become a Trustee of this Trust and become fully vested with all the estate, properties, rights, powers, duties and obligations of his predecessor hereunder with like effect as if originally named as a Trustee herein. Nothing herein shall be construed as preventing a member or members of the Town Board of Trustees of Hinton, Oklahoma, from being appointed or serving as a Trustee in the manner herein provided.

Every person becoming a Trustee first shall take the oath of office required of an elected public officer. The oath of office shall be administered by any person authorized to administer oaths in the State, and shall be filed with the Town Clerk of the Beneficiary. Every officer and employee who handles funds of the Trust shall furnish a good and sufficient fidelity bond in an amount and with surety as may be specified and approved by the Trustees; the Trustees may, but shall not be obligated to, obtain bonds relating to the performance of their duties as Trustees. Such bonds shall be in a surety company authorized to transact surety business in the State of Oklahoma and the cost thereof shall be paid from funds of the Trust.

(2) The Trustees shall elect by majority vote one of their members to serve as Chairman. The Chairman of the Trustees shall preside at all meetings and perform other duties designated by the Trustees. The Trustees shall designate the time and place of all regular meetings. All actions by the Trustees pursuant to the provisions of this Trust Indenture shall be approved by the affirmative vote of at least a majority of the Trustees qualified to act as such under the provisions of this Trust Indenture. The Trustees shall select one of their members to be Vice Chairman who shall act in the place of the Chairman during the latter's absence or incapacity to act.

(3) The Trustees shall elect a Secretary of the Trustees and such Assistant Secretaries of Trustees as may be necessary or required, all of whom may or may not be a Trustee. The Secretary (and in his absence an Assistant Secretary) shall keep minutes of all meetings of the Trustees and shall maintain complete and accurate records of all their financial transactions, all such minutes, books and records to be on file in the office of the Trust. All meetings of the Trustees shall be open to the public, and conducted in conformity with the provisions of Oklahoma law related to open meetings, and the books, records and minutes of the Trustees shall be considered as public records and available for inspection at all times by any interested party.

(4) The Trustees may elect a Treasurer of the Trustees and such Assistant Treasurers of Trustees as may be necessary or required, all of whom may or may not be a Trustee.

(5) The Trustees may appoint a General Manager and/or Executive Director for the Trust Estate, and the Trustees may employ such other clerical, professional, legal and technical assistance as may be deemed necessary in the discretion of the Trustees to properly operate the business of the Trust Estate, and may fix their duties, terms of employment and compensation from the Trust Estate. All Trustees shall serve without compensation but shall be reimbursed for actual expenses incurred in the performance of their duties hereunder. In the event a General Manager and/or Executive Director for the Trust Estate is appointed by the Trustees, the said General Manager and/or Executive Director shall administer the business of the Trust Estate as directed from time to time by the Trustees.

(6) The Trustees are authorized to contract, in connection with the incurring of any funded indebtedness secured by the Trust Estate and/or its revenues, or any part of either or both, that in the event of a default in the fulfillment of any contract obligation undertaken on behalf of the Trust Estate or in the payment of any indebtedness incurred on behalf of the Trust Estate, that a Temporary Trustee or Trustees or Receiver shall be appointed to succeed to the rights, powers and duties of the Trustees then in office. Any such contract, if made, shall set out the terms and conditions under which such Temporary Trustee or Trustees or Receiver shall be appointed and operate the Trust Estate and provide for compensation to be paid, and appointment to be vacated and permanent Trustees to be automatically reinstated upon termination of all defaults by which their appointment was authorized.

(7) Bonds or other evidences of indebtedness to be issued by the Trustees shall not constitute an indebtedness of the State or the Beneficiary or personal obligations of the Trustees of the Trust, but shall constitute obligations of the Trustees payable solely from the Trust Estate.

(8) The Trustees, the State, and the Beneficiary hereof shall not be charged personally with any liability whatsoever by

reason of any act or omission committed or suffered in good faith or in the exercise of their honest discretion in the performance of such Trust or in the operation of the Trust Estate; but any act or liability for any omission or obligation of the Trustees in the execution of such Trust, or in the operation of the Trust Estate, shall extend to the whole of the Trust Estate or so much thereof as may be necessary to discharge such liability or obligation.

(9) Notwithstanding any other provision of this Indenture which shall appear to provide otherwise, no Trustee or Trustees shall have the power or authority to bind or obligate any other Trustee, or the Beneficiary, in his or its capacity, nor can the Beneficiary bind or obligate the Trust or any individual Trustee.

(10) The Trust shall cause to be prepared annually at the close of each fiscal year of the Trust, an audit of the funds, financial affairs and transactions of the Trust, including but not limited to all fees, salaries and expenditures in exact amounts and listing to whom paid. Such audit is to be certified with an unqualified opinion of an independent, certified public accountant. A copy of such annual audit shall be filed within the time period and in conformity with the provisions of Oklahoma law related thereto. Unless hereafter changed by resolution of the Trustees, the fiscal year of the Trust shall be identical with the calendar year. The cost of the foregoing audits shall be paid from the Trust Estate.

(11) Every person becoming a Trustee first shall take the oath of office required of an elected public officer. The oath of office shall be administered by any person authorized to administer oaths in the State, and shall be filed with the Town Clerk of the Beneficiary. Every officer and employee who handles funds of the Trust shall furnish a good and sufficient fidelity bond in an amount and with surety as may be specified and approved by the Trustees; the Trustees may, but shall not be obligated to, obtain bonds relating to the performance of their duties as Trustees. Such bonds shall be in a surety company authorized to transact surety business in the State of Oklahoma and the cost thereof shall be paid from funds of the Trust.

Article VIII

Powers and Duties of the Trustees

To accomplish the purposes of the Trust, the Trustees shall have, in addition to the usual powers incident to their office and the powers granted to them otherwise by law or in other parts of this Trust Indenture, the following rights, powers, duties, authority, discretion and privileges, all to be exercised on behalf of, and in the name of the Authority:

- (1) To sue and be sued;
- (2) To have a seal and alter same at pleasure;

(3) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions hereunder;

(4) To make and alter by-laws for its organization and internal management as provided herein.

(5) To make and alter Rules and Regulations pertaining to any loan or other program developed by the Authority.

(6) To acquire, lease, convey or otherwise hold and dispose of real and personal property for its Trust purposes; provided that, no purchaser at any sale or lessee under a lease made by the Trustees shall be bound to inquire into the expediency, propriety, validity or necessity of such sale or lease or to see or be liable for the application of the purchase or rental monies arising therefrom.

(7) To enter into contracts for sale of Bonds, Notes or other evidences of indebtedness, interim Notes or Bonds or other obligations of the Trust and to issue the same for any of the purposes of the Trust authorized hereby including but not limited to: the acquisition, construction, reconstruction, equipping or otherwise financing facilities discussed in Article IV hereof or for any other lawfully permitted facilities which may be secured with Mortgages, security interests or other collateral satisfactory to the Trustees; making Mortgage loans or purchasing Mortgage notes secured by Mortgages on dwellings; acquiring real or personal property or facilities at foreclosure of any loan or obligation or authorized to be acquired pursuant to the terms of this Trust Indenture or other purposes authorized under any instrument securing any indebtedness of the Trust; refunding or advance refunding any outstanding indebtedness of the Trust; creating any reserves or replacement funds, loan funds or other funds or accounts deemed advisable by the Trustees in the furtherance of the Trust purpose or in connection with the securing of any of the Trust's debts or the administration of Trust programs; and for any other purpose authorized by law and/or by Article IV hereof; and for those purposes the Trustees may:

- (a) Sell all Bonds, Notes or other evidences of indebtedness or obligations of the Trust at public or private sale in whole or in installments or series and on such terms and conditions and in such manner as is prescribed by law and as the Trustees shall deem to be in the best interest of the Trust Estate; and
- (b) Appoint and compensate attorneys, paying agencies and corporate Trustees in connection with issuance of any such Bonds, Notes, evidences of indebtedness or other obligations of the Trust; and

- (c) Pay all expenses incident to the creation of any indebtedness or the issuance of any Bonds or Notes including, but not limited to, printing expenses, feasibility studies, special consultants, travel expenses, reproduction expenses; and
- (d) Create any reserve fund and other funds and accounts as the Authority shall deem necessary or desirable in connection with the issuance of any Bonds, Notes or the incurrence of any such indebtedness.

Any such indebtedness, Bonds or Notes shall be deemed to be incurred or issued on behalf of the Beneficiary and may be general or special obligations of the Trust as the Trustees may from time to time determine.

(8) To purchase or redeem their Bonds, Notes or other evidences of indebtedness in whole or in part prior to the stated maturity thereof as may be stated in any instrument authorizing the issuance or securing the payment of any such indebtedness.

(9) To pledge any or all of the Trust's revenues or assets to secure the payment of any of its indebtedness.

(10) To enter into any agreements with or participate in any programs of the Beneficiary, the State of Oklahoma, or any agency or instrumentality thereof, the United States of America, or any agency or instrumentality thereof.

(11) To enter into and execute, purchase, lease or otherwise acquire property, real, personal or mixed, contracts, leases, rights, privileges, benefits, choses in action or other things of value and to pay for the same in cash with bonds or other evidences of indebtedness or otherwise.

(12) To fix, demand and collect charges, rentals and fees for the services and facilities of the Trust and to discontinue furnishing of services and facilities to, and foreclose on any collateral of, any person, firm, or corporation, or public instrumentality, delinquent in the payment of any indebtedness to the Trust; to purchase and sell such supplies, goods and commodities as are incident to the operation of its properties.

(13) To make and perform contracts of every kind, including management contracts, with any person, firm, corporation, association, joint venture, trusteeship, municipality, government, sovereignty or other entity; and without limitation as to amount, to draw, make, accept, endorse, assume, guarantee, account, execute and issue promissory notes, drafts, bills of exchange, acceptances, warranties, bonds, debentures and other negotiable or non-negotiable instruments, obligations and evidences of unsecured indebtedness, or of indebtedness secured by mortgage, deed of trust or otherwise upon any or all income of the Trust, in the same manner and to the same extent as a

natural person might or could do. To collect and receive any property, collateral, money, rents, or income of any sort and distribute the same or any portion thereof for the furtherance of the authorized Trust purposes set out herein.

(14) To expend all funds coming into the hands of the Trustees as revenue or otherwise for the payment of any indebtedness incurred by the Trustees for purposes specified herein, and in the payment of the aforesaid costs and expenses, and in payment of any other obligation properly chargeable against the Trust Estate, to from time to time transfer any surplus funds to the Beneficiary as the Authority in its sole discretion may determine, and to upon termination of the Trust, distribute the residue and remainder of such funds to the Beneficiary.

(15) To contract for services with firms or persons or other units and entities of government or private entities or agencies to carry out the purposes of the Trust; to apply for, contract for, receive and expend for its purposes, funds or grants from any governmental or non-governmental agency or entity, the Beneficiary, the Federal Government or any agency or department thereof, or from any other source.

(16) To receive funds, money, property, collateral, services, rights, and choses in action from any source to finance the programs and operations of the Trust; to receive grants, gifts, contributions and donations to carry out the purposes for which the Trust is formed; to receive and accept from any Federal, State or private agencies or entities grants or loans for or in aid of the construction of any facility or system and to receive and accept aid or contributions of money, labor or any other valuable things from any source.

(17) To plan, coordinate, implement, administer or otherwise carry out public works or other projects or programs for public purposes for the benefit of the Beneficiary.

(18) To make, or commit to make, or participate in the making of Mortgage Loans whether for construction, for acquisition, financing, or purchasing of housing.

(19) To invest monies of the Authority not required for immediate use, including proceeds from the sale of any Bonds or Notes, in obligations of any Governmental Agency or obligations the principal and interest of which are guaranteed by such Governmental Agency or in certificates of deposit or time deposits secured in such manner as the Authority shall determine, or in obligations of any agency of the State or the United States of America which may from time to time be legally purchased by banks within the State as an investment of funds belonging to them or in their control.

(20) To sell any Mortgages or other personal property acquired by the Authority at public or private sale and at such price or prices as it shall determine.

(21) To renegotiate, refinance or foreclose, or contract for the foreclosure of, any Mortgage, security interest or other obligation in default; to waive any default or consent to the modification of the terms of any Mortgage; to commence any action to protect or enforce any right conferred upon it by any law, Mortgage, security interest, contract or other agreement, and to bid for and purchase such property at any foreclosure or at any other sale, or acquire or take possession of any such property; to operate, manage, rehabilitate, improve, lease, dispose of, and otherwise deal with such property, in such manner as may be necessary to protect the interests of the Trust and the holders of its Bonds, Notes or other obligations;

(22) To renegotiate or refinance any loan in default; waive any default or consent to the modification of the terms of any loan, and commence any action or proceedings to protect or enforce any right conferred upon it by law, loan agreement, contract or other agreement.

(23) To make and execute contracts and appoint agents for the administration or servicing of any loan made or acquired by the Trust and pay the reasonable value of services rendered to the Trust pursuant to such contracts.

(24) To sell any loans made or acquired by the Trust at public or private sale and at such price or prices and on such terms as the Trust shall determine.

(25) To collect and pay reasonable fees and charges in connection with making, committing to make, purchasing or committing to purchase and servicing its Mortgage Loans, Notes, Bonds, commitments, and other evidences of indebtedness.

(26) To procure insurance against any type loss in such amounts, and from such insurers, as it may deem necessary or desirable.

(27) To consent, whenever it deems it necessary or desirable in the fulfillment of its Trust purposes, to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms, of any Mortgage Loan, Mortgage Loan Commitment, construction loan, temporary loan, contract or agreement of any kind to which the Trust is a party.

(28) To do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted herein, and to do all other acts in their judgment necessary or desirable, for the proper and advantageous management, investment and distribution of the Trust Estate and income therefrom.

(29) To exercise exclusive management and control of the properties of the Trust Estate.

(30) To contract for the furnishing of any services or the performance of any duties that they may deem necessary or proper, and pay for the same as they see fit.

(31) To select depositories for the funds and securities of this Trust. All Lending Institutions are eligible to participate in the programs of the Trust and act as such depositories with approval of the Trust.

(32) To compromise any debts or claims of or against the Trust Estate, and adjust any dispute in relation to such debts or claims against the Trust Estate upon any evidence deemed by the Trustees to be sufficient. The Trustees may bring any suit or action which in their judgment is necessary or proper to protect the interest of the Trust Estate, or to enforce any claim, demand or contract for the Trust; and they shall defend, in their discretion, any suit against the Trust, or the Trustees or employees, agents or servants thereof. They may compromise and settle any suit or action, and discharge the same out of assets of the Trust Estate, together with court costs and attorney's fees. All such expenditures shall be treated as expenses of executing this Trust.

(33) To do each and all things necessary to implement the purposes of this Trust as set out herein, and to that end Article IV "Purposes of Trust" is incorporated in its entirety under this "Powers" Article for the purpose of insuring that all appropriate power is granted to the Trustees to accomplish the purposes hereof without inhibition.

Article IX

Supervisory Control

The Trust created hereby and the Trustees appointed hereunder are subject to such supervision and control as may be determined from time to time by the Legislature of the State or by regulations that may be issued by departments or agencies of the United States of America, to insure the tax exempt status of any Bonds or Notes issued by the Authority.

Article X

Beneficiary of Trust

(1) The Beneficiary of this Trust shall be the Town designated in Article III herein, under and pursuant to Title 60, Oklahoma Statutes 1978, Sections 176 to 180.4, inclusive, as amended and supplemented, and other applicable statutes of the State presently in force and effect.

(2) The Beneficiary shall have no legal title, claim or right to the Trust Estate, its income, or to any part thereof or to demand or require any partition of distribution thereof. Neither

shall the Beneficiary have any authority, power or right whatsoever, to do or transact any business for, or on behalf of or binding upon the Trustees or upon the Trust Estate, nor the right to control or direct the actions of the Trustees pertaining to the Trust Estate or any part thereof except as herein provided. The Beneficiary shall be entitled solely to the benefits of this Trust as administered by the Trustees hereunder, and at the termination of the Trust, as provided herein, and then only, the Beneficiary shall receive the residue of the Trust Estate.

Article XI

Adoption and Amendment of By-Laws; Amendment and Termination of Trust

This Trust Indenture may be amended by an affirmative vote of at least two-thirds (2/3) of all Trustees and any such proposed amendment shall be further approved by the affirmative vote of two-thirds (2/3) of the President or Mayor and the Town Board of Trustees of the Beneficiary before becoming effective.

The Trustees, by an affirmative vote of a majority of all Trustees may adopt, alter and amend By-Laws of the Trust.

PROVIDED, HOWEVER, that this Trust Indenture shall not be subject to revocation, alteration, amendment, revision, modification or termination in any manner which would be adverse to the interest of the holders of any evidence of indebtedness of the Trust without the consent of holders of indebtedness who would be adversely affected, which consent may be given by less than all of such holders, if so provided in any resolution, indenture or agreement relating to such indebtedness.

This Trust shall terminate -

- (1) When the purposes set out in Article IV of this instrument shall have been fully executed; or
- (2) In the manner provided by Oklahoma law. Provided, however, that this Trust shall not be terminated by voluntary action while there be outstanding indebtedness or fixed term obligations of the Trustees, unless all owners of such indebtedness or obligations shall have consented in writing to such termination.

Upon the termination of this Trust, the Trustees shall proceed to wind up the affairs of this Trust, and after payments of all debts, expenses and obligations out of the monies and properties of the Trust Estate to the extent thereof, shall distribute the residue of the money and properties of the Trust Estate to the Beneficiary hereunder. Upon final distribution, the powers, duties and authority of the Trustees hereunder shall cease.

Article XII

The Trustees accept the Trust herein created and provided for, and agree to carry out the provisions of this Trust Indenture on their part to be performed.

IN WITNESS WHEREOF, the Trustor and the Trustees have hereunto set their hands on the day and year indicated.

Eldon M. Cumber
TRUSTOR

David C. Sitton
Trustee DAVID C. SITTON

Eldon M. Cumber
Trustee ELDON McCUMBER

Kenneth Doherty
Trustee KENNETH DOHERTY

Kay Kelley
Trustee KAY KELLEY

Robert C. Potts
Trustee ROBERT C. POTTS

STATE OF OKLAHOMA)
) ss.
COUNTY OF CADDO)

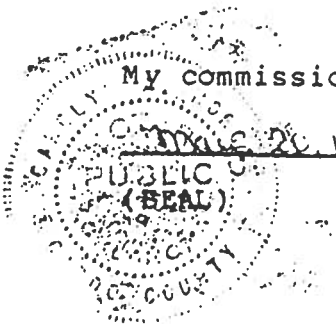
Before me, the undersigned, a Notary Public in and for the above County and State, on the 29th day of June, 1987, personally appeared ELDON McCUMBER, and further known to me to be the identical person who subscribed his name to the foregoing instrument, as Trustor, and acknowledged to me that he executed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year aforesaid.

Charles G. Morgan
Notary Public

My commission expires:

March 20, 1991



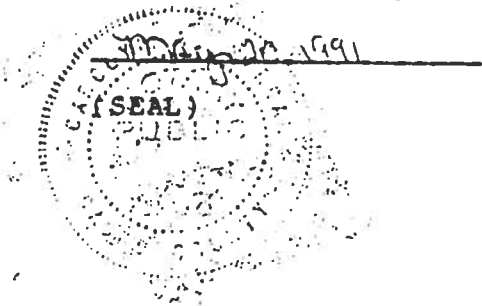
STATE OF OKLAHOMA)
) ss.
COUNTY OF CADDO)

Before me, the undersigned, a Notary Public in and for the above County and State, on the 29th day of June, 1987, personally appeared ELDON McCUMBER, DAVID C. SITTON, KAY KELLEY, KENNETH DOUGHTY, and ROBERT C. POTTS, and further known to me to be the identical persons who subscribed their names to the foregoing instrument, as Trustees, and acknowledged to me that they executed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year aforesaid.

Charles A. Morgan
Notary Public

My Commission Expires:



STATE OF OKLAHOMA)
) ss.
COUNTY OF CADDO)

ACCEPTANCE

KNOW ALL MEN BY THESE PRESENTS:

That the Board of Trustees of the Town of Hinton, State of Oklahoma, acting by and through its President or Mayor and Board of Trustees hereby accepts the beneficial interest in the Trust created by the within and foregoing Trust Indenture, for and on behalf of said Beneficiary in all respects in accordance with the terms of said Trust Indenture.

WITNESS my hand as Mayor of the Town of Hinton, Oklahoma, attested by the Town Clerk of said Town, pursuant to direction of the Board of Trustees of said Town, this 29th day of June, 1987.

TOWN OF HINTON, OKLAHOMA,
A Municipal Corporation

David C. [Signature]
President or Mayor

ATTEST:

[Signature]
Town Clerk
(SEAL)
COUNTY CLERK

LEASE

THIS LEASE is made as of April 18, 2023, between MUNICIPAL CORRECTIONS FINANCE, L.P., a Delaware limited partnership (“**Landlord**”), and the OKLAHOMA DEPARTMENT OF CORRECTIONS, an agency of the State of Oklahoma (“**Tenant**”, and together with Landlord, the “**Parties**”).

ARTICLE 1 — DEFINITIONS

- 1.1. **Definitions.** In addition to terms elsewhere defined in this Lease, the following terms and phrases, whenever used in this Lease, shall have the meanings set forth in this Section 1.1., and only such meanings, unless such meanings are expressly contradicted, limited or expanded elsewhere herein.
- 1.1.1. “**Inmates**” are prisoners incarcerated by the State of Oklahoma Department of Corrections.
 - 1.1.2. The “**Maintenance Plan**” is a document outlining Landlord’s repair and replacement maintenance schedule and activities (see Exhibit C).
 - 1.1.3. The “**Commencement Date**” is the date upon which Tenant assumes occupancy of the Premises under the Lease, as described in Exhibit B.
 - 1.1.4. The “**Base Term**” of this Lease shall begin on the Commencement Date and shall end at 11:59 pm on the Termination Date, which will occur on the last day of the 66th full month following the Commencement Date, unless sooner terminated as provided herein.
 - 1.1.5. The “**Renewal Term**” of this Lease, provided Tenant renews the Lease as set forth in Section 4.2., shall commence on the first day following the Termination Date or the first day following the last day of the prior Renewal Term and shall end at 11:59 pm on the 1-year anniversary of the then current Renewal Term, unless sooner terminated as hereinafter set forth in this Lease.
 - 1.1.6. “**Emergency Situation**” shall mean a situation which has caused or is likely to cause bodily injury to persons, contamination of or physical damage to the Premises (or any portion thereof) or adjoining property or economic liability or criminal jeopardy to Landlord.
 - 1.1.7. “**Hazardous Material**” shall include but shall not be limited to any substance, material, or waste that is regulated by any federal, state, or local governmental authority because of toxic, flammable, explosive, corrosive, reactive, radioactive or other properties that may be hazardous to human health or the environment, including without limitation asbestos and asbestos containing materials, radon, petroleum and petroleum products, urea formaldehyde foam insulation, methane, lead based paint, polychlorinated biphenyl compounds, hydrocarbons or like substances and their additives or constituents, pesticides, agricultural chemicals, and any other special, toxic, or hazardous substances, materials, or wastes of any kind, including without limitation those now or hereafter defined, determined, or identified as “hazardous substances,” “hazardous materials,” “toxic substances,” “hazardous wastes” or “solid waste” in any Environmental Law.



- 1.1.8. “**Environmental Law**” shall mean any federal, state, or local law, statute, ordinance, code, rule, regulation, policy, common law, license, authorization, decision, order, or injunction which pertains to health, safety, any Hazardous Material, or the environment (including, but not limited to, ground, air, water, or noise pollution or contamination, and underground or aboveground tanks) together with all rules, regulations, orders, and decrees now or hereafter promulgated under any of the foregoing, as any of the foregoing now exist or may be changed or amended or come into effect in the future.
- 1.1.9. “**Environmental Claim**” shall mean and include any demand, notice of violation, inquiry, cause of action, proceeding, or suit for damages (including reasonable attorneys’, consultants’, and experts’ fees, costs or expenses), losses, injuries to person or property, damages to natural resources, fines, penalties, interest, cost recovery, compensation, or contribution resulting from or in any way arising in connection with any Hazardous Material or any Environmental Law.
- 1.1.10. “**Pre-Existing Condition**” shall mean the presence of any Hazardous Material on the Premises, to the extent such Hazardous Material was not introduced onto the Premises after the Commencement Date.
- 1.1.11. “**Environmental Condition**” shall mean (i) the presence on the Premises of one or more underground storage tanks or (ii) the existence of any Hazardous Material on the Premises, other than a Pre-Existing Condition,
- (i) in violation of or requiring cleanup under any Environmental Law or the provisions of **ARTICLE 28**, or
 - (ii) in concentrations or at levels exceeding applicable federal, state, or local standards for soil, groundwater, or waste on residential properties,
- either of which subjects Landlord to liability for any Environmental Claim or which must be remediated to prevent Landlord from incurring loss of any kind.
- 1.1.12. “**Environmental Remediation**” shall mean any investigation, cleanup, removal, containment, remediation, or other action relating to an Environmental Condition (i) required pursuant to any Environmental Law, or (ii) necessary to prevent Landlord from incurring, or relieve Landlord from, loss of any kind as a result of an Environmental Claim.
- 1.1.13. “**Remediating Party**” shall mean the party which has elected (or is deemed to have elected) to perform any Environmental Remediation.
- 1.1.14. “**Tenant Group**” shall mean any or all of Tenant’s agents, employees, representatives, contractors, workmen, mechanics, suppliers, customers, guests, licensees, invitees, sublessees, assignees and all of their respective successors and assigns or any party claiming by, through or under any of them.
- 1.1.15. “**Premises**” shall mean that certain lot, tract, and parcel of land located at 700 Sugar Creek Road, Hinton, Oklahoma, as more particularly described on Exhibit A attached to this Lease, together with all plants, shrubs and trees located thereon,

and together with all rights, ways and easements appurtenant thereto, and together with all Improvements and fixtures now or hereafter attached thereto.

- 1.1.16. **“Alterations”** shall mean any additions to, alterations or renovations of the Premises or Improvements, excluding decorations, signage and movable fixtures that can be installed and removed without causing damage to the structure, systems, or integrity of the Premises or Improvements.
 - 1.1.17. **“Improvements”** shall mean the buildings, structures, and other improvements now or hereafter located on the Premises.
 - 1.1.18. **“FF&E”** shall mean those certain items of furniture, fixtures and equipment used in the normal operation of the Premises and listed on Exhibit D to this Lease.
 - 1.1.19. **“Force Majeure”** shall mean any event or circumstance which wholly or partly prevents or delays the performance of any material obligation arising under this Lease but only if and to the extent (i) such event is not within the reasonable control, directly or indirectly, of the party seeking to have its performance obligation(s) excused thereby, (ii) the party seeking to have its performance obligation(s) excused thereby has taken all reasonable precautions and measures in order to prevent or avoid such event and mitigate the effect of such event on such party's ability to perform its obligations under this Lease and which by the exercise of due diligence such party could not reasonably have been expected to avoid and which by the exercise of due diligence it has been unable to overcome, and (iii) such event is not the direct or indirect result of the negligence of or the failure to perform under this Lease by, or caused by, the party seeking to have its performance obligations excused thereby; provided further, that such event is within or similar to one or more of the following categories: invasion; drought; landslide; tornado; hurricane; tsunami; volcano; flood; earthquake; fire; explosion; war (declared or undeclared), terrorism or other armed conflict; riot or similar civil disturbance; other acts of God; and embargoes.
 - 1.1.20. **“Enhancements”** shall mean those physical plant enhancements requested by Tenant as set forth in **ARTICLE 29**.
- 1.2. **Exhibits.** The exhibits referenced and attached to this Lease, including the following Exhibits A, B, C, D and E, are incorporated in and made a part of this Lease.

Exhibit A – Legal Description of Land

Exhibit B – Premises

Exhibit C – Landlord Repair & Replacement Obligations

Exhibit D – FF&E

Exhibit E – State Enhancements and Costs

ARTICLE 2 — LAND, BUILDINGS & PREMISES

- 2.1. **Lease.** Landlord, for and in consideration of the rents herein set forth, and of the covenants and agreements herein contained on the part of Tenant to be kept, observed and performed, does by these presents, lease to Tenant, and Tenant hereby leases from Landlord, the

“**Land**” as described in Exhibit A hereto, and the buildings and other improvements (“**Buildings**”) located thereon, commonly known as Great Plains Correctional Facility, 700 Sugar Creek Rd., Hinton, OK 73047, and collectively referred to as the “**Premises,**” as described in Exhibit B hereto.

ARTICLE 3 — LEASE RESTRICTIONS

- 3.1. **Lease Restrictions.** The lease of the Premises shall be subject to, and Tenant shall at all times during the Term comply with, all covenants, conditions, agreements, easements, encumbrances and restrictions of record as well as all applicable laws and ordinances (collectively, “**Restrictions**”).

ARTICLE 4 — BASE TERM & RENEWAL TERM

- 4.1. **Base Term.** The Base Term of this Lease shall be as set forth in **ARTICLE 1, DEFINITIONS.**

- 4.2. **Renewal Term.** Tenant shall have the option to renew the Lease (the “**Renewal Option**”) for consecutive periods of 1-year each (each a “**Renewal Term**”). Each Renewal Term must be made by mutual agreement of the Parties upon terms and conditions set forth in writing and executed by the Parties at least 90 days prior to the Termination Date or the last day of the then current Renewal Term (the “**Renewal Lease**”). The Renewal Option may be exercised in writing at least 90 days prior to the Termination Date or the last day of the then current Renewal Term, provided that:

4.2.1. Tenant is not in default in the performance of any of its terms, covenants or conditions of the Lease beyond any applicable cure period, either at the time of its exercise of its rights hereunder or at the time of the commencement of the Renewal Term; and

4.2.2. The Premises shall be accepted in its then-existing condition without any obligation on the Landlord’s part to alter same.

ARTICLE 5— CONDITION OF PREMISES

- 5.1. **Disclaimer Regarding Premises.** Landlord and Tenant shall conduct an onsite inspection of the property within the first 30 days following the Commencement Date to develop an itemized list of repairs and maintenance items to be addressed by Landlord during the initial six (6) months of the Base Term.

ARTICLE 6— RENT

- 6.1. **Base Rent.** Landlord has agreed to waive rent for the first six (6) months of the Base Term. During the remaining months of the Base Term, Tenant agrees to pay to Landlord, without offset or deduction, monthly base rent (“**Base Rent**”) in the amount of **\$766,646.55**, payable on or before the anniversary (repeating monthly) date of the Commencement Date and the same date of each month thereafter. In the event of early termination of the Lease pursuant to **ARTICLE 11** or **ARTICLE 14** below, monthly rent shall be prorated and paid through the last date of Tenant’s final occupancy of the Premises. The monthly Base Rent for each Renewal Term shall be in the amount agreed to by the Parties in the Renewal Lease.

- 6.2. **Costs Payable to Third Parties.** Other than the cost of utilities or any other costs expressly set forth in this Lease as the obligation of Tenant to make to third parties, Tenant shall not be obligated or required to pay any other costs or charges of any kind or description to any third party related to Tenant's use of the Premises for the purposes set forth in this Lease.
- 6.3. **Taxes and Insurance.** Landlord shall, in a timely manner, without reimbursement from Tenant, pay all applicable property taxes and shall maintain and pay all premiums associated with insurance coverages required under the Lease and any Renewal Leases thereof.

ARTICLE 7— UTILITIES

- 7.1. **Utilities.** From the Commencement Date through the last date of Tenant's occupancy and use of the Premises, Tenant shall pay, directly to the appropriate supplier, all costs of natural gas, electricity, heat, light, power, sewer service, telephone, water, refuse disposal and any and all other utilities and services supplied to the Premises.

Landlord and Tenant shall be responsible for any loss, damage, or expense that may be incurred by reason of their respective actions that results in or causes change, failure, interference, disruption, defect, unavailability or unsuitability in the supply or character of the energy furnished to the Premises, and no such change, failure, interference, disruption, defect, unavailability, or unsuitability shall relieve Landlord or Tenant from any of its respective obligations under the Lease.

In no event shall Landlord be liable to Tenant for any interruption or failure in the supply of any utilities to the Premises, except that if such interruption or failure: (i) is the result of Landlord's negligent or willful act or omission, or failure to satisfy its obligations under the Maintenance Plan; (ii) is not cured within one (1) day of notice to Landlord; and (iii) materially interferes with Tenant's use of the Premises, then Tenant shall be entitled to rent abatement in proportion to Tenant's diminished use of the Premises beginning on the 2nd consecutive day of such interruption or failure and continuing until the supply of utilities is restored.

ARTICLE 8 — USE

- 8.1. **Use.** The Premises shall be used for such purposes as the Oklahoma Department of Corrections deems necessary and appropriate.
- 8.2. **Prohibited Uses.** Tenant shall not permit the Premises, or any portion thereof, to be used in such manner which impairs Landlord's right, title or interest in the Premises or any portion thereof, or in such manner that gives rise to a claim or claims of adverse possession or of a dedication of the Premises, or any portion thereof, for public use. Tenant shall not use or occupy the Premises or permit the Premises to be used or occupied contrary to any Restriction or any statute, rule, order, ordinance, requirement, regulation or restrictive covenant applicable thereto, or in any manner that would violate any certificate of occupancy, render the insurance void or the insurance risk more hazardous, cause structural injury to the Buildings, cause the value or usefulness of the Premises or any part thereof to diminish, or constitute a public or private nuisance or waste. Tenant agrees that it will, promptly upon discovery of any such impermissible use, immediately notify Landlord and take all necessary steps to compel the discontinuance of such use.

ARTICLE 9 — MAINTENANCE & REPAIR

- 9.1. **Tenant's Obligations.** Tenant agrees that, from and after the Commencement Date and until the end of the Term, it will be responsible for all day-to-day maintenance, and shall keep and maintain in good order, condition, and repair, and replace as necessary, the interior nonstructural portions of the Premises, suffering no waste or injury. Tenant shall keep and maintain all portions of the Premises, including, without limitation, the fixtures and equipment thereof and the bathrooms and lavatory facilities contained therein, if any, in a safe, secure, clean and orderly condition, free of accumulation of dirt, rubbish, and other obstructions, and Tenant shall not permit or suffer any overloading of the floors of the Buildings. Tenant shall not permit anything to be done upon the Premises to invalidate, in whole or in part, or prevent the procurement of any insurance policies which may, at any time, be required under the provisions of this Lease. Tenant shall not obstruct or permit the obstruction of any parking area, adjoining street or sidewalk.

Tenant shall give notice to Landlord, promptly after Tenant learns of: (i) any accident in or about the Premises for which Landlord might be liable; (ii) all fires in the Premises; (iii) all damages to or defects in the Premises, including the fixtures, equipment, and appurtenances thereof, for the repair of which Landlord might be responsible; and (iv) all damage to or defects in any parts or appurtenances of the Buildings' sanitary, electrical, heating, ventilating, air-conditioning, elevator, and other systems located in or passing through the Premises or any part thereof.

- 9.2. **Landlord's Obligations.** Except for those structural systems or physical plant equipment requiring repair or replacement due to Tenant's willful misconduct or intentional neglect, which repair or replacement shall be payable by Tenant as Additional Rent, Landlord assumes full and sole responsibility for repair, alteration, improvement, and replacement of the structural systems and physical plant equipment of the Premises. Landlord shall, at its sole cost and expense, promptly perform and make all necessary repairs and replacements, ordinary as well as extraordinary, foreseen as well as unforeseen, in and to any structural systems and physical plant equipment now or hereafter located in the Premises, including, without limitation, water, sewer, gas, HVAC and electricity connections, pipes, mains and all other fixtures, machinery, apparatus, equipment, overhead cranes and appurtenances now or hereafter belonging to, connected with or used in conjunction with the Premises. Landlord shall implement a Maintenance Plan concerning the premises and the FF&E in accordance with Exhibit C. Landlord agrees to make any repairs or improvements that become necessary due to changes in standards of the American Correctional Association at no cost to the Tenant.

ARTICLE 10— TENANT'S INSURANCE

- 10.1. **Required Coverages.** Tenant shall maintain property damage insurance for Tenant's personal property and the Landlord assumes no responsibility or liability resulting from loss or damage to Tenant's personal property; Tenant shall also maintain comprehensive general public liability and property damage (minimum limit of \$5,000,000.00 per occurrence, plus a \$5,000,000.00 umbrella policy).
- 10.2. **Self-Insurance.** Tenant may satisfy the coverage required to be maintained by Tenant with a self-insurance program.

ARTICLE 11— DAMAGE OR DESTRUCTION

- 11.1. **Damage: Lease to Terminate.** In the event that the Buildings or any portion thereof are so damaged by fire or other casualty that Landlord decides to demolish or not rebuild the same, then, in such event, Landlord shall have the right to terminate this Lease by notice to Tenant given within sixty days after the date of such fire or other casualty. In such event, Rent shall be apportioned on a per diem basis and paid through the date of such termination.
- 11.2. **Damage: Lease to Continue.** In the event the Premises are damaged by fire or other casualty and Landlord chooses to rebuild the same, then Landlord shall proceed with reasonable diligence to repair and restore the Premises. In such event, Rent shall abate in proportion to the non-usability of the Premises during the period while repairs are in progress.

ARTICLE 12— LIENS

- 12.1. **Lien Claims.** Tenant shall not do any act which shall in any way encumber the leasehold interests of Landlord in and to the Premises or the Buildings, nor shall any interest of Landlord in the Premises or the Buildings be in any way subject to any claim by way of lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Tenant, and any claim to or lien upon the Premises or the Buildings arising from any act or omission of Tenant shall accrue only against the leasehold interest of Tenant and shall in all respects be subject and subordinate to the interests and rights of Landlord in and to the Premises or the Buildings. Tenant will not permit the Premises or the Buildings to become subject to any mechanics', laborers' or materialmen's lien on account of labor or material furnished to Tenant or claimed to have been furnished to Tenant in connection with work of any character performed or claimed to have been performed on the Premises or the Buildings by or at the direction or sufferance of Tenant.

ARTICLE 13 — TENANT ALTERATIONS

- 13.1. **Alterations and Payment.** In the event Tenant wishes to make an alteration of the Premises, Tenant shall request Landlord's consent, which Landlord may grant or withhold within 15 days of the request in its sole discretion. Tenant shall be financially responsible for all alterations made with the consent of the Landlord.
- 13.2. **Alterations Removed.** At the termination of this Lease, all Alterations shall be removed by Tenant, at Tenant's sole expense, and the Premises restored to its original condition, except with the prior written consent of Landlord.
- 13.3. **Signs.** Tenant shall not place any signs on any part of the Buildings or Land without the prior consent of Landlord, which consent shall not be unreasonably withheld.

ARTICLE 14— CONDEMNATION

- 14.1. **Taking: Lease to Terminate.** If a portion of the Premises shall be lawfully taken or condemned for any public or quasi-public use or purpose (other than the Use under this Lease, as defined above), or conveyed under threat of such condemnation, and as a result thereof the Premises cannot be used for the same purpose as before such taking, sale or condemnation, the Tenant's right to possession under this Lease shall end upon the date of the taking, sale or condemnation by the condemning authority. Tenant hereby assigns to

Landlord, Tenant's interest in such award, if any. If any part of the Premises shall be so taken or condemned, or if the grade of any street or alley adjacent to the Premises is changed by any competent authority and such taking or change of grade makes it necessary or desirable to demolish, substantially remodel, or restore the Buildings, Landlord shall also have the right to terminate this Lease upon written notice given not less than sixty days prior to the date of termination designated in such notice.

- 14.2. **Taking: Lease to Continue.** If a portion of the Premises shall be lawfully taken or condemned for any public or quasi-public use or purpose (other than the Use under this Lease, as defined above), or conveyed under threat of such condemnation, and Landlord does not terminate the Lease as permitted by Section 14.1 or as a result of such taking, sale or condemnation, the balance of the Premises can be used for the same purpose as before such taking, sale or condemnation, this Lease shall not terminate. In such event, Landlord, at its sole cost and expense up to the amount of any award, shall, to the extent practical, promptly (subject to extension due to delay because of matters beyond the control of Landlord and Landlord's receipt of insurance proceeds) repair and restore the Premises. Any award paid as a consequence of such taking, sale or condemnation, shall be paid to Landlord and any sums not disbursed by Landlord in connection with the repair or restoration of the Premises shall be retained by Landlord. In the event of a taking of any portion of land only, this Lease shall not terminate and Landlord shall not be obligated to repair or restore the Premises.

ARTICLE 15— ASSIGNMENT SUBLETTING BY TENANT

- 15.1. **No Assignment, Subletting or Other Transfer.** Tenant shall not assign this Lease or any interest hereunder, nor shall Tenant sublet or permit the use or occupancy of the Premises or any part thereof by anyone other than Tenant, without the express prior written consent of Landlord, which consent is at the sole discretion of Landlord. Consent by Landlord pursuant to this **ARTICLE 15** shall not be deemed, construed or held to be consent to any additional assignment or subletting, but each successive act shall require similar consent of Landlord.
- 15.2. **Operation of Law.** Tenant shall not allow or permit any transfer of this Lease, or any interest hereunder, by operation of law, or convey, mortgage, pledge or encumber this Lease or any interest hereunder.

ARTICLE 16— INTENTIONAL AND NEGLIGENT ACTS

- 16.1. **Responsibilities of Tenant and Landlord.** Tenant and Landlord intend that each shall be responsible for its own intentional and negligent acts or omissions to act. The Tenant shall be responsible for the acts and omissions of its officers and employees while acting within the scope of their employment according to the Governmental Tort Claims Act, 51 O.S. § 151, et. seq.
- 16.2. **Indemnification.**
- 16.2.1. Tenant shall indemnify Landlord, its employees, directors, officers, subcontractors, agents or other members of its workforce (each a "**Landlord Indemnified Party**") against all actual and direct losses suffered by the Landlord Indemnified Party and all liability to third parties arising from or in connection with any breach by Tenant

of this Agreement or any negligence or wrongful acts or omissions in relation to this Agreement or Tenant's use of the Premises, unless such loss or damage shall arise from Landlord's failure to perform its duties under this Lease with reasonable care. It is expressly understood and agreed that Tenant will indemnify, hold harmless, and defend Landlord from any and all claims made and/or actions filed against Landlord based on injuries or losses allegedly suffered by any third party and/or representatives of any third parties as a result of or related to Tenant's acts or omissions as the operator of the Premises as a prison, including but not limited to any and all claims related to injuries or losses allegedly suffered by any third party or representatives of any third parties related to or arising from the Premise's conditions of confinement.

- 16.2.2. Landlord shall indemnify Tenant, its employees, directors, officers, subcontractors, agents or other members of its workforce (each a "**Tenant Indemnified Party**") against all actual and direct losses suffered by the Tenant Indemnified Party and all direct liability to third parties arising from or in connection with Landlord's failure to perform its duties under this Lease with reasonable care and any breach by Landlord of Sections 6.2 and 6.3 hereinabove and Exhibit C.

ARTICLE 17— INSPECTION OF PREMISES

- 17.1. **Inspections.** Tenant agrees to permit Landlord and any authorized representatives of Landlord, to enter the Premises at all reasonable times on reasonable advance notice for the purpose of inspecting the Premises. Notwithstanding the foregoing, in the case of an Emergency Situation (as defined in Section 1.1.5.) or upon the occurrence of an Event of Default (as defined in Section 19.1.), no notice shall be required. Any such inspections shall be solely for Landlord's purposes and may not be relied upon by Tenant or any other person for any reason whatsoever.

ARTICLE 18— FIXTURES AND FF&E

- 18.1. **Building Fixtures.** The Buildings and all other improvements located on the Land, including, but not limited to, all structural components of the Buildings and all plumbing, heating, lighting, electrical and air conditioning fixtures and equipment, and other articles of personal property used in the operation of the Premises, whether or not attached or affixed to the Premises, shall be and remain a part of the Premises and shall constitute the property of Landlord.
- 18.2. **Tenant's Property.** Except as otherwise expressly provided by the terms of this Lease, all of Tenant's trade fixtures and other personal property, fixtures, apparatus, machinery and equipment now or hereafter located upon the Premises, other than the Buildings' fixtures, shall be and remain the personal property of Tenant.
- 18.3. **Furniture, Fixtures and Equipment.** There is a significant amount of Landlord-owned furniture, fixtures and equipment currently located at the Premises. Prior to the Commencement Date, Landlord and Tenant shall jointly inventory all furniture, fixtures and equipment (the "FF&E") owned by the Landlord and located at the Premises and attach said inventory as Exhibit D to this lease. Tenant may use the FF&E during the Term at no

additional cost. At the end of the Lease Term, Tenant shall surrender and return to Landlord the FF&E in good condition, reasonable wear and tear excepted.

ARTICLE 19— DEFAULT

- 19.1. **Default.** The occurrence of any one or more of the following events shall be considered an “Event of Default” as said term is used herein:
- 19.1.1. Tenant’s failure to make any payment required under this Lease, including the failure to make a required Lease payment as a result of the non-appropriation of funds by the State of Oklahoma Legislature sufficient to fund any such payment, that is not cured by payment within 45 days after receiving written notice from Landlord that payment is past due; or
 - 19.1.2. Tenant’s failure to keep, observe, perform, meet or comply with any covenant, agreement, term, or provision of this Lease required to be kept, observed, met, performed, or complied with by Tenant, which such failure continues for a period of 30 days after Tenant has received a written notice of Event of Default from Landlord; or
 - 19.1.3. Landlord’s failure to make any payment required under Section 6.3 that is not cured by payment within 45 days after the payment is due; or
 - 19.1.4. Landlord’s failure to keep, observe, perform, meet or comply with Section 9.2 hereinabove required to be kept, observed, met, performed, or complied with by Landlord, which such failure continues for a period of 30 days after Landlord has received a written notice of Event of Default from Tenant.

ARTICLE 20— REMEDIES

- 20.1. **Remedies.** Upon the occurrence of any Event of Default and at any time thereafter, Landlord or Tenant may, at its election, exercise any one or more of the following described remedies, in addition to all other rights and remedies provided at law, in equity or elsewhere herein:
- 20.1.1. Termination of this Lease by giving to the offending party a minimum of 180 days written notice of aggrieved party’s election to do so, in which event the Term and all right, title and interest of offending party hereunder shall end on the date stated in such notice or a date agreed to by the Parties. Notwithstanding the foregoing provision, it is expressly understood and agreed that in the event of a Default by Tenant resulting from the non-appropriation of funds by the State of Oklahoma Legislature sufficient to fund any future Lease payment, Landlord shall have the right to immediately terminate the Lease upon 30 days written notice to Tenant of such termination.
 - 20.1.2. The Parties may enforce the provisions of this Lease and may enforce and protect their respective rights by a suit or suits in equity or at law for the performance of any covenant or agreement herein, and for the enforcement of any other appropriate legal or equitable remedy, including without limitation (i) injunctive relief, (ii) recovery of all moneys due or to become due under any of the provisions of this

Lease, and (iii) any other damages incurred by the aggrieved by reason of the offending party's default under this Lease.

- 20.1.3. Tenant and Landlord recognize that Landlord has made significant leasehold improvements to the Premises to address Tenant's requirements. If Tenant defaults under Section 19.1.1 or 19.1.2 for any reason(s) during the initial 42 months of the Base Term of the Lease, the actual damages to Landlord associated with the leasehold improvements and lost opportunity costs are uncertain and impossible to determine at this time. As a result, the Parties agree that if Tenant defaults under Section 19.1.1 or 19.1.2 for any reason(s) during the initial 42 months of the Base Term of the Lease and such default results in a termination of the Lease by Landlord, the Landlord may elect to seek liquidated damages as detailed in the table below.

Occurrence of Lease Termination as a result of Tenant Default	Liquidated Damages Due Landlord
Months 0-18 of Base Term of Lease	\$6,000,000
Months 19-30 of Base Term of Lease	\$4,000,000
Months 31-42 of Base Term of Lease	\$2,000,000

These liquidated damages may be reduced by any Base Rent payments made by Tenant after the triggering default(s) under Section 19.1.1 or 19.1.2 occur. These liquidated damages are not intended to be a penalty and are solely intended to reasonably compensate Landlord for damages. Tenant reserves any and all defenses to a claim for liquidated damages.

- 20.1.4. Tenant does not waive any defenses available under the Oklahoma Governmental Tort Claims Act.
- 20.1.5. Neither party shall be liable for failure to perform under this Lease in the event of a Force Majeure Event. This provision shall become effective only if the party failing to perform immediately notifies the other party of the extent and nature of the event resulting in the delay or failure. It is specifically understood and agreed that the non-appropriation of funds by the State of Oklahoma Legislature sufficient to fund Tenant Base Rent payment obligations hereunder shall not be deemed and shall not constitute a Force Majeure Event.
- 20.2. **Suits to Recover Damages.** Upon the occurrence of an Event of Default, either party shall have the right to pursue any remedy it may have at law or equity, including but not limited to: reducing its claim to judgment, including seeking an award of attorney's fees and costs, taking action to cure the Default, and termination of the Lease.

ARTICLE 21— LANDLORD’S PERFORMANCE OF TENANT’S COVENANTS

- 21.1. **Landlord’s Right to Perform Tenant’s Obligations.** In the event Tenant shall fail to perform any of its obligations hereunder, Landlord may (but shall not be obligated to do so), and without waiving or releasing Tenant from any obligation of Tenant hereunder, make any payment or perform any other act which Tenant is obligated to make or perform under this Lease. Except in the case of an Emergency Situation, Landlord shall use reasonable efforts to give prior notice (which may be oral) of its performance, if reasonably feasible under the circumstances. Nothing contained herein shall be construed to require Landlord to advance monies for any purpose. In exercising its rights hereunder, Landlord shall use reasonable efforts not to interfere with the normal operation of the Premises.

ARTICLE 22 — SUBORDINATION TO MORTGAGES

- 22.1. **Subordination.** Landlord may execute and deliver a mortgage or trust deed in the nature of a mortgage (both sometimes referred to as “Mortgage”) against the Premises or any portion thereof. This Lease and the rights of Tenant hereunder, shall automatically, and without the requirement of the execution of any further documents, be and are hereby made expressly subject and subordinate at all times to the lien of any Mortgage now or hereafter encumbering any portion of the Premises, and to all advances made or hereafter to be made upon the security thereof. Additionally, provided that the holder of said Mortgage agrees in writing not to disturb the rights of Tenant under this Lease so long as Tenant is not in default hereunder, Tenant agrees to execute and deliver a subordination, non-disturbance and attornment agreement in a form customarily required by institutional lenders as may be requested in writing by Landlord from time to time. Notwithstanding anything to the contrary contained herein, any mortgagee under a Mortgage may, by notice in writing to the Tenant, subordinate its Mortgage to this Lease.

ARTICLE 23— SURRENDER

- 23.1. **Condition of Premises.** Upon the termination of this Lease whether by forfeiture, lapse of time or otherwise, or upon the termination of Tenant’s right to possession of the Premises, Tenant will surrender and deliver up the Premises to Landlord, broom clean, in good order, condition and repair, reasonable wear and tear excepted. “Broom clean” means free from all debris, dirt, rubbish, personal property of Tenant, oil, grease, tire tracks or other substances, inside and outside of the Buildings and on the grounds comprising the Premises.
- 23.2. **Removal of Tenant’s Property and Alterations.** Upon the termination of this Lease by forfeiture, lapse of time, or otherwise, Tenant shall remove Tenant’s Property and Alterations designated by Landlord. Tenant shall repair any injury or damage to the Premises which may result from such removal. If Tenant does not remove Tenant’s Property or such Alterations from the Premises prior to the end of the Term, however ended, Landlord may, at its option, remove the same and deliver the same to any other place of business of Tenant or warehouse the same, and Tenant shall pay the cost of such removal (including the repair of any injury or damage to the Premises resulting from such removal), delivery and warehousing.

- 23.3. **Holdover.** If Tenant retains possession of the Premises or any part thereof after the termination of the Term, by lapse of time or otherwise, then Tenant shall owe and pay to Landlord Rent, at 125% of the rate payable for the month immediately preceding said holding over.

ARTICLE 24— COVENANT OF QUIET ENJOYMENT

- 24.1. **Covenant of Quiet Enjoyment.** Landlord covenants that Tenant, on paying the Rent and all other charges payable by Tenant hereunder, and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, all of which obligations of Tenant are independent of Landlord's obligations hereunder, shall, during the Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreement hereof free from hindrance by Landlord or any person claiming by, through or under Landlord.

ARTICLE 25— NO RECORDING

- 25.1. **No Recording.** Neither this Lease nor a memorandum hereof shall be recorded.

ARTICLE 26— NOTICES

- 26.1. **Notices.** All notices, consents, approvals to or demands upon or by Landlord or Tenant desired or required to be given under the provisions hereof, shall be in writing and shall be deemed properly given (i) on the date sent, if delivered by hand, (ii) one day after the date such notice is deposited with an overnight delivery service; (iii) on the date sent, if delivered via facsimile at the number(s) set forth below, with a hard copy to follow by overnight delivery service; (iv) on the date when received with proof of receipt to the party to whose attention it is directed or when such party refuses to accept receipt if sent, postage prepaid, by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If intended for Landlord:	Municipal Corrections Finance, L.P. c/o The GEO Group, Inc. 4955 Technology Way Boca Raton, FL 33431 Attention: Bruce Brown
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If intended for Tenant:	Oklahoma Department of Corrections 3400 N. Martin Luther King Ave Oklahoma City, OK 73111 Attention: James Rudek
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or such other address or to such other party which any party entitled to receive notice hereunder designates to the others in writing by a notice duly given hereunder.

ARTICLE 27— COVENANTS, SUCCESSORS AND ASSIGNS

- 27.1. **Covenants.** All of the covenants, agreements, conditions and undertakings in this Lease contained shall extend and inure to and be binding upon the heirs, executors, administrators, successors and assigns of the respective Parties hereto, the same as if they were in every case specifically named, and shall be construed as covenants running with the Land, and wherever in this Lease reference is made to either of the Parties hereto, it shall be held to include and apply to, wherever applicable, the heirs, executors, administrators, successors and assigns of such party.
- 27.2. **Sale of Premises.** Landlord shall at all times during the Term have the right to sell its interest in the Premises or any part thereof and in connection therewith, to assign Landlord's rights and obligations under the Lease to any such purchaser. The term "Landlord", as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the holder of Landlord's interest in the Premises, and in the event of any transfer thereof, Landlord herein named (and in the case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved of all liability as respects the performance of any covenants or obligations on the part of Landlord contained in the Lease to be performed.

ARTICLE 28 — ENVIRONMENTAL MATTERS

- 28.1. **Defined Terms.** The terms "Hazardous Material", "Environmental Law", "Environmental Claim", "Pre-Existing Condition", "Environmental Condition", "Environmental Remediation", "Remediating Party", and "Tenant Group" shall have the meanings set forth in **ARTICLE 1—DEFINITIONS**, above.
- 28.2. **Tenant's Covenants with Respect to Environmental Matters.** During the Term, Tenant, at its sole cost and expense, shall:
- 28.2.1. comply with all Environmental Laws relating to the use and operation of the Premises;
 - 28.2.2. keep the Premises free of any Hazardous Material;
 - 28.2.3. not exacerbate a Pre-Existing Condition;
 - 28.2.4. upon the discovery of an Environmental Condition:
 - (i) promptly, but not later than three (3) business days after the discovery of the Environmental Condition, notify Landlord of the Environmental Condition;
 - (ii) prior to commencement of any Environmental Remediation, submit a proposed scope of work for the Environmental Remediation, together with a timetable and a cost estimate, to Landlord for review and approval;
 - (iii) after obtaining Landlord's approval, diligently perform the approved Environmental Remediation;
 - (iv) submit to Landlord in a timely manner for Landlord's review and comment the required documentation and information relating to each phase of the Environmental Remediation and pay all costs of Landlord as described in **ARTICLE 28**;

- (v) comply with applicable release reporting requirements and provide Landlord with any information necessary for Landlord to comply with Environmental Law; and
 - (vi) obtain a so called “no further remediation letter” or comparable acknowledgment from each federal, state, or local governmental agency with jurisdiction over the Environmental Condition that the Premises have been fully remediated without reliance on institutional controls (including but not limited to deed restrictions) or engineered barriers;
- 28.2.5. not install or operate any above or below ground tank, sump, pit, pond, lagoon, or other storage or treatment vessel or device on the Premises without obtaining Landlord’s prior written consent;
- 28.2.6. except for such items as are required in the routine maintenance of the Premises, not handle, use, generate, treat, dispose of, or permit the use, handling, generation, treatment, storage, or disposal of any Hazardous Material in, on, under, around, or above the Premises at any time during the Term;
- 28.2.7. not use any above ground tank (including barrels and drums), of any size within or without the Premises, except (i) in compliance with all Environmental Laws, and (ii) if secondary containment approved by Landlord is provided. Empty tanks, barrels and drums shall be presumed to have one (1) inch of product remaining when declared empty.
- 28.3. **Exacerbation.** Tenant shall not be responsible to remediate a Pre-Existing Condition. If Tenant exacerbates a Pre-Existing Condition (as a result of Tenant’s investigative or remedial activities or otherwise) during the Term, the provisions of **ARTICLE 28** shall apply to such exacerbation of the Pre-Existing Condition as if it were an Environmental Condition, and Tenant shall perform Environmental Remediation as to such exacerbation.
- 28.4. **Rights of Inspection.** In addition to Landlord’s other rights of entry, access and inspection contained in this Lease, Landlord and its agents and representatives shall have a right of entry and access to the Premises at any time in Landlord’s discretion for the purposes of (i) inspecting the documentation relating to Hazardous Materials or environmental matters maintained by Tenant or any occupant of the Premises; (ii) ascertaining the nature of the activities being conducted on the Premises and investigating whether Tenant is in compliance with its obligations under **ARTICLE 28**; (iii) determining the type, kind, and quantity of all products, materials, and substances brought onto the Premises, or made or produced thereon, and (iv) performing such environmental investigations and assessments as Landlord may desire to perform. The investigation and assessments may also include reasonable subsurface or other invasive investigation of the Premises, including, but not limited to, soil borings and sampling of site soil and ground or surface water for laboratory analysis, as may be recommended by the Landlord’s consultant as part of its inspection of the Premises or based upon such other reasonable evidence of Environmental Conditions warranting such subsurface or other invasive investigation. Tenant will cooperate with Landlord and Landlord’s consultants and will supply, promptly upon request, any information reasonably requested to facilitate the completion of the environmental assessments and investigations. Landlord and its agents and representatives shall have the

right to take samples in quantities sufficient for analysis of all products, materials, and substances present on the Premises and shall also have the right to conduct other tests and studies as may be reasonably determined by Landlord to be appropriate in order to investigate whether Tenant is in compliance with its obligations under **ARTICLE 28**. Landlord shall be accompanied or escorted by a designated agent of the Tenant at all times.

- 28.5. **Copies of Notices**. During the Term, Tenant shall promptly provide Landlord with copies of all summons, citations, directives, information inquiries or requests, notices of potential responsibility, notices of violation or deficiency, orders or decrees, Environmental Claims, complaints, investigations, judgments, letters, notices of environmental liens or response actions in progress, and other communications, written or oral, actual or threatened, received by Tenant or any occupant of the Premises, from any federal, state, or local agency or authority, or any other entity or individual (including both governmental and non-governmental entities and individuals), concerning (i) any actual or alleged release of any Hazardous Material on, to, or from the Premises; (ii) any actual or alleged violation of or responsibility under Environmental Laws; or (iii) any actual or alleged liability under any theory of common law tort or toxic tort, including without limitation, negligence, trespass, nuisance, strict liability, or ultrahazardous activity. If any Hazardous Material is released on, to or from the Premises during the Term which requires reporting to any federal, state, or local agency or authority pursuant to any Environmental Law, Tenant shall promptly notify Landlord (in no event later than 3 days after first discovering the commencement of a release) of the facts and the actions being taken to remediate and otherwise respond to the release. Tenant agrees to provide Landlord with copies of all documents submitted to any federal, state or local agency or authority related to such release.
- 28.6. **Tests and Reports**. Upon written request by Landlord, Tenant shall provide Landlord, at Tenant's expense, with (i) copies of all environmental reports and tests prepared or obtained by or for Tenant or any occupant of the Premises; (ii) copies of transportation and disposal contracts (and related manifests, schedules, reports, and other information) entered into or obtained by Tenant with respect to any Hazardous Material; (iii) copies of any authorizations or permits issued to Tenant under Environmental Laws with respect to the Premises; (iv) prior to filing, copies of any and all reports, notifications, and other filings to be made by Tenant or any occupant of the Premises to any federal, state, or local environmental authorities or agencies, and after filing, copies of such filings; and (v) any other relevant documents and information with respect to environmental matters relating to the Premises. Tenant shall be obligated to provide such documentation only to the extent that the documentation is within Tenant's possession or control.

ARTICLE 29 — ENHANCEMENTS

- 29.1. **Enhancements**. Tenant has requested that Landlord make, and Landlord has agreed to make, certain Enhancements to the Premises, as set forth and described in Exhibit E, attached hereto and incorporated herein by reference. The cost of each agreed Enhancement is set forth in the Exhibit E.
- 29.2. **Scope of Enhancements / Schedule**. Within 90 days of the execution of the Lease, Landlord will provide Tenant with a statement of work (SOW) detailing the scope of the agreed Enhancements Landlord is to make to the Premises to meet Tenant's operating objectives. The SOW shall include a schedule showing the projected start and completion

dates of each Enhancement, which schedule shall be subject to agreement of the Parties based on the timetable that Tenant expects to follow with respect to Tenant's occupancy and intake of inmate population at the Premises.

ARTICLE 30— MISCELLANEOUS

- 30.1. **Captions.** The captions of this Lease are for convenience only and are not to be construed as part of this Lease and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereof.
- 30.2. **Severability.** If any covenant, agreement or condition of this Lease or the application thereof to any person, firm or corporation or to any circumstances, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such covenant, agreement or condition to persons, firms or corporations or to circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby. Each covenant, agreement or condition of this Lease shall be valid and enforceable to the fullest extent permitted by law.
- 30.3. **Applicable Law.** This Lease shall be construed and enforced in accordance with the laws of the state where the Premises are located.
- 30.4. **Amendments in Writing.** None of the covenants, terms or conditions of this Lease, to be kept and performed by either party, shall in any manner be altered, waived, modified, changed or abandoned, except by a written instrument, duly signed, acknowledged and delivered by the other party.
- 30.5. **Relationship of Parties.** Nothing contained herein shall be deemed or construed by the Parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership, or of joint venture by the Parties hereto, it being understood and agreed that no provision contained in this Lease nor any acts of the Parties hereto shall be deemed to create any relationship other than the relationship of Landlord and Tenant.
- 30.6. **No Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the full amount stipulated herein as then required to be paid by Tenant in respect of Tenant's obligations under this Lease for Rent or any other payments shall be deemed to be other than on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment of any such amount be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such amount or pursue any other remedy provided in this Lease.
- 30.7. **Joint Effort.** The preparation of this Lease has been a joint effort of the Parties hereto and the resulting documents shall not, solely as a matter of judicial construction, be construed more severely against one of the Parties than the other.
- 30.8. **Time.** Time is of the essence of this Lease, and all provisions herein relating thereto shall be strictly construed.
- 30.9. **Landlord's Consent.** Landlord's granting of any consent under this Lease, or Landlord's failure to object to any action taken by Tenant without Landlord's consent required under

this Lease, shall not be deemed a waiver by Landlord of its rights to require such consent for any further similar act by Tenant.

- 30.10. **Landlord Rights**. This Lease does not grant any rights to light or air over or about the Premises. Landlord specifically excepts and reserves to itself the use of any roofs, the exterior and structural components of the Buildings, all rights to the land and improvements below the improved floor level of the Buildings, to the improvements and air rights above the Buildings and to the improvements and air rights located outside the demising walls of the Buildings and to such areas within the Buildings and Land required for installation of utility lines and other installations and to such portions of the Premises necessary to access, maintain and repair same, and no rights with respect thereto are conferred upon Tenant.
- 30.11. **Entire Agreement**. It is understood and agreed that all understandings and agreements heretofore had between the Parties hereto are merged in this Lease, the exhibits annexed hereto and the instruments and documents referred to herein, which alone fully and completely express their agreements, and that no party hereto is relying upon any statement or representation, not embodied in this Lease, made by the other. Each party expressly acknowledges that, except as expressly provided in this Lease the other party and the agents and representatives of the other party have not made, and the other party is not liable for or bound in any manner by, any express or implied warranties, guaranties, promises, statements, inducements, representations or information pertaining to the transactions contemplated hereby.
- 30.12. **Record Maintenance**. The Parties shall keep and maintain all appropriate books and records regarding lease for a period of 5 years from the ending date of this Lease. Upon reasonable notice, the Agency, the State Auditor's Office, or their representatives shall be entitled to access any books, records, and other documents and items directly pertaining to charges to the Agency hereunder for purpose of audit and examination. Landlord further agrees to provide the aforementioned parties appropriate access to any subcontractor's associated records. In the event any audit, litigation, or other action involving these pertinent records is started before the end of the 5-year period, the landlord agrees to retain these records until all issues arising out of the action are resolved or until the end of the 5-year period, whichever is later.

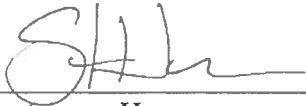
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SIGNATURES ON FOLLOWING PAGE]


IN WITNESS WHEREOF, the Parties have executed this Lease as of the date set forth above.

TENANT:

**OKLAHOMA DEPARTMENT OF
CORRECTIONS**


By: 
Name: Steven Harpe
Title: Director, Oklahoma Department of
Corrections

Attest:

By: 
Name: Kari Y. Hawkins
Title: General Counsel

LANDLORD:

MUNICIPAL CORRECTIONS FINANCE, L.P.
a Delaware limited partnership

By: 
Name: AMBER D. MARTIN
Title: EVP Contracts

Attest:

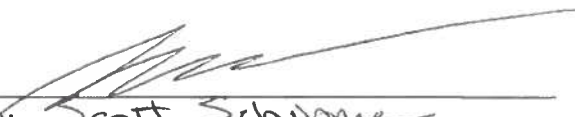
By: 
Name: Scott Schipone
Title: Deputy General Counsel

EXHIBIT A

LEGAL DESCRIPTION OF LAND

A tract of land in the N/2 of Section 9, Township 11 North, Range 11 West of the Indian Meridian, Caddo County, Oklahoma, more particularly described as follows: Beginning at the Northwest corner of the NE/4 of Section 9; thence South 88 51'06" East along the North line of said NE/4 a distance of 1308.81 feet, thence South 00 04'58" West a distance of 1631.47 feet, thence N 89 05'04" West a distance of 1308.11 feet to a point on the West line of said NE/4 situated 1636.81 feet South 0 03'42" West of the Northwest corner of said NE/4, thence continuing North 89 05'04" West into the NW/4 of said Section 9, a distance of 531.75 feet, thence North 00 03'42" East a distance of 1640.29 feet to a point on the North line of said NW/4, thence South 88 42'35" East along said North line a distance of 531.81 feet to the point of beginning.

A tract of land located in the NW/4 of Section 9 T11 N R11 W I.M. in Hinton, Caddo County, Oklahoma more particularly described as follows; commencing at the NW corner of said Section 9; thence S 89°03'42" E along the North line of said Section 9 a distance of 386.88 feet; thence S 00°56'18" W a distance of 179.35' to the true point of beginning; Thence S 00°56'18" W a distance of 952.08 feet; thence S 45°00'00" E a distance of 127.41 feet; thence N 87°36'54" E a distance of 731.29 feet; thence S 64°29'16" W a distance of 602.26 feet; thence S 45°00'00" W a distance of 310.12 feet; thence S 32°19'18" E a distance of 741.58 feet; thence S 89°03'42" E parallel with the North line of said Section 9 a distance of 1057.65 feet; thence N 00°56'18" E a distance of 854.57 feet; thence N 52°04'45" W a distance of 490.45 feet; thence N 70°14'23" W a distance of 308.14 feet; thence N 00°56'18" E a distance of 318.46 feet; thence S 70° 14'23" E a distance of 578.79 feet; thence N 19°45'37" E a distance of 194.23 feet; thence N 70°14'23" W a distance of 654.00 feet; thence N 00°56'18" E a distance of 333.92 feet; thence N 89°03'42" W parallel with the North line of said Section 9 a distance of 839.14 feet to the true point of beginning, containing 52.96 acres.

EXHIBIT B

PREMISES

That certain medium security prison which is currently designed for up to 2,040 adult inmates situated on the land located at 700 Sugar Creek Road, Hinton, Oklahoma, together with all plants, shrubs and trees located thereon, and together with all rights, ways and easements appurtenant thereto, and together with all Improvements and fixtures now or hereafter attached thereto.

EXHIBIT C

LANDLORD REPAIR & REPLACEMENT OBLIGATIONS

Pursuant to Section 9.2 of the Lease, Landlord shall:

- Conduct quarterly inspections of the facility to ensure that all daily maintenance activities have been performed in accordance with the requirements of the Lease.
- Evaluate the functionality, operational integrity, and useful life of the following major facility systems and equipment:
 - Building foundation and structural system
 - HVAC and mechanical system
 - Primary electrical system
 - Primary plumbing and sewer system
 - Primary life safety system
 - Roof
 - Food service and laundry equipment
- If it is determined that the foregoing major facility systems or equipment require replacement or significant material repair, Landlord shall, at Landlord's cost, make the necessary repairs or contract to have the necessary work or replacement completed, unless the material repair or replacement is due to the Tenant's failure to perform Tenant's routine maintenance and repairs pursuant to section 9.1 of the Lease, in which case Tenant shall be responsible for such work.
- The Parties shall work closely together to coordinate and cooperate with respect to the timely performance of each Party's respective maintenance, repair, and replacement obligations under the Lease.
- In general, the Tenant will be responsible for day-to-day facility maintenance and repairs, including cleaning and standard maintenance of the facility's physical plant equipment as well as damage caused by inmates or through the use of inmate labor.
- Landlord is not responsible for daily physical plant preventative maintenance.

EXHIBIT D**FF&E****GREAT PLAINS INVENTORY - 12/21/22**

Description	Quantity
Blankets	2690
Mattresses	2056
Pillow Cases	540
Pillows	210
Sheets	1944
1x2 Hanging lights	8
37.4 x 37.4 x 32.6 exhaust fan	1
Dollys	3
Plungers	8
Freezer/ Cooler Thermometers	19
Sloan Electronic flush kits	139
5' x 8' sheet of stainless steel	2
Tool boxes	3
4' ladder	1
4' Aluminum measuring stick	1
Genie lift PLC 24	1
Manual pallet jack	3
Genie Lift MVL	1
Rigid drain cleaner machine	1
Floor jacks	2
Rigid jet drain cleaner	1
Dewalt vacuum	1
Miller electric welder	1
Handler 140 wire welder	1
Ladders	18
Basketball goals	3
DVRs	8
Radio repeater	3
Sloan toilet kits	144
Speaker mic paging system	6
Stainless steel toilets	116
Soft grip cutting board	4
Band saw	1
Soccer nets	2

Table saw	2
4' level	4
Belt/disc sander	1
Clamps	20
Double door cabinet	2
Drill press	2
Face sheilds	6
Griddle	2
Kettles	4
Meat slicer	1
Mixer blade	1
Mixers	2
Oscillating sander	3
Wood hand saw	2
Impact driver set	1
Paint & stain cart	1
Planer	3
Polymer hot tray box 8 tray	1
Radial arm saw	1
Rake	2
Router table	2
Scrollsaw	1
Shovels	1
Single sink table	1
Square	5
Stainless steel 2 sink tables	4
Stainless steel pan lids	205
Stainless steel pans	325
Stainless steel tables 8' long	8
Pipe threader	1
Tractor supply tote	1
Trash can on dolly	4
Volleyball poles	2
Warmers	6
Water hose nozzle	4
Wet/dry vac	2
Wheel barrow	2
Wood glue	8
Sound level meter	1
0-50 LB scale	1
Craftsman cut off saw	1

Dewalt bag cabinet supplies	1
Dewalt bag handles	8
Dewalt bag w/ elect supplies	1
Dewalt box	1
Digital tally counters	14
Drafting tools	4
Elect box covers	2
Elect boxes	2
Empty dewalt bag	4
Folding ladder	1
Pliers	36
Lockout tagout	8
Manikin faces	2
Nuts, screws	4
Orginizer	2
Push blocks	2
Respirator fit test	1
Sand paper	15
Screws & bolts	8
Smoke test kit	1
Tapping screws Concrete screws	9
Light fixtures	46
Wire cable cutter	2
Yard stick	2
2' level	1
7x8 replacement strips	1
Aluminum dippers	2
Black bags	10
Hooks	28
Black pouches	40
Dryers	4
Kitchen - Chopper mixer - Hobart	1
Kitchen - Dishwashers - Hobart	2
Kitchen - Double stack ovens - vulcan	4
Kitchen - Garbage disposals - Salvajor	2
Kitchen - Griddles - vulcan	2
Kitchen - Ice machine	2
Kitchen - Large mixer - Univex	4
Kitchen - Meat slicer - Hobart	1
Kitchen - Mobile cooler - FWE corp	1
Kitchen - Rotisserie oven - Baxter	1

Kitchen - Stainless steel serving table	1
Kitchen - Stationary Cooler - Traulsen	2
Kitchen - Steam tables - Vollrath	2
Kitchen - Tilt skillets - vulcan	2
Kitchen - Walk in Coolers - Thermo Kool	1
Kitchen - Walk in freezers - Thermo Kool	1
3 sink stainless steel table	1
6' stainless steel table	4
8' hot/cold stainless steel serving table	4
Assorted bins of lock parts	130
Black & decker tool boxes	4
Box elect wire	2
Light kit	20
Dish washer	2
Double sink stainless steel table	2
L Bolt cutters	1
LED wall pack	30
Light covers	94
T5 lights LED	100
T8 lights	625
S Bolt cutters	1
Super elect motor	3
wax rings	144
Pvc pipe joints grey conduit	36
Paint thinner 5 gal	1
1 gallon bucket of paint	22
1 jug of bug killer	1
5 gallon bucket of paint	60
Batteries for radius	2
Flood lights	2
1/4" Quick bore spade extension set	1
11 piece center punch tips	1
16 pack allen wrenches	1
20 amp single pole	1
25' tape measure	8
4 pack corner braces	1
5 vDC power supply	1
A/C switch 4 way	1
Channel lock pliers	13
Spiral combiners	1 box
Vise	4

Concrete trowel	1
Contour gauge	1
Dovetail jig	1
Electric sander	1
GE electric ballast	1
Glue bottles	1
Hammer	2
Insulated flathead screwdriver	1
Insulated philips screwdriver	1
Paddle bit	1
Plastic squares & protractors	1
Rabbet plane	1
Round sanding discs	1
Router busing set	1
Rule dept gauge	1
scrapers	1
Sheet rock float Sheet rock trowel	1
Sheet rock inserts	1
Spoke Plane	1
Tile trowel	1
Trash cans	1
Vise grips	9
Wedge anchors	1
Woodworking square	1
1 lb dead blow hammer	1
1/8" band saw blade	1
10 in 1 multibit driver	1
11 in 1 screwdriver	1
12" rafter square	1
12" square	1
15' water hose	1
2 pc digital circuit breaker tester	1
3 in 1 lineman pliers	1
3 in 1 pliers	1
5 in 1 woodworking tool kit	1
6 in 1 multi purpose tool	1
7 in 1 nut driver	1
AC line splitter	1
Chalk line	1
Circular saw	1
Cordless drill	4

Crescent wrench	14
Denim aprons	2
Double edge pull saw	1
Dowel holder	1
Fluke voltage meter	1
Hammer drill	3
Impact drill	5
Mallet	2
Metric combo wrench set 7 pc	1
Metric hex head set 7 pc	1
Metric wrench set 8 pc	1
Mortising drill press attachments 19pc	1
Multimeter	1
Pivot pro lineman pliers	1
Ratcheting crimper	1
Rubber mallot	1
SAE combo wrench set 7 pc	1
SAE hex head set 7 pc	1
SAE wrench set 8 pc	1
Spade bit set 14 pc	1
Square	1
Square hammer	1
Universal socket set 19 pc	1
Volt indicator	1
Voltage tester	1
1/2" pipe bender	1
Bit set	21
Adjustable wrench 10"	1
Adjustable wrench 6"	1
Adjustable wrench 8"	1
Ball peen hammer	5
Brick hammer	1
Brick joiner 1/2"	1
Brick joiner 3/4"	1
Coping saw	1
Deep socket set 11 pc	1
Deep socket set 8 pc	1
Nail gun	5
Digital sliding T bevel	1
Drill	1
Drive extension 10"	1

Drive extension 3"	1
Drive extension 6"	1
Drywall rasp	1
Drywall saw	1
Flush cut saw	1
Groove lock pliers	1
Joint scraper 6"	1
Mini sledge 4lb	1
Plug in tester	1
Pole sanding block	1
Pro nail setter	1
Pro nail setter	1
Rafter square	1
Rubber sanding block	1
SAE metric combo wrench set 10 pc	1
SAE metric combo wrench set 12 pc	1
SAE metric hex head set	1
Scraper	1
Shingle hammer	1
Sliding T bevel	1
Slip joint pliers	1
Tack puller	1
Taping trowel 10"	1
Taping trowel 12"	1
Torpedo level 9"	1
Touch tester	2
12" Truflex flexible tape measure	1
2 boxes of 50 count dust masks	1
3 uline earmuffs	1
4 scoops/small buckets	1
40" Truflex tape measure	1
6" 360 protractor	1
6" combo set rulers	1
6" Proportional scale	1
8" Proportional scale	1
Aluminum hawk	1
Cutters	1
Double sided tape	1
Dremel set	1
Drywall tub	1
Gear	1

Paint shield 10"	1
10" pull saw	1
12pc pro wood chisel set	1
13" bear saw	1
15" prybar	1
16pc sawzall blade set	1
18pc plumbers hole saw kit	1
25 piece hole saw set	1
3 pc router bit set	1
3/4" pipe clamp	1
38 pc letter punch set	1
5 pc counter sink drill set	1
5.5 pry bar	1
7" pry bar	1
9 in 1 screwdriver	4
9" dovetail saw	1
9.5" bear saw	1
Armored cable cutter	1
Auto wire strippers	2
Cable NM ripper	1
Chemical apron	2
Cordless orbital sander	1
Dovetail jig set	1
Dovetail making tool	1
Dowel jig set	1
Dremel tool	1
Drill press vise	1
Dual wood scribe	2
EZ out screw extractor	1
Fluke HVAC multimeter	1
Glue scraper	2
Hack saw handle	1
Hole saw kit	1
Key strip tool	1
Needle nose pliers	5
Pipe cutter	1
Ratcheting screwdriver	1
Stainless steel lids	2
Thermometers	1
Voltmeter tester	1
Wheel marking gauge	1

Wire strippers	15
1/2" hand impact driver	1
1/2" reversable hammer driver	1
1/4" nut driver	1
10" tin snips	1
10pc drill bit set	1
11 pc dremel set	1
11/32" nut driver	1
160 pc dremet set	1
172pc screwdriver bit set	1
3/16" nut driver	1
3/4" conduit bender	1
3/8" hand impact driver	1
4 1/2" punch	1
40 pc router bit set	1
5 1/2" punch	1
5 pc rotary hammer drill bit set	1
5" chisel	1
5/16" nut driver	1
52pc screwdriver bit set	1
5pc hammer drill set	1
6 1/2" chisel	1
6" punch	1
6" sawzall blade	1
6in1 combo pliers	1
7" chisel	1
7" tin snips	1
75 pc router bit set	1
7in1 multi blade hole saw	1
9" sawzall blade	1
Angle finder	1
Angled wire crimper	1
Circuit breaker finder	1
Dual cable stripper/crimper	1
Ergo strippers	1
Hack saw blades	1
Need nose vise grips	1
Oscilating multi tool kit	1
PVC cutter	1
Romex strippers	1
Speed bevel square	1

Tile cutter	1
Wire crimper	1
Wood mallet	1
#1 step metal drill bit	1
#2 step metal drill bit	1
#4 step metal drill bit	1
#5 step metal drill bit set	1
1/2" plug cutter	1
1/2" round over beading router tip	1
1/2"x15" dovetail router tip	1
1/4" ogee router tip	1
1/4" plug cutter	1
1/8"x5/16" straight router tip	1
10" saw stop blade 40T	1
11pc file set	1
12pc hole dozer set	1
13pc needle file set	1
14pc jig saw blade set	1
15pc drill bit set	1
18pc screwdriver bit set	1
22pc screwdriver bit set	1
29pc drill bit set	1
3/4"x25/32" hinge mortise router tip	1
3/8" plug cutter	1
3/8"x1/2" rabbeting router tip	1
3/8"x9" dovetail router tip	1
30pc wood/metal jig saw blade set	1
4.5" flap disk	1
4.5" grinding disk	4
4pc glass & tile drill bit set	1
4pc wood chisel set	1
5/8" plug cutter	1
5/8" round over beading router tip	1
6pc tri flute bit set	1
7/16"x60" v groove router tip	1
Band saw blade 91"	1
Cable cutters	1
Cordless router	1
Cordless square sander	1
Serrated blade scissors	1
1/16" roundover beading	1

1/2" corebox routerbox router bit	1
1/4" roundover beading	1
10" flathead screwdriver	15
10" philips screwdriver	15
100ft electric cord	2
12" channel locks	1
13pc ratcheting screwdriver	1
14pc drill bit set	1
16" pro combo square	1
19 in 1 painters tool	1
25ft extension cord	2
25ft water hose	5
30pc router set	1
35pc screwdriver bit set	1
4pc counter sink tool set	1
5 in 1 multi pliers	1
Saw blade	17
7.5" wire nippers	1
7pc masonry drill bit set	1
8" slip joint pliers	1
8pc clean hole bore drill bit set	1
Angle grinder	4
Angle sander	1
Auto center punch	1
Belt sander	3
Conduit hammer	1
Digital caliper	1
Dovetail saw	1
Electric hand planer	1
GFI	1
GFI interupter	1
Hand planer	1
Jig saw	1
Plate jointer	1
Right angle drill attachment	1
Router	1
Side cutters	1
Smooth blade scissors	1
Square sander	2
Voltage/circuit alert crimper	1
Wood worker vise	1

Pex sharkbite remover tool	2
Tube bender	2
1/2" straight router bit	1
10 pc precision screwdriver set	1
18v metabo Battery	1
25" yellow extension cord	1
3' tube bender handle	1
3/4" blue silver sharkbite remover tool	2
Tractor box blade	2
5/64" self centering drill bit	2
Backhoe attachment	1
Bostitch 20v battery	1
Bostitch battery charger	1
Box trailer	1
Brush hog	1
Compact router	1
Dewalt 10pc oscillating tool set	1
Dewalt 20v battery	3
Edger	1
Flat bed trailer	2
Fork lift	1
Rotor tip	9
Hedge trimmer	2
John Deere tractor	1
Kobalt 3/8" center punch bit	2
Leaf blower gas	2
Orange plastic pex tube cutter	2
Portable light plant/generator	4
Push mowers	4
Ranging meter	1
Red metal rulers	6
Red side cutters	1
Riding mowers	2
Sky track genie boom lift	1
Vblue pex banding crimper tool	2
Weed eaters	4
Yellow sperry circuit breaker tester	1
yellow square ruler	1
Caulking gun 14"	3
Chainsaws	2
Combo wrench 1/4"	1

Combo wrench 3/8"	1
Combo wrench 5/16"	1
Combo wrench 7/16"	1
Drum opener	1
Dump trailer	1
Dynabrade belt sander	1
First aid kit	5
Flare tool 4"	3
Flare tool 7"	1
Flex cuff cutter	5
Grease gun 11"	2
High tension hacksaw 5 in 1 12"	1
Hilti hammer drill 2pc 16bits	1
Hinge doctor	2
Impact gun 9"	1
Large stamp set	1
Outside micrometer	2
Pin punch	2
Poncho	5
Pressure gauges	2
Pro press 11pc	1
Pro press 7pc	1
Reflector vest	5
Small stamp set	2
Sprayer gas	1
Staple gun 9"	1
Traffic wand	5
Tweezers	2
Water hose 100'	1
Water hose 50'	1
Water hose 75'	1
Whistle	5
Combo wrench 1 1/16"	1
Combo wrench 1 1/4"	1
Combo wrench 1 1/8"	1
Combo wrench 1"	1
Combo wrench 1"-3/4"	1
Combo wrench 1/2"	1
Combo wrench 1/2-9/16	1
Combo wrench 10"-12"	1
Combo wrench 10mm	1

Combo wrench 11/16"	1
Combo wrench 11mm	1
Combo wrench 12mm	1
Combo wrench 13/16"	1
Combo wrench 13-14	1
Combo wrench 13mm	1
Combo wrench 14mm	1
Combo wrench 15/16"	1
Combo wrench 15-17	1
Combo wrench 15mm	1
Combo wrench 16mm	1
Combo wrench 17mm	1
Combo wrench 18mm	1
Combo wrench 19-21	1
Combo wrench 19mm	1
Combo wrench 21mm	1
Combo wrench 22mm	1
Combo wrench 3/4"	1
Combo wrench 3/8-7/16	1
Combo wrench 5/8"	1
Combo wrench 5/8-11/16	1
Combo wrench 7/8"	1
Combo wrench 7mm	1
Combo wrench 8mm	1
Combo wrench 9/16"	1
Combo wrench 9mm	1
Flex Ratchet wrench 10"	1
Ratchet wrench 11"	1
Ratchet wrench 12"	1
Ratchet wrench 13"	1
Ratchet wrench 14"	1
Ratchet wrench 15"	1
Ratchet wrench 16"	1
Ratchet wrench 17"	1
Box cutter	1
Cable crimps	5
Combination wrench 1"	1
Combination wrench 1/2"	1
Combination wrench 11/16"	1
Combination wrench 11/32"	1
Combination wrench 11mm	1

Combination wrench 12mm	1
Combination wrench 13/16"	1
Combination wrench 13mm	1
Combination wrench 14mm	1
Combination wrench 15/16"	1
Combination wrench 15mm	1
Combination wrench 16mm	1
Combination wrench 17mm	1
Combination wrench 18mm	1
Combination wrench 19mm	1
Combination wrench 3/4"	1
Combination wrench 3/8	1
Combination wrench 5/16"	1
Combination wrench 5/8"	1
Combination wrench 7/8"	1
Combination wrench 8mm	1
Combination wrench 9mm	1
Combination wrench 3/8"	1
Combination wrench 5/16"	1
Combination wrench 7/16"	1
Drill bit set	1
Drum opener 5 1/2"	1
Flex Ratchet wrench 1/2"	1
Flex Ratchet wrench 11/16"	1
Flex Ratchet wrench 3/4"	1
Flex Ratchet wrench 3/8"	1
Flex Ratchet wrench 5/16"	1
Flex Ratchet wrench 5/8"	1
Flex Ratchet wrench 7/16"	1
Flex Ratchet wrench 9/16"	1
Impact driver set	1
Metal Files	10
Ratchet wrench set 7pc	1
Service wrench	2
Snips	6
Wire tie bit	2
Flap sanding disc	7 boxes
25pc extrator set	1
35pc screw extractor set	1
Air hose 50ft	2
Cam view ip pro tester 2pc	1

Chisel	1
Cone bit	1
Crescent wrench 10"	2
Crescent wrench 6"	2
Crescent wrench 8"	2
Crimper	2
Dremel 9pc	1
Electric cord 100'	1
Electric cord 25'	1
Electric cord 45'	1
Electric cord 50'	1
Engraver	3
Fence pliers	1
Hammer drill bit set	4
Hog ring pliers	3
Hydraulic punch driver	1
Impact cutting sheer tool	2
Key hole saw	1
Left hand tin snips	2
Light & electric cord 25'	1
Metal cutoff wheel	2
Miter saw blade 32T	1
Miter saw blade 80T	1
Needle nose pliers mini 4"	1
Needle nose vise grips 7"	1
Needle nose vise grips 8"	1
Oil filter wrench	1
Pilot punch set	1
Punch	12
Right hand tin snips	1
Security bit set	5
Snap ring pliers 12"	1
Vise grips 10.5"	1
Vise grips 5"	1
Vise grips 7"	1
Vise grips 9"	1
Sockets	16
Extention for ratchet	5
1/2" Extention 20"	1
7 in 1 nut driver	1
Crescent wrench 4"	1

Crimping Pliers 20"	1
Damaged screw remover	1
Fluke meter	6
Man hole bolt driver	1
Nut driver 1/2"	1
Nut driver 1/4"	1
Nut driver 3/16"	1
Nut driver 3/8"	1
Nut driver 5/16"	1
Nut driver 7/16"	1
Pipe wrench 10"	2
Pipe wrench 14"	2
Pipe wrench 18"	2
Pipe wrench 24"	1
Pipe wrench 45 degrees 10"	1
Ratchet	1
Socket adapter 1/4"	1
Socket adapter 3/8"	11
Socket set 10pc	1
Swagging tool set 6pc	1
1/2" deep socket set	1
1/3 HP Submersible pump	1
1/4" Extension	1
100' snake	1
3/8" socket set	1
7/32" Socket	1
Aluminum Ladder 24'	1
Aluminum Ladder 28'	1
Battery charger	2
Compressor 3gal	2
Convertor 1/4" to 3/8"	1
Deep socket set 11pc	1
Fertilizer spreader	1
Floor fan	7
Fluke light	1
Fluke tester	1
Garden hoe	1
Grabber	1
Hand/drain snake	2
Impact socket set 14pc	1
Jack	2

Jack stands	4
Meter	5
Metric socket set 9pc	1
Pulley puller	1
Pulley puller set 17pc	1
Recovery pump	1
Snake accessories	4
Socket set 16pc	1
Socket set 30 pc	1
Socket set 33pc	1
Socket set 48pc	1
Socket set 86pc	1
Soldering iron	1
Square shovel	3
Torque wrench	1
Vacuum pump	1
Vacuum/blower	1
Water key	3
10 gal air tank	1
BLD	2 cases
Electric power washer	2
Genie lift	1
Hobart welder	1
Holt	11 cases
Multi surface Magnet	2
Plasma cutter	1
Power washer	1
Reel mowers	6
Shop vacuum	1
Spar Creamer	24 cases
Spill Container	17
Water jet	1
HVAC compressors	4
HVAC compressors	1
HVAC compressors	1
HVAC compressors	1
HVAC compressors	1
HVAC compressors	2
Tiger flow pump elec motor	2
Exhaust fan	4
Riser cable	7 boxes

Coax cable	14 rolls
Smart wire	1 roll
Wire	1 roll
Welding wire	3 rolls
Wire wheel	8
Brick trowel	4
L box	1
Wire brush	2
Cable stripper	4
Tuning fork	1
Tire iron	1
Rivet gun	2
Steel fish tape	1
PVC cutter	1
Shark bite	2
Pipe crimper	1
Compression cable crimper	1
Pipe crimper	1
Tubing cutter	1
Twine retrieving tool	1
Sledge hammer	1
Shop hammer	3
Digital caliper	1
Speed square	1
Claw hammer	3
Rubber mallet	4
Framing square	4
Box depth gauge	1
Round measure	1
Basin wrench	1
Fish stix	1
A/C fan puller	5
Oil filter wrench	1
Deep socket	1
Ratchet extensions	12
Ratchets	4
Nut drivers	21
Offset bender	1
S toolbox	1
Tork set	1
Allen wrench sets	7

Tap set	5
Allen wrench socket set	1
Battery tender	1
Chop saw	1
B bag 24 pcs	1
A bag 28 pcs	1
T bag 30 pcs	1
D bag 31 pcs	1
electric sander	1
Ground and outlet tester	1
Advanced wire tester	1
Tubing bender	2
Quick grip clamp	1
C clamp	2
Screwdrivers	35
Precision screwdriver set	9
Chipping hammer	1
Nail puller	1
Crow bar	1
A box 6pc	1
B box 7 pc	1
C box 6 pc	1
D box 18 pc	1
E box 2 pc	1
Cordless angle driver	1
Electric sawzall	1
Crimpers	4
Drill bits	4
Box cutters	3
Drill bit sets	4
Metal cutting wheels	2
Electric biscuit joiner	1
Impact cutting shear	1
Elect grinder	1
Miter saw	2
Cordless oscillating tool	1
Right angle attachment	1
Head lamp	2
Elect skillsaw	1
Pigtail	8
Thread detective	3

Wall scraper	18
C bag 7pc	1
G bag 6pc	1
J bag 7pc	1
Z bag 8pc	1
Saw blades	7
Flap wheel sanding	1
Grinding wheel	8
Multi spline extractor set 25 pc	1

EXHIBIT E
STATE ENHANCEMENTS & COSTS

State-Requested Enhancement	Enhancement Cost
<u>Cable TV & Electrical Outlets in Cells</u> <ul style="list-style-type: none">• To allow the individual use of televisions and other approved electrical devices, each cell is to be equipped with access to cable television and power outlets for each inmate.	\$3,352,693
<u>Repair Existing Perimeter Stun Fence</u> <ul style="list-style-type: none">• Repair existing perimeter stun fence to enhance perimeter security.	\$146,120