

Memorandum of Understanding

This Memorandum of Understanding (this "MOU") is made this _____ day of September, 2018 by and between the San Luis Facility Development Corporation, an Arizona nonprofit corporation, 1090 East Union Street, San Luis, Arizona ("SLFDC") and LaSalle Corrections, L.L.C., a Louisiana Limited Liability Corporation having its Southwest operations at 26228 Ranch Road 12, Dripping Springs, Texas ("LaSalle").

SLFDC and LaSalle may be referred to singularly as the "Party" or collectively as the "Parties."

Recitals

On December 5, 2016, a court order issued approving a forbearance agreement between the then operator, Emerald Correctional Management L.L.C. (Emerald"), the SLFDC, and U.S. Bank National Association ("U.S. Bank") (in its capacity as Trustee under the October 1, 2005 Trust Indenture and its supplements for the bonds for the San Luis Regional Detention Center Project) regarding a restructure of payments pursuant to the Trust Indenture for the bond issue(s) made and issued by the SLFDC for the San Luis Regional Detention Project.. As part of said forbearance agreement, the Revised, Amended and Restated Facility Operation and Management Agreement between Emerald and the SLFDC was executed on the 20 day of October, 2016.

On April 7, 2017 Emerald assigned said Revised, Amended and Restated Facility Operation and Management Agreement to LaSalle Corrections, L.L.C. The former management agreement between Emerald and SLFDC dated March 11, 2011 was not assigned.

On August 28, 2018, the Trustee sent a "90 Day Notice to Issuer and Operator RE Termination of Forbearance Agreement" to terminate both the forbearance agreement and the Revised, Amended and Restated Facility Operation on December 1, 2018.

In order to have an operating agreement on December 1, 2018, LaSalle and San Luis Facility Development Corporation desire to negotiate an agreement to be effective December 1, 2018.

NOW, THEREFORE, in consideration of entering into this MOU, and for other good and valuable consideration receipt of which is here acknowledged, the parties agree as follows:

1. The above recitals are expressly incorporated here and made part of this MOU.
2. SLFDC and LaSalle shall use their best efforts to negotiate diligently in good faith and to take all necessary processes, steps and legal requirements to have an operating and management agreement for the San Luis Regional Detention and Support Center by or before Thursday, November 1, 2018 and in any case no later than December 1, 2018 for the agreement to be effective on December 1, 2018. The Parties understand that the operating and management agreement effective December 1, 2018 must conform to the Trust Indenture between the San Luis Facility

Development Corporation, as Issuer and U.S. Bank National Association, as Trusted dated October 1, 2005 and all of its supplements.

3. It is understood and agreed that the current Revised, Amended and Restated Facility Operation and Management Agreement executed October 20, 2016 shall remain in full force and effect until its termination on December 1, 2018.

4. The Parties agree that it is of paramount importance for the continued efficient functioning of the San Luis Regional Detention and Support Center that there be no lapse in time between the Termination of the Revised, Amended and Restated Facility Operation and Management Agreement on December 1, 2018 and the effective date of a new Operation and Management Agreement.

5. Term and Time is of the Essence. SLFDC and LaSalle agree that **time is of the essence.**

5.1 The Parties are committed to a new Operation and Management Agreement between each other to be effective December 1, 2018 to be created before December 1, 2018.

5.2 This MOU terminates upon the Parties' full execution of such an Operation and Management Agreement except as to section 5.3 of this MOU.

5.3 If the Parties have not negotiated an Operation and Management Agreement by December 1, 2018, then the Parties hereby agree to abide by the Amended and Restated Facility Operation and Management Agreement between the San Luis Facility Development Corporation and Emerald Correctional Management, L.L.C. until a new Operation and Management Agreement is effective.

5.4 The attached Amended and Restated Facility Operation and Management Agreement between the San Luis Facility Development Corporation and Emerald Correctional Management, L.L.C. is hereby incorporated into this MOU by this reference and made a part of this MOU" as if set out here in full.

6. It is further expressly agreed by the Parties that any and all administrative costs incurred by either in carrying out the terms of this MOU shall be borne solely by each Party, respectively.

7. Provisions Required by Arizona Law

7.1 Conflict of Interest

LaSalle declares that it presently has no interest and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of this MOU. LaSalle further declares that in the performance of this MOU no subcontractor or person having such interest shall be employed. LaSalle certifies that, if it hires any employee, no one who has or will have any financial interest in this MOU is an officer or employee of SLFDC or the City of San Luis.

Under Arizona law, rules and regulations, no member, official or employee of SLFDC or the City of San Luis shall have any personal interest, direct or indirect in this MOU, nor shall any such member, official or employee participate in any decision relating this MOU which affects his or her personal interest or the

interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. This Agreement is subject to the cancelation provisions of A.R.S. §38-511.

7.2 Employment Eligibility

LaSalle hereby warrants that it is in compliance with all federal immigration laws and regulations that relate to its employees and with A.R.S. § 23-214 relating to verification of employment eligibility. A breach of this warranty shall be deemed a material breach of this MOU. City retains the legal right to inspect the papers of LaSalle to ensure that LaSalle complies with this warranty.

7.3 Boycott

LaSalle certifies that it does not participate in, and agrees not to participate in during the term of this MOU a boycott of Israel under A.R.S. § 35-393.01. The undersigned understands this certification will become public record under A.A.C. R2-7-C317.

8. Miscellaneous Provisions

8.1 Authority. The undersigned represent to each other that they have full power and authority to enter into this MOU, and that all necessary actions have been taken to give full force and effect to this MOU.

8.2 Severability. If any other provision of the MOU is declared void or unenforceable, such provision shall be severed from this MOU, which shall otherwise remain in full force and effect.

8.3 No Assignment nor Assumption. LaSalle shall not assign the benefits of, or delegate the obligations arising under, this MOU to any person or entity.

8.4 No Third-Party Beneficiaries. There are no third-party beneficiaries to this MOU, and no person or entity not a Party shall have any right or cause of action under this MOU.

8.5 No Personal Liability. No member, official or employee of SLFDC shall be personally liable to LaSalle, or any successor or assignee, (a) if any default occurs or breach by SLFDC, (b) for any amount which may become due to LaSalle or its successor or assignee, or (c) under any obligation of the SLFDC under this MOU. Notwithstanding anything contained in this Agreement to the contrary, the liability of LaSalle under this Agreement shall be limited solely to the assets of LaSalle and shall not extend to or be enforceable against: (i) the individual assets of the individuals or entities who are shareholders, members, managers constituent partners, officers or directors of the general partners or members of LaSalle; (ii) the shareholders, members or managers or constituent partners of LaSalle; or (iii) officers of LaSalle.

8.6 Further Acts. Each of the Parties shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this MOU.

8.7 Entire Agreement. This MOU, constitutes the entire agreement between the Parties pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written, are superseded and merged in this MOU.

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8.8 Counterparts. This MOU may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signature of all Parties may be physically attached to a single document.

This MOU is executed at as of the date appearing first above.

San Luis Facility Development Corporation

Jenny Torres, President

ATTEST:

APPROVED AS TO FORM:

Olivia Jenkins, Secretary-Treasurer

Kay Marion Macuil, Corporation Attorney

LaSalle Corrections, L.L.C.

Tim Kurpiewski, Chief Financial Officer