



Global Corporate Trust Services
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071

90 DAY NOTICE TO ISSUER AND OPERATOR
RE
TERMINATION OF FORBEARANCE AGREEMENT

\$26,090,000 San Luis Facility Development Corporation
Senior Lien Taxable Refunding Revenue Bonds
(San Luis Regional Detention Center Project) Series 2014 (“Series 2014 Bonds”)

\$20,835,000 San Luis Facility Development Corporation
Senior Lien Taxable Refunding Revenue Bonds
(San Luis Regional Detention Center Project) Series 2014-A (“Series 2014A Bonds”)

August 28, 2018

Ms. Jenny Torres
President
San Luis Facility Development Corporation
1090 E. Union St.
San Luis, AZ 85349
E-Mail: jtorres@cityofsanluis.org

Mr. Tim Kurpiewski
Chief Financial Officer
LaSalle Southwest Corrections
26228 Ranch Road 12
Dripping Springs, TX 78620
E-Mail: timkswc@aol.com

As you know U.S. Bank National Association serves as trustee (in such capacity, the “Trustee”) under that certain Trust Indenture dated as of October 1, 2005, between San Luis Facility Development Corporation, as issuer (the “Issuer”), and the Trustee, as supplemented by that certain First Supplemental Indenture dated as of February 1, 2011, Second Supplemental Indenture dated as of March 27, 2014, Third Supplemental Indenture dated as of April 1, 2014, and Fourth Supplemental Indenture dated as of July 1, 2014 (as further amended or supplemented from time to time, the “Indenture”), pursuant to which the above-referenced Series 2014 Bonds and Series 2014A Bonds (collectively, the “Bonds”) have been issued and are outstanding. Capitalized terms used and not otherwise defined in this notice shall have the meanings given to such terms in the Indenture or the Forbearance Agreement defined below.

Reference is hereby made to that certain Interim Agreement Regarding Forbearance, Operation of Project and Project Revenues, dated as of October 20, 2016 (“Forbearance Agreement”), by and

among the Trustee, the Issuer and Emerald Correctional Management L.L.C. (the “Former Operator”), as assigned by the Former Operator to and assumed by LaSalle Corrections, Inc. (“LaSalle”) on or about April 7, 2017, pursuant to Assignment and Assumption Agreement between the Former Operator and LaSalle.

Pursuant to Section 6 of the Forbearance Agreement, the Trustee hereby notifies and informs the Issuer and LaSalle that it is exercising its right to terminate the Forbearance Agreement effective as of December 1, 2018, which date shall constitute the Termination Date under the Forbearance Agreement without further notice to or action by any party. For the avoidance of doubt, nothing herein shall constitute a waiver of any right or remedy of the Trustee or any Bondholder under any document or agreement or of any present or future Event of Default, or a modification of the duties and obligations of the Issuer under the Indenture.

If you have any questions, please contact the undersigned at 213-615-6034 or via email at Keith.Marshall@usbank.com.

U.S. BANK NATIONAL ASSOCIATION,
not individually but solely in its capacity as Trustee

By: Keith R. Marshall
Keith R. Marshall
Vice President