

THIRD AMENDMENT TO
FACILITY OPERATION AND MANAGEMENT AGREEMENT

This Third Amendment to Facility Operation and Management Agreement (this “3rd Amendment”) is entered into on this ____ day of _____ 2025 between:

San Luis Facility Development Corp. 1090 East Union Street P.O. Box 1170 San Luis, Arizona 85349, an Arizona nonprofit corporation (“MPC”) and	LaSalle Corrections West, L.L.C. 26228 Ranch Road 12 (Domicile Address) Dripping Springs, Texas 78620-4903 192 Bastille Lane (Principal Address) Suite 200 Ruston, Louisiana 71270, a Louisiana limited liability company (“Operator”).
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RECITALS

WHEREAS, this 3rd Amendment restates the 2nd Amendment to preserve the extension and termination provisions, and amends the Facility Operation and Management Agreement between the Parties named above, first effective on December 1, 2019 (“Operating Agreement”) for the operation of the San Luis Regional Detention and Support Center (the “Facility”); and

WHEREAS, this 3rd Amendment uses the definitions provided in the Operating Agreement; and

WHEREAS, under Section 18.01 of the Operating Agreement, the Operating Agreement may be amended only by a written instrument specifically purporting to amend the Operating Agreement and executed by all Parties; and

WHEREAS, on July 2, 2024, the MPC unanimously approved renewing the Operating Agreement with the Operator; and

WHEREAS, on August 2, 2024, the Operator gave notice of nonrenewal; and

WHEREAS, on September 3, 2024, the MPC approved a First Amendment to the Operating Agreement (“1st Amendment”), which the Operator never signed, and so it never became effective;

WHEREAS, on September 19, 2024, the MPC approved a Second Amendment to the Operating Agreement (“2nd Amendment”), which the Operator had signed on September 18, 2024, which extended the Operating Agreement unless terminated by either Party with seventy-five (75) days’ notice; and

WHEREAS, the Parties mutually agreed to waive any deadline required by Section 2:02 of the Operating Agreement and extended the Operating Agreement through means of the 2nd Amendment until modified terms could be discussed; and

WHEREAS, the Parties were able to negotiate higher rates under the Intergovernmental Service Agreements with the U.S. Immigration and Customs Enforcement (“ICE”) and the U.S. Marshals Service; and

WHEREAS, in November 2024, the MPC, the Operator, and the Trustee agreed to a forbearance settlement, which was submitted to the Second Judicial District Court of Ramsey County, Minnesota (“TIP Court”) for a Trust Instruction Proceeding for approval, which was granted on November 4, 2024 and effective from September 1, 2024 through April 30, 2025 (“September 2024 Forbearance Agreement”); and

WHEREAS, on July 31, 2025, the MPC, the Operator, and the Trustee entered into a forbearance agreement titled “Amended and Restated Agreement Regarding Temporary Forbearance, Operation of Project and Project Revenues,” which replaced the November 2024 forbearance agreement, and is effective as of May 1, 2025, through April 30, 2027 (“May 2025 Forbearance Agreement”) which is pending approval by the TIP Court; and

WHEREAS, the May 2025 Forbearance Agreement is pending approval through the TIP Court; and

WHEREAS, the purpose of this 3rd Agreement is to document the status of the City Business License Fee under the Operating Agreement, Section 3.01(b)(iv) and Section 3.01(b)(vi) City’s Variable Business License Fee during the September 2024 Forbearance and the May 2025 Forbearance Agreement.

NOW, THEREFORE, in consideration of the mutual rights, benefits, and obligations exchanged to extend the Operating Agreement, the Parties agree and bind themselves to the foregoing Recitals, and as follows:

1. **Incorporation by Reference:** The above Recitals and the Operating Agreement are incorporated by reference and made a part of this 3rd Amendment as if fully set forth herein.
2. **2nd Amendment:** The 2nd Amendment to the Operating Agreement is hereby restated, replaced, amended, and appended by this 3rd Amendment.
3. **Section 2.01:** The Parties preserve Section 2.01 as amended by the 2nd Amendment to read as follows:

The MPC retains the Operator exclusively, and the Operator accepts this engagement for the operation, management, and maintenance of the Facility of this Operating Agreement. The term of this Operating Agreement shall begin on the Effective Date, December 1, 2019, and shall be automatically extended after November 30, 2024, and shall continue in full force and effect until terminated by either Party upon a minimum of seventy-five (75) days' prior written notice to the other Party ("Primary Term"). At the termination of the Primary Term, the Parties may mutually agree to two (2), five-year renewal terms ("Renewal Term"), which can be exercised by the mutual agreement of the MPC and the Operator. The first Renewal Term shall expire on November 30, 2029. If the Parties have not mutually agreed to any such renewal by the deadline required by Section 2.02, this Agreement shall terminate upon the expiration of the then-current term. By this 3rd Amendment, the Parties have mutually agreed to extend the Primary Term and waive any deadline required by Section 2.02 for extending the Primary Term.

4. **Replace Contact information for the Notice Section 16.01:** The Parties preserve Section 16.01 as amended by the 2nd Amendment to read as follows:

Notice to the MPC Shall be delivered or Sent to:	San Luis Facility Development Corporation 1090 East Union Street (Delivery) P.O. Box 1170 (By U.S. Postal Service) San Luis, Arizona 85349 Attention: Board President Jenny Torres Copy to: Board General Counsel Kay Marion Macuil Copy to: Board Finance Adviser Roula Encinas
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<p>Notice to the Operator Shall be delivered or sent to:</p>	<p>LaSalle Corrections, L.L.C. 192 Bastille Lane, Suite 200 Ruston, Louisiana 71270 Attention: William K. "Billy" McConnell (Managing Director)</p> <p>Copy to: Tim Kurpiewski, Chief Financial Officer LaSalle Southwestern Correctional, LLC 14707 Fitzhugh Road, B0100 Austin, Texas 78736-6313</p>
<p>Notice to the Trustee Shall be delivered or sent to:</p>	<p>U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION (successor Trustee for US Bank) 5715 Burlington Lane Olive Branch, Mississippi 38654 Attention: Charles S. Hodges, Vice President</p>

5. **Section 3.01(b)(iv)** of the Operating Agreement is restated and appended to read:

City Business License Fee To the extent that there are sufficient available Project Revenue after satisfaction of the above priorities deposits the Trustee shall pay the City a fixed monthly City Business License Fee of \$40,000.00 ("City Business License Fee"), and will also include any prior unreimbursed City Business License Fees. Any unpaid amounts will be carried forward to the next month.

- **Before September 1, 2024:** As of August 31, 2024, the City Business License Fee accrued \$1,245,292.00, which has not been paid as of the signing of this 3rd Amendment and continues to be owed to the City.
- **September 1, 2024-April 30, 2025:** During the September 2024 Forbearance Agreement, the City Business License Fee was suspended and did not accrue for the period of September 1, 2024, through April 30, 2025.
- **May 1, 2025, Forbearance:** For the duration the May 2025 Forbearance Agreement is in effect, it replaces the Operating Agreement's City Business License Fee with the "City Fee" in Section 1. f. of the May 2025 Forbearance Agreement.
- **Termination of the May Forbearance:** Upon the expiration or termination of the May 2025 Forbearance Agreement, to the extent that there is sufficient available Project Revenue after satisfaction of the priorities in Section 3.01(b)(i) through (iii), the Trustee shall pay the City a

fixed monthly City Business License Fee of \$40,000.00 (“City Business License Fee”), and will also include any prior unreimbursed City Business License Fees. Any unpaid amounts will be carried forward to the next month; and

6. **Section 3.01(b)(vi)** of the Operating Agreement is hereby restated and appended to read:

“Variable Incentive Fee” and City’s “Variable Business License Fee” After paying the above costs and fees in subsection (i) through (v), if there is sufficient net Project Revenue in the Operator Fee Account, the MPC shall direct the Trustee to pay from the Operator Fee Account a Variable Fee when the average Inmate Days for a month is 638 or above. The Operator shall be paid an amount equal to \$20 per inmate per day in that month (the “Variable Incentive Fee”), and the City shall be paid a “Variable Business License Fee” equal to \$5 per inmate per day in that month. The amounts will be paid in a pro-rata share between the Operator and the City; provided, however, if there is not sufficient net Project Revenue to pay both variable fees, the Operator and the City shall only be paid to the extent of available net Project Revenue and any unpaid amounts will be carried forward to the next month, except as provided in Section 3.01 of this Agreement. See section 3.10 below for the calculation of those Inmate Days.

Variable Incentive Fee

- **Before September 1, 2024:** As of August 31, 2025, the Variable Incentive Fee accrued \$4,578,935.46, which has not been paid as of the signing of this 3rd Amendment and continues to be owed to the Operator.
- **September 1, 2024-April 30, 2025:** During the September 2024 Forbearance Agreement, the Variable Incentive Fee was suspended and did not accrue.
- **May 1, 2025, Forbearance:** For the duration of the May 2025 Forbearance Agreement, the Variable Incentive Fee is suspended and will not accrue.

City’s Variable Business License Fee During the Forbearances

- **Before September 1, 2024:** As of August 31, 2024, the City’s Variable Business License Fee accrued \$1,144,733.87, which has not been paid as of the signing of this 3rd Amendment. Given that the City’s Variable Business License Fee is penultimate to the last priority of payments, the accrual of the City’s Variable Business License Fee through August 31, 2024, is **discharged**.

- **September 1, 2024-April 30, 2025:** During the September 2024 Forbearance Agreement, the City's Variable Business License Fee was suspended and did not accrue.
- **May 1, 2025, Forbearance:** For the duration of the May 2025 Forbearance Agreement, the City's Variable Business License Fee is suspended and will not accrue.
- **Termination of the May Forbearance:**
For Both the Variable Incentive Fee and Variable Business License Fee

Upon the expiration or termination of the May 2025 Forbearance Agreement, the Variable Incentive Fee and City's Variable Business License Fee, after paying the costs and fees in 3.01(b) (i) through (v), if there is sufficient net Project Revenue in the Operator Fee Account, the MPC shall direct the Trustee to pay from the Operator Fee Account a Variable Fee when the average Inmate Days for a month is 638 or above. The Operator shall be paid an amount equal to \$20 per inmate per day in that month (the "Variable Incentive Fee"), and the City shall be paid a "Variable Business License Fee" equal to \$5 per inmate per day in that month. The amounts will be paid in a pro-rata share between the Operator and the City; provided, however, if there is not sufficient net Project Revenue to pay both variable fees, the Operator and the City shall only be paid to the extent of available net Project Revenue and any unpaid amounts will be carried forward to the next month, except as provided in Section 3.01(c) of this Agreement. See section 3.10 below for the calculation of those Inmate Days; and

7. **Section 3.01(b)(vii)** Section 3.01(b)(vii) remains unchanged from the December 2019 wording of the Agreement, for reference here states: "Surplus Fund Amounts" Any funds remaining after paying the Variable Incentive Fee and the Variable Business License Fee including any carryover shall follow the requirements for the excess of the Operator Fee Account under the Indenture as it relates to surplus account defined in Section 5.06(f) of the Indenture. In each case, nothing in this Section 3.01 of this Operating Agreement shall be construed in a manner inconsistent with the Indenture.
8. **Execution Authority:** By his or her signature below, each signatory individual certifies that he or she is the properly authorized agent or officer of the applicable Party hereto and has the necessary authority to execute this 3rd Amendment on behalf of such Party and each Party hereby certifies to the other that any required documents to create such authority have been duly passed and are now in full force and effect.

9. Performance of this 3rd Amendment and Entire Agreement: The performance of the obligations under this 3rd Amendment shall be deemed to be the performance of the obligations under the original Operating Agreement. All references to the Operating Agreement in any document or instrument shall be deemed to refer to the Operating Agreement as amended by this 3rd Amendment. The Operating Agreement and this 3rd Amendment are the entire agreement of the Parties.

This 3rd Amendment shall inure to the benefit of and bind the respective Parties' heirs, legal representatives, and successors. The Parties have executed this 3rd Amendment on the day and year set forth above, the day the last Party approved this 3rd Amendment.

<p>Attest:</p> <p>_____ Maria Gonzalez, Secretary</p>	<p>San Luis Facility Development Corporation</p> <p>_____ Jenny Torres, President _____ Date</p> <p>Approved As to Form:</p> <p>_____ Kay Marion Macuil, General Counsel</p> <p>LaSalle Corrections West, L.L.C.</p> <p>_____ Tim Kurpiewski, C.F.O. _____ Date</p>
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