

NOTICE OF MEETING

In accordance with section 38-431.01 of the Arizona Revised Statutes of the State of Arizona, notice is hereby given to the Members of San Luis Facility Development Corporation and to the general public that the Board Members of the San Luis Facility Development Corporation will hold a Regular Meeting Tuesday, June 23, 2026 at 5:30 p.m. The meeting will take place at City Hall in Council Chambers, located at 1090 E. Union Street, San Luis, Arizona, 85349. Everyone from the public is invited to attend the open meeting.

In accordance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, the City of San Luis does not discriminate on the basis of disability in the admission of or access to, or treatment of employment in its programs, activities, or services. For information regarding rights and provisions of the ADA or Section 504, or to request reasonable accommodations for participation in City programs, activities or services contact: ADA/Section 504 Coordinator, City of San Luis Human Resources Department, 1090 E. Union Street, San Luis, Arizona, 85349; (928) 341-8520.

Pursuant to A.R.S. § 1-602(A)(9), parents have the right to consent before a minor child is audio or video-recorded. The San Luis Facility Development Corporation meetings are recorded, and children present may be captured in those recordings. Parents may file written consent with the City Clerk or ensure their child is not present during recordings. If a child is present, the City will assume parental consent has been waived.

THIS NOTICE IS APPROVED BY:

/s/ Sonia Cornelio, City Clerk

AVISO DE JUNTA

De acuerdo con los Estatutos del Estado de Arizona (A.R.S.) § 38-431.01, se le informa a los miembros de la Corporación San Luis Facility Development Corporation y al público en general que los miembros de la Corporación San Luis Facility Development Corporation, tendrán una Junta Regular el día Martes, Junio 23, 2026 a las 5:30 p.m. La junta se llevará a cabo en el Salon Del Cabildo ubicada en el 1090 E. Union Street, San Luis, Arizona 85349. El público está cordialmente invitado a la junta.

De acuerdo con el Acta de Americanos con Discapacidades y la Sección 504 del Acta de Rehabilitación del 1973, la Ciudad de San Luis, Arizona no discrimina por causa de discapacidad la admisión y acceso a sus programas, actividades, servicios o en el trato en cuanto a empleo. Para más información referente a derechos y provisiones del Acta de Americanos con Discapacidades o Sección 504, o para solicitar adaptaciones que sean razonables para la participación en programas, actividades o servicios de la Ciudad, contactar al: Coordinador del Acta de Americanos con Discapacidades/Sección 504, Departamento de Recursos Humanos de la Ciudad de San Luis, Arizona, ubicada en el 1090 E. Union Street, San Luis, Arizona, 85349; (928) 341-8520.

Por medio de este aviso y de acuerdo con los Estatutos del Estado de Arizona (A.R.S.) § 1-602.A.9, los padres tienen el derecho de dar su consentimiento antes de que un menor sea grabado en audio o video. Las reuniones de la Corporación de Desarrollo de Instalaciones de San Luis son grabadas, por lo que los menores presentes podrían ser captados en dichas grabaciones. Los padres pueden presentar un consentimiento por escrito ante el Secretario Municipal o asegurarse de que sus hijos no estén presentes durante las grabaciones. Si un menor está presente, se considerará que el consentimiento ha sido otorgado.

ESTE AVISO ES APROBADO POR:

/f/ Sonia Cornelio, Secretaria Municipal

AGENDA
SAN LUIS FACILITY DEVELOPMENT CORPORATION
San Luis Council Chambers
1090 E. Union Street
San Luis, Arizona 85349
June 23, 2026
5:30 p.m.

PLEASE TAKE NOTICE THAT BOARD MEMBERS MAY ATTEND THE MEETING IN PERSON, TELEPHONE, OR VIDEO CONFERENCE COMMUNICATION.

PLEASE TAKE NOTICE: The Chair or Acting Chair may change the order of the items.

PLEASE TAKE NOTICE: If authorized by law and by a majority vote of a present quorum of the Board of Directors, an executive session will be held immediately following the vote in accordance with A.R.S. § 38-431.03(A) and the meeting will be temporarily recessed while the Board retires to executive session, which will not be open to the public.

1. CALL TO ORDER/ROLL CALL

2. CONSENT AGENDA

2. A. MINUTES OF

- Special meeting held October 29, 2025
- Regular meeting held January 28, 2026

3. DISCUSSION AND POSSIBLE ACTION ITEMS:

- 3. A.** Discussion and possible action on any and all matters regarding the approval of Resolution No. 2026-01. A resolution of the San Luis Facility Development Corporation Board of Directors authorizing and approving the conveyance of a permanent easement to the City of San Luis. **(Joseph Estes, General Counsel)**

3. B. EXECUTIVE SESSION

Discussion and possible action to hold an executive session pursuant to A.R.S. § 38-431.03(A) (3), (4) and (7) on any and all matters regarding Resolution 2026-02. A proposed First Amendment to Forbearance Agreement for consent to appointment of Receiver and sale of the San Luis Detention Center for discussion or consultation for legal advice with the San Luis Facility Development Corporation's legal counsel in order to consider the Corporation's position and instruct its legal counsel.
(Joseph Estes, General Counsel and Bill Sims, Outside Counsel)

4. MOTION TO GO BACK TO REGULAR SESSION

5. DISCUSSION AND POSSIBLE ACTION ITEM:

Discussion and possible action on any and all matters regarding Resolution No. 2026-02. A Resolution of the San Luis Facility Development Corporation Board of Directors in support of the San Luis Regional Detention and Support Center, approving the First Amendment to the Amended and Restated Agreement with U.S. Bank Trust Company and LaSalle Corrections to extend the forbearance of the bonds until April 30, 2027; repealing conflicting provisions; and providing for severability. **(Joseph Estes, General Counsel)**

6. ADJOURNMENT

San Luis Facility Development Corporation

2. A.

Meeting Date: 06/23/2026

Summary

MINUTES OF

- Special meeting held October 29, 2025
 - Regular meeting held January 28, 2026
-

Attachments

Minutes 10-29-2025

Minutes 1-28-2026

**MINUTES
SPECIAL MEETING
SAN LUIS FACILITY DEVELOPMENT CORPORATION
San Luis Council Chambers
1090 E. Union Street
San Luis, Arizona 85349
OCTOBER 29, 2025
5:30 p.m.**

CALL TO ORDER/ROLL CALL President Jenny Torres called the meeting to order at approximately 5:30 p.m.

THOSE PRESENT:

Director Maria Gonzalez
Vice President Joe Harper
Director Marco Pinzon
Director Eulogio Vera
President Jenny Torres

OTHERS PRESENT:

Kay Marion Macuil, City Attorney, Attorney for the Corporation
Janet Taylor, Legal Assistant, Clerk of the Board
Roula Encinas, Finance Director
Miguel Ramirez, Assistant Finance Director
David Rivas, Warden LaSalle Corrections
Thomas Carroll, Assistant Warden LaSalle Corrections
Antonio Maldonado, Multi-Media Production & Operations Specialist
Albert Moreno, IT Technician

Consent Agenda

All matters are considered to be routine by the Commission and will be enacted by one motion. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

2.A. MINUTES OF:

- Regular Meeting held July 23, 2025

MOTION: Director Eulogio Vera and Director Marco Pinzon approved the minutes of the meeting held July 23, 2025. Motion passed unanimously.

The vote was as follows:

Director Maria Gonzalez	Aye
Vice President Joe Harper	Aye
Director Marco Pinzon	Aye
Director Eulogio Vera	Aye
President Jenny Torres	Aye

DISCUSSION AND POSSIBLE ACTION ITEMS:

3.A. Discussion and possible action on any and all matters regarding Resolution No. 2025-01: A resolution of the San Luis Facility Development Corporation authorizing reimbursement to LaSalle Corrections from the Operating Reserve/Repair/Contingency Fund for the replacement and installation of three (3) HVAC units. (Kay Marion Macuil, General Counsel to the Board)

Ms. Macuil discussed the new HVAC units, the last one installed in September. She stated that the Warden was present if anyone had any questions. And the total cost came to \$ 104,328.37.

Director Pinzon asked if these were the original equipment that we are replacing, and the Warden responded; Yes, that they were from 2007.

MOTION: Director Marco Pinzon and Director Maria Gonzalez approved Resolution No. 2025-01 for the purchase of the three (3) HVAC units purchased and related expenses to come from the Bond Operating Reserve/Repair/Contingency Account in an amount not to exceed \$104,328.37. Motion passed unanimously.

The vote was as follows:

Director Maria Gonzalez	Aye
Vice President Joe Harper	Aye
Director Marco Pinzon	Aye
Director Eulogio Vera	Aye
President Jenny Torres	Aye

3.B. Discussion and possible action on any and all matters regarding Resolution No. 2025-02. A resolution of the Board of the San Luis Facility Development Corporation in support of the San Luis Regional Detention and Support Center, ratifying the 2025 Amended and Restated Agreement with U.S. Bank Trust Company and LaSalle Corrections to extend the forbearance of the bonds until April 30, 2027; repealing conflicting provisions; and providing for severability. (Kay Marion Macuil, General Counsel)

Kay Marion Macuil explained to the board that since the writing of this agenda item this did go to court in Minnesota and that there is an actual change. She instructed the board to refer to page seven (7) in the forbearance agreement handout. It summarizes what went into the forbearance agreement.

Ms. Macuil stated that we have been in forbearance since September 2024 and that this new forbearance will take us out to April 30, 2027. The terms start on page seven (7). Ms. Macuil explained the Fiscal Impact, which is included in this agenda item. She also discussed the steps of the waterfall in the new forbearance agreement.

President Jenny Torres asked the board if they had any questions explaining that this was not the board's first rodeo with forbearance.

Finance Director Roula Encinas explained that we have not received a business license fee for many years.

President Torres stated that more on this item will be discussed in Item No. 3E. This was a court order.

MOTION: Director Marco Pinzon and Director Maria Gonzalez approve Resolution No. 2025-02 Ratifying the Amended and Restated Agreement regarding temporary Forbearance, Operation of Project and Project Revenues executed July 31, 2025. Motion passed unanimously.

The vote was as follows:

Director Maria Gonzalez	Aye
Vice President Joe Harper	Aye
Director Marco Pinzon	Aye
Director Eulogio Vera	Aye
President Jenny Torres	Aye

3.C. Discussion and possible action on any and all matters regarding the ratification of the Intergovernmental Service Agreement with the U.S. federal agency Immigration and Customs Enforcement ("ICE") to provide detention services for five (5) years. (Kay Marion Macuil, General Counsel)

Kay Macuil, General Counsel, explained to the board that the San Luis Facility Development Corporation's General Counsel and La Salle Correction's Chief Financial Officer were able to negotiate a \$40 per head increase, a guaranteed minimum of 100 detainees, and a \$5.83 per mile mileage rate for transportation, due to the specialized secure buses that are used for transportation. Detention Services are to be provided under the detailed terms and standards provided in the Intergovernmental Service Agreement ("IGSA") from March 1, 2025, through February 28, 2030. The IGSA is attached. The President of the San Luis Facility Development Corporation signed the IGSA on February 28, 2025. The recommendation for this item is to ratify the IGSA.

President Torres stated that in previous boards, we were directed to examine forbearance and negotiate these contracts with federal agencies to make our operations more feasible, which was part of the negotiations that LaSalle and the Facility Corporation undertook to increase those rates.

Ms. Macuil added that this would take us out five years.

MOTION: Director Eulogio Vera and Director Marco Pinzon move to ratify the 2025 Intergovernmental Service Agreement with ICE for detention services for five (5) years as presented. Motion passed unanimously.

The vote was as follows:

Director Maria Gonzalez	Aye
Vice President Joe Harper	Aye
Director Marco Pinzon	Aye
Director Eulogio Vera	Aye
President Jenny Torres	Aye

3.D. Discussion and possible action on any and all matters regarding the ratification of the Intergovernmental Service Agreement with the U.S. federal agency Marshals Service ("ICE") to provide detention services for three (3) years.

Ms. Macuil explained that the SLFDC General Counsel and the Chief Financial Officer were able to negotiate the following with the U.S. Marshals Service Intergovernmental Agreement ("IGSA"). She stated that the contracts are with the board, not with LaSalle. The transportation increase goes straight to LaSalle; they don't go through the operating agreement or the trustees.

The per head, per diem rate increases from \$104.84 to \$140.00. The hourly rate for transportation to court, medical appointments, hospital, and the Marshals Service Justice Prisoner and Alien Transportation System increases from \$35.17 to \$38.50. The IGSA is extended starting March 1, 2025, for 36 months (which is 3 years) to February 29, 2028

MOTION: Director Marco Pinzon and Vice President Joe Harper move to ratify the 2025 Intergovernmental Services Agreement with the U.S. Marshals Service for three (3) years of Detention Services as presented. Motion passed unanimously.

The vote was as follows:

Director Maria Gonzalez	Aye
Vice President Joe Harper	Aye
Director Marco Pinzon	Aye
Director Eulogio Vera	Aye
President Jenny Torres	Aye

3.E. Discussion and possible action on any and all matters regarding a third amendment to the Operating Agreement with LaSalle Corrections to clarify payments of the City of San Luis License Fee, and variable fees for the City of San Luis and LaSalle corrections before, during and after the forbearance periods. (Kay Marion Macuil, General Counsel)

Ms. Macuil stated that the city is audited annually by an independent auditor, who examines the entire arrangement related to this project. Although the board is separate from the city, it is appointed by the city, and therefore, the auditor views it as an arm of the city. She stated that the auditor said a little clean-up was needed because of all these forbearances; the bottom of the waterfall isn't being addressed. Basically, what it's saying is that the bottom of the waterfall for the business license for the city of LaSalle variable incentive fee, the city's variable incentive fee before, during, and what is going to happen to them after the forbearance.

Ms. Roula Encinas, Finance Director, explained that she had the correct amount of the unpaid business license fees. It was not, as she stated earlier, the amount as of September 2024, which will be written off, is 300, almost 10 thousand for the issuer fees that we are not going to receive. We have accounts receivable of 1,245,000,000 as of September 2024. After that, we will not accrue anything until April 2027, when the third forbearance agreement ends.

Regarding the variable incentive fee, we never received anything. We did not have the capacity that it was required for reimburse to the city. Ms. Encinas stated that she believed it was three dollars (3) per inmate, and we did not get anything.

Per the auditor's request, we are cleaning up the balances on the general fund and the Detention Center fund as well. We are requesting that this item be submitted to you.

Ms. Macuil asked Ms. Encinas if we were writing off some of the back debt. Ms. Encinas responded that we are writing off \$310,000.00.

Mr. Pinzon asked if that was what hadn't been paid.

Ms. Encinas responded; No, we haven't received \$1,245,000.00, and it is still pending to receive.

President Torres commented that when we first started this forbearance, we would suspend the license fee; we never received it, and now we are at a million dollars that we are not going to receive, so the auditors are recommending that we write some of that off. Ms. Torres stated that in the future, we can negotiate on how to get a portion of that back.

MOTION: President Jenny Torres and Director Maria Gonzalez approve the attached Third Amendment to the Operating and Management Agreement with LaSalle Corrections LLC. Motion passed unanimously.

The vote was as follows:

Director Maria Gonzalez	Aye
Vice President Joe Harper	Aye

Director Marco Pinzon	Aye
Director Eulogio Vera	Aye
President Jenny Torres	Aye

EXECUTIVE SESSION

4.A. Discussion and possible action to hold an executive session pursuant to A.R.S. §38-431.03(A) (3), (4) and (7) on any and all matters regarding the possibility of leasing land for a cell tower for discussion or consultation for legal advice with the San Luis Facility Development Corporation's legal counsel in order to consider the Corporations' position and instruct its legal counsel. (Kay Marion Macuil, General Counsel)

MOTION: Director Marco Pinzon and Director Eulogio Vera moved to go into Executive Session. Motion passed unanimously.

The vote was as follows:

Director Maria Gonzalez	Aye
Vice President Joe Harper	Aye
Director Marco Pinzon	Aye
Director Eulogio Vera	Aye
President Jenny Torres	Aye

MOTION TO GO BACK INTO SPECIAL SESSION:

MOTION: Director Marco Pinzon and Director Maria Gonzalez move to go back into Special Session. Motion passed unanimously.

The vote was as follows:

Director Maria Gonzalez	Aye
Vice President Joe Harper	Aye
Director Marco Pinzon	Aye
Director Eulogio Vera	Aye
President Jenny Torres	Aye

NEW ITEMS OF BUSINESS FOR FUTURE AGENDAS

There was no new business.

ADJOURNMENT: President Jenny Torres adjourned the meeting at approximately 6:14 p.m.

MINUTES
SAN LUIS FACILITY DEVELOPMENT CORPORATION
San Luis Council Chambers
1090 E. Union Street
San Luis, Arizona 85349
January 28, 2026
5:30 p.m.

PLEASE TAKE NOTICE

Board Members will attend either in person, by telephone, or by video conference communication.

The President or Acting President may change the order of the items.

If authorized by law and by a majority vote of a present quorum of the Board of Directors, an executive session will be held immediately following the vote in accordance with A.R.S. §38-431.03(a), and the meeting will be temporarily recessed while the board retires to executive session which will not be open to the public.

PLEASE TAKE NOTICE: *The Chair or Acting Chair may change the order of the items.*

1. **CALL TO ORDER/ROLL CALL** *President Jenny Torres called the meeting to order at approximately 5:36 p.m.*

THOSE PRESENT:

Director Maria Gonzalez
Vice President Joe Harper
Director Eulogio Vera
President Jenny Torres

THOSE NOT PRESENT:

Director Marco Pinzon

OTHERS PRESENT:

Kay Marion Macuil, City Attorney, Attorney for the Corporation
Janet Taylor, Clerk of the Board
Roula Encinas, Finance Director
Miguel Ramirez, Asst. Finance Director
Jaziel Vannos, IT Technician
Antonio Maldonado, Video, Media Operations Specialist

2. DISCUSSION AND POSSIBLE ACTION ITEM:

- 2. MOTION TO RECESS THE SPECIAL MEETING OF THE SAN LUIS FACILITY DEVELOPMENT CORPORATION** Vice-President Joe Harper and Secretary Maria Gonzalez approved the recess. **Motion passed unanimously.**

The vote was as follows:

Director Eulogio Vera	Aye
Secretary Maria Gonzalez	Aye
Vice President Joe Harper	Aye
President Jenny Torres	Aye

3. EXECUTIVE SESSION

Discussion and possible action to hold an executive session jointly with San Luis City Council pursuant to A.R.S. § 38-431.03(A) (3), (4) and (7) on any and all matters regarding the possible sale of the San Luis Detention Center for discussion or consultation for legal advice with the San Luis Facility Development Corporation's legal counsel in order to consider the Corporation's position and instruct legal counsel. **(Kay Marion Macuil, General Counsel and Bill Sims, Outside Counsel)**

Director Eulogio Vera and Secretary Maria Gonzalez approved entering into Executive Session. **Motion passed unanimously.**

The vote was as follows:

Director Eulogio Vera	Aye
Secretary Maria Gonzalez	Aye
Vice President Joe Harper	Aye
President Jenny Torres	Aye

5. MOTION TO GO BACK INTO SPECIAL SESSION

Vice President Joe Harper and Director Eulogio Vera approved returning to Special Session. **Motion passed unanimously.**

The vote was as follows:

Director Eulogio Vera	Aye
Secretary Maria Gonzalez	Aye
Vice President Joe Harper	Aye
President Jenny Torres	Aye

7. ADJOURNMENT

Meeting adjourned at approximately 7:04 p.m.

San Luis Facility Development Corporation

3. A.

Meeting Date: 06/23/2026

Department Head: Joe Estes, City Attorney, Attorney's Office

Submitted By: Justin Neuman, Paralegal, Attorney's Office

ITEM:

Discussion and possible action on any and all matters regarding the approval of Resolution No. 2026-01. A resolution of the San Luis Facility Development Corporation Board of Directors authorizing and approving the conveyance of a permanent easement to the City of San Luis. **(Joseph Estes, General Counsel)**

SUMMARY:

This item is to authorize and approve the conveyance of a permanent easement of land from the San Luis Regional Detention and Support Center to the City of San Luis for the purposes of a public roadway and underground utilities. This easement will enable easier travel to the facility and support its current and future growth by providing additional utility access and capacity.

RECOMMENDATION / SUGGESTED MOTION:

I MOVE TO APPROVE RESOLUTION NO. 2026-01.

Attachments

Resolution No. 2026-01

No. 2026-01

A RESOLUTION OF THE SAN LUIS FACILITY DEVELOPMENT CORPORATION BOARD OF DIRECTORS AUTHORIZING AND APPROVING THE CONVEYANCE OF A PERMINANT EASEMENT TO THE CITY OF SAN LUIS

BE IT RESOLVED by the San Luis Facility Development Corporation Board of Directors as follows:

Section 1: It is deemed in the best interest of the San Luis Regional Detention and Support Center that the San Luis Facility Development Corporation convey a permanent easement to the City of San Luis for the purpose of a public roadway and underground utilities.

Section 2: that a true copy of said easement is attached and incorporated herein as Exhibit "A".

Section 3: the Board hereby authorizes and approves said easement and orders that the appropriate officers and officials of the Board execute and take any other measures necessary to put this easement into effect.

PASSED, ADOPTED, and APPROVED by the Mayor and City Council of the City of San Luis, Yuma County, Arizona, this ____ day of June, 2026.

Jenny Torres, President

ATTEST:

APPROVED AS TO FORM:

Clerk of the Board

Joseph Estes, General Counsel

EXHIBIT “A”

City of San Luis

EASEMENT

COMES NOW **San Luis Facility Development Corporation, a nonprofit corporation of the state of Arizona**, the owner of record (the “Grantor”) of the hereinafter described real property situated in Yuma County, Arizona, for good and valuable consideration, hereby grants, conveys, and transfers unto the **City of San Luis, a municipal corporation of the state of Arizona** (the “Grantee”), for the use of the general public a permanent easement for the purpose of a public roadway with underground utilities, described as follows:

**SEE EXHIBIT “A” ATTACHED HERETO AND BY REFERENCE
MADE A PART HEREOF.**

To have and to hold the said public easement unto the City of San Luis for the use of the general public forever; the undersigned hereby covenants that it is lawfully seized and possessed on the afore described tract or parcel of land and that it has a good and lawful right to grant this easement.

Grantor agrees that no buildings, structures, fences or trees shall be placed upon, over or under said parcel of land, except for utility, street, road or driveway purposes, which Grantor agrees shall not interfere with Grantee’s exercise of the rights herein granted.

DATED this ____ day of _____, 2026.

GRANTOR:

**San Luis Facility Development
Corporation**

By: _____
Its: _____

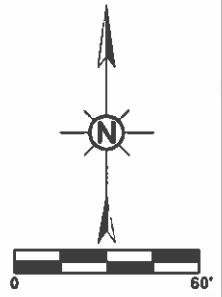
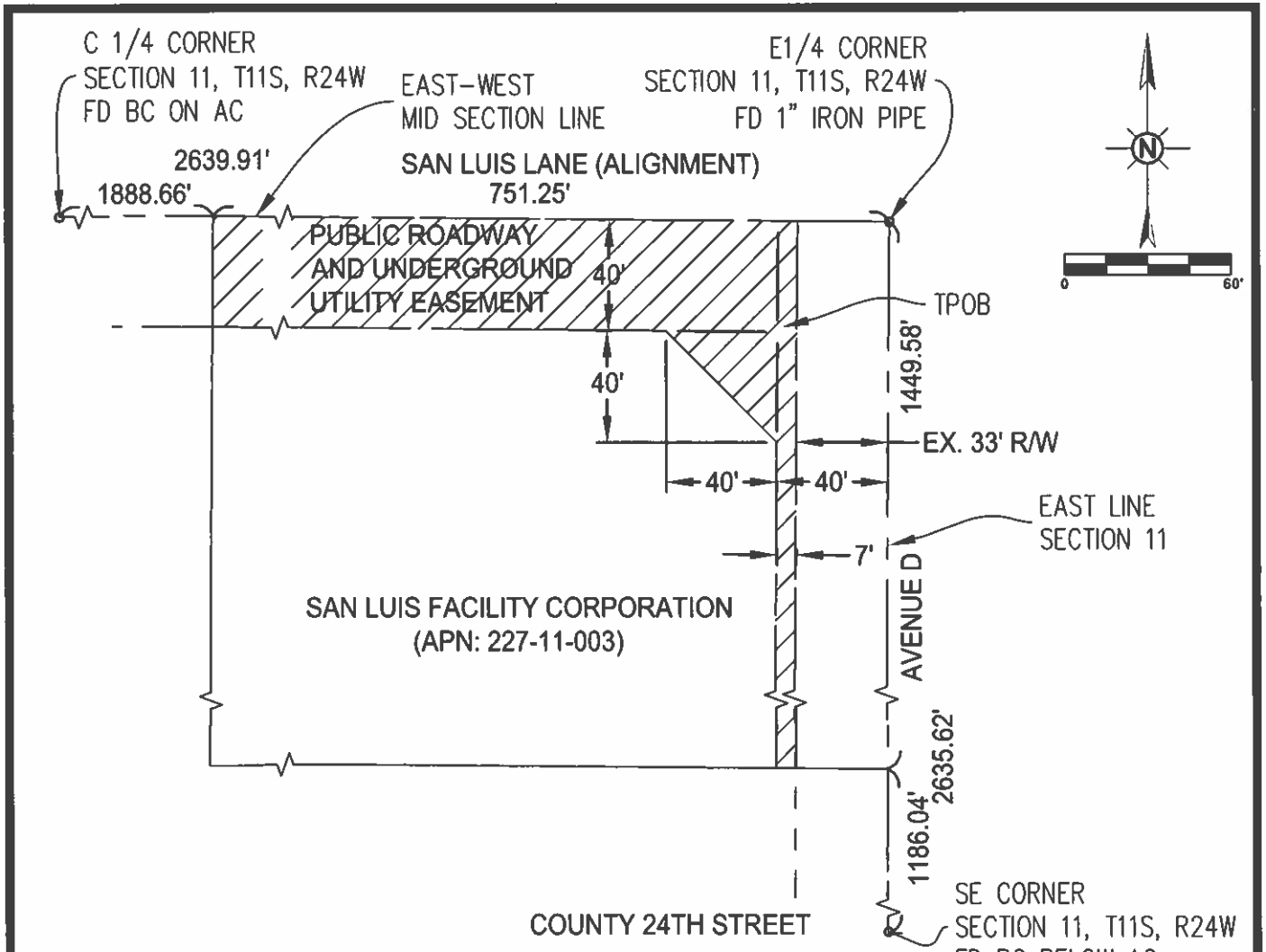
Notary Acknowledgement

STATE OF ARIZONA)
)ss.
COUNTY OF YUMA)

The forgoing instrument was subscribed and sworn before me this ____ day of _____, 2026 by _____, on behalf of the San Luis Facility Development Corporation.

Notary Public

My Commission Expires:



LEGAL DESCRIPTION

A PORTION OF THE SOUTHEAST QUARTER OF SECTION 11, TOWNSHIP 11 SOUTH, RANGE 24 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YUMA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE NORTH 40.00 FEET OF THE EAST 751.25 FEET OF THE SOUTHEAST QUARTER OF SECTION 11;
 AND
 THE EAST 40.00 FEET OF THE NORTH 1449.58 FEET OF THE SOUTHEAST QUARTER OF SECTION 11;
 AND
 BEGINNING AT THE EAST QUARTER CORNER OF SECTION 11, AT A FOUND 1" IRON PIPE;
 THENCE WEST ALONG THE EAST-WEST MID SECTION LINE OF SECTION 11, A DISTANCE OF 40.00 FEET;
 THENCE SOUTH A DISTANCE OF 40.00 FEET ALONG A LINE 40.00 FEET WEST AND PARALLEL TO THE EAST LINE OF SECTION 11 TO THE TRUE POINT OF BEGINNING (TPOB);
 THENCE CONTINUING SOUTH A DISTANCE OF 40.00 FEET ALONG A LINE 40.00 FEET WEST AND PARALLEL TO THE EAST LINE OF SECTION 11;
 THENCE NORTHWEST TO A POINT ALONG A LINE 40.00 FEET SOUTH OF THE EAST-WEST MID SECTION LINE OF SECTION 11, SAID POINT ALSO BEING 80.00 FEET WEST OF THE EAST SECTION LINE OF SECTION 11;
 THENCE EAST ALONG A LINE 40.00 FEET SOUTH AND PARALLEL TO THE EAST-WEST MID SECTION LINE OF SECTION 11 TO THE TRUE POINT OF BEGINNING A DISTANCE OF 40.00 FEET;
 EXCEPT THE EAST 33.00 FEET AS CONVEYED TO YUMA COUNTY IN INSTRUMENT RECORDED AS DOCKET 686, PAGE 893;
 CONTAINING AN AREA OF 39,397.09 SQUARE FEET (0.9044 ACRES), MORE OR LESS.



PREPARED BY: CITY OF SAN LUIS ENGINEERING DEPARTMENT 1090 E. UNION STREET PO BOX 1170 SAN LUIS, ARIZONA 85349	PREPARED FOR: SAN LUIS FACILITY DEVELOPMENT CORPORATION 1090 E. UNION STREET PO BOX 1170 SAN LUIS, ARIZONA 85349	PUBLIC ROADWAY AND UNDERGROUND UTILITY EASEMENT PORTION OF SE1/4 SECTION 11, TOWNSHIP 11 S., RANGE 24 W. G&SRB&M YUMA COUNTY, ARIZONA	Date 04/06/2026 Drawn TS Checked TS
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San Luis Facility Development Corporation

3. B.

Meeting Date: 06/23/2026

Department Head: Joe Estes, City Attorney, Attorney's Office

Submitted By: Janet Taylor, Legal Secretary, Attorney's Office

ITEM:

EXECUTIVE SESSION

Discussion and possible action to hold an executive session pursuant to A.R.S. § 38-431.03(A) (3), (4) and (7) on any and all matters regarding Resolution 2026-02. A proposed First Amendment to Forbearance Agreement for consent to appointment of Receiver and sale of the San Luis Detention Center for discussion or consultation for legal advice with the San Luis Facility Development Corporation's legal counsel in order to consider the Corporation's position and instruct its legal counsel. **(Joseph Estes, General Counsel and Bill Sims, Outside Counsel)**

SUMMARY:

The board can be properly advised by holding an executive session for the purposes described in the agenda item.

RECOMMENDATION / SUGGESTED MOTION:

MOTION TO HOLD AN EXECUTIVE SESSION FOR REASONS IN THE AGENDA ITEM.

San Luis Facility Development Corporation

5.

Meeting Date: 06/23/2026

Department Head: Joe Estes, City Attorney, Attorney's Office

Submitted By: Justin Neuman, Paralegal, Attorney's Office

ITEM:

DISCUSSION AND POSSIBLE ACTION ITEM:

Discussion and possible action on any and all matters regarding Resolution No. 2026-02. A Resolution of the San Luis Facility Development Corporation Board of Directors in support of the San Luis Regional Detention and Support Center, approving the First Amendment to the Amended and Restated Agreement with U.S. Bank Trust Company and LaSalle Corrections to extend the forbearance of the bonds until April 30, 2027; repealing conflicting provisions; and providing for severability. **(Joseph Estes, General Counsel)**

SUMMARY:

This item is to approve the First Amendment to the Amended and Restated Agreement regarding Temporary Forbearance, Operation of Project and Project Revenue regarding the San Luis Regional Detention and Support Center. This Agreement allows for the Trustee, with the mutual agreement of parties and in connection with certain events of default, to appoint a receiver to facilitate the sale of the San Luis Regional Detention and Support Center.

RECOMMENDATION / SUGGESTED MOTION:

I MOVE TO APPROVE RESOLUTION NO. 2026-02 APPROVING THE FIRST AMENDMENT TO THE AMENDED AND RESTATED AGREEMENT REGARDING TEMPORARY FORBEARANCE, OPERATION OF PROJECT AND PROJECT REVENUES.

Attachments

Resolution No. 2026-02

First Amendment to the Amended and Reinstated Forbearance Agreement

2025 Amended & Restated Forbearance Agreement

Forbearance Order

No. 2026-02

A RESOLUTION OF THE SAN LUIS FACILITY DEVELOPMENT CORPORATION BOARD OF DIRECTORS IN SUPPORT OF THE SAN LUIS REGIONAL DETENTION AND SUPPORT CENTER APPROVING THE FIRST AMENDMENT TO THE AMENDED AND REINSTATED AGREEMENT WITH U.S. BANK TRUST COMPANY AND LASALLE CORRECTIONS TO EXTEND THE FORBEARANCE OF THE BONDS UNTIL APRIL 30, 2027; REPEALING CONFLICTING PROVISIONS; AND PROVIDING FOR SEVERABILITY.

BE IT RESOLVED by the San Luis Facility Development Corporation Board of Directors as follows:

Section 1: It is deemed in the best interest of the San Luis Regional Detention and Support Center that the San Luis Facility Development Corporation approve the First Amendment to Amended and Reinstated Agreement Regarding Temporary Forbearance, Operation of Project and Project Revenues (“Agreement”), attached and incorporated herein as Exhibit “A”.

Section 2: If a conflict arises between the provisions of this Resolution and any other formal action of the Board or the City of San Luis, Arizona, the conflicting provisions are amended, superseded, and replaced, and this Resolution shall govern.

Section 3: If any section, subsection, paragraph, sentence, clause, phrase, or portion of this Resolution is held to be invalid or unconstitutional by the final decision of any court of competent jurisdiction or controlling legislation, such decision or law shall not affect the validity of the remaining portion of this Resolution.

Section 4: The Board hereby authorizes and approves said Agreement and orders that the appropriate officers and officials of the Board execute and take any other measures necessary to put this agreement into effect.

PASSED, ADOPTED, and APPROVED by the Board of Directors of the City of San Luis Facility Development Corporation, of the City of San Luis, Yuma County, Arizona, this ___ day of June, 2026.

Jenny Torres, President

ATTEST:

APPROVED AS TO FORM:

Clerk of the Board

Joseph Estes, General Counsel

EXHIBIT “A”

**FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT
REGARDING TEMPORARY FORBEARANCE, OPERATION OF PROJECT AND
PROJECT REVENUES**

This First Amendment Amended and Restated Agreement Regarding Temporary Forbearance, Operation of Project and Project Revenues (this “**First Amendment**”) is entered into on this 16th of June, 2026, by and among **U.S. Bank Trust Company, National Association**, solely in its capacity as successor trustee (in such capacity, the “**Trustee**”) under that certain Trust Indenture dated as of October 1, 2005 (as amended from time to time, the “**Indenture**”), **San Luis Facility Development Corporation** (the “**Issuer**”), which entity was organized as a non-profit corporation under the laws of the State of Arizona, as the issuer of the Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention Center Project) Series 2014 issued as of April 1, 2014 in the original aggregate principal amount of \$26,090,000 and the Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention Center Project) Series 2014-A issued as of July 1, 2014 in the original aggregate principal amount of \$20,835,000 (collectively, the “**Bonds**”), and **LaSalle Corrections West, L.L.C.**, a limited liability company organized under the laws of the State of Louisiana, as the operator (the “**Operator**”) of the San Luis Detention Facility (the “**Project**”) under the terms of that certain Facility Operation and Management Agreement entered into by the Operator and the Issuer dated December 1, 2019 (as amended by amendments dated September 23, 2024 the “**Management Agreement**”). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture, the Forbearance Agreement (defined below) or this First Amendment. The Issuer, Trustee and Operator shall each be described herein as a “**Party**” and collectively, the “**Parties**”.

WHEREAS, the Project consists of an approximate 869-bed secure detention facility located in San Luis, Arizona (the “**City**”), and certain related property rights, and is currently being managed and operated by the Operator under the terms of the Management Agreement;

WHEREAS, all Project Revenues from the Project are pledged to the Trustee as security for payment of the Bonds and are required to be delivered directly to the Trustee for application pursuant to the terms of the Indenture;

WHEREAS, Events of Default under the Indenture have occurred and are continuing at this time, including certain Events of Default that occurred in 2016 which have never been waived by the Trustee or the Bondholders;

WHEREAS, in connection with the Events of Default, the Trustee, Issuer and Operator previously entered into that certain Amended and Restated Agreement Regarding Forbearance, Operation of Project and Project Revenues effective as of May 1, 2025 (the “**Forbearance Agreement**”);

WHEREAS, the Forbearance Agreement contemplates that the Issuer would commence and engage in a process to seek the sale of the Project, subject to obtaining the requisite authority from voters;

WHEREAS, the Issuer has been unable under its governance structure to timely move forward with a sale of the Project;

WHEREAS, pursuant to Section 7.10 of the Indenture and Section 8.02 of the Deed of Trust, following the occurrence of an Event of Default under such documents, the Trustee may exercise general enforcement rights and remedies, including the right to seek the appointment of a receiver over the Project;

WHEREAS, pursuant and subject to the terms of the Forbearance Agreement, the Trustee agreed during the Forbearance Period not to seek the appointment of a receiver nor exercise any other general collection or sale remedies with respect to the Project;

WHEREAS, the Issuer, Operator and the Trustee desire to amend the Forbearance Agreement to, among other things, (a) permit the Trustee to seek appointment of a receiver pursuant to applicable Arizona law (including A.R.S. §33-2615) to facilitate the sale of the Project subject to the terms and conditions set forth herein, (b) provide for certain terms pertaining to the application of proceeds from a potential sale of the Project by a receiver, (c) make an increase to the minimum balance of the Operating Reserve/Repair/Contingency Account during the Forbearance Period, and (d) confirm the Operator's continued operation of the Project during the Forbearance Period and proposed receivership sale process.

NOW, THEREFORE, the Parties for the consideration set forth herein, the sufficiency and delivery of which is acknowledged, hereby agree as follows:

1. ***Sale of Project and Consent to Appointment of Receiver.*** The Parties agree that Section 3 of the Forbearance Agreement is deleted in its entirety and replaced with the following provision:

2. ***Sale of Project and Consent to Receiver.***

(a) It is the intent of the Parties to allow the Trustee to move forward with the exercise of its legal remedies under the Deed of Trust and related Bond documents to provide a mechanism for the sale of the Project, including through the appointment of a receiver over the Project, subject to the Operator continuing to operate the Project, as more fully set forth in Section 3(c) below. The Issuer and the Operator hereby specifically consent to the Trustee exercising such remedies and seeking appointment of a receiver over the Project for the purpose of proceeding forward with a sale of the Project's real and personal property under applicable law at the election of the receiver or Trustee and not at the direction of the Issuer or the City, notwithstanding any contrary provisions set forth in Section 8 of the Forbearance Agreement. In

addition, each of the Issuer and Operator hereby acknowledge and consent to the Trustee and its agents, including without limitation R.O.I. Properties, LLC, can market the Project and solicit bids for the sale of the Project prior to the appointment of any receiver over the Project. Such efforts are in anticipation of the appointment of a receiver by the Trustee for the sale of the Project, which sale shall be at the direction of the receiver. Each of the Issuer and Operator hereby agrees that it will cooperate with the Trustee and any receiver in such sales process, including without limitation by providing or making available Project-related financial and operational information, as well as physical access to the Project, to the Trustee, receiver and/or any prospective bidders (and their consultants) as may be requested from time to time. For the benefit of all parties, and in order to maximize the value in any sale of the Project and preserve the confidentiality of the sale process authorized by the receiver, the Issuer and Operator further agree that the Trustee may, but is not required to, retain one or more consultant(s) to market the Project for sale in anticipation of the appointment of a receiver. The Issuer and Operator further agree that, as part of such pre-receivership marketing efforts, the consultant(s) may, among other things, provide Project-related financial and operational information to prospective bidders, may solicit bids or offers for the sale of the Project, and may enter into contracts for the sale of the Project, subject to future approval by the receiver and Court-approval in a future receivership action. The Issuer and Operator further consent and do not object to or direct the appointment of any previously-retained consultant, who was retained in connection with the pre-receivership sale process, as the proposed receiver over the Project in any action by the Trustee seeking a receiver over the Project.

(b) The Trustee agrees that in connection with the sale of the Project by a receiver, it will seek to have the proceeds of such sale applied as follows, subject to any applicable receiver court approvals:

(i) first, to all costs of sale, including without limitation, all brokerage, receiver and Trustee fees and expenses (including legal fees) related to the receivership, the sale of the Project and Trustee's administration thereof;

(ii) if at the time of closing, the Operator remains in operation of the Project, then second to (A) any then unreimbursed Operator Payments (as defined in Section 1(d) of the Forbearance Agreement (which for the avoidance of doubt, includes the required 6% Operator fee)) due to the Operator that were incurred in the ordinary course consistent with past operation practices and outstanding in excess of the Subject Project Revenues (as defined in the Forbearance Agreement) collected and received by the Trustee in the immediately preceding 45 day period prior to closing (which collected revenues shall be used to reimburse such Operator Payments in accordance with ordinary procedures and payment priorities under the Indenture and Section 1 of the Forbearance Agreement), plus (B) to the extent Operator is not the buyer of

the Project, reasonable costs incurred in connection with the transition of ongoing operations, including staffing, to the buyer (clauses (A) and (B) above collectively referred to herein as the “**Subject Operator Costs**”); *provided, however*, that (Y) the Subject Operator Costs shall further be reduced and offset by the aggregate amount of then unpaid accounts receivable owing with respect to the operation of the Project as of the date of closing, plus all then unbilled services as of the month and date of closing to be billed by the Operator (such amounts collectively referred to as the “**Subject A/R**”), which Subject A/R shall be collected by the Operator and applied to amounts owing as further provided in Section 3(c) below, and (Z) except with the Trustee’s prior written consent (1) the aggregate amount of any such unreimbursed Subject Operator Costs payable under this Section 2(b)(ii) shall not exceed one million five hundred thousand dollars (\$1,500,000.00), and (2) the Operator shall not incur any capital improvement costs with respect to the Project in excess of one hundred thousand (\$100,000) in the aggregate during the Forbearance Period after the date of the First Amendment;

(iii) third, to pay all other outstanding amounts owing under the Indenture and other Bond documents, including without limitation to the repayment of principal and interest owing on the Bonds;

(iv) next, to the extent not previously paid, any other unreimbursed Subject Operator Costs owing to the Operator; and

(v) lastly, any remaining net proceeds shall be paid to the Issuer.

(c) If at the time of closing, the Operator remains in operation of the Project, it shall be tasked with and accepts the duty to use reasonable and customary efforts to promptly collect the Subject A/R. The Parties agree that upon receipt of actual collected funds related to the Subject A/R, the proceeds shall be applied in the following order of priority: (i) first to the Operator to repay (A) any reasonable costs of collection of the Subject A/R, and (B) any unpaid Subject Operator Costs, each until paid in full, then (ii) to the Trustee for the payment of any then remaining unpaid amounts owing under the Indenture, the Bonds and all other documents related thereto until paid in full, and then (iii) all remaining funds shall be paid to the Issuer.

(d) The Parties acknowledge and agree that during any sale proceedings as contemplated in this Section 3, the Operator shall continue to manage and operate the Project, and be reimbursed for its Operation and Maintenance Costs and Operator Fees, in accordance with the terms set forth under the existing terms of the Management Agreement and Indenture, as supplemented by the Forbearance Agreement (including payment of Operation and Management Costs and Operator Fees in accordance with the payment priorities set forth in Section 1 of the Forbearance Agreement as amended by this First Amendment; provided that in

consideration for the additional accommodations to the Operator set forth herein, the Operator and Issuer agree that (i) the Operator shall continue to manage and operate the Project after the date hereof pursuant to the Management Agreement and neither party shall terminate such Management Agreement for any reason (other than for material breach) prior to the earlier of (A) the date of closing of the sale of the Project, and (B) January 31, 2027, and (ii) if the Operator is not the successful purchaser in any sale, it will cooperate and assist with the orderly transfer and transition of Project related operations, employees, contracts and institutional knowledge to the purchaser. For the avoidance of doubt, nothing in this First Amendment is intended to preclude the Operator from participating in the sale process as a prospective bidder and buyer..

(e) Notwithstanding the foregoing, nothing herein shall require or obligate the Trustee to seek the appointment of a receiver or to pursue any remedies available to it under the Bond documents, including without limitation sale of the Project, and the Trustee reserves the right to seek termination of any receivership over the Project or to terminate or object to the sale of the Project (including as to the amount of the proposed sale price) at any time in its sole discretion, including without limitation, if the Trustee does not obtain Requisite Bondholder Approval or TIP Court Approval in connection with a proposed sale of the Project or if the sale of the Project does not occur on or before December 31, 2026, unless such date is extended by the Trustee in its sole discretion. The Parties further acknowledge, as previously set forth in the Forbearance Agreement, that the Trustee's consent to any sale and release of its liens on the Project is expressly conditioned upon obtaining either (i) the requisite consent and direction of Bondholders owning not less than two thirds of the then Outstanding Principal amount of the Bonds ("**Requisite Bondholder Approval**"), or (ii) a court order satisfactory to the Trustee in a trust instruction proceeding approving of the Trustee's release of its liens in exchange for the net proceeds of such sale in whole or partial repayment of the Bonds ("**TIP Court Approval**").

3. *Amendment to Application of Subject Project Revenues during Forbearance Period / Use of Operating Reserve Account Funds.* The Parties hereby agree to amend and restate Subsection (c) of Section (1) of the Forbearance Agreement in order to increase the minimum balance of the Operating Reserve/Repair/Contingency Account and accordingly, Section 1(c) of the Forbearance Agreement is hereby amended and restated in its entirety as follows:

- c. Third, solely to the extent necessary each month to replenish the minimum balance of the Operating Reserve/Repair/Contingency Account to an amount not less than seven hundred fifty thousand dollars (\$750,000.00).

The Parties hereby further acknowledge and agree that, if the Operator has incurred Operation and Maintenance Costs during the Forbearance Period in the ordinary course of business consistent with past operation practices and such Operation and Maintenance

Costs remain unreimbursed after applying collected Subject Project Revenues, then upon the written request of the Operator, the Trustee shall (i) prior to the occurrence of any sale of the Project, apply funds on deposit in the Operating Reserve/Repair/Contingency Account in excess of three hundred thousand dollars (\$300,000.00) to the payment of any such unreimbursed Operation and Maintenance Costs, with the balance remaining available for other permitted uses of such funds in accordance with the Indenture, and (ii) upon the occurrence and closing of any sale and provided the Operator remains in operation of the Project at the time of sale, the Trustee shall use any and all funds then remaining on deposit in the Operating Reserve/Repair/Contingency Account for the payment of any then unreimbursed Operation and Maintenance Costs or other Subject Operator Costs owing to the Operator.

4. ***No Further Amendments.*** Except for the express changes set forth in this First Amendment, all other terms and conditions set forth in the Forbearance Agreement shall remain unmodified and continue in full force and effect.

5. ***Miscellaneous.***

(a) The captions or headings contained herein are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this First Amendment.

(b) This First Amendment is intended to provide benefits to the Parties hereto, and shall not be deemed to give, grant or bestow any right, defense or benefit upon any third party, except that the holders of the Bonds shall have the rights of the Trustee to the extent contemplated by the Indenture.

(c) No waiver of any breach of any of the terms or conditions of this First Amendment or the Forbearance 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.

(d) This First Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and all of which counterparts, taken together, shall constitute one and the same instrument. Facsimile signatures and signature pages provided in the form of a “.pdf” or similar imaged document transmitted by electronic mail shall be deemed original signatures for all purposes hereunder.

(e) The Forbearance Agreement, as amended by this First Amendment, may only be further amended in writing, and such amendment shall only become effective upon the execution by all Parties such amendment.

(f) 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 requisite authority necessary to execute this First Amendment on behalf of such Party, and each Party

hereby certifies to the other that any resolutions necessary to create such authority have been duly passed and are now in full force and effect.

(g) U.S. Bank Trust Company, National Association is party to the Forbearance Agreement and this First Amendment solely in its capacity as Trustee under the Indenture, and not individually.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed as of the date first above written.

SAN LUIS FACILITY DEVELOPMENT CORPORATION, as Issuer

By: _____
Its: _____

LASALLE CORRECTIONS WEST, LLC, as Operator

By: _____
Its: _____

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

By: _____
Its: _____

[Signature Page to First Amendment to Amended and Restated Agreement Regarding Temporary Forbearance, Operation of Project and Project Revenues dated as of June 16, 2026]

**FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT
REGARDING TEMPORARY FORBEARANCE, OPERATION OF PROJECT AND
PROJECT REVENUES**

This First Amendment Amended and Restated Agreement Regarding Temporary Forbearance, Operation of Project and Project Revenues (this “**First Amendment**”) is entered into on this 16th of June, 2026, by and among **U.S. Bank Trust Company, National Association**, solely in its capacity as successor trustee (in such capacity, the “**Trustee**”) under that certain Trust Indenture dated as of October 1, 2005 (as amended from time to time, the “**Indenture**”), **San Luis Facility Development Corporation** (the “**Issuer**”), which entity was organized as a non-profit corporation under the laws of the State of Arizona, as the issuer of the Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention Center Project) Series 2014 issued as of April 1, 2014 in the original aggregate principal amount of \$26,090,000 and the Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention Center Project) Series 2014-A issued as of July 1, 2014 in the original aggregate principal amount of \$20,835,000 (collectively, the “**Bonds**”), and **LaSalle Corrections West, L.L.C.**, a limited liability company organized under the laws of the State of Louisiana, as the operator (the “**Operator**”) of the San Luis Detention Facility (the “**Project**”) under the terms of that certain Facility Operation and Management Agreement entered into by the Operator and the Issuer dated December 1, 2019 (as amended by amendments dated September 23, 2024 the “**Management Agreement**”). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture, the Forbearance Agreement (defined below) or this First Amendment. The Issuer, Trustee and Operator shall each be described herein as a “**Party**” and collectively, the “**Parties**”.

WHEREAS, the Project consists of an approximate 869-bed secure detention facility located in San Luis, Arizona (the “**City**”), and certain related property rights, and is currently being managed and operated by the Operator under the terms of the Management Agreement;

WHEREAS, all Project Revenues from the Project are pledged to the Trustee as security for payment of the Bonds and are required to be delivered directly to the Trustee for application pursuant to the terms of the Indenture;

WHEREAS, Events of Default under the Indenture have occurred and are continuing at this time, including certain Events of Default that occurred in 2016 which have never been waived by the Trustee or the Bondholders;

WHEREAS, in connection with the Events of Default, the Trustee, Issuer and Operator previously entered into that certain Amended and Restated Agreement Regarding Forbearance, Operation of Project and Project Revenues effective as of May 1, 2025 (the “**Forbearance Agreement**”);

WHEREAS, the Forbearance Agreement contemplates that the Issuer would commence and engage in a process to seek the sale of the Project, subject to obtaining the requisite authority from voters;

WHEREAS, the Issuer has been unable under its governance structure to timely move forward with a sale of the Project;

WHEREAS, pursuant to Section 7.10 of the Indenture and Section 8.02 of the Deed of Trust, following the occurrence of an Event of Default under such documents, the Trustee may exercise general enforcement rights and remedies, including the right to seek the appointment of a receiver over the Project;

WHEREAS, pursuant and subject to the terms of the Forbearance Agreement, the Trustee agreed during the Forbearance Period not to seek the appointment of a receiver nor exercise any other general collection or sale remedies with respect to the Project;

WHEREAS, the Issuer, Operator and the Trustee desire to amend the Forbearance Agreement to, among other things, (a) permit the Trustee to seek appointment of a receiver pursuant to applicable Arizona law (including A.R.S. §33-2615) to facilitate the sale of the Project subject to the terms and conditions set forth herein, (b) provide for certain terms pertaining to the application of proceeds from a potential sale of the Project by a receiver, (c) make an increase to the minimum balance of the Operating Reserve/Repair/Contingency Account during the Forbearance Period, and (d) confirm the Operator's continued operation of the Project during the Forbearance Period and proposed receivership sale process.

NOW, THEREFORE, the Parties for the consideration set forth herein, the sufficiency and delivery of which is acknowledged, hereby agree as follows:

1. ***Sale of Project and Consent to Appointment of Receiver.*** The Parties agree that Section 3 of the Forbearance Agreement is deleted in its entirety and replaced with the following provision:

2. ***Sale of Project and Consent to Receiver.***

(a) It is the intent of the Parties to allow the Trustee to move forward with the exercise of its legal remedies under the Deed of Trust and related Bond documents to provide a mechanism for the sale of the Project, including through the appointment of a receiver over the Project, subject to the Operator continuing to operate the Project, as more fully set forth in Section 3(c) below. The Issuer and the Operator hereby specifically consent to the Trustee exercising such remedies and seeking appointment of a receiver over the Project for the purpose of proceeding forward with a sale of the Project's real and personal property under applicable law at the election of the receiver or Trustee and not at the direction of the Issuer or the City, notwithstanding any contrary provisions set forth in Section 8 of the Forbearance Agreement. In

addition, each of the Issuer and Operator hereby acknowledge and consent to the Trustee and its agents, including without limitation R.O.I. Properties, LLC, can market the Project and solicit bids for the sale of the Project prior to the appointment of any receiver over the Project. Such efforts are in anticipation of the appointment of a receiver by the Trustee for the sale of the Project, which sale shall be at the direction of the receiver. Each of the Issuer and Operator hereby agrees that it will cooperate with the Trustee and any receiver in such sales process, including without limitation by providing or making available Project-related financial and operational information, as well as physical access to the Project, to the Trustee, receiver and/or any prospective bidders (and their consultants) as may be requested from time to time. For the benefit of all parties, and in order to maximize the value in any sale of the Project and preserve the confidentiality of the sale process authorized by the receiver, the Issuer and Operator further agree that the Trustee may, but is not required to, retain one or more consultant(s) to market the Project for sale in anticipation of the appointment of a receiver. The Issuer and Operator further agree that, as part of such pre-receivership marketing efforts, the consultant(s) may, among other things, provide Project-related financial and operational information to prospective bidders, may solicit bids or offers for the sale of the Project, and may enter into contracts for the sale of the Project, subject to future approval by the receiver and Court-approval in a future receivership action. The Issuer and Operator further consent and do not object to or direct the appointment of any previously-retained consultant, who was retained in connection with the pre-receivership sale process, as the proposed receiver over the Project in any action by the Trustee seeking a receiver over the Project.

(b) The Trustee agrees that in connection with the sale of the Project by a receiver, it will seek to have the proceeds of such sale applied as follows, subject to any applicable receiver court approvals:

(i) first, to all costs of sale, including without limitation, all brokerage, receiver and Trustee fees and expenses (including legal fees) related to the receivership, the sale of the Project and Trustee's administration thereof;

(ii) if at the time of closing, the Operator remains in operation of the Project, then second to (A) any then unreimbursed Operator Payments (as defined in Section 1(d) of the Forbearance Agreement (which for the avoidance of doubt, includes the required 6% Operator fee)) due to the Operator that were incurred in the ordinary course consistent with past operation practices and outstanding in excess of the Subject Project Revenues (as defined in the Forbearance Agreement) collected and received by the Trustee in the immediately preceding 45 day period prior to closing (which collected revenues shall be used to reimburse such Operator Payments in accordance with ordinary procedures and payment priorities under the Indenture and Section 1 of the Forbearance Agreement), plus (B) to the extent Operator is not the buyer of

the Project, reasonable costs incurred in connection with the transition of ongoing operations, including staffing, to the buyer (clauses (A) and (B) above collectively referred to herein as the “**Subject Operator Costs**”); *provided, however*, that (Y) the Subject Operator Costs shall further be reduced and offset by the aggregate amount of then unpaid accounts receivable owing with respect to the operation of the Project as of the date of closing, plus all then unbilled services as of the month and date of closing to be billed by the Operator (such amounts collectively referred to as the “**Subject A/R**”), which Subject A/R shall be collected by the Operator and applied to amounts owing as further provided in Section 3(c) below, and (Z) except with the Trustee’s prior written consent (1) the aggregate amount of any such unreimbursed Subject Operator Costs payable under this Section 2(b)(ii) shall not exceed one million five hundred thousand dollars (\$1,500,000.00), and (2) the Operator shall not incur any capital improvement costs with respect to the Project in excess of one hundred thousand (\$100,000) in the aggregate during the Forbearance Period after the date of the First Amendment;

(iii) third, to pay all other outstanding amounts owing under the Indenture and other Bond documents, including without limitation to the repayment of principal and interest owing on the Bonds;

(iv) next, to the extent not previously paid, any other unreimbursed Subject Operator Costs owing to the Operator; and

(v) lastly, any remaining net proceeds shall be paid to the Issuer.

(c) If at the time of closing, the Operator remains in operation of the Project, it shall be tasked with and accepts the duty to use reasonable and customary efforts to promptly collect the Subject A/R. The Parties agree that upon receipt of actual collected funds related to the Subject A/R, the proceeds shall be applied in the following order of priority: (i) first to the Operator to repay (A) any reasonable costs of collection of the Subject A/R, and (B) any unpaid Subject Operator Costs, each until paid in full, then (ii) to the Trustee for the payment of any then remaining unpaid amounts owing under the Indenture, the Bonds and all other documents related thereto until paid in full, and then (iii) all remaining funds shall be paid to the Issuer.

(d) The Parties acknowledge and agree that during any sale proceedings as contemplated in this Section 3, the Operator shall continue to manage and operate the Project, and be reimbursed for its Operation and Maintenance Costs and Operator Fees, in accordance with the terms set forth under the existing terms of the Management Agreement and Indenture, as supplemented by the Forbearance Agreement (including payment of Operation and Management Costs and Operator Fees in accordance with the payment priorities set forth in Section 1 of the Forbearance Agreement as amended by this First Amendment; provided that in

consideration for the additional accommodations to the Operator set forth herein, the Operator and Issuer agree that (i) the Operator shall continue to manage and operate the Project after the date hereof pursuant to the Management Agreement and neither party shall terminate such Management Agreement for any reason (other than for material breach) prior to the earlier of (A) the date of closing of the sale of the Project, and (B) January 31, 2027, and (ii) if the Operator is not the successful purchaser in any sale, it will cooperate and assist with the orderly transfer and transition of Project related operations, employees, contracts and institutional knowledge to the purchaser. For the avoidance of doubt, nothing in this First Amendment is intended to preclude the Operator from participating in the sale process as a prospective bidder and buyer..

(e) Notwithstanding the foregoing, nothing herein shall require or obligate the Trustee to seek the appointment of a receiver or to pursue any remedies available to it under the Bond documents, including without limitation sale of the Project, and the Trustee reserves the right to seek termination of any receivership over the Project or to terminate or object to the sale of the Project (including as to the amount of the proposed sale price) at any time in its sole discretion, including without limitation, if the Trustee does not obtain Requisite Bondholder Approval or TIP Court Approval in connection with a proposed sale of the Project or if the sale of the Project does not occur on or before December 31, 2026, unless such date is extended by the Trustee in its sole discretion. The Parties further acknowledge, as previously set forth in the Forbearance Agreement, that the Trustee's consent to any sale and release of its liens on the Project is expressly conditioned upon obtaining either (i) the requisite consent and direction of Bondholders owning not less than two thirds of the then Outstanding Principal amount of the Bonds ("**Requisite Bondholder Approval**"), or (ii) a court order satisfactory to the Trustee in a trust instruction proceeding approving of the Trustee's release of its liens in exchange for the net proceeds of such sale in whole or partial repayment of the Bonds ("**TIP Court Approval**").

3. *Amendment to Application of Subject Project Revenues during Forbearance Period / Use of Operating Reserve Account Funds.* The Parties hereby agree to amend and restate Subsection (c) of Section (1) of the Forbearance Agreement in order to increase the minimum balance of the Operating Reserve/Repair/Contingency Account and accordingly, Section 1(c) of the Forbearance Agreement is hereby amended and restated in its entirety as follows:

- c. Third, solely to the extent necessary each month to replenish the minimum balance of the Operating Reserve/Repair/Contingency Account to an amount not less than seven hundred fifty thousand dollars (\$750,000.00).

The Parties hereby further acknowledge and agree that, if the Operator has incurred Operation and Maintenance Costs during the Forbearance Period in the ordinary course of business consistent with past operation practices and such Operation and Maintenance

Costs remain unreimbursed after applying collected Subject Project Revenues, then upon the written request of the Operator, the Trustee shall (i) prior to the occurrence of any sale of the Project, apply funds on deposit in the Operating Reserve/Repair/Contingency Account in excess of three hundred thousand dollars (\$300,000.00) to the payment of any such unreimbursed Operation and Maintenance Costs, with the balance remaining available for other permitted uses of such funds in accordance with the Indenture, and (ii) upon the occurrence and closing of any sale and provided the Operator remains in operation of the Project at the time of sale, the Trustee shall use any and all funds then remaining on deposit in the Operating Reserve/Repair/Contingency Account for the payment of any then unreimbursed Operation and Maintenance Costs or other Subject Operator Costs owing to the Operator.

4. ***No Further Amendments.*** Except for the express changes set forth in this First Amendment, all other terms and conditions set forth in the Forbearance Agreement shall remain unmodified and continue in full force and effect.

5. ***Miscellaneous.***

(a) The captions or headings contained herein are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this First Amendment.

(b) This First Amendment is intended to provide benefits to the Parties hereto, and shall not be deemed to give, grant or bestow any right, defense or benefit upon any third party, except that the holders of the Bonds shall have the rights of the Trustee to the extent contemplated by the Indenture.

(c) No waiver of any breach of any of the terms or conditions of this First Amendment or the Forbearance 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.

(d) This First Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and all of which counterparts, taken together, shall constitute one and the same instrument. Facsimile signatures and signature pages provided in the form of a “.pdf” or similar imaged document transmitted by electronic mail shall be deemed original signatures for all purposes hereunder.

(e) The Forbearance Agreement, as amended by this First Amendment, may only be further amended in writing, and such amendment shall only become effective upon the execution by all Parties such amendment.

(f) 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 requisite authority necessary to execute this First Amendment on behalf of such Party, and each Party

hereby certifies to the other that any resolutions necessary to create such authority have been duly passed and are now in full force and effect.

(g) U.S. Bank Trust Company, National Association is party to the Forbearance Agreement and this First Amendment solely in its capacity as Trustee under the Indenture, and not individually.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed as of the date first above written.

SAN LUIS FACILITY DEVELOPMENT CORPORATION, as Issuer

By: _____
Its: _____

LASALLE CORRECTIONS WEST, LLC, as Operator

By: _____
Its: _____

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

By: _____
Its: _____

AMENDED AND RESTATED AGREEMENT REGARDING TEMPORARY FORBEARANCE, OPERATION OF PROJECT AND PROJECT REVENUES

This Amended and Restated Agreement Regarding Temporary Forbearance, Operation of Project and Project Revenues (this “**Agreement**”) is entered into on this 31st day of July 2025, but made effective as of May 1, 2025, by and among **U.S. Bank Trust Company, National Association**, solely in its capacity as successor trustee (in such capacity, the “**Trustee**”) under that certain Trust Indenture dated as of October 1, 2005 (as amended from time to time, the “**Indenture**”), **San Luis Facility Development Corporation** (the “**Issuer**”), which entity was organized under the laws of the State of Arizona and its board members are appointed by the City of San Luis, Arizona, as the issuer of the Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention Center Project) Series 2014 issued as of April 1, 2014 in the original aggregate principal amount of \$26,090,000 and the Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention Center Project) Series 2014-A issued as of July 1, 2014 in the original aggregate principal amount of \$20,835,000 (collectively, the “**Bonds**”), and **LaSalle Corrections West, L.L.C.**, a limited liability company organized under the laws of the State of Louisiana, as the operator (the “**Operator**”) of the San Luis Detention Facility (the “**Project**”) under the terms of that certain Facility Operation and Management Agreement entered into by the Operator and the Issuer in 2024 (as amended from time to time prior to the date hereof, the “**Management Agreement**”). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture. The Issuer, Trustee and Operator shall each be described herein as a “**Party**” and collectively, the “**Parties**”.

WHEREAS, the Project consists of an approximate 869-bed secure detention facility located in San Luis, Arizona (the “**City**”), and certain related property rights, and is currently being managed and operated by the Operator under the terms of the Management Agreement;

WHEREAS, all Project Revenues from the Project are pledged to the Trustee as security for payment of the Bonds and are required to be delivered directly to the Trustee for application pursuant to the terms of the Indenture;

WHEREAS, Events of Default under the Indenture have occurred and are continuing at this time, including certain Events of Default that occurred in 2016 which have never been waived by the Trustee or the Bondholders;

WHEREAS, under the terms of the Indenture, including Section 5.06 thereof, Project Revenues are to be used first to make provision for the payment of Bond interest and principal (and certain other charges, including all Trustee fees and expenses) and, thereafter, to the extent there are remaining available Project Revenues, to pay or reimburse, as applicable, the Operation and Maintenance Costs (including Operator Fees payable to

the Operator and certain administrative fees payable to the City) pursuant to the Management Agreement;

WHEREAS, in light of the foregoing priority provisions under the Indenture and as a result of insufficient Project Revenues resulting from ongoing Project operations, the Operator had previously sustained substantial operating losses which resulted in it previously sending a Notice of Non-Renewal to the Issuer dated October 1, 2024, informing the Issuer that it was not renewing a prior version of the Management Agreement;

WHEREAS, the Trustee and Issuer desired to prevent the loss of the Operator and the related risk of discontinued operation of the Project, which could have resulted in a cessation of Project Revenues, which is the primary source of payment for the Bonds, and accordingly entered into negotiations to prevent the Operators departure; and in connection therewith the Trustee, Issuer and Operator, entered into that certain Agreement Regarding Forbearance, Operation of Project and Project Revenues effective as of September 1, 2024 (as heretofore amended, the “**2024 Forbearance Agreement**”) whereby the Project Revenues received by and deposited with the Trustee during the Forbearance Period (as defined in the Prior Forbearance Agreement and scheduled to run from September 1, 2024 to April 30, 2025) were first paid to the Operator for the payment of Operation and Maintenance Costs prior to the allocation of such Project Revenues towards the accrual of interest and principal payments;

WHEREAS the Trustee’s entrance into the 2024 Forbearance Agreement was approved by the Ramsey County District Court for the State of Minnesota in a trust instruction proceedings;

WHEREAS, the Forbearance Period as it pertains to the 2024 Forbearance Agreement was extended from April 30, 2025, through July 31, 2025, by agreement between the parties in order to facilitate, among other things, negotiation of the current Agreement;

WHEREAS, during the term of the 2024 Forbearance Agreement the Operator negotiated with and secured increased per diem rates with ICE and the U.S. Marshals Service through new and amended contracts effective as of March 1, 2025, that will aid in increase revenue and profitability of the Project according to the projections prepared by the Operator and shared with the Trustee and Issuer;

WHEREAS, as a result of the elevation of payments to the Operator during the Prior Forbearance Agreement, the operating costs incurred by the Operator during the Forbearance Period thereunder were paid in full by application of Project Revenue to such amounts, with a small amount of excess Revenue, but nonetheless the Operator is still owed \$4,408,781.00 in unreimbursed Operating and Maintenance Costs incurred prior to September 1, 2024 (the “**Operator Loss Carryforward**”);

WHEREAS, the Forbearance Period under the 2024 Forbearance Agreement will expire on July 31, 2025, and the Operator has informed the Issuer and the Trustee that it is

willing to continue operating the Project for an extended period of time if it is provided an ability to recover its Operator Loss Carryforward from Project Revenues on a basis preferential to certain debt service collections otherwise payable to the Trustee for the benefit of Holders of the Bonds;

WHEREAS, and the Issuer, the Operator and Trustee desire (a) for the Operator to remain as the operator of the Project; (b) to extend the term of the Forbearance period to April 30, 2027; (c) have negotiated for certain modified terms for the application of Project Revenues during the extended forbearance period, (d) create a mechanism for the Issuer to hold an election and run an auction process for the sale of the Project and to use the net proceeds thereof to pay the Bonds; and (d) to otherwise amend and restate the 2024 Forbearance Agreement, each pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, the Trustee's actions hereunder are being taken pursuant to its powers to protect the interests of Bondholders under Article VII of the Indenture.

NOW, THEREFORE, the Parties for the consideration set forth herein, the sufficiency and delivery of which is acknowledged, hereby agree as follows:

1. ***Payment of Operation and Maintenance Costs during Forbearance Period.***
The Parties hereby agree that during the period beginning and made effective as of May 1, 2025 and ending on the Termination Date, each such term as defined below (such period, the "**Forbearance Period**"), all Project Revenues actually received by and deposited with the Trustee each month from the operation of the Project by the Operator (the "**Subject Project Revenues**") and attributable to any calendar month in the Forbearance Period (each such month, the "**Revenue Deposit Month**"), shall be applied, for each Revenue Deposit Month during the Forbearance Period, as follows:

a. First, to pay any outstanding Trustee's fees and expenses (including, without limitation, reasonable attorneys' fees), which fees and expenses shall continue to be a first charge on Project Revenues as provided in the Indenture;

b. Second, to the Trustee (i) commencing from August 1, 2025, through April 30, 2026 (but subject to modification as provided in the succeeding clause (ii), an amount equal to ninety thousand dollars (\$90,000.00) each month on account of accrued interest on the Bonds; and (ii) from the earlier of the date the Operator Loss Carryforward has been paid in full or May 1, 2026, such monthly payment shall be increased to \$146,467.29;

c. Third, to the Trustee an amount up to but not greater than fifteen thousand dollars (\$15,000.00) solely to the extent necessary each month to replenish the minimum balance of the Operating Reserve/Repair/Contingency Account to an amount not less than three hundred thousand (\$300,000).

d. Fourth, as and when due and required to pay the Operator for such costs, to make transfers to the Operating Account for further payment to the Operator in the amount equal to the following (collectively, the “**Operator Payments**”): (i) the Operation and Maintenance Costs incurred by the Operator (which for the avoidance of doubt shall not include any Operator Fee or any amounts owing to the Issuer or the City) and billed for such Revenue Month, as certified pursuant to Section 7 below, plus (ii) an Operator Fee amount equal to 6% of the total amount of such costs payable under Section (d)(i) above with respect to the Operation and Maintenance Costs for that Revenue Month only;

e. Fifth, applied to the Operator Loss Carryforward, in the agreed amount of \$4,408,781, until paid in full; and

f. Sixth, after making the requisite payments under Section 1(a) through (e) hereof, excess Subject Project Revenues for any Revenue Deposit Month shall be (i) first be used to pay the Issuer a one-time payment of \$20,000.00 for its accrued expenses, and (ii) thereafter all remaining amounts shall be shared and paid each month in equal amounts of one-third (1/3rd) each to the Trustee, the Issuer and the Operator until each of the Operator and the Issuer has recouped its respective accrued Additional Operator Fee and City Fee (each as defined below) for such month (or any prior month for which it remains unpaid), and thereafter all remaining Subject Project Revenues in such month shall be paid to the Trustee, with all such amounts payable to Trustee for application to debt service on the Bonds or other amounts owed to the Trustee but in each case subject to and in accordance with the terms of the Indenture (including the post Event of Default rights and powers of the Trustee for the application of monies received under Article VII of the Indenture. The parties further agree that (Y) the Operator shall be entitled to receive an additional Operator fee equal to 5% of direct Operation and Maintenance Costs (and for avoidance of doubt, excluding the Operators 6% Fee) each month (the “**Additional Operator Fee**”), and (Z) the Issuer shall be entitled to receive and pay to the City a monthly administrative fee equal to \$20,000.00 (the “**City Fee**”), each commencing on the earlier of (i) May 1, 2026 or (ii) the date that the Operator Loss Carryforward has been paid in full.

To the extent that there are insufficient Subject Project Revenues to cover the payments in full as described in Sections 1(a) and (d) above in any Revenue Deposit Month, such amounts shall be carried forward and paid in a future Revenue Deposit Month in accordance with the payment priorities set forth above. The Operator and Issuer further agree that it shall continue to cause all Project Revenues to be directly paid to the Trustee each month for application in accordance with the payment priorities set forth in this Section 1.

.All monies used during the Forbearance Period to make payments towards the Operator Payments, the Additional Operator Fee or the Loss Carryforward herein are being made as protective advances (the “**Protective Advances**”) by the trust created under the

Indenture in order to preserve the Trust Estate. The Issuer and Operator hereby specifically acknowledge and agree that the Operator Payments to be made under this Agreement shall be made solely from the Subject Project Revenues deposited with the Trustee during the Forbearance Period under this Agreement and the Trustee is not obligated to advance monies from any other funds on deposit with the Trustee or any other source for payment of the Operator Payments.

The above priorities for the deposit and application of Project Revenues by the Trustee shall apply only for the Revenue Deposit Months occurring during the Forbearance Period, and the provisions of the Indenture with respect thereto shall apply fully to all calendar months before and after the Revenue Deposit Months occurring during the Forbearance Period (except as otherwise provided in Sections 2, 3 and 4 hereof), *provided, however*, that the Protective Advances made hereunder shall constitute additional obligations owing to the trust created by the Indenture for the benefit of the Holders of the Bonds, and such Protective Advances, less any portion of the excess Subject Project Revenues remaining at the end of the Forbearance Period and not used to make Operator Payments, shall be repaid from the first Project Revenues, net of fees and expenses or other amounts owing to the Trustee, becoming available after the Forbearance Period.

At the end of the Forbearance Period any excess or remaining Subject Project Revenues not used to make Operator Payments or pay amounts owing to the Trustee shall be applied to catch up any amounts to be credited to the Bond Fund under Section 5.06(b)(i) and 5.06(b)(ii) of the Indenture that were not made during the Forbearance Period, subject to the Trustee’s rights and powers with respect to the application of funds under Article VII of the Indenture.

2. ***Establishment of Trust Reserve.*** In order to assist the Trustee with its duties to preserve the Trust Estate under the Indenture, the parties agree that funds from the following accounts are to be withdrawn either to the amount shown, or in their entirety, and all such funds shall be transferred to a new subaccount of the Project Fund established under the Trust Agreement named the “**Trustee Administration Fund**”. The sole purpose of the Trustee Administration Fund (subject to the terms of Section 4 hereof) shall be to primarily enable the Trustee to preserve and protect the Trust Estate and to pay any indemnification or other amounts owing to the Trustee under the Indenture consistent with its duties under the Indenture and in the best interest of the Bondholders, and secondarily as additional collateral for the repayment of the Bonds. It shall be one of the Funds established under the Indenture and funds held therein shall be invested in accordance with the terms of the Indenture.

<u>Account</u>	<u>Balance to be Transferred</u>
Project Fund	\$468,681
Operating Account	\$671,952
Operator Fee Account	\$112,627
Operating Reserve/Repair	\$146,740

For the avoidance of doubt, after funding in accordance with this Section, the Trustee Administration Fund shall have \$1,400,000. The Trustee Administration Fund is not subject to the Disposition of Pledged Revenues established under Article V of the Indenture.

3. ***Sale of Project.*** The Issuer hereby agrees to promptly continue the election process with the assistance of the City of San Luis for the sale of the Project's real and personal property conforming to A.R.S. § 9-403. On the condition that the results of said election authorize the sale, then the Issuer shall expeditiously give legal notice and hold a public auction, which shall be commercially reasonable and appropriate under Arizona law, including, but not limited to A.R.S. § 9-403, to the highest bidder for cash at no less than the appraised value, reserving the right to reject any and all bids. (the "**Project Sale**"). The net proceeds thereof to repay the Bonds. If the proposed net sale proceeds are insufficient to pay the then Outstanding Principal amount of the Bonds plus all interest accrued through such date, then the Issuer agrees that the Trustee's consent to any such sale and release of its lien on the Project would be expressly conditioned upon obtaining either (i) the requisite consent and direction of Bondholders holding not less than two thirds of the then Outstanding Principal amount of the Bonds; or (ii) a court order satisfactory to the Trustee in a trust instruction proceeding approving of the Trustee's release of its liens in exchange for the net proceeds of such sale in partial repayment of the Bonds. Notwithstanding the foregoing, the parties acknowledge and understand that certain governmental approvals (including in certain circumstances, approval of the residents of San Luis, Arizona) is required to complete such sale and the Issuer cannot provide an assurance that all such approvals will be granted. In addition, the Issuer cannot provide assurance that the auction will result in the highest bid being for the appraised value or exceed it. Under Arizona law, the Issuer cannot accept bids less than the appraised value. However, the Issuer will follow the legal processes to sell the Project with the goal of selling it by March 1, 2026.

4. ***Limited Funding from Trustee Administration Fund.*** Notwithstanding the terms of Section 4 hereof, the Trustee agrees that it shall use amounts initially deposited into the Trustee Administration Fund to (i) pay to the Issuer the actual and reasonable costs as and when incurred for (a) any appraisal of the Project, and (b) seeking an election from the residents of the City of San Luis as may be necessary under applicable law, in each case related to the Project Sale, ***provided*** that all such payments shall not exceed one hundred thousand dollars (\$100,000.00) in the aggregate; and (b) pay for the unpaid costs and fees of Trustee counsel for such amounts incurred up to and including July 18, 2025 in an amount not to exceed one hundred thousand dollars (\$100,000.00) in the aggregate. The use of monies in the Trustee Administration Fund to pay fees and expenses of counsel as set forth above shall not otherwise be construed as a modification of the right of the Trustee to be reimbursed for its fees and expenses first from the Project Revenue waterfall as set forth in Section 1 hereof.

5. ***Application of Monies in the Bond and Reserve Funds.*** The Operator and Issuer both hereby acknowledged and agree that amounts on deposit in accounts of the Bond Fund as well as the 2014 Reserve Fund and the 2014-A Reserve Fund are specifically held for the repayment of the Bonds and funds in such accounts or Funds are not available for use at the Project, payment of Operator Fee, or otherwise. On or before the November 1, 2025, Interest Payment Date, the Trustee may withdraw some or all of the amounts in such accounts and Funds in order to make payments on account of principal which shall have become due in the order of their due dates. To the extent monies are withdrawn and applied in accordance with this Section during the Forbearance Period, the Issuer's failure to replenish the Reserve Requirement shall not be an additional Event of Default under the Indenture or a default hereunder. Notwithstanding the foregoing, upon the expiration or termination of the Forbearance Period the Issuer shall be required to fund the Reserve Requirement within twelve months of such date, as required by the Indenture.

6. ***Acceleration of Bonds.*** During the Forbearance Period the Trustee reserves the right and may upon ten (10) days prior written notices to the Issuer (with a copy to the Operator) declare the principal of the Bonds immediately due and payable, solely for the purpose of making distributions upon the Bonds pursuant to Section 7.03(b) of the Indenture. The Issuer and the Operator acknowledge and agree that any such declaration made by the Trustee is specifically permitted by this Agreement and does not constitute an exercise or remedies or a failure by the Trustee to forbear from the same. For the avoidance of doubt, any acceleration of the Bonds made under the Indenture pursuant to this Section of Agreement during the Forbearance Period (a) shall be for the purpose of making distributions pursuant to the provisions of Section 7.03(b) of the Indenture and is not intended to, and shall not, interfere with the Operator's continued management of the Project, and (b) shall not act to end the Forbearance Period or otherwise terminate this Agreement, each of which are subject to the terms of Sections 9 and 10 hereof.

7. ***Certification of Monthly Operation and Maintenance Costs.*** The Operator hereby agrees that during the Forbearance Period, it shall submit to the Trustee and, if requested, to the Issuer, a monthly summary of all costs and expenses incurred in connection with the operation of the Project during each Revenue Deposit Month (the "**Monthly O&M Summary**"), beginning with June 1, 2025. Each Monthly O&M Summary shall include a certification by the Operator certifying that all amounts listed therein represent the actual costs and expenses (excluding any Operator Fee or Issuer and City fees) incurred in the operation of the Project during the relevant Revenue Deposit Month. Monthly O&M Summary for each Revenue Deposit Month shall be provided to the Trustee no later than the last business day of the calendar month immediately following such Revenue Deposit Month. The Operator hereby agrees that if requested by the Trustee or the Issuer, the Operator shall provide copies of all invoices and other commercially reasonable documentation with respect to the costs and expenses included in each Monthly O&M Summary. During the Forbearance Period each Monthly O&M Summary shall state

the Operator Loss Carryforward outstanding at the beginning of the subject Revenue Deposit Month, and shall indicate the amount by which the Operator Loss Carryforward was decreased (or increased) through the application of Project Revenue during the subject Revenue Deposit Month. In addition the Operator hereby specifically acknowledges and agrees that the sole amounts payable to it during the Forbearance Period are the Operator Payments which are to be paid through Protective Advances, and that while other amounts owed under the Management Agreement may accrue during the Forbearance Period, such amounts are not payable from the Protective Advances made by the Trustee pursuant to this Agreement.

8. ***Acknowledgement of Events of Default and Forbearance of Remedies.*** The Issuer agrees that Events of Default exist under the Indenture and are continuing at this time and that the Trustee has all of the rights and remedies set forth in the Indenture, the Deed of Trust, and other Bond documents with respect to the Project and Project Revenues including the right of foreclosure, and the appointment of a receiver, at the Project. The Parties acknowledge and agree that the principal amount of the indebtedness evidenced by the Bonds as of the date hereof is \$24,655,000, and that interest is accruing in accordance with the terms of the Bonds and the Indenture, each without any defense or right of set off, but subject to limited recourse to the Project Revenues and other assets held in trust as set forth in the Indenture and the Deed of Trust. In consideration of this Agreement and subject to the terms and conditions thereof, during the Forbearance Period the Trustee agrees that it shall not seek the appointment of a receiver nor exercise any other similar enforcement remedies with respect to the Project based upon any Events of Default in existence on the date hereof or that result solely by reason of the application of Project Revenues during the Forbearance Period in accordance herewith (together, the “**Permitted Events of Default**”). For the avoidance of doubt, nothing herein shall constitute a waiver of any right or remedy of the Trustee or any Bondholder or of any present or future Event of Default, or a modification of the duties and obligations of the Issuer under the Indenture.

9. ***The Forbearance Period.*** The effectiveness of this Agreement and the Forbearance Period shall be as of May 1, 2025 (the “**Effective Date**”) and shall terminate on the Termination Date, and the first Revenue Deposit Month in the Forbearance Period shall be deemed to be May 1, 2025. The Parties acknowledge and agree that nothing in this Agreement is intended to apply to Project Revenues received prior to May 1, 2025, other than as expressly set forth in this Agreement.

10. ***The Termination Date.*** The “Termination Date” shall be a date that is the earlier of (i) April 30, 2027, (ii) 75 days after the Trustee sends a notice to the Operator (with a copy to the Issuer) in writing that a Termination Event has occurred, and (iii) the cessation or suspension of operations at the Project by the Operator or the termination date of the Management Agreement.

A “Termination Event” would mean the occurrence of any of following events as determined by the Trustee: (a) the Trustee receives Bondholder directions to terminate or objections to the forbearance arrangement in an amount that the Trustee deems sufficient under the Bond Documents or for which it exposes the Trustee to unacceptable risks or liability in its sole and absolute discretion, or (b) the Trustee did not receive the TIP Court Order (hereinafter defined) approving the proposed forbearance; (c) the Operator or the Issuer shall be in breach, for a period of 30 days after the Trustee shall send written notice thereof, of its obligations under this Agreement to cause all Project Revenues to be directly paid to the Trustee each month; and/or (d) other events mutually agreed to by the Parties. Upon the occurrence of a Termination Event, the Trustee may send written notice to the Operator and the Issuer of such occurrence and its intention to terminate the Forbearance Period, and such termination shall be effective (i) 75 days after the date such notice is sent, or (ii) immediately if the such termination is the result of a breach by the Operator under the terms of this Agreement. To extent of available Subject Project Revenues, the Operator would be entitled to Protective Advances for all permitted Operating and Maintenance Costs incurred during the term of the Forbearance Period to the extent set forth above. If the Forbearance Period ends on a day other than on the last day of a Revenue Deposit Month, the Operating and Maintenance Costs and Operator Payments payable to the Operator would be prorated through the last day of the Forbearance Period.

11. ***Trust Instruction Proceeding.*** The Trustee will use reasonable efforts to file a trust instruction petition within ten (10) calendar days of the execution of the this Agreement seeking a court order in form acceptable to the Trustee (the “**TIP Court Order**”) approving the Trustee’s entrance into and performance under this Agreement. During the pendency of the court proceeding, the Trustee will nonetheless perform its obligations under this Agreement during the Forbearance Period, subject to the termination rights set forth herein.

12. ***Existing Funds and Obligations Unaffected.*** Nothing in this Agreement shall be construed to modify or amend any of the terms of the Indenture, the Deed of Trust, the Management Agreement, or any of the other Bond Documents, all of which shall remain in full force and effect, subject to the rights of the Parties hereunder. The Parties hereby acknowledge that nothing herein is intended to or shall be construed as modifying or limiting the Issuer’s legal obligation to pay all principal and interest as and when due on the Bonds from Project Revenues in accordance with the terms of the Indenture, *provided, however*, that the failure to pay Bond interest or principal by reason of the priorities set forth herein shall be a Permitted Event of Default within the meaning set forth in this Agreement.

13. ***Amendment and Restatement.*** This Agreement completely amends and restates the 2024 Forbearance Agreement in its entirety as of the Effective Date.

14. ***Miscellaneous.***

(a) The captions or headings contained herein are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this Agreement.

(b) This Agreement is intended to provide benefits to the Parties hereto, and shall not be deemed to give, grant or bestow any right, defense or benefit upon any third Party, except that the holders of the Bonds shall have the rights of the Trustee to the extent contemplated by the Indenture.

(c) 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.

(d) This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and all of which counterparts, taken together, shall constitute one and the same instrument. Facsimile signatures and signature pages provided in the form of a “.pdf” or similar imaged document transmitted by electronic mail shall be deemed original signatures for all purposes hereunder.

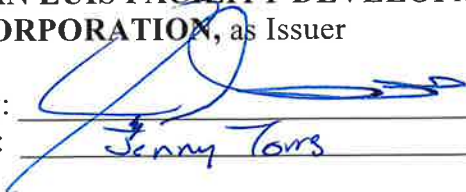
(e) This Agreement may only be amended in writing, and such amendment shall only become effective upon the execution by all Parties to this Agreement.

(f) 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 requisite authority necessary to execute this Agreement on behalf of such Party, and each Party hereby certifies to the other that any resolutions necessary to create such authority have been duly passed and are now in full force and effect.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first above written.

SAN LUIS FACILITY DEVELOPMENT CORPORATION, as Issuer

By: 
Its: Jenny Torres

LASALLE CORRECTIONS WEST, LLC, as Operator

By: _____
Its: _____

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

By: _____
Its: _____

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first above written.

SAN LUIS FACILITY DEVELOPMENT CORPORATION, as Issuer

By: _____
Its: _____

LASALLE CORRECTIONS WEST, LLC, as Operator

By: _____
Its: _____

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

By: _____
Its: Charles S. Hodges

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

In the Matter of Trusteeship created by San Luis Project Development Corporation Pursuant to the Trust Indenture Dated as of October 1, 2005, as Amended, Relating to the Issuance of San Luis Project Development Corporation Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention Center Project) Series 2014 and Series 2014-A

Case Type: Other
File No. 62-TR-CV-25-17
Hon. Adam Yang

**FINDINGS OF FACT, CONCLUSIONS OF LAW,
DIRECTIONS AND ORDER FOR JUDGMENT**

The above matter was heard by the Court via remote technology on October 20, 2025, on the petition (the “**Petition**”) of U.S. Bank Trust Company, National Association (“**U.S. Bank**”), solely in its capacity as trustee (in such capacity, the “**Trustee**”) for the above-captioned trust (the “**Trust**”) created pursuant to the Indenture (defined below) between San Luis Project Development Corporation, as issuer (the “**Issuer**”), and the Trustee.¹ Pursuant to the terms of the Indenture, the Issuer has issued, and there are currently outstanding, \$24,655,000 of taxable revenue bonds that are secured by a deed of trust and a pledge of Project Revenues (as defined in the Indenture) generated from a privately-operated secure detention facility (the “**Project**”) located near the City of San Luis, Arizona, on the U.S.-Mexico border. The Trustee, the Issuer and the private Project operator, LaSalle Corrections West, L.L.C. (“**LaSalle**” or the “**Operator**”), after extensive negotiations, entered into an amended and restated forbearance agreement, subject to termination if approval is not obtained from this Court, for the Operator to continue managing and operating

¹ Capitalized terms used but not defined herein shall have the meanings given to them in the Petition.

the Project after July 2025. Having completed its review and evaluation of the amended and restated forbearance agreement, the Trustee filed the Petition pursuant to Minn. Stat. § 501C.0201 *et seq.* seeking approval of the Amended and Restated Forbearance Agreement (as defined below) and to obtain certain authorizations, instructions and relief related thereto. Erin J. Snyder of Maslon LLP appeared on behalf of the Trustee in support of the Petition. Charles S. Hodges, a Vice President of U.S. Bank, appeared at the hearing in support of the relief requested in the Petition.

This Court, being fully advised as to the facts and issues involved herein, and due and timely notice having been given to Trust beneficiaries and other potentially interested parties, makes the following Findings of Fact, Conclusions of Law, Directions and Order for Judgment:

FINDINGS OF FACT

Background and 2024 Forbearance Agreement

1. The Trust was created pursuant to the Trust Indenture dated as of October 1, 2005, between San Luis Project Development Corporation, as 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**”).

2. Pursuant to the Indenture, specifically the Third Supplemental Trust Indenture dated as of April 1, 2014, the Issuer issued its Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention Center Project) Series 2014 in the original aggregate principal amount of \$26,090,000.00 (the “**Series 2014 Bonds**”). Subsequently, pursuant to the Fourth Supplemental Trust Indenture dated as of July 1, 2014, the Issuer issued its Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention Center Project) Series 2014-

A in the original aggregate principal amount of \$20,835,000.00 (the “**Series 2014-A Bonds**” and together with the Series 2014 Bonds, the “**Bonds**”). As of the date of the Petition, the aggregate principal amount of the Bonds outstanding was \$24,655,000.00, of which \$16,870,000.00 is Series 2014 Bonds, and \$7,730,000.00 is Series 2014-A Bonds.

3. Proceeds of the Bonds were used primarily to refund all of the tax-exempt bonds that had been previously issued under the Indenture in connection with the Issuer’s acquisition and construction of the Project.² The indebtedness evidenced by the Bonds is non-recourse indebtedness that is repayable solely from and primarily secured by the Issuer’s pledge of Project Revenues generated through the operation of the Project and a deed of trust lien and security interest on all real and personal property comprising the Project.

4. The Project consists of an approximate 869-bed secure detention facility located in San Luis, Arizona. Since 2018, the Project has been operated by LaSalle under an Operation and Management Agreement, executed by LaSalle and the Issuer (the “**Existing Management Agreement**”) and primarily generates Project Revenues by charging daily per diem rates for housing inmates and detainees on behalf of the U.S. Marshall’s Service and the U.S. Department of Homeland Security.

5. All Project Revenues generated from the operation of the Project are pledged to the Trustee under the Indenture and are delivered directly to the Trustee each month to fund debt service accruals on the Bonds and certain other charges, including payments or reimbursements to the Operator for operating costs and expenses, subject to the priorities set forth in the Indenture.

² Earlier Series 2005 Bonds and Series 2011 Bonds were previously issued under the Indenture, but such bonds were repaid and refunded from the proceeds of the outstanding 2014 and 2014-A Bonds.

6. Events of Default have occurred and are continuing as the date of the Petition, including that certain Event of Default that occurred under Section 7.01(d) of the Indenture in April 2016 due to the failure of the Issuer to provide, or to cause the then current Operator³ to provide (after notice and an opportunity to cure), certain Project financial and census information in accordance with the Indenture (the “**Existing Event of Default**”). The Existing Event of Default has never been waived by the Trustee or the Bondholders.

7. Under the terms of the Indenture, including Section 5.06 thereof, Project Revenues are to be used first to make provision for the payment of interest owing on the Bonds interest and payments of principal then coming due (and certain other charges, including all Trustee fees and expenses) and, thereafter, to the extent there are remaining available Project Revenues, to pay or reimburse, as applicable, the Operation and Maintenance Costs (including Operator Fees payable to the Operator and certain administrative fees payable to the City) pursuant to the Existing Management Agreement. In light of the foregoing priority provisions under the Indenture and as a result of insufficient Project Revenues resulting from ongoing Project operations, the Operator had previously sustained substantial operating losses which resulted in it previously sending a Notice of Non-Renewal to the Issuer dated October 1, 2024, informing the Issuer that it was not renewing the Existing Management Agreement.

8. The Trustee and the Issuer desired to prevent the loss of the Operator and the related risk of discontinued operation of the Project, which could have resulted in a cessation of Project Revenues, which is the primary source of payment for the Bonds, and accordingly entered into negotiations to prevent the Operators departure; and in connection therewith the Trustee, Issuer

³ In 2016, the Project was operated and managed by Emerald Correctional Management L.L.C., which operator was subsequently replaced by the Issuer with LaSalle in 2018.

and Operator, entered into that certain Agreement Regarding Forbearance, Operation of Project and Project Revenues effective as of September 1, 2024 (as heretofore amended, the “**Prior Forbearance Agreement**”) whereby the Project Revenues received by and deposited with the Trustee during the Forbearance Period (as defined in the Prior Forbearance Agreement and scheduled to run from September 1, 2024 to April 30, 2025) were first paid to the Operator for the payment of Operation and Maintenance Costs prior to the allocation of such Project Revenues towards the accrual of interest and principal payments.

9. The Trustee’s entrance into the Prior Forbearance Agreement was approved by the Ramsey County District Court for the State of Minnesota in a trust instruction proceeding (the “**2024 TIP Proceeding**”). The 2024 TIP Proceeding was assigned case number 62-TR-CV-24-31 and the order approving entrance into the Prior Forbearance Agreement can be found at index number 10.

10. The Forbearance Period and term of the Prior Forbearance Agreement, operated and was in effect from September 1, 2024 through April 30, 2025, but was extended through July 31, 2025, by that certain First Amendment to Agreement Regarding Temporary Forbearance, Operation of Project and Project Revenues executed by and among the Issuer, the Operator and the Trustee (the “**First Amendment**” and together with the Prior Forbearance Agreement the “**2024 Forbearance Agreement**”). The purpose of the First Amendment was to provide additional time to the parties thereto to negotiate the terms and seek requisite approvals of the Amended and Restated Forbearance Agreement referenced below.

11. During the term of the 2024 Forbearance Agreement, the revenues generated from the operation of the Project were only sufficient to cover ongoing operating expenses of the Operator and the Trustee’s fees and expenses, with no excess funds remaining to provide for the

payment of debt service on the Bonds. However, as a result of the Operator's negotiations with its customers of the Project, it was able to secure materially increased per diem housing rates pursuant to new and amended contracts effective as of March 1, 2025, that will aid in increasing the revenue of the Project according to projections prepared by the Operator and shared with the Trustee and Issuer as further discussed below.

Amended and Restated Forbearance Agreement

12. For quite some time prior to effectiveness of the 2024 Forbearance Agreement and as discussed in the 2024 TIP Proceeding, the Project Revenues were insufficient to cover both ongoing scheduled debt service payments on the Bonds and the operating costs and fees incurred by the Operator, which insufficiency in revenues caused the Operator to incur losses resulting from unreimbursed "Operating and Maintenance Costs" and "Operator Fees" (each as defined in the Indenture) prior to September 1, 2024 in the aggregate amount of \$4,408,781.00 (the "**Operator Loss Carryforward**"). The Operator has informed the Issuer and the Trustee that it is willing to continue operating the Project beyond the original Forbearance Period for an extended period of time if it is provided an ability to recover from Project Revenues on a priority basis not only its ongoing future Operating and Maintenance Costs but also a reasonable Operator Fee and its Operator Loss Carryforward, each of which would be paid ahead of at least some of the debt service payments that would otherwise be paid on account of the Bonds.

13. After several weeks of discussions and negotiations, on July 31, 2025, the Trustee, the Issuer and the Operator entered into that certain Amended and Restated Agreement Regarding Temporary Forbearance, Operation of Project and Project Revenues (the "**Amended and Restated Forbearance Agreement**").

14. The Amended and Restated Forbearance Agreement provides, among other things, for a new two (2) year term and extended Forbearance Period, which commences as of May 1, 2025, subject to certain early termination rights of the Trustee and Operator as set forth therein and further discussed below.

15. A summary of the essential terms of the Amended and Restated Forbearance Agreement that are effective during the new Forbearance Period are set forth below:

- a. All Project Revenues generated by the Operator's operation of the Project on and after May 1, 2025 through April 30, 2027 (the "**Subject Project Revenues**") are to be applied using a new priority structure which is designed to give greater protection to the Operator while also requiring the resumption of certain debt service payments on the Bonds. Under the terms of the Amended and Restated Forbearance Agreement, each calendar month during the Forbearance Period is referred to as a "Revenue Deposit Month" and Subject Project Revenues attributable to each Revenue Deposit Month are to be applied and in priority of payment as follows:
 - i. First, to pay any outstanding Trustee's fees and expenses (as currently permitted by the Indenture;
 - ii. Second, to the Trustee (1) commencing from August 1, 2025, through April 30, 2026 (but subject to modification as provided in the succeeding clause (2), an amount equal to ninety thousand dollars (\$90,000.00) each month on account of accrued interest on the Bonds; and (2) from the earlier of the date the Operator Loss Carryforward has been paid in full or May 1, 2026, such monthly payment shall be

increased to \$146,467.29 (which amount represents the full accrual of interest on the Bonds as the express stated rate set forth in each series of Bonds);

- iii. Third, to the Trustee an amount not greater than fifteen thousand dollars (\$15,000.00) solely to the extent necessary each month to replenish the “Operating Reserve/Repair/Contingency Account” (as originally described and for the purposes set forth in the Indenture) to an amount of three hundred thousand dollars (\$300,000);
- iv. Fourth, for payment by the Trustee to the Operator of (x) the Operation and Maintenance Costs incurred by the Operator, plus (y) an Operator Fee amount equal to 6% of the total amount of such costs payable with respect to the Operation and Maintenance Costs for that Revenue Month only (together, the “Operator Payments”).
- v. Fifth, for payment by the Trustee to the Operator to be applied to the Operator Loss Carryforward, in the agreed amount of \$4,408,781, until paid in full; and
- vi. Lastly, after making the requisite payments under paragraphs (i) through (v) above and subject to certain additional terms in the Amended and Restated Forbearance Agreement, any excess Subject Project Revenues for any Revenue Deposit Month shall be (1) first used to pay the Issuer a one-time payment of \$20,000 for its accrued transaction expenses, and (2) thereafter all remaining amounts shall

be shared and paid each month in equal amounts of one-third (1/3rd) each to the Trustee, the Issuer and the Operator until each of the Operator and the Issuer has recouped its respective accrued Additional Operator Fee and City Fee (each as defined below) for such month (or any prior month for which it remains unpaid), and thereafter all remaining Subject Project Revenues in such month shall be paid to the Trustee, with all such amounts payable to Trustee for application to debt service on the Bonds or other amounts owed to the Trustee but in each case subject to and in accordance with the terms of the Indenture (including the post Event of Default rights and powers of the Trustee for the application of monies received under Article VII of the Indenture). As set forth above, (Y) the term “Additional Operator Fee” means an additional Operator fee equal to 5% of direct Operation and Maintenance Costs, and (Z) the term “City Fee” means a monthly administrative fee equal to \$20,000.00. By capping these amounts it is possible that payment on the Bonds will be able to resume at a level more than just partial interest payments during the Forbearance Period. However, the amount of future debt service payments will depend entirely on the performance of the Project and the Operator’s related management thereof. In that regard, the Operator has provided to the Issuer and Trustee certain financial projections based upon projected occupancy rates at the new per diem rates. If the Project performs to such projections, then it would appear that there will be

material excess Project Revenues available to increase debt service payments on the Bonds commencing as early as the Summer of 2026.

16. In partial consideration of the foregoing modified payment waterfall, the Issuer has agreed pursuant to Section 3 of the Amended and Restated Forbearance Agreement to begin a process for the potential sale of the Project. This process will include the Issuer's efforts to obtain all required local governmental approvals so as to permit the sale of the Project in accordance with its local rules and regulations. Further, the net proceeds of any sale would be used to repay the Bonds; *provided however*, that to the extent the net proceeds of any anticipated sale would be less than the amount required to fully pay the then current Outstanding Principal of the Bonds (together with accrued but unpaid interest), the Amended and Restated Forbearance Agreement makes clear that the Trustee's lien would not be released without either (x) the direction of Bondholders owning more than two-thirds of the principal amount of the Bonds (as required under Section 7.05 of the Indenture; or (y) further satisfactory approvals from this Court in a subsequent trust instruction proceeding.

17. The Amended and Restated Forbearance Agreement further provides pursuant to Section 2 thereof and subject to certain term and conditions for the creation of a new subaccount of the Project Fund (the "**Trustee Administration Fund**") for, among other things, the Trustee's use in protecting the Trust Estate as further set forth therein. In accordance with such Section 2, \$1,400,000 of existing funds set forth in the Operating Account, the Operator Fee Account, the Operating Reserve/ Repair / Contingency Account and the Project Fund (each as defined and set forth in Article V of the Indenture) shall be moved and transferred into the Trustee Administration Fund. This new Trustee Administration Fund will sit outside of the waterfall established in the Amended and Restated Forbearance Agreement as well as Article V of the Indenture. Its purpose

will be to assist the Trustee with the efficient administration of the Trust Estate as well as providing additional collateral for the Bonds, but subject to the additional requirement that the Trustee will use up to \$200,000 of monies in the Trustee Administration Fund on a one time basis to reimburse certain legal costs of the Trustee incurred prior to the execution of the Amended and Restated Forbearance Agreement, as well as defraying certain costs of the Issuer incurred and related to any potential local election needed by the Issuer to obtain its necessary approvals for the potential sale of the Project.

18. Section 5 of the Amended and Restated Forbearance Agreement clarifies that the funds currently on deposit in both the 2014 Reserve Fund and the 2014-A Reserve Fund are specifically held for Bondholders and not available for operation of the Project. Amounts on deposit in these funds may be withdrawn prior to the November 1, 2025 Interest Payment Date and applied to the outstanding principal of the Bonds. The Indenture requires that when funds in the Reserve Fund drop below the reserve requirements that the Issuer replenish the reserves within one year. This requirement will be temporarily suspended during the Forbearance Period but will be reimposed upon expiration of the Agreement unless the Project is sold before such time.

19. In order to allow for the potential pro rata application of Project Revenues to both the Series 2014 Bonds and Series 2014A Bonds in the future, the Trustee has reserved the right during the Forbearance Period to accelerate the maturity of the Bonds (as permitted under Section 7.03 of the Indenture after the occurrence of and Event of Default) solely for distribution purposes. Section 6 of the Amended and Restated Forbearance Agreement is explicit that this acceleration would not function to terminate the agreement and that the Trustee would take no action to interfere with the operation of the Project in connection with any such acceleration.

20. As stated earlier, the terms of the Amended and Restated Forbearance Agreement will operate and run through the earlier April 30, 2027; provided however that the Agreement may be terminated earlier (i) 75 days after the Trustee sends the Operator a notice that a “Termination Event” has occurred (as further defined in the Agreement including as a result of the Operator’s or Issuer’s breach of the terms of the Agreement); (ii) the cessation or suspension of operations at the Project by the Operator or the termination of the Operator’s management agreement with respect to the Project. As set forth in the Forbearance Agreement, a Termination Event further means, among other things, (Y) that the Trustee receives requisite Bondholder directions to terminate that Agreement, or (Z) the Trustee does not receive satisfactory approval and direction from this Court regarding the Agreement.

21. The Trustee has negotiated the Amended and Restated Forbearance Agreement because, among other things, the Operator was able to secure improved contracts for the long-term success of the Project. The new payment terms in the agreement provide for partial debt service payments while keeping the Operator in place for a significant period of time. The Trustee reasonably believes that the Amended and Restated Forbearance Agreement is in the best interest of the Bondholders, particularly given the prior poor financial performance of the Project in 2024 and prior years. Accordingly, the Trustee now seeks approval and direction from this Court for its entry into and performance under the Amended and Restated Forbearance Agreement.

CONCLUSIONS OF LAW

1. This Court has *in rem* jurisdiction over the Petition pursuant to Minn. Stat. §§ 501C.0202 (24) because the Trustee is seeking instruction from this Court regarding administration of the Trust and discharge of the Trustee’s duties under the agreement(s) governing

the Trust. The Trustee's principal corporate trust office is located in St. Paul, Minnesota, and the Trustee performs functions of Trust administration in Minnesota.

2. This Petition is properly venued in this Court pursuant to Minn. Stat. § 501C.0207(a)(2)(i) because the Trustee has a corporate trust office in St. Paul, Minnesota, and pursuant to Minn. Stat. § 501C.0207(b) because this Trust has been the subject of prior proceedings in this district.

3. The Trustee has fully complied with all of the notice and publication requirements set forth in Minn. Stat. § 501C.0203 subd. 1 and this Court's Order for Hearing.

4. Pursuant to Minn. Stat. § 501C.0204 subd. 1, this order is final as to all matters determined by it and binding *in rem* upon the Trustee, the Trust, all parties involved in the administration of the Trust, and all persons or entities claiming a beneficial or ownership interest in the Trust including, without limitation, all past, present or future Certificateholders, and their respective successors or assigns, as well as any other parties-in-interest, if any.

5. All actions taken (or omissions made) by the Trustee in accordance with this Order shall be deemed to be in good faith and comply with all applicable standards of care and duties of the Trustee under, and are fully authorized and protected by, the Trust Agreement and other Governing Documents including, without limitation, Section 6.01(e) of the Trust Agreement, and applicable law, and shall not subject U.S. Bank, individually or as Trustee, to liability.

DIRECTIONS AND ORDER FOR JUDGMENT

The relief sought by the Trustee in the Petition is hereby **GRANTED**, and the Court further specifically hereby directs and orders as follows:

- (i) The Trustee's entrance into the First Amendment and performance thereunder is ratified;

(ii) The Trustee is hereby approved and authorized to (1) enter into and perform under the terms of the Amended and Restated Forbearance Agreement including, without limitation, allocation of Project Revenues pursuant to the terms thereof and (2) take such further or additional actions as may be necessary or appropriate in connection with the Amended and Restated Forbearance Agreement and the operation of the Project;

(iii) The Trustee’s execution and delivery of the Amended and Restated Forbearance Agreement and any and all actions taken by the Trustee thereunder or in connection therewith, are prudent and reasonable and satisfy any and all duties of the Trustee under the Indenture and any other Trust documents, and finding that the Trustee shall not be liable to any holders of the Bonds or other party for complying with this Court’s Order;

(iv) the Trust and the Trustee shall not be subject to the continuing supervision of the Court for the purposes of Minn. Stat. § 501C.0205 or General Rule of Practice 417.02.

LET JUDGMENT BE ENTERED ACCORDINGLY.

Dated: _____, 2025

BY THE COURT:



Yang, Adam (Judge)
Oct 20, 2025 3:46 PM

Hon. Adam Yang
Judge of District Court

I certify the above order constitutes the Judgment of the Court.
Court Administrator

By:  Digitally signed by Syverud, Michael
Date: 2025.10.20 16:31:02 -05'00'

10/20/2025 04:30 pm