PUBLIC FINANCE AUTHORITY
$849,100,000* Senior Secured Private Activity Revenue Bonds
ALABAMA DEPARTMENT OF CORRECTIONS FACILITIES PROJECT
$633,500,000* Series 2021A
Sponsor: CoreCivic Inc.

Government Real Estate Solutions of Alabama Holdings LLC (Borrower)
Government Real Estate Solutions of Central Alabama LLC (Elmore County Lessor)
Government Real Estate Solutions of South Alabama LLC (Escambia County Lessor)

Investor Presentation

March 31st, 2021

* Preliminary, subject to change
Disclaimer

If you have been invited to participate in this electronic roadshow, you should already have been provided with a copy of the Preliminary Official Statement dated March 31, 2021 relating to the Public Finance Authority’s (the “Issuer” or “PFA”) Senior Secured Taxable Private Activity Revenue Bonds (Alabama Department of Corrections Facilities Project) Series 2021A (the “Bonds”) issued on behalf of Government Real Estate Solutions of Alabama Holdings LLC (the “Borrower” or “Holder”). This electronic roadshow must be read in conjunction with the Preliminary Official Statement, including all information incorporated therein by reference.

Investment decisions relating to the Bonds should only be based upon the Final Official Statement when available.

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## Offering Summary

<table>
<thead>
<tr>
<th><strong>Issuer:</strong></th>
<th>Public Finance Authority (“PFA”)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Borrower:</strong></td>
<td>Government Real Estate Solutions of Alabama Holdings LLC (“HoldCo”)</td>
</tr>
<tr>
<td><strong>Project:</strong></td>
<td>Alabama Department of Corrections (“ADOC”) Facilities Project</td>
</tr>
<tr>
<td><strong>Par Amount:</strong></td>
<td>Approximately $633.5 million*</td>
</tr>
<tr>
<td><strong>Offering:</strong></td>
<td>Rule 144A, Qualified Institutional Buyers (U.S.); Regulation S (International)</td>
</tr>
<tr>
<td><strong>Interest:</strong></td>
<td>Fixed-rate, taxable, payable semi-annually commencing on October 1, 2021</td>
</tr>
<tr>
<td><strong>Amortization / Final Maturity:</strong></td>
<td>The bonds begin amortizing in 2025 and have a final maturity in 2054</td>
</tr>
<tr>
<td><strong>Rating:</strong></td>
<td>Expected to be rated __ by ___ (___ Outlook)</td>
</tr>
<tr>
<td><strong>Security:</strong></td>
<td>The Series 2021A Bonds and Series 2021B Bonds (together the “Bonds”) will be payable from loan repayments by the Borrower to PFA. The Bonds will be payable from and secured by the Trust Estate established under the Indenture. In addition, the Bonds will be payable from and secured by a lien on and security interest in the Bondholder Collateral of the Borrower held by KeyBank National Association, as collateral agent. Project Revenues will consist of Lease Payments received from ADOC pursuant to the Lease Agreements, the obligation of ADOC to make such Lease Payments is subject to appropriation by the State of Alabama Legislature.</td>
</tr>
<tr>
<td><strong>Reserves:</strong></td>
<td>Debt Service Reserve Account &amp; Life Cycle Work Reserve Account</td>
</tr>
<tr>
<td><strong>Other:</strong></td>
<td>Concurrent with the Series 2021A issue, PFA may issue approximately $215.6 million* of Series 2021B to be privately placed pursuant to Section 4(a)(2)</td>
</tr>
</tbody>
</table>

* - Preliminary, subject to change
CoreCivic Team

Damon T. Hininger*
President & Chief Executive Officer
Roles and sample projects:
- Damon T. Hininger was named President and Chief Executive Officer in August 2009 after serving in various capacities throughout the company, both at CoreCivic facilities and the company’s headquarters

Lucibeth Mayberry*
Executive Vice President, Real Estate
Roles and sample projects:
- Lucibeth Mayberry was named Executive Vice President, Real Estate, in May 2015 after having served as Senior Vice President, Real Estate
- Ms. Mayberry joined CoreCivic in May 2003 as Senior Director, State Customer Relations

David Garfinkle*
Executive Vice President and Chief Financial Officer
Roles and sample projects:
- David Garfinkle was named Executive Vice President and Chief Financial Officer as of May 2014
- Mr. Garfinkle joined CoreCivic in February 2001

Alex Sherling
Managing Director
Roles and sample projects:
- Mr. Sherling joined CoreCivic in November of 2013 as Senior Director of Pricing & Valuation
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Overview of the Alabama Correctional Facilities

Overview & History

- ADOC currently has 15 major correctional facilities, many of which have capacity and staffing challenges and are under federal remedial order to address prison conditions, particularly relating to healthcare.

- Over the last two years, ADOC has conducted a procurement for three new correctional facilities to replace the majority of the State’s existing prison capacity which is in poor condition and unsafe for both staff and residents. The department will subsequently lease and operate the new facilities. This Project includes the land acquisition, development, design, construction, finance and maintenance of two of the three new ADOC correctional facilities.

- Each new facility will be designed to accommodate facility support functions and operational components being provided by ADOC such as: security and control, inmate housing, healthcare services, program services, administration, staff services, receiving and release, reception and visiting, food services, laundry, and warehouse.

The New Facilities will facilitate ADOC’s Strategic Plan to reduce recidivism and provide long-term safety for both inmates and staff.
Project Objectives

Overview
- ADOC is the agency responsible for the care, custody, and control of convicted felons in the State of Alabama. ADOC’s mission is to provide public safety through the safe and secure confinement, rehabilitation, and successful re-entry of offenders.
- ADOC’s overall goal for these correctional Facilities is to provide safe, secure, and constitutional incarceration in newly constructed facilities.
- ADOC is seeking facilities with a 50-year design life, so as to maximize ADOC’s occupancy of the new facilities over a long-term lease with minimal interruption.

Current Status and Impact of New Facilities
- The State's prisons are subject to two class action lawsuits and two US Department of Justice finding letters, as described in the offering materials.
- The State of Alabama has taken action and developed a comprehensive plan to address the deficient conditions at its prisons.
- A foundational element to the State's plan is to build three new correctional facilities to upgrade living conditions, provide a safer environment for both inmates and employees, provide access to on-site health care and mental health care, while enhancing support program infrastructure for the inmates.
- The new facilities will enhance other elements of the plan, such as recruiting, training and retention of correctional officers and improved programing that facilitates reintegration into the community.

Facility Procurement Objectives
- Procuring high-quality Facilities that will conform to ADOC’s program and design criteria, employ proven lifecycle and sustainability strategies, and fully support the intended use and operation of the Facilities (including indicated staffing and energy efficiency criteria).
- Establishing a collaborative relationship between ADOC and the Developer Team so that the Developer is able to deliver a well-designed, well-built Facility for occupancy within ADOC’s budget and timeframe.
- Minimizing adverse impacts to ADOC operations through close coordination with ADOC and its stakeholders.
- Encouraging Developer maintenance and promotion of safe, injury-free worksites and workplaces.
- Encouraging Developer maximization of local participation in the Project(s) and assembly of a Developer Team that reflects the racial, gender, geographic, urban/rural, and economic diversity of the State.
- Ensuring quality ongoing maintenance of the Facilities in accordance with ADOC’s performance standards, including sufficient maintenance staffing and energy efficiency and sustainability requirements.
### Project Overview

- In September 2020, CoreCivic was selected as the preferred developer for two of the three New Facilities, which includes the Elmore County and Escambia County Correctional Facilities, as described below.

<table>
<thead>
<tr>
<th>Overview of New Facilities</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elmore County Correctional Facility</td>
<td>The Facility will provide minimum-medium custody for ADOC’s inmate population. This facility will be larger than the Escambia County Correctional Facility and contain ADOC’s special services (e.g., medical, mental health, aged care, and inmate reception).</td>
</tr>
<tr>
<td>Escambia County Correctional Facility</td>
<td>The Facility will provide minimum-medium custody for ADOC’s inmate population.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expected Costs and Timeline</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment</td>
<td>Lease payments from ADOC, subject to annual appropriations from the Alabama Legislature.</td>
</tr>
<tr>
<td>Construction Timeline</td>
<td>Approximately 42 months.</td>
</tr>
</tbody>
</table>
| Estimated Construction Costs (subject to change) | - Elmore County Correctional Facility: approximately $593.3 million.  
- Escambia County Correctional Facility: approximately $266.6 million. |

**Combined, the two New Facilities will provide approximately 7,000 beds for ADOC**

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2 Note: A short facility that was suited to another Developer.
Key Project Parties

CoreCivic

- CoreCivic is the Project Sponsor
- The Borrower, Government Real Estate Solutions of Alabama Holdings LLC will be 100% owned by CoreCivic
- The Lessors, Government Real Estate Solutions of Central Alabama, LLC and Government Real Estate Solutions of South Alabama, LLC, both of which will be 100% owned by the Borrower, will be the landlords and Lessors under its respective Lease Agreement and responsible for construction and maintenance of the Facilities
- Each Lessor has entered into a Lease Agreement with ADOC for its respective facility
- CoreCivic of Tennessee will provide maintenance and life cycle services pursuant to a Facilities Management Agreement

State of Alabama, Alabama Department of Corrections (Leased/Operator)

- ADOC is a department of the State of Alabama and is currently responsible for 15 correctional facilities throughout the State
- ADOC will be responsible for the day-to-day operations of the facilities, including managing inmates, employees, and personnel

Caddell

- Caddell was hired by the Borrower as the design-build contractor to design and build the facilities
- Caddell is an Alabama based construction contractor with operations world-wide within many sectors including government, commercial, industrial, power, and manufacturing projects

Caddell Construction (Contractor)

DLR Group

- DLR Group has been hired by Caddell as a subcontractor to provide architecture and engineering services
- DLR Group has focused on the planning and design of correctional facilities for over 40 years, having completed 100+ correctional projects in the past 10 years and 35+ correctional reconstruction projects

DLR Group (Engineer and Architect)

R&M Systems Design

- R&M has been hired by Caddell as a subcontractor to provide systems design services
- R&M is a Tennessee-based systems design company
- Previously completed several projects in the State of Alabama

R&M Systems Design (Systems Design)
CoreCivic Overview

Overview and Key Financials

- Established in 1993, CoreCivic is a diversified government solutions provider. We believe we are the largest private owner of correctional real estate utilized by U.S. government agencies, managing nearly 180mm sq. ft. of real estate assets.
- CoreCivic provides a broad range of solutions and offers three core business operations:
  1. CoreCivic Safety:
     - A national leader in corrections and detention management
     - Owns 42 facilities (63,629 beds) and 5 managed-only (6,375 beds)
  2. CoreCivic Properties:
     - Offers a wide range of mission-critical government real estate solutions
     - Currently leasing: 4 correctional facilities, 6 residential re-entry centers, and 5 properties to the federal or state government agencies (2.7mm sq. ft. of real estate)
  3. CoreCivic Community:
     - Completes a spectrum of correctional services by providing needed residential reentry facilities and non-residential services primarily to states and localities
     - Operates 26 residential re-entry centers (5,049 beds)

Source: CoreCivic public disclosures
CoreCivic is Experienced Delivering Turnkey Correctional Facilities for Lease to State Governments

**California City Correctional Center**
- In 2013, CoreCivic entered into a lease agreement with the California Department of Corrections and Rehabilitation (CDCR) for the renovation and maintenance of the 2,560 bed California Correctional Facility.
  - The initial renovations included additional office space, hardening the segregation unit, addition of gun towers, and a full facility upgrade; all of these projects were delivered on time and within budget.
  - As a result of the successful renovation, CDCR expanded CoreCivic’s responsibilities and requested that it install new camera systems and build a new standalone medical unit in 2015.

**North Fork Correctional Facility**
- In 2016, CoreCivic entered into a lease agreement with the Oklahoma Department of Corrections (ODOC) for the 2,450 bed CoreCivic-owned North Fork Correctional Facility.
  - Under this lease, CoreCivic performed over a half-million dollars in upgrades to prepare the facility for use by the State of Oklahoma.
  - Similar to the Facility Lease with ODOC, CoreCivic is responsible for repairs and maintenance to the facility, allowing critical budget certainty for the State.

**Lansing Correctional Center**
- In 2018, CoreCivic entered into a lease agreement with the Kansas Department of Corrections (KDOC) for the construction, renovation and maintenance of the 2,432 bed Lansing Correctional Facility.
  - The project includes two rebuilt housing facilities in the Central Unit that includes medical services, food services, a spiritual area, staff break rooms, facility maintenance and an exterior service yard.
  - Also includes improvements to utility systems, parking, security system, and optimized unit layout.
  - In January 2020, CoreCivic completed the construction of the Lansing Correctional Facility on time and ahead of budget.

In December 2019, CoreCivic entered into a new lease agreement with the Kentucky Department of Corrections for the Company’s 656-bed Southeast Correctional Complex, the company’s fourth lease agreement for our correctional assets.

Source: CoreCivic public disclosure
Alabama Department of Corrections

ADOC Overview

- ADOC operates the State of Alabama’s correctional facilities and is headquartered in Montgomery, Alabama.
- ADOC currently operates 15 major correctional facility sites.

ADOC Strategic Goals

- Staffing – to be fully staffed with high-quality professionals working in the security, medical and other non-security fields; recruit, retain and grow ADOC’s workforce through better compensation and improved workplace conditions.
- Infrastructure – to upgrade ADOC infrastructure to improve the working conditions for staff and living conditions for the offenders by pursuing short and medium-term repairs and the construction of new facilities.
- Programming – to improve the delivery of research and evidence-based rehabilitative programs.
- Culture – to improve the professional operating environment within ADOC facilities.

Relationship to the State of Alabama

- ADOC is a department of the State of Alabama and not a separate legal entity, indicating that obligations of ADOC are obligations of the State of Alabama. All of ADOC’s revenues are provided by the State through yearly appropriations.
- This will include budgeting for all of ADOC’s obligations under the new Lease Agreements.
- ADOC’s budget appropriations are expected to include funds for all correctional facilities operated by ADOC (will include the three new correctional facilities when operational).
- Although ADOC is not independently rated, its relationship to the State of Alabama makes it a highly-rated counterparty for the Project.

Source: Alabama Department of Corrections - Monthly Statistical Report - January 2023 (www.adoj.state.al.us)
Alabama Department of Corrections - Annual Report - Fiscal Year 2015 (www.adoj.state.al.us)
(1) In addition, ADOC also manages Montgomery Women’s Facility.
(2) Due to overcrowding facility conditions and severe overcrowding, Woman Correctional Facility is running at limited capacity.

Overview of correctional facilities under ADOC management

<table>
<thead>
<tr>
<th>Facility</th>
<th>Bed Count</th>
<th>Current Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limestone Correctional Facility</td>
<td>2,425</td>
<td>174.0%</td>
</tr>
<tr>
<td>Bibb Correctional Facility</td>
<td>1,623</td>
<td>161.3%</td>
</tr>
<tr>
<td>Bullock Correctional Facility</td>
<td>1,573</td>
<td>158.7%</td>
</tr>
<tr>
<td>Bullock Correctional Facility</td>
<td>1,447</td>
<td>216.4%</td>
</tr>
<tr>
<td>Donathan Correctional Facility</td>
<td>1,436</td>
<td>143.4%</td>
</tr>
<tr>
<td>St. Clair Correctional Facility</td>
<td>1,399</td>
<td>264.0%</td>
</tr>
<tr>
<td>St. Clair Correctional Facility</td>
<td>1,334</td>
<td>151.8%</td>
</tr>
<tr>
<td>Elmore Correctional Facility</td>
<td>1,268</td>
<td>140.3%</td>
</tr>
<tr>
<td>Elmore Correctional Facility</td>
<td>1,190</td>
<td>180.7%</td>
</tr>
<tr>
<td>Elmore Correctional Facility</td>
<td>1,110</td>
<td>159.7%</td>
</tr>
<tr>
<td>Elmore Correctional Facility</td>
<td>1,070</td>
<td>108.0%</td>
</tr>
<tr>
<td>Tuscaloosa Prison for Women</td>
<td>964</td>
<td>102.4%</td>
</tr>
<tr>
<td>的女人Correctional Facility</td>
<td>840</td>
<td>25.3%</td>
</tr>
<tr>
<td>Hamilton Aged and Infirmary Center</td>
<td>296</td>
<td>170.7%</td>
</tr>
</tbody>
</table>
Caddell Construction Co. (DE), LLC Overview

Company Overview
- Founded in 1963, Caddell has a broad portfolio of Government, Commercial, and Industrial / Power / Manufacturing projects.
- Caddell is headquartered in Montgomery, Alabama with over 3000 employees, and has worked on over $111 billion of projects worldwide.
- Caddell has worked with CoreCivic on two completed projects and is currently working with CoreCivic on 8 projects in the preconstruction phase.
- Caddell has been working with correctional facilities since 1991, and their portfolio includes over $1.8 billion in contracts and over 12.3 million square feet of facilities.
- Caddell’s justice portfolio has more than 15 large multi-building correctional facility design build projects similar to the Alabama Correctional Facility project.
- Caddell has completed two projects with DLR and one with R&N. In addition to 8 projects with both subcontractors currently in preconstruction.

Select projects Caddell has completed

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
<th>Type</th>
<th>Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Clara County Hall of Justice</td>
<td>San Jose, CA</td>
<td>Construction</td>
<td>325,000</td>
</tr>
<tr>
<td>Aliceville Federal Correction Institution</td>
<td>Aliceville, AL</td>
<td>Design/Build</td>
<td>650,000</td>
</tr>
<tr>
<td>Escambia County Correctional Facility</td>
<td>Pensacola, FL</td>
<td>Design/Build</td>
<td>300,000</td>
</tr>
<tr>
<td>Jackson County Adult Detention Center</td>
<td>Pascagoula, MS</td>
<td>General Contractor</td>
<td>127,000</td>
</tr>
<tr>
<td>U.S. Penitentiary</td>
<td>Yazoo City, MS</td>
<td>Design/Build</td>
<td>780,000</td>
</tr>
<tr>
<td>McCreary County Penitentiary</td>
<td>McCreary County, KY</td>
<td>Design/Build</td>
<td>533,000</td>
</tr>
<tr>
<td>Power Systems Testing and Development</td>
<td>Wilsonville, AL</td>
<td>Construction</td>
<td>Confidential</td>
</tr>
</tbody>
</table>
### Appropriation Process

**Overview of State of Alabama Appropriations Process**

- The State’s annual Appropriation Acts include legally adopted budgets for two budgetary fund groups: the General Fund Budget and the Education Trust Fund.
- ADOC receives appropriations as program or block appropriations, which are not designated to specific line items or projects.
- Thus, ADOC’s Commissioner generally has large discretion to determine where funds will be expended.
- Constitutional and statutory limits require the State to maintain a balanced budget.
- The State’s appropriations process does not face unusual administrative/political risks likely to disrupt appropriations. It further benefits from dedicated payment sources, recent build-up of budgetary reserves and $3.3 billion of internal liquidity support from the Alabama Trust Fund (“ATF”).
- For FY 2020, the overall State General Fund expenditure budget was increased to $22 billion from $2.2 billion received in FY 2019.
- For FY 2020, ADOC received a budgetary increase of approximately $53 million to $540 million in General Fund appropriations, more than 10% over FY 2019 budgeted General Fund Appropriations.
- ADOC receives annual appropriations from the State to fund its activities: rental payments, including those contemplated under the Lease Agreements, are subject to appropriation from the State Legislature. ADOC is subject to market standard “best efforts” commitment to seek appropriations from the State Legislature.
- Pursuant to the Lease Agreement, ADOC covenant to cause the State Legislature to appropriate amounts sufficient to make lease payments.

### Detail Schedule of Budget and Actual Expenditures

**ADOC Appropriations, Non-GAAP, Budget Basis (Fiscal Year Ended September 30, 2019)**

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Exempted Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
<td>Variance</td>
</tr>
<tr>
<td>Administration Service and Support</td>
<td>24,976</td>
<td>24,971</td>
<td>5</td>
</tr>
<tr>
<td>Correctional Industries</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Institutional Service Corrections</td>
<td>461,050</td>
<td>443,310</td>
<td>18,542</td>
</tr>
<tr>
<td></td>
<td>485,026</td>
<td>466,829</td>
<td>18,547</td>
</tr>
<tr>
<td>Total</td>
<td>512,638</td>
<td>491,659</td>
<td>21,239</td>
</tr>
</tbody>
</table>

## Non-Appropriation Risk Mitigants

### Essential Asset
- Together the facilities in aggregate will hold approximately 40-50% of the State's rated bed capacity, and
- ADOC is under pressure, as a result of litigation, to move inmates to more modern facilities with better services

### Cross Non-Appropriation
- Both facilities must remain funded concurrently, as a Non-Appropriation Event for either facility will be considered a Non-Appropriation Event of both
- Leaves and constitute a Pre-Payment Event for both

### Vacating of Premises
- Upon a Non-Appropriation Event occurring on June 30th and not being cured by October 1st, the start of ADOC's fiscal year, ADOC will have 180 days to vacate the Premises
- If ADOC cures by the following March 30th, the vacation process halts and ADOC can stay in the Facility, although there is a limit on how many times the State can cure a Non-Appropriation Event (any cure must appropriate funds for missed year's payments and next year's payments)

### Non-Substitution
- ADOC may not develop or otherwise occupy a different facility which would serve the same purpose of, or materially reduce their utilization of the facilities being built as part of this project
- ADOC may only begin exploring alternatives in the last 5 years of the Lease and occupancy of a new facility may not begin sooner than 6 months prior to the expiration of the Occupancy Period

### Block Appropriations
- The Legislature historically has appropriated funds as a block grant to ADOC giving ADOC discretion on how to spend the funds
- Based upon historic practices the Lease Payments should not be a line item for the Governor to strike

### Prioritization of Payments
- ADOC has discretion over how to spend the appropriations provided by the Legislature and has covenanted in the Lease to prioritize Lease Payments above all other obligations to the extent permitted by law
Project Structure

Government Real Estate Solutions of Central Alabama, LLC

Elmore County Correctional Facility

Government Real Estate Solutions of South Alabama, LLC

Escambia County Correctional Facility

CoreCivic of Tennessee, LLC

CoreCivic

CADDELL

DLR Group

Construction Contract

Construction Contract

Facility Management Agreement

Subcontractors

- Subcontracting agreements between Caddell and RSM Systems Design & DLR Group
- RSM Systems Design & DLR Group
- whitebox: provide architecture, engineering, and systems design services
- Caddell pay RSM Systems Design & DLR Group for their services

Facility Lease

- Agreement between MCC and the Lessor outlining scope of obligations

Construction Contract

- Construction Contract between the ProjectCo and Caddell for all construction obligations under Facility Lease

Facility Management Agreement

- Maintenance Contract between CoreCivic and Lessor to provide routine maintenance and life cycle maintenance services

(1) 100% owned through a pass-through LLC as a subsidiary
Facility Lease Overview

Overview of Facility Lease

Lessor: Enzone County Facility: Government Real Estate Solutions of Central Alabama LLC, a wholly-owned subsidiary of the Borrower.
Lessor: Escambia County Facility: Government Real Estate Solutions of South Alabama LLC, a wholly-owned subsidiary of the Borrower.
Lessor: Alabama Department of Corrections
Lessor: Construction - 36 years
Equity Contribution: Approximately $77 million, or at least 9% of total Project Costs
Length (T/F/P): Minimum: 10 years
Permitted Use: singly as a correctional facility operated by the Lessor
Payment Frequency: Monthly Lease Payments

Lease Payments: Lease Payments begin upon Substantial Completion.
Rent Deductions and Allowances: If Lessee fails to perform or is otherwise noncompliant pursuant to the terms of the Lease, the Lessee will have the right to abate a portion of the payment, which will be capped so as to protect payment for debt service.

Termination and Pre-Payment:
- Upon prepayment event, Lessor will be entitled to a Pre-Payment Amount which will in all cases including Lessee Default, be sufficient to repay 100% of all Lessor Outstanding Debt obligations, including make-whole, subject to appropriation by the Alabama Legislature.
- Failure to make payments to the Lessor when due, unless the failure to make payment is a result of the failure of the state legislature to appropriate the necessary funds or the fault of a third party (such non-Approval Event being a separate Pre-Payment Event).
- Failure to achieve Substantial Completion by the Long Stop Date.
- Failure to correct construction work within sixty (60) days after the issuance of the notice to proceed.

End of Lease Work Requirements:
- To the extent the parties agree to extend the Lease beyond the initial term, the parties will at that time negotiate the extent of work required to be completed by end of the term.
- If the parties are not able to negotiate the End of Lease Work, an extension of the Lease will not be approved by either party and Lessee will not be considered in default of its obligations.
- Standard relief events include Force Majeure, strikes, injunction, unknown conditions, certain hazardous materials, uncooperative utility owner, change in law, discrimination, blackouts, compliance with public order, condemnation/taking, variation, Lessee change, Lessee-caused delay, Lessee breach and potential actions. Relief will be in the form of time and in some cases, compensation as determined by the specific Relief Event.

- Full list of Lease Events of Default detailed in Exhibit 18 Table 7 of the Project Agreement.
- See the Preliminary Offer Statement, including Appendix D, for more detailed Lease Information.
Key Credit Considerations

Credit Highlights

1. Strength of Counterparty and Lease
   - ADOC's obligations are expected to be fully funded through annual appropriations, budgeted for and provided by the State of Alabama.
   - The Project's Maximum Annual Lease Payment represents a modest portion of the State of Alabama's $2.3 billion approved appropriations from the State General Fund.
   - For FY 2020, ADOC received a budgetary increase of approximately $51 million to $540 million in General Fund appropriations, more than 10% over FY 2019 budgeted General Fund Appropriations.
   - Lease terms provide significant protections for lenders including protection from payment performance deductions and repayment of 100% of all Lessee Outstanding Debt obligations, including make-whole, in all situations including Lease Default.

2. Essentiality of Facilities
   - The State's three new facilities will replace up to 11 existing ADOC facilities while ADOC is expected to refurbish two to four other facilities.
   - CoreCivic's facilities will comprise 40-50% of the State's total capacity after the new facilities are constructed and existing facilities are refurbished.

3. Cash Flow Stability
   - Lease payments are made by ADOC based on availability of project and lessor performance.
   - Deductions for lessor performance failures will be capped in order to protect debt service.

4. Strength of Sponsor & Project Parties
   - CoreCivic believes itself to be the largest private prison owner in the U.S., owning or managing approximately 73 correctional, detention, and re-entry facilities.
   - CoreCivic has enlisted industry leading partners Caddell, DLR Group, and R&N Systems Design, all of whom have extensive experience building correctional facilities.

5. High Quality Asset
   - The newly constructed correctional facilities will employ state of the art technology resulting in a safe, highly efficient, and cost-effective correctional facility.

6. Advancement of U.S. Goals
   - The Project will materially improve the quality of life for Inmates with improved mental health, physical health, education, rehabilitation programs, and religious services as well as improved efficiency, resiliency, and sustainability of the prison facilities.

7. Construction Risk
   - Straight forward construction on "clean" sites.
   - Caddell is a highly experienced contractor with prior experience constructing correctional facilities as well as working with CoreCivic.
   - ADOC's prepayment amount following a lease default will cover 100% of all lessor secured debt obligations (including make whole) in the event of a failure to achieve Substantial Completion by the Long Stop Date.

Source: State of Alabama, Executive Budget 2021
## Terms and Conditions for Senior Secured Debt

### Senior Secured Debt

**Borrower:** Government Real Estate Solutions of Alabama Holdings LLC  
**Lender:** Government Real Estate Solutions of Central AL LLC  
**Bond Issuer:** Public Finance Authority  
**Bond Type:** Taxable Private Activity Revenue Bonds to be offered and sold in compliance with Rule 144A and/or privately placed taxable Bonds with institutional investors in compliance with Section 4(a)(2) of the Securities Act  

**Use of Proceeds:** Proceeds will be used to fund Project Costs, capitalized interest, debt service reserve account, and reclamation, among other things  
**Ranking:** Senior secured payable from net revenues after payment for routine maintenance and major maintenance  
**Estimated Construction Costs:**  
- Escambia County Correctional Facility: approximately $300.3 million  
- Escambia County Detention Center: approximately $268.5 million  
**Term:** 35 years with 2-year average life  
**Principal Payments:** Fully amortizing with annual principal repayments with a minimum 1.25x Debt Service Coverage Ratio  
**Optional Redemptions:**  
- Callable at any time at the make-whole price  
- Make-whole price is equal to the present value of the remaining principal and interest discounted at a rate of US Treasuries plus a spread to be determined at pricing  
**Extraordinary Redemption:**  
- At make-whole price upon a Prepayment Event under the Lease Agreement, including a Prepayment Event caused by failure of the Project to achieve Substantial Completion  
**Security:**  
- The Series 2014A Bonds and Series 2016B Bonds (together the "Bonds") will be payable from loan repayments by the Borrower to PFA. The Bonds will be payable from and secured by the Trust Estate established under the Interests. In addition, the Bond will be payable from and secured by a lien on and security interest in the Beneficiary Collateral of the Borrower held by KeyBank National Association, as collateral agent. Project Revenues will consist of Lease Payments received from ADDC pursuant to the Lease Agreement; the obligation of ADDC to make such Lease Payments is subject to appropriation by the State of Alabama Legislature.  
**Restricted Payment Conditions:**  
- No Default / Event of Default  
- All reserves are funded to required amounts  
- Occupancy (deemed to have occurred)  
- All capital contributions have been contributed pursuant to any Equity Funding Agreement  
- In the prior and future 12-month periods, Restricted Payments DISC were 5%  
- All funds to remain available after distribution to pay the next principal and interest payment  
**Debt Service Reserve:**  
- 6 months of principal and interest cash funded or backed by a letter of credit  
**Construction Security:** Unusual and customary construction security package to include performance bonds, liquidated damages, and retainerage or other form of liquidity  
**Life Cycle Work Reserve Account:** 5-year funded working reserve account

*The terms are subject to change*
Cash Flow Waterfall During Maintenance Period

Illustrative Summary

Revenue Account

1. Routine Maintenance Account
2. Lessor Expense Account
3. Ongoing Financing Fees
4. Taxable Bonds Interest & Principal Payment Account
5. Debt Service Reserve Account Replenishment
6. Life Cycle Work Reserve Account
7. Discretionary Capital Expenditures
8. Debt Service on Permitted Indebtedness
9. Restricted Payments Account & Distribution Account

Considerations

1. Routine Maintenance Expenses and current Life Cycle Work not funded by the Life Cycle Work Reserve Account
2. Deposits to Lessor Expenses Account, an amount equal to the aggregate amount of the Lessor Operating Expenses then due and payable or reasonably projected to be due
3. Repayment of fees, costs, expenses, or other amounts due under the Financing Documents as well as any ongoing rating agency costs
4. 1/12th of upcoming principal and 1/6th of upcoming interest on the Bonds
5. To repay any DSRRA/LG drawdowns or to cash fund DSRRA
6. To fund the Life Cycle Work Reserve Account to the Life Cycle Work Required Amount
7. Payment of any discretionary and permissible capital expenditures
8. Payment of any scheduled interest and principal on any Permitted Indebtedness
9. Restricted payments (distributions) subject to traditional project finance conditions

*In connection with any Monthly Funding Date, in the event the amount of the related Monthly Lease Payment made by the Lessor under a Lease Agreement is less than the amount of the Monthly Lease Payment (without regard to any reduction or deduction provided for in the Lease Agreement) scheduled to be paid thereunder for the applicable Lease Month, the amount to be deposited in the Routine Maintenance Account on such Monthly Funding Date will be reduced by the amount of such deficiency until the amounts required to be deposited into the Lessor Expense Account, the Taxable Bonds Interest Payment Account, the Taxable Bonds Principal Payment Account, the Debt Service Reserve Account and to pay ongoing financing costs for such Monthly Funding Date have been deposited in full pursuant to the约定.

Note: Simplification refers to Collateral Agency and Security Agreement for full detail of cash flow waterfall
## Preliminary Plan of Finance

### Sources and Uses During Construction

#### Sources:
- 401(k) Private Placement*:
  - 215,600
- 144A Taxable Muni*:
  - 633,500
- Equity**:
  - 77,244
- Interest Income:
  - 1,100

**Total:** 927,444

#### Uses:
- Development Costs:
  - 34,164
- Escambia County Facility – D&C Costs:
  - 495,845
- Escambia County Facility – D&C Costs:
  - 253,700
- Routine Maintenance Costs:
  - 4,023
- SPV & Insurance:
  - 402
- Interest during construction:
  - 118,100
- Financing Costs:
  - 2,307
- Debt Service Reserve Account prefund:
  - 15,925
- Life Cycle Work Reserve Account prefund:
  - 253
- Equity LC Fees:
  - 1,665

**Total:** 927,444

---

* Preliminary subject to change

** Subject to change and expected to be at least 5% of total Project Costs
Payment Mechanism & DSCR

Payment Mechanism

DSCR & Cost Resiliency

(1) Cost Resiliency refers to the minimum amount of operating period cost increases while still maintaining 1.5x debt service coverage.
## Pro Forma Projections

### Operational Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>1-Jan-24</th>
<th>1-Jan-25</th>
<th>1-Jan-26</th>
<th>1-Jan-27</th>
<th>1-Jan-28</th>
<th>1-Jan-29</th>
<th>1-Jan-30</th>
<th>1-Jan-31</th>
<th>1-Jan-32</th>
<th>1-Jan-33</th>
<th>1-Jan-34</th>
<th>1-Jan-35</th>
<th>1-Jan-36</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
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<td></td>
<td>20,650</td>
<td>18,762</td>
<td>17,338</td>
<td>16,107</td>
<td>17,187</td>
<td>17,854</td>
<td>17,384</td>
<td>17,187</td>
<td>17,384</td>
<td>17,187</td>
<td>16,107</td>
<td>17,338</td>
<td>18,762</td>
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<tr>
<td>Debt Service</td>
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<tr>
<td>Operating EBITDA</td>
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<td>Interest Expense</td>
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<tr>
<td>Real Estate</td>
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<tr>
<td>Non-Operating Income</td>
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<tr>
<td>Income Before Taxes</td>
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<tr>
<td>Income After Taxes</td>
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<tr>
<td>Net Cash Flow</td>
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</tr>
</tbody>
</table>

Note:
- The assumed pace is 3% real and 2% inflation.
- All figures are in thousands.

### Notes
- The above projections are based on the assumptions and forecasts outlined above.
- The figures are rounded to the nearest hundred thousand.
- The projections are subject to change based on market conditions and other factors.
- The assumptions include a real estate market growth of 3% and an inflation rate of 2%.
- The projections are intended to provide a general overview of the financial performance and are not guarantees of future results.
## Preliminary Financial Timeline

### Overview of Financial Timeline

<table>
<thead>
<tr>
<th>April 2021</th>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>Mail Series 2021A POS</td>
<td>March 31&lt;sup&gt;st&lt;/sup&gt;</td>
</tr>
<tr>
<td>T</td>
<td>Series 2021A Marketing: One-on-One Calls&lt;sup&gt;**&lt;/sup&gt;</td>
<td>April 1&lt;sup&gt;st&lt;/sup&gt; – April 14&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>W</td>
<td>Series 2021A Pricing</td>
<td>April 15&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Th</td>
<td>Closing</td>
<td>April 26&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>**</sup> Preliminary, subject to change

<sup>**</sup> The customer must be available for one-on-one calls

<sup>**</sup> Minimal holiday
Contacts

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Appendix
CoreCivic is Committed to ESG Criteria

Lowering Recidivism

- CoreCivic is committed to combating the U.S. recidivism crisis and lowering the rate of current prisoners who will re-enter prison after being released.
- CoreCivic’s gold-driven approach is based on well-established data on how to lower the probability that an inmate will commit a crime after release, achieved through education, job training, faith-based programming, and addiction treatment.
- Inmates who complete substance abuse disorder treatment in prison are 50% less likely to return to prison.
- Inmates who complete vocational training while in prison are 28% more likely to find a job after release.
- CoreCivic is expanding participation in these programs as well as the number of facilities that offer these programs.

Sustainability

- In addition to lowering recidivism rates across their facilities, CoreCivic also has set meaningful goals to lower their environmental impact.
- CoreCivic’s overall electricity usage, emissions, and water usage all decreased from 2018 to 2019, despite a growing real estate portfolio, continuing an ongoing trend towards greater sustainability across CoreCivic facilities.
- CoreCivic’s portfolio at the end of 2020 included 4 LEEDCertified buildings, including the largest private LEED Certified correctional facility in the nation and continues to expand their portfolio of LEED Certified buildings.
- In addition, CoreCivic continues to transition its other facilities to a more sustainable model by recycling building products, recycling and reusing water, and utilizing solar technology for energy requirements where possible.

CoreCivic’s Progress towards Social Goals

<table>
<thead>
<tr>
<th>Substance Use Treatment Programs Completion Rate</th>
<th>Go Further Journal Completions</th>
<th>Victim Impact Program Completion</th>
<th>Industry Recognized Certificates Awarded during Incarceration</th>
</tr>
</thead>
</table>

Source: CoreCivic ESG Report
Project Parties

Sponsor: CoreCivic

Lessors: Government Real Estate Solutions of Central Alabama, LLC

Borrower: Government Real Estate Solutions of South Alabama, LLC

Lessees: State of Alabama, Department of Corrections

Operator: State of Alabama, Department of Corrections

Contractor: CADDELL

Engineer and Architect: DLR Group

Systems Design: RN

Lenders' Technical Advisor: bty

Initial Purchasers (144A): KeyBanc Capital Markets

Borrower's Counsel: Nixon Peabody

Initial Purchasers' Counsel: Chapman and Cutler LLP

Issuer: PFM

Initial Placement Agents (4(2)): STIFEL

Borrower's Counsel: Butler Snow
## Payment Mechanism

### Total Maximum Annual Lease Payment

\[ \text{MALPA} = (10\% \times \text{MALP}) + \left( 30\% \times \text{MALP} \times \frac{\text{CPI}}{\text{CPI}_{\text{initial}}} \right) \]

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>( t )</td>
<td>Numbered Lease Year during which a Maximum Annual Lease Payment is determined</td>
</tr>
<tr>
<td>( i )</td>
<td>The first or initial numbered Lease Year during which a Maximum Annual Lease Payment is determined and owing in accordance with the Lease</td>
</tr>
<tr>
<td>MALP</td>
<td>Maximum Annual Lease Payment</td>
</tr>
<tr>
<td>CPI</td>
<td>The CPI as of the anniversary of the Occupancy Date in the Lease &quot;( \text{CPI}_{\text{initial}} )&quot;</td>
</tr>
<tr>
<td>CPI_{\text{initial}}</td>
<td>The initial year CPI</td>
</tr>
</tbody>
</table>

### Total Maximum Monthly Lease Payment

\[ \text{MALPM} = \left( \text{MALPM}_{\text{initial}} \times \frac{1}{12} \right) \]

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>( t )</td>
<td>Numbered Lease Year during which a Maximum Annual Lease Payment is determined</td>
</tr>
<tr>
<td>( i )</td>
<td>Calendar Month during which a Monthly Lease Payment is determined and paid</td>
</tr>
<tr>
<td>MALP</td>
<td>Maximum Annual Lease Payment</td>
</tr>
<tr>
<td>MALPM_{\text{initial}}</td>
<td>Maximum Annual Lease Payment</td>
</tr>
</tbody>
</table>

### Payment Mechanism

- Beginning on the Occupancy Date and for the remainder of the Term, Lessee shall make Lease Payments to Lessor in accordance with the Lease for each full or partial month.
- Monthly Lease Payments will be calculated according to the Payment Mechanism detailed to the left.
- The Lease Payment will also be subject to deductions following Noncompliance Events, detailed in the next slide.
- The Lessee shall make best efforts to cause the State Legislature to appropriate all amounts sufficient to enable Lessee to pay amounts owed by Lessee to Lessor under the Lease.
- Lessee covenants that it shall perform all actions lawfully within its power to obtain and maintain funds from which to make all payments owed by Lessee to Lessor, and will prioritize payments to the Lessor over all other payments to the extent permissible by law.
- To the fullest extent permitted by law, Lessor will not procure, construct, purchase, acquire, lease, or otherwise utilize any other correctional facility if doing so would result in the effective replacement of the Facility, or a material reduction in, or substantial modification of, Lessee’s need to utilize the Facility.
- In addition, ADODC will reimburse the Lessee for certain pass-through expenses such as property taxes.
## Noncompliance Events & Payment Deductions

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
<th>Assessed By</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scheduled Maintenance Failure</strong></td>
<td>If the lease has not been completed per the schedule, the lease is considered non-compliant.</td>
<td>Annually, weekly until 90% of the scheduled maintenance activity is completed.</td>
<td>$25,000 weekly or 90% of the scheduled maintenance activity is completed.</td>
</tr>
<tr>
<td><strong>Life Cycle Maintenance Failure</strong></td>
<td>A Life Cycle Maintenance Failure shall occur when the lease has not completed a Lifecycle Project in the month it was scheduled to be completed or performed.</td>
<td>Monthly, weekly after expiration of the 30-day cure period.</td>
<td>$1,000.</td>
</tr>
<tr>
<td><strong>Administrative Service Failure</strong></td>
<td>Failure to complete certain administrative tasks and cure the failure within the allotted time frame within the lease.</td>
<td>Daily.</td>
<td>$250-1,000 depending on the administrative failure.</td>
</tr>
</tbody>
</table>

### Event Classification

<table>
<thead>
<tr>
<th>Classification</th>
<th>Response Time</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency</td>
<td>1 hour</td>
<td>$500</td>
</tr>
<tr>
<td>Critical</td>
<td>4 hours</td>
<td>$250</td>
</tr>
<tr>
<td>Routine</td>
<td>10 hours</td>
<td>$100</td>
</tr>
</tbody>
</table>

### Performance Failure

A Performance Failure is defined as a failure to meet or exceed the performance standards set out in the lease agreement. These failures can include but are not limited to:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Response Time</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency</td>
<td>4 hours</td>
<td>$750</td>
</tr>
<tr>
<td>Critical</td>
<td>6 hours</td>
<td>$750</td>
</tr>
<tr>
<td>Routine</td>
<td>6 days</td>
<td>$750</td>
</tr>
</tbody>
</table>

### Vandalism

Any damage to or destruction of the facility that requires repair and is caused by the intentional, willful, or reckless conduct, or negligent act or omission of a Lessee Party, Tenant, or other Lessee Party.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Response Time</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency</td>
<td>4 hours</td>
<td>$750</td>
</tr>
<tr>
<td>Critical</td>
<td>6 hours</td>
<td>$750</td>
</tr>
<tr>
<td>Routine</td>
<td>5-10 days</td>
<td>$750</td>
</tr>
</tbody>
</table>

### Office Derived Maintenance Failure (Lessee Only)

An Event other than a Performance Failure or Vandalism that requires Demarcated Maintenance.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Response Time</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency</td>
<td>6 hours</td>
<td>$1,000</td>
</tr>
<tr>
<td>Critical</td>
<td>12 hours</td>
<td>$750</td>
</tr>
<tr>
<td>Routine</td>
<td>6 days</td>
<td>$750</td>
</tr>
</tbody>
</table>

### Office Derived Maintenance Failure (Lessee Only)

An Event other than a Performance Failure or Vandalism that requires Demarcated Maintenance.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Response Time</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency</td>
<td>4 hours</td>
<td>$750</td>
</tr>
<tr>
<td>Critical</td>
<td>6 hours</td>
<td>$750</td>
</tr>
<tr>
<td>Routine</td>
<td>4 days</td>
<td>$250</td>
</tr>
</tbody>
</table>
Relief Events

The Lessor is entitled to performance and schedule relief during certain Relief Events. A Relief Event means the occurrence of one of the below events that results in a delay or interruption in the performance of any obligation under the Lease Documents, adverse economic impact on Lessor, is beyond the Lessor’s control, and could not have been avoided by the reasonable exercise of caution or diligence by the Lessor.

### Schedule Relief and Compensation

<table>
<thead>
<tr>
<th>Event</th>
<th>Compensation (Adjustment Amount)</th>
<th>Special Adjustment Amount Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Force Majeure Event</td>
<td>Yes</td>
<td>Missed Lease Payment Costs Only</td>
</tr>
<tr>
<td>National or Statewide Strike</td>
<td>Yes</td>
<td>Missed Lease Payment Costs Only</td>
</tr>
<tr>
<td>Injection</td>
<td>Yes</td>
<td>None</td>
</tr>
<tr>
<td>Leased Related Release of Hazardous Materials</td>
<td>Yes</td>
<td>None</td>
</tr>
<tr>
<td>Third Party Release of Hazardous Materials</td>
<td>Yes</td>
<td>Direct Costs Only</td>
</tr>
<tr>
<td>Change in Law</td>
<td>Yes</td>
<td>None</td>
</tr>
<tr>
<td>Discriminatory Action</td>
<td>Yes</td>
<td>None</td>
</tr>
<tr>
<td>Condemnation or Taking</td>
<td>Yes</td>
<td>May qualify as a Pre-Payment Event if elected by Lessor or Lessee</td>
</tr>
<tr>
<td>Alteration and Other Works</td>
<td>Yes</td>
<td>None</td>
</tr>
<tr>
<td>Vandalism</td>
<td>Yes</td>
<td>In certain instances, Lessee may provide an adjustment for repairs</td>
</tr>
<tr>
<td>Lessee Change</td>
<td>Yes</td>
<td>None</td>
</tr>
<tr>
<td>Lessee-Related Delay</td>
<td>Yes</td>
<td>None</td>
</tr>
<tr>
<td>Lessee Breach</td>
<td>Yes</td>
<td>May qualify as a Pre-Payment Event if elected by Lessor or Lessee</td>
</tr>
</tbody>
</table>

### Schedule Relief Only

<table>
<thead>
<tr>
<th>Event</th>
<th>Compensation (Adjustment Amount)</th>
<th>Special Adjustment Amount Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unknown Condition</td>
<td>No</td>
<td>N/A</td>
</tr>
<tr>
<td>Other Third Party Release of Hazardous Materials</td>
<td>No</td>
<td>N/A</td>
</tr>
<tr>
<td>Uncooperative Utility Owner</td>
<td>No</td>
<td>N/A</td>
</tr>
<tr>
<td>Compliance with Public Order</td>
<td>No</td>
<td>N/A</td>
</tr>
<tr>
<td>Protest Actions</td>
<td>No</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Defaults and Remedies

Lessee Default Events

<table>
<thead>
<tr>
<th>Default Event</th>
<th>Description</th>
<th>Cure Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Payment</td>
<td>Failure to make payments to the Lessor when due, unless the failure to make payment is a result of the failure of the State Legislature to appropriate the necessary funds or the fault of a third party</td>
<td>30 days</td>
</tr>
<tr>
<td>Representations and Warranties</td>
<td>Breach of a representation or warranty in any material respect or any materially inaccurate representation or warranty</td>
<td>60 days</td>
</tr>
<tr>
<td>Lessee Breach</td>
<td>Any other material breach of the Lease</td>
<td>90 days</td>
</tr>
</tbody>
</table>

Lessor Remedies

- If Lessor, in its discretion, elects not to treat an applicable Lessee Default as a Pre-Payment Event, then Lessor may treat the Lessee Default as an Adjustment Event on the terms and conditions set forth in the Lease.
- Lessor may deduct and offset any damages owing to Lessor from Lessee under the Lease Documents from and against any amounts Lessor may owe Lessee. If the amount of damages owing Lessor is not liquidated or known with certainty at the time a payment is due from Lessor, Lessor may deduct and offset up to 100% of the amount it reasonably estimates is due, which amount (or applicable lesser amount) shall be paid back to Lessee by Lessor if and as directed pursuant to the resolution of the Dispute.
- Cross Default between Leases: Any Non-Appropriation Event under the Other Facility Lease that is not timely cured in accordance with applicable provisions of the Other Facility Lease, and subject to each Party’s respective rights and remedies therein, shall be deemed a Non-Appropriation Event under this Lease, and constitutes a Pre-Payment Event under this Lease.
## Defaults and Remedies

### Select Lessor Default Events

<table>
<thead>
<tr>
<th>Default Event</th>
<th>Description</th>
<th>Cure Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to Commence Construction Work</td>
<td>Failure to commence construction work within thirty (30) days after the issuance of the notice to proceed</td>
<td>5 Business Days if Lessor fails to deliver to Lessee a Remediation Plan 30 days for failure to comply with the Remediation Plan</td>
</tr>
<tr>
<td>Substantial Completion</td>
<td>Failure to achieve the Substantial Completion by the Long Stop Date</td>
<td>5 Business Days if Lessor fails to deliver to Lessee a Remediation Plan 30 days for failure to comply with the Remediation Plan</td>
</tr>
<tr>
<td>Non-Payment</td>
<td>Failure to make payments due and owing to Lessee</td>
<td>10 Business Days</td>
</tr>
<tr>
<td>Insurance and Performance Security</td>
<td>Failure to obtain, provide, and maintain any insurance bonds, guarantees, letters of credit, or other performance security as required under the Lease</td>
<td>30 Days</td>
</tr>
<tr>
<td>Assignment and Change in Equity Ownership</td>
<td>Violation of restrictions on transfer of the Lease, including restrictions on change in control</td>
<td>15 Days</td>
</tr>
<tr>
<td>Remedial Nonperformance or Breach</td>
<td>The accumulation of a certain number of Noncompliance Events</td>
<td>30 Days</td>
</tr>
<tr>
<td>Persistent Lessor Breach</td>
<td>Failure to deliver to Lessee a Remediation Plan within 45 days of receiving notice or a failure to fully comply with the schedule, or specific elements of and actions required under the approved Remediation Plan</td>
<td>5 Business Days if Lessor fails to deliver to Lessee a Remediation Plan 30 days for failure to comply with the Remediation Plan</td>
</tr>
<tr>
<td>Insolvency &amp; Involuntary Bankruptcy of the Lessor</td>
<td>Insolvency and involuntary bankruptcy of the Lessor</td>
<td>60 Days</td>
</tr>
</tbody>
</table>

### Lessee Remedies

- Subject to the Lenders’ Direct Agreement, in the event on any Lessor Default that is or becomes a Pre-Payment Event, Lessee may declare a Pre-Payment Event and proceed accordingly.

- Upon the occurrence of a Lessor Default, without waiving or releasing Lessor from any obligations, Lessee shall be entitled to demand and enforce any payment or performance bond, and demand, draw on, and collect any letter of credit or other payment or performance security available to Lessee under this Lease with respect to Lessor Default in question.

- Lessee may direct Lessor to replace, at Lessor’s expense, the Lead Services Provider in the event of a Persistent Lessor Breach or Lessor Default, in each case relating to the performance of the Services.

- Subject to the Lenders’ Direct Agreement, upon the occurrence of a Lessor Default after the Occupancy Date, or a Persistent Lessor Breach Lessee may, without waiving or releasing Lessor from any obligations, pay and perform all or any portion of Lessor’s obligations and the Services that are the subject of such Lessor Default or Persistent Lessor Breach and of any other then-existing breaches or failures to perform.
Termination and Pre-Payment Events

Pre-Payment Events

- Each of the following constitute Pre-Payment Events (For a full list of Pre-Payment Events see section 15.1 of the Lease Agreements)
  - A Lessee Default or Persistent Lessee Default
  - A Non-Appropriation Event
  - The issuance of a final, non-appealable order by a court of competent jurisdiction to the effect that the Lease is void or unenforceable
  - A complete or substantial taking of the premises, and if taken by the State, Lessor has provided Lessee with notice that Lessor has elected to treat such occurrence as a Pre-Payment Event
  - An Extended Relief Event and Lessor has provided Lessee notice that Lessor has elected to treat such occurrence as a Pre-Payment Event
  - A Lessor Default and Lessee has provided Lessor with notice that Lessee has elected to treat such occurrence as a Pre-Payment Event, except in the situation where Substantial Completion is not achieved by the Long Stop Date. Under such a scenario, the Collateral Agent is directed to call a Pre-Payment Event

Effect of Pre-Payment Events

- Upon the occurrence of a Pre-Payment Event, and subject to Lenders' rights under the Lenders' Direct Agreement, the Parties have the following rights and obligations
  - Lessee shall pay to the Lessor an amount to satisfy all outstanding debt, taking into account cash funds Lessor has on hand are at least sufficient and subject to appropriation by the Alabama Legislature
  - In the event of a Pre-Payment Event prior to the Occupancy Date, the Parties shall enter into a Ground Lease pursuant to which the Lessee will assume all obligations to provide the Services going forward and Lessor shall be relieved of its service obligations
  - In the case of a Non-Appropriation Event either party may terminate the Lessee's leasehold interest in the premises
  - In the event the Lessee fails to make payment, the Lessor may terminate the Lessee's interest in the premises
  - Lessee may require Lessor to enter into a new agreement with a replacement Lead Services Provider for performance of the Maintenance Services
## Termination and Pre-Payment Events

### Pre-Payment Calculation

<table>
<thead>
<tr>
<th>Pre-Payment Event</th>
<th>Base Formula</th>
<th>Project Development Cost Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lessor Non-Payment Default</td>
<td>The Project Development Cost Payment + The Services Breakage Payment</td>
<td>Prior to Occupancy: 100% Lessor Outstanding Debt + Contributed Equity + Adjustment Amounts + Account Balances + Available Insurance Amounts</td>
</tr>
<tr>
<td>Lessor Persistent Default</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Appropriation Event</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Court Ruling Event</td>
<td>The Project Development Cost Payment + The Services Breakage Payment</td>
<td>Prior to Occupancy: 100% Lessor Outstanding Debt + Contributed Equity + Adjustment Amounts + Available Insurance Amounts</td>
</tr>
<tr>
<td>Taking Event</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extended Relief Event</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-Payment Event</td>
<td>Base Formula</td>
<td></td>
</tr>
<tr>
<td>Lessor Default</td>
<td>Prior to Occupancy: 100% of the Lessor Outstanding Debt + Account Balances + Available Insurance Amounts</td>
<td>During Occupancy Period: 100% of the Lessor Outstanding Debt amount + Net Lease Payments Due + Net Adjustment Amounts Due + Account Balances + Available Insurance Amounts</td>
</tr>
</tbody>
</table>

**Lessor Outstanding Debt** means (a) all amounts outstanding, including interest and default interest accrued, and payable by Lessor to the Lenders provided that such amount shall not exceed the amount reflected in the Base Case Financial Model at the time of payment of the Project Development Cost Payment and that default interest will not include any increased interest, fees, or penalty amounts payable by Lessor for any reason other than a failure by Lessor to pay any when due, plus (b) all other fees, costs and expenses for which Lessor is responsible, including any Lessor Outstanding Breakage Amounts which may include premiums, penalties and make-whole payments.
Certification and End of Lease Procedures

**Appropriation Certification Process**

- It shall be considered a Non-Appropriation Event if, by June 30 of any Fiscal Year the State Legislature fails to appropriate or otherwise provide lawfully available funds sufficient to permit Lessee to satisfy its obligations under the Lease to make the full amount of all Lease Payments reasonably anticipated to be payable in that fiscal year.
  - The Lessee covenants to promptly deliver to the Lessor a written certification, no later than June 30, that the State Legislature has appropriated sufficient funds to satisfy their obligations under the Lease.
  - Upon the occurrence of a Non-Appropriation Event, the Lessee shall promptly undertake best efforts to cause the State legislature to make sufficient appropriations.
  - If the Non-Appropriation Event has not been cured and an Appropriation Certification has not been accepted by the Lessee by October 1 of the Fiscal Year following the Non-Appropriation Event, it shall constitute a Pre-Payment Event and Lessee shall commence the process of vacating the Facility.
  - If the Lessee cures such Non-Appropriation Event by causing the State Legislature to appropriate sufficient funds and provides an Appropriation Certification for such Fiscal Year, as well as the succeeding Fiscal Year by March 30, the vacation process shall cease.

**Transition Plan**

- No later than 30 days after the Effective Date the Lessor and Lessee must meet and confer for the purpose of developing a transition plan.
  - The plan will detail the orderly transfer of inmates, Lessee's vacation of the Facility and surrender of the Premises, demobilization of facilities and work, and transfer of maintenance services.
  - The time allowed for Lessee's complete vacation of the Facility shall begin 90 days prior to the end of the Term and end at the expiration of the Term in the event of a scheduled expiration of the term.
  - The time allowed for Lessee's complete vacation of the Facility under a triggered event will begin on the day of the occurrence of the event and end within 180 days of such event.
  - If despite its best efforts, the Lessee is not able to complete the transition process and vacate the Premises in accordance with the transition plan, the Lessee may continue to make month-to-month Lease Payments and continue to occupy the facility provided such period does not last longer than 90 days following the expiration of the Term or the termination of the Lessee's leasehold interest.