

**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 31<sup>st</sup>, 2021



\*- Preliminary, subject to change

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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 "Holdco"). This electronic roadshow must be read in conjunction with the Preliminary Official Statement, including all information incorporated therein by reference.

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# Offering Summary



<b>Issuer:</b>	Public Finance Authority ("PFA")
<b>Borrower:</b>	Government Real Estate Solutions of Alabama Holdings LLC ("HoldCo")
<b>Project:</b>	Alabama Department of Corrections ("ADOC") Facilities Project
<b>Par Amount:</b>	Approximately \$633.5 million*
<b>Offering:</b>	Rule 144A, Qualified Institutional Buyers (U.S.); Regulation S (International)
<b>Interest:</b>	Fixed-rate, taxable, payable semi-annually commencing on October 1, 2021
<b>Amortization / Final Maturity:</b>	The bonds begin amortizing in 2025 and have a final maturity in 2054
<b>Rating:</b>	Expected to be rated __ by __ ( __ Outlook)
<b>Security:</b>	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.
<b>Reserves:</b>	Debt Service Reserve Account & Life Cycle Work Reserve Account
<b>Other:</b>	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)

\*- 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:**

- Alex Sherling was named Managing Director of Treasury in December 2016
- Mr. Sherling joined CoreCivic in November of 2013 as Senior Director of Pricing & Valuation

\* Presenting team members



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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

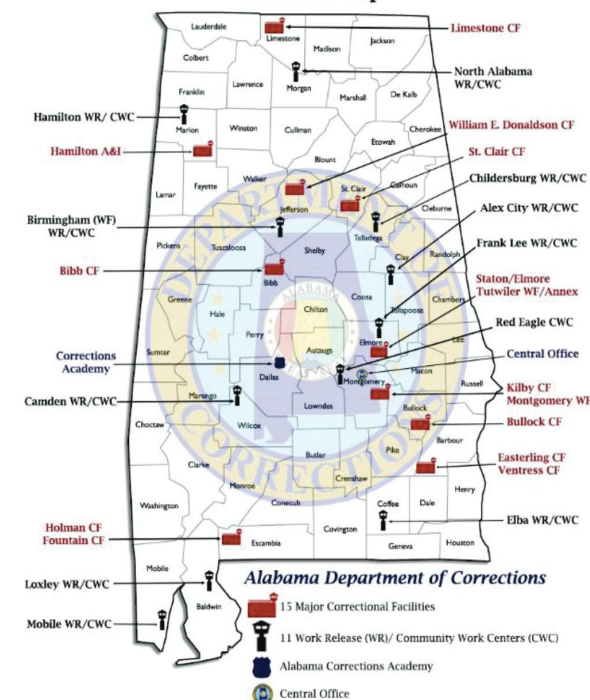


**The New Facilities will facilitate ADOC's Strategic Plan to reduce recidivism and provide long-term safety for both inmates and staff**



## Map of Current Facilities

Alabama Department of Corrections  
Facilities Map



# 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

Overview of New Facilities*	
Elmore County Correctional Facility	<ul style="list-style-type: none"><li>• The Facility will provide minimum-medium custody for ADOC's inmate population</li><li>• 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)</li></ul>
Escambia County Correctional Facility	<ul style="list-style-type: none"><li>• The Facility will provide minimum-medium custody for ADOC's inmate population</li></ul>
Expected Costs and Timeline	
Payment	<ul style="list-style-type: none"><li>• Lease payments from ADOC, subject to annual appropriations from the Alabama Legislature</li></ul>
Construction Timeline	<ul style="list-style-type: none"><li>• Approximately 42 months</li></ul>
Estimated Construction Costs (subject to change)	<ul style="list-style-type: none"><li>• Elmore County Correctional Facility: approximately \$508.3 million</li><li>• Escambia County Correctional Facility: approximately \$266.5 million</li></ul>






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

\* There is a third facility that was awarded to another Developer.



## Key Project Parties



	<b>Government Real Estate Solutions of Alabama Holdings LLC (Borrower)</b> <b>Government Real Estate Solutions of Central Alabama, LLC (Lessor)</b> <b>Government Real Estate Solutions of South Alabama, LLC (Lessor)</b> <b>CoreCivic of Tennessee, LLC (Facility Maintenance Provider)</b>	<ul style="list-style-type: none"> <li>• CoreCivic is the Project Sponsor</li> <li>• The Borrower, Government Real Estate Solutions of Alabama Holdings LLC will be 100% owned by CoreCivic</li> <li>• 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</li> <li>• Each Lessor has entered into a Lease Agreement with ADOC for its respective facility</li> <li>• CoreCivic of Tennessee will provide maintenance and life cycle services pursuant to a Facilities Management Agreement</li> </ul>
	<b>State of Alabama, Alabama Department of Corrections (Lessee/Operator)</b>	<ul style="list-style-type: none"> <li>• ADOC is a department of the State of Alabama and is currently responsible for 15 correctional facilities throughout the State</li> <li>• ADOC will be responsible for the day-to-day operations of the facilities, including managing inmates, employees, and personnel</li> </ul>
	<b>Caddell Construction (Contractor)</b>	<ul style="list-style-type: none"> <li>• Caddell was hired by the Borrower as the design-build contractor to design and build the facilities</li> <li>• Caddell is an Alabama based construction contractor with operations world-wide within many sectors including government, commercial, industrial, power, and manufacturing projects</li> </ul>
	<b>DLR Group (Engineer and Architect)</b>	<ul style="list-style-type: none"> <li>• DLR Group has been hired by Caddell as a subcontractor to provide architecture and engineering services</li> <li>• DLR Group has focused on the planning and design of correctional facilities for over 40 years; having completed 100+ corrections projects in the past 10 years and 30+ correctional reconstruction projects</li> </ul>
	<b>R&amp;N Systems Design (Systems Design)</b>	<ul style="list-style-type: none"> <li>• R&amp;N has been hired by Caddell as a subcontractor to provide systems design services</li> <li>• R&amp;N is a Tennessee-based systems design company</li> <li>• Previously completed several projects in the State of Alabama</li> </ul>

# CoreCivic Overview



## Overview and Key Financials

- Established in 1983, 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 18mm 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 (63,628 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 (ODC) for the 2,400 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 ADOC, 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 disclosures





# 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

## Total Inmate Population

	Population	Capacity
Total	20,953	18,205

## Overview of correctional facilities under ADOC management<sup>1</sup>

Facility	Bed Count	Current Capacity
Limestone Correctional Facility	2,456	114.4%
Bibb Correctional Facility	1,823	181.3%
Bullock Correctional Facility	1,573	158.7%
Kilby Correctional Facility	1,447	216.4%
Donaldson Correctional Facility	1,438	143.4%
Staton Correctional Facility	1,399	264.0%
Ventress Correctional Facility	1,334	151.8%
Fountain Correctional Facility	1,268	140.3%
Elmore Correctional Facility	1,180	180.7%
Easterling Correctional Facility	1,110	159.7%
St. Clair Correctional Facility	1,075	108.0%
Tutwiler Prison for Women	964	102.4%
Holman Correctional Facility	840	25.3% <sup>2</sup>
Hamilton Aged and Infirm Center	298	170.7%

Source: Alabama Department of Corrections Monthly Statistical Report; [January 2021.pdf \(state.al.us\)](#)  
Alabama Department of Corrections Annual Report, Fiscal Year 2019: [2019 Annual Report.pdf \(state.al.us\)](#)

(1) – In addition, ADOC also manages Montgomery Women's Facility

(2) – Due to deteriorating facility condition and severe overcrowding, Holman Correctional Facility is running at limited capacity



# Caddell Construction Co. (DE), LLC Overview



## Company Overview

- Founded in 1983, 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 \$11 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

## Map of Offices



## Select projects Caddell has completed

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

# 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 \$2.3 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 covenants 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)

	General Fund			Earmarked Funds			Total		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Administration Service and Logistical Support	24,976	24,971	5	-	-	-	24,976	24,971	5
Correctional Industries	-	-	-	25,928	14,836	11,092	25,928	14,836	11,092
Institutional Service Corrections	461,860	443,318	18,542	54,896	31,792	23,104	516,756	475,110	41,646
<b>Total</b>	<b>486,836</b>	<b>468,289</b>	<b>18,547</b>	<b>80,824</b>	<b>46,628</b>	<b>34,196</b>	<b>567,660</b>	<b>514,917</b>	<b>52,743</b>

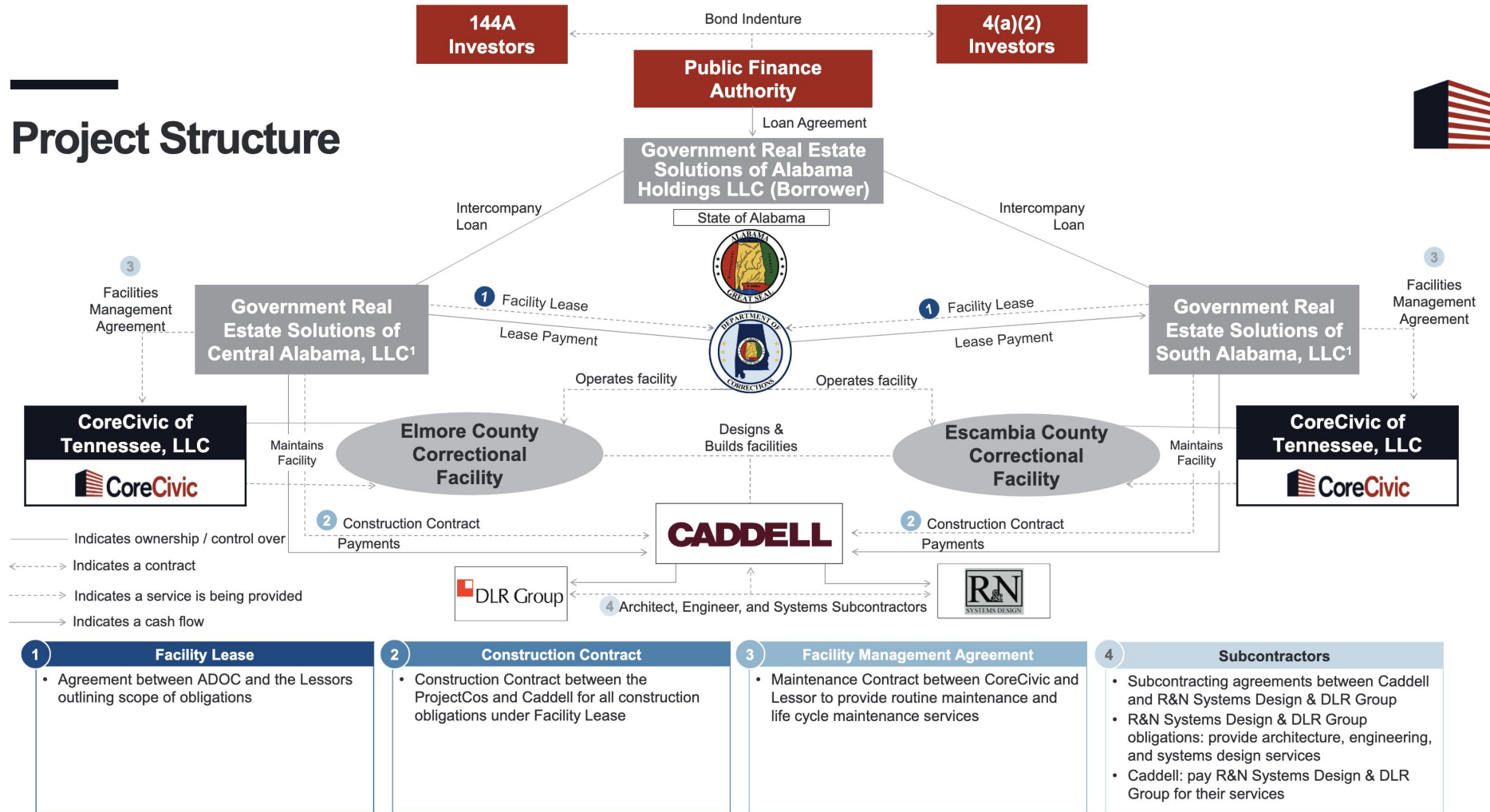
Source: State of Alabama, Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2019



## Non-Appropriation Risk Mitigants

<b>Essential Asset</b>	<ul style="list-style-type: none"><li>• Together the Facilities in aggregate will hold approximately 40-50% of the State's rated bed capacity; and</li><li>• ADOC is under pressure, as a result of litigation, to move inmates to more modern facilities with better services</li></ul>
<b>Cross Non-Appropriation</b>	<ul style="list-style-type: none"><li>• Both facilities must remain funded concurrently, as a Non-Appropriation Event for either facility will be considered a Non-Appropriation Event of both Leases and constitute a Pre-Payment Event for both</li></ul>
<b>Vacating of Premises</b>	<ul style="list-style-type: none"><li>• Upon a Non-Appropriation Event occurring on June 30<sup>th</sup> and not being cured by October 1<sup>st</sup>, the start of ADOC's fiscal year, ADOC will have 180 days to vacate the Premises</li><li>• If ADOC cures by the following March 30<sup>th</sup>, 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)</li></ul>
<b>Non-Substitution</b>	<ul style="list-style-type: none"><li>• 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</li><li>• 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</li></ul>
<b>Block Appropriations</b>	<ul style="list-style-type: none"><li>• The Legislature historically has appropriated funds as a block grant to ADOC giving ADOC discretion on how to spend the funds</li><li>• Based upon historic practices the Lease Payments should not be a line item for the Governor to strike</li></ul>
<b>Prioritization of Payments</b>	<ul style="list-style-type: none"><li>• ADOC has discretion over how to spend the appropriations provided by the Legislature and <b>has covenanted in the Lease to prioritize Lease Payments above all other obligations to the extent permitted by law</b></li></ul>

# Project Structure



(1) - 100% owned through a pass-through HoldCo subsidiary





# Facility Lease Overview

## Overview of Facility Lease

<b>Lessors:</b>	Elmore County Facility: Government Real Estate Solutions of Central Alabama LLC, a wholly-owned subsidiary of the Borrower Escambia County Facility: Government Real Estate Solutions of South Alabama LLC, a wholly-owned subsidiary of the Borrower	
<b>Lessee:</b>	Alabama Department of Corrections	
<b>Term:</b>	Construction + 30 years	
<b>Equity Contribution:</b>	Approximately \$77 million, or at least 8% of total Project Costs	
<b>Targeted DSCR:</b>	Minimum 1.20x	
<b>Permitted Use:</b>	Solely as a correctional facility operated by the Lessee	
<b>Payment Frequency:</b>	Monthly Lease Payments	
<b>Lease Payments:</b>	Lease Payments begin upon Substantial Completion: • Lease Payment equals (a) Maximum Annual Lease Payment minus (b) Lease Payment deductions and abatements for performance failures	
<b>Rent Deductions and Abatements:</b>	• If Lessor fails to perform or is otherwise noncompliant pursuant to the term 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	
<b>Termination and Pre-Payment:</b>	• Standard debt prepayment provisions to apply (Lessor Default, Lessee Default) plus Borrower has the right to terminate if the State Legislature fails to appropriate funds (Note – No termination for convenience) • Upon prepayment event Lessor will be entitled to a Pre-Payment Amount which will, <u>in all cases including Lessor Default</u> , be sufficient to repay 100% of all Lessor Outstanding Debt obligations, including make-whole, subject to appropriation by the Alabama Legislature	
<b>Events of Default (Lessee):</b>	<ul style="list-style-type: none"> <li>• 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-Appropriation Event being a separate Pre-Payment Event)</li> <li>• Breach of a representation or warranty in any material respect or any materially inaccurate representation or warranty</li> </ul>	<ul style="list-style-type: none"> <li>• Any other material breach of the Lease</li> <li>• The Leases for each facility will be cross-defaulted for Lessee payment defaults</li> <li>• Failure to appropriate Lease Payments for one lease will trigger an event of non-appropriation for both Leases</li> </ul>
<b>Events of Default (Lessor)*:</b>	<ul style="list-style-type: none"> <li>• Failure to commence construction work within thirty (30) days after the issuance of the notice to proceed</li> <li>• Failure to achieve Substantial Completion by the Long Stop Date</li> <li>• Violation of restrictions on transfer of the Lease, including restrictions on change in control</li> </ul>	<ul style="list-style-type: none"> <li>• Insolvency/bankruptcy of the Lessor</li> <li>• Discontinuation of the construction work for a continuous or extended period of time to be agreed with Lessor and set forth in the Lease</li> <li>• Failure to comply with any material governmental approval in any material respect</li> <li>• The accumulation of a certain number of noncompliance events</li> </ul>
<b>End of Lease Work Requirements:</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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 Lessor will not be considered in default of its obligations</li> </ul>	
<b>Relief Events:</b>	• Standard relief events include Force Majeure, strikes, injunction, unknown conditions, certain hazardous materials, uncooperative utility owner, change in law, discriminatory action, compliance with public order, condemnation/taking, vandalism, Lessee change, lessee-caused delay, Lessee breach and protest actions. Relief will be in the form of time and in some cases, compensation as determined by the specific Relief Event	

- Full list of Lessor Events of Default detailed in Exhibit 16 Table 1 of the Project Agreement  
- See the Preliminary Official Statement, including Appendix D, for more detailed Lease Information

# Key Credit Considerations



## Credit Highlights

1	<b>Strength of Counterparty and Lease</b>	<ul style="list-style-type: none"><li>• ADOC's obligations are expected to be fully funded through annual appropriations, budgeted for and provided by the State of Alabama</li><li>• 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</li><li>• 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</li><li>• Lease terms provide significant protections for lenders including protection from payment performance deductions and repayment of <u>100% of all Lessor Outstanding Debt obligations, including make-whole, in all situations including Lessor Default</u></li></ul>
2	<b>Essentiality of Facilities</b>	<ul style="list-style-type: none"><li>• 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</li><li>• CoreCivic's facilities will comprise 40-50% of the State's rated capacity after the new facilities are constructed and existing facilities are refurbished</li></ul>
3	<b>Cash flow Certainty</b>	<ul style="list-style-type: none"><li>• Lease payments are made by ADOC based on availability of project and lessor performance</li><li>• Deductions for lessor performance failures will be capped in order to protect debt service</li></ul>
4	<b>Strength of Sponsor &amp; Project Parties</b>	<ul style="list-style-type: none"><li>• 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</li><li>• CoreCivic has enlisted industry leading partners Caddell, DLR Group, and R&amp;N Systems Design, all of whom have extensive experience building correctional facilities</li></ul>
5	<b>High Quality Asset</b>	<ul style="list-style-type: none"><li>• The newly constructed correctional facilities will employ state of the art technology resulting in a safe, highly efficient, and cost-effective correctional facility</li></ul>
6	<b>Advancement of ESG Objectives</b>	<ul style="list-style-type: none"><li>• 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</li></ul>
7	<b>Construction Risk</b>	<ul style="list-style-type: none"><li>• Straight forward construction on "clean" sites</li><li>• Caddell is a highly experienced contractor with prior experience constructing correctional facilities as well as working with CoreCivic</li><li>• 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</li></ul>

Source: State of Alabama, Executive Budget 2020



# Terms and Conditions for Senior Secured Debt

## Senior Secured Debt

<b>Borrower:</b>	Government Real Estate Solutions of Alabama Holdings LLC
<b>Lessors:</b>	Government Real Estate Solutions of Central AL LLC Government Real Estate Solutions of South AL LLC
<b>Bond Issuer:</b>	Public Finance Authority
<b>Bond Type:</b>	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
<b>Use of Proceeds:</b>	Proceeds will be used to fund Project Costs, capitalized interest, debt service reserve account, and retainage, among other things
<b>Ranking:</b>	Senior secured payable from net revenues after payment for routine maintenance and major maintenance
<b>Estimated Construction Costs*:</b>	Elmore County Correctional Facility: approximately \$508.3 million Escambia County Correctional Facility: approximately \$266.5 million
<b>Tenor*:</b>	33 years with 21-year average life
<b>Principal Payments*:</b>	Fully amortizing, with annual principal repayments with a minimum 1.20x Debt Service Coverage Ratio
<b>Optional Redemption:</b>	<ul style="list-style-type: none"> <li>• Callable at any time at the make-whole price</li> <li>• Make-whole price is par plus the present value of the remaining principal and interest discounted at a rate of US Treasuries plus a spread to be determined at pricing</li> </ul>
<b>Extraordinary Redemption:</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<b>Security:</b>	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.
<b>Restricted Payment Conditions:</b>	<ul style="list-style-type: none"> <li>• No Default / Event of Default</li> <li>• All reserves are funded to required amounts</li> <li>• Occupancy Date shall have occurred</li> <li>• All capital contributions have been contributed pursuant to any Equity Funding Agreement</li> <li>• In the prior and future 12-month periods, Restricted Payments DSCR was 1.1x</li> <li>• Sufficient funds to remain available after distribution to pay the next principal and interest payment</li> </ul>
<b>Debt Service Reserve:</b>	6 months of principal and interest cash funded or backed by a letter of credit
<b>Construction Security:</b>	Usual and customary construction security package to include payment and performance bonds, liquidated damages, and retainage or other form of liquidity
<b>Life Cycle Work Reserve Account:</b>	3-year forward looking reserve account

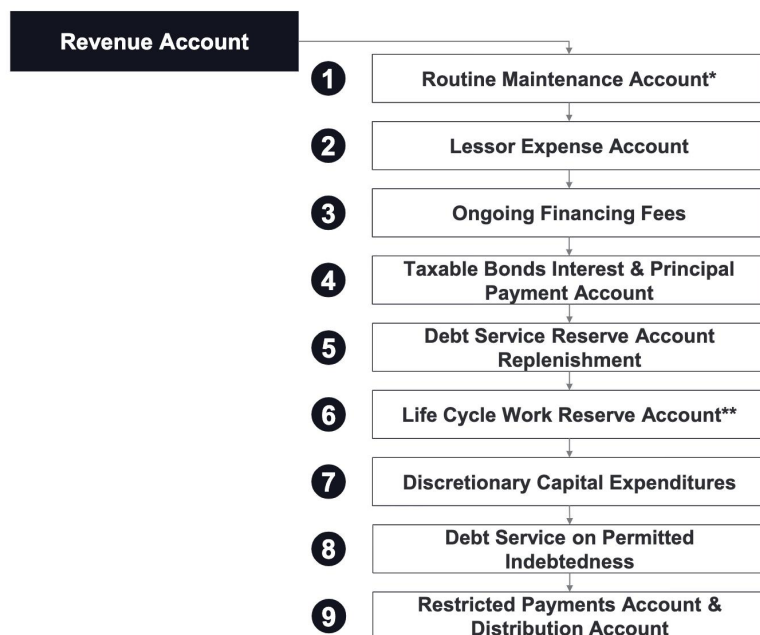
\*- Preliminary, subject to change





# Cash Flow Waterfall During Maintenance Period

## Illustrative Summary



## Considerations

- 1 Routine Maintenance Expenses and current Life Cycle Work not funded by the Life Cycle Work Reserve Account
- 2 Deposits to Lessor Expense 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 on-going rating agency costs
- 4 1/12th of upcoming principal and 1/6th of upcoming interest on the Bonds
- 5 To repay any DSRA LC drawdowns or to cash fund DSRA
- 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 that the amount of the related Monthly Lease Payment made by the Lessee 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 shall 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, Taxable Bond Principal Payment Account, the Debt Service Reserve Account and to pay ongoing financing costs for such Monthly Funding Date have been satisfied in full pursuant to the Waterfall.

\*\* For purposes of calculating the Debt Service Coverage Ratio, required deposits into the Life Cycle Work Reserve Account, as well as amounts required to be deposited in the Routine Maintenance Account, the Lessor Expense Account and the payment of fees, expenses and other amounts required under the Financing Documents prior to the payment of debt service, are deducted from available Project Revenues when determining available Project Revenues for payment of debt service on the Bonds.

Note: Simplification, refer to Collateral Agency and Security Agreement for full detail of cash flow waterfall



# Preliminary Plan of Finance

## Sources and Uses During Construction



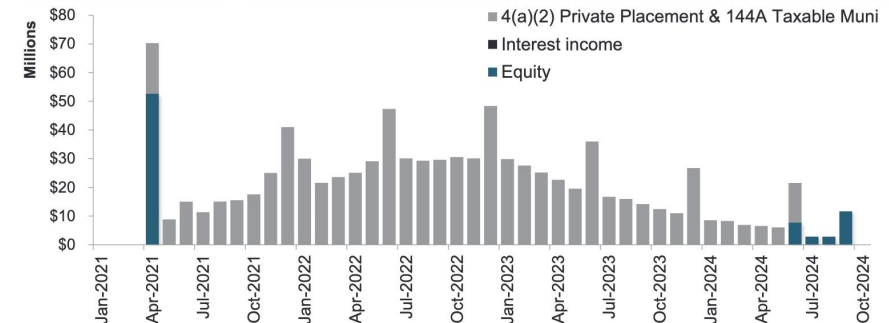
### Sources:

4(a)(2) Private Placement*:	215,600	23.25%
144A Taxable Muni*:	633,500	68.31%
Equity**:	77,244	8.33%
Interest Income:	1,100	0.12%
<b>Total:</b>	<b>927,444</b>	<b>100.00%</b>

### Uses:

Development Costs:	34,164	3.68%
Elmore County Facility – D&C Costs:	496,845	53.57%
Escambia County Facility – D&C Costs:	253,700	27.35%
Routine Maintenance Costs:	4,023	0.43%
SPV & Insurance:	402	0.04%
Interest during construction:	118,100	12.73%
Financing Costs:	2,367	0.26%
Debt Service Reserve Account prefund:	15,925	1.72%
Life Cycle Work Reserve Account prefund:	253	0.03%
Equity LC Fees:	1,665	0.18%
<b>Total:</b>	<b>927,444</b>	<b>100.00%</b>

## Sources During Construction



## Uses During Construction



\*- Preliminary, subject to change

\*\*-. Subject to change; anticipated to be at least 8% of total Project Costs



# Payment Mechanism & DSCR

## Payment Mechanism



## DSCR & Cost Resiliency



(1) – Cost Resiliency refers to the maximum amount of operating period cost increases while still maintaining 1.0x debt service coverage

# Pro Forma Projections



	1-Jan-2024 31-Dec-2024 FY 2024	1-Jan-2025 31-Dec-2025 FY 2025	1-Jan-2026 31-Dec-2026 FY 2026	1-Jan-2027 31-Dec-2027 FY 2027	1-Jan-2028 31-Dec-2028 FY 2028	1-Jan-2029 31-Dec-2029 FY 2029	1-Jan-2030 31-Dec-2030 FY 2030	1-Jan-2031 31-Dec-2031 FY 2031	1-Jan-2032 31-Dec-2032 FY 2032	1-Jan-2033 31-Dec-2033 FY 2033	1-Jan-2034 31-Dec-2034 FY 2034	1-Jan-2044 31-Dec-2044 FY 2044	1-Jan-2054 31-Dec-2054 FY 2054
<b>Operational Cash Flows</b>													
Maximum Annual Lease Payment - Indexed <sup>1</sup>	4,130	15,221	15,525	15,836	16,153	16,476	16,805	17,141	17,484	17,834	18,190	22,174	22,450
Maximum Annual Lease Payment - Fixed	16,519	60,682	60,682	60,682	60,682	60,682	60,682	60,682	60,682	60,682	60,682	60,682	50,568
Interest Income	4	22	29	30	30	30	29	31	33	35	39	56	7
Total Revenue	20,653	75,925	76,236	76,547	76,865	77,187	77,516	77,854	78,198	78,551	78,911	82,912	73,026
Elmore County Facility - Routine Maintenance cost <sup>2</sup>	(885)	(3,497)	(3,500)	(3,572)	(3,703)	(3,780)	(3,830)	(3,943)	(4,020)	(4,279)	(4,603)	(5,787)	(3,946)
Escambia County Facility - Routine Maintenance cost <sup>2</sup>	(700)	(2,803)	(2,766)	(2,843)	(2,910)	(3,050)	(3,013)	(3,133)	(3,176)	(3,326)	(3,625)	(4,563)	(4,687)
Elmore County Facility - Lifecycle costs <sup>2</sup>	(23)	(84)	(76)	(143)	(663)	(857)	(343)	(468)	(616)	(2,027)	(3,020)	(7,779)	(1,532)
Escambia County Facility - Lifecycle costs <sup>2</sup>	(9)	(39)	(40)	(61)	(276)	(669)	(338)	(155)	(473)	(1,005)	(2,462)	(5,109)	(1,269)
Reserve Movements	(14)	(294)	(767)	(843)	(11)	730	(891)	(2,556)	(3,474)	(5,104)	(8,093)	(7,949)	2,376
SPV & Insurance Costs <sup>2</sup>	(282)	(1,144)	(1,166)	(1,190)	(1,213)	(1,238)	(1,263)	(1,288)	(1,313)	(1,340)	(1,367)	(1,664)	(1,221)
Bank fees	(167)	(675)	(689)	(702)	(716)	(731)	(745)	(760)	(775)	(791)	(807)	(982)	(396)
Total Expenses	(2,081)	(8,535)	(9,004)	(9,355)	(9,492)	(9,595)	(10,422)	(12,304)	(13,846)	(17,871)	(23,977)	(33,833)	(10,675)
<b>Annual Debt Service</b>	<b>(8,838)</b>	<b>(40,540)</b>	<b>(56,027)</b>	<b>(55,994)</b>	<b>(56,144)</b>	<b>(56,327)</b>	<b>(55,912)</b>	<b>(54,625)</b>	<b>(53,627)</b>	<b>(50,566)</b>	<b>(45,778)</b>	<b>(40,899)</b>	<b>(20,085)</b>
DSCR - Periodic (Annual)	2.101x	1.662x	1.200x	1.200x	1.200x	1.200x	1.200x	1.200x	1.200x	1.200x	1.200x	1.200x	3.104x

## Notes:

<sup>1</sup> The Indexed portion assumed to grow at annual CPI of 2.00% over the lease term.

<sup>2</sup> Costs assumed to grow at annual CPI of 2.00% over the lease term.

\*\*Totals may differ due to rounding

# Preliminary Financial Timeline\*



## Overview of Financial Timeline

April 2021				
M	T	W	Th	F
29	30	31	1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

Event	Date
■ Mail Series 2021A POS	March 31 <sup>st</sup>
■ Series 2021A Marketing; One-on-One Calls**	April 1 <sup>st</sup> – April 14 <sup>th</sup>
■ Series 2021A Pricing	April 15 <sup>th</sup>
■ Closing	April 29 <sup>th</sup>

\*- Preliminary, subject to change

\*\* The Management team will be available for one-on-one calls

■ Market Holiday



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# Appendix

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# CoreCivic Leading Development 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



**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



**Timothy S. Aebie**

*Senior Director, Design*

**Roles and sample projects:**

- Otay Mesa Detention Center (Otay Mesa, California)
- Trousdale Turner Correctional Center (Hartsville, Tennessee)
- Jenkins Correctional Center (Millen, Georgia)



**Scott Whitson**

*Managing Director, Facility Management*

**Roles and sample projects:**

- Regional Facilities Administrator, Federal Bureau of Prisons (2005–2014) – 21 Various Locations (19,800 beds)
- U.S. Federal Medical Center (2003–2005) – Springfield, Missouri (1,032 beds)
- Federal Correctional Institution Pekin (2000–2003) – Pekin, Illinois (1,291 beds)



**Alex Sherling**

*Managing Director*

**Roles and sample projects:**

- Alex Sherling was named Managing Director of Treasury in December 2016
- Mr. Sherling joined CoreCivic in November of 2013 as Senior Director of Pricing & Valuation



**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



**Steven Gorackowski**

*Managing Director, Design and Construction*

**Roles and sample projects:**

- Army Residential Communities Initiative (Oahu, Hawaii)
- Hickam Community Housing (Hickam Air Force Base, Hawaii)

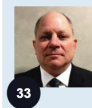


**Daniel R. Strebel**

*Senior Director, Construction*

**Roles and sample projects:**

- Atwell LLC, Development Consultants (2007–2014)
- Vastland Development, LLC (1997–2007)
- United States Air Force – Officer/Engineer (1988–1997)

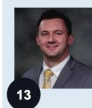


**Donnie Hyatt**

*Senior Director, Facility Management*

**Roles and sample projects:**

- Corecivic (Senior Director, Facility Management, 2010 – present)
- Texas Department of Criminal Justice



**Cameron Hopewell**

*Managing Director*

**Roles and sample projects:**

- Cameron Hopewell joined CoreCivic in the role of Managing Director of Investor Relations in August 2014
- Prior to joining CoreCivic, he was a Manager of Investor Relations for Omnicare, Inc.



[xx] Indicates years of experience



## CoreCivic is Committed to ESG Criteria

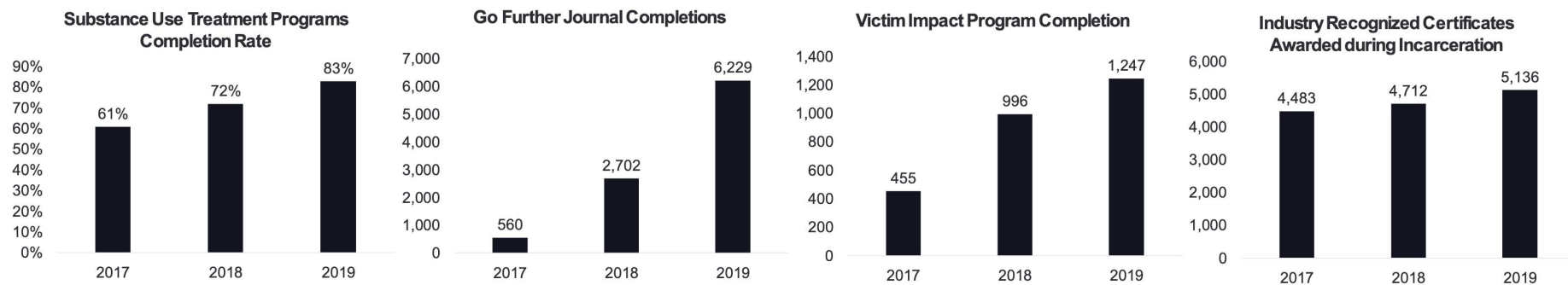
### Lowering Recidivism

- CoreCivic is committed to combatting the U.S.'s recidivism crisis and lowering the rate of current prisoners who will re-enter prison after being released
- CoreCivic's goal driven approach is based off 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 LEED Certified 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











Source: CoreCivic ESG Report



## Project Parties



Sponsor	
Lessors	Government Real Estate Solutions of Central Alabama, LLC    Government Real Estate Solutions of South Alabama, LLC 
Borrower	Government Real Estate Solutions of Alabama Holdings LLC 
Lessee	State of Alabama, Alabama Department of Corrections 
Operator	State of Alabama, Alabama Department of Corrections 
Contractor	
Engineer and Architect	
Systems Design	

Lenders' Technical Advisor	
Initial Purchasers (144A) / Private Placement Agents (4(a)(2))	  
Borrower's Counsel	
Borrower's Alabama Counsel	
Initial Purchasers' Counsel	
Issuer	



## Payment Mechanism

### Total Maximum Annual Lease Payment

$$MALP_y = (80\% \times MALP_i) + \left( 20\% \times MALP_y \times \left( \frac{CPI_y}{CPI_i} \right) \right)$$

Variable	Definition
y	Numbered Lease Year during which a Maximum Annual Lease Payment is determined
i	The first or initial numbered Lease Year during which a Maximum Annual Lease Payment is determined and owing in accordance with the Leases
MALP = Maximum Annual Lease Payment	Maximum Annual Lease Payment
CPI <sub>y</sub>	The CPI as of the anniversary of the Occupancy Date in the Lease Year "y"
CPI <sub>i</sub>	The initial year CPI

### Total Maximum Monthly Lease Payment

$$MALP_m = \left( MALP_y \times \frac{1}{12} \right)$$

Variable	Definition
y	Numbered Lease Year during which a Maximum Annual Lease Payment is determined
m	Calendar Month during which a Monthly Lease Payment is determined and paid
MALP = Maximum Annual Lease Payment	Maximum Annual Lease Payment

### 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, Lessee 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, ADOC will reimburse the Lessors for certain pass-through expenses such as property taxes



# Noncompliance Events & Payment Deductions

Event	Description	Assessed		Deduction
Scheduled Maintenance Failure	If at the end of the Lease year, Lessor has not performed at least 95% of the Scheduled Maintenance Activity	Annually, weekly after first event		\$20,000 weekly until 95% of the Scheduled Maintenance Activity is completed
Life Cycle Maintenance Failure	A Life Cycle Maintenance Failure shall occur when the Lessor has not completed a Lifecycle Project in the month it was scheduled to be completed or performed	Monthly, weekly after expiration of the 30-day cure period		\$1000
Administrative Service Failure	Failure to complete certain administrative tasks and cure the failure within the allotted time frame within the Lease	Daily		\$250-\$1000 depending on the Administrative Performance Failure
Event	Description	Classification	Response Time	Deduction
Any Noncompliance Event	A Noncompliance Event occurs if Lessee fails to respond to or rectify a Performance Failure, Vandalism, or Other Demand Maintenance Event. The deduction will be assessed upon expiration of the required response time, unless the Lessor has already responded, and until Lessor has responded to such event, upon the expiration of each successive response time periods thereafter	Emergency	1 hour	\$500
		Critical	4 hours	\$250
		Routine	12 hours	\$200
Performance Failure	A Service Failure that constitutes a failure to satisfy a Performance Indicator	Emergency	4 hours	\$750
		Critical	6 hours	\$750
		Routine	4 days	\$250
Vandalism	Any damage to, or destruction of, the Facility that requires repair and is caused by the intentional, wilful, or careless conduct, or negligent act or omission of a Lessee Party, Inmate, or other Lessee Invitee	Emergency	4 hours	\$750
		Critical	6 hours	\$750
		Routine	2-4 days (Depending on cost estimate)	\$250
Other Demand Maintenance Event (Lessee Cost)	An Event other than a Performance Failure or Vandalism that requires Demand Maintenance	Emergency	8 hours	\$1000
		Critical	12 hours	\$750
		Routine	8 days	\$250
Other Demand Maintenance Event (Lessor Cost)		Emergency	4 hours	\$750
		Critical	6 hours	\$750
		Routine	4 days	\$250

**Payment Deductions are limited to protect Debt Service Payments as outlined in Exhibit 8 Section 4.2**

The Lessee is entitled to make monthly and annual Payment Deductions for certain Noncompliance Events and Performance Failures detailed in the table to the left.



## 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

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

### Schedule Relief Only

Event	Compensation (Adjustment Amount)	Special Adjustment Amount Rules
Unknown Condition	No	N/A
Other Third-Party Release of Hazardous Materials	No	N/A
Uncooperative Utility Owner	No	N/A
Compliance with Public Order	No	N/A
Protest Actions	No	N/A





## Defaults and Remedies

### Lessee Default Events

Default Event	Description	Cure Period
Non-Payment	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	30 days
Representations and Warranties	Breach of a representation or warranty in any material respect or any materially inaccurate representation or warranty	60 days
Lessee Breach	Any other material breach of the Lease	60 days

### 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

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

### 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 Per-Payment Events see section 18.1 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

Pre-Payment Event	Base Formula	Project Development Cost Payment	
Lessee Non-Payment Default	The Project Development Cost Payment + The Services Breakage Payment	Prior to Occupancy	During Occupancy Period
Lessee Persistent Default		100% Lessor Outstanding Debt + Contributed Equity + Adjustment Amounts - Account Balances - Available Insurance Amounts	100% Lessor Outstanding Debt + Contributed Equity + All Equity Distributions anticipated in the Base Case Financial Model Discounted at the Equity IRR + Net Lease Payments Due + Net Adjustment Amounts Due - Account Balances - Available Insurance Payments
Non-Appropriation Event			
Court Ruling Event	The Project Development Cost Payment + The Services Breakage Payment	Prior to Occupancy	During Occupancy Period
Taking Event		100% Lessor Outstanding Debt + Contributed Equity + Adjustment Amounts - Account Balances - Available Insurance Amounts - Any Proceeds from a Taking	100% Lessor Outstanding Debt + Contributed Equity - Prior Distributions + Net Lease Payments Due + Net Adjustment Amounts Due - Account Balances - Available Insurance Amounts - Any Proceeds from a Taking
Extended Relief Event			
Pre-Payment Event	Base Formula		
Lessor Default	Prior to Occupancy	During Occupancy Period	
	100% of the Lessor Outstanding Debt - Account Balances - Available Insurance Amounts	100% of the Lessor Outstanding Debt amount + Net Lease Payments Due + Net Adjustment Amounts Due - Account Balances - Available Insurance Amounts	

**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 any improvement 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