

## AGREEMENT REGARDING PROTECTIVE ADVANCES AND FORBEARANCE

This AGREEMENT REGARDING PROTECTIVE ADVANCES AND FORBEARANCE (this "Agreement") has been executed as of the 15th of December, 2014, but made effective as of the Effective Date (as herein defined), by and among IAH PUBLIC FACILITY CORPORATION, a non-profit public corporation and instrumentality of Polk County, Texas ("PFC" or the "Issuer"), POLK COUNTY, TEXAS, political subdivision of the State of Texas (the "County"), COMMUNITY EDUCATION CENTERS, INC., a corporation organized under the laws of the state of Delaware (the "Operator"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, solely in its capacity as indenture trustee for holders of the Bonds (as defined below) (in such capacity, the "Trustee") and not in its individual capacity. Each of the Issuer, the County, the Operator and the Trustee shall be referred to herein as a "Party" and collectively, the "Parties."

### WITNESSETH

WHEREAS, the Trustee and PFC are parties to that certain Trust Indenture dated as of November 1, 2004 (as supplemented by the First Supplemental Indenture dated as of December 1, 2006, and as further supplemented or amended from time to time, the "Indenture"), pursuant to which PFC issued its \$24,215,000 Project Revenue Bonds, Series 2004 and \$24,820,000 Project Revenue Bonds, Series 2006 (collectively, the "Bonds"), to finance the construction and equipping of a 1054-bed jail facility (the "Project") located in Polk County, Texas; and

WHEREAS, PFC leased the Project to the County pursuant to that certain Lease Agreement (with Option to Purchase) dated as of November 1, 2004 (as amended by that certain First Amendment to Lease Agreement dated as of December 1, 2006, and as further supplemented or amended from time to time, the "Lease"), between the Issuer, as lessor, and the County, as lessee, and the Rental Payments and Rental Payments Deposits (each as defined in the Lease) made by the County under the Lease, together with the funds held by the Trustee under the Indenture, support debt services payments on the Bonds; and

WHEREAS, payments on the Bonds are secured by that certain Amended and Restated Deed of Trust and Security Agreement dated December 1, 2006 (the "Deed"), granted by the Issuer for the benefit of the Trustee; and

WHEREAS, pursuant to the terms of the Indenture, the Lease and the Deed, all Project Revenues are pledged as security for payment of the Bonds and all Project Revenues are delivered each month directly to the Trustee, and pursuant to the Indenture and the Lease, the Trustee withholds from Project Revenues and deposits into a segregated account monthly amounts equal to one-sixth of semi-annual interest and one-twelfth of annual principal payments due on the Bonds and amounts needed to replenish any deficiencies in the Reserve Fund, all as provided by the Indenture and the Lease; and

WHEREAS, under the Indenture and the Lease, the foregoing amounts are not available for payment of Project operating expenses; and

WHEREAS, on February 1, 2012, the County and the Operator entered into the Facility Operation and Management Services Agreement (the "O&M Agreement"), pursuant to which the County retained the Operator to operate, manage and maintain the Project; and

WHEREAS, by its terms, the O&M Agreement is set to expire on February 1, 2015, but the County and the Operator can mutually agree to extend the O&M Agreement for a period of one year (the "O&M Renewal"); and

WHEREAS, the Operator has indicated that as a condition to its execution and entry into the O&M Renewal, the Operator requires, among other things, monthly protective advances from the trust funds held by the Trustee to cover expenses incurred by the Operator in the operation of the Project; and

WHEREAS, if the Operator were to terminate the operation of the Project effective as of February 1, 2015, the Project may lose all or substantially all of its inmate population which, in turn, would diminish the Project Revenues available for payment of debt service on the Bonds and would negatively impact the value of the collateral securing the Bonds; and

WHEREAS, the Parties hereby acknowledge and agree that as of the date hereof an Event of Default has occurred and is continuing under the Lease and the Indenture due to the County's failure, under Section 7.15 of the Lease, to retain a management consultant to assess the likelihood of whether a Rating Agency would issue an "investment grade" rating on the Bonds (the "Existing Event of Default"); and

WHEREAS, the Parties are entering into this Agreement to provide certain financial accommodations to the Operator so as to induce it to enter into the O&M Renewal and continue operating the Project pursuant to its terms; and

WHEREAS, it is the intention of the Parties that this Agreement and any actions taken to implement it shall not result in any re-issuance of the Bonds or any adverse effect with respect to the rights of holders of the Bonds to exclude interest payments thereon from gross income for federal income tax purposes.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the County, PFC, the Operator and the Trustee hereby agree as follows:

Section 1 Acknowledgement of Recitals. The County, PFC and the Operator each hereby confirm and represent to the Trustee that the recitals above are true and correct statements of fact.

Section 2 Definitions. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings assigned to such terms in the Indenture or the Lease. Capitalized terms defined in the recitals shall have the meanings assigned to such terms in the recitals. In addition, the following terms shall have the following meanings:

**Adjusted Monthly Operator Costs** shall mean the aggregate monthly Operator Costs incurred with respect to the Project less all Capital Expenditures and Extraordinary Expenses incurred by the Operator with respect to such month.

**Bond Documents** means those documents creating and implementing the financing provided by the Bonds including, without limitation, the Indenture, Lease, Deed, O&M Agreement, and all other documents related thereto.

**Business Day** means any day other than a Saturday, Sunday or day upon which commercial banks in New York, New York, are authorized or required to be closed.

**Capital Expenditures** For any period, the sum of all amounts that would, in accordance with GAAP, be included as additions to property, plant and equipment on a statement of cash flows for the Project during such period, in respect of (a) the acquisition, construction, improvement, replacement or betterment of land, buildings, machinery, equipment or of any other fixed assets or leaseholds, (b) to the extent related to and not included in (a) above, materials, contract labor (excluding expenditures properly chargeable to repairs or maintenance in accordance with GAAP).

**County Administrative Fee** shall have the meaning set forth in Section 7 of this Agreement.

**Effective Date** means the later of February 1, 2015, or the date upon which all of the conditions set forth in Section 9 of this Agreement are satisfied.

**Extraordinary Expenses** means any Capital Expenditures, and/or any other expenses the Operator has not, consistent with past practices over the last twelve (12) months, routinely incurred in the normal operations of the Project.

**Forbearance Period** shall have the meaning set forth in Section 12 of this Agreement.

**Inmate Summary** shall have the meaning set forth in Section 5(a) of this Agreement.

**Losses** shall have the meaning given to such term in Section 5(a) of this Agreement.

**Maximum Stoploss Amount** shall have the meaning set forth in Section 5(b) of this Agreement.

**Monthly Forbearance Period Operator Fee** shall have the meaning set forth in Section 8 of this Agreement.

**Monthly Financials** shall have the meaning set forth in Section 5(a) of this Agreement.

**Monthly Operator Fee Shortfall** shall have the meaning set forth in Section 8 of this Agreement.

**Monthly Operator Summary** shall have the meaning set forth in Section 5(a) of this Agreement.

**Operator Costs** shall have the meaning set forth in Section 5(a) of this Agreement. For the avoidance of doubt, the Operator Costs shall not include any County Administrative Fee or any management or operator fees payable to the Operator under the O&M Agreement, the O&M Renewal and/or this Agreement.

**Protective Advance** shall have the meaning given to such term in Section 5(b) of this Agreement.

**Supplemental Cost Documentation** shall have the meaning set forth in Section 5(a) of this Agreement.

**Supermajority Holders** shall have the meaning set forth in Section 9 of this Agreement.

**Trust Funds** means the funds held by the Trustee from time to time in the Reserve Fund under the Indenture, as well as any other funds held by the Trustee that in the Trustee's discretion and in compliance with the Bond Documents may be used for the purposes contemplated by this Agreement.

Section 3 Representations and Warranties. Each of the County, PFC and Operator hereby separately and independently make the following representations and warranties about themselves (and not others) to the Trustee, which representations and warranties shall survive the execution of this Agreement and shall continue in full force and effect until the termination of this Agreement:

(a) This Agreement has been duly authorized and upon its execution and delivery in accordance with the provisions hereof will constitute a legal, valid and binding agreement enforceable against the County, PFC and the Operator in accordance with its terms; and

(b) The execution, delivery and performance by the County, PFC and the Operator of this Agreement does not violate any provision of any law or regulation, or contravene any provision of the Articles of Incorporation or other organizational documents of the County, PFC or the Operator, or result in any breach or default under any

contract, obligation, indenture or other instrument to which the County, PFC or the Operator is a party or by which the County, PFC or the Operator may be bound.

#### Section 4 Delivery of Project Revenues

The Parties hereby acknowledge and agree that nothing in this Agreement is intended to amend the Bond Documents including, without limitation, Section 6.4 of the Lease, pursuant to which the County pledged, transferred and assigned to the Trustee all Project Revenues. Section 6.4 of the Lease provides that the Project Revenues must be delivered directly to the Trustee and the Rental Payments, Rental Payment Deposits and the amounts required to be deposited into the Reserve Fund to replenish any deficiencies therein constitute a first charge on the Project Revenues. The Parties hereby specifically acknowledge and agree that all Project Revenues shall continue to be delivered directly to the Trustee and shall be applied by the Trustee as provided in Section 6.4 of the Lease and the Indenture, subject to Section 5 of this Agreement.

#### Section 5 Protective Advances and Documentation of Costs and Losses.

(a) On or before the 5<sup>th</sup> Business Day of each calendar month during the Forbearance Period, but commencing March 15, 2015, the Operator shall provide the Trustee, the County and PFC with a detailed summary of the actual Project Revenues, operating costs (such costs, the "Operator Costs") and losses (such losses, the "Losses") that the Operator incurred during the previous calendar month in the operation of the Project, together with the calculation of both the County Administrative Fee and the Monthly Forbearance Period Operator Fee. Such summary to be in the form of Exhibit A attached hereto (the "Monthly Operator Summary"). "Losses" shall mean operating expenses reasonably incurred by the Operator and consistent with past practices in the operation of the Project during the Forbearance Period, that the Operator would be required to pay from its own funds due to the insufficiency of the Project Revenues accruing during and made available to the Operator with respect to the subject month pursuant to the waterfall provisions set forth in Section 6.4 of the Lease. The Operator hereby agrees that it shall provide the Trustee each month with all documentation (including invoices) of the actual expenses incurred and paid by the Operator in connection with the Project (the "Supplemental Cost Documentation") as well as a monthly balance sheet, statement of cash flows and income statement (such financials, the "Monthly Financials"), at the time that it submits the Monthly Operator Summary. The Operator hereby further agrees that it shall provide the Trustee on the first Business Day of each calendar week with a summary of the inmate population including a breakdown of the number of inmates that are Immigration and Customs Enforcement inmates and otherwise in form reasonably acceptable to the Trustee (the "Inmate Summary"). The Operator further acknowledges and agrees that the Supermajority Holders shall have the right to receive and review each Monthly Operator Summary, all Supplemental Cost Documentation, the Monthly Financials and the Inmate Summary. For the avoidance of doubt, only the Project Revenues, Operator Costs and/or Losses accruing, incurred, earned or otherwise arising during and with respect the Forbearance Period shall be included under or affected by this Agreement, including the terms of this Section 5, and all Project Revenues, Operator Costs and Losses relating to any

other periods shall remain subject to the existing terms and provisions of the Indenture, Lease, O&M Agreement and related Bond Documents.

(b) Provided that the Forbearance Period has not ended and subject to all of the other terms and conditions of this Agreement, each month and within five (5) Business Days of the Trustee's receipt of the Monthly Operator Summary pursuant to subsection (a) above together with all requested Supplemental Cost Documentation, the Trustee shall promptly make a protective advance (each such advance, a "Protective Advance") from the Trust Funds in an amount equal to (a) the Losses due to the Operator for the immediately preceding calendar month, plus (b) the amount of any Monthly Operator Fee Shortfall; *provided, however*, that the maximum amount of Protective Advances made by the Trustee from the Trust Funds pursuant to this Agreement shall not exceed \$2,500,000.00 in the aggregate (the "Maximum Stoploss Amount").

(c) If, at any time during the term of this Agreement, the Maximum Stoploss Amount is reached, the Trustee shall have no further obligation to make any Protective Advances hereunder. The Trustee's determination that the Maximum Stoploss Amount has been reached shall be final and binding on all Parties. The Protective Advances shall be used by the Operator solely for the payment of its Losses. Without limitation of the foregoing, the Trustee shall have no obligation to make any Protective Advances unless the other Parties are in compliance with the terms and conditions of this Agreement, the Bond Documents and the O&M Renewal including, without limitation, the Operator's obligation to provide documentation of actual monthly Losses as described in subsection (a) above. For the avoidance of doubt, upon the effective date of termination of this Agreement, the Trustee shall have no further obligation to make Protective Advances for any Losses incurred by the Operator after the Forbearance Period; *provided, however*, that the Operator shall be entitled to receive Protective Advances for any Losses incurred for services rendered through the last day of the Forbearance Period acknowledging that said Protective Advances will be made after the effective date of termination of this Agreement.

(d) All Protective Advances shall be made by the Trustee solely from the Trust Funds held by it under the Indenture. The Parties acknowledge that the Protective Advances made by the Trustee pursuant to this Agreement will cause a deficiency in the Reserve Fund (the "RF Deficiency"), which RF Deficiency shall not exceed, in the aggregate, the Maximum Stoploss Amount. Notwithstanding anything to the contrary in the Lease or the Indenture, the Parties agree that during the Forbearance Period, Project Revenues received by the Trustee under Section 6.4 of the Lease shall not be used to replenish the RF Deficiency that is caused solely by the Protective Advances made hereunder. The Trustee further agrees that during the Forbearance Period, it will not exercise any remedies under the Bond Documents solely because of the existence of the RF Deficiency. The County and PFC each hereby expressly acknowledge and agree that upon the termination of this Agreement, Project Revenues shall be used to replenish the RF Deficiency in accordance with Section 6.4 of the Lease. Notwithstanding anything to the contrary herein, the duty of the Trustee to make Protective Advances under this Agreement is also expressly conditioned upon (i) the occurrence of the Effective Date of this Agreement, (ii) the Trustee's receipt of the Monthly Operator Summary, Supplemental Cost Documentation and other documentation requested from the Operator pursuant to this Agreement, (iii) the determination by the Trustee at the time of the Protective Advance in

question that the use of Trust Funds for the requested purposes constitutes a prudent use of Trust Funds in accordance with the Indenture, and (iv) the County's, PFC's and Operator's performance of their respective obligations under this Agreement and the O&M Renewal. The County and PFC each hereby expressly acknowledge and agree that the Protective Advances shall constitute additional obligations secured by the Bond Documents (including, without limitation, the Deed, Indenture and Lease) and, upon termination of this Agreement, shall be repaid from the Project Revenues.

(e) The Operator hereby acknowledges and agrees that the Trustee has a right to review and audit the Monthly Operator Summary and related information provided by the Operator and if the Trustee disputes the calculation or amount of (a) the Losses and/or (b) the Monthly Operator Fee Shortfall, the Trustee shall inform the Operator of such dispute and the basis and details for its objection (the "Disputed Amount"). If there is a Disputed Amount, the Parties agree to work diligently to resolve such dispute and come to an agreement on the final amount due (such amount, the "Resolved Amount"). Upon the Parties determination of the Resolved Amount, each party agrees to reimburse the other within five (5) Business Days for any difference between such Disputed and Resolved Amounts. For the avoidance of doubt resolution of payments pursuant to this Section will not delay the timely disbursement of any Protective Advances which the Operator is entitled to pursuant to Section 5(a) above, but the Trustee reserves its right of offset with respect to any disputes under this Agreement.

Section 6 O&M Renewal. Contemporaneously herewith, the County and the Operator shall enter into the O&M Renewal in the form of Schedule I attached hereto, pursuant to which the term of the O&M Agreement will be extended to February 1, 2016, and a new termination provision will be added to the O&M Agreement providing each of the County and the Operator with the right to terminate the O&M Renewal for any reason upon at least 60 days' prior written notice to the other party and the Trustee.

Section 7 County Administrative Fee. The Operator and the County hereby acknowledge that pursuant to the terms of the O&M Agreement, including Section 3.04(b) thereof, the County is entitled to an administrative fee (the "County Administrative Fee") in the following amounts:

- (i) \$1.00 per prisoner per day for each ICE inmate; plus
- (ii) (a) \$2.75 per prisoner per day when the Project's inmate population is 526 or less, or (b) \$4.60 per prisoner per day when the Project's inmate population is in excess of 526 prisoners.

The Operator and the County further acknowledge that pursuant to the terms of the O&M Agreement (1) the County Administrative Fee is payable on a monthly basis solely from the funds remaining in the Operating Account (as defined in Section 6.4(c) of the Lease) after payment of all Operation and Maintenance Costs (as defined in the Indenture) for such month, and (2) the County Administrative Fee has priority over the Operator Fee payable to the Operator and the Operator guaranteed a minimum aggregate County Administrative Fee of \$100,000 annually (the "Minimum Fee Guarantee"). As further inducement for the Operator to enter into the O&M Renewal, the County hereby agrees to

forego the County Administrative Fee during the Forbearance Period and all County Administrative Fees that would have been paid to the County during the Forbearance Period shall instead be payable to the Operator provided that there are sufficient funds available for such purpose in the Operating Account, the O&M Renewal and this Agreement are in full force and effect, and none of the Parties have sent a notice of termination of the O&M Renewal or this Agreement. The County further acknowledges and agrees that during the Forbearance Period, the County shall not enforce the Minimum Fee Guarantee. For the avoidance of doubt, any amounts paid to the Operator pursuant to this Section shall not be counted towards the Maximum Stoploss Amount.

Section 8 Forbearance Period Operator Fee. During the Forbearance Period and in addition to the reimbursement of its Losses under Section 5 hereof, the Operator shall be entitled to the payment of a monthly operating fee equal to ten percent (10%) of the Adjusted Monthly Operator Costs (the "Monthly Forbearance Period Operator Fee"). Such fee shall be paid by the Trustee (a) from the funds remaining in the Operating Account and that would otherwise have been paid towards the County Administrative Fee, and (b) to the extent such amounts are insufficient, the remaining portion of such fee (the "Monthly Operator Fee Shortfall") shall be paid by the Trustee as a Protective Advance to the extent and in accordance with the terms of Section 5 hereof. To the extent the Forbearance Period ends during any month, the Monthly Forbearance Period Operator Fee shall be prorated for such partial month.

Section 9 Conditions Precedent. This Agreement shall become effective on the Effective Date, subject to the occurrence of all of the following conditions precedent:

- (a) due execution and delivery of this Agreement by all parties hereto, including any required action by the County and PFC to authorize their execution, delivery and performance of this Agreement;
- (b) the execution and delivery of the O&M Renewal by all parties thereto;
- (c) Trustee's receipt of a written direction from Holders of at least 66-2/3% in principal amount of the Bonds at the time Outstanding under the Indenture (the "Supermajority Holders") authorizing and directing the Trustee to enter into this Agreement and to make the Protective Advances hereunder; and
- (d) Trustee's receipt of an opinion of counsel satisfactory to the Trustee stating that the execution of this Agreement and the O&M Renewal, and the actions to be taken by the Trustee pursuant to the terms of this Agreement, shall not adversely affect the tax-exempt status of the Bonds.

Section 10 Trustee's Right to Obtain Court Order. The County, PFC and the Operator each hereby acknowledge and agree that the Trustee reserves the right to obtain to its satisfaction a trust instruction order (the "TIP Order") from a court of competent jurisdiction approving of the Trustee entering into this Agreement and making the Protective Advances hereunder. For the avoidance of doubt the Trustee's receipt of an adequate TIP Order is neither a condition precedent to the effectiveness of, nor a Termination Event under,

this Agreement, nor shall the sufficiency or lack thereof relieve, extinguish or diminish in any way, each Party's obligation to perform hereunder and with respect to the foregoing, the Trustee represents that it will not be precluded from performing as contemplated by this Agreement.

Section 11 Inventory. The Operator hereby agrees that on or before January 15, 2015, it will deliver to the Trustee a list of all equipment and other personal property claimed to be owned by CEC and located at the Project.

Section 12 Forbearance Period. During the period beginning on the Effective Date of this Agreement and ending on February 1, 2016, or such earlier date on which any Termination Event occurs (such period, the "Forbearance Period"), the Trustee agrees not to exercise remedies in light of the Existing Event of Default and RF Deficiency or institute proceedings for the collection of the indebtedness evidenced by the Bonds, including the appointment of a receiver or foreclosure upon the Project. For the avoidance of doubt, nothing herein shall be construed as a waiver of any defaults or Events of Default under the Bond Documents including, without limitation, the Existing Event of Default and RF Deficiency.

Section 13 Termination Events. The Forbearance Period and the Trustee's duties hereunder shall terminate effective immediately (or in accordance with below) upon written notice to the other Parties if one of the following events (the "Termination Events") occurs during the term of this Agreement:

- (a) the O&M Renewal is terminated for any reason prior to the stated expiration of the Forbearance Period, in which case the date of termination of the Forbearance Period shall coincide with the date the O & M Renewal is set to terminate;
- (b) the Project ceases to be operational as a correctional facility;
- (c) the Owners of at least 66-2/3% of Outstanding Bonds direct the Trustee to terminate this Agreement; or
- (d) any violations of the Bond Documents, other than the Existing Event of Default and the RF Deficiency, occur.

Additionally, the Trustee shall have the right to terminate this Agreement and the Forbearance Period for any reason as of the end of any calendar month upon at least 60 days' prior written notice to the other Parties. Termination of the Forbearance Period shall not affect the rights of the Trustee hereunder or under any of the Bond Documents.

Section 14 Temporary Use of Trust Funds. The County, PFC and the Operator each hereby acknowledge and agree that by making Protective Advances hereunder the Trustee agrees, subject to the direction provided to it by Supermajority Holders, to allow a temporary use of the trust funds for the purpose of maintaining the economic value of the Project for the benefit of the holders of the Bonds, and nothing in this Agreement shall be

construed to create a lending relationship between the Trustee and the Operator, or the Trustee and the County.

Section 15 Reservation of Rights. All rights and remedies of the Trustee under or relating to the Bond Documents are expressly reserved to the Trustee and to the holders of the Bonds, and nothing herein shall constitute a waiver of any Events of Default including, but not limited to, the Existing Event of Default and the RF Deficiency, or any compromise of any rights or claims that the Trustee may hold against any person or entity under the Bond Documents.

Section 16 Limited Obligation of the Issuer and County. Pursuant to the Bond Documents, the obligation of the Issuer to pay the principal of and interest on the Bonds does not constitute a personal obligation of the Issuer for which the Issuer is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The Issuer has no taxing power. Pursuant to the Bond Documents, the Bonds are limited, special obligations payable by the Issuer solely from the Rental Payments and Rental Payment Deposits, which are, in turn, payable by the County solely from the Project Revenues and other funds pledged therefor pursuant to the Bond Documents, including the Indenture. Pursuant to the Bond Documents, the full faith and credit of neither the County nor the Issuer, nor any other political subdivision or agency of the State of Texas, are pledged to the payment of the Rental Payments and Rental Payment Deposits.

Section 17 No Amendments. Nothing in this Agreement shall be construed to modify or amend any of the terms of the Indenture, Lease, Deed, or any of the other Bond Documents, all of which shall remain in full force and effect, subject to the rights of the parties hereunder. For the avoidance of doubt, nothing in this Agreement shall be construed to constitute an amendment or a supplement to the Indenture pursuant to Section 11.04 thereof.

Section 18 Miscellaneous.

- (a) The captions or headings contained herein are for convenience only and in no way define, limit or describe the scope or intent of any provision or Section of this Agreement.
- (b) This Agreement supersedes and takes the place of any and all previous agreements entered into between the parties hereto with respect to the subject matter hereof.
- (c) This Agreement is intended to provide benefits to the parties hereto, and shall not be deemed to give, grant or bestow any right, defense or benefit upon any third party, except that the holders of the Bonds shall have the rights of the Trustee to the extent contemplated by the Indenture.
- (d) No waiver of any breach of any of the terms or conditions of this Agreement shall be held to be a waiver of any other or subsequent

breach, nor shall any waiver be valid or binding unless the same shall be in writing and signed by the party alleged to have granted the waiver.

- (e) This Agreement may be executed in multiple counterparts, each of which shall constitute but one Agreement.
- (f) This Agreement may only be amended in writing, and such amendment shall only become effective upon the execution by all parties to this Agreement.
- (g) By his or her signature below, each signatory individual certifies that he or she is the properly authorized agent or officer of the applicable party hereto and has the requisite authority necessary to execute this Agreement on behalf of such party, and each party hereby certifies to the other that any resolutions necessary to create such authority have been duly passed and are now in full force and effect.
- (h) The validity of this Agreement, the construction of its terms, the interpretation of the rights and duties of the parties hereto, and all other matters arising from this Agreement shall be governed by the laws of the State of Texas.

*(Signature page to follow)*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

U.S. Bank National Association,  
as Trustee

By: Keith R. Marshall  
Name: KEITH R. MARSHALL  
Title: VICE PRESIDENT  
Date: 12/10/14

Community Education Centers, Inc.  
as Operator

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Polk County, Texas

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

IAH Public Facility Corporation, as Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

U.S. Bank National Association,  
as Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Community Education Centers, Inc.  
as Operator

By: \_\_\_\_\_  
Name: John J. Clancy  
Title: Chairman/CEO  
Date: 12/15/14

Polk County, Texas

By: John P. Thompson  
Name: John P. Thompson  
Title: County Judge  
Date: December 9, 2014

IAH Public Facility Corporation, as Issuer

By: John P. Thompson  
Name: John P. Thompson  
Title: President  
Date: December 9, 2014

**Exhibit A**  
**POLK COUNTY JAIL**  
**MONTHLY OPERATOR SUMMARY**

Month ended \_\_\_\_, 2015

<b>REVENUE</b>	
US Marshall Service	
Immigration and Custom Enforcement	
Other Facility Users	
Reimbursed Transportation	
Reimbursed Medical	
<b>TOTAL REVENUE</b>	
Monthly Debt Service	
<b>NET REVENUE</b> (Total Revenue – Monthly Debt Service)	
<b>OPERATING EXPENSES</b>	
Salary & Wages	
Payroll Taxes & Benefits	
Food & Kitchen	
Inmate Medical	
Other Inmate Expenses	
Facility Maintenance & Supplies	
Depreciation	
Utilities	
Employee Related Expenses	
Office Expenses and Equipment	
Insurance	

Vehicle Expense	
Other Expenses	
Capital Expenditures	
Extraordinary Expenses	
<b>Total Operating Expenses</b>	
<b>ADJUSTED MONTHLY OPERATOR COSTS</b> (Total Operating Expenses, less Capital Expenditures and Extraordinary Expenses)	
<b>MONTHLY FORBEARANCE PERIOD OPERATOR FEE</b> (10% of Adjusted Monthly Operator Costs)	
<b>NET OPERATING PROFIT (LOSS)</b>  (Net Revenue less Total Operating Expenses and Monthly Forbearance Period Operator Fee)	
<b>COUNTY ADMINISTRATIVE FEE</b>  (As calculated in attached schedule. Payable solely to the extent of any Net Operating Profit)	

Schedule I

**AMENDMENT AND RENEWAL OF  
FACILITY OPERATION AND MANAGEMENT SERVICES AGREEMENT**

This Amendment and Renewal of the Operation and Management Services Agreement (hereinafter "O&M Renewal") is entered into by and between **POLK COUNTY, TEXAS** (hereinafter "County") and **COMMUNITY EDUCATION CENTERS, INC.** ("CEC") ("Operator") to be effective as of February 1, 2015.

**WHEREAS**, the County is the owner of that certain Facility known as the "IAH Detention Center" (hereinafter "Facility"). The Facility is operated under the terms of the Facility Operation and Management Services Agreement ("the Agreement") dated February 1, 2012;

**WHEREAS**, the County and the Operator have agreed to extend the term of the Agreement for the previously provided additional one (1) year option term;

**WHEREAS**, this O&M Renewal is not intended to, and shall not release any person or entity from any obligations established or incurred under prior operation and management agreements for the Facility, except to the extent specifically superseded or released by this O&M Renewal's express terms;

**WHEREAS**, the entering into this O&M Renewal is found to be in the best interests of the parties, the efficient and safe operation of the Facility, and the public.

**NOW, THEREFORE**, the parties hereto agree as follows:

1. In accordance with Article II, "Term", Section 2.01, the Agreement is hereby extended in accordance with the extension option for the first one (1) year renewal term expiring on February 1, 2016 . Article II shall be further amended by adding the following as a new Section 2.03:

"2.03 Each of the County and the Operator shall have the right to terminate the Agreement and the O&M Renewal for any reason upon at least 60 days' prior written notice to the other party.

2. The County and Operator acknowledge and confirm the existence of that one certain Agreement Regarding Protective Advances and Forbearance being contemporaneously executed with this O&M Renewal. To the extent the terms of such Agreement Regarding Protective Advances and Forbearance are applicable to the Parties of this O&M Renewal and modify the terms of the O & M Renewal, the Parties confirm and incorporate those modifications herein.

3. Except as amended hereby, the terms and conditions of the Agreement, as heretofore amended, shall remain unchanged.

SIGNED this 9th day of December, 2014.

ATTEST:

Schelana Hock  
County Clerk

“COUNTY”  
POLK COUNTY, TEXAS

By: John P. Thompson  
John P. Thompson, County Judge

**"OPERATOR"  
COMMUNITY EDUCATION CENTERS, INC.**

ATTEST:

Maia Carnevale  
Corporate Secretary

By: \_\_\_\_\_  
Print Name: John J. Clancy  
Title: Chairman / CEO