

COMMISSARY LICENSE AGREEMENT

1. Licensors: Polk County, Texas (hereinafter "County") and Sheriff Byron Lyons in his official capacity as Sheriff of Polk County, Texas (hereinafter "Sheriff") for the benefit of the IAH Detention Center (hereinafter "Facility"). This Commissary Agreement rescinds and replaces all prior commissary agreements between the parties; including that Commissary Agreement signed by the Sheriff on November 10, 2020. However, the Effective Date of this Agreement shall be November 10, 2020.

2. Licensee: Lone Star Commissary, LLC (hereinafter "Lone Star").

Facility: IAH Detention Center
2400 F.M. 350 South
Livingston, Texas 77351

3. Grant: Licensors hereby grant to Lone Star the exclusive right to provide inmate commissary services at the Facility during the term of this Agreement.

4. Term: The Effective Date of this Agreement is as set forth above. The initial term of this Agreement shall end on September 30, 2025. The parties may mutually agree to up to five (5) one-year renewals, which shall start on October 1 of each renewal year.

5. Termination.
 - 5.1 For Breach: Either party may terminate this Agreement for the material breach of this Agreement by the other party on 30 days' written notice and opportunity to cure.

 - 5.2 For Convenience: Either party may terminate this Agreement for its own convenience on 90 days' written notice to the other party.

 - 5.3 Consequence of Termination. Upon termination, the sole remedy of Lone Star against Licensors shall be: 1) payment to Lone Star of its share of revenues generated to the date of termination that have not yet been paid to Lone Star by the County, along with any sales taxes; 2) demand and receive return of the equipment provided by Lone Star to the Facility; and 3) demand that the Licensors discontinue use of any proprietary software provided by Lone Star and return all copies to Lone Star.

6. Items Incorporated. The following items are incorporated into this Agreement:

Attachment 1 Request for Proposals

Attachment 2 Portions of Lone Star's Proposal

This Agreement controls to the extent of any conflict with the Attachments.

7. Inmate Trust Fund Accounting System.

7.1 Lone Star shall provide all hardware, software, and other items necessary to provide a system of accounting for Inmate Trust Funds, and to record and apply debits and credits to Inmate Trust Funds, including, but not limited to inmate commissary purchases. The system must accurately keep balances of the individual inmate trust funds from book-in to release, and provide for transfer of any balance of an inmate's trust fund to the inmate upon release. This system shall be provided at the sole cost and expense of Lone Star. All maintenance, replacements, and repairs to the system shall be provided by Lone Star at its sole cost and expense.

7.2 Licensors acknowledge and agree that Lone Star has sole ownership of the software and that the Licensors shall have no property interest in the software. Licensors agree not to make any unauthorized copies of the software. Lone Star indemnifies and holds the Licensors harmless from any copyright or intellectual property claims which may arise from the Licensors', or their Operator's use of the software. Any indemnification provided for in this Agreement, including the foregoing indemnification, covers and protects the County, the Sheriff, and the Operator of the Facility.

7.3 Lone Star shall provide training on use of the system to the applicable employees of the Operator and/or Sheriff.

7.4 Lone Star is responsible for the security of the system and shall indemnify the Licensors and Operator against any losses caused by security defects in the system.

8. Commissary. At its sole cost Lone Star shall provide inmate commissary services at the Facility. The items sold must be approved by the Sheriff. A list of available items is included as part of Attachment "2." Lone Star must consult with the Sheriff before discontinuing an item. It is expected and agreed that Lone Star will carry a full range of items similar to commissary items available in other detention facilities. Lone Star shall maintain adequate inventory to assure that the Facility can be supplied with commissary products. Products shall be of good quality and within expiration dates.

9. Commissary Prices.

9.1 Prices Generally. The commissary pricing is fixed through September 30, 2021. Thereafter, on 30 days' written notice to the Licensors together with a written explanation of the need for any increase; Lone Star may increase pricing on all, or some, of the items one time each year. The current pricing is contained as part of Attachment "2". Price increases of more than 5% must be approved by the Sheriff. The prices shown do not include sales tax.

9.2 Modification of Commission Rate. If there is a material adverse change based on circumstances beyond Lone Star's control and which should not have been foreseen by Lone Star which makes provision of commissary services financially infeasible under the current structure; the parties agree to negotiate in good faith to determine whether an adjustment to the Commission

Rate discussed below is necessary and proper. If an agreement cannot be reached, Lone Star may choose to continue under the existing structure or to terminate for convenience as set forth above. This provision only applies in extreme circumstances to avoid operating losses.

10. Commission Rate. As the License fee the County is entitled to receive a percentage of gross revenues generated by the commissary operations each week. The Commission Rate is 25% on most items, 15% on designated items, and no commission is collected on certain items such as postage and postal products. The commission status of each product is shown on the product list appended as part of Attachment "2". No addition of products to a lower commission rate status may take place without the prior approval of the Sheriff.

11. Flow of Funds.

11.1 Revenues generated by the commissary operations are placed in a separate account controlled by the County.

11.2 Each week, (Sunday – Saturday), within three (3) business days after the end of the week, the County shall pay over to Lone Star 1) net revenues as defined below, and 2) sales taxes collected. These payments shall be made by two separate checks. The County retains its commission payment.

11.3 Net Revenues payable to Lone Star are Gross Revenues less the Commission payment retained by the County.

11.4 For purposes of calculating the County's Commission payment, "Gross Revenues" does not include revenues from products for which no Commission Rate is chargeable. To calculate the commission payment to be withheld by the County the following formula is used:

Gross Revenues attributable to products sold in the 25% category x 0.25

--PLUS--

Gross Revenues attributable to products sold in the 15% category x 0.15

= County Commission Payment

11.5 The Lone Star accounting department should perform all of the foregoing calculations so that it will not be necessary for the County to calculate the amounts unless for audit purposes. For each week, the system shall calculate and show:

- 1) Gross Revenues;
- 2) Net Revenues;
- 3) County's Commission payment; and
- 4) the sales tax amount to be paid over to Lone Star.

12. Audits

Lone Star agrees that this Agreement is made by the Licensors under the authority of Section 351.0415 of the *Texas local Government Code*. Lone Star acknowledges that it is subject to the audit requirement of Subsection (d) of said statute with reference to the audit of Facility Commissary by the County Auditor and Subsection (e) of said statute providing for an independent audit obtained by the Facility Operator. Lone Star agrees to cooperate with such audits with regard to the Facility commissary operations.

13. General Terms and Conditions

13.1 The County shall be added as an additional insured on Lone Star's liability insurance policies. Further, Lone Star's liability insurance policies shall waive any subrogation rights against the County.

13.2 Lone Star indemnifies and holds harmless the County, the Sheriff and the Operator from any claims for personal injury, sickness, or death arising in whole or in part due to the negligence of Lone Star, its employees, or its contractors.

13.3 Texas law governs this Agreement and any issues arising out of this Agreement. Venue of any dispute shall be in a court of competent jurisdiction sitting in Polk County, Texas.

13.4 Nothing herein shall create, nor is intended to create, any joint venture or partnership between the parties. Furthermore, Lone Star's employees are not employees of the Licensors or their Operator for any purpose.

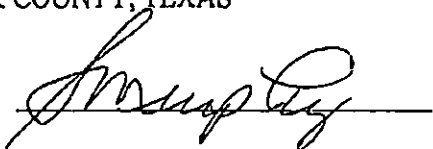
13.5 This Agreement is for the benefit of the signatory parties hereto, and is not intended to benefit, and shall create no right in favor of, or obligation against, any third party.

LONE STAR COMMISSARY, LLC

By: Tim Calcutt
Printed Name: Tim Calcutt
Title: COO
Date: 1-12-21

POLK COUNTY, TEXAS

By:

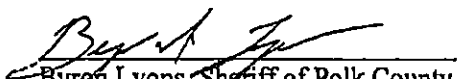


Printed Name: Sydney Murphy

Title: County Judge

Date: January 12, 2021

POLK COUNTY SHERIFF


Byron Lyons, Sheriff of Polk County, Texas

Date: January 12, 2021

COMMISSARY LICENSE AGREEMENT

1. Licensor: Sheriff Byron Lyons in his official capacity as Sheriff of Polk County, Texas (hereinafter "Sheriff") for the benefit of the Polk County Jail (hereinafter "Facility"). The Commissary Agreement rescinds and replaces all prior commissary agreements between the parties; including that Commissary Agreement signed by the Sheriff on November 11, 2020. However, the Effective Date of this Commissary Agreement shall be November 11, 2020.

2. Licensee: Lone Star Commissary, LLC (hereinafter "Lone Star").

3. Facility: Polk County Jail
1733 N. Washington Ave.
Livingston, Texas 77351

4. Grant: Licensor hereby grants to Lone Star the exclusive right to provide inmate commissary services at the Facility during the term of this Agreement.

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= Sheriff's Commission Payment

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14. General Terms and Conditions

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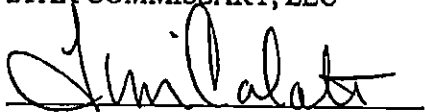
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14.4 Nothing herein shall create, nor is intended to create, any joint venture or partnership between the parties. Furthermore, Lone Star's employees are not employees of the Sheriff for any purpose.

14.5 This Agreement is for the benefit of the signatory parties hereto, and is not intended to benefit, and shall create no right in favor of, or obligation against, any third party.

LONE STAR COMMISSARY, LLC

By:



Printed Name:

TIM CALCOTE

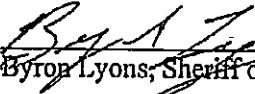
Title:

COO.

Date:

1-12-21

POLK COUNTY SHERIFF


Byron Lyons, Sheriff of Polk County, Texas

Date: January 12, 2021

[By executing this Agreement, the Sheriff represents that Commission payments from the Commissary operations shall only be used for Inmate Welfare items and services as set forth in §351.0415(c) of the *Texas Local Government Code*].