

This instrument was prepared by

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INCARCERATION AGREEMENT

by and between

STATE OF TENNESSEE, DEPARTMENT OF CORRECTION

and

HARDEMAN COUNTY, TENNESSEE

INCARCERATION AGREEMENT

THIS INCARCERATION AGREEMENT is made and entered into this 18 day of September, 1996, by and between the STATE OF TENNESSEE, DEPARTMENT OF CORRECTION ("State") and HARDEMAN COUNTY, TENNESSEE.

WITNESSETH

WHEREAS, Hardeman County approved the creation of the Hardeman County Correctional Facilities Corporation (HCCFC) for the purpose of constructing and operating a prison, appointed its directors, and approved the indebtedness to be issued by HCCFC:

WHEREAS, HCCFC intends to finance the acquisition, construction and equipping of a 1,504 bed medium security correctional facility with no dormitory housing (the "Facility");

WHEREAS, Hardeman County desires to enter into this contract to reserve, keep and maintain up to one hundred percent (100%) of the available beds for the State;

WHEREAS, the State desires to enter into this contract with Hardeman County to house at the Facility, pursuant to the terms of this Contract, felons (hereinafter "Inmates") sentenced to the care, custody and control of the Tennessee Department of Correction (the "Department");

WHEREAS, the State agrees to compensate the county as indicated below for reasonable allowable costs as defined by the contract associated with the housing of felons and the operation and management of the Facility; and,

WHEREAS, the State is authorized to enter into agreements with local governments to house State prisoners.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the State and Hardeman County hereby agree as follows:

ARTICLE 1 DEFINITIONS

"ACA" means the American Correctional Association.

"ACA Standards" means the standards for Adult Correctional Institutions (Third Edition, January 1990, as the same may be modified, amended, or supplemented in the future) published by the ACA.

"Bed Day" means each calendar day that a bed at the Facility is made available to the State pursuant to an allocation requested in writing by the Department for the placement of an Inmate, including the first, but not the last day.

"Commissioner" means the Commissioner of the Tennessee Department of Correction.

"Contract" means this document, together with all written attachments, exhibits, amendments, renewals and modifications.

"Court Orders" means any orders, judgments or opinions issued by a court of competent jurisdiction or any stipulations, agreements or plans entered into in connection with litigation that are applicable to the operation, management or maintenance of the Facility or relate to the care and custody of Inmates of the Facility, whether currently existing or as may be rendered in the future.

"Debt Service Per Diem Rate" means the capital cost per Bed Day as defined in Section 6.2.

"Department" means the Tennessee Department of Correction.

"Effective Date of Contract" means the date stated in Section 2. of this Contract.

"Facility" means a 1,504 bed medium security correctional institution, with no dormitory housing, to be located in Hardeman County, Tennessee, and real property as specified in Exhibit A.

"Fiscal Year" means the period beginning July 1 and ending June 30 of each year.

"Indigent Inmates" means Inmates who are deemed indigent as defined by the Departmental Policy 504.04, as said policy may be amended.

"Inmate" means any person committed to the custody and control of the Department who is incarcerated in the Facility.

"Inmate Day" means each calendar day or part thereof that an Inmate is located at the Facility, including the first, but not the last day of incarceration at the Facility.

"Liaison" means a person or persons appointed and paid by the Department to monitor for the Department the implementation of this Contract and/or to act as the Commissioner's designee. The Liaison will also be the official liaison between the State and Hardeman County on matters pertaining to the operation and management services of the Facility and may perform other functions described herein and described in Departmental policies.

"Local Area" means Hardeman, Fayette, Haywood, Madison, Chester, McNairy and Shelby Counties in Tennessee.

"Operating Per Diem Rate" means the operational cost per Inmate, per Inmate Day, as defined in Section 6.1.

"Post Order" means standing orders which delineate the task and job duties of each security position at the Facility.

"Staffing Pattern" means each functional area, by position, with an indication of shift assignment and number of days covered, relief factors and total staffing.

"State" means the State of Tennessee, including, but not limited to, the Department.

"State Bed Days" means the State's total allocation of Bed Days.

"Service Commencement Date" is July , 1997.

"TOMIS" means the Tennessee Offender Management Information System, a mainframe computer system that automates the management of information about offenders under the supervision of the Tennessee Department of Corrections. TOMIS captures all offender related information at the point of origin to provide accurate and timely information to those who use it.

ARTICLE 2 TERM AND SCOPE OF THE CONTRACT

Section 2.1. Term. This Contract is effective with its execution by all parties and continues for three (3) years after the Service Commencement Date unless terminated earlier in accordance herewith.

Section 2.2. Renewals. The State shall have the option to renew this Contract upon the same terms and conditions for six (6) additional three (3) year terms; provided, however, that such option to renew may be exercised only if, at the time of the exercise of the option, the Commissioner, in the Commissioner's sole discretion, determines that the available facilities and institutions of the Department are overcrowded. The State may exercise its option to renew by giving Hardeman County 270 days advance written notice of its intent to renew. If Hardeman County does not receive notice of the State's intent to renew 270 days in advance, it shall notify the Commissioner of Correction and the Commissioner of Finance and Administration of that fact by certified mail and the State shall have an additional 30 days from receipt of such notice within which to exercise its option to renew.

Section 2.3 Requirements. This Contract is not binding until execution by all parties.

Section 2.4. Scope of Agreement. This Contract, including all exhibits attached hereto which are incorporated herein by reference, shall constitute the entire agreement between the parties and no statements, promises or inducements made by either party or agents of either party that are not contained in this contract shall be valid or binding with the exception of Opinion of Contractor's Counsel described in Section 13.9. No prior agreements or understandings, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Contract.

ARTICLE 3 MAINTENANCE

Section 3.1. Maintenance.

(a) Hardeman County shall implement a plan, including a preventive maintenance program, to maintain the Facility and all property, both real and personal, contained therein.

(b) Hardeman County shall provide for maintenance, repair, and replacement for the Facility and shall keep said Facility in good repair, working order and condition, subject to normal wear and tear. Hardeman County shall be responsible for all expenses incurred in said maintenance, repair and replacement.

Section 3.2. Expansion. Hardeman County, at its expense, may expand the facility by an additional 512 beds, subject to the prior written Commissioner's approval which shall be at the Commissioner's sole discretion.

Section 3.3. Utilities and Taxes. Hardeman County shall pay all taxes associated with this Contract and utility costs of the Facility, including, but not limited to, water, gas, sewage and electric.

Section 3.4. Property Insurance. Hardeman County shall obtain and keep in force casualty insurance on the facility and on all property to be located at the Facility.

ARTICLE 4 CONTRACT MONITORING

Section 4.1. Monitoring and Evaluation.

(a) The Tennessee Department of Correction shall monitor the contract and the performance of Hardeman County. In addition, contract compliance monitoring will

be done by the Department of Finance and Administration through the Division of Resource & Development.

(b) Hardeman County shall maintain for the State data in accordance with the Standards to include use of and data entry on TOMIS.

Section 4.2. Liaison.

(a) The State shall provide a Liaison(s) to be located at the Facility. Hardeman County shall be notified of the identity of the Liaison in writing signed by the Commissioner. The hours worked and number of the liaison(s) assigned are within the sole discretion of the State. The Liaison(s) will be an employee(s) of the Department and will be paid by the Department. Hardeman County shall have no control over the activities of the Liaison(s), supervisory or otherwise.

(b) The Liaison(s) shall be the representative of the State at the Facility to monitor for the Department Hardeman County's compliance with this Contract. The Liaison(s) may act as the Commissioner's designee with functions as provided in writing by the Commissioner. The State hereby expressly disclaims that the Liaison(s) has any authority, apparent or otherwise, to bind the State under this Contract unless expressly stated herein.

(c) Unless otherwise specified in writing by the Commissioner, the Liaison(s) shall be the designated recipient of all information required of Hardeman County.

(d) The Liaison(s) may be changed during the term of this Contract, at the discretion of the Commissioner.

Section 4.3 Multiple Liaisons.

(a) In the event that the Commissioner designates more than one individual to act as Liaison, the State shall provide Hardeman County with a written description executed by the Commissioner of the Liaisons' level of authority.

(b) In the event Hardeman County believes it is receiving conflicting instructions from the Liaison(s) or that the Liaison is acting beyond its level of authority under the Contract or as provided in subsection (a), Hardeman County shall notify the Commissioner in writing. The written response of the Commissioner shall be final.

Section 4.4. Office Space.

(a) Hardeman County shall provide, at its expense, adequate office space and local telephone service for the Liaison(s) and for the staff of the Liaison(s), which may include a secretary, in close proximity to other administrative offices.

(b) Hardeman County also shall provide the Liaison(s) and staff with access to all major office equipment at Hardeman County's expense.

(c) Hardeman County shall not provide the Liaison(s) or Liaison(s) staff with gifts or any form of compensation at any time.

Section 4.5. Liaison Access.

(a) The Liaison(s) shall have immediate, complete, and unrestricted access to all parts of the facility at any and all times.

(b) The Liaison(s) shall have immediate, complete and unrestricted access to all documents in any way pertaining to the obligations of Hardeman County under this Contract, including but not limited to Facility records, Inmate files, and personnel files. In the event that any such document is not located on the Facility site, Hardeman County agrees to provide the Liaison(s) upon request with a copy of the document within three working days of the request.

(c) The Liaison(s) shall have immediate, complete and unrestricted access to all Inmates.

Section 4.6. Meetings with Liaison. Hardeman County agrees to hold meetings as requested by the Liaison(s) to report on the operations of the Facility and to respond to any questions raised by the Liaison(s). Hardeman County agrees that a representative of Hardeman County having supervisory responsibility and authority to address the issues raised shall be in attendance at said meetings.

Section 4.7. Requests for Information.

(a) Hardeman County shall provide the Liaison(s) with written responses to any information requested by the Liaison(s) or Commissioner concerning Hardeman County's performance of this Contract within the period prescribed in the State's request.

(b) Hardeman County shall certify that said information is accurate and if Hardeman County is unable to so certify then Hardeman County shall state the reason therefor.

(c) Upon written request by the Liaison(s) or Commissioner, Hardeman County shall compile information in the requested form and provide documentation substantiating said information.

(d) During construction of the facility, Hardeman County shall report in writing monthly to the State concerning the status of the construction.

Section 4.8. State Inspection.

(a) The Commissioner or his/her designee(s) shall have the same access as described in Section 4.5, Liaison Access, which access shall include but not be limited to persons designated by the Commissioner to inspect or audit the Facility and/or Hardeman County's performance under this Contract. Hardeman County is also obligated to provide appropriate access to authorized inspection and regulatory agencies. Hardeman County shall exercise due diligence for the safety and welfare of the Liaison(s), any other State employee, and any visitor at the Facility.

(b) In addition to any other right of access provided herein, the State shall have a right of access to the property and facility at all times during construction.

Section 4.9. Immediate Compliance.

(a) If the Commissioner determines that Hardeman County is not operating in compliance with a term or condition of this Contract which in the opinion of the Commissioner adversely affects the security of the Facility or which may present a hazard to the safety or health of Inmates or other individuals, Hardeman County shall be notified in writing (or verbally if it is believed an emergency situation exists). The notice shall direct Hardeman County to immediately correct the noncompliance.

(b) Hardeman County shall immediately notify the Commissioner of the proposed corrective action. If the Commissioner does not object to the proposed corrective action, Hardeman County shall immediately implement said corrective action.

(c) If the Commissioner disagrees with the proposed corrective action or if Hardeman County fails to notify the Commissioner immediately of its proposed corrective action, the Commissioner shall specify corrective action which Hardeman County shall immediately implement.

(d) Notwithstanding any provision contained herein to the contrary, in such a circumstance, Hardeman County shall immediately implement the corrective action specified by the Department before any appeal is taken.

(e) In the event Hardeman County disagrees with the determination of noncompliance or designated corrective action, a request for reconsideration may be taken to the Commissioner. In no event shall the corrective action be delayed pending appeal.

(f) Upon examination, if the Commissioner determines in his sole discretion that noncompliance did not exist or that the corrective action required by the Department was excessive, the Commissioner shall authorize payment to Hardeman County of the actual expense incurred in taking said corrective action or excessive corrective action upon receipt of appropriate documentation substantiating said expense from Hardeman County.

Section 4.10. Incident Reports. Hardeman County shall implement Departmental policy regarding the reporting of incidents.

ARTICLE 5 OPERATION OF FACILITY

Section 5.1. Obligations of Hardeman County. Hardeman County will perform all acts and services and comply with all duties and promises as described and in conformance with the following:

(a) All applicable constitutional standards, federal, state and local laws, court decisions, and Court Orders, consent agreements, whether currently existing or as may be enacted or rendered in the future;

(b) All existing State and Departmental policies, or, in the discretion of the State, policies approved by the Department which may not be identical to State or Department policies;

(c) Such other policies as the Department may make applicable to Hardeman County in writing during the term of this Contract as same may be amended during the term of this Contract. Any change in the scope of services as a result of this would be compensated by an adjustment either upward or downward in accordance with Section 6.6, Compensation Adjustment for Change of Services;

(d) ACA Standards; and

(e) The terms of this Contract.

The standards articulated in (a) through (e) hereinafter collectively be referred to as "Standards."

Section 5.2. Obligations of the State. The State agrees to perform its obligations as described herein.

Section 5.3. Conflicts.

(a) In the event of a conflict among the Standards, Hardeman County is required to follow the Standard as determined by the Liaison(s).

(b) In the event of disagreement between Hardeman County and the Liaison(s) regarding which item provides the standard of service, the Commissioner or his designee shall make the final, binding decision.

Section 5.4. Policy and Procedures Manual and Operations Plan. Within 60 days after the contract is executed, Hardeman County shall provide the State with a written Policy and Procedures Manual which shall contain policies and procedures for all services to be rendered by Hardeman County in accordance with the Standards. Within 60 days after the contract is executed Hardeman County shall also submit an Operations Plan relating to all areas covered by the contract, subject to the approval of the State, including but not limited to a staffing pattern, security and post assignments, post orders for all security positions by post and shift, and designation of critical posts. Said manual and plan shall establish the policies and procedures Hardeman County shall follow in all areas covered by this Contract. Said manual and plan shall be subject to the written approval of the State and shall not be altered, amended, modified, revised or supplemented without the prior written approval by the State. Hardeman County shall implement the provisions of said manual and plan throughout the term of this Contract.

Section 5.5. Assignment and Transfer of Inmates.

(a) Hardeman County expressly recognizes that it is required to complete the Facility and begin accepting inmates under the terms of this contract beginning July 1, 1997, and that time is of the essence.

(b) Beginning on the Service Commencement Date, Inmates will be assigned to the Facility in accordance with Departmental policies. Hardeman County will be provided an opportunity to review the records and comment to the State on the first complement of inmates proposed to be assigned to the Facility. Hardeman County may not refuse to accept any Inmate assigned to the Facility, but if Hardeman County believes that an Inmate has been erroneously assigned to the Facility or is presenting a discipline problem sufficient to require closer custody status which cannot be provided adequately or safely in the facility, it may request his transfer in writing through the Liaison(s) citing the appropriate sections of Departmental policy.

(c) Hardeman County's requests for reassignment of Inmates from the facility to another institution for medical, psychiatric, disciplinary or administrative reasons or for Inmate furloughs will be made in writing through the Liaison(s) and evaluated by the Department. Any decision by the Department on such request shall be final.

(d) The State may transfer Inmates from the Facility with said decision to transfer being within the State's sole discretion.

Section 5.6. Safety and Emergency Procedures.

(a) Hardeman County shall submit written (1) riot and disturbance control and contingency plan, and (2) disaster preparedness plans to the State within 60 days of execution of this agreement. Hardeman County shall cooperate with the State in preparing contingent Inmate relocation plans.

(b) Hardeman County shall develop and submit to the State within 60 days of execution of this agreement written guidelines for the prevention of fire, safety inspections, maintenance of fire alarm and smoke detection systems, fire evacuation drills, evacuation plans, a procedure to report job-related injuries, and provisions for testing equipment to maintain essential lighting, power and communications.

(c) Hardeman County shall develop and submit to the State plans for the search and apprehension of any escaped Inmate within sixty (60) days of execution of this agreement. Said plans shall address Hardeman County searching for any escapee off the grounds of the Facility and coordination with local and State authorities. Hardeman County shall implement said plans regarding any search off the grounds of the Facility only if so requested by the Commissioner.

(d) During the term of this Contract, Hardeman County shall develop and submit to the State in writing any other emergency and control plans as may be requested in writing by the Department within thirty (30) days of receipt of said request.

(e) All plans required under this Section must be submitted to the State and approved by the State in writing. Hardeman County agrees to make any revisions, deletions or additions requested by the Commissioner or his designee. Upon written approval by the State, Hardeman County shall begin immediate implementation of the plans or in the case of contingency plans, certify that Hardeman County has the ability and shall implement the plan if the contingency occurs. Said plans may not be revised, amended, altered, or supplemented without prior written consent of the State.

(f) All plans must be in conformance with the Standards.

Section 5.7. Medical and Mental Health Services.

(a) Hardeman County shall provide, in compliance with the Standards, all physical health services, mental health services and dental services as specified in this Section, utilizing the TDOC Health Services medical records forms, as said forms may be revised or supplemented during the term of this Contract.

(b) The physical health, mental health, and dental services shall include but not be limited to:

- (1) 24 hour-a-day, 7 day-a-week on-call emergency medical health and mental health care;
- (2) 24 hour-a-day, 7 day-a-week on-site nursing care;
- (3) initial health screening;
- (4) health appraisal examination;

- (5) daily triaging of complaints;
- (6) daily sick call per normal workday schedule;
- (7) infirmary operation with at least supervision by an RN 24 hours per day, 7 days per week;
- (8) maintenance of health records;
- (9) special medical programs and services for, but not limited to, Inmates with chronic needs or requiring convalescent care;

mental health, mental illness and substance abuse services to include a sex offender aftercare program and a substance abuse program that emphasizes relapse prevention and provides for after-care and self-help treatment services;

health care specialists;

ancillary services - radiology, laboratory, etc.;

- (13) dental services - routine to include dentures;

pharmaceutical services and supplies;

optometry services to include eyeglasses;

- (16) hearing aids;

prosthesis, if it is the opinion of the Facility's Medical Director that an Inmate's health or well being would suffer or be damaged if a prosthesis is denied the Inmate;

- (18) health education; and,

inpatient and outpatient hospitalization services.

(c) Except as set out herein, Hardeman County shall be responsible for the cost of providing all physical health, mental health, and dental services, including but not limited to inpatient and outpatient treatment, any surgery and specialty services, medications, specialty clinics, medically related transportation, medically related security services, and the costs associated with the provision of services described above.

(d) Hardeman County shall be responsible for security services for inpatient care during a confinement period for which Hardeman County is financially responsible. Hardeman County shall provide security at an off-site medical facility after the Department assumes responsibility, if requested to do so by the Department and to be reimbursed by the Department at the following rates:

Year	\$14.92 per hour
Year 2	\$14.92 per hour
Year 3	\$14.92 per hour

Such reimbursement rate for any renewal term will be fixed for that term at an hourly rate equal to the previous term's hourly rate multiplied by the inflator rate which shall be calculated by averaging the consumer price indices for the immediately preceding three (3) years.

(e) Exclusions and Limitations

(1) If an inmate is hospitalized at a non-departmental facility, Hardeman County shall not be responsible for inpatient hospital costs which exceed \$4,000 per inmate per admission or for costs incurred after the third day of hospitalization, whichever comes first. The Department will decide on the location of care and confinement following this initial period and may, in consultation with Hardeman County's representative, decide to utilize departmental facilities during the initial period of inpatient care. Hardeman County shall not have access to the Department's facilities without the Department's approval. If an inmate is housed and treated at a departmental facility, the Department will assume financial responsibility for expenses incurred within its facilities. Provided, however, notwithstanding any provision contained herein to the contrary, any inmate medical expenses resulting from the negligence or willful wrongdoing of Hardeman County, its officers, agents or employees shall be fully paid for by Hardeman County.

(2) Hardeman County shall not be responsible for any inpatient-hospital cost, including any surgery or specialty services, associated with the treatment of persons with Acquired Immune Deficiency Syndrome (AIDS), as defined by the Centers for Disease Control. Hardeman County shall be responsible for hospitalization costs associated with other HIV infected patients.

(3) Hardeman County shall not be responsible for the cost of providing AZT, or other medications therapeutically indicated for the treatment of inmates with AIDS or HIV infection. Such treatment will be at the Department's discretion and expense.

Section 5.8. Food Service.

(a) Hardeman County will provide food service for the Inmates and volunteers in accordance with the Standards including but not limited to the provision of special diets for medical or religious requirements.

(b) Hardeman County shall not be required to follow the Department's master menu, but the food service area must comply with State health regulations. At a minimum the amount of daily calories must conform with the recommended dietary allowances published by the National Academy of Sciences.

Section 5.9. Transportation. Hardeman County will be responsible for the following inmate transportation: (a) all within the Local Area; and, (b) outside the Local Area, as necessary when the Department's central transportation is unavailable or time constraints restrict inter-institutional transfer; provided, however, in the event said transportation outside the Local Area occurs more than ten (10) times in any twelve (12) month period, Hardeman County shall provide said transportation if requested by the liaison(s) and will be reimbursed for labor in accordance with the following:

Year 1	\$14.92 per hour
Year 2	\$14.92 per hour
Year 3	\$14.92 per hour

plus expenses and cost of transportation.

The reimbursement rate for any renewal term will be fixed for that term at an hourly rate equal to the previous term's hourly rate multiplied by the inflator rate which shall be calculated by averaging the consumer price indices for the immediately preceding three (3) years.

Section 5.10. Inmate Commissary.

(a) Hardeman County will provide a commissary for Inmates which shall supply only those non-consumable items at a reasonable price approved by the Department in writing and such consumable items as Hardeman County approves.

(b) Hardeman County may not offer for sale to Tennessee Inmates Commissary items which are prohibited by Departmental policy.

(c) All profits derived from the Commissary operation shall be retained by Hardeman County.

Section 5.11. Mail. Hardeman County will provide pick up and delivery of Inmate mail in compliance with the Standards. Hardeman County will furnish first class postage to

Indigent Inmates for the mailing of legal documents to courts or legal counsel and otherwise as required by federal or state constitution, statutes, or regulations.

Section 5.12. Religion. Hardeman County will designate adequate space within the Facility for religious services and provide religious programs and/or religious services in compliance with the Standards.

Section 5.13. Inmate Grievance Procedure. Hardeman County will utilize Departmental policies regarding Inmate grievance procedure and the Department's system for maintaining grievance related records, as said policies and/or system may be revised during the term of this Contract.

Section 5.14. Security.

(a) Hardeman County shall provide Inmate security in accordance with the Standards at all times in the Facility, and while Hardeman County is transporting Inmates and all other times unless relieved of said obligation by the Commissioner in writing.

(b) At a minimum, Hardeman County shall provide security, perimeter control, Facility control, control center function, post orders, security patrols, security inspections, continuing procedures, key control, procedure for search and control of contraband, tool control, escape plan detection, appropriate use of security equipment, use of restraints, use of firearms and chemical agents, tactical unit procedure, inspections, housing unit assignment plans, and internal and external movement control procedures and periodic shakedowns.

Section 5.15. Visitation. Hardeman County shall designate physical space and provide appropriate security and supervision for indoor and outdoor visitation in accordance with applicable Standards, no less frequently than at comparable Department facilities.

Section 5.16. Access to Courts. Hardeman County shall provide Inmates with constitutionally required access to the courts by use of a law library, persons trained in the law, or any combination thereof.

Section 5.17. Inmate Discipline.

(a) Hardeman County shall implement and strictly adhere to Department Inmate disciplinary rules and procedures as they may be amended by the Department.

(b) Hardeman County agrees that no Inmate will be disciplined except as in accordance with this Section.

(d) Hardeman County shall use the present or any future system established by the Department for recording disciplinary information.

Section 5.18. Use of Force. Notwithstanding any provision contained herein to the contrary, no use of force shall be allowed by Hardeman County except as in accordance with the Standards.

Section 5.19. Sentence Reduction Credits. Hardeman County shall submit sentence credit reports to the Liaison(s) monthly with the decision on awarding or forfeiture of sentence credits remaining solely with the Department.

Section 5.20. Sentence Computation. Hardeman County shall provide the State with essential data and information relating to sentence computation. All sentence computations, including calculation of Inmate release and parole dates, shall be done by the Department and copies furnished to Hardeman County and Inmates. All other record keeping functions (e.g. posting of disciplinary reports, filing, updating Inmate assignments, custody levels, etc.) are the responsibility of Hardeman County.

Section 5.21. Records and Reports.

(a) Hardeman County shall provide for comprehensive operations and Inmate record and reporting systems for the Facility in compliance with the Standards to include use of and data entry on TOMIS.

(b) All computer equipment and communication lines necessary to interface with TOMIS will be provided by the Department at no cost to Hardeman County.

(c) Hardeman County will incorporate all new systems developed to report and track Inmate record information designated by the Commissioner.

(d) Upon request, all records, reports and documents will be made available immediately to the Liaison(s) for review. At the conclusion of the Contract, all records shall be turned over to the Department.

(e) Hardeman County shall prepare and submit to the Liaison(s) such reports as are required by the State and will promptly notify the Liaison(s) whenever an Inmate leaves the Facility on Court Order.

(f) Documentation required to be maintained by Hardeman County shall include: complaints against Hardeman County's staff; the number and nature of violent or other disruptive incidents among Inmates or against staff; the number and nature of disciplinary actions against staff; the rate at which Inmates complete programs successfully; and, the number of Inmates productively active and the level of production.

Section 5.22. Escapes and/or Number of Escapees. Hardeman County shall exercise its best efforts to prevent escapes from the Facility. If the frequency of escapes (an escape is defined as one prisoner vacating the premises, so that five prisoners escaping in a group will be considered five escapes) or nearly successful attempted escapes and/or number of

escapees shall be in excess of the frequency from comparable State facilities without good cause or shall exhibit a disregard for the safety of the general public, the State may terminate this Contract for cause. Said determinations shall be within the sole judgment of the Commissioner.

Section 5.23. Policy Audit. Hardeman County shall audit, using personnel approved by the State independent from Hardeman County and its subcontractors identified in this contract, at least yearly, implementation of applicable Department and State policies and procedures. Audit forms showing full, partial and noncompliance with every key area of these policies and procedures shall be developed and copies made available to the Liaison(s) no later than six (6) months after the Effective Date of this Contract. Copies of completed audit forms shall be forwarded to the Liaison(s) for review upon completion of each audit, together with a report outlining the steps to be taken to correct any deficiencies. In the event the audit(s) reveals a Breach (as defined in Section 11.1) by Hardeman County, the State shall have available the remedies set out in Article 11.

Section 5.24. Inmate Work.

(a) Any minimum restricted or higher custody Inmate working outside the secured perimeter must be under armed supervision.

(b) Hardeman County will be allowed to use Inmate Labor for Facility operations and maintenance to the same extent Inmate labor is utilized in other State facilities pursuant to State policy and not for the benefit of Hardeman County or its subcontractors. Hardeman County shall submit Inmate job descriptions for the State's written approval before assigning jobs to Inmates. Job assignments and re-assignments shall be made by Hardeman County only after the job description has been approved in writing by the State. No Inmate shall ever be placed in a position of authority or control over another.

(c) Inmates shall not perform services or produce goods for use outside the Facility except upon written consent of the Commissioner.

(d) Hardeman County shall be responsible for establishing and administering a compensation program at its expense, which will include Inmate pay. The Department shall provide Inmates with sentence reduction credit.

Section 5.25. Industries. An industries program may be established at the Facility during the term of the Contract upon the mutual written agreement of the parties. In the event an industry program is established pursuant to this section, unless otherwise agreed Hardeman County shall be responsible for all associated costs, including but not limited to security.

Section 5.26. Vocational and Academic Training. Hardeman County shall furnish vocational and academic training as set forth in the Standards.

Section 5.27. Classification and Case Management.

(a) Hardeman County shall comply with Departmental policies regarding classification and reclassification services.

(b) Hardeman County shall be required to maintain classification information which conforms to the Department's system.

Section 5.28. Inmate Trust Fund. Hardeman County shall maintain an Inmate trust fund according to departmental policies and the Standards.

Section 5.29. Sanitation and Hygiene. Hardeman County shall provide for sanitation and hygiene in accordance with the Standards.

Section 5.30. Computer Software. The State shall retain proprietary rights to all State provided software utilized in connection with this Contract.

Section 5.31. Inmate Drug Testing. Hardeman County will conduct drug tests in accordance with Departmental Policy 506.21 and will be responsible for all costs associated with the testing. Selection of Inmates to be tested at random will be the responsibility of the Department.

Section 5.32. Assumption of Control.

(a) Hardeman County shall review and comment on the Department's plan for assumption of control within fifteen (15) days following its receipt by Hardeman County. The plan will provide for the orderly transfer of inmates from Hardeman County to the Department under any conditions of termination. Hardeman County agrees to implement said plan upon written notice from the Commissioner.

(b) Said plan will also provide for emergency assumption of control by the Department of whole or part of the Facility under conditions of natural disaster, in the event of riot or insurrection or other emergency circumstances wherein the Commissioner deems it necessary for the State to assume temporary control of the Facility. The Commissioner shall determine whether and to what extent an emergency circumstance exists in his sole discretion. The plan shall address Hardeman County's resumption of control after the circumstances causing the emergency assumption has ended. The plan will provide for the transfer of all records to the Department.

Section 5.33. ACA Accreditation. Hardeman County shall achieve and maintain, at its expense, ACA accreditation of the Facility within thirty (30) months of the Service Commencement date unless prevented from doing so by Departmental policies or action or inaction by the State.

Section 5.34. Inmate and Staff Identification. Hardeman County shall comply with the procedures in the Standards for Inmate and staff identification including but not limited to, uniforms, fingerprinting and photographing.

Section 5.35. Inmate Personal Property Space. Hardeman County shall follow Departmental policy on Inmate personal property.

Section 5.36. Library. A general Inmate library will be provided and maintained by Hardeman County in accordance with the Standards.

Section 5.37. Volunteer Services. Hardeman County shall implement a plan to provide for volunteer service programs in accordance with the Standards. At a minimum, Hardeman County shall provide for supervision and monitoring of the program and security background checks for volunteer applicants.

Section 5.38. Release Payments for Inmates. Hardeman County shall follow Departmental policy regarding transportation for discharged Inmates and discharge payments to said Inmates. Hardeman County will be responsible for such payments.

Section 5.39. Space for Board of Paroles/Institutional Parole Officer. Hardeman County shall provide a hearing room for the Board of Paroles two (2) days per month or as otherwise requested by the Board. The hearing room shall be large enough to comfortably accommodate three (3) Board members and fifteen (15) visitors. Hardeman County shall provide local telephone service and furniture for the hearing room. Hardeman County shall also provide furnished office space five (5) days each month, or as otherwise requested by the Board, for the institutional parole officer.

Section 5.40. Post Conviction Actions. The State will defend any post conviction action, including appeals and writs of habeas corpus, by any Inmate challenging the underlying judgment of conviction or the administration of the sentence imposed.

Section 5.41. Legal Actions Against Contractor, Agents and Employees. The State is not obligated to provide legal representation for any non-state employee or official in any litigation arising from or based on this Contract, including but not limited to post conviction actions, or any actions brought under the United States Constitution or the Federal Civil rights acts.

ARTICLE 6 COMPENSATION AND ADJUSTMENTS

Section 6. Operating Per Diem Payments.

(a) The State shall make operating per diem payments to Hardeman County based on an Operating Per Diem Rate per Inmate actually at the Facility for the service period of July 1, 1997 through June 30, 2000, provided, however, after September 30, 1997, the State agrees to pay at least the Operating Per Diem Rate for 90% of State Bed Days, regardless of the number of Inmates actually at the Facility.

Inmate Population	Per Inmate Day	
	Per Diem Rate	
1 - 940	\$36.75	
941 - 998	\$26.52	
999-1336	\$25.76	
1337-1504	\$22.35	

Assuming a total State Inmate population at the Facility of 1,504, the blended Per Diem Rate per Inmate is \$32.28.

During the initial term, after the first fiscal year, the Operating Per Diem Rate shall be increased by three and one-quarter percent (3.25%) for each fiscal year. The inflator rate for any renewal period shall be calculated by averaging the consumer price indices for the immediately preceding three (3) years. The Operating Per Diem Rate for each fiscal year during the renewal term shall be increased by the inflator rate.

(b) Hardeman County shall make available to the State beginning on the Service Commencement Date, the following bed schedule:

Bed Availability Time-Line

<u>Date</u>	<u>Beds Available</u>	<u>Total Population</u>
7/1/97	500	500
8/1/97	500	1,000
9/1/97	504	1,504

The State may change the number of State Bed Days that Hardeman County makes available to it before or after Service Commencement Date from time to time by giving Hardeman County 270 days advance written notice of the change. The State may lower or raise the State Bed Days in its sole discretion, for any reason or no reason including, but not limited to, the State's dissatisfaction with any management subcontract. Notwithstanding any provisions herein to the contrary, Hardeman County shall make available to the State all or part of the Facility's capacity upon notice described herein and shall enter into no agreement to the contrary. Any beds not required to be made available to the State by this Contract may

be filled with inmates from other jurisdictions. Such inmates shall be kept completely separate in housing assignment.

(c) No Operating Per Diem will be paid for inmates housed and treated at a State departmental Facility. Subject to the subsection (a) above, the Operating Per Diem payment will be made only for inmates actually incarcerated at the Facility, except an Operating Per Diem payment shall be made for any inmate hospitalized at a non-State departmental Facility during the period when the contractor is responsible for said hospitalization expense. No Operating Per Diem shall be paid for any inmate out on court order.

(d) Inmate Days and billings will be determined by the Midnight count of each day, which count shall be periodically reviewed and signed by the Liaison(s).

Section 6.2 Debt Service Per Diem Payments. In addition to the Operating Per Diem Payments, the State shall make monthly Debt Service Per Diem payments. From the Service Commencement Date until September 30, 1997, the Debt Service Per Diem shall be \$7.46 Per Inmate Day. Thereafter, the Debt Service Per Diem shall be \$7.46 per State Bed Days.

Section 6.3. Completion of Facility. Should Hardeman County fail to have the Facility completed and prepared to accept inmates on July 1, 1997, the State, in its sole discretion, may terminate the Contract. Said termination shall not be deemed a breach by the State.

Section 6.4. Billings.

(a) Payment on monthly invoices shall be in arrears and shall be due within thirty (30) days from receipt of the invoice and shall be made through the State's automated clearinghouse wire transfer system. Hardeman County shall complete and sign an "Authorization Agreement for Automated Deposits (ACH Credits) Form". All payments to Hardeman County under this or any other contract, shall be made through the State's automated clearinghouse wire transfer system. Hardeman County shall not commence work or invoice the State for services until it has completed this form and submitted it to the State. The debit entries to correct errors authorized by the "Authorization Agreement for Automatic Deposits Form" shall be limited to those errors detected prior to the effective date of the credit entry. The remittance advice shall note that a correcting entry was made. All corrections shall be made within two (2) banking days of the effective date of the original transaction. All other errors detected at a later time shall take the form of a refund or, in some instances, a credit memo if additional payments are to be made.

(b) The payment of an invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the services provided nor as an approval of any of the costs invoiced therein. The County's invoice shall be subject to

reduction for amounts included in any invoice or payment made which are determined by the State, on the basis of audits conducted in accordance with this Contract, not to have been made in conformance with this Contract. Any payment shall be reduced for overpayments, or increased for under payments, on subsequent invoices.

Section 6.5. Billing Disputes. If the amount to be paid to Hardeman County is disputed by the State, then the State, on or before the date the invoice is payable, shall advise Hardeman County of the basis for the dispute and, in the manner provided above, pay the amount of such invoice which is not in dispute.

Section 6.6. Compensation Adjustment for Change of Services.

(a) The parties recognize that each has entered into this Contract based upon the Standards in effect as of Effective Date of Contract. Hardeman County agrees to be bound by any applicable Standard change and said change shall not affect the validity of this Contract. If a change occurs in the applicable Standard, either party may notify the other in writing if it is believed said change shall affect the services delivered by Hardeman County. The Commissioner shall make the final, binding decision regarding whether a change has occurred in an applicable Standard and whether said change affects the services rendered by Hardeman County. Any adjustment in the Operating Per Diem Rate due Hardeman County shall be determined in accordance with subsection (b). In no event shall the Debt Service Per Diem Rate be revised.

(b) Within thirty (30) days of the notice required in subsection (a) above, Hardeman County shall provide the State with the proposed adjustment the the Operating Per Diem Rate and appropriate documentation in support thereof. The Commissioner shall decide whether and to what extent an adjustment in the Operating Per Diem Rate is appropriate. In the event the proposed adjustment decreases the Operating Per Diem Rate then the Commissioner may agree to reduce said Operating Per Diem Rate; provided, however, in the event the proposed adjustment increases the Operating Per Diem Rate then the Operating Per Diem Rate may be increased only by amendment to this Contract as described in Section 14.14.

Section 6.7. Failure to Agree on Billing Dispute or for Additional or Reduced Services.

(a) In the event Hardeman County disagrees with the State's failure to pay a disputed amount under Section 6.5, disagrees with the determination of the Commissioner regarding whether and to what extent an adjustment in the operating per diem for change in services is appropriate under Section 6.6, disagrees with the Commissioner's determination under Section 4.9(f), or disagrees with any other aspect or amount of payment made by the State then Hardeman County shall submit a claim and the grounds for said disagreement in writing to the Commissioner within thirty (30) days of the date the State either makes partial payment of the disputed bill or refuses the disputed bill in its entirety. Failure of Hardeman County to submit said claim and grounds to the Commissioner in writing within the time

period described herein shall be an absolute waiver of said claim. The State shall be afforded a sixty (60) day period in which to effect a cure or take reasonable steps to effect a cure.

(b) In the event Hardeman County timely provides the notice described in subsection (a), then Hardeman County may file a claim against the State before the appropriate forum in Tennessee with jurisdiction to hear said claim. Failure by Hardeman County to file a claim before the appropriate forum in Tennessee with jurisdiction to hear said claim within one year of the notice described in subsection (a) shall operate as a waiver of said claim in its entirety. It is agreed by the parties that this provision establishes a contractual period of limitations for any claim brought by Hardeman County. Neither this Section nor any other provision of this Contract creates or expands jurisdiction of any court or commission over the State.

ARTICLE 7 OPTION TO PURCHASE

Upon such time that State policy and statutes allow, the State shall have the right to exercise an option to purchase the Facility and personal property used in connection with the Facility for the amount listed in Exhibit B corresponding to the date of purchase. All management contracts in effect at the time the option is exercised shall be assigned to the State by Hardeman County. Upon exercise of said option, Hardeman County shall, at its own expense, deliver marketable, unencumbered title to the Facility and personal property, as built drawings of the Facility together with plans and specifications, an assignment of all warranties on the Facility and personal property, and a title insurance policy in form and substance acceptable to the State.

ARTICLE 8 SUBCONTRACTING

Section 8.1. Subcontractors. It is acknowledged and agreed by the State and Hardeman County that the duties and the obligations of Hardeman County hereunder may be performed in whole and/or in part from time to time by subcontractors. Any performance by a subcontractor shall constitute and be deemed performance by Hardeman County hereunder, provided, however, performance by a subcontractor shall not release Hardeman County of its obligation hereunder. Hardeman County is utilizing HCCFC for the construction and operation of the prison. HCCFC has contracted with Corrections Corporation of America to construct and manage the prison and a copy of said contract shall be delivered to the State within 60 days of the execution of this Contract. Hardeman County shall not modify said contracts without the prior written approval of the State; said approval shall not be unreasonably withheld. Hardeman County shall not enter into any other subcontract, or modification, for operation and management of the prison without obtaining

the prior written approval of the State. Hardeman County agrees to place in its subcontracts, a provision allowing the State of Tennessee access to the Facility, inmates, personnel and records regarding the performance of any contractor or subcontractor for monitoring purposes. Any such provision shall include, but not be limited to, the same access as provided in Article 4 above.

(a) Hardeman County shall provide that all subcontractors warrant that no part of the total subcontract amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant in connection with any work contemplated or preformed subject to the subcontract.

(b) Hardeman County shall provide that all subcontractors agree that no person on the grounds of handicap, disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal and/or Tennessee State constitutional and/or statutory law shall be excluded from participation in, or be denied benefits of, or be otherwise subjected to discrimination in the performance under the subcontract or in the employment practices of the subcontractor. The subcontractor shall, upon request, show proof of such non-discrimination, and shall post in conspicuous places, available to all employees and applicants, notice of non-discrimination.

(c) Hardeman County shall provide that all subcontracts for the performance in whole and/or part of the duties and obligations of Hardeman County shall contain provisions for the maintenance of documentation and auditing similar to section 14.1 herein.

ARTICLE 9 INSURANCE AND DEFENSE OF CLAIM

Section 9.1. Types of Insurance. Hardeman County and/or one of its management subcontractors shall maintain and pay for insurance substantially as described in Exhibit C. The State shall be listed as an additional insured.

Section 9.2. Defense/Immunity. Notwithstanding any provision contained herein to the contrary, the State does not waive any immunity defenses which may exist by operation of law, including, but not limited to, limitations on the amount of damages which may be awarded or paid.

**ARTICLE 10
STAFFING/EMPLOYEES**

Section 10.1. Personnel. Notwithstanding any provision contained herein to the contrary, Hardeman County shall provide adequate staff to fulfill its obligations under this Contract.

Section 10.2. Staffing Pattern/Security Post Assignment.

(a) Hardeman County shall implement a staffing pattern approved in writing by the State.

(b) Hardeman County shall implement a security post assignment schedule approved in writing by the State. Said schedule shall detail by day and shift the security positions and hours of work. Said security post assignment schedule shall include designation of critical posts. Hardeman County shall also implement a plan regarding the process for managing the security post assignment schedule including but not limited to how the posts may be created and/or eliminated.

Section 10.3. Job Descriptions.

(a) Hardeman County shall provide as part of the operations plan required by Section 5.4 written job descriptions for each position in the staffing pattern including but not limited to job title, responsibility and required minimum experience and education.

(b) Any revisions or modifications of the job descriptions require the prior written approval of the State.

Section 10.4. Personnel Records. On or before the fifth (5th) day of each month, Hardeman County shall submit a report to the Liaison(s) providing the following information;

(a) the name of employees hired, indicating position;

(b) the name of each employee whose employment has been terminated for whatever reason whether voluntarily or involuntary, and position.

Section 10.5. Background Checks. Prior to employment with Hardeman County, applicants shall be subjected to a thorough background investigation and, as to Correctional Officer applicants only, psychological history. Criminal and employment histories must go back a minimum of five (5) years. Said background investigations shall be available to the State upon request. The state shall not provide NCIC background checks.

Section 10.6. State Assistance in Training.

(a) During the term of this Contract, Hardeman County shall send a representative to participate in periodic meetings regarding departmental activities and shall

send a representative to sessions in which relevant policy modifications are being discussed or presented.

(b) Hardeman County shall receive written notice of the time, place and agenda of the meetings or sessions described in subsection (a) at the same time State employees are provided notice.

(c) Said meetings or sessions shall be held within the State, and Hardeman County shall bear any and all expense associated with its representative being present.

(d) The Department shall supply Hardeman County with technical assistance, consultation and informational support consistent with that provided other comparable institutions in accordance with the Standards, provided, however, said support shall consist solely of advice and consultation.

Section 10.7. Training. Hardeman County shall provide orientation and training programs for all employees in accordance with the Standards. All costs incurred for said orientation and training programs shall be borne by Hardeman County. The Liaison(s) shall be permitted to review training curricula and other training-related records and to audit training classes at any time.

Section 10.8. Drug Free Work Force. Hardeman County shall at all times maintain a drug free work force and shall implement a plan for maintenance of a drug free work force and the employee assistance program.

ARTICLE 11 CONTRACT COMPLIANCE

Section 11.1 Breach.

(a) A party shall be deemed to have breached this Contract if any of the following occurs:

- (1) failure to perform in accordance with any term or provision of this Contract in whole or part;
- (2) any act prohibited or restricted by this Contract.

For purposes of this Article, subsections 1 and 2 shall hereinafter be referred to as "Breach."

(b) In the event of a Breach by Hardeman County, the State shall have available the following remedies as described further herein:

- (1) actual damages and any other remedy available at law or equity; or
- (2) Liquidated damages against the management subcontractor (s); and/or.
- (3) Termination of this Contract.

(c) In the event of Breach by Hardeman County, the Commissioner and/or his written designee shall notify Hardeman County in writing and provide a reasonable period to cure. In the event Hardeman County disagrees with the Liaison(s)'s determination of Breach or period to cure, Hardeman County shall notify the Department in writing; provided, however, any appeal to the Department shall not toll or otherwise affect the period to cure. The decision by the Department shall be final and binding. In the event Hardeman County fails to cure the Breach within the time period provided, then the State shall have available any and all remedies described herein. This subsection regarding notice and opportunity to cure shall not be applicable in the event of successive or repeated Breaches of the same nature, or in the event the Liaison(s) or Commissioner invokes the immediate compliance provisions of Section 4.9, or in the case of a failure to have the Facility completed and prepared to accept Inmates by the Service Commencement Date. In the event the Breach is not cured and in the event the State has notified Hardeman County in writing of the breach within thirty (30) days of the Breach, the State may elect to invoke liquidated damages. Said liquidated damages shall commence on the date the cure period expires, provided, however, if the Commissioner determines that the management team of Hardeman County's subcontractors, including but not limited to HCCFC and CCA, has concealed or misled the State concerning the Breach, the liquidated damages shall commence on the date of the Breach and notice shall not be required. For purposes stated herein, management team is defined as consisting of persons in the rank of shift supervisor or above.

Section 11.2. State Breach.

(a) In the event of a Breach by the State, Hardeman County shall notify the State in writing within thirty (30) days of any Breach by the State. Said notice shall contain a description of the Breach. The State shall be afforded a forty-five (45) day period in which to effect a cure or in which to take reasonable steps to effect a cure; provided, however, that if the alleged Breach concerns the State's failure to make payment under this Contract, the State shall have sixty (60) days after the notice to effect a cure unless the payment is the subject of a dispute between the parties.

(b) Failure by Hardeman County to provide the written notice described in subsection (a) shall operate as an absolute waiver by Hardeman County of the State's Breach.

(c) With the exception of the provisions contained in subsection (f) herein, in no event shall any Breach on the part of the State excuse Hardeman County from full performance under this Contract.

(d) In the event of Breach by the State, Hardeman County may bring an action in the forum with appropriate jurisdiction provided, however, failure by Hardeman County to give the State written notice and opportunity to cure as described in this Section operates as a waiver of the State's Breach.

(e) Failure by Hardeman County to file a claim before the appropriate forum in Tennessee with jurisdiction to hear such claim within one year of the date the notice described in subsection (a) is provided shall operate as a waiver of said claim in its entirety. It is agreed by the parties this provision establishes a contractual period of limitations for any claim brought by Hardeman County.

(f) In the event the State fails to make payment due under this Contract within the cure period specified herein and the amount due exceeds one hundred thousand dollars (\$100,000), Hardeman County may terminate the Contract upon ninety (90) days prior written notice to the Commissioner, provided, however, Hardeman County may terminate this contract only upon the State's failure to pay an amount which is not in dispute.

(g) In the event the provisions of this Article are in conflict with the provisions of Section 6.6, Section 6.6 shall control.

Section 11.3. Liquidated Damages.

(a) Consistent with the provisions of Section 11.1 (c), in the event of a Breach described in Exhibit D, the State may direct Hardeman County to withhold from its subcontractors, including but not limited to HCCFC and CCA as liquidated damages the amounts designated on Exhibit D. In the event the State directs a withhold of liquidated damages from a subcontractor(s), the State shall not owe Hardeman County a corresponding amount. Hardeman County agrees that it shall cause all subcontracts to contain provisions whereby the liquidated damages may be assessed against said subcontractor(s) in accordance with this Article.

(b) The State shall notify Hardeman County in writing of the Breach and the amounts to be withheld as liquidated damages.

(c) Liquidated damages shall be assessed in conformance with Section (c).

(d) The parties agree that due to the complicated nature of the obligations under this Contract it would be difficult to specifically designate a monetary amount for a breach designated in Exhibit D as said amounts are likely to be uncertain and not easily proven. Hardeman County hereby represents and covenants that it has carefully reviewed

the amounts contained in Exhibit D and agree that said amounts are the liquidated damages resulting from negotiation between the parties, represent a reasonable relationship between the amount and what might reasonably be expected in the event of breach by subcontractor, and are a reasonable estimate of the damages that would occur from a breach by subcontractor.

(e) It is hereby agreed between the parties that the liquidated damages assessed against subcontractors do not include any injury or damage sustained by a third party.

(f) The State is not obligated to assess liquidated damages before availing itself of any other remedy.

(g) The State may elect to discontinue liquidated damages and avail itself of any other remedy under this Contract in law or equity.

(h) In the event Hardeman County disagrees with the State's assessment of liquidated damages, it may file a claim against the State before the appropriate forum in Tennessee with jurisdiction to hear the claim. In the event Hardeman County prevails on such a claim, Hardeman County shall have an option to terminate for convenience by giving written notice to the State three (3) years in advance.

Section 11.4. Termination.

(a) In the event of a Breach by Hardeman County which is not cured as provided in Section 11.1(c) hereof, the State may terminate the Contract immediately or in stages.

(b) Hardeman County shall be notified of the termination in writing signed by the Commissioner. Said notice shall hereinafter be referred to as Termination Notice.

(c) The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that Hardeman County shall cease operations under this Contract in stages.

(d) Hardeman County agrees to cooperate with the State in the event of a termination.

Section 11.5. Termination Due to Unavailability of Funds.

(a) This Contract is subject to the appropriation and availability of State funds. The Department will include in its budget request to the Legislature for each Fiscal Year the payments to become due thereunder in such Fiscal Year and will use all reasonable and lawful means at its disposal to secure the appropriation of money for such Fiscal Year sufficient to pay the payments thereunder coming due therein. The Department reasonably

believes that monies in an amount sufficient to make all payments due thereunder can and will lawfully be appropriated and made available for this purpose.

(b) In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to Hardeman County. Said termination shall not be deemed a breach by the State. Upon receipt of the written notice, Hardeman County shall cease all work associated with the Contract. Should such an event occur, Hardeman County shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, Hardeman County shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount, and the State shall not be obligated to exercise its option to purchase the Facility pursuant to the provisions of Article 7 hereof. The State presently intends to continue this Contract for the entire term and to pay all payments due thereunder.

Section 11.6. Termination for Convenience.

(a) The State may terminate this Contract without cause for any reason with ninety (90) days advance written notice except as provided in (e) hereunder. Said termination shall not be deemed a Breach.

(b) Hardeman County shall be entitled to receive compensation for satisfactory authorized services completed as of the termination date, but in no event shall the State be liable to Hardeman County for compensation for any service which has not been rendered.

(c) Upon such termination, Hardeman County shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount, except that the State shall pay for all supplies and equipment on order and not yet delivered to the Facility as of the date of termination.

(d) This Contract requires Hardeman County to submit to the State certain policies, documents and information, including but not limited to, a written Policy and Procedures Manual pursuant to Section 5.4 and written Safety and Emergency Procedures pursuant to Section 5.6 (collectively the "Required Information"), which Required Information is subject to the State's written approval. If the State does not approve the submitted Required Information and is unable to approve any re-submitted Required Information, the State may terminate this Contract immediately without notice, penalty or cost. Said termination shall not be deemed a Breach but shall be deemed a termination of convenience. Any such approval shall be in the sole discretion of the State.

Section 11.7. Performance Bond. If the State determines a performance bond is necessary, then Hardeman County will obtain such bond acceptable to the State in form and substance at the State's expense.

ARTICLE 12 PROHIBITIONS

Notwithstanding any other provision of this Contract to the contrary, nothing contained herein shall be interpreted to authorize, allow or imply authority of Hardeman County to do the following:

(a) develop or implement procedures for calculating Inmate release and parole eligibility dates;

(b) develop and implement procedures for calculating and awarding sentence credits;

(c) approve Inmates for furlough and work release;

(d) approve the type of work an Inmate may perform, and the wages or sentence credits which may be given to Inmates engaged in such work; and

(e) grant, deny or revoke sentence credits; place an Inmate under less restrictive custody or more restrictive custody; or take any disciplinary actions; provided, however, that this Section shall not prevent Hardeman County from making recommendations to the State with respect to any of the above in conformance with State policy.

The Commissioner shall determine whether any action or proposed action violates the provisions of this Article.

ARTICLE 13 HARDEMAN COUNTY'S REPRESENTATIONS AND WARRANTIES

Section 13.1. Authorization. This Contract has been duly authorized, executed, and delivered by Hardeman County and, assuming due execution by the appropriate State officials as indicated on the signature page of this Contract and delivery by State, constitutes a legal, valid, and binding agreement enforceable against Hardeman County in accordance with its terms.

Section 13.2. No Defaults under Agreements. Hardeman County is not in default, nor is there any event in existence which, with notice or the passage of time or both, would constitute a default by Hardeman County, under any indenture, mortgage, deed of trust, lease, loan agreement, license, security agreement, contract, governmental license or permit, or other agreement or instrument to which it is a party or by which any of its properties are

bound and which default would materially and adversely affect Hardeman County's ability to perform its obligations under this Contract.

Section 13.3. Compliance with Laws. Hardeman County and its appointed officials are acting in compliance with all applicable laws, rules, and regulations.

Section 13.4. No Violation of Contract, Articles of Incorporation by Bylaws. The consummation of the transactions contemplated by this Contract and its fulfillment of the terms hereof will not conflict with, or result in a breach of any of the terms and provision of, or constitute a default under any indenture, mortgage, deed or trust, lease, loan agreement, license, security agreement, contract, governmental license or permit, or other agreement or instrument to which Hardeman County is a party or by which its properties are bound, or any order, rule, or regulation of any court or any regulatory body, administrative agency, or their governmental body applicable to Hardeman County or any of its properties, except any such conflict, breach, or default which would not materially and adversely affect Hardeman County's ability to perform its obligations under this Contract.

Section 13.5. No Litigation. Except as noted on Exhibit E, there is not now pending or, to the knowledge of Hardeman County, threatened, any action, suit, or proceeding to which Hardeman County is or may be a party, before or by any court or governmental agency or body, which might result in any material adverse change in Hardeman County's ability to perform its obligations under this Contract, or any such action, suit, or proceeding related to environmental or civil rights matters; and no labor disturbance by the employees of Contractor exists or is imminent which might materially and adversely affect Hardeman County's ability to perform its obligations under this contract.

Section 13.6. Disclosure. There is no material fact which materially and adversely affects or in the future will (so far as Hardeman County can reasonably foresee) materially and adversely affect Hardeman County's ability to perform its obligations under this Contract which has not been accurately set forth in this Contract or otherwise accurately disclosed in writing to State by Hardeman County prior to the date hereof.

Section 13.7. Opinion of Contractor's Counsel. Hardeman County shall furnish to State an opinion of counsel in connection with this Contract dated as of the date of the Contract. Such opinion shall address Hardeman County's compliance with applicable law, affirm its authority to enter into this Contract, indicate that the Hardeman County is not currently in litigation or have notice of litigation that could cause the Contractor not to perform the terms of this Contract except as noted expressly herein and affirm the enforceability of this Contract in accordance with its terms.

ARTICLE 14 MISCELLANEOUS

Section 14.1. Audits. Hardeman County shall maintain documentation of all charges against the State under this Contract. The books, records, and documents of Hardeman County, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment, and shall be subject to audit at any reasonable time and upon reasonable notice, by the State or the Comptroller of the Treasury or their duly appointed representatives. These records shall be maintained in accordance with generally accepted accounting principles.

Section 14.2. Non-Discrimination. No person on the grounds of handicap, disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal and/or Tennessee State constitutional and/or statutory law shall be excluded from participation in, or be denied benefits for, or be otherwise subjected to discrimination in the performance under this Contract or in the employment practices of Hardeman County. Hardeman County shall, upon request, show proof of such non-discrimination, and shall post in conspicuous places, available to all employees and applicants, notices of non-discrimination.

Section 14.3. Binding Nature. The State may, but shall not be obligated under this agreement to make payments hereunder until the State has received satisfactory evidence of insurance required herein and has received a Payment and Performance Bond to the extent required herein.

Section 14.4. Invalidity and Severability.

(a) In the event that any provision of this Contract shall be held to be unlawful, invalid or unenforceable, all parties agree that all other terms and conditions of this Contract shall remain in full force and effect except as specifically provided in this section.

(b) With the exception of the provisions contained in Article 10, in the event any or all provisions of this Contract are found to be unlawful, invalid or unenforceable by the commission or court of competent jurisdiction, both parties agree that neither shall be in Breach or liable in any manner to the other for damages, costs, or expenses of any nature which the other might sustain due to said finding; provided, however, in the event said finding reduces the services rendered by Hardeman County, the State may reduce the Per Diem Rate paid Hardeman County pursuant to Section 6.6 and said finding shall not excuse any other Breach.

(c) In the event a court of competent jurisdiction finds provision(s) of this Contract to be unenforceable the Commissioner may terminate this Contract upon thirty (30) days prior written notice without penalty or liability to the State.

Section 14.5. Headings. The headings contained in this Contract are for reference purposes only and shall not affect the meaning or interpretation of this Contract.

Section 14.6. Terminology and Definitions. All personal pronouns used in this Contract, whether used in the masculine, feminine, or neuter gender, shall include all other genders; the singular shall include the plural and the plural shall include the singular.

Section 14.7. Interpretation and Venue. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. Any legal proceedings against the State regarding the Contract shall be brought in the State of Tennessee administrative or judicial forum with appropriate jurisdiction. Venue shall be in Davidson County, Tennessee.

Section 14.8. Duration of Services. Hardeman County agrees that the services and programs set forth in this Contract will be maintained for the duration of the Contract period.

Section 14.9. Release. Hardeman County, upon final payment of the amount due under this Contract, releases the State, its officers and employees, from all liabilities, claims and obligations whatsoever arising from or under this Contract. Hardeman County agrees not to purport to bind the State to any obligation not expressly assumed herein by the State.

Section 14.10. Assignment. Hardeman County shall not assign this Contract without obtaining the prior written approval of the State. Any such assignment shall contain, at a minimum, Sections 14.1 and 14.2 of this contract. .

Section 14.11. Research Projects. Hardeman County and/or its subcontractors shall not publish or disseminate any findings based on data obtained from the operation of this Contract or engage in any research projects without the prior written consent of the State.

Section 14.12. Prohibited Payment. Hardeman County warrants that no part of the total Contract amount shall be paid directly or indirectly to an employee or an official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant to Hardeman County in connection with any work contemplated or performed relative to this Contract.

Section 14.13. Notices. All notices shall be hand-delivered to Hardeman County or the State's Liaison(s) or sent certified mail, return receipt requested to:

State:
Commissioner
Department of Correction
4th Floor, Rachel Jackson Bldg.
320 6th Avenue North
Nashville, Tennessee 37243-0465

Hardeman County:
Hardeman County Correctional Facilities Corporation
c/o Weed, Hubbard, Berry & Doughty
424 Church Street, 29th Floor
Nashville, Tennessee 37219

The notice shall be deemed to be received on the date of the hand delivery or on the third day after mailing.

Section 14.14. Amendments. The terms and provisions of this Contract may be waived, altered, modified, amended, supplemented or revised only by written amendment which has been executed and approved by the appropriate parties as indicated on the signature page of the Contract. Neither the Liaison(s) nor any other employee or official of the State is authorized to modify, amend or waive the terms and provisions of this Contract except as provided in this Section.

Section 14.15. Waiver. No consent, waiver or excuse of any Breach of any of the terms or conditions of this Contract shall be held to be a consent, waiver, or excuse of any other or subsequent Breach, nor shall any such waiver or excuse be valid or binding unless the same shall be in writing and approved and executed by the party alleged to have granted the waiver as indicated on the signature page of this Contract.

Section 14.16. Third Party Beneficiary. Neither Hardeman County nor the State intends to create rights for any third party of the Contract and no third party beneficiary rights are created hereby. Third parties shall mean all persons except the State and Hardeman County, including but not limited to employees of Hardeman County, subcontractors of Hardeman County and Inmates located at the Facility.

Section 14.17. Laws. Hardeman County shall comply with all applicable federal, state, and local constitutions, laws, and regulations, court decisions, Court Orders, and any applicable state and federal orders in the performance of the Contract.

Section 14.18. Attorneys Fees. Hardeman County agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the contract and in the event the State prevails, Hardeman County shall pay all expenses of such action, including but not limited to the State's attorneys' fees and costs of all stages of the litigation.

Section 14.19. Approvals. Any policies, procedures or other documents contained or referenced in this Contract subject to the State's approval under the terms of this Contract shall remain subject to State prior written approval whenever they are revised, amended, replaced or supplemented. Hardeman County agrees to accept and implement any revisions, alterations or supplements suggested by the State to any document, plan, policy or procedure which requires State approval.

Section 14.20. Set-Off. The State reserves the right to deduct from amounts which are or shall become due and payable to Hardeman County under this or any Contract between the parties any amounts which are or shall become due and payable to the State by Hardeman County. The state may withhold any amounts which may otherwise be due Hardeman County without waiver of any other remedy or damages available to the State under this Contract or at law or at equity.

Section 14.21. Confidentiality. Hardeman County shall maintain the confidentiality of all records required by the Standards.

Section 14.22. Implied Covenants or Agreements. The state shall be bound only by the express, written terms contained herein and shall not be bound by any implied covenants or agreements.

Section 14.23. Notices. Failure of the State to provide any notice to Hardeman County described in this Contract whether or not the State had knowledge of the appropriateness of said notice shall not relieve Hardeman County of its obligation to perform in accordance with this Contract and shall not be a waiver or excuse for any failure to perform.


Section 14.24. Maximum Liability. Notwithstanding any provision contained herein to the contrary, in no event shall the maximum liability to the State exceed:


Year 1	\$20,472,000
Year 2	\$22,728,000
Year 3	\$23,395,000

In the event that the State exercises its option to renew, the annual maximum liability for each year during any renewal period shall be calculated unilaterally by the State in the manner shown on Exhibit F. *

Section 14.25. Independent Contractor. Hardeman County is an independent contractor for the purpose of this agreement.

*The changes made to this Section and the addition of Exhibit F have been approved by the following parties which have previously executed the Contract:

 Don W. Clift, County Executive
This August 28, 1996

 John Ferguson, Commissioner, Department of
Finance & Administration, This August 28, 1996

____ Donal Carrubell, Commissioner, Department of Correction,
This August __, 1996



IN WITNESS WHEREOF, intending to be legally bound, the parties have caused their authorized representatives to execute this Contract as of the 18 day of September, 1996.

STATE OF TENNESSEE

HARDEMAN COUNTY

DEPARTMENT OF CORRECTION

BY: Donal Campbell
Donal Campbell, Commissioner

BY: Don W. Clift
Title: County Executive

STATE OF TENNESSEE)
COUNTY OF Davidson)

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Donal Campbell, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Commissioner of the Department of Corrections for the State of Tennessee, the within named bargainer, and that he, as such Commissioner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the State of Tennessee by himself as Commissioner of the Department of Corrections.

WITNESS my hand, at office, this 5th day of August, 1996.

Angela Moore
Notary Public

My Commission Expires:
1-25-97

STATE OF TENNESSEE)
COUNTY OF Hardeman)

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Don Huff, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be County Executive of Hardeman County, Tennessee, the within named bargainer, a County of Tennessee, and that he, as such County Executive, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of Hardeman County, Tennessee, by himself as County Executive.

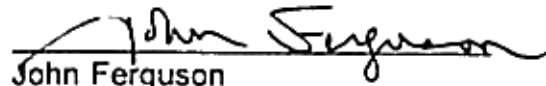
WITNESS my hand, at office, this 15th day of July, 1996.

Mary A. Kaylor
Notary Public

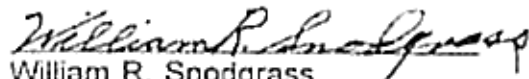
My Commission Expires:
5-24-99

APPROVED:

STATE OF TENNESSEE

A handwritten signature in cursive script that reads "John Ferguson". The signature is written in black ink and is positioned above the printed name.

John Ferguson
Commissioner of Finance and Administration

A handwritten signature in cursive script that reads "William R. Snodgrass". The signature is written in black ink and is positioned above the printed name.

William R. Snodgrass
Comptroller of the Treasury


LIST OF EXHIBITS

Exhibit A	Description of Facility and Real Property
Exhibit B	Purchase Price Schedule
Exhibit C	Description of Insurance
Exhibit D	Daily Liquidated Damages Schedule
Exhibit E	Disclosure of Pending Litigation
Exhibit F	State's Maximum Liability

EXHIBIT A

Land in the Third (3rd) Civil District of Hardeman County, Tennessee, described as follows:

Beginning at a 1/2 inch rebar set in the westerly line of Old New Castle Road, said point being the southeasterly corner of the Robert Young tract (W5-492); thence South 02 degrees 58 minutes 53 seconds West along the westerly line of said Old New Castle Road a distance of 1120.54 feet to a 1/2 inch rebar set at the northeasterly corner of out parcel "B"; thence South 83 degrees 23 minutes 27 seconds West along the northerly line of said out parcel "B" a distance of 910.63 feet to a 1/2 inch rebar set at the northwesterly corner of said out parcel "B"; thence South 25 degrees 33 minutes 20 seconds West along a westerly line of said out parcel "B" a distance of 1019.33 feet to a 1/2 inch rebar set; thence South 41 degrees 30 minutes 08 seconds West along a westerly line of said out parcel "B" a distance of 511.12 feet to a 1/2 inch rebar set; thence South 18 degrees 01 minutes 40 seconds West along a westerly line of said out parcel "B" a distance of 510.01 feet to a 1/2 inch rebar set at the southwest corner of said out parcel "B"; thence South 55 degrees 53 minutes 41 seconds East along the southerly line of said out parcel "B" a distance of 702.70 feet to a 1/2 inch rebar set in the westerly line of said Old New Castle Road, said point being the southeasterly corner of said out parcel "B"; thence South 34 degrees 06 minutes 19 seconds West along said westerly line a distance of 474.70 feet to a 1/2 inch rebar set; thence South 37 degrees 33 minutes 06 seconds West along said westerly line a distance of 306.29 feet to a fence corner at the northeasterly corner of out parcel "A"; thence North 55 degrees 48 minutes 50 seconds West along a northerly line of said out parcel "A" a distance of 116.10 feet to a fence corner; thence North 12 degrees 47 minutes 30 seconds West along a northerly line of said out parcel "A" a distance of 72.13 feet to a fence corner; thence North 68 degrees 07 minutes 32 seconds West along a northerly line of said out parcel "A" a distance of 254.72 feet to a fence corner at the northwesterly corner of said out parcel "A"; thence South 28 degrees 01 minutes 21 seconds West along the westerly line of said out parcel "A" a distance of 452.40 feet to a fence corner at the southwest corner of said out parcel "A"; thence South 86 degrees 50 minutes 33 seconds East along the southerly line of said out parcel "A" a distance of 369.49 feet to a fence corner in the westerly line of said Old New Castle Road, said point being the southeasterly corner of said out parcel "A"; thence South 44 degrees 26 minutes 30 seconds West along said westerly line a distance of 313.56 feet (C=313.0 feet) to a 1/2 inch rebar set; thence South 24 degrees 56 minutes 05 seconds West along said westerly line a distance of 309.12 feet (C=264.0 feet) to a 1/2 inch rebar set; thence South 42 degrees 02 minutes 17 seconds West along said westerly line a distance of 810.17 feet (C=759.0 feet) to a 1/2 inch rebar set at the northeasterly corner of the Ruth Crowder tract; thence North 42 degrees 34 minutes 38 seconds West along a northerly line of said Crowder tract a distance of 328.21 feet (C=327.0 feet) to a fence corner; thence North 87 degrees 54 minutes 19 seconds West along a northerly line of said Crowder tract a distance of 600.82 feet (C=602.0 feet) to a fence corner at an interior corner of said Crowder tract; thence North 03 degrees 35 minutes 25 seconds West along an easterly line of said Crowder tract a distance of 1394.41 feet (C=1410.0 feet) to a 1/2 inch rebar set at a southeasterly corner of the Claude E. Blalock tract (Z3-464/465); thence North 13 degrees 41 minutes 41 seconds East along an easterly line of said Blalock tract a distance of 1596.86 feet (C=1592.0 feet) to a fence corner; thence North 48 degrees 14 minutes 58 seconds East along an easterly line of said Blalock tract a distance of 478.88 feet (C=462.0 feet) to a metal T-post; thence North 20 degrees 28 minutes 54 seconds West along an easterly line of said Blalock tract a distance of 516.97 feet (C=565.0 feet) to a 1/2 inch rebar set; thence North 34 degrees 38 minutes 12 seconds West along an easterly line of said Blalock tract a distance of 96.50 feet to a metal T-post in a southerly line of the Clifford Keller Estates; thence South 87 degrees 03 minutes 03 seconds East along a



post; thence North 38 degrees 55 minutes 35 seconds East along a southerly line of said Keller tract a distance of 524.09 feet (C=525.0 feet) to a metal T-Post; thence South 38 degrees 03 minutes 14 seconds East along a southerly line of said Keller tract a distance of 565.10 feet (C=568.0 feet) to a metal T-post; thence South 86 degrees 26 minutes 14 seconds East along a southerly line of said Keller tract a distance of 689.49 feet (C=690.0 feet) to a metal T-post at the southeasterly corner of said Keller tract; thence North 03 degrees 41 minutes 31 seconds East along the easterly line of said Keller tract a distance of 1138.90 feet (C=1359.93 feet) to a 30-inch oak at the southwesterly corner of the said Robert Young Tract; thence North 82 degrees 47 minutes 03 seconds East along the southerly line of said Young tract a distance of 1609.91 feet (C=1611.89 feet) to the point of beginning, containing 202.848 acres or 8,836,058.88 square feet, described according to a Boundary Survey, dated December 4, 1995, last revised January 11, 1996, prepared by John Wesley Ashworth, III, Tennessee No. 1344, Ashworth-Vaughan, Inc., 195 Center Street, Collierville, Tennessee 38017, Job No. 3832.

Being a portion of the same property conveyed to Joe R. Keller and wife, Jimmie E. Keller, by deeds from A. Duncan Williams and wife, Carolyn Williams, of record in Deed Book C5, page 122, Register's Office for Hardeman County, Tennessee, and from Catherine Freeburg, of record in Deed Book N5, page 212, said Register's Office.

**EXHIBIT B
PURCHASE PRICE SCHEDULE**

Date of Purchase (Refers To Last Day of Month)	Purchase Price
Jul 1997	\$48,292,741.91
Aug	48,184,965.40
Sep	48,078,667.97
Oct	47,967,847.10
Nov	47,858,500.27
Dec	47,748,824.93
Jan 1998	47,638,218.52
Feb	47,527,279.48
Mar	47,415,802.24
Apr	47,303,787.19
May	47,191,230.73
Jun	47,078,130.25
Jul	46,964,483.12
Aug	46,850,286.70
Sep	46,735,538.32
Oct	46,620,235.33
Nov	46,504,375.04
Dec	46,387,954.76
Jan 1999	46,270,971.78
Feb	46,153,423.38
Mar	46,035,306.83
Apr	45,916,819.39
May	45,797,358.29
Jun	45,677,520.76
Jul	45,557,104.02
Aug	45,436,105.20
Sep	45,314,521.67
Oct	45,192,350.43
Nov	45,069,588.70
Dec	44,946,233.62
Jan 2000	44,822,282.32
Feb	44,697,731.92
Mar	44,572,579.53
Apr	44,446,822.24
May	44,320,457.12
Jun	44,193,481.24
Jul	44,065,891.64
Aug	43,937,885.35
Sep	43,808,859.40
Oct	43,679,410.80
Nov	43,549,336.52
Dec	43,418,633.56
Jan 2001	43,287,298.88
Feb	43,155,329.37
Mar	43,022,722.04
Apr	42,889,473.77
May	42,755,581.48
Jun	42,621,042.01
Jul	42,485,852.29
Aug	42,350,009.15
Sep	42,213,509.43
Oct	42,078,349.97
Nov	41,938,527.58
Dec	41,800,039.02
Jan 2002	41,660,881.11
Feb	41,521,050.61
Mar	41,380,544.26
Apr	41,239,358.80
May	41,097,460.84
	40,954,937.38

Jul		40,811,894.82
Aug		40,607,759.92
Sep		40,523,120.33
Oct		40,377,799.70
Nov		40,231,787.63
Dec		40,085,029.75
Jan	2003	39,937,582.63
Feb		39,789,422.88
Mar		39,640,546.97
Apr		39,490,851.52
May		39,340,633.03
Jun		39,189,587.99
Jul		39,037,812.91
Aug		38,885,304.24
Sep		38,732,058.45
Oct		38,578,071.97
Nov		38,423,341.23
Dec		38,267,862.62
Jan	2004	38,111,632.53
Feb		37,954,647.32
Mar		37,796,903.36
Apr		37,638,396.96
May		37,479,124.45
Jun		37,319,082.13
Jul		37,158,266.28
Aug		36,996,873.12
Sep		36,834,298.95
Oct		36,671,139.97
Nov		36,507,192.38
Dec		36,342,452.39
Jan	2005	36,176,916.15
Feb		36,010,579.81
Mar		35,843,439.52
Apr		35,676,491.38
May		35,508,731.50
Jun		35,337,155.94
Jul		35,166,760.77
Aug		34,995,542.02
Sep		34,823,495.71
Oct		34,650,617.84
Nov		34,478,604.40
Dec		34,302,381.36
Jan	2006	34,126,954.82
Feb		33,950,710.14
Mar		33,773,813.81
Apr		33,596,681.62
May		33,418,849.12
Jun		33,237,172.46
Jul		33,056,027.37
Aug		32,875,209.64
Sep		32,692,915.06
Oct		32,509,739.39
Nov		32,325,878.37
Dec		32,140,727.72
Jan	2007	31,954,883.14
Feb		31,768,140.32
Mar		31,580,494.90
Apr		31,391,942.53
May		31,202,478.83
Jun		31,012,099.38
Jul		30,820,799.77
Aug		30,628,575.54
Sep		30,435,422.23
Oct		30,241,335.34
Nov		30,046,310.37
Dec		29,850,342.78
Jan	2008	29,653,428.00
Feb		29,455,581.48
Mar		29,256,738.60
Apr		29,056,954.74
		28,858,205.26

Jul		28,451,790.75
Aug		28,248,116.31
Sep		28,043,457.44
Oct		27,837,809.39
Nov		27,631,167.38
Dec		27,423,526.59
Jan	2009	27,214,882.21
Feb		27,005,229.38
Mar		26,794,563.23
Apr		26,582,878.88
May		26,370,171.34
Jun		26,156,435.75
Jul		25,941,667.09
Aug		25,725,880.39
Sep		25,509,010.62
Oct		25,291,112.74
Nov		25,072,181.69
Dec		24,852,152.38
Jan	2010	24,631,079.69
Feb		24,408,938.48
Mar		24,185,723.59
Apr		23,961,429.83
May		23,736,051.98
Jun		23,509,584.80
Jul		23,282,023.00
Aug		23,053,381.38
Sep		22,823,594.54
Oct		22,592,717.15
Nov		22,360,723.86
Dec		22,127,609.26
Jan	2011	21,893,387.94
Feb		21,657,994.46
Mar		21,421,483.34
Apr		21,183,829.08
May		20,945,028.16
Jun		20,705,069.03
Jul		20,463,952.10
Aug		20,221,689.78
Sep		19,978,216.42
Oct		19,733,586.37
Nov		19,487,773.95
Dec		19,240,773.43
Jan	2012	18,992,579.07
Feb		18,743,185.11
Mar		18,492,585.74
Apr		18,240,775.15
May		17,987,747.47
Jun		17,733,466.82
Jul		17,478,017.29
Aug		17,221,302.95
Sep		16,963,347.82
Oct		16,704,145.91
Nov		16,443,691.18
Dec		16,181,977.60
Jan	2013	15,918,999.06
Feb		15,654,749.46
Mar		15,389,222.66
Apr		15,122,412.47
May		14,854,312.71
Jun		14,584,917.12
Jul		14,314,219.46
Aug		14,042,213.43
Sep		13,768,892.70
Oct		13,494,250.92
Nov		13,218,281.71
Dec		12,940,978.64
Jan	2014	12,662,335.28
Feb		12,382,345.14
Mar		12,101,001.71
Apr		11,818,298.46
May		11,534,226.81

Jul		
Aug		10,961,963.86
Sep		10,873,756.26
Oct		10,384,153.66
Nov		10,093,152.30
Dec		9,800,744.44
Jan	2015	9,506,923.27
Feb		9,211,681.96
Mar		8,916,013.66
Apr		8,616,911.48
May		8,317,368.46
Jun		8,016,377.65
Jul		7,713,932.05
Aug		7,410,024.63
Sep		7,104,648.32
Oct		6,797,796.02
Nov		6,489,460.61
Dec		6,179,634.91
Jan	2016	5,868,311.72
Feb		5,555,483.60
Mar		5,241,143.67
Apr		4,925,264.64
May		4,607,898.76
Jun		4,288,976.64
Jul		3,968,517.48
Aug		3,646,607.22
Sep		3,322,940.58
Oct		2,997,810.03
Nov		2,671,106.02
Dec		2,342,826.94
Jan	2017	2,012,969.18
Feb		1,681,497.06
Mar		1,346,432.66
Apr		1,013,758.66
May		677,467.27
Jun		339,550.27
		0.00

After this point in time, if the Contract is still in force, the State may purchase the facility for \$1.00. In addition, after May of the Year 2017 no debt service per diem will be paid.

EXHIBIT C

Description of Insurance

ACORD CERTIFICATE OF LIABILITY INSURANCE

PAGE 1 OF 2

DATE (MM/DD/YY)
8-APR-1996

PRODUCER
BILLIS CORROON CORPORATION OF TENNESSEE
60480
MASHVILLE OFFICE
P. O. BOX 305025
26 CENTURY BLVD.
MASHVILLE TN 37230-5025
(615) 872-3700
Margarita A. Nagley
INSURED

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

- A COMPANY National Union Fire Insurance Company
- B COMPANY Royal Indemnity Company
- C COMPANY Northland Insurance Company
- D COMPANY Insurance Co. of the State of PA

CORRECTIONS CORPORATION OF AMERICA
SUITE 800
102 BOOMMONT BLVD.
MASHVILLE TN 37205

COVERAGES

REPORTED AS OF 08-APR-1996

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	GENERAL LIABILITY				
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				GENERAL AGGREGATE \$ 5,000,000
C	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	KA960029	01-APR-1996	01-APR-1997	PRODUCTS-COMP/OP AGG \$ 5,000,000
	<input type="checkbox"/> OWNERS & CONTRACTORS PROT				PERSONAL & ADV PLURY \$ 5,000,000
					EACH OCCURRENCE \$ 5,000,000
					FIRE DAMAGE (Any one fire) \$ 100,000
					MED EXP (Any one person) \$
	AUTOMOBILE LIABILITY				
	<input checked="" type="checkbox"/> ANY AUTO				COMBINED SINGLE LIMIT \$ 1,000,000
A	<input type="checkbox"/> ALL OWNED AUTOS	RMCA01353379	01-APR-1996	01-APR-1997	BOODY PLURY (Per person) \$
	<input type="checkbox"/> SCHEDULED AUTOS				BOODY PLURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS				PROPERTY DAMAGE \$
	<input checked="" type="checkbox"/> NON-OWNED AUTOS				AUTO ONLY - EA ACCIDENT \$
					OTHER THAN AUTO ONLY: \$
					EACH ACCIDENT \$
					AGGREGATE \$
	GARAGE LIABILITY				
	<input type="checkbox"/> ANY AUTO				EACH OCCURRENCE \$ 25,000,000
					AGGREGATE \$ 25,000,000
	EXCESS LIABILITY				
B	<input checked="" type="checkbox"/> UMBRELLA FORM	PHN010177		01-APR-1997	
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM				
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				
D	<input type="checkbox"/> THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE	PHMC01362408	01-APR-1996	01-APR-1997	<input checked="" type="checkbox"/> WC STAT-TORY LIMITS <input type="checkbox"/> OTH-ER
	<input checked="" type="checkbox"/> INCL <input type="checkbox"/> EXCL				EL EACH ACCIDENT \$ 1,000,000
	OTHER				EL DISEASE-POLICY LIMIT \$ 1,000,000
B	EXCESS AUTO LIABILITY /EL	PHAD010172	01-APR-1996	01-APR-1997	EL DISEASE-EA EMPLOYEE \$ 1,000,000
					\$4,000,000 Excess Liability over \$1,000,000 Primary Auto Liability

DESCRIPTION OF OPERATIONS, LOCATIONS, VEHICLES, SPECIAL ITEMS

SEE ATTACHED

CERTIFICATE HOLDER

TO WHOM IT MAY CONCERN:
C/O CORRECTIONS CORP.
OF AMERICA
102 BOOMMONT BLVD., #800
MASHVILLE TN 37205

CANCELLATION: Except 10 Days For Non-Payment

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

M. Wallace



CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

PAGE 2 OF 2

8-APR-1996

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

60480

PRODUCER

WILLIS CORROON CORPORATION OF TENNESSEE
NASHVILLE OFFICE
P. O. BOX 305025
26 CENTURY BLVD.
NASHVILLE TN 37230-5025
(615) 872-3700
Margarita A. Negley

CORRECTIONS CORPORATION OF AMERICA
SUITE 800
102 WOODMONT BLVD.
NASHVILLE TN 37205

COVERAGES
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
-------------------	---------------	----------------------------------	-----------------------------------	--------

Commercial Property
GG239

04/01/96 04/01/97

Issuing Carrier: Affiliated FM Insurance Company

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
General Liability policy Self-Insured Retention: \$25,000 Each Occurrence

Commercial property policy provides "Special" form coverage on real and personal property and business income, including flood and quake, subject to policy terms, conditions and exclusions.

Blanket Policy Limit: \$ 40,000,000. Blanket Per Loss Per Location

Earthquake SubLimit: \$ 25,000,000. (excluding CALIFORNIA earthquake)
\$ 2,500,000. Puerto Rico

Flood Sub Limit: \$ 25,000,000. (excluding locations ins 500 year
Flood plain as determined by FEMA

Deductible \$10,000 all losses except:
\$25,000 Flood & Earthquake
\$50,000 Vandalism and Malicious Mischief
\$ 1,000 for losses to contents at corporate office.
1% Wind or \$25,000. minimum in Brookeville, FL.
2% Wind or \$50,000. minimum in Bay County State, Panama City
3% Wind or \$50,000. minimum in Bay County Annex, Panama City
and Guayama, Puerto Rico.

CERTIFICATE HOLDER

TO WHOM IT MAY CONCERN:
C/O CORRECTIONS CORP.
OF AMERICA
102 WOODMONT BLVD., #800
NASHVILLE TN 37205

CANCELLATION Except 10 Days For Non-Payment

IF SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
[Signature] M. O. V. A. O.

EXHIBIT D

Daily Liquidated Damages

Daily Liquidated Damages will be calculated in accordance with the following formula:

$$V \times B \times \$25.00 \text{ where}$$

V = Relative value of Service Area

B = Relative value of the Breach

Service Area 1 - Value = 5: Inmate Classification, Custody and Movement, Access to Courts, Disciplinary Procedures, Inmate Relations, Sentence Reduction Credits, Sentence Computation, Inmate Records:

Contractor Breach:	B
Failure of Staff	5
Failure to Document	4
Failure to Report	3
Failure to Comply with Other Applicable Standards	5

Service Area 2 - Value = 4: General Administration, Personnel and Training, Security and Control, Use of Force, Health/Medical/Mental Health/Dental, Inmate Work and Education, Transportation, Inmate Drug Testing:

Contractor Breach:	B
Failure of Staff	5
Failure to Document	3
Failure to Report	2
Failure to Comply with Other Applicable Standards	5

Service Area 3 - Value = 3: Equipment, Supplies and Perishables, Sanitation and Hygiene, Facility Management, Maintenance, and Utilities:

Contractor Breach:	B
Failure of Staff	4
Failure to Document	2
Failure to Report	1
Failure to Comply with Other Applicable Standards	4

Service Area 4 - Value = 2: Personal Property, Visitation, Food Service, Laundry and Clothing, Recreation, Library, Commissary, Religious Services, Volunteer Services, Released Inmates, Telephone and Correspondence, Inmate Trust Fund, Community Relations, and other requirements of the Standards:

Contractor Breach	B
Failure of Staff	4
Failure to Document	1
Failure to Report	1
Failure to Comply with Other Applicable Standards	4

1.

EXHIBIT E

Concerned Citizens Against Prison et al. v. Hardeman County, Tennessee et al.,
U.S.D.C., Western District of Tennessee, Eastern Division, No. 96-1019.

EXHIBIT F

Incarceration Agreement - Hardeman County, Tennessee

	FY97-98	Inmate Population	Operating Per Diem Rate @ \$32.28	Debt Service Per Diem Rate @ \$7.46		
31	July	500	569,625.00	115,630.00	Operating Per Diem Rate @ \$32.28	16,400,183.44
31	August	1000	1,120,175.08	231,260.00		
30	September	1504	1,456,473.60	336,595.20		
31	October	1504	1,505,022.72	347,815.04	Debt Service Per Diem Rate @ \$7.46	3,746,501.52
30	November	1504	1,456,473.60	336,595.20		
31	December	1504	1,505,022.72	347,815.04		
31	January	1504	1,505,022.72	347,815.04	Misc. Officer Travel	75,000.00
28	February	1504	1,359,375.36	314,155.52		
31	March	1504	1,505,022.72	347,815.04		
30	April	1504	1,456,473.60	336,595.20	Misc. Medical	250,000.00
31	May	1504	1,505,022.72	347,815.04		
30	June	1504	1,456,473.60	336,595.20		
365	Total		16,400,183.44	3,746,501.52		\$20,471,684.96
	FY98-99	Inmate Population	Operating Per Diem Rate @ \$33.33	Debt Service Per Diem Rate @ \$7.46		
31	July	1504	1,553,977.92	347,815.04	Operating Per Diem Rate @ \$33.33	18,296,836.80
31	August	1504	1,553,977.92	347,815.04		
30	September	1504	1,503,849.60	336,595.20		
31	October	1504	1,553,977.92	347,815.04	Debt Service Per Diem Rate @ \$7.46	4,095,241.60
30	November	1504	1,503,849.60	336,595.20		
31	December	1504	1,553,977.92	347,815.04		
31	January	1504	1,553,977.92	347,815.04	Misc. Officer Travel (3.25% inflator)	77,437.50
28	February	1504	1,403,592.96	314,155.52		
31	March	1504	1,553,977.92	347,815.04		
30	April	1504	1,503,849.60	336,595.20	Misc. Medical (3.25% inflator)	258,125.00
31	May	1504	1,553,977.92	347,815.04		
30	June	1504	1,503,849.60	336,595.20		
365	Total		18,296,836.80	4,095,241.60		\$22,727,640.90
	FY99-20	Inmate Population	Operating Per Diem Rate @ \$34.41	Debt Service Per Diem Rate @ \$7.46		
31	July	1504	1,604,331.84	347,815.04	Operating Per Diem Rate @ \$34.41	18,941,466.24
31	August	1504	1,604,331.84	347,815.04		
30	September	1504	1,552,579.20	336,595.20		
31	October	1504	1,604,331.84	347,815.04	Debt Service Per Diem Rate @ \$7.46	4,106,461.44
30	November	1504	1,552,579.20	336,595.20		
31	December	1504	1,604,331.84	347,815.04		
31	January	1504	1,604,331.84	347,815.04	Misc. Officer Travel (3.25% inflator)	79,954.22
29	February	1504	1,500,826.56	325,375.36		
31	March	1504	1,604,331.84	347,815.04		
30	April	1504	1,552,579.20	336,595.20	Misc. Medical (3.25% inflator)	266,514.06
31	May	1504	1,604,331.84	347,815.04		
30	June	1504	1,552,579.20	336,595.20		
365	Total		18,941,466.24	4,106,461.44		\$23,394,395.96

FIRST AMENDMENT TO INCARCERATION AGREEMENT

by and between

STATE OF TENNESSEE, DEPARTMENT OF CORRECTION

and

HARDEMAN COUNTY, TENNESSEE

WHEREAS, Hardeman County, Tennessee and the State of Tennessee, Department of Correction, entered into Contract No. _____ on September 18, 1996, relating to the housing by Hardeman County of felons sentenced to the care, custody and control of the Tennessee Department of Correction, and

WHEREAS, the said parties desire to amend said Contract in the manner described below,

NOW, THEREFORE, the parties hereby amend said Contract as follows:

1 Article 1 is amended as follows:

a. By deleting therefrom the following:

"Service Commencement Date" is July 1, 1997.

b. By substituting in lieu thereof the following:

"Service Commencement Date" is June 1, 1997.

Section 5.5 (a) is amended as follows:

a. By deleting therefrom the following:

July 1, 1997

b. By substituting in lieu thereof the following:

June 1, 1997

3. Section 6. (a) is amended as follows:
 - a. By deleting therefrom the following:

July 1, 1997 through June 30, 2000, provided, however, after September 30, 1997,
 - b. By substituting in lieu thereof the following:

June 1, 1997 through May 31, 2000, provided, however, after August 31, 1997,

4. Section 6.1(a) is further amended as follows:
 - a. By deleting from the last paragraph the following:

During the initial term, after the first fiscal year, the Operating Per Diem Rate shall be increased by three and one-quarter percent (3.25%) for each fiscal year.
 - b. By substituting in lieu thereof the following:

During the initial term, beginning Fiscal Year 1998-1999, the Operating Per Diem Rate shall be increased by three and one-quarter percent (3.25%) for each fiscal year.

5. Section 6.1 (b) is amended as follows:
 - a. By deleting therefrom the following:

Bed Availability Time-Line

<u>Date</u>	<u>Beds Available</u>	<u>Total Population</u>
7/1/97	500	500
8/1/97	500	1,000
9/1/97	504	1,504

- b. By substituting in lieu thereof the following:

Bed Availability Time-Line

<u>Date</u>	<u>Beds Available</u>	<u>Total Population</u>
6/1/97	500	500
7/1/97	500	1,000
8/1/97	504	1,504

6. Section 6.2 is amended as follows:
- a. By deleting therefrom the following:
September 30, 1997
- b. By substituting in lieu thereof the following:
August 31, 1997
7. Section 6.3 is amended as follows:
- a. By deleting therefrom the following:
July 1, 1997
- b. By substituting in lieu thereof the following:
June 1, 1997
8. Section 14.24 is amended as follows:
- a. By deleting therefrom the following:
- | | |
|--------|--------------|
| Year 1 | \$20,472,000 |
| Year 2 | \$22,728,000 |
| Year 3 | \$23,395,000 |

b. By substituting in lieu thereof the following:

Year 1	\$690,200
Year 2	\$21,687,000
Year 3	\$22,777,000
Year 4	\$21,476,400

9. Exhibit B is amended as follows:

a. By deleting Exhibit B in its entirety.

b. By substituting in lieu thereof the attached 4 pages labeled Exhibit B.

10. Exhibit F is amended as follows:

a. By deleting Exhibit F in its entirety.

b. By substituting in lieu thereof the attached 1 page labeled Exhibit F.

1. The other terms and provisions not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives set their signatures.

STATE OF TENNESSEE

HARDEMAN COUNTY

DEPARTMENT OF CORRECTION

BY: Donal Campbell
Donal Campbell, Commissioner

BY: Don W. Clift
Don W. Clift, County Executive

State of Tennessee)
County of Davidson)

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Donal Campbell, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Commissioner of the Department of Correction for the State of Tennessee, the within named bargainer, and that he, as such Commissioner, being authorized so to do, executed the foregoing instrument for the

purposes therein contained, by signing the name of the State of Tennessee by himself as Commissioner of the Department of Correction.

Witness my hand, at office, this 10th day of April, 1997.

Angela Moore
Notary Public

My Commission Expires:

11-25-2000

State of Tennessee
County of HARDEMAN

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Don W. Cliff with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be County Executive of Hardeman County, Tennessee, the within named bargainer, a _____, and that he, as such County Executive being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the ~~State of Tennessee~~ by himself as County Executive _____
County of Hardeman

Witness my hand, at office, this 9th day of April, 1997.

Mary D Taylor
Notary Public

My Commission Expires:

5/24/99

APPROVED:

STATE OF TENNESSEE

John D. Ferguson
John Ferguson
Commissioner of Finance and Administration

First Amendment to State/Hudson Co

WR Snodgrass 4-27-97
William R. Snodgrass
Comptroller of the Treasury

LIST OF EXHIBITS

Revised Exhibit B

Purchase Price Schedule

Revised Exhibit F

State's Maximum Liability

EXHIBIT B

HARDEMAN COUNTY CORRECTIONAL FACILITY
PURCHASE OPTION PRICES

ASSUMPTIONS:

Purchase Option Price - Based on remaining principal due at the end of the month denoted under the month column.

Month (Refers to last day of month)		Purchase Option Price
Jun 97	1	\$48,292,741.91
Jul 97	2	48,184,965.40
Aug 97	3	48,076,667.97
Sep 97	4	47,967,847.10
Oct 97	5	47,858,500.27
Nov 97	6	47,748,624.93
Dec 97	7	47,638,218.52
Jan 98	8	47,527,278.48
Feb 98	9	47,415,802.24
Mar 98	10	47,303,787.19
Apr 98	11	47,191,230.73
May 98	12	47,078,130.25
Jun 98	13	46,964,483.12
Jul 98	14	46,850,288.70
Aug 98	15	46,735,538.32
Sep 98	16	46,620,235.33
Oct 98	17	46,504,375.04
Nov 98	18	46,387,954.76
Dec 98	19	46,270,971.78
Jan 99	20	46,153,423.38
Feb 99	21	46,035,309.83
Mar 99	22	45,916,619.39
Apr 99	23	45,797,358.29
May 99	24	45,677,520.76
Jun 99	25	45,557,104.02
Jul 99	26	45,436,105.26
Aug 99	27	45,314,521.67
Sep 99	28	45,192,350.43
Oct 99	29	45,069,588.70
Nov 99	30	44,946,233.62
Dec 99	31	44,822,282.32
Jan 00	32	44,697,731.92
Feb 00	33	44,572,579.53
Mar 00	34	44,446,822.24
Apr 00	35	44,320,457.12
May 00	36	44,193,481.24
Jun 00	37	44,065,891.64
Jul 00	38	43,937,685.35
Aug 00	39	43,808,859.40
Sep 00	40	43,679,410.60
Oct 00	41	43,549,336.52
Nov 00	42	43,418,633.55
Dec 00	43	43,287,298.66
Jan 01	44	43,155,329.37
Feb 01	45	43,022,722.04
Mar 01	46	42,889,473.77
Apr 01	47	42,755,581.46
May 01	48	42,621,042.01
Jun 01	49	42,485,852.29
Jul 01	50	42,350,009.15
Aug 01	51	42,213,509.43
Sep 01	52	42,076,349.97
Oct 01	53	41,938,527.56
Nov 01	54	41,800,039.02
Dec 01	55	41,660,881.11
Jan 02	56	41,521,050.61
Feb 02	57	41,380,544.26
Mar 02	58	41,239,358.80
Apr 02	59	41,097,490.94
May 02	60	40,954,937.38
Jun 02	61	40,811,694.82
Jul 02	62	40,667,759.92
Aug 02	63	40,523,129.33
Sep 02	64	40,377,799.70
Oct 02	65	40,231,767.63

EXHIBIT B

HARDEMAN COUNTY CORRECTIONAL FACILITY
PURCHASE OPTION PRICES

ASSUMPTIONS:

Purchase Option Price - Based on remaining principal due at the end of the month denoted under the month column.

Month (Refers to last day of month)		Purchase Option Price
Nov-02	66	40,085,029.75
Dec-02	67	39,937,582.63
Jan-03	68	39,789,422.86
Feb-03	69	39,640,546.97
Mar-03	70	39,490,951.52
Apr-03	71	39,340,633.03
May-03	72	39,189,587.99
Jun-03	73	39,037,812.91
Jul-03	74	38,885,304.24
Aug-03	75	38,732,058.45
Sep-03	76 ✓	38,578,071.97 ✓
Oct-03	77	38,423,341.23
Nov-03	78	38,267,862.62
Dec-03	79	38,111,632.53
Jan-04	80	37,954,647.32
Feb-04	81	37,796,903.36
Mar-04	82	37,638,396.96
Apr-04	83	37,479,124.45
May-04	84	37,319,082.13
Jun-04	85	37,158,266.26
Jul-04	86	36,996,673.12
Aug-04	87	36,834,298.95
Sep-04	88	36,671,139.97 ✓
Oct-04	89	36,507,192.38
Nov-04	90	36,342,452.39
Dec-04	91	36,176,916.15
Jan-05	92	36,010,579.81
Feb-05	93	35,843,439.52
Mar-05	94	35,675,491.38
Apr-05	95	35,506,731.50
May-05	96	35,337,155.94
Jun-05	97	35,166,760.77
Jul-05	98	34,995,542.02
Aug-05	99	34,823,495.71
Sep-05	100	34,650,617.84
Oct-05	101	34,476,904.40
Nov-05	102	34,302,351.35
Dec-05	103	34,126,954.62
Jan-06	104	33,950,710.14
Feb-06	105	33,773,613.81
Mar-06	106	33,595,681.52
Apr-06	107	33,416,849.12
May-06	108	33,237,172.46
Jun-06	109	33,056,627.37
Jul-06	110	32,875,209.64
Aug-06	111	32,692,915.06
Sep-06	112	32,509,739.39
Oct-06	113	32,325,678.37
Nov-06	114	32,140,727.72
Dec-06	115	31,954,883.14
Jan-07	116	31,768,140.32
Feb-07	117	31,580,494.90
Mar-07	118	31,391,942.53
Apr-07	119	31,202,478.83
May-07	120	31,012,099.38
Jun-07	121	30,820,799.77
Jul-07	122	30,628,575.54
Aug-07	123	30,435,422.23
Sep-07	124	30,241,335.34
Oct-07	125	30,046,310.37
Nov-07	126	29,850,342.78
Dec-07	127	29,653,428.00
Jan-08	128	29,455,561.48
Feb-08	129	29,256,738.60
Mar-08	130	29,056,954.74

EXHIBIT B

HARDEMAN COUNTY CORRECTIONAL FACILITY
PURCHASE OPTION PRICES

ASSUMPTIONS:

Purchase Option Price - Based on remaining principal due at the end of the month denoted under the month column.

Month (Refers to last day of month)		Purchase Option Price
Apr-08	131	28,856,205.26
May-08	132	28,654,485.49
Jun-08	133	28,451,790.75
Jul-08	134	28,248,116.31
Aug-08	135	28,043,457.44
Sep-08	136	27,837,809.39
Oct-08	137	27,631,167.38
Nov-08	138	27,423,526.59
Dec-08	139	27,214,882.21
Jan-09	140	27,005,229.38
Feb-09	141	26,794,563.23
Mar-09	142	26,582,878.86
Apr-09	143	26,370,171.34
May-09	144	26,156,435.75
Jun-09	145	25,941,667.09
Jul-09	146	25,725,860.39
Aug-09	147	25,509,010.62
Sep-09	148	25,291,112.74
Oct-09	149	25,072,161.69
Nov-09	150	24,852,152.38
Dec-09	151	24,631,079.69
Jan-10	152	24,408,938.48
Feb-10	153	24,185,723.59
Mar-10	154	23,961,429.83
Apr-10	155	23,736,051.98
May-10	156	23,509,584.80
Jun-10	157	23,282,023.03
Jul-10	158	23,053,361.38
Aug-10	159	22,823,594.54
Sep-10	160	22,592,717.15
Oct-10	161	22,360,723.86
Nov-10	162	22,127,609.26
Dec-10	163	21,893,367.94
Jan-11	164	21,657,994.46
Feb-11	165	21,421,483.34
Mar-11	166	21,183,829.08
Apr-11	167	20,945,026.16
May-11	168	20,705,069.03
Jun-11	169	20,463,952.10
Jul-11	170	20,221,669.78
Aug-11	171	19,978,216.42
Sep-11	172	19,733,586.37
Oct-11	173	19,487,773.95
Nov-11	174	19,240,773.43
Dec-11	175	18,992,579.07
Jan-12	176	18,743,185.11
Feb-12	177	18,492,585.74
Mar-12	178	18,240,775.15
Apr-12	179	17,987,747.47
May-12	180	17,733,498.82
Jun-12	181	17,478,017.29
Jul-12	182	17,221,302.95
Aug-12	183	16,963,347.82
Sep-12	184	16,704,145.91
Oct-12	185	16,443,691.18
Nov-12	186	16,181,977.60
Dec-12	187	15,918,999.06
Jan-13	188	15,654,749.46
Feb-13	189	15,389,222.66
Mar-13	190	15,122,412.47
Apr-13	191	14,854,312.71
May-13	192	14,584,917.12
Jun-13	193	14,314,219.46
Jul-13	194	14,042,213.43
Aug-13	195	13,768,892.70

EXHIBIT B

HARDEMAN COUNTY CORRECTIONAL FACILITY
PURCHASE OPTION PRICES

ASSUMPTIONS:

Purchase Option Price - Based on remaining principal due at the end of the month denoted under the month column.

Month (Refers to last day of month)		Purchase Option Price
Sep-13	196	13,494,250.92
Oct-13	197	13,218,281.71
Nov-13	198	12,940,978.64
Dec-13	199	12,662,335.28
Jan-14	200	12,382,345.14
Feb-14	201	12,101,001.71
Mar-14	202	11,818,298.46
Apr-14	203	11,534,228.81
May-14	204	11,248,766.15
Jun-14	205	10,961,963.86
Jul-14	206	10,673,755.26
Aug-14	207	10,384,153.65
Sep-14	208	10,093,152.30
Oct-14	209	9,800,744.44
Nov-14	210	9,506,923.27
Dec-14	211	9,211,681.98
Jan-15	212	8,915,013.68
Feb-15	213	8,616,911.48
Mar-15	214	8,317,368.46
Apr-15	215	8,016,377.65
May-15	216	7,713,932.05
Jun-15	217	7,410,024.63
Jul-15	218	7,104,648.32
Aug-15	219	6,797,796.02
Sep-15	220	6,489,460.61
Oct-15	221	6,179,634.91
Nov-15	222	5,868,311.72
Dec-15	223	5,555,483.80
Jan-16	224	5,241,143.87
Feb-16	225	4,925,284.64
Mar-16	226	4,607,898.76
Apr-16	227	4,288,978.84
May-16	228	3,968,517.48
Jun-16	229	3,646,507.22
Jul-16	230	3,322,940.58
Aug-16	231	2,997,810.03
Sep-16	232	2,671,108.02
Oct-16	233	2,342,826.94
Nov-16	234	2,012,959.18
Dec-16	235	1,681,497.06
Jan-17	236	1,348,432.86
Feb-17	237	1,013,758.86
Mar-17	238	677,467.27
Apr-17	239	339,550.27
May-17	240	(0.00)

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Incarceration Agreement - Hardeman County, Tennessee

FY	Month	Inmate Population	Operating Per Diem Rate	Debt Service Per Diem Rate	Miscellaneous	Total
FY96-97			Operating Per Diem Rate \$36.75	Debt Service Per Diem Rate \$7.46	Operating Per Diem Rate \$36.75	551,250.00
30	June	500	551,250.00	111,900.00	Debt Service Per Diem Rate \$7.46	111,900.00
					Misc. Officer Travel	6,250.00
					Misc. Medical	20,800.00
30	Total		551,250.00	111,900.00		\$690,200.00
FY97-98			Operating Per Diem Rate \$32.28	Debt Service Per Diem Rate \$7.46		
31	July	1000	1,120,175.08	231,260.00	Operating Per Diem Rate	17,382,957.16
31	August	1504	1,505,022.72	347,815.04	Operating Per Diem Rate \$32.28	
30	September	1504	1,456,473.60	336,595.20		
31	October	1504	1,505,022.72	347,815.04		
30	November	1504	1,456,473.60	336,595.20	Debt Service Per Diem Rate	3,978,686.56
31	December	1504	1,505,022.72	347,815.04	Debt Service Per Diem Rate \$7.46	
31	January	1504	1,505,022.72	347,815.04		
28	February	1504	1,359,375.36	314,155.52		
31	March	1504	1,505,022.72	347,815.04	Misc. Officer Travel	75,000.00
30	April	1504	1,456,473.60	336,595.20		
31	May	1504	1,505,022.72	347,815.04		
30	June	1504	1,503,849.60	336,595.20	Misc. Medical	250,000.00
365	Total		17,382,957.16	3,978,686.56		\$21,686,643.72
FY98-99			Operating Per Diem Rate \$33.33	Debt Service Per Diem Rate \$7.46		
31	July	1504	1,553,977.92	347,815.04	Operating Per Diem Rate	18,345,566.40
31	August	1504	1,553,977.92	347,815.04	Operating Per Diem Rate \$33.33	
30	September	1504	1,503,849.60	336,595.20		
31	October	1504	1,553,977.92	347,815.04		
30	November	1504	1,503,849.60	336,595.20	Debt Service Per Diem Rate	4,095,241.60
31	December	1504	1,553,977.92	347,815.04	Debt Service Per Diem Rate \$7.46	
31	January	1504	1,553,977.92	347,815.04		
28	February	1504	1,403,592.96	314,155.52		
31	March	1504	1,553,977.92	347,815.04	Misc. Officer Travel (3.25% Inflation)	77,437.50
30	April	1504	1,503,849.60	336,595.20		
31	May	1504	1,553,977.92	347,815.04		
30	June	1504	1,552,579.20	336,595.20		
365	Total		18,345,566.40	4,095,241.60	Misc. Medical (3.25% Inflation)	258,125.00
						\$22,776,370.50
FY99-20			Operating Per Diem Rate \$34.41	Debt Service Per Diem Rate \$7.46		
31	July	1504	1,604,331.84	347,815.04	Operating Per Diem Rate	17,388,887.04
31	August	1504	1,604,331.84	347,815.04	Operating Per Diem Rate \$34.41	
30	September	1504	1,552,579.20	336,595.20		
31	October	1504	1,604,331.84	347,815.04		
30	November	1504	1,552,579.20	336,595.20	Debt Service Per Diem Rate	3,769,866.24
31	December	1504	1,604,331.84	347,815.04	Debt Service Per Diem Rate \$7.46	
31	January	1504	1,604,331.84	347,815.04		
29	February	1504	1,500,826.56	325,375.36		
31	March	1504	1,604,331.84	347,815.04	Misc. Officer Travel (3.25% Inflation)	73,291.37
30	April	1504	1,552,579.20	336,595.20		
31	May	1504	1,604,331.84	347,815.04		
336	Total		17,388,887.04	3,769,866.24	Misc. Medical (3.25% Inflation)	244,304.56
						\$21,476,349.20
Inmate Pop.	Per Diem Rate 97-98	Blended Per Diem Rate FY 97-98	Per Diem Rate 98-99 plus 3.25%	Blended Per Diem Rate FY 98-99	Per Diem Rate 99-20 plus 3.25%	Blended Per Diem Rate FY 98-99
940	36.75	34,545.00	37.94	35,667.71	39.18	36,826.91
58	26.52	1,538.16	27.38	1,588.15	28.27	1,639.77
338	25.76	8,706.88	26.60	8,989.85	27.46	9,282.02
168	22.35	3,754.80	23.08	3,876.83	23.83	4,002.83
1504		32.28		33.33		34.41

SECOND AMENDMENT TO INCARCERATION AGREEMENT

by and between

STATE OF TENNESSEE, DEPARTMENT OF CORRECTION

and

HARDEMAN COUNTY, TENNESSEE

WHEREAS, Hardeman County, Tennessee and the State of Tennessee, Department of Correction, entered into Contract No. _____ on September 18, 1996, relating to the housing by Hardeman County of felons sentenced to the care, custody and control of the Tennessee Department of Correction, and

WHEREAS, the said parties entered in a First Amendment To Incarceration Agreement dated _____, and

WHEREAS, the said parties desire to amend said Contract in the manner described below,

NOW, THEREFORE, the parties hereby amend said Contract as follows:

Article _____ is amended as follows:

a. By deleting therefrom the following:

"Facility" means a 1,504 bed medium security correctional institution, with no dormitory housing, to be located in Hardeman County, Tennessee, and real property as specified in Exhibit A.

b. By substituting in lieu thereof the following:

"Facility" means a 1,504 bed medium security correctional institution, to be expanded to 2,016 beds, with no dormitory housing, to be located in Hardeman County, Tennessee, and real property as specified in Exhibit A.

2. Section 3.2 is amended as follows:

(a) By deleting therefrom the following:

Hardeman County, at its expense, may expand the facility by an additional 512 beds, subject to the prior written Commissioner's approval which shall be at the Commissioner's sole discretion.

(b) By substituting in lieu thereof the following:

Hardeman County, at its expense, shall expand the facility by an additional 512 beds, for a total of 2,016 beds. Beds 1505 through 2016 shall be completed and available for use in housing prisoners by January 1, 1998. Beds 1505 through 2016 shall be allocated to the State beginning January 1, 1998, if the State provides written notice by July 1, 1997 of its intent to reserve such beds. Any other change in the State's allocation of beds 1505 through 2016 shall be in accordance with the provisions of Section 6.1(b).

3. Section 6. (a) is amended as follows:

a. By deleting therefrom the following:

Per Inmate Day

Inmate Population	Per Diem Rate
1 - 940	\$36.75
941- 998	\$26.52
999-1336	\$25.76
1337-1504	\$22.35

b. By substituting in lieu thereof the following:

Per Inmate Day

Inmate Population	Per Diem Rate
1 - 940	\$36.75
941- 998	\$26.52
999-1336	\$25.76
1337-1504	\$22.35
1505-2016	\$24.66

4. Section 6.1 (a) is further amended by adding the following after \$32.28:

Assuming a total State Inmate population at the facility of 2016, the blended Per Diem Rate per Inmate is \$30.34.
5. Section 6.1(b) is amended by adding the following language at the end:

"Hardeman County shall notify the Commissioner and the Select Oversight Committee on Corrections of the source and nature of inmates from other jurisdictions being housed at the Facility."
6. Section 6.2 is amended as follows:
 - a. By deleting therefrom the last sentence.
 - b. By substituting in lieu thereof the following:

Thereafter, the Debt Service Per Diem shall be \$7.46 for the first 1504 State Bed Days and \$4.90 for State Bed Days 1505-2016.
7. Article 7 is amended by adding the following sentence at the end of the first sentence:

If the State elects to exercise its option to purchase the Facility before January 1, 1998, the purchase price reflected in Exhibit B shall be increased to reflect the actual expenditures for the construction of the 512 bed expansion at the time of the purchase.
8. Section 14.24 is amended as follows:
 - a. By deleting therefrom the following

Year 1	\$ 690,200
Year 2	\$21,687,000
Year 3	\$22,777,000
Year 4	\$21,476,400
 - b. By substituting in lieu thereof the following:

Year 1 (State's FY ending June 30, 1997)	\$ 690,200
Year 2 (State's FY July 1, 1997 - June 30, 1998)	\$25,127,300
Year 3 (State's FY July 1, 1998 - June 30, 1999)	\$29,854,500
Year 4 (State's FY July 1, 1999 - May 31, 2000)	\$28,125,300

9. Exhibit B is amended as follows:
 - a. By deleting Exhibit B in its entirety.
 - b. By substituting in lieu thereof the attached 4 pages labeled Exhibit B.
10. Exhibit F is amended as follows:
 - a. By deleting Exhibit F in its entirety.
 - b. By substituting in lieu thereof the attached 1 page labeled Exhibit E.
11. The other terms and provisions not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives set their signatures.

STATE OF TENNESSEE

HARDEMAN COUNTY

DEPARTMENT OF CORRECTION

BY: Donal Campbell
Donal Campbell, Commissioner

BY: Don W. Clift
Don W. Clift, County Executive

State of Tennessee
County of Davidson

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Donal Campbell, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Commissioner of the Department of Correction for the State of Tennessee, the within named bargainer, and that he, as such Commissioner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the State of Tennessee by himself as Commissioner of the Department of Correction.

Witness my hand, at office, this 10th day of April, 1997.

My Commission Expires:
11-25-2000

Angela Moore
Notary Public

State of Tennessee
County of Hardeman

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Don W. Clift with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be County Executive of Hardeman County, Tennessee, the within named bargainer, a _____, and that he, as such County Executive being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the ~~State of Tennessee~~ by himself as County Executive.
County of Hardeman

Witness my hand, at office, this 9th day of April, 1997.

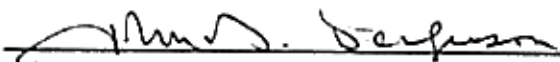
My Commission Expires:

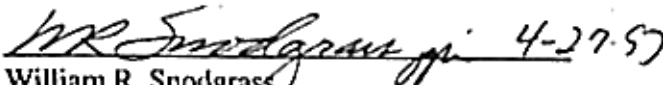
5/24/97


Notary Public

APPROVED.

STATE OF TENNESSEE


John Ferguson
Commissioner of Finance and Administration


William R. Snodgrass
Comptroller of the Treasury

LIST OF EXHIBITS

Exhibit B	Purchase Price Schedule
Revised Exhibit F	State's Maximum Liability

EXHIBIT B

HARDEMAN COUNTY CORRECTIONAL FACILITY
PURCHASE OPTION PRICES

ASSUMPTIONS:
Initial Principal - Based on Bonds being issued on June 1, 1997 in the amount of the initial principal (\$48,400,000) amortized on a monthly basis for 240 months or 20 years for months 1 through 7. Annual rate of 5.80% utilized for debt service.
Adjusted Principal - Based on ending balance of principal remaining January 1, 1998 (\$47,638,218.52) plus additional principal (Bonds issued on January 1, 1998) amortized on a monthly basis for 233 months beginning in the 8th month.
Purchase Option Price - Based on remaining principal due at the end of the month denoted under the month column.

Month (Refers to last day of month)		Purchase Option Price
Jun-97	1	
Jul-97	2	\$48,292,741.91
Aug-97	3	48,184,965.40
Sep-97	4	48,076,667.97
Oct-97	5	47,967,847.10
Nov-97	6	47,858,500.27
Dec-97	7	47,748,624.93
Jan-98	8	47,638,218.52
Feb-98	9	56,161,717.16
Mar-98	10	58,025,297.61
Apr-98	11	57,868,218.70
May-98	12	57,750,477.24
Jun-98	13	57,612,070.03
Jul-98	14	57,472,993.85
Aug-98	15	57,333,245.47
Sep-98	16	57,192,821.63
Oct-98	17	57,051,719.09
Nov-98	18	56,909,934.55
Dec-98	19	56,767,464.71
Jan-99	20	56,624,306.27
Feb-99	21	56,480,455.90
Mar-99	22	56,335,910.26
Apr-99	23	56,190,665.97
May-99	24	56,044,719.67
Jun-99	25	55,898,067.97
Jul-99	26	55,750,707.45
Aug-99	27	55,602,634.68
Sep-99	28	55,453,846.23
Oct-99	29	55,304,338.64
Nov-99	30	55,154,106.42
Dec-99	31	55,003,152.10
Jan-00	32	54,851,466.15
Feb-00	33	54,699,047.05
Mar-00	34	54,545,891.26
Apr-00	35	54,391,905.22
May-00	36	54,237,356.34
Jun-00	37	54,081,968.04
Jul-00	38	53,925,829.70
Aug-00	39	53,768,906.70
Sep-00	40	53,611,285.37
Oct-00	41	53,452,872.07
Nov-00	42	53,293,693.10
Dec-00	43	53,133,744.76
Jan-01	44	52,973,023.35
Feb-01	45	52,811,525.11
Mar-01	46	52,649,246.29
Apr-01	47	52,486,183.13
May-01	48	52,322,331.83
Jun-01	49	52,157,688.59
Jul-01	50	51,992,249.57
Aug-01	51	51,826,010.92
Sep-01	52	51,658,968.79
Oct-01	53	51,491,119.29
Nov-01	54	51,322,458.51
Dec-01	55	51,152,982.55
Jan-02	56	50,982,687.44
Feb-02	57	50,811,569.25
Mar-02	58	50,639,623.98
Apr-02	59	50,466,847.65
May-02	60	50,293,236.23
Jun-02	61	50,118,785.68
Jul-02	62	49,943,491.95
Aug-02	63	49,767,350.99
Sep-02	64	49,590,358.67
Oct-02	65	49,412,510.69
		49,233,803.50

EXHIBIT B

HARDEMAN COUNTY CORRECTIONAL FACILITY PURCHASE OPTION PRICES

ASSUMPTIONS:
Initial Principal - Based on Bonds being issued on June 1, 1997 in the amount of the initial principal (\$48,400,000) amortized on a monthly basis for 240 months or 20 years for months 1 through 7. Annual rate of 5.60% utilized for debt service.
Adjusted Principal - Based on ending balance of principal remaining January 1, 1998 (\$47,638,218.52) plus additional principal (Bonds issued on January 1, 1998) amortized on a monthly basis for 233 months beginning in the 8th month.
Purchase Option Price - Based on remaining principal due at the end of the month denoted under the month column.

Month (Refers to last day of month)	Purchase Option Price	
Nov-02	66	49,054,232.37
Dec-02	67	48,873,793.31
Jan-03	68	48,692,482.13
Feb-03	69	48,510,294.61
Mar-03	70	48,327,226.51
Apr-03	71	48,143,273.50
May-03	72	47,958,431.56
Jun-03	73	47,772,696.13
Jul-03	74	47,586,062.99
Aug-03	75	47,398,527.76
Sep-03	76	47,210,086.13
Oct-03	77	47,020,733.70
Nov-03	78	46,830,468.06
Dec-03	79	46,639,278.79
Jan-04	80	46,447,167.46
Feb-04	81	46,254,127.58
Mar-04	82	46,060,154.68
Apr-04	83	45,865,244.24
May-04	84	45,669,391.74
Jun-04	85	45,472,592.62
Jul-04	86	45,274,842.30
Aug-04	87	45,076,138.18
Sep-04	88	44,876,469.66
Oct-04	89	44,675,838.08
Nov-04	90	44,474,236.78
Dec-04	91	44,271,661.07
Jan-05	92	44,068,106.25
Feb-05	93	43,863,567.58
Mar-05	94	43,658,040.30
Apr-05	95	43,451,519.65
May-05	96	43,244,000.81
Jun-05	97	43,035,478.06
Jul-05	98	42,825,949.26
Aug-05	99	42,615,406.83
Sep-05	100	42,403,846.78
Oct-05	101	42,191,264.18
Nov-05	102	41,977,654.11
Dec-05	103	41,763,011.50
Jan-06	104	41,547,331.63
Feb-06	105	41,330,609.21
Mar-06	106	41,112,839.31
Apr-06	107	40,894,016.84
May-06	108	40,674,136.74
Jun-06	109	40,453,193.68
Jul-06	110	40,231,183.14
Aug-06	111	40,008,099.34
Sep-06	112	39,783,937.30
Oct-06	113	39,558,691.61
Nov-06	114	39,332,357.64
Dec-06	115	39,104,929.52
Jan-07	116	38,876,402.16
Feb-07	117	38,646,770.25
Mar-07	118	38,416,028.46
Apr-07	119	38,184,171.41
May-07	120	37,951,193.72
Jun-07	121	37,717,069.97
Jul-07	122	37,481,854.73
Aug-07	123	37,245,482.51
Sep-07	124	37,007,967.62
Oct-07	125	36,769,305.15
Nov-07	126	36,529,488.94
Dec-07	127	36,288,513.62
Jan-08	128	36,046,373.58
Feb-08	129	35,803,063.20
Mar-08	130	35,558,576.62

EXHIBIT D

HARDEMAN COUNTY CORRECTIONAL FACILITY
PURCHASE OPTION PRICES

ASSUMPTIONS:
Initial Principal - Based on Bonds being issued on June 1, 1997 in the amount of the initial principal (\$48,400,000) amortized on a monthly basis for 240 months or 20 years for months 1 through 7. Annual rate of 5.80% utilized for debt service.
Adjusted Principal - Based on ending balance of principal remaining January 1, 1998 (\$47,638,218.52) plus additional principal (Bonds issued on January 1, 1998) amortized on a monthly basis for 233 months beginning in the 8th month.
Purchase Option Price - Based on remaining principal due at the end of the month denoted under the month column.

Month (Refers to last day of month)		Purchase Option Price
Apr-08	131	35,312,008.76
May-08	132	35,066,053.30
Jun-08	133	34,818,004.71
Jul-08	134	34,568,757.21
Aug-08	135	34,318,305.02
Sep-08	136	34,066,642.31
Oct-08	137	33,813,763.23
Nov-08	138	33,559,661.91
Dec-08	139	33,304,332.42
Jan-09	140	33,047,768.84
Feb-09	141	32,789,965.21
Mar-09	142	32,530,915.52
Apr-09	143	32,270,613.76
May-09	144	32,009,053.88
Jun-09	145	31,746,229.79
Jul-09	146	31,482,135.38
Aug-09	147	31,216,764.52
Sep-09	148	30,950,111.03
Oct-09	149	30,682,168.72
Nov-09	150	30,412,931.35
Dec-09	151	30,142,392.66
Jan-10	152	29,870,546.38
Feb-10	153	29,597,386.17
Mar-10	154	29,322,905.68
Apr-10	155	29,047,008.54
May-10	156	28,769,968.34
Jun-10	157	28,491,478.62
Jul-10	158	28,211,652.91
Aug-10	159	27,930,474.72
Sep-10	160	27,647,037.49
Oct-10	161	27,364,034.67
Nov-10	162	27,078,759.66
Dec-10	163	26,792,105.81
Jan-11	164	26,504,066.47
Feb-11	165	26,214,634.94
Mar-11	166	25,923,004.49
Apr-11	167	25,631,568.36
May-11	168	25,337,919.70
Jun-11	169	25,042,851.86
Jul-11	170	24,746,357.79
Aug-11	171	24,448,430.67
Sep-11	172	24,149,063.56
Oct-11	173	23,848,249.52
Nov-11	174	23,545,981.54
Dec-11	175	23,242,252.60
Jan-12	176	22,937,055.64
Feb-12	177	22,630,383.56
Mar-12	178	22,322,229.23
Apr-12	179	22,012,585.48
May-12	180	21,701,445.13
Jun-12	181	21,388,800.03
Jul-12	182	21,074,645.62
Aug-12	183	20,758,971.89
Sep-12	184	20,441,772.40
Oct-12	185	20,123,039.78
Nov-12	186	19,802,766.62
Dec-12	187	19,480,945.48
Jan-13	188	19,157,568.66
Feb-13	189	18,832,629.26
Mar-13	190	18,506,119.12
Apr-13	191	18,178,030.84
May-13	192	17,848,356.81
Jun-13	193	17,517,089.35
Jul-13	194	17,184,220.76
Aug-13	195	16,849,743.31

EXHIBIT B

HARDEMAN COUNTY CORRECTIONAL FACILITY
PURCHASE OPTION PRICES

ASSUMPTIONS:
Initial Principal - Based on Bonds being issued on June 1, 1997 in the amount of the initial principal (\$49,400,000) amortized on a monthly basis for 240 months or 20 years for months 1 through 7. Annual rate of 5.80% utilized for debt service.
Adjusted Principal - Based on ending balance of principal remaining January 1, 1998 (\$47,639,218.52) plus additional principal (Bonds issued on January 1, 1998) amortized on a monthly basis for 233 months beginning in the 8th month.
Purchase Option Price - Based on remaining principal due at the end of the month denoted under the month column.

Month (Refers to last day of month)		Purchase Option Price
Sep-13	196	10,513,649.22
Oct-13	197	10,175,930.68
Nov-13	198	15,836,579.82
Dec-13	199	15,495,588.78
Jan-14	200	15,152,949.60
Feb-14	201	14,808,654.34
Mar-14	202	14,462,694.99
Apr-14	203	14,115,063.50
May-14	204	13,765,751.79
Jun-14	205	13,414,751.73
Jul-14	206	13,062,065.18
Aug-14	207	12,707,653.93
Sep-14	208	12,351,539.74
Oct-14	209	11,993,704.33
Nov-14	210	11,634,139.39
Dec-14	211	11,272,838.54
Jan-15	212	10,909,787.40
Feb-15	213	10,544,983.52
Mar-15	214	10,178,416.43
Apr-15	215	9,810,077.59
May-15	216	9,439,958.45
Jun-15	217	9,068,050.39
Jul-15	218	8,694,344.79
Aug-15	219	8,318,832.94
Sep-15	220	7,941,506.11
Oct-15	221	7,562,355.54
Nov-15	222	7,181,372.41
Dec-15	223	6,798,547.86
Jan-16	224	6,413,872.99
Feb-16	225	6,027,338.66
Mar-16	226	5,638,936.48
Apr-16	227	5,248,656.82
May-16	228	4,856,490.81
Jun-16	229	4,462,429.33
Jul-16	230	4,066,463.22
Aug-16	231	3,668,583.28
Sep-16	232	3,268,780.24
Oct-16	233	2,867,044.83
Nov-16	234	2,463,367.70
Dec-16	235	2,057,733.46
Jan-17	236	1,650,150.68
Feb-17	237	1,240,591.89
Mar-17	238	829,053.57
Apr-17	239	415,526.14
May-17	240	(0.00)

Exhibit F

Incarceration Agreement - Hardeman County, Tennessee

FY96-97	Inmate Population	Operating Per Diem Rate @ \$36.75	Debt Service Per Diem Rate @ \$7.46	Debt Service Per Diem Rate @ \$4.90	Operating Per Diem Rate @ \$36.75	551,250.00
30 June	500	551,250.00	111,900.00			
					Debt Service Per Diem Rate @ \$7.46	111,900.00
					Misc. Officer Travel	6,250.00
					Misc. Medical	20,600.00
30 Total		551,250.00	111,900.00			\$690,200.00
FY97-98	Inmate Population	Operating Per Diem Rate @ \$30.34	Debt Service Per Diem Rate @ \$7.46	Debt Service Per Diem Rate @ \$4.90		
31 July	1000	1,120,175.08	231,260.00			
31 August	1504	1,505,022.72	347,815.04		Operating Per Diem Rate @ \$32.26	19,679,010.26
30 September	1504	1,456,473.60	336,595.20			
31 October	1504	1,505,022.72	347,815.04			
30 November	1504	1,456,473.60	336,595.20			
31 December	1504	1,505,022.72	347,815.04		Debt Service Per Diem Rate @ \$7.46	4,670,019.68
31 January	2016	1,896,128.64	466,220.16	77,627.30	@ \$4.90	453,243.26
28 February	2016	1,712,632.32	421,102.08	70,114.98		
31 March	2016	1,896,128.64	466,220.16	77,627.30	Misc. Officer Travel	75,000.00
30 April	2016	1,834,963.20	451,180.80	75,123.19		
31 May	2016	1,896,128.64	466,220.16	77,627.30		
30 June	2016	1,694,838.40	451,180.80	75,123.19	Misc. Medical	250,000.00
365 Total		19,679,010.26	4,670,019.68	453,243.26		\$25,127,273.22
FY98-99	Inmate Population	Operating Per Diem Rate @ \$31.33	Debt Service Per Diem Rate @ \$7.46	Debt Service Per Diem Rate @ \$4.90		
31 July	2016	1,957,999.68	466,220.16	77,627.30	Operating Per Diem Rate @ \$33.33	23,115,556.80
31 August	2016	1,957,999.68	466,220.16	77,627.30		
30 September	2016	1,894,838.40	451,180.80	75,123.19		
31 October	2016	1,957,999.68	466,220.16	77,627.30		
30 November	2016	1,894,838.40	451,180.80	75,123.19	Debt Service Per Diem Rate @ \$7.46	5,489,366.40
31 December	2016	1,957,999.68	466,220.16	77,627.30	@ \$4.90	913,998.84
31 January	2016	1,957,999.68	466,220.16	77,627.30		
28 February	2016	1,768,515.84	421,102.08	70,114.98		
31 March	2016	1,957,999.68	466,220.16	77,627.30	Misc. Officer Travel (3.25% Inflation)	77,437.50
30 April	2016	1,894,838.40	451,180.80	75,123.19		
31 May	2016	1,957,999.68	466,220.16	77,627.30		
30 June	2016	1,956,528.00	451,180.80	75,123.19	Misc. Medical (3.25% Inflation)	258,125.00
365 Total		23,115,556.80	5,489,366.40	913,998.84		\$29,854,484.54
FY99-20	Inmate Population	Operating Per Diem Rate @ \$32.35	Debt Service Per Diem Rate @ \$7.46	Debt Service Per Diem Rate @ \$4.90		
31 July	2016	2,021,745.60	466,220.16	77,627.30	Operating Per Diem Rate @ \$34.41	21,913,113.60
31 August	2016	2,021,745.60	466,220.16	77,627.30		
30 September	2016	1,956,528.00	451,180.80	75,123.19		
31 October	2016	2,021,745.60	466,220.16	77,627.30		
30 November	2016	1,956,528.00	451,180.80	75,123.19	Debt Service Per Diem Rate @ \$7.46	5,053,224.96
31 December	2016	2,021,745.60	466,220.16	77,627.30	@ \$4.90	841,379.75
31 January	2016	2,021,745.60	466,220.16	77,627.30		
29 February	2016	1,891,310.40	436,141.44	72,819.09	Misc. Officer Travel (3.25% Inflation)	73,291.37
31 March	2016	2,021,745.60	466,220.16	77,627.30		
30 April	2016	1,956,528.00	451,180.80	75,123.19		
31 May	2016	2,021,745.60	466,220.16	77,627.30	Misc. Medical (3.25% Inflation)	244,304.56
336 Total		21,913,113.60	5,053,224.96	641,379.75		\$28,125,314.24
Total Three Year Contract Liability						\$83,797,272.00
Inmate Pop.	Per Diem Rate 97-98	Blended Per Diem FY 97-98	Per Diem Rate 98-99 plus 3.25%	Blended Per Diem FY 98-99	Per Diem Rate 99-20 plus 3.25%	Blended Per Diem FY 98-99
840	36.75	34,545.00	37.94	35,657.71	39.18	36,626.91
58	26.52	1,538.16	27.38	1,588.15	28.27	1,639.77
338	25.76	8,706.88	26.60	8,959.85	27.46	9,282.02
168	22.35	3,754.80	23.08	3,876.83	23.83	4,002.83
512	24.66	12,625.92	25.46	13,036.26	26.29	13,459.94
2016		30.34		31.33		32.35

THIRD AMENDMENT TO INCARCERATION AGREEMENT

by and between

**THE STATE OF TENNESSEE, DEPARTMENT OF CORRECTION
AND
HARDEMAN COUNTY, TENNESSEE**

This Contract, by and between the State of Tennessee, Department of Correction, hereinafter referred to as the State, and Hardeman County, Tennessee, hereinafter referred to as the Contractor, is hereby amended as follows:

- 1 Delete following Section in its entirety:

Section 2.1. Term. This Contract is effective with its execution by all parties and continues for three (3) years after the Service Commencement Date unless terminated earlier in accordance herewith.

and insert the following in its place:

Section 2. Term. This Contract is effective with its execution by all parties and continues for six (6) years after the Service Commencement Date unless terminated earlier in accordance herewith.

Delete following Section in its entirety:

Section 2.2. Renewals. The State shall have the option to renew this Contract upon the same terms and conditions for six (6) additional three (3) year terms; provided, however, that such option to renew may be exercised only if, at the time of the exercise of the option, the Commissioner, in the Commissioner's sole discretion, determines that the available facilities and institutions of the Department are overcrowded. The State may exercise its option to renew by giving Hardeman County 270 days advance written notice of its intent to renew. If Hardeman County does not receive notice of the State's intent to renew 270 days in advance, it shall notify the Commissioner of Correction and the Commissioner of Finance and Administration of that fact by certified mail and the State shall have an additional 30 days from receipt of such notice within which to exercise its option to renew.

and insert the following in its place:

Section 2.2. Renewals. The State shall have the option to renew this Contract upon the same terms and conditions for five (5) additional three (3) year terms; provided, however, that such option to renew may be exercised only if, at the time of the exercise of the option, the Commissioner, in the Commissioner's sole discretion, determines that the available facilities and institutions of the Department are overcrowded. The State may exercise its option to renew by giving Hardeman County 270 days advance written notice of its intent to renew. If Hardeman County does not receive notice of the State's intent to renew 270 days in advance, it shall notify the Commissioner of Correction and the Commissioner of Finance and Administration of that fact by certified mail and the State shall have an additional 30 days from receipt of such notice within which to exercise its option to renew

3. Delete following Section in its entirety:

Section 14.24. Maximum Liability. Notwithstanding any provision contained herein to the contrary, in no event shall the maximum liability to the State exceed:

Year 1 (State's FY ending June 30, 1997)	\$ 690,200
Year 2 (State's FY July 1, 1997 – June 30, 1998)	\$25,127,300
Year 3 (State's FY July 1, 1998 – June 30, 1999)	\$29,854,500
Year 4 (State's FY July 1, 1999 – May 31, 2000)	\$28,125,300

In the event that the State exercises its option to renew, the annual maximum liability for each year during any renewal period shall be calculated unilaterally by the State in the manner shown on Exhibit F.

and insert the following in its place:

Section 14.24. Maximum Liability. Notwithstanding any provision contained herein to the contrary, in no event shall the maximum liability of the State exceed:

Year 1 (State's FY ending June 30, 1997)	\$ 690,200
Year 2 (State's FY July 1, 1997 – June 30, 1998)	\$25,127,300
Year 3 (State's FY July 1, 1998 – June 30, 1999)	\$29,854,500
Year 4 (State's FY July 1, 1999 – June 30, 2000)	\$30,561,700
Year 5 (State's FY July 1, 2000 – June 30, 2001)	\$29,763,300
Year 6 (State's FY July 1, 2001 – June 30, 2002)	\$30,382,100
Year 7 (State's FY July 1, 2002 – May 31, 2003)	\$28,467,100

In the event that the State exercises its option to renew, the annual maximum liability for each year during any renewal period shall be calculated unilaterally by the State in the manner shown on Exhibit F

4. Delete following Section in its entirety:

Section 10.5 Background Checks. Prior to employment with Hardeman County, applicants shall be subjected to a thorough background investigation and, as to Correctional Officer applicants only, psychological history. Criminal and employment histories must go back a minimum of five (5) years. Said background investigations shall be available to the State upon request. The State shall not provide NCIC background checks.

and insert the following in its place:

Section 10.5 Background Checks.

(a) Prior to employment with Hardeman County, applicants shall be subjected to a thorough background investigation and, as to Correctional Officer applicants only, psychological history. Criminal and employment histories must go back a minimum of five (5) years. Said background investigations shall be available to the State upon request.

(b) The Warden shall immediately cause a "Criminal History Request" from the National Crime Information Center (NCIC) to be completed on each individual hired to work at the Facility. The request shall be forwarded to the State and processed in accordance with procedures established by the Commissioner. In no instance may an employee be assigned to a post until the NCIC check has been completed; however, the employee may participate in preservice training while the check is in process. The State shall notify the Warden whether or not the employee is cleared for further consideration of employment. The criminal history obtained from NCIC or FBI may be used solely for the purpose requested, and may not be disseminated outside the Department of Correction or the affected employee.

5. Add the following as Section 6.8 and renumber any subsequent sections as necessary:

Section 6.8. Failure to Pay Health Care Providers. The Contractor shall be responsible for making payments to the State's contract hospital and physicians providing services at the

State's contract hospital within ninety (90) days of the invoice date for services to any Inmate assigned to the Facility. When any such debt is more than ninety (90) days old, the State reserves the right to pay the provider and deduct the amount from payments due from the State to the Contractor hereunder.

6. Delete following Section in its entirety:

Section 14.13. Notices. All notices shall be hand-delivered to Hardeman County or the State's Liaison(s) or sent certified mail, return receipt requested to:

State:
Commissioner
Department of Correction
4th Floor, Rachel Jackson Bldg.
320 6th Avenue North
Nashville, Tennessee 37243-0465

Hardeman County:
Hardeman County Correctional Facilities Corporation
c/o Weed, Hubbard, Berry & Doughty
424 Church Street, 29th Floor
Nashville, Tennessee 37219

and insert the following in its place:

Section 14.13. Notices. All notices shall be hand-delivered to Hardeman County or the State's Liaison(s) or sent certified mail, return receipt requested to:

State:
Commissioner
Department of Correction
4th Floor, Rachel Jackson Bldg.
320 6th Avenue North
Nashville, Tennessee 37243-0465

Hardeman County:
Hardeman County Correctional Facilities Corporation
c/o Weed, Hubbard, Berry & Doughty
201 Fourth Avenue North, Suite 1420
Nashville, Tennessee 37219

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

HARDEMAN COUNTY, TENNESSEE:

Sammy Nuckolls
Sammy Nuckolls, County Executive

DATE: 02/03/00

State of Tennessee)
County of Hardeman)

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Sammy Nuckolls, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be County Executive of Hardeman County, Tennessee, the within named bargainer, and that he, as such County Executive, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the County of Hardeman himself as County Executive.

Witness my hand, at office, this 3rd day of February, 1999.

My Commission Expires:
4/23/08

Nancy D. Taylor
Notary Public

DEPARTMENT OF CORRECTION:

Donal Campbell
Donal Campbell, Commissioner

DATE: 2/16/2000

State of Tennessee)
County of Davidson)

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Donal Campbell, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Commissioner of the Department of Correction for the State of Tennessee, the within named bargainer, and that he, as such Commissioner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the County of Hardeman himself as County Executive.

Witness my hand, at office, this 10th day of February, ~~1999~~ 2000.

My Commission Expires:

Angela M. Moore
Notary Public

11-25-2000

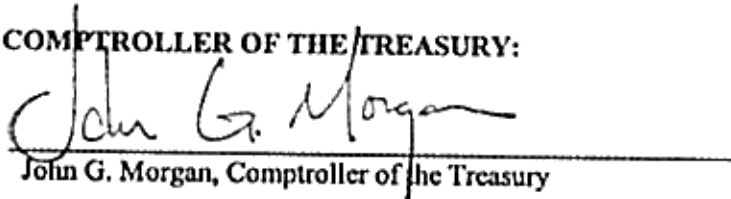
APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:


John D. Ferguson, Commissioner

DATE: 3-3-00

COMPTROLLER OF THE TREASURY:


John G. Morgan, Comptroller of the Treasury

DATE: 3/13/00

Inmate Pcp.	Per Diem Rate 97-99	Blended Per Diem	Per Diem Rate 98-99 plus 3.25%	Blended Per Diem	Per Diem Rate 99-00 plus 3.25%	Blended Per Diem	Per Diem Rate 00-01 plus 2.5%	Blended Per Diem	Per Diem Rate 01-02 plus 2.5%	Blended Per Diem	Per Diem Rate 02-03 plus 2.5%	Blended Per Diem
940	36.75	34545	37.94	3667713	39.18	368269132	40.16	37747586	41.16	386912756	42.19	396565575
58	20.52	1538.10	27.38	1588.1502	28.27	1639.76508	28.98	1689.75921	29.70	1722.77819	30.45	1765.34734
338	25.78	8706.88	26.60	8989.8536	27.46	9282.82384	28.15	9514.07444	28.85	9751.9263	29.57	9995.72446
168	22.35	3754.8	23.08	3876.831	22.83	4002.82801	24.42	4102.89871	25.03	4205.47118	25.66	4308.80735
512	24.68	12825.92	25.40	13036.202	26.29	13456.9409	26.95	13796.4935	27.62	14141.3504	28.31	14494.8842
2016		30,34284		31,32875		32,3489588		33,456338		33,9845247		34,8341378
Total Per Diem Payment:				\$23,887,398		\$24,397,242		\$25,007,173		\$25,832,352		\$26,832,352
ebl Service Per Diem Rate:			@1504 beds @ 512 beds	\$7.46 \$4.80	4,106,461 918,221	\$5,024,682	4,095,242 915,712	\$5,010,954	4,095,242 916,712	\$5,010,954	4,095,242 915,712	\$5,010,954
fisc. Medical				\$285,514		\$273,177		\$260,006		\$247,006		\$235,102
fisc. Officer / Travel:				\$79,954		\$81,953		\$84,002		\$85,102		\$86,102
three (3) Year Contract Extension				28,238,649 1 mo.	\$2,396,602	28,763,325 12 mos.	\$29,763,325	30,382,134 12 mos.	\$30,382,134	31,016,414 11 mos.	\$28,467,120	



DON SUNDQUIST
GOVERNOR

DONAL CAMPBELL
COMMISSIONER

STATE OF TENNESSEE
DEPARTMENT OF CORRECTION
FOURTH FLOOR, RACHEL JACKSON BUILDING
NASHVILLE, TENNESSEE 37243-0465
(615) 741-1800 Ext. 4000 Office (615) 531-8281 Fax

March 13, 2000

The Honorable John D. Ferguson
Commissioner of Finance and Administration
First Floor, State Capitol
Nashville, Tennessee 37243

and

The Honorable John G. Morgan
Comptroller of the Treasury
First Floor, State Capitol
Nashville, Tennessee 37243

Gentlemen:

The Department of Correction respectfully requests your approval of an amendment to renew the contract between the State of Tennessee, Department of Correction, and Hardeman County, Tennessee, to house inmates sentenced to the care, custody, and control of the department at the Hardeman County Correctional Facility. Pursuant to Article 2, Section 2, of the subject contract, I have determined that the available facilities and institutions of the Department of Correction are at capacity.

I thank you for your consideration of this important matter.

Sincerely,

A handwritten signature in cursive script that reads "Donal Campbell".

Donal Campbell

DC:RR

**FOURTH AMENDMENT TO INCARCERATION AGREEMENT
by and between
THE STATE OF TENNESSEE, DEPARTMENT OF CORRECTION
AND
HARDEMAN COUNTY, TENNESSEE**

This Contract, by and between the State of Tennessee, Department of Correction, hereinafter referred to as the State, and Hardeman County, Tennessee, hereinafter referred to as the Contractor, is hereby amended as follows:

- 1 Delete Section 2.1 in its entirety and insert the following in its place:

Section 2.1. Term. This Contract is effective with its execution by all parties and continues for six (6) years and one (1) month after the Service Commencement Date unless terminated earlier in accordance herewith.

- 2 Delete Section 14.24 in its entirety and insert the following in its place:

Section 14.24. Maximum Liability. Notwithstanding any provision contained herein to the contrary, in no event shall the maximum liability of the State exceed:

Year 1 (State's FY ending June 30, 1997)	\$ 690,200
Year 2 (State's FY July 1, 1997 - June 30, 1998)	\$25,127,300
Year 3 (State's FY July 1, 1998 - June 30, 1999)	\$29,854,500
Year 4 (State's FY July 1, 1999 - June 30, 2000)	\$30,561,700
Year 5 (State's FY July 1, 2000 - June 30, 2001)	\$29,763,300
Year 6 (State's FY July 1, 2001 - June 30, 2002)	\$30,382,100
Year 7 (State's FY July 1, 2002 - June 30, 2003)	\$31,171,000

In the event that the State exercises its option to renew, the annual maximum liability for each year during any renewal period shall be calculated unilaterally by the State in the manner shown on Exhibit F.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

HARDEMAN COUNTY, TENNESSEE:

Don Cliff
County Mayor

DATE: 5/30/03

State of Tennessee }
County of HARDEMAN }

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Don Cliff, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be County Executive of Hardeman County, the within named bargainer, and that he, as such County Executive, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the County of Hardeman himself as County Executive.

Witness my hand, at office, this 30th day of May, 2003.



Michelle Davis
Notary Public

DEPARTMENT OF CORRECTION:

Quenton White
Quenton I. White, Commissioner

DATE: 5/30/03

State of Tennessee }
County of Davidson }

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Quenton I. White, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Commissioner of the Department of Correction for the State of Tennessee, the within named bargainer, and that he, as such Commissioner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the County of Hardeman himself as County Executive.

Witness my hand, at office, this 30th day of May, 2003.


Angela M. Moore
Notary Public

My Commission Expires:
My Commission Expires SEP. 25, 2004

APPROVED:

60-97-2466-04

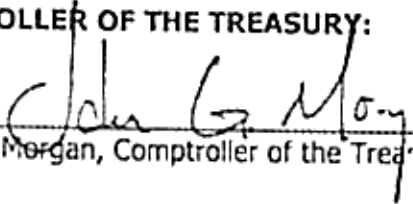
DEPARTMENT OF FINANCE AND ADMINISTRATION:



M. D. Goetz Jr., Commissioner

DATE: 6/24/03

COMPTROLLER OF THE TREASURY:



John G. Morgan, Comptroller of the Treas

DATE: 6/30/03

04/16/03

BLENDING PER DIEM CALCULATIONS

Inmate Population	Per Diem Rate 6/1/02 - 5/31/03	Blended Per Diem	Per Diem Rate 6/1/03 - 5/31/04	Blended Per Diem
940	\$41.60	\$39,104.00	\$42.68	\$40,120.70
58	\$30.01	\$1,740.58	\$30.79	\$1,785.84
338	\$29.16	\$9,856.08	\$29.92	\$10,112.34
168	\$25.30	\$4,250.40	\$25.96	\$4,360.91
512	\$27.91	\$14,289.92	\$28.64	\$14,661.46
2,016		\$34.35		\$35.24

CPI

Source: U.S. Department of Labor
Bureau of Labor Statistics
Washington, D.C. 20212

Consumer Price Index
All Urban Consumers - (CPI-U)
U.S. City Average
All Items

Annual Percent Change:

2000	3.36%
2001	2.85%
2002	1.58%

COMPOUND ANNUAL GROWTH

The compound annual growth in the consumer price index for all urban consumers over the past three years (2000 to 2002) is 2.60%.

1999	166.6
2000	0.033613
2001	0.028455
2002	0.015810

0.077879 Total Growth for 3 Years
0.025960 Compound Annual Growth

Per Diem Rate 6/1/04 - 5/31/05	Blended Per Diem	Per Diem Rate 6/1/05 - 5/31/06	Blended Per Diem
\$43.79	\$41,163.84	\$44.93	\$42,234.10
\$31.59	\$1,832.27	\$32.41	\$1,879.91
\$30.70	\$10,375.26	\$31.49	\$10,645.02
\$26.63	\$4,474.29	\$27.33	\$4,599.63
\$29.38	\$15,042.66	\$30.14	\$15,433.76
	\$36.15		\$37.09

FISCAL YEAR CONTRACT CALCULATIONS

Total Per Diem Payment: \$2,131,237.36

Debt Service Per Diem Rate: @ 1504 beds \$7.46
@ 512 beds \$4.90

Total Debt Service

Miscellaneous Medical:

Miscellaneous Officer Travel Expenses:

TOTALS BY FISCAL YEAR:

\$2,131,237.36	\$25,055,508.02	\$26,661,088.91	\$25,052,443.73
336,595.20	4,106,461.44	4,095,241.60	3,758,646.40
221,068.00	918,220.60	915,712.00	840,448.00
557,683.20	5,024,682.24	5,010,953.60	4,599,094.40
10,000.00	120,000.00	120,000.00	110,000.00
5,000.00	50,000.00	50,000.00	55,000.00

FIFTH AMENDMENT TO INCARCERATION AGREEMENT
by and between
THE STATE OF TENNESSEE, DEPARTMENT OF CORRECTION
AND
HARDEMAN COUNTY, TENNESSEE

This Contract, by and between the State of Tennessee, Department of Correction, hereinafter referred to as the State, and Hardeman County, Tennessee, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section 2.1 in its entirety and insert the following in its place:

Section 2.1. Term. This Contract is effective with its execution by all parties and continues for nine (9) years after the Service Commencement Date unless terminated earlier in accordance herewith.

2. Delete Section 2.2 in its entirety and insert the following in its place:

Section 2.2. Renewals. The State shall have the option to renew this Contract upon the same terms and conditions for four (4) additional three (3) year terms; provided, however, that such option to renew may be exercised only if, at the time of the exercise of the option, the Commissioner, in the Commissioner's sole discretion, determines that the available facilities and institutions of the Department are overcrowded. The State may exercise its option to renew by giving Hardeman County 270 days advance written notice of its intent to renew. If Hardeman County does not receive notice of the State's intent to renew 270 days in advance, it shall notify the Commissioner of Correction and the Commissioner of Finance and Administration of that fact by certified mail and the State shall have an additional 30 days from receipt of such notice within which to exercise its option to renew.

3. Delete Section 14.24 in its entirety and insert the following in its place

Section 14.24. Maximum Liability. Notwithstanding any provision contained herein to the contrary, in no event shall the maximum liability of the State exceed:

Year 1 (State's FY ending June 30, 1997)	\$ 690,200
Year 2 (State's FY July 1, 1997 – June 30, 1998)	\$25,127,300
Year 3 (State's FY July 1, 1998 – June 30, 1999)	\$29,854,500
Year 4 (State's FY July 1, 1999 – June 30, 2000)	\$30,561,700
Year 5 (State's FY July 1, 2000 – June 30, 2001)	\$29,763,300
Year 6 (State's FY July 1, 2001 – June 30, 2002)	\$30,382,100
Year 7 (State's FY July 1, 2002 – June 30, 2003)	\$31,171,000
Year 8 (State's FY July 1, 2003 – June 30, 2004)	\$31,261,200
Year 9 (State's FY July 1, 2004 – June 30, 2005)	\$31,852,100
Year 10 (State's FY July 1, 2005 – May 31, 2006)	\$29,816,600

In the event that the State exercises its option to renew, the annual maximum liability for each year during any renewal period shall be calculated unilaterally by the State in the manner shown on Exhibit F.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

HARDEMAN COUNTY, TENNESSEE:

Don Clift
Don Clift, County Executive

DATE: 7-14-03

State of Tennessee
County of HARDEMAN

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Don Clift, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be County Executive of Hardeman County, Tennessee, the within named bargainer, and that he, as such County Executive, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the County of Hardeman himself as County Executive.

Witness my hand, at office, this 14th day of July, 2003.



My Commission Expires:
3/21/07

Mary D. Taylor
Notary Public

DEPARTMENT OF CORRECTION:

Quenton I. White
Quenton I. White, Commissioner

DATE: 7/17/03

State of Tennessee
County of Davidson

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Quenton I. White, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Commissioner of the Department of Correction for the State of Tennessee, the within named bargainer, and that he, as such Commissioner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the County of Hardeman himself as County Executive.

Witness my hand, at office, this 17th day of July, 2003.

My Commission Expires:

My Commission Expires SEP. 25, 2004

Angela M. Moore
Notary Public

APPROVED:

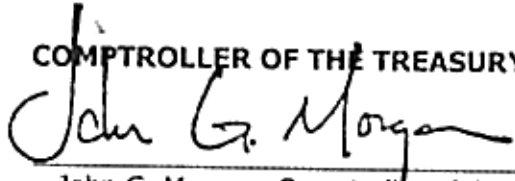
DEPARTMENT OF FINANCE AND ADMINISTRATION:



M. D. Goetz, Jr., Commissioner

DATE: AUG 06 2003

COMPTROLLER OF THE TREASURY:



John G. Morgan, Comptroller of the Treasury

DATE: 8/13/03

EXHIBIT F

Hardeman County Correctional Center Contract
 Inflation Factors for 06/01/03 - 06/30/06 Contract Amendment

04/16/03

CPI

Source: U.S. Department of Labor
 Bureau of Labor Statistics
 Washington, D.C. 20212
 Consumer Price Index
 All Urban Consumers - (CPI-U)
 U.S. City Average
 All Items

Annual Percent Change:

2000	3.36%
2001	2.85%
2002	1.58%

COMPOUND ANNUAL GROWTH

The compound annual growth in the consumer price index for all urban consumers over the past three years (2000 to 2002) is 2.60%.

1999	166.6
2000	0.033613
2001	0.028455
2002	0.015810

0.077879 Total Growth for 3 Years
 0.025960 Compound Annual Growth

BLENDED PER DIEM CALCULATIONS

Inmate Population	Per Diem Rate 6/1/02 - 5/31/03	Blended Per Diem	Per Diem Rate 6/1/03 - 5/31/04	Blended Per Diem
940	\$41.60	\$39,104.00	\$42.68	\$40,120.70
58	\$30.01	\$1,740.58	\$30.79	\$1,785.84
338	\$29.16	\$9,856.08	\$29.92	\$10,112.34
168	\$25.30	\$4,250.40	\$25.96	\$4,360.91
512	\$27.91	\$14,289.92	\$28.64	\$14,661.46
2,016		\$34.35		\$35.24

Per Diem Rate 6/1/04 - 5/31/05	Blended Per Diem	Per Diem Rate 6/1/05 - 5/31/06	Blended Per Diem
\$43.79	\$41,163.84	\$44.93	\$42,234.10
\$31.59	\$1,832.27	\$32.41	\$1,879.91
\$30.70	\$10,375.26	\$31.49	\$10,645.02
\$26.63	\$4,474.29	\$27.33	\$4,590.63
\$29.38	\$15,042.66	\$30.14	\$15,433.76
	\$36.15		\$37.09

FISCAL YEAR CONTRACT CALCULATIONS

Total Per Diem Payment: **\$7.45**
 Debt Service Per Diem Rate: **\$4.90**

Miscellaneous Medical

Miscellaneous Officer Travel Expenses:

TOTALS BY FISCAL YEAR:

\$2,131,237.35	\$26,055,508.02	\$26,651,088.91	\$25,052,443.73
339,595.20	4,105,451.44	4,055,241.60	3,758,545.40
221,088.00	918,220.80	915,712.00	840,448.00
557,683.20	5,024,692.24	5,010,953.60	4,599,094.40
10,000.00	120,000.00	120,000.00	110,000.00
5,000.00	60,000.00	60,000.00	55,000.00
\$2,705,920.55	\$37,284,190.50	\$37,852,022.11	\$35,415,931.53

SIXTH AMENDMENT TO INCARCERATION AGREEMENT
by and between
THE STATE OF TENNESSEE, DEPARTMENT OF CORRECTION
AND
HARDEMAN COUNTY, TENNESSEE

This Contract, by and between the State of Tennessee, Department of Correction, hereinafter referred to as the State, and Hardeman County, Tennessee, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section 2.1 in its entirety and insert the following in its place:

Section 2.1. Term. This Contract is effective with its execution by all parties and continues for twelve (12) years after the Service Commencement Date unless terminated earlier in accordance herewith.

2. Delete Section 2.2 in its entirety and insert the following in its place:

Section 2.2. Renewals. The State shall have the option to renew this Contract upon the same terms and conditions for three (3) additional three (3) year terms; provided, however, that such option to renew may be exercised only if, at the time of the exercise of the option, the Commissioner, in the Commissioner's sole discretion, determines that the available facilities and institutions of the Department are overcrowded. The State may exercise its option to renew by giving Hardeman County 270 days advance written notice of its intent to renew. If Hardeman County does not receive notice of the State's intent to renew 270 days in advance, it shall notify the Commissioner of Correction and the Commissioner of Finance and Administration of that fact by certified mail and the State shall have an additional 30 days from receipt of such notice within which to exercise its option to renew.

3. Delete Section 10.5(b) in its entirety and insert the following in its place:

(b) The Warden shall immediately cause a "Criminal History Request" from the National Crime Information Center (NCIC) to be completed on each individual hired to work at the Facility. The request shall be forwarded to the State and processed in accordance with procedures established by the Commissioner. In no instance may an employee be assigned to a post until the NCIC check has been completed; however, the employee may participate in preservice training while the check is in process. The State shall notify the Warden whether or not the employee is cleared for further consideration of employment. The criminal history obtained from NCIC or FBI may be used solely for the purpose requested.

4. Insert the following as Section 10.5(c):

(c) A Security Addendum required by Title 28, Code of Federal Regulations Part 20, is appended hereto as Exhibit G and incorporated by reference herein. The security addendum shall be included in any subcontract for management of the facility.

5. Delete Section 14.24 in its entirety and insert the following in its place:

Section 14.24. Maximum Liability. Notwithstanding any provision contained herein to the contrary, in no event shall the maximum liability of the State exceed:

(Period ending June 30, 1997)	\$ 690,200
(Period July 1, 1997 – June 30, 1998)	\$25,127,300
(Period July 1, 1998 – June 30, 1999)	\$29,854,500
(Period July 1, 1999 – June 30, 2000)	\$30,561,700

(Period July 1, 2000 – June 30, 2001)	\$29,763,300
(Period July 1, 2001 – June 30, 2002)	\$30,382,100
(Period July 1, 2002 – June 30, 2003)	\$31,171,000
(Period July 1, 2003 – June 30, 2004)	\$31,261,200
(Period July 1, 2004 – June 30, 2005)	\$31,852,100
(Period July 1, 2005 – May 31, 2006)	\$29,816,600
(Period June 1, 2006 – June 30, 2006)	\$ 2,732,648
(Period July 1, 2006 – June 30, 2007)	\$33,308,817
(Period July 1, 2007 – June 30, 2008)	\$34,183,219
(Period July 1, 2008 – May 31, 2009)	\$31,963,555

In the event that the State exercises its option to renew, the annual maximum liability for each year during any renewal period shall be calculated unilaterally by the State in the manner shown on Exhibit F.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

HARDEMAN COUNTY, TENNESSEE:

Don Clift
Don Clift, County Mayor

DATE: 5/15/06

State of Tennessee)
County of Hardeman

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Don Clift, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be County Executive of Hardeman County, Tennessee, the within named bargainer, and that he, as such County Executive, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the County of Hardeman himself as County Executive.

Witness my hand, at office, this 15th day of May, 2006.

My Commission Expires

3/21/07



Mary D Taylor
Notary Public

DEPARTMENT OF CORRECTIONS:

George M. Little
George M. Little, Commissioner

DATE: 18 MAY 06

State of Tennessee)
County of Davidson

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Gayle Ray, Acting Commissioner, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Commissioner of the Department of Correction for the State of Tennessee, the within named bargainer, and that he, as such Commissioner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the County of Hardeman himself as County Executive.

Witness my hand, at office, this 18th day of May, 2006.

My Commission Expires

My Commission Expires SEP. 20, 2008



Angela M. Moore
Notary Public

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M.D. Goetz, Jr. 9/ES
M. D. Goetz, Jr., Commissioner

DATE: 6/12/06

COMPTROLLER OF THE TREASURY:

John G. Morgan
John G. Morgan, Comptroller of the Treasury

DATE: 6-16-06

Exhibit F

Hardeman County Correctional Center Contract Inflation Factor for 06/01/08 - 06/30/09 Contract Amendment

01/24/05

CPI	
Source:	U.S. Department of Labor Bureau of Labor Statistics Washington, D.C. 20212
	Consumer Price Index All Urban Consumers - (CPI-U) U.S. City Average All Items
Annual Percent Change:	
2003	2.23%
2004	2.63%
2005	3.39%

COMPOUND ANNUAL GROWTH	
The compound annual growth in the consumer price index for all urban consumers over the past three years (2003 to 2005) is 2.73%	
2002	173.9
2003	184.0
2004	188.9
2005	195.3
	0.022700
	0.025630
	0.033690
	0.033321 Total Growth for 3 Years
	0.027787 Compound Annual Growth

BLENDED PER DIEM CALCULATIONS				
Inmate Population	Per Diem Rate 6/1/05 - 5/31/06	Blended Per Diem	Per Diem Rate 6/1/06 - 5/31/07	Blended Per Diem
940	\$42.93	\$42,234.20	\$46.18	\$43,403.31
58	\$32.41	\$1,879.78	\$33.31	\$1,932.04
338	\$31.48	\$10,643.62	\$32.37	\$10,939.51
168	\$27.33	\$4,531.44	\$28.09	\$4,719.08
512	\$30.14	\$15,431.68	\$30.93	\$15,600.88
2,016		\$37.09		\$30.12

Per Diem Rate 6/1/07 - 5/31/08	Blended Per Diem	Per Diem Rate 6/1/08 - 5/31/09	Blended Per Diem
\$47.45	\$44,615.06	\$48.78	\$45,866.38
\$34.24	\$1,905.75	\$35.19	\$2,040.35
\$33.27	\$11,243.83	\$34.19	\$11,566.20
\$28.07	\$4,880.27	\$29.67	\$4,905.11
\$31.84	\$15,201.81	\$32.72	\$16,254.79
	\$29.18		\$40.27

FISCAL YEAR CONTRACT CALCULATIONS

Total Per Diem Payment:	
Debt Service Per Diem Rate: @ 1504 beds \$7.46	
@ 512 beds \$4.90	
Total Debt Service	
Miscellaneous Medical:	
Miscellaneous Officer Travel Expenses:	
TOTALS BY FISCAL YEAR:	

6/1/06 - 5/31/06	7/1/06 - 6/30/07	7/1/07 - 6/30/08	7/1/08 - 6/30/09
\$2,305,788.77	\$28,117,863.69	\$28,978,536.62	\$27,199,468.47
336,595.20	4,095,241.00	4,103,461.44	3,758,648.40
75,264.00	915,212.00	913,220.80	840,448.00
411,659.20	5,010,553.60	5,024,682.24	4,599,096.40
10,000.00	120,000.00	120,000.00	110,000.00
5,000.00	60,000.00	60,000.00	55,000.00
42,722,447.97	43,308,817.29	43,182,218.86	41,967,564.87

**FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES**

SECURITY ADDENDUM

The goal of this document is to provide adequate security for criminal justice systems while under the control or management of a private entity, the Contractor. Adequate security is defined in Office of Management and Budget Circular A-130 as "security commensurate with the risk and magnitude of harm resulting from the loss, misuse, or unauthorized access to or modification of information."

The intent of this Security Addendum is to require that the Contractor maintain a security program consistent with federal and state laws, regulations, and standards (including the CJIS Security Policy in effect when the contract is executed), as well as with policies and standards established by the Criminal Justice Information Services (CJIS) Advisory Policy Board (APB).

This Security Addendum identifies the duties and responsibilities with respect to the installation and maintenance of adequate internal controls within the contractual relationship so that the security and integrity of the FBI's information resources are not compromised. The security program shall include consideration of personnel security, site security, system security and data security.

The provisions of this Security Addendum apply to all personnel, systems, networks and support facilities, supporting and/or acting on behalf of the government agency.

1.00 Definitions

- 1.01 Administration of criminal justice - the detection, apprehension, detention, pretrial release, post-trial release, prosecution, adjudication, correctional supervision, or rehabilitation of accused persons or criminal offenders. It also includes criminal identification activities; the collection, storage, and dissemination of criminal history record information; and criminal justice employment.
- 1.02 Agency Coordinator (AC) - a staff member of the Contracting Government Agency, who manages the agreement between the Contractor and agency.
- 1.03 Contracting Government Agency (CGA) - the government agency, whether a Criminal Justice Agency or a Noncriminal Justice Agency, which enters into an agreement with a private contractor subject to this Security Addendum.
- 1.04 Contractor - a private business, organization or individual which has entered into an agreement for the administration of criminal justice with a Criminal Justice Agency or a Noncriminal Justice Agency.
- 1.05 Control Terminal Agency (CTA)- a duly authorized state or federal criminal justice agency with direct access to the National Crime Information Center (NCIC) telecommunications network providing statewide (or equivalent) service to its criminal justice users with respect to the various systems managed by the FBI CJIS Division.
- 1.06 Control Terminal Officer (CTO)- an individual located within the CTA responsible for the administration of the CJIS network for the CTA.
- 1.07 Criminal Justice Agency (CJA)- The courts, a governmental agency, or any subunit of a governmental agency which performs the administration of criminal justice pursuant to a statute or executive order and which allocates a substantial part of its annual budget to the administration of criminal justice. State and federal Inspectors General Offices are included.

- 1.08 Noncriminal Justice Agency (NCJA) - a governmental agency or any subunit thereof that provides services primarily for purposes other than the administration of criminal justice.
- 1.09 Noncriminal justice purpose - the uses of criminal history records for purposes authorized by federal or state law other than purposes relating to the administration of criminal justice, including employment suitability, licensing determinations, immigration and naturalization matters, and national security clearances.
- 1.10 Security Addendum - a uniform addendum to an agreement between the government agency and a private contractor, approved by the Attorney General of the United States, which specifically authorizes access to criminal history record information, limits the use of the information to the purposes for which it is provided, ensures the security and confidentiality of the information consistent with existing regulations and the CJIS Security Policy, provides for sanctions, and contains such other provisions as the Attorney General may require.

2.00 Responsibilities of the Contracting Government Agency

- 2.01 The CGA entering into an agreement with a Contractor is to appoint an AC.
- 2.02 In instances in which responsibility for a criminal justice system has been delegated by a CJA to a NCJA, which has in turn entered into an agreement with a Contractor, the CJA is to appoint an Agency Liaison to coordinate activities between the CJA and the NCJA and Contractor. The Agency Liaison shall, inter alia, monitor compliance with system security requirements. In instances in which the NCJA's authority is directly from the CTA, there is no requirement for the appointment of an Agency Liaison.
- 2.03 The AC will be responsible for the supervision and integrity of the system, training and continuing education of employees and operators, scheduling of certification testing and all required reports by NCIC.
- 2.04 The AC has the following responsibilities:
 - a. Understand the communications and records capabilities and needs of the Contractor which is accessing federal and state records through or because of its relationship with the CGA;
 - b. Participate in related meetings and provide input and comments for system improvement;
 - c. Receive information from the CGA (e.g., system updates) and disseminate it to appropriate Contractor employees;
 - d. Maintain and update manuals applicable to the effectuation of the agreement, and provide them to the Contractor;
 - e. Maintain up-to-date records of employees of the Contractor who access the system, including name, date of birth, social security number, date fingerprint card(s) submitted, date security clearance issued, and date certified or recertified (if applicable);
 - f. Train or ensure the training of Contractor personnel. If Contractor personnel access NCIC, schedule the operators for a certification exam with the CTA staff. Schedule new operators for the certification exam within six (6) months of employment. Schedule certified operators for re-certification testing within thirty (30) days prior to the expiration of certification. Schedule operators for any other mandated class;
 - g. The AC will not permit an un-certified employee of the Contractor to access an NCIC terminal;

- h. Where appropriate, ensure compliance by the Contractor with NCIC validation requirements;
 - i. Provide completed Applicant Fingerprint Cards on each person within the Contractor who accesses the System to the CJA (or, where appropriate, CTA) for criminal background investigation prior to such employee accessing the system; and
 - j. Any other responsibility for the AC promulgated by the FBI.
- 2.05 The CTA shall ensure that all NCIC hot file transactions and Interstate Identification Index (III) transactions be maintained on an automated log for a minimum of six months. This automated log must identify the operator on III transactions, the agency authorizing the transactions, the requester, and any secondary recipient. This information can be captured at log on and can be a name, badge number, serial number, or other unique number.

3.00 Responsibilities of the Contractor

- 3.01 The Contractor shall maintain a security program which complies with this Security Addendum.
- 3.02 The Contractor shall assign a Security Officer accountable for the management of this security program. This person shall coordinate with the CGA to establish the security program.
- 3.03 The Contractor shall document the security program in a Security Plan. The Security Plan shall describe the implementation of the security requirements described in this Security Addendum, the associated training program, and the reporting guidelines for documenting and communicating security violations to the CGA. The Security Plan shall be subject to the approval of the CJA, even in instances in which the CGA is the NCJA.
- 3.04 The Contractor shall provide for a Security Training Program for all Contractor personnel engaged in the management, development, operation, and/or maintenance of criminal justice systems and facilities. Annual refresher training shall also be provided.
- 3.05 The Contractor shall establish a security violation response and reporting procedure to discover, investigate, document, and report on all security violations. Violations which endanger the security or integrity of the criminal justice system or records located therein must be communicated to the CGA immediately. Minor violations shall be reported to the CGA on a periodic basis, but in no instance less than quarterly. See Section 8.01.
- 3.06 The Contractor's facilities will be subject to unannounced security inspections performed by the CGA. These facilities are also subject to periodic FBI and state audits.
- 3.07 The security plan is subject to annual review by the CJA and the Contractor. During this review, efforts will be made to update the program in response to security violations, changes in policies and standards, and/or changes in federal and state law and technology.
- 3.08 The Contractor and its employees will comply with all federal and state laws, rules, procedures and policies (including the CJIS Security Policy in effect when the contract is executed) formally adopted by the FBI and the CJIS APB, including those governing criminal history record information.

4.00 Site Security

- 4.01 The Contractor shall dedicate and maintain control of the facilities, or areas of facilities, that support the CGA.

- 4.02 All terminals physically or logically connected to the computer system accessing NCIC and the criminal justice files must be segregated and screened against unauthorized use or observation.

5.00 System Integrity

- 5.01 Only employees of the Contractor, employees of CGA, the Agency Liaison, and such other persons as may be granted authorization by the CGA shall be permitted access to the system.
- 5.02 The Contractor shall maintain appropriate and reasonable quality assurance procedures.
- 5.03 Access to the system shall be available only for official purposes consistent with the appended Agreement. Any dissemination of NCIC data to authorized employees of the Contractor is to be for their official purposes.
- 5.04 Information contained in or about the system will not be provided to agencies other than the CGA or another entity which is specifically designated in the contract.
- 5.05 All criminal history record information requests must be envisioned and authorized by the appended Agreement. A current up-to-date log concerning access and dissemination of criminal history record information shall be maintained at all times by the Contractor.
- 5.06 The Contractor will ensure that its inquiries of NCIC and any subsequent dissemination conforms with applicable FBI/NCIC policies and regulations, as set forth in (1) the Security Addendum; (2) the NCIC 2000 Operating Manual; (3) the Policy and Reference Manual; (4) the CJIS Security Policy; and (5) Title 28, Code of Federal Regulations, Part 20. All disseminations will be considered as "Unclassified, For Official Use Only."
- 5.07 The Contractor shall protect against any unauthorized persons gaining access to the equipment, any of the data, or the operational documentation for the criminal justice information system. In no event shall copies of messages or criminal history record information be disseminated other than as envisioned and governed by the appended Agreement.

6.00 Personnel Security

- 6.01 Appropriate background investigations must be conducted on all Contractor employees and the Contractor's vendors which provide system maintenance support.
- 6.02 Thorough background screening by the CGA is required. This investigation includes submission of a completed applicant fingerprint card to the FBI through the state identification bureau. State and national record checks by fingerprint identification must be conducted for all personnel who manage, operate, develop, access and maintain criminal justice systems and facilities. Record checks must be completed prior to employment.
- 6.03 When a request is received by the CTA before system access is granted:
- a. The CGA on whose behalf the Contractor is retained must check state and national arrest and fugitive files. These checks are to be no less stringent than those performed on CJA personnel with access to NCIC.
 - b. If a record of any kind is found, the CGA will be formally notified, and system access will be delayed pending review of the criminal history record information. The CGA will in turn notify the Contractor-appointed Security Officer.

- c. When identification of the applicant with a criminal history has been established by fingerprint comparison, the CGA's designee will review the matter. A Contractor employee found to have a criminal record consisting of any felony convictions or of misdemeanor offenses which constitute a general disregard for the law is disqualified. Applicants shall also be disqualified on the basis on confirmations that arrest warrants are outstanding for such applicants.
 - d. If an adverse employment determination is made, access will be denied and the Contractor-appointed Security Officer will be notified in writing of the access denial. This applicant will not be permitted to work on the contract with the CGA. Disqualified employees and applicants for employment shall be notified of the adverse decisions and the impact that such records had on such decisions.
- 6.04 The investigation of the applicant's background shall also include contacting of employers (past or present) and personal references.
- 6.05 The Security Officer shall maintain a list of personnel who successfully completed the background investigation.
- 6.06 The CGA will ensure that each Contractor employee receives a copy of the Security Addendum and executes an acknowledgment of such receipt and the contents of the Security Addendum. The signed acknowledgments shall remain in the possession of the CGA and available for audit purposes.
- 6.07 The CGA shall ensure that each Contractor employee authorized to access CJIS network terminals or information provided therefrom is specially trained in the state and federal laws and rules governing the security and integrity of criminal justice information.
- 6.08 All visitors to sensitive areas of Contractor facilities must be escorted at all times by a Contractor employee with clearance. Names of all visitors shall be recorded in a visitor log, to include date and time of visit, name of visitor, purpose of visit, name of person visiting, and date and time of departure. The visitor logs shall be maintained for five years following the termination of the contract.

7.00 System Security

- 7.01 Transmission, processing, and storage of CJA information shall be conducted on dedicated systems. Increased reliance should be placed on technical measures to support the ability to identify and account for all activities on a system and to preserve system integrity.
- 7.02 The system shall include the following technical security measures:
- a. unique identification and authentication for all interactive sessions;
 - b. if warranted by the nature of the contract, advanced authentication techniques in the form of digital signatures and certificates, biometric or encryption for remote communications;
 - c. security audit capability for interactive sessions and transaction based logging for message-based sessions; this audit shall be enabled at the system and application level;
 - d. access control mechanisms to enable access to be restricted by object (e.g., data set, volumes, files, records) to include the ability to read, write, or delete the objects;
 - e. ORI identification and access control restrictions for message based access;
 - f. system and data integrity controls;

g. access controls on communications devices;

h. confidentiality controls (e.g., partitioned drives, encryption, and object reuse).

- 7.03 Data encryption shall be required throughout the network passing through a shared public carrier network.
- 7.04 The Contractor shall provide for the secure storage and disposal of all hard copy and media associated with the system to prevent access by unauthorized personnel.
- 7.05 The Contractor shall establish a procedure for sanitizing all fixed storage media (e.g., disks, drives) at the completion of the contract and/or before it is returned for maintenance, disposal or reuse. Sanitation procedures include overwriting the media and/or degaussing the media. If media cannot be successfully sanitized it must be returned to the CGA or destroyed.

8.00 Security violations

- 8.01 Consistent with Section 3.05, the Contractor agrees to inform the CGA of system violations. The Contractor further agrees to immediately remove any employee from assignments covered by this contract for security violations pending investigation. Any violation of system discipline or operational policies related to system discipline are grounds for termination, which shall be immediately reported to the AC in writing.
- 8.02 The CGA must report security violations to the CTO and the Director, FBI, along with indications of actions taken by the CGA and Contractor.
- 8.03 Security violations can justify termination of the appended agreement.
- 8.04 Upon notification, the FBI reserves the right to:
- a. Investigate or decline to investigate any report of unauthorized use;
 - b. Suspend or terminate access and services, including the actual NCIC telecommunications link. The FBI will provide the CTO with timely written notice of the suspension. Access and services will be reinstated only after satisfactory assurances have been provided to the FBI by the CJA and Contractor. Upon termination, the Contractor's records containing criminal history record information must be deleted or returned to the CGA.
- 8.05 The FBI reserves the right to audit the Contractor's operations and procedures at scheduled or unscheduled times. The FBI is authorized to perform a final audit of the Contractor's systems after termination of the Security Addendum.

9.00 Miscellaneous provisions

- 9.01 This Security Addendum does not confer, grant, or authorize any rights, privileges, or obligations on any persons other than the Contractor, CGA, CJA (where applicable), CTA, and FBI.
- 9.02 The following documents are incorporated by reference and made part of this agreement: (1) the Security Addendum; (2) the NCIC 2000 Operating Manual; (3) the Policy and Reference Manual; (4) the CJIS Security Policy; and (5) Title 28, Code of Federal Regulations, Part 20. The parties are also subject to applicable federal and state laws and regulations.

- 9.03 The terms set forth in this document do not constitute the sole understanding by and between the parties hereto; rather they provide a minimum basis for the security of the system and it is understood that there may be terms and conditions of the appended Agreement which impose more stringent requirements upon the Contractor.
- 9.04 This Security Addendum may only be modified by the FBI, and may not be modified by the parties to the appended Agreement without the consent of the FBI.
- 9.05 All notices and correspondence shall be forwarded by First Class mail to:

Assistant Director
Criminal Justice Information Services Division, FBI
1000 Custer Hollow Road
Clarksburg, West Virginia 26306

**FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES
SECURITY ADDENDUM**

CERTIFICATION

I hereby certify that I have read and am familiar with the contents of (1) the Security Addendum; (2) the TIME Manual; (3) the CJIS Security Policy; and (4) Title 28, Code of Federal Regulations, Part 20, and agree to be bound by their provisions.

I recognize that criminal history record information and related data, by its very nature, is sensitive and has potential for great harm if misused. I acknowledge that access to criminal history record information and related data is therefore limited to the purpose(s) for which a government agency has entered into the contract incorporating this Security Addendum. I understand that misuse of the system by, among other things: accessing it without authorization; accessing it by exceeding authorization; accessing it for an improper purpose; using, disseminating or redisseminating information received as a result of this contract for a purpose other than that envisioned by the contract, may subject me to administrative and criminal penalties. I understand that accessing the system for an appropriate purpose and then using, disseminating or redisseminating the information received for another purpose other than execution of the contract also constitutes misuse. I further understand that the occurrence of misuse does not depend upon whether or not I receive additional compensation for such authorized activity. Such exposure for misuse includes, but is not limited to, suspension or loss of employment and prosecution for state and federal crimes.

Signature of Contractor Employee

Date

Signature of Contractor Representative

Date

Organization and Title