

**MANAGEMENT SERVICES AGREEMENT
BETWEEN
STATE OF LOUISIANA
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,
CORRECTIONS SERVICES
AND
CORRECTIONS CORPORATION OF AMERICA**

Contract #: 692239

THIS CONTRACT is made and entered into by and between the Department of Public Safety and Corrections, Corrections Services, hereinafter referred to as "Department," represented by James M. Le Blanc, Secretary and, Corrections Corporation of America, a Maryland Corporation with its principal offices located in Nashville, Tennessee, hereinafter referred to as "Contractor", represented by Natasha Metcalf, Vice President, Partnership Development.

WHEREAS, La. R.S. 39:1800.1 through 39:1800.7 authorizes the State to enter into contracts for the private management of correctional facilities; and

WHEREAS, this Contract constitutes the entire agreement between the parties with respect to the subject matter

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties hereto agree and bind themselves and their successors as follows:

ARTICLE 1

DEFINITIONS

ACA – means the American Correctional Association.

ACA Standards – means the Standards for Adult Correctional Institutions under which the Facility is currently accredited

Contract Monitoring – means the monitoring by the Department in accordance with applicable Department Regulations

Effective Date of Contract – 12:01 a.m. July 1, 2010 with approval of the Joint Legislative Committee on the Budget

Facility – the 1538 bed (or other capacity as approved by the Department by amendment) correctional institution in Winn Parish, Louisiana for the incarceration of adult male inmates in the custody of the Department.

Force Majeure – means the failure of performance of any of the terms and conditions of this Contract resulting from acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of the government of the United States of America or the State of Louisiana or any of their departments, agencies or officials, or any

civil or military authority.

HVAC - means the heating, ventilating and air conditioning system.

In-Patient Hospital Costs – means those costs incurred upon and during admission to a hospital.

Inmate – means any person committed to the Facility by the Department

Inmate Day – means each calendar day or part thereof that an inmate is assigned to the Facility.

Management Services Agreement or Agreement – means the Management Services Agreement, together with all attachments, exhibits, amendments and modifications. Also referred to as “Contract” herein

Secretary – means the Secretary of the Department of Public Safety and Corrections.

ARTICLE 2

TERMS AND CONDITIONS

Section 2.1 Term The term of this Contract shall be for a period of ten (10) years commencing at 12:01 a.m. on the 1st day of July 2010 and ending at 12:00 p.m. on the 30th day of June 2020.

The parties agree to adjust the term of the Contract, if necessary, to comply with any amendments to Art. 1301(3) of the Tax Reform Act of 1986.

This contract is not effective until approved by the Joint legislative Committee on the Budget.

ARTICLE 3

COMPENSATION AND ADJUSTMENTS

Section 3.1 Management Payment The state shall pay the Contractor a regular per diem rate of \$31.51 per inmate per day from July 1, 2010 through June 30, 2020. On any July 1st that this contract remains in effect, the rate shall be adjusted by a percentage based on the Consumer Price Index (CPI) for All Urban Consumers for the previous calendar year, subject to the appropriation of funds by the Legislature. The Secretary of the Department shall include in the Department’s annual budget request a request for monies sufficient to cover the per diem adjustment set forth herein or 4% whichever is less. The Department shall work in good faith to secure the necessary allocation of funds in the Executive Budget.

Inmate days and billings will be determined by the midnight count of each day, which count shall be approved and signed by the Secretary or his designee.

The State shall pay the Contractor a minimum per diem per day equal to 95% of the total existing capacity at the per diem rate set out above. If, due to Force Majeure, the Facility is incapable of housing 95% of the total existing capacity, this minimum per diem will not be applicable until the Facility is again capable of housing such capacity. Effective July 1, 2011, the minimum per diem per day shall be equal to 96% of the total existing capacity at the per diem rate set out above. If, due to Force Majeure, the Facility is incapable of housing 96% of the total existing capacity, this minimum per diem will not be applicable until the Facility is again capable of housing such capacity.

No per diem will be paid for inmates housed at a state hospital beginning after the second day the inmate is confined in the hospital. No per diem shall be paid for any inmate out on court order beginning on the day following the day he leaves. The Department shall permit the Contractor to fill such beds.

A. Emergency Housing of Evacuated Inmates

The State shall pay the contracted per diem to house up to 350 additional temporary out of custody inmates as needed from various Parishes who have been displaced as a result of the devastation to the infrastructure of the affected parishes' criminal justice system caused by hurricanes.

Section 3.2 Billings The Contractor shall bill the Department for each calendar month, within fifteen (15) days of the end of each month. The Department shall pay such invoices within forty-five (45) days of the end of each monthly billing period.

Section 3.3 Billing Disputes If the amount to be paid to Contractor is disputed by the State, then the State, on or before the date the invoice is payable, shall advise Contractor of the basis for the dispute and, in the manner provided above, pay the amount of such invoice which is not in dispute. If the parties cannot resolve the dispute within thirty (30) days, either party may initiate dispute resolution proceedings as provided in Section 9.2.

Section 3.4 Compensation Adjustment for Change of Services The parties recognize that each has entered into this Contract based upon current law, Department regulations and ACA Standards in effect as of the date of the Contract. If there are any changes in ACA Standards, laws, government regulations or court orders applicable to the State, which necessitate change in the scope of services furnished hereunder so as to increase or decrease the cost of operating and managing the Facility, the party desiring a change shall provide reasonable notice, in writing and documentation supporting the requested compensation adjustment to the other party. Once notified, the receiving party shall advise within thirty (30) days of receipt of notice whether or not they agree to the adjustment in compensation requested.

Section 3.5 Failure to Agree on Compensation for Additional or Reduced Services If the parties cannot agree on a compensation for additional or reduced services within sixty (60) days of the date of the request, either party may initiate resolution through dispute procedures provided in Section 9.2.

Section 3.6 Taxes Contractor shall be responsible to pay all local, state and federal taxes, if any are incurred, with respect to the operation of the Facility.

Section 3.7 Utilities Contractor shall pay all utility charges and deposits incurred or imposed with respect to the Facility except as negotiated with Prison Enterprises.

ARTICLE 4

FACILITY AND EQUIPMENT

Section 4.1 Possession of Facility On the Service Commencement Date of this Contract, the State shall grant to the Contractor exclusive use, possession and control of the land and property comprising the Facility and its grounds, subject to the State and Department's rights to enter and inspect same.

The State shall assign or make available to the Contractor any warranties related to the Facility from the construction contractor or subcontractors or from manufacturers or suppliers of items used in the Facility.

Section 4.2 Possession of Moveable Property On the Service Commencement of the Contract, the State shall grant the Contractor exclusive use and possession, subject to the terms of this Contract, of all movable property purchased by the Department, purchased by the Contractor to replace original State property or property purchased by Contractor and reimbursed by the Department pursuant to the State's master Listing of Property (appendix A). Contractor shall have the exclusive use of the movable property listed in the State's Master Listing of Property during the term of the Contract. Property purchased by Contractor pursuant to previous agreements for which the State reimbursed Contractor shall pass to the Department upon reimbursement, but the Department will grant Contractor exclusive use and possession of said equipment subject to the terms of this contract.

Section 4.3 Additional Property Contractor has placed in the Facility the property set forth on the Contractor Property List (Appendix B), and may place additional property in the Facility at its expense and maintain documentation of such. Any additional property purchased by the Contractor during the term of this Contract may be purchased by the State at the conclusion of the Contract at the Contractor's cost, less depreciation using the straight-line method over a five-year period. Non-perishable supplies purchased by the Contractor during the term of the Contract may be purchased by the State at a negotiated price at the conclusion of the Contract.

Section 4.4 Inventory If this Contract is terminated for any reason, the State and the Contractor shall conduct a joint inventory prior to the termination to determine if property listed on Appendix A and replacement items purchased by the Contractor, and items purchased by the Contractor and reimbursed by the State are in place at the Facility. Contractor shall be liable for unlocated property based on replacement cost of such property.

Section 4.5 Maintenance, Repair and Replacement The Contractor will be responsible for routine and preventive maintenance and will maintain a preventive maintenance program. The Contractor will comply with the State's audit program and the State may audit the preventive maintenance program at any time.

Subject to the limitations contained herein, the Contractor shall make necessary repairs and replacement of all equipment except that the State is responsible for replacement of the HVAC systems unless the need for replacement is due to negligence on the part of Contractor. The State will maintain a maintenance contract with an authorized HVAC dealer to insure the integrity of the system. Contractor shall be responsible for providing timely notice to the Department in the event the system is not maintained by an outside contractor in accordance with any maintenance contract issued by the Department.

Upon obsolescence or damage to property listed in Appendix A, Contractor shall replace such property with the same or similar property of equal value based on replacement cost of that property. Obsolete or damaged property shall be disposed of through the Louisiana Property Assistance Agency in accordance with La. R. S. 39:321 et al.

Vehicles shall be titled to Contractor with insurance coverage provided by Contractor in accordance with provisions of Article 7 of Contract. Upon disposal of vehicles through Louisiana Property Assistance Agency, Contractor shall transfer title to the state.

Section 4.6 Construction and Renovation No construction or renovation to the Facility shall be undertaken by the Contractor without the express written approval of the State. All construction and renovation requested by Contractor and approved by the State shall be at Contractor's expense, unless otherwise specified.

Section 4.7 Office Space The Contractor shall provide adequate office space in the administration building of the Facility for the Department's records analyst and a clerk. The Contractor shall provide routine office supplies and shall permit these employees to use its office equipment.

Section 4.8 Access by State Authorized representatives of the Department shall have access at all times, with or without notice, to inmates and staff, to all areas of the Facility and to all books, records (including financial and employee disciplinary records) and reports kept by the Contractor concerning the renovation, repair, maintenance and operation of the Facility. Other State employees, on official business, shall have access to the Facility, equipment and records when necessary. The representative of the Department may attend selected meetings, staffings or hearings and review Facility records, inmate files and budget documents, at any time. Access to documents pursuant to this Section shall be limited to access required for the purposes stipulated in this section and shall not include sensitive, proprietary corporate documents that do not relate to the Facility.

Section 4.9 Expansion The Contractor agrees that should the State decide to expand the Facility, this Contract will remain in effect. The per diem for beds created through the expansion will be negotiated by the parties.

ARTICLE 5

OPERATION OF FACILITY

Section 5.1 Operating Standards The Contractor shall operate and maintain the Facility in accordance with all applicable constitutional standards, federal, state and local laws, court orders and all Department rules and regulations, excluding those for which waivers are approved in writing by the Secretary or his designee, that are effective during the

Contract term. Contractor shall maintain accreditation with the Commission on Accreditation for Corrections/American Correctional Association.

Contractor's procedures shall comply with Department regulations. Any variances from the Department regulations shall be submitted to the Secretary for approval prior to implementation by Contractor.

Contractor shall maintain dual ACA accreditation of the Facility, Adult Correctional Institutions and Performance Based Standards for Correctional Health Care in Adult Correctional Institutions, 4th Edition Adult Correctional Institutions.

If any applicable federal, state or local laws, court orders, Department rules or regulations, ACA Standards or provisions of this Contract are in conflict, the more stringent requirement shall govern as determined by the Department.

Section 5.2 Assignment and Transfer of Inmates Inmates will be assigned to the Facility in accordance with Department Regulation No. B-02-001. Contractor may not refuse to accept any inmate assigned to the Facility, but if the Contractor believes that an inmate has been erroneously assigned to the Facility, or warrants transfer for medical, psychiatric, disciplinary or administrative reasons, it may request his transfer through the Department citing the appropriate sections of Department Regulation No. B-02-001.

Classification screenings shall be conducted in accordance with Department Regulation No. B-02-001.

Section 5.3 Safety and Emergency Procedures The Contractor shall maintain an emergency plan, as such may be revised from time to time, addressing operation of the Facility in the event of an employee or inmate labor dispute, riot, fire, civil disaster or power failure.

Section 5.4 Telecommunications Contractor will maintain all telecommunications equipment, except the inmate telephone system. Any additional telecommunications equipment provided by the Contractor must be capable of interfacing with the Department's existing communications system and with any future Department system.

Section 5.5 Counseling/Mental Health Contractor will provide counseling and mental health programs complying with applicable ACA Standards and Department Regulations, which provide group and individual counseling to inmates, coordination of treatment and intervention programs, referral to psychiatric care, mental and crisis intervention with individual and group counseling specified as follows:

- A. Pre-Employment counseling assisting in upgrading inmates' potential for securing jobs upon release with the focus on a job search workshop.
- B. Substance Abuse Counseling designed to provide education to inmates about the disease of addiction and provides substance abuse education and awareness; signs and symptoms of chemical dependency; effective evaluation of support systems, group and individuals; realities of recovery and dealing with failure; dynamics of self-forgiveness as a pathway to recovery; and basic principals of attaining and maintaining sobriety;

- C. Family/Support Network Counseling addressing coordination of a support network aimed at reinforcing relationships among the inmates, the family and community support systems. Volunteers are recruited from local social service and public education programs, including approved inmate support groups;
- D. Sex offender treatment program providing group and individual therapy, and development of treatment plans as outlined in Department Regulation B-06-002.
- E. Mental health staff must maintain appropriate licensure.

The counseling and mental health program will be supported by case management procedures ensuring an ongoing record documenting the inmate's progress.

Section 5.6 Medical/Dental Contractor will provide a medical services and dental program in accordance with ACA Standards, Department Regulations, federal, state and local law; including 24 hour a day, 7 day a week emergency medical, psychiatric and dental care. Contractor shall provide on-site nursing care, 24 hours a day, seven (7) days a week.

Contractor will provide for routine sick call and clinic care within the Facility and, in those cases when the health of the Inmate would otherwise be adversely affected, dental treatment. Except for care provided at a state hospital which shall be paid by the State, Contractor shall pay for the following inmate medical care:

- A. All care provided within the Facility
- B. All outside physician visits and other out-patient treatment, including dental and psychiatric at other than a state hospital
- C. All emergency room costs at other than a state hospital
- D. All medically related transportation;
- E. All medically related security costs, except that the State shall be responsible for the cost of security after the first 48 hours of any hospitalization in a state hospital
- F. In-patient hospital costs, including hospitalization for psychiatric reasons, for the first 48 hours of each hospital stay by an inmate, unless the state hospital refers the inmate to a private hospital, in which case the State will be responsible for those costs. In the event all or part of the state hospital system is not available during the term of this Contract to provide necessary medical treatment that cannot be provided at the Facility, the State shall immediately accept custody of said inmate and arrange for needed treatment. This provision's application shall include, but not be limited to, the closing of one or more institutions or an existing institution's refusal to accept one or more inmates.
- G. Eyeglasses, hearing aids, dentures and prostheses, when required.

If Contractor continues to be responsible for security after the first two days of any hospitalization in a state hospital, contractor shall be reimbursed at the rate of \$17.95 per

hour for each hour of guard services thereafter. On July 1 of each contract year, rate may be increased by a maximum of four percent (4%).

In the event all or part of the state hospital system is not available during the term of this contract to provide necessary medical treatment that cannot be provided at the facility, the State shall immediately accept custody of said inmate and arrange for needed treatment. This provision's application shall include, but not be limited to, the closing of one or more institutions or an existing institution's refusal to accept one or more inmates.

In medical situations necessitating surgery or hospitalization, the Warden will notify the Office of Adult Services of such. If possible, notification will be done before the surgery or hospitalization takes place, but in the event this is not possible, notification by facsimile transmission with an original notice by hand delivery or mail will be given to the Office of Adult Services by the next working day following surgery or hospitalization.

Section 5.7 Food Service Contractor will provide food service in accordance with ACA Standards. The Contractor shall not be required to follow the Department's master menu.

Section 5.8 Laundry and Inmate Clothing Contractor will provide full inmate laundry services and inmate clothing in accordance with ACA Standards. Contractor shall procure inmate clothing from Prison Enterprises in accordance with Section 9.15 Prison Enterprises

Section 5.9 Recreation Consistent with ACA Standards, the Contractor shall provide facilities, equipment and supplies for indoor and outdoor recreational and leisure time programs for the inmate population. Written policy and procedure, subject to approval by the Department, shall provide for a comprehensive recreational program supervised by a qualified person and shall set forth the number of hours of outdoor recreation available to each inmate.

Section 5.10 Transportation Contractor shall provide, at its expense, full transportation services for all inmates to be housed at the Facility beginning with the initial transfer of the inmate from the Adult Reception and Diagnostic Center, David Wade Reception and Diagnostic Center, or any other Department facility, and ending upon the inmate's return to the Department. Transportation services shall also include all emergency transportation, medical or otherwise, in addition to all routine transportation.

Upon mutual agreement of Contractor and the Department, the Department may provide for the transportation of inmates to the Facility or for the return to the Department. If the Contractor is transporting inmates to or from the Facility or to or from a state institution, the Contractor, upon mutual agreement of the Contractor and the Department, may provide transportation to and from institutions for state inmates housed in those institutions.

Section 5.11 Inmate Canteen Contractor will provide a canteen for inmates which shall supply those items contained on the Department's canteen list or equal. Contractor shall purchase canteen items from Prison Enterprises in accordance with Section 9.15. Contractor shall use the automated centralized inmate banking system for all canteen transactions. Contractor shall be allowed to charge the canteen for salaries of three (3) correctional officers plus two (2) administrative positions. All other salary and utility expenses of the canteen are to be paid by the Contractor.

Section 5.12 Mail Contractor will provide pick-up and delivery of inmate mail in compliance with ACA standards, applicable court decisions and Department Regulations. Contractor will furnish first class postage to indigent inmates for the mailing of legal documents to courts or legal counsel and a reasonable amount of postage for other

Section 5.13 Religion Contractor will provide adequate space within the Facility for religious services and provide programs in compliance with applicable ACA Standards, Department rules and regulations and state and federal laws.

Section 5.14 Facility Supplies Contractor will furnish all Facility supplies, including general hygiene items, office supplies and building support items such as soap, mops, buckets, linens, towels, etc. Contractor shall procure such supplies from Prison Enterprises in accordance with Section 9.15.

Section 5.15 Grievance Procedure Contractor will provide a formal grievance procedure for inmates pursuant to La. R.S. 15:1171, et seq. utilizing the Department's Administrative Remedy Procedure, Department forms and record keeping procedures according to Department Regulations. Contractor's Managing Director, Operations, may be delegated the authority by the Secretary of the Department to rule on any administrative appeals by inmates from decisions of the Warden of the Facility concerning those issues which directly affect Contractor (i.e. Lost Property Claims).

Section 5.16 Security and Control Contractor shall provide inmate security and control in accordance with ACA Standards, Department regulations, and Contractor policy and procedure approved by the Department at all times and wherever inmates are in their custody.

Section 5.17 Visitation Contractor shall designate physical space and provide supervision for visitation in accordance with applicable ACA Standards, Department Regulations and court orders.

Section 5.18 Access to Courts Contractor shall furnish inmates with a law library, or legal counsel, or paralegals, or any combination thereof, of sufficient quality and quantity to ensure that inmates have adequate access to the courts.

Section 5.19 Inmate Discipline Contractor shall impose discipline on inmates utilizing the Department of Public Safety and Corrections Disciplinary Rules and Procedures for Adult Inmates, including disciplinary appeal procedures.

Section 5.20 Use of Force Contractor's employees shall be allowed to use non-deadly and deadly force in compliance with state law, ACA Standards, Contractor Policy and Procedure submitted to and approved by the Department, and Department Regulations and only while on the grounds of the Facility, while transporting inmates, while pursuing escapes from the facility and when appropriate, in assisting local law enforcement.

Section 5.21 Good Time Contractor shall provide specific information to the State for the purposes of award or forfeiture of good time. The final decision on awarding or forfeiture of good time rests solely with the State, although Contractor shall be responsible for providing information as to performance and behavior of inmates.

Section 5.22 Sentence Computation Contractor shall provide the State with essential data and information relating to sentence computation. All sentence computations shall be done by the Department and copies furnished to Contractor and inmates.

Section 5.23 Records and Reports Contractor shall utilize an inmate record and report system which complies with ACA Standards and Department Regulations and is compatible with Department record keeping systems. Inmate records shall include medical, psychiatric, dental, counseling and classification records. The system shall adhere to federal, state and local laws governing confidentiality. Upon request, all records, reports and documents will be made available immediately to the Department for review. At the conclusion of the Contract, all records shall be turned over to the Department.

Section 5.24 Escape The Contractor shall exercise its best efforts to prevent escapes from the Facility and shall be responsible for immediate notification to the Department in accordance with Department Regulations in the event of an escape. If the frequency of escapes shall be substantially in excess of the frequency of escapes from comparable state facilities without good cause or shall exhibit reckless disregard for the safety of the general public, the Department may place the Contractor in default pursuant to Article 8.

Section 5.25 Policies and Procedures The Contractor shall audit, using personnel other than employees of the Facility, at least yearly, implementation of Contractor's Policies and Procedures. Copies of completed audit forms shall be forwarded to the Department for review upon completion of each audit together with a report outlining the steps to be taken to correct any deficiencies.

Section 5.26 Inmate Work The Contractor shall establish work programs. The Contractor will be allowed to use inmate labor for Facility operations and maintenance to the same extent inmate labor is utilized in other state facilities, (except in the event of a state of emergency declared by the Secretary or the Governor) including but not limited to the following:

1. Inmates classified are to be assigned a work detail within two (2) weeks of arrival at the Facility
2. Inmates are to be assigned to productive full time activity, five (5) days a week except if an inmate's medical condition or custody status prohibits this activity, when emergency conditions exist, if weather conditions make work inappropriate or if prior approval is granted by the Secretary or his designee
3. Contractor shall not generate a profit from inmate work activities
4. Inmates shall be supervised by staff, never by another inmate

The Contractor shall submit a listing of all inmate jobs and the number of inmates to be utilized in said jobs. Job assignments and re-assignments shall be made by the Contractor in accordance with ACA Standards, applicable laws and Department regulations.

The State shall provide inmates with good time credit and/or monetary compensation for labor performed in accordance with ACA Standards, applicable laws and Department

regulations. The State shall be responsible for establishing and administering the compensation program. Contractor shall work with the Prison Enterprises Division of the Department in setting up work and training programs.

Contractor will assign inmates to the Prison Enterprises Division as requested by the Department. The Contractor will furnish security for these inmates based on staff/inmate ratio approved by the Chief of Operations. The Prison Enterprises Division of the Department will furnish all other employees and all supplies and materials needed for operation of the program.

Section 5.26.1 Project Clean-Up In conjunction with the Governor's Project Clean-up, the Facility will provide one (1) work crew responsible for litter collection on the highways and right of ways in the Department of Transportation and Development (DOTD) District #08. Designated personnel from the Facility will serve as a representative/liaison between the Facility and DOTD. Each litter collection crew shall consist of a minimum of seven (7) inmates who shall collect and bag litter on highways and highway right-of-ways as determined by the DOTD District Administrator or his designee. The DOTD District Administrator or his designee and the Warden or his designee of the Facility shall coordinate litter collection in association with the DOTD mowing/litter schedule and/or special requests. The DOTD District Administrator or his designee in conjunction with the Warden or his designee shall have final authority relative to work locations.

The Facility shall be responsible for providing transportation of the inmate litter collection crews and crew supervisor from the Facility to the work-site and from the work-site back to the Facility. The Facility shall provide trained crew supervisors to supervise the inmates at all times. The Facility shall be responsible for maintaining accurate offender activity and unusual occurrence reports.

The Facility shall properly train the inmate litter collection crews and crew supervisor and provide all safety equipment, including but not limited to, safety glasses, goggles, hard hats, safety shoes, etc., if not provided by the DOTD, that is necessary to efficiently and safely carry out their duties. All safety equipment shall be used by inmates and crew supervisors as required in the Project Clean-Up Safety Training handbook. This handbook may be obtained by contacting the DOTD district contact designee. The Facility shall be responsible for providing lunch and shall have on site at all times a sufficient supply of water for the inmate crews.

In consideration for providing litter crew services, the Department will pay the contractor \$3378.00 per crew per month, for each month the crew is in operation. Each inmate crew shall work 32 hours per week. If, for any reason, an inmate crew is unable to work the required 32 hours in any given week, the crew may, at its option, work extra days or hours to make up the time the crew did not work, provided, however, the time made up is within the quarter in which it was missed. DOTD may, at its sole discretion, allow an inmate crew to make up the time missed in a subsequent quarter. However, in no event, will the Facility be permitted to make up time missed after the end of the fourth quarter of the term of the Agreement between the Department and DOTD, whichever comes first. If an inmate work crew is unable to work or does not work the agreed upon number of days and hours or time is not made up in accordance with the provisions contained in this paragraph, then deductions shall be made from payments due the Contractor at the rate of \$26.39 per hour per crew for each hour not worked.

The Facility shall maintain accurate daily work records detailing the routes and locations on which the inmate crews have performed litter collection as designated on the Project Clean-Up reporting form. These daily work records shall be submitted to the Department weekly and to the DOTD District Administrator or his designee for review every two weeks.

Continuation of this project is contingent on appropriation of funds.

Section 5.27 Vocational and Academic Training The Contractor shall furnish and/or provide for vocational and academic training in accordance with ACA Standards and to include the following minimum:

- A. Educational diagnostics and counseling 2 groups per week;
- B. General education high school equivalency 10 classes per week;
- C. Remedial and special education 10 classes per week;
- D. Pre-release dynamics 2 groups per week; and
- E. Vocational education 8 classes per week;

The Contractor will provide vocational programs with the curriculum being competency based and leading to a certificate of participation or a certification of achievement specifying mastery in the trade and/or a diploma.

Section 5.28 Inmate Welfare Fund Profits from the inmate canteen shall be deposited into the State Treasury to be classified as self-generated revenue to fund inmate welfare expenditures. Expenditures for inmate welfare may be made by the Contractor for the benefit of the inmate population only in accordance with a yearly budget approved by the Department and in accordance with Department Regulations. The Department will reimburse the Contractor the lesser of the amount of either the collected revenue or the maximum approved self generated revenue budget.

Section 5.29 Inmate Banking System All monies to be credited to individual inmates shall be deposited in the automated central inmate banking system maintained by the Department.

Section 5.30 Sanitation and Hygiene The Contractor shall provide for sanitation and hygiene supplies in accordance with ACA Standards. .

Section 5.31 State of Emergency Contractor shall be bound and adhere to any state of emergency declared by the Secretary.

ARTICLE 6

EMPLOYEES

Section 6.1 Independent Contractor Contractor is associated with the State only for the purposes and to the extent set forth in the Contract. With respect to the performance of the management services set out herein, Contractor is and shall be an independent contractor

and, subject to the terms of this Contract, shall have the sole right to manage, control, operate and direct the performance of its duties under this Contract. The Contractor's agents and employees shall not accrue leave, retirement, insurance, bonding, use of State vehicles or any other benefit afforded to the employees of the State as a result of this Contract. Contractor, its agents and employees shall not be considered agents or employees of the State.

Section 6.2 Personnel Notwithstanding any provision contained herein to the contrary, Contractor will provide adequate staff to fulfill its obligations under this Contract. The number of staff set forth in Appendix C-Staffing pattern, is based on full capacity and shall be the minimum number of staff employed at all times unless decreased in accordance with this provision. Security staff vacancies will be filled as soon as possible but no later than thirty (30) days after vacancy occurs and all other vacancies shall be filled as soon as possible but no later than forty-five (45) days from the vacancy. If a position (identified by a unique position number) remains vacant past the time set out above, the Department may deduct from the amount paid to the Contractor the cost of salary for the position(s) until it is filled, beginning with the first day beyond the time set forth herein. The salary will be based on the starting salary for said position. If the service is provided by the use of a full time equivalent, no deduction will be made from the payment provided sufficient documentation exists. Contractor may use contract/agency staff as a full time equivalent up to 120 days for correctional officer and shall submit documentation of such to the Department. In the event the facility population has decreased such that the minimum staffing requirements set out in Appendix C are no longer appropriate, the State shall make no deductions from the monies paid to Contractor and shall decrease the staff minimums of Appendix C in proportion to the decrease in population. Any reductions to the Appendix C staffing pattern and any associated reductions to the per diem, if applicable, shall be negotiated between the parties and are subject to mutual agreement. Notwithstanding any other provision of this Contract to the contrary, the parties may effect such changes by amendment to this Contract or by another written document that is signed by authorized representatives of both parties.

Prior to employment with Contractor, applicants shall be subjected to a thorough background check. When necessary and when requested by Contractor, at Contractor's cost, the State will provide NCIC and/or FBI background checks on these individuals.

If at any time period set out above, a non-security position which requires specific qualifications or licenses, is staffed with a person who does not have these qualifications or licenses, i.e., a registered nurse position staffed by a licensed practical nurse, the Department may set off, against the amount paid Contractor, the difference of the salary paid if the qualified or licensed person had been employed. The salary for the qualified or licensed person will be based on Contractor's starting salary for said position. With prior approval of the Secretary, these positions may be staffed by a person who does not have the specific qualifications or licenses, if Contractor is unable to staff the position with a person who meets these requirements.

Contractor will submit monthly reports on or before the fifteenth (15th) day of each month describing, for the preceding month, whether and to what extent Contractor has complied with its Staffing pattern. Contractor will make available all payroll and personnel records to allow the Department to periodically review compliance with Staffing patterns and allow for calculation of deductions to payments as required.

Section 6.3 Training Contractor shall provide orientation and in-service training programs for all employees in accordance with ACA Standards and Department regulations.

The Contractor shall maintain documentation of all completed employee training and provide such to the Department within thirty (30) days after its completion. The Department shall be permitted to review training curriculum and other training-related records and to audit training classes at any time.

Section 6.4 Drug Free Work Force Contractor shall, at all times, maintain a drug free work force and shall provide the programs and training in accordance with Department Regulations.

Contractors shall provide drug testing for all job applicants prior to employment and shall test all employees in compliance with Contractor's policy and procedures and Department Regulations.

Section 6.5 Subcontractors Contractor shall not enter into any subcontract for work or services contemplated under this agreement without obtaining prior written approval of the Department. Any subcontracts approved by the Department shall be subject to the conditions and provisions as the Department may deem necessary. Such prior written approval, unless otherwise provided in this agreement, shall not be required for the purchase by the Contractor of supplies and services which are incidental but necessary for the performance of the work required under this agreement. Nor shall this provision apply to subcontracts with individuals within areas of service provided directly by Contractor. (By way of example, a subcontract for all medical services would require approval; however, a subcontract with an individual doctor would not.) No provisions of this clause and no such approval by the Department of any subcontract, shall be deemed in any event or manner, to provide for the incidence of any obligation of the Department beyond those specifically set forth herein. No subcontract shall relieve the Contractor of the responsibility for the performance of any subcontractor.

ARTICLE 7

INDEMNIFICATION, INSURANCE AND DEFENSE OF CLAIMS

Section 7.1 Indemnification Contractor shall protect, defend, indemnify, save and hold harmless the State of Louisiana, all state departments, agencies, boards and commissions, its officers, agents, servants and employees, including volunteers, from and against all claims, demands, expenses and liability arising out of acts or omissions of the Contractor, its agents, servants, subcontractors and employees and any and all costs, expenses and attorney's fees incurred as a result of any such claim, demand or cause of action including, but not limited to, any and all claims arising from:

- a. any breach or default on the part of Contractor in the performance of the Contract;
- b. any claims or losses for services rendered by contractor, by any person or firm performing or supplying services, materials or supplies in connection with the performance of the Contract;
- c. any claims or losses to any person injured or property damaged from the acts or

omissions of Contractor, its officers, agents or employees in the performance of the Contract;

d. any claims or losses by any person or firm injured or damaged by contractor, its officers, agents or employees by the publication, translation, reproduction, delivery, performance, use or disposition of any data processed under the Contract in a manner not authorized by the Contract, or by federal, state, or local statutes or regulations;

e. any failure of Contractor, its officers, agents or employees to observe the laws of the United States and the State of Louisiana, including but not limited to labor laws and minimum wage laws; and

f. any claim or losses resulting from an act of an inmate while under Contractor's authority or any State inmate assigned to another institution who may be in the physical custody and control of Contractor and/or is being transported by Contractor for the Department.

This indemnification provision shall not be applicable to injury, death or damage to property arising out of the sole negligence or sole willful misconduct of the State, its officers, agents, servants or independent contractors (other than Contractor) who are directly responsible to the State. Contractor shall not waive, release or otherwise forfeit any possible defense the State may have regarding claims arising from or made in connection with the operation of the Facility by Contractor without the consent of the State. Contractor shall preserve all such available defenses and cooperate with the State to make such defenses available to the maximum extent allowed by law.

In case any action or proceeding is brought against the State by reason of any such claim, Contractor, upon notice from the State, shall defend against such action by counsel satisfactory to the State, unless such action or proceeding is defended against by counsel for any carrier of liability insurance provided for herein.

Section 7.2 Insurance The Contractor shall continuously maintain and pay for such insurance as will protect the Contractor and the State as a named insured,

- a. all claims, including death and claims based on violations of civil rights, arising from the services performed under the Contract;
- b. all claims arising from the services performed under the Contract by Contractor; and
- c. actions by a third party against Contractor as a result of the Contract.

Section 7.3 Types of Insurance The Contractor will maintain insurance as follows:

- a. Worker's Compensation and Unemployment Compensation Insurance protecting the Contractor from claims for damages for physical or personal injury which may arise from operations performed pursuant to this Contract, whether such operations are performed by the Contractor, by a subcontractor, or by a person directly or indirectly employed by either of them;

- b. General Liability Insurance, which shall specifically include civil rights and medical matters, in an amount not less than five million dollars (\$5,000,000) for each occurrence with an aggregate of at least ten million dollars (\$10,000,000) per year. Such insurance shall also provide coverage, including the cost of defense, for all state officers and employees, whether in their official or individual capacities, against claims and actions as set forth in Section 7.2.
- c. Automobile and other vehicle liability Insurance in an amount not less than five million dollars (\$5,000,000) per occurrence; and
- d. Insurance in an amount not less than fifty thousand dollars (\$50,000) covering instances of employee dishonesty.

All insurance policies required under this Contract must provide no less than thirty (30) days advance notice to the State of any contemplated cancellation. The State shall have the right but not the obligation, to advance money to prevent the insurance required herein from lapsing for nonpayment of premiums. If the state advances such amount, then the Contractor shall be obligated to repay the State the amount of any advances plus interest thereon at the legal maximum rate, and the State shall be entitled to set off and deduct such amount from any amounts owed the Contractor pursuant to this Contract. No election by the State to advance money to pay insurance premiums shall be deemed to cure default by the Contractor of its obligation to provide insurance.

Section 7.4 Fire and Property Insurance The State shall maintain fire and property insurance on the State's buildings and equipment located at the Facility site.

Section 7.5 Defense/Immunity By entering into the Contract, neither the State nor the Contractor waives any immunity defenses which may be extended to either of them by operation of law, including limitations on the amount of damages which may be awarded or paid.

Section 7.6 Notice of Claims Within ten (10) working days after receipt of summons in any action by the State, or of any agent, employee or officer thereof, or within five (05) days of receipt by the State of any agent, employee or officer thereof, of notice of claim, the State or any agent, employee or officer, shall notify Contractor in writing of the commencement thereof.

Section 7.7 Financial Strength The Contractor shall file annually, on or before October 1 of each year, a current financial statement. If the net stockholders equity shall ever be less than five million dollars (\$5,000,000), the State may declare the Contractor in default unless the Contractor provides alternative evidence of equivalent financial worth within thirty (30) days of demand by the State.

Section 7.8 Prior Occurrences The State shall remain solely responsible for any losses or costs resulting from litigation relating to events which occurred prior to the effective date of the Contract. The Contractor agrees to cooperate with the State in the defense of these suits and to provide legal assistance as the State might request.

ARTICLE 8

DEFAULT AND TERMINATION

Section 8.1 State Default Each of the following shall constitute an Event of Default on the part of the State:

- a. **Non-Payment.** Failure by the State to make payments to Contractor under this Contract within sixty (60) days after such payment is due, except for such payments as may be the subject of a valid dispute between the parties and said dispute is being actively negotiated or attempted to be resolved.
- b. **Other Material Breach.** Except for the obligation to make payments to Contractor, the persistent or repeated failure or refusal by the State to substantially fulfill any of its obligations under this Contract, unless justified by Force Majeure or unless excused by contract or by Contractor's default.

Section 8.2 Contractor Default An Event of Default on the part of Contractor is a material breach which is the persistent failure or refusal by Contractor to substantially fulfill any of its obligations under this Contract, unless justified by Force Majeure or unless excused by default of the State.

Section 8.3 Notice of Breach No breach of this Contract on the part of either party shall constitute an Event of Default and no action with regard to same may be instituted unless and until the party asserting a breach specifies that a default or defaults exist(s) which, unless corrected or timely cured, will constitute a material breach of this Contract on the part of the party against which a breach is asserted.

Section 8.4 Time to Cure If any material breach of the Contract by either party remains uncured more than thirty (30) days after written notice thereof by the party asserting the breach to the party against which the breach is asserted, such condition shall be an Event of Default. If the breach cannot be cured within thirty (30) days after notice and such breach can be cured through an on-going effort on the part of the breaching party, the breaching party may, within the thirty (30) day period following the notice of the breach, submit a plan for curing the breach within a reasonable period of time, not to exceed six (6) months, unless extended by the non-breaching party. If the plan is approved by the non-breaching party and such approval is not to be unreasonably withheld, the non-breaching party will not pursue remedies hereunder as long as the breaching party timely undertakes to cure the breach in accordance with the approved plan.

Section 8.5 Remedy Upon the occurrence of an Event of Default either party shall have the right to pursue any remedy it may have at law or in equity, including but not limited to, (a) reducing its claim to judgment, (b) taking action to cure the Event of Default, and (c) termination of the Contract.

Section 8.6 Termination Due to Unavailability of Funds The payment of money by the State under any provision hereto is contingent upon the availability of funds appropriated to pay the sums pursuant to this Contract. In the event funds for the Contract become unavailable due to non-appropriation, the State shall have the right to terminate this Contract without penalty.

Section 8.7 Termination for Convenience The State may terminate performance of work under this Contract in whole or part whenever, for any reason, the State determines that it is in its best interest to do so. The State shall give the Contractor, without penalty to the State, one hundred eighty (180) days notice prior to termination of the Contract. Upon such termination, the Contractor shall have no right to any general, special, incidental 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.

The Contractor may terminate performance of work under this Contract, for any reason Contractor determines is in its best interest to do so. The Contractor shall give the Department one hundred eighty (180) days written notice by certified mail prior to termination of the Contract. Upon such termination, the Department shall have the right to demand damages as provided in Section 8.8 Liquidated Damages.

Section 8.8 Liquidated Damages At the time of termination of the Contract or at the conclusion of the Contract term, the State may deduct from monies owed the Contractor or otherwise obtain from Contractor sums sufficient to reimburse it for the repair or replacement of any equipment or perishables as set forth in Appendix A and B which is in need of repair or is missing. No monies shall be deducted pursuant to this paragraph for any item which is the subject of dispute between the parties.

Section 8.9 Waiver No waiver of any breach of any of the terms or conditions of the Contract shall be held to be a waiver of any other or subsequent breach; nor shall any waiver be valid or binding unless the same shall be in writing and signed by the party alleged to have granted the waiver.

ARTICLE 9

MISCELLANEOUS

Section 9.1 Audits Contractor grants to the State of Louisiana, through the Office of the Legislative Auditor, Office of the Governor, Division of Administration, Department of Public Safety and Corrections/Corrections Services Internal Audit Division, Office of the Inspector General, Federal Government and/or other such designated body the right to inspect, review, and audit all books and records, including those of subcontractors, (in whatever form they may be kept, whether written, electronic or other) relating or pertaining to the services rendered under this agreement, (including any and all documents, data, and other materials, in whatever form they may be kept, which support or underlie those books and records). This right extends to all books, records, and data kept by or under the control of the Contractor, including but not limited to those kept by the Contractor, its employees, agents, assigns, successors, and subcontractors. The Contractor further grants full, unrestricted access to all necessary personnel and resources, and will cooperate fully during such inspections, reviews, and audits.

The Contractor agrees such inspections, reviews, and audits may be conducted during normal business hours at the business location(s) where such books, records, and data are maintained and/or stored. Those performing such inspections, reviews, and audits are granted direct access to all data pertaining and supporting services under this agreement, and have a right to use general audit software and other reporting tools against the data files and/or databases. The Contractor further grants the right to audit the Contractor's

disaster recovery, and business continuance plans to ensure all books, records, and data will be sufficiently protected in the event of a prolonged outage or disaster.

Contractor is expected to comply with federal and/or state laws regarding an audit of its operation as a whole or of specific program activities. If an audit is performed within the agreement period, for any reason, a copy of the audit engagement letter and final audit report shall be sent to the Office of the Louisiana Legislative Auditor, Office of Inspector General, Department of Public Safety & Corrections/Corrections Services Internal Audit Division, and Department of Corrections Procurement and Contractual Review Division.

Section 9.2 Disputes If the parties are unable to resolve any disputes arising hereunder, either party may submit the matter to non-binding mediation in accordance with the rules of the CPR Institute for Dispute Resolution. The expense of mediation shall be borne by the party requesting same.

Section 9.3 Non-Discrimination No person will be subjected to discrimination in the performance of this Contract on the grounds of handicap, race, color, religion, sex, sexual orientation, age or national origin. Upon request, Contractor shall show proof of such non-discrimination and shall post in conspicuous places, available to all employees and applicants, notice of such non-discrimination. Contractor shall comply with all applicable federal and state laws such as the Americans with Disabilities Act, etc.

Section 9.4 Binding Nature This Contract shall not be binding until it is approved and executed by the parties.

Section 9.5 Invalidity and Severability In the event that any provision of this Contract shall be held to be invalid, the validity of the remaining provisions of the Contract shall not in any way be affected thereby.

Section 9.6 Counterparts This Contract may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which shall constitute one Contract, notwithstanding that all parties are not signatories to the original or the same counterpart, or that signature pages from different counterparts are combined, and the signature of any party to any counterpart shall be deemed to be a signature also and may be appended to any other counterpart.

Section 9.7 Interpretation The headings contained in the Contract are for reference purposes only and shall not affect the meaning or interpretation of this Contract.

Section 9.8 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 9.9 Interpretation and Venue The Contract shall be governed by the laws of the State of Louisiana. East Baton Rouge Parish, Louisiana shall be the venue in the event any action is filed to enforce or interpret provisions of this Contract.

Section 9.10 Release Contractor, upon final payment of the amount due under this Contract, releases the State, its officers and employees, from all liability, claims and obligations whatsoever arising from or under this Contract. Contractor agrees not to purport

to bind the State to any obligation not assumed herein by the State unless Contractor has express written authority to do so, and then only within the strict limits of this authority.

Section 9.11 Amendment This Contract shall not be altered, changed or amended except by instrument in writing executed by the parties hereto.

Section 9.12 Scope of Agreement The Contract and its appendices incorporate all the agreements, covenants and understandings between the parties hereto concerning the subject matter hereof. No prior agreement or understandings, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Contract.

Section 9.13 Subcontracting and Assignment The Contractor may, upon notice to the State, assign the proceeds of this Contract. Subject to Section 6.5 Subcontractors, the Contractor shall not subcontract or assign any and all of the services to be performed under this Contract without the consent, guidance and prior express written approval of the State. In the event that approval is granted, the Contractor shall guarantee that the subcontractor will comply with all the provisions of this Contract.

Section 9.14 Third Party Beneficiaries The provisions of the Agreement are for the sole benefit of the parties hereto and will not be construed as conferring any rights on any other person.

Section 9.15 Prison Enterprises Contractor will purchase from Prison Enterprises, a Division of the Department, any goods, supplies or services Prison Enterprises can provide.

The Undersecretary will grant a waiver from the requirement to purchase specific goods and services from Prison Enterprises provided Contractor's justification clearly demonstrates that such goods and services are available at less cost and equivalent or better quality or same price and better quality than can be provided by Prison Enterprises.

Section 9.16 Approval by Legislative Committee This Contract shall not become effective until approved by the Joint Legislative Committee on the Budget.

Section 9.17 Notices

Addresses: All notices shall be sent certified mail, return receipt requested to:

State: James M. Le Blanc, Secretary
Department of Public Safety and Corrections
P.O. Box 94304
Baton Rouge, LA 70804-9304

Contractor: Steve Groom, General Counsel
Corrections Corporation of America
10 Burton Hills Boulevard
Nashville, Tennessee 37215

IN WITNESS WHEREOF, intending to be legally bound, the parties have caused their authorized representatives to execute this Contract on the ___ day of _____, 2010.

STATE OF LOUISIANA
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS

BY: Thomas C. Buchanan, III
for James M. Le Blanc
Secretary

Contractor: CORRECTIONS CORPORATION OF AMERICA

BY: Natasha Metcalf
Natasha Metcalf
Vice President, Partnership Development

Approved this 16th day of June, 2010, by the Joint Legislative Committee on the Budget

BY: Jim Fannin
Chairman
REP. JIM FANNIN