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J. STEPHEN GUPTON, JR.
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August 19, 2010

PLEASE REFER
TO FILE NO.:
09-180-G

HAND DELIVERY

Mr. Brad Lofton
Executive Director
Valdosta-Lowndes County
Industrial Authority
2110 North Patterson
Valdosta, GA 31602

Re: Corrections Corporation of America

Dear Brad:

You will please find enclosed an original, executed Purchase and Development Agreement regarding the above matter to complete the Authority's file.

Very truly yours,


J. Stephen Gupton, Jr.

JSGJr/sg
Enclosure

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PURCHASE AND DEVELOPMENT AGREEMENT

THIS PURCHASE AND DEVELOPMENT AGREEMENT (the “**Agreement**”) is entered into as of the Effective Date set forth below by and among the **VALDOSTA-LOWNDES COUNTY INDUSTRIAL AUTHORITY** (the “**Authority**”), a development authority and public body corporate and politic and an instrumentality of the City of Valdosta (the “**City**”), a municipality duly created and existing under the laws of the State of Georgia (the “**State**”) and Lowndes County (the “**County**”), a county and political subdivision of the State, duly created by local constitutional amendment, Ga. Laws 1960, p. 1359, supplemented by local act, Ga. Laws 1960, p. 2786, and continued by Ga. Laws 1985, p. 3710 (the “**Act**”) and **CORRECTIONS CORPORATION OF AMERICA**, a Maryland corporation (the “**Company**”), each a “**Party**” and collectively the “**Parties**.”

1. THE PROJECT.

1.1. Description of the Project. The project (the “**Project**”) shall consist of (i) one or more buildings and related improvements (collectively, the “**Improvements**”) to be constructed by the Company on the below-defined Site and operated as a correctional facility; (ii) the Site described in Section 1.4.1 below on which the Improvements are to be constructed; and (iii) building fixtures and other building equipment (the “**Equipment**”). The Project will be owned by the Authority and leased to the Company under the Bond Lease (defined below).

1.2. Total Project Costs. “**Total Project Costs**” include all reasonable costs, fees and expenses incurred by the Company in connection with the Project and the issuance of the Bonds (defined below). The Company will be responsible for any costs of or related to the Project (including, without limitation, those related to any change orders or cost overruns) to the extent that Bond proceeds are not available or are not sufficient to pay such costs. The cost or value of the Site (defined below) will not be included in the amount financed by the Bonds, and will not be reflected in the purchase option price payable pursuant to Section 2.8, below. However, the Company shall be subject to the provisions of Article 4, below, regarding possible Community Recovery Payments (defined below), and such provisions shall be the Company’s sole obligation with respect to payment for such costs or value.

1.3. Closing. As used herein, the “**Closing**” is the event at which the Bonds are issued and the other transactions contemplated herein are consummated. References herein to a “**Closing Condition**” are to the optional right of a Party hereto, based on a Closing Condition, to exercise a right provided herein in its favor and to avoid the Closing and terminate this Agreement as provided in Sections 5.4 and 5.5, respectively, below. In connection with the issuance of the Bonds, the signatories hereto will also enter into an Economic Development Agreement (the “**EDA**”) to reflect any amendments hereto agreed to prior to Closing (or to reflect that there are no such amendments).

1.4. The Site.

1.4.1. Description. The real property upon which the Improvements are to be constructed is located in the unincorporated County, is comprised of approximately 100

acres and is more particularly described on Schedule 1.4.1 attached hereto and incorporated herein by reference (the “**Site**”).

1.4.2. The Option Agreement. The Site consists of land which is the subject of an Option Agreement, dated as of March 16, 2010, between the Authority and the current owner of the land (the “**Seller**”) (the “**Option Agreement**”), a true and accurate copy of which has been provided to the Company. The Authority shall provide the Company with copies of all proposed and final amendments and modifications to the Option Agreement, if any, and shall keep the Company informed of all matters related to the Option Agreement. The initial term (the “**Initial Term**”) of the Option Agreement ends on September 13, 2010. There are two options to extend the term of the Option Agreement. Such extension terms, along with the below-defined Third Extension Term, if obtained, are collectively referred to herein as the “**Extension Terms**” and are more fully described below.

1.4.2.1. First Extension Term. The first extension option is for a term of 182 days ending on March 14, 2011 (the “**First Extension Term**”) and requires a deposit of \$25,000 in earnest money. If the Company has not issued the NTP (defined below) as of the date of the expiration of the Initial Term, then if the Company so requests, the Authority shall extend the Option Agreement for the First Extension Term. In the event the Company requests such an extension, the Company shall provide the required earnest money of \$25,000 to the Authority simultaneously with such request and shall provide the Authority with a reasonable amount of prior notice so that the Authority can exercise such extension option in accordance with the terms of the Option Agreement.

1.4.2.2. Second Extension Term. The second extension option is for a term of 365 days ending on March 13, 2012 (the “**Second Extension Term**”) and requires a deposit of \$50,000 in earnest money. If the First Extension Term is in effect and if the Company has not issued the NTP as of the date of the expiration of the First Extension Term, then if the Company so requests, the Authority shall extend the Option Agreement for the Second Extension Term. In the event the Company requests such an extension, the Company shall provide the required earnest money of \$50,000 to the Authority simultaneously with such request and shall provide the Authority with a reasonable amount of prior notice so that the Authority can exercise such extension option in accordance with the terms of the Option Agreement.

1.4.2.3. Third Extension Term. The Authority shall use commercially reasonable efforts to obtain an option for a third extension term of twelve (12) months (the “**Third Extension Term**”). In the event the Authority is able to obtain such extension option on terms and conditions such that any required earnest money to be paid by the Company in connection with the exercise of such extension option does not exceed \$75,000, and there is no increase of the price of the Site or any other payments not already required by the Option Agreement, then the Authority shall enter into a written agreement (the “**Third Extension Agreement**”) with the Seller reflecting the terms and

conditions of such extension option. The Company and the Authority each acknowledge that the Seller may require an earnest money deposit in excess of \$75,000, and/or an increase of the purchase price of the Site as a condition, or a payment not already required by the Option Agreement (each condition, a “**Third Extension Condition**”) to granting such extension. In the event the Seller requires any of the Third Extension Conditions, then upon the request of the Authority, the Company and the Authority each agree to negotiate, in good faith, an agreement whereby the Company shares in such increased costs. In the event the Authority and the Company are unable to reach such an agreement, the Company shall not be responsible for any such increased costs and the Authority may (i) enter into the Third Extension Agreement and bear such increased costs, or (ii) permit the Term (defined below), to expire, whereupon this Agreement will terminate as provided in Section 5.1.2, below. If the Third Extension Agreement is executed and the Second Extension Term is in effect, and if the Company has not issued the NTP, then, if the Company so requests, the Authority shall extend the Option Agreement for the Third Extension Term. In the event the Company requests such an extension, the Company shall provide the required earnest money to the Authority simultaneously with such request and shall provide the Authority with a reasonable amount of prior notice so that the Authority can exercise such extension option in accordance with the terms of the Option Agreement.

1.4.2.4. Term. The “**Term**” of the Option Agreement shall be the Initial Term; if extended for an Extension Term, the Term shall then be the Initial Term and each Extension Term for which the Option Agreement is, in fact, extended. If the NTP has not been issued by the end of the Term of the Option Agreement, all earnest money paid by the Company to the Authority in connection with the Extension Terms shall become non-refundable. If the NTP is issued prior to the end of the Term of the Option Agreement, the earnest money shall be refunded to the Company at the Closing.

1.4.2.5. Exercise of Option to Purchase the Site. Upon the issuance of the NTP, the Authority shall exercise its option to purchase the Site under the Option Agreement and proceed to purchase the Site pursuant to the terms and conditions of the Option Agreement.

1.4.2.6. Assignment of Option Agreement. The foregoing notwithstanding, the Company may in its sole discretion, by giving written notice to such effect, require the Authority to assign the Authority’s interest in the Option Agreement to the Company. In such event, (a) the Company, and not the Authority, shall be responsible for any executory obligations of the Authority under the Option Agreement, and (b) the provisions of this Agreement that depend on the Authority being the holder of the Option Agreement or the owner of the Site shall no longer be effective, provided that, the Company may cause such provisions to again be effective by transferring the Option Agreement or the Site to the Authority so that the Bonds can be issued on and subject to the terms and conditions hereof.

1.5. Site Due Diligence. Pursuant to rights granted in the Option Agreement, or as owner of the Site, as appropriate, the Authority hereby grants to the Company a license and right of entry to enter the Site at any time during the term of this Agreement to inspect and perform the due diligence provided for in this Section 1.5. In the event this Agreement terminates prior to the Closing, the Company shall repair any damage to the Site caused by such due diligence.

1.5.1. Title. At its cost, the Company will examine title to the Site and will furnish the Authority with a written statement (the “**Title Objection Letter**”) of any title objections affecting the marketability of said title within 30 days of the receipt of the below-defined Survey. After such initial title examination and prior to Closing, the Company also shall have the right to examine title to the Site and to furnish the Authority with a supplemental Title Objection Letter listing any additional matters affecting the marketability of title to the Site as such matters may first arise, first appear of record, or first become known to the Company after the Company’s initial title examination and to which the Company objects. The Authority shall have thirty (30) days from the date of the receipt of the Title Objection Letter (or the supplemental Title Objection Letter, as the case may be) to satisfy at its option all title objections, and if the Authority fails to satisfy such objections, then, at the option of the Company, evidenced by written notice to the Authority, the Company may (a) satisfy such title objections at its own expense, or (b) terminate this Agreement as provided in Section 5.5, below. In the event the Company elects to satisfy such title objections at its own expense, the Company shall receive a credit in the amount of any costs it incurs, which credit shall be applied against the Authority Fee payable by the Company in accordance with Section 3.6.5 below. Any exceptions to title discovered in the Company’s title examination of the Site prior to the Company’s submission of the Title Objection Letter (or the supplemental Title Objection Letter, as the case may be) to the Authority, but not included in the Title Objection Letter (or the supplemental Title Objection Letter, as the case may be), shall be deemed waived. It shall be a Closing Condition in favor of the Company that as of the Closing, the title to the Site is subject to no new title objections created following the title examination provided for herein other than: (1) general utility easements of record which benefit the Site, which are approved in writing by the Company (2) such easements, rights, encumbrances, assessments, restrictions, covenants, and other matters as are authorized pursuant to this Agreement or the Definitive Documents, (3) real estate taxes, if any, and such similar assessments for the current calendar year, not yet due and payable, and all subsequent years, and (4) any other encumbrances or matters agreed to in writing by the Company and the Authority. The costs of all title insurance commitment(s) and resulting policy(ies) issued in connection with the Project and the Bonds shall be the responsibility of the Company.

1.5.2. Survey. The Authority will obtain, at its own expense, a boundary survey of the Site (“**Survey**”). The surveyor’s certificate shall run to the Company as well as the Authority. The Authority will furnish the Company with a copy of the Survey no later than October 1, 2010. The Company may include objections to such survey in its Title Objection Letter and such objections shall be deemed title objections for purposes of Section 1.5.1 above.

1.5.3. Environmental Reports. The Authority will obtain, at its own expense, a Phase I environmental site assessment (“**Phase I**”) of the Site, which shall allow both the Company and the Authority to equally rely on the assessment. The Authority will furnish the Company with a copy of such assessment within six (6) months of the Effective Date hereof. The Company may, at its own expense, conduct a Phase II environmental site assessment, if, in its opinion, the need for same is indicated by the Phase I. No more than six (6) months prior to Closing, the Authority shall obtain an updated Phase I environmental assessment (the “**Updated Phase I**”) of the Site, at its own expense. Such Updated Phase I shall allow both the Authority and the Company to equally rely on the assessment. The Company’s satisfaction with such environmental reports and the environmental condition of the Site shall be a Closing Condition in favor of the Company. Upon obtaining each of the environmental reports, the Company may provide the Authority with a written statement of its material objections, if any, with respect to any matters disclosed in such environmental report. The Authority shall have thirty (30) days to redress any such objections, and if the Authority fails to satisfy such objections, then, at the option of the Company, evidenced by written notice to the Authority, the Company may (a) satisfy such objections at its own expense, or (b) terminate this Agreement as provided in Section 5.5, below. In the event the Company elects to satisfy such objections at its own expense, the Company shall receive a credit in the amount of any costs it incurs, which credit shall be applied against the Authority Fee payable by the Company in accordance with Section 3.6.5 below.

1.5.4. Geotechnical Survey. The Company shall have the right to obtain, at its own expense, a geotechnical survey of the Site. The Company’s satisfaction with any such geotechnical survey and the geotechnical condition of the Site shall be a Closing Condition in favor of the Company.

1.5.5. Zoning. The Site is currently zoned M-2, which is consistent with the proposed use of the Project; however, an administrative waiver or variance will need to be obtained to decrease the current 500 ft. setback requirement. The Authority shall coordinate with the County to obtain an administrative waiver granting a 20% reduction of the 500 ft. setback requirement along the Eastern and Southern boundaries of the Site. The Authority will also seek to acquire from the County a portion of a tract of land identified as Parcel #0158A007/Legal Description 152 & 153 LD which is contiguous to the Western boundary of the Site (the “**County Property**”). The County Property is designated as a wetland in the National Wetlands Inventory of the U.S. Fish and Wildlife Services and the Parties shall abide by all applicable laws and regulations regarding the use of the County Property. The Company’s satisfaction with the zoning of the Site, the setback requirements and the condition of the County Property shall be a Closing Condition in favor of the Company. At Closing and thereafter, the County Property shall be deemed to be a part of the Site and shall be provided to the Company through the Bond Lease pursuant to Section 3.2 below.

1.6. Development of the Project.

1.6.1. Preliminary Specifications. No later than six (6) months after the receipt of the Survey, the Company shall submit preliminary specifications for the Project to the

Authority. The Preliminary Specifications are subject to change by the Company. However, if any such change would increase the costs of the Authority's performance of this Agreement, the Authority shall not be responsible for such increased costs without its consent, which shall not be unreasonably withheld, conditioned or delayed. In no event shall any such change result in liability on the part of the Company to the Authority.

1.6.2. Development Schedule; Notice to Proceed. Notwithstanding anything contained herein to the contrary and except for the due diligence provided for in Section 1.5 above, the Parties hereto shall have no obligation to proceed with design, permitting, installation or construction of the Project, prior to receiving a Notice to Proceed ("NTP") from the Company, which the Company may issue or withhold in its absolute discretion. Upon the issuance of the NTP, the Parties shall proceed with the development of the Project in accordance with the schedule set forth on Schedule 1.6.2 attached hereto and incorporated herein by reference (the "**Development Schedule**") and the earnest money paid by the Company pursuant to Section 1.4.2 above, if any, shall be refunded to the Company in accordance with Section 1.4.2.4 above. Without limitation, it is understood that the Authority may proceed, at its own risk, with the below-defined Authority's Work prior to the issuance of the NTP. The Development Schedule contains, among other things, milestones for the work and assignments of responsibility to the Parties for the attainment of certain milestones. The Parties agree to such milestones, subject to *force majeure*, as provided below, and, upon issuance of the NTP, further agree to use commercially reasonable efforts to attain them in accordance with the Development Schedule. In addition, the Parties agree to coordinate their efforts related to the Development Schedule so as to avoid delay or disruption affecting the work of any Party or involved third parties.

1.7. Master Plan. No later than thirty (30) days after the issuance of the NTP, the Parties shall agree to a Master Plan (the "**Master Plan**") for the development of the Site (*i.e.* a depiction of the location of infrastructure and improvements) which shall be attached hereto as Schedule 1.7 and incorporated herein by reference. The Master Plan is subject to change by the Company. However, if any such change would increase the costs of the Authority's performance of this Agreement, the Authority shall not be responsible for such increased costs without its consent, which shall not be unreasonably withheld, conditioned or delayed. In no event shall any such change result in liability on the part of the Company to the Authority.

1.7.1. Utilities.

1.7.1.1. The Company acknowledges that, as of the Effective Date, water and sewer infrastructure is not provided at the Site. There is water and sewer infrastructure near the Site that is owned and operated by the City. The Site is located in the unincorporated County. The Authority is currently coordinating an agreement (the "**Infrastructure Agreement**") between the County and the City for the provision of water and sewer infrastructure at the Site. The Infrastructure Agreement will require that the City execute an extraterritorial agreement in connection with the provision of such infrastructure to the Site, if necessary. The Authority shall have 120 days from the Effective Date hereof to

resolve this issue and cause the County and the City to enter into the Infrastructure Agreement. If the Authority fails to do so, then, at the option of the Company, evidenced by written notice to the Authority, the Company may (a) make other arrangements for the provision of water and sewer to the Site at its own expense, or (b) terminate this Agreement as provided in Section 5.5, below. In the event the Company elects to make other arrangements for the provision of water and sewer to the Site at its own expense, the Company shall receive a credit in the amount of any costs it incurs, up to \$500,000, which credit shall be applied against the Authority Fee payable by the Company in accordance with Section 3.6.5 below.

1.7.1.2. Except for the Authority's responsibilities pursuant to Section 1.7.1.1 above and Section 3.3 below, the Company shall be responsible for the delivery of adequate water, sewer, natural gas, and electricity to the Site. If the Company requests, the Authority will coordinate with the County and the City to negotiate the standard utility rates for commercial industrial customers and a rate term that is mutually beneficial to the Company and the City or the County, as applicable. The Company's ability to acquire governmental approvals or permits to allow for delivery of adequate water, sewer facilities, natural gas or electricity by acceptable providers, or in quantities or at pressures which are acceptable to the Company in its sole discretion, shall each be a Closing Condition in favor of the Company.

1.7.2. Design. The Company shall be responsible for the design of the Improvements and the selection of the Equipment.

1.7.3. Construction, Generally. The Company will be responsible for the construction of the Improvements. Without limitation, the Company will select the contractor ("**Contractor**") for such construction and enter into an agreement, as principal and not as agent of the Authority, with the Contractor for the construction of the Improvements. The Improvements shall be constructed in compliance with applicable laws, including applicable zoning laws, building codes, environmental laws and other restrictions.

1.7.4. Acquisition and Installation of Equipment. The Company will be responsible for the acquisition and installation of the Equipment, including, without limitation, payment of the costs thereof. The Bond Lease will provide for the Company to convey title to the Equipment to the Authority from time to time by one or more bills of sale as the items of the Equipment are acquired and installed at the Site.

1.7.5. Permitted Exceptions. Without limitation, the Company shall keep the Project free and clear of all liens and encumbrances attributable to the Company except for Permitted Exceptions and shall in any event indemnify, hold harmless and defend the Authority and its respective members, officers, employees and representatives from any claim, liability or loss arising out of or related to any such lien or encumbrance. Said indemnity shall survive the expiration or earlier termination of this Agreement. As used herein, "**Permitted Exceptions**" shall be defined as the Definitive Documents and any

liens, encumbrances or exceptions contained on Schedule 1.4.1 hereto or otherwise specified in this Agreement as being acceptable, or defined as such in the Bond Lease.

1.7.6. Force Majeure. For purposes of this Agreement generally, “*force majeure*” means fires, floods, inability to obtain materials, conditions arising from governmental orders or regulations, war or national emergency, acts of God, and any other cause, similar or dissimilar, beyond the applicable Party’s reasonable control. Where this Agreement expressly provides that a Party’s obligations are subject to *force majeure*, then delay or non-performance on the part of such Party shall be excused upon the occurrence and during the continuance of such event of *force majeure*, provided that such Party promptly gives the other Party written notice of the occurrence and abatement of such event of *force majeure*, and subject to any express provisions hereof dealing with such event of *force majeure*.

1.8. Indemnity by the Company. The Company shall indemnify, hold harmless and defend the Authority and its members, officers, employees and representatives from and against any and all loss, liabilities and claims (including, without limitation, liens and encumbrances resulting from construction and installation activities) that may arise out of or relate to any act or omission by or attributable to the Company or its vendors, contractors or subcontractors, agents, employees or representatives, related to the Project. The indemnity contained in this Section 1.8 shall not apply in the case of any particular indemnitee to any claim, loss or liability which is the result of the gross negligence or willful misconduct of such indemnitee. Said indemnity shall survive the expiration or earlier termination of this Agreement, but at Closing shall be superseded (provided, such supersession shall not affect any accrued liability hereunder) by the indemnities in the Definitive Documents.

1.9. Legislative Findings. Paragraph (K) of 1960 Ga. L. 1359, which is part of the Act, empowers the Authority to “exercise all the powers, rights and privileges of ... a municipality under the provisions of the Revenue Bond Law ... with reference to the issuance of revenue anticipation bonds in so far as such pertain to the corporate purposes of the Authority.” Further, Paragraph (N) of such part of the Act empowers the Authority to “do all things within its powers to encourage the industrial ... development of Lowndes County, and to encourage the location of new industries in said county.” After careful study and consideration, the Authority has found and determined, and does hereby find and determine, that (a) the location of the Project in the County will encourage the industrial development of the County, for the reason, among others, that it will provide economic opportunities for existing and new industries, (b) the Revenue Bond Law authorizes the Authority to carry out “undertakings” comprised of “jails and all other structures and facilities which are necessary and convenient for the operation of jails (O.C.G.A. Sec. 36-82-61(L)), (c) the Authority will issue the Bonds to finance the Project as contemplated by the above-mentioned Paragraph (K), and such pertains to the corporate purposes of the Authority, and (d) therefore, the Project is a project which the Authority is fully authorized by the Act and all applicable provisions of law to finance and carry out.

2. FINANCING OF THE PROJECT.

2.1. Bonds. In order to finance certain of the costs of the Project and to establish the bond-financed sale-leaseback structure that is necessary for the provision of certain of the

incentives contemplated herein, including, without limitation, *ad valorem* property tax savings for the Project, the Authority shall issue the Authority's revenue bonds (the "**Bonds**"). The Company shall be responsible for the sale of the Bonds, which shall be issued in one or more series and sold to the Company or an Affiliate (defined below) (the "**Bond Purchaser**") for cash or other legal consideration pursuant to one or more agreements (collectively, the "**Bond Purchase Agreement**") among the Authority, the Company and the Bond Purchaser.

2.2. Maximum Principal Amount of Bonds. Without limitation, the principal amount of the Bonds shall in the aggregate accommodate Total Project Costs for the Project. Such accommodation shall be made through structuring the Bonds as draw-down bonds in an appropriate maximum principal amount. The principal amount of Bonds issued shall not exceed in the aggregate the amount of Total Project Costs.

2.3. Transaction Costs. The Company shall be responsible for all transactional costs of the issuance of the Bonds and other matters related hereto, provided that such costs shall be subject to the Company's approval, which shall not be unreasonably withheld. Subject to any applicable limits of the federal tax law, cash proceeds of the Bonds, if any are available for such purpose, may be used to pay such costs or to reimburse the Company for transaction costs previously paid by it. Such transaction costs include, without limitation: (i) reasonable legal fees and disbursements of Bond Counsel related to the closing of the issuance of the Bonds and the preparation and distribution of this Agreement and of transcripts; (ii) the reasonable fees and disbursements of the Authority's Counsel related to the issuance of the Bonds; and (iii) the court costs relating to validation of the Bonds and recording and filing fees. The Authority's normal financing fee for the issuance of revenue bonds is waived with respect to the Bonds.

2.4. Tax Status of the Bonds. The interest on Bonds issued to the Company will not be exempt from federal income taxation. Whether or not the interest on any other series of the Bonds will be exempt from federal income taxation shall be as determined by the federal income tax law.

2.5. Roles of Counsel. By agreement of the Parties, the law firm of Seyfarth Shaw LLP, Atlanta, Georgia, shall serve as Bond Counsel for the Company in connection with the issuance of the Bonds, and, along with Reno & Cavanaugh PLLC, shall serve as Company Counsel. The Authority's general counsel, J. Stephen Gupton, Jr., P.C., shall serve as the Authority's Issuer's Counsel in connection with issuance of the Bonds.

2.6. Repayment of the Bonds. The Company shall be responsible for the repayment of the Bonds. Without limitation, the Bonds shall not be a general obligation of the Authority, but shall be a special and limited obligation payable solely from the payments received under the Bond Lease (defined below) and other pledged security. Neither the Authority, the County, the State nor any other public body shall have any obligation or liability for repayment of the Bonds.

2.7. The Bond Lease. The Authority and the Company shall enter into one or more lease agreements (collectively, the "**Bond Lease**") at the Closing. The Bond Lease shall contain terms and provisions substantially of the type normally included in bond leases between governmental "conduit" bond issuers and users of bond-financed property. The Bond Lease shall provide for the Company to pay "**Basic Rent**"; i.e., rent equal to debt service on the Bonds,

which shall be applied to such payment. The Bond Lease shall also provide for the payment to the Authority of rent (“**Additional Rent**”) in an amount sufficient to reimburse the Authority for all expenses and advances reasonably incurred by the Authority thereunder in connection with the Project subsequent to the execution of the Bond Lease, except for those expenses and advances that are the express obligation of the Authority hereunder. Subject to the Bond Purchase Agreement, the Bond Lease shall grant to the Company the option, at any time, to prepay Basic Rent in the amount needed to retire the Bonds. The Bond Lease will be a triple net type lease. The term of the Bond Lease, including all extensions (“**Lease Term**”), shall allow sufficient time for the Savings Schedule (defined below) and the term of the Bonds. Pursuant to the Bond Lease, the Company will be responsible, during the Lease Term, for all of the Project’s costs of operation and maintenance, insurance (including property and liability insurance), in amounts customary and reasonable), and (subject to Section 3.6) taxes. The Bond Lease shall provide customary and reasonable requirements for indemnification of the Authority, its members, officers, employees and representatives against any claims, liabilities or losses relating to the Bonds, or to the Project or the Company’s operations thereat, or to environmental claims relating to the Project (to the extent that any environmental claim is based on facts or circumstances first existing after the Closing). Said indemnity shall survive the expiration or earlier termination of this Agreement, or the Bond Lease. The Bond Lease will contain provisions reasonably satisfactory to the Company limiting the transfer by the Authority of items of property comprising the Project.

2.8. Purchase Option. Subject to the Bond Purchase Agreement, the Authority, in the Bond Lease or by separate instrument, shall grant the Company an option to purchase the Project, to the extent that the Authority holds title thereto at the time, exercisable for an option exercise price of \$500, plus all Basic Rent, Additional Rent, or any other amounts due to the Authority that must be paid at such time, and if all of the Bonds have not theretofore been retired, the Company shall cause all of the Bonds to be retired or cancelled. The Company may not exercise its purchase option under this Section if at the time of the attempted exercise of such purchase option the Company is in default under the related Bond Lease, unless it simultaneously cures such default. If the Company purchases the Project pursuant to an exercise of the purchase option in the Bond Lease, the Authority shall convey title to the Site and Improvements by limited warranty deed and the Authority shall convey the Equipment that is then a part of the Project to the Company by a quitclaim bill of sale, “as is and where is.”

2.9. Definitive Documents. The term “**Definitive Documents**” means and includes the Bonds, the Bond Lease, the EDA, the Bond Purchase Agreement and any other related documents necessary to implement the transaction described herein. The Definitive Documents shall be prepared by Bond Counsel and shall be subject to the approval of the Authority, the Company and the Bond Purchaser, and the legal counsel thereof. The Parties agree to negotiate in good faith to establish the terms and conditions to be included in the Definitive Documents. It shall be a Closing Condition in favor of each of the Company and the Authority that they reach an agreement on such terms and conditions.

2.10. Transfers.

2.10.1. Transfer of this Agreement. All rights and benefits of the Company under this Agreement and under the Authority’s resolution authorizing this Agreement may be

transferred and assigned by the Company, in whole or in part, to: (a) any Affiliate of the Company or (b) with the written approval of the Authority, which approval shall not unreasonably be withheld, conditioned or delayed, to any one or more persons or entities which propose to acquire the Project, in either case with the same effect as if such Affiliate or such persons or entities were named as the "Company" in this Agreement and in the Authority's resolution authorizing this Agreement. Unless otherwise agreed in writing by the Authority, which agreement shall not be unreasonably withheld, conditioned or delayed, the assignment of the Company's rights shall not release the Company from its obligations for costs and indemnification and following any such assignment, the Company and such assignee shall be jointly and severally liable for costs and indemnification hereunder. As used herein, "Affiliate" means any person or entity (as used herein "entity" includes, without limitation, any public body) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, a specified person or entity. As used herein, the term "control" of a person or entity means the possession, directly or indirectly, of the power: (A) to vote 10% or more of the voting securities of such person or entity (on a fully diluted basis) having ordinary power to vote in the election of the governing body of such person or entity, or (B) to direct or cause the direction of the management or policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

2.10.2. Transfer of the Project, the Bond Lease and the Other Definitive Documents. Except as expressly provided in this Section, the Company may not, without the prior written consent of the Authority, which may not unreasonably be withheld, conditioned or delayed: (a) transfer the Project; or (b) assign its interests and rights under the Bond Lease or other Definitive Documents or sublease any part of the Project. However, the Company may transfer or sublease the Project to an Affiliate of the Company, or as otherwise may be provided in the Definitive Documents. The Company, as tenant may, subject to approval by the Authority, as landlord, which may not unreasonably be withheld, conditioned or delayed, sublease the Project for a term which does not extend beyond the term of the Bond Lease minus one day, provided that the sublease is expressly subject and subordinate to the Bond Lease, and that the Company is not released from its obligations under the Bond Lease. No transfer and assignment shall relieve the Company from primary liability for any of its obligations hereunder, and in the event of any such assignment, the Company shall continue to remain primarily liable for payment of the Basic Rent and Additional Rent and for the payment, performance, and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

3. INCENTIVES TO BE PROVIDED.

3.1. Purpose of Incentives. In order to induce the Company to locate the Project at the Site, the following economic inducements will be provided for the Project by the Authority and other entities, as applicable.

3.2. The Site. The Authority shall provide the Site to the Company pursuant to the Bond Lease. The Authority shall issue any other real estate-related documents or instruments as may be reasonably necessary in connection with the Project.

3.3. Authority's Work.

3.3.1. Access Road Work. The Authority shall coordinate with the Georgia Department of Transportation for the construction of an access road (the "**Access Road Work**") to the Site which shall include an acceleration/deceleration lane along Inner Perimeter Road, in accordance with the Master Plan, which shall be approved by the Company. All expenses in connection with the Access Road Work shall be itemized in the Master Plan and shall be the Authority's responsibility; provided, however, that such expenses do not exceed \$500,000. If the Company has approved in writing specific items of the Access Road Work and has approved in advance the costs thereof in writing, the Company shall be responsible for any costs approved by the Company and related to the Access Road Work in excess of \$500,000. The Company shall not withhold its approval of any item of Access Road Work or the cost thereof if the same is defined in the Development Schedule or Master Plan and hence has been previously approved by the Company.

3.3.2. Infrastructure Work. If the Infrastructure Agreement is executed, the Authority shall provide, or cause to be provided, water and sewer infrastructure (the "**Infrastructure Work**") to the border of the Site, in accordance with the Master Plan, which shall be approved by the Company. All expenses in connection with such Infrastructure Work shall be itemized in the Master Plan and shall be the Authority's responsibility or the responsibility of the County or the City; provided, however, that such expenses do not exceed \$500,000. If the Company has approved in writing specific items of the Infrastructure Work and has approved in advance the costs thereof in writing, the Company shall be responsible for any costs approved by the Company and related to the Infrastructure Work in excess of \$500,000. The Company shall not withhold its approval of any item of Infrastructure Work or the cost thereof if the same is defined in the Development Schedule or Master Plan and hence has been previously approved by the Company. The Access Road Work and the Infrastructure Work are collectively referred to herein as the "**Authority's Work.**"

3.4. Permitting.

3.4.1. The Authority shall obtain all necessary permits, licenses, authorizations and approvals required by all government authorities in connection with the performance of the Authority's Work. The Authority shall also obtain any and all permits required by the Army Corps of Engineers and the Georgia Environmental Protection Division in connection with the existing wetland adjacent to the Site. The Authority will seek an expedited process if necessary to maintain the Development Schedule and will bear the costs for mitigation and permitting. It shall be a Closing Condition in favor of the Company that, to the extent they are obtainable by Closing, the Authority shall have obtained, all permits, licenses, authorizations, and approvals required by all governmental authorities in connection with the Authority's Work.

3.4.2. The Company shall apply for, and use its best efforts to obtain, all permits, licenses, authorizations, and approvals required by all governmental authorities in connection with the acquisition, construction, equipping, operation, and use of the

Project (except for such permits, licenses, authorizations and approvals the Authority is required to obtain as provided in Section 3.4.1 above). The Authority shall cause the County to fast track the local permitting process for the Company, at no cost to the Company. It shall be a Closing Condition in favor of the Company that, to the extent they are obtainable by Closing, it shall have obtained, all permits, licenses, authorizations, and approvals required by all governmental authorities in connection with the acquisition, construction, equipping, operation, and use of the Project.

3.5. Grants. The Company understands that the Authority and/or the County may apply to the State or agencies of the Federal government for one or more grants. The Company understands and agrees that the proceeds of any such grant will be applied as required or permitted by its terms to pay for costs necessary or appropriate in connection with the Authority's Work to be provided pursuant to Section 3.3, above, or the Site pursuant to Section 3.2, above. If the Authority so requests, the Company shall reasonably assist the Authority with any such grant applications. If any grant is awarded, the terms and conditions governing it shall be contained in various agreements and undertakings (collectively as to all of same, or individually as to a particular grant, as the context may require, the "**Grant Documents**") among the Authority or the County, as applicable, the Company and the granting entity, as appropriate. It shall be a Closing Condition in favor of each of the Company and the Authority that any such Grant Documents be reasonably satisfactory to it.

3.6. Ad Valorem Tax Savings.

3.6.1. Basis for Savings. Under the Act, under which the Authority was created and exists, the Authority's interest in its property is exempt from *ad valorem* property tax. As the title to the Project will be vested in the Authority during the term of the Lease, the Authority's fee simple interest in the Project will be exempt from *ad valorem* taxes during the term of the Lease. The Parties further understand and agree that the Company will be subject to *ad valorem* taxation on its leasehold interest in the Project (the "**Leasehold Interest**"), pursuant to the decision of the Supreme Court of Georgia in *W.C. Harris, et al. vs. DeKalb County Board of Tax Assessors* (the "*Harris Case*"). In order to provide the Company with sufficient information and certainty upon which it can base its decision to carry out the Project in the County, and also in light of O.C.G.A. Sec. 36-80-16.1(e), the Parties agree that it is important to set forth the methodology by which it is agreed that the Leasehold Interest of the Company in the Project will be valued for *ad valorem* property purposes. Such methodology is set forth on Schedule 3.6.1 attached hereto and incorporated herein by reference (the "**Savings Schedule**").

3.6.2. Reversion to Normal Taxability. Upon acquisition by the Company of legal title to the Project, the Project will be subject to taxation at 100% of the fair market value of the fee interest of the Project, as depreciated.

3.6.3. Procedures. The determination of the fair market value of any interest in the Project in any year is subject to periodic reassessment, for which the Board of Assessors of Lowndes County (the "**Board of Assessors**") will employ standard valuation methods, including depreciation of improvements and personalty, using customary useful life tables and other consideration such as superadequacy, where

appropriate. The fair market value of the Leasehold Interest shall be multiplied by 40% to determine its assessed value of each such category for such year and thereafter multiplied by the millage rates established by the County, with respect to such year, to determine the *ad valorem* tax for such year. On an annual basis, the Company (or successors in interest) shall return the property comprising the Project for *ad valorem* taxation purposes in the County.

3.6.4. Board of Assessors. The provisions of this Agreement relative to the assessment and taxability of the Project for *ad valorem* property tax purposes shall be the obligation and responsibility of the Board of Assessors (and not of the Authority). The Board of Assessors shall provide a letter in the form set forth in Schedule 3.6.4 attached hereto and incorporated herein by reference to acknowledge the provisions hereof that are applicable to it.

3.6.5. Authority Fee.

(a) In consideration of the incentives described above, the Company shall pay to the Authority a fee of \$1,075,000 (the “**Authority Fee**”) which shall be payable in twelve (12) annual installments. The first installment shall be due upon the commencement of construction and shall be in the amount of \$25,000. The second installment shall be due on January 15 of the second year of construction and shall be in the amount of \$50,000. The third installment and the nine subsequent installments shall be due on January 15 of each year thereafter, and shall each be in the amount of \$100,000. In the event the Company has not paid the total Authority fee of \$1,075,000 to the Authority by the earlier of the expiration of the term of the Lease or the Company’s exercise of the purchase option contained in the Lease, the Company shall promptly pay the remaining balance of the Authority fee to the Authority. The payment of any remaining balance of the Authority Fee shall be a condition precedent to the conveyance of title to any items of the Project to the Company. Notwithstanding the above, if the Closing does not occur, the Company shall not be obligated to pay the Authority Fee or any portion thereof; provided, however, if any installments were paid prior to the Closing, such payments may be retained by the Authority.

(b) In the event the Company exercises its right to cause the Authority to extend the Term of the Option Agreement for the Second Extension Term, pursuant to Section 1.4.2.2 above, and the Authority purchases the Site in accordance with the terms and conditions of this Agreement, the Company shall pay to the Authority an additional \$100,000 Authority Fee, which represents a portion of the increased purchase price of the Site in the event the Term is extended for the Second Extension Term. The additional \$100,000, if payable, shall be paid in annual installments of \$10,000, commencing with the first annual installment provided above. In the event the Authority receives any grant proceeds to be used to purchase the Site, pursuant to Section 3.5 above, such grant proceeds shall be first applied against the additional \$100,000 Authority Fee, if payable by the Company pursuant to this Section 3.6.5.

4. JOBS AND INVESTMENT GOALS.

4.1. Inducement. Upon the issuance of the NTP, the Company agrees to locate the Project in the County, provided, that nothing herein contained shall obligate the Company to make any particular level of investment or create any particular level of jobs. Rather, the Company's responsibilities regarding such matters shall be governed exclusively by the provisions hereof relating to Community Recovery Payments (provided for in Section 4.6 below). The Company's agreement to locate the Project at the Site upon issuance of the NTP, is based, in part, on the incentives being provided by the Authority in connection with the Bond Lease and the EDA. Such incentives are being provided to induce the Company to locate the Project at the Site, with attendant job creation and investment on the part of the Company, all of which constitutes valuable, non-cash consideration to the Authority and the citizens of the County and of the State. The Parties acknowledge that the incentives provided for in this Agreement serve a public purpose through the job creation and investment generation represented by the Project. The Parties further acknowledge that the cost/benefit requirements applicable to the Authority in the course of providing such incentives dictate that some measure of recovery must be applied in the event that the anticipated jobs and investment do not for any reason fully materialize.

4.2. Community Jobs Goal. The Company shall have a "**Community Jobs Goal**" of providing not fewer than 400 new full-time jobs at the Project no later than December 31 of the first calendar year after the Project is placed in service (the "**Performance Date**"). For purposes of this Agreement, the number of new "full-time jobs" shall be defined and determined as provided on Schedule 4.2 attached hereto and incorporated herein by reference. Schedule 4.2 also determines how the number of full-time jobs shall be calculated.

4.3. Community Investment Goal. The Company shall have a "**Community Investment Goal**" of its having invested in the Project at least \$120,000,000 no later than the Performance Date. Schedule 4.3 attached hereto and incorporated herein by reference provides rules that shall apply to satisfying the Community Investment Goal.

4.4. Performance Report. No later than the January 31 immediately following the Performance Date, the Company shall provide to the Authority a report which shall include a statement as to the Company's investment in the Project (the "**Community Investment Report**") and a statement as to the full-time jobs at the Project (the "**Community Jobs Report**"), using the methodology prescribed herein. The Company shall provide such supporting extracts from the Company's employment records (consistent with the privacy rights of its employees) as the Authority shall reasonably request. The Performance Report shall be in substantially the form of Schedule 4.4 attached hereto and incorporated herein by reference, as revised for the matters being reported. If the Performance Report shows that both the Community Jobs Goal and the Community Investment Goal (collectively, the "**Goals**") have been met, subject to the inspection rights of the Authority provided in Section 4.5 below, the Company shall have no further obligation to submit Performance Reports hereunder. If the Performance Report shows that the Company did not meet both of the Goals by the Performance Date, then the Company shall submit a Performance Report for each year thereafter until the submission of a Performance Report showing both of the Goals have been met. Once such a Performance Report has been submitted, subject to the inspection rights of the Authority

provided in Section 4.5 below, the Company shall have no further obligation to submit Performance Reports hereunder.

4.5. Inspection Rights. The Authority and its agents shall be permitted to inspect employment and investment records of the Company, specifically related to the Project, to verify information provided in the Performance Reports during normal business hours and upon reasonable notice. The Company may reasonably redact such records to protect the confidentiality of the Company, its inmates, its employees or other individuals.

4.6. Community Recovery Payments. In the event the Company has not reached both of the Goals by the Performance Date, then the Company, in such Performance Report, shall calculate the amount of the “**Community Recovery Payment**,” and shall pay the same, all pursuant to and as defined in the “**Incentives Schedule**” attached as Schedule 4 hereto and incorporated herein by reference. The Company shall pay a Community Recovery Payment for each year thereafter until the submission of a Performance Report showing both of the Goals have been met. Once such a Performance Report has been submitted, subject to the inspection rights of the Authority provided in Section 4.5 above, the Company shall have no further obligation to pay Community Recovery Payments. Notwithstanding anything to the contrary herein, in the event the Closing does not occur, the Company shall not be required to make a Community Recovery Payment in connection with any incentives that have not yet been provided to the Company.

4.7. Failure to File Report and Make Required Payments. If the Company fails to pay any Community Recovery Payment when due, interest shall be paid by the Company thereon at the rate of 1% per month (or such lesser rate as may be allowed by law) until paid. If there has been a failure which is not cured within 30 days following a written notice from the Authority that it be cured, the Authority shall be entitled to enforce its rights under this Section 4 and the Company shall indemnify the Authority for all costs of enforcement, including any court costs and reasonable and actual attorneys’ fees.

5. **TERMINATION OF AGREEMENT.**

5.1. Term.

5.1.1. Delay. If, despite the good faith efforts of the Parties, this Agreement and the Acknowledgements hereto are not fully executed on or before August 17, 2010, then the Authority or the Company may terminate this Agreement by written notice to the other Party, without any further liability except as otherwise expressly provided in this Agreement.

5.1.2. Expiration. If the Company has not issued the NTP by the expiration of the Term of the Option Agreement, then this Agreement shall expire and terminate, without any further liability on the part of any Party to the other, except as otherwise expressly provided in this Agreement.

5.2. Approval by Governing Bodies. Upon its execution of this Agreement, each Party and each signatory of an Acknowledgment hereto represents and warrants that its

governing body or other authorized committee or official thereof has approved and authorized its entry into such Agreement or Acknowledgment.

5.3. Closing Conditions. Any Party shall have the right to terminate this Agreement prior to the Closing, without any further liability except as otherwise expressly provided in this Agreement, effective immediately upon giving written notice to the other Parties, if:

5.3.1. Any other Party is in breach of this Agreement for a period of thirty (30) days after such Party's receipt of written notice from the other Party specifying such breach and requesting that it be remedied, unless corrective action is instituted by or on behalf of the breaching party within the thirty (30) day period and diligently pursued until the breach is corrected.

5.3.2. Either the Company or the Authority elects to terminate this Agreement due to the occurrence and continuation of either of the events described in clause (A) or (B) below, which election shall be made by the Authority or the Company, as the case may be, in its sole discretion, by delivering written notice of such termination to each of the other Parties hereto:

(A) a regulatory, administrative or judicial proceeding has been commenced against the Authority or the Company (or any Affiliate of the Company), which proceeding has not been dismissed within 120 days of the date of filing thereof, and which proceeding, if concluded adversely, would cause the Authority to be subject to any monetary damage, cost or other pecuniary liability not indemnified or otherwise provided for by the Company to the satisfaction of such party under this Agreement; or

(B) the execution and delivery by the Authority or the Company of the Definitive Documents or the performance of its respective obligations thereunder, or the participation by the Authority, the County or the Board of Assessors in this transaction, shall be conclusively determined to be illegal based on applicable law in effect as of the time of such determination.

Notwithstanding the foregoing, a contested validation proceeding for the Bonds shall not be considered a proceeding within the meaning of clause (A) or (B) above unless and until a final, non-appealable order has been entered under which validation of the Bonds has been denied. In any case, from and after any termination pursuant to this Section, the Company shall not be entitled to receive any further right or benefit hereunder and shall have no further obligation to make any of the payments described herein, except amounts payable in arrears which shall have accrued to such date. The indemnification rights of the Parties under this Agreement or the Bond Lease shall survive the expiration or earlier termination of this Agreement or the Bond Lease, respectively.

5.4. The Authority's Termination Rights. The Authority shall have the right to terminate this Agreement, pursuant to any provision contained in this Section 5, without any further liability except as otherwise expressly provided in this Agreement, effective immediately upon giving written notice thereof to the Company. If the Authority does not exercise any such

right to terminate by Closing (or by such other time specified), then, as of the Closing, such right shall be deemed waived with respect to the subject thereof.

5.5. The Company's Termination Rights. The Company shall have the right to terminate this Agreement, pursuant to any provision allowing it to do so contained elsewhere in this Agreement, without any further liability except as otherwise expressly provided in this Agreement, effective immediately upon giving written notice thereof to the Authority. Without limitation, the Company shall have the right to terminate this Agreement, effective immediately upon giving written notice to the other Parties if, by the Closing (or if this Agreement specifies another time therefor, then by such time) each Closing Condition set forth herein in favor of the Company has not been satisfied. If the Company does not exercise any such right to terminate by Closing (or by such other time specified), then, as of the Closing, such right shall be deemed waived with respect to the subject thereof.

5.6. Effect of Termination. If any Party terminates this Agreement pursuant to a right provided herein or if this Agreement expires, this Agreement shall terminate or expire as to all Parties without any further liability on the part of any Party, except as may theretofore have accrued, or except as otherwise expressly provided in this Agreement, or shall exist as a result of any prior breach hereof.

6. MISCELLANEOUS.

6.1. Notices. Any notice required to be given by any Party pursuant to this Agreement, shall be in writing and shall be deemed to have been properly given, rendered or made only if personally delivered, or if sent by Federal Express or other comparable commercial overnight delivery service or express mail (in each case for delivery on the next business day) addressed to each other Party at the addresses set forth below (or to such other address as any particular Party may designate for notices to it to each other Party from time to time by written notice), and shall be deemed to have been given, rendered or made on the day so delivered or on the first business day after having been deposited with the courier service or the United States Postal Service:

If to the Authority: Valdosta-Lowndes County Industrial Authority
2110 N. Patterson Street – Suite A
Valdosta, GA 31603
Attn: Executive Director

with a copy to: J. Stephen Gupton, Jr., P.C.
201 E. Gordon Street
Valdosta, GA 31601-4552
Attn: J. Stephen Gupton, Jr.

If to the Company: Corrections Corporation of America
10 Burton Hills Boulevard
Nashville, Tennessee 37215

with a copy to: Reno & Cavanaugh PLLC
424 Church Street, Suite 1750
Nashville, TN 37219-2301
Attn: David Kleinfelter

and to: Seyfarth Shaw LLP
1075 Peachtree Street, N.E.
Suite 2500
Atlanta, GA 30309-2401
Attn: Daniel M. McRae
Fax: (404) 892-7056

6.2. Confidential Information. All confidential information acquired by the Authority relating to the Company, shall be held in confidence by it, subject to its legal obligations as a public body, including, without limitation O.C.G.A. § 15-18-70, *et seq.* and § 50-14-1, *et seq.* The Company and its advisors shall, prior to the execution and delivery hereof, treat the contents of this Agreement as confidential, and, without limitation, shall not disclose such contents to competing communities or states.

6.3. No Partnership or Agency. No partnership or agency relationship between or among the Parties shall be created as a result of this Agreement.

6.4. Survival of Agreement. This Agreement shall survive Closing and the expiration or termination of the Bond Lease, but may be superseded in whole or in part by the EDA to the extent that the EDA expressly so provides.

6.5. Governing Law; Jurisdiction and Venue. The transactions contemplated hereunder and the validity and effect of this Agreement are exclusively governed by, and shall be exclusively construed and enforced in accordance with, the laws of the State of Georgia, except for the State's conflicts of law rules. The Company consents to jurisdiction over it and to venue in the County.

6.6. Amendments. Any amendments, deletions, additions, changes or corrections hereto must be in writing executed by the Parties hereto.

6.7. Entire Agreement. This Agreement, together with the Definitive Documents (when executed), constitutes the entire agreement between the Parties with respect to the subject matter hereof.

6.8. Counterparts; Facsimile. This Agreement may be signed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. To facilitate execution of this Agreement, the Parties expressly acknowledge and agree that, notwithstanding any statutory or decisional law to the contrary, the printed product of a facsimile or electronic transmittal of this letter shall be deemed to be "written" and a "writing" for all purposes, and shall otherwise constitute an original document binding upon the transmitting Party.

6.9. No Personal Liability of Representatives of Public Bodies. No official, member, director, officer, agent, or employee of the Authority, the County (including the members and staff of the Board of Assessors and the Tax Commissioner) shall have any personal liability under or relating to this Agreement. Rather, the agreements, undertakings, representations, and warranties contained herein are and shall be construed only as corporate agreements, undertakings, representations, and warranties, as appropriate, of such public bodies. Without limitation, and without implication to the contrary, all parties hereto waive and release any and all claims against each such official, member, director, officer, agent, or employee, personally, under or relating to this Agreement, in consideration of the entry of such public bodies into this Agreement.

6.10. No Personal Liability of Representatives of Company. No official, member, manager, director, officer, agent, or employee of the Company shall have any personal liability under or relating to this Agreement. Rather, the agreements, undertakings, representations, and warranties contained herein are and shall be construed only as corporate agreements, undertakings, representations, and warranties, as appropriate, of such entity. Without limitation, and without implication to the contrary, all Parties hereto waive and release any and all claims against each such official, member, manager, director, officer, agent, or employee, personally, under or relating to this Agreement, in consideration of the entry of such entity into this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this Purchase and Development Agreement and caused it to be delivered as of the following "Effective Date":
August 17, 2010.

The "Authority":

**VALDOSTA-LOWNDES COUNTY
INDUSTRIAL AUTHORITY**

By: 
Chairman

ATTEST:


Secretary

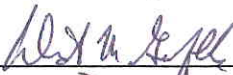
[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

The "Company":

**CORRECTIONS CORPORATION
OF AMERICA,**

a Maryland corporation

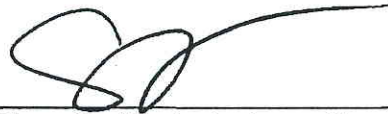
By: 
Name: David M. Garfinkle
Title: VP Finance

[SEAL]

SECRETARY'S CERTIFICATE

I, Scott Craddock, Assistant Secretary of Corrections Company of America, a corporation duly organized and existing under the laws of the State of Maryland (the "Company"), do hereby certify that David M. Garfinkle is a duly appointed officer of the Company, that set forth on Exhibit A hereto is a true and correct copy of certain resolutions duly adopted by the Board of Directors of the Company at a duly called meeting, that said resolutions have been entered in the minute book of the Company, and that the same are in conformity with the Charter and Bylaws of the Company and have not been modified or rescinded.

This 10th day of August, 2010.

A handwritten signature in black ink, appearing to be 'SCOTT CRADDOCK', written over a horizontal line.

Scott Craddock, Assistant Corporate Secretary

EXHIBIT A

* * * * *

RESOLVED, FURTHER, that David M. Garfinkle is hereby appointed an officer of the Company, to hold the office of Vice President, Finance and Controller, and to serve in accordance with the Company's Bylaws and until his or her successor is appointed and qualified, or until the earlier of his or her death, resignation, or removal;

SCHEDULE 1.4.1

DESCRIPTION OF THE SITE

Per the Option Agreement: Certain land located in Land Lots 152 and 153 of the 11th Land District of Lowndes County, Georgia and being more particularly described as 102 acres located in the northwest corner of a certain tract or parcel of land described as 219.54 Acres - Plat for Valdosta-Lowndes County Industrial Authority” dated October 22, 2007 and recorded November 1, 2007 in Plat Cabinet A, Pages 3852-3853, Office of Clerk of Superior Court of Lowndes County, Georgia, to which plat and map or survey is hereby referred in aid of description, said 102 Acres, more or less, being depicted on that certain map or survey attached to the Option Agreement, together with any and all improvements thereon and all rights and appurtenances thereto.

Upon the Company’s receipt and approval of the Survey to be provided by the Authority pursuant to Section 1.5.2 of this Agreement, a legal description of the Site shall be prepared and attached hereto. Such revised legal description shall be the description used in any of the Definitive Documents or other real estate documents that require a legal description.

SCHEDULE 1.6.2

<u>DEVELOPMENT SCHEDULE</u>		
<u>Event</u>	<u>Timing</u>	<u>Responsibility</u>
Phase I (Section 1.5.3)	To be provided to the Company no later than 6 months after the Effective Date	Authority
Survey (Section 1.5.2)	To be provided to the Company no later than 6 months after the Effective Date Additional 60 days for the submission and satisfaction of objections	Authority Company/Authority
Title (Section 1.5.1)	Title Objection Letter to be provided within 30 days of receipt of the Survey Additional 30 days for the satisfaction of objections	Company Authority
Submission of Preliminary Specifications (Section 1.6.1)	No later than 6 months after receipt of the Survey	Company
<i>(Issuance of the NTP)</i>		
Master Plan agreed upon and attached to Schedule 1.7 (Section 1.7)	No later than 30 days after the issuance of the NTP	All Parties
Closing of Bonds (Section 2.1)	No later than 60 days after the issuance of the NTP	Company, Authority, Authority's Counsel and Bond Counsel
Access Road Work (Section 3.3.1)	No later than ____ months after the issuance of the NTP	Authority
Infrastructure Work (Section 3.3.2)	No later than ____ months after the issuance of the NTP	Authority

Commencement of Construction	To commence no later than ____ days after _____	Company
Substantial Completion of Construction	No later than 12 months after the commencement of construction	Company

SCHEDULE 1.7

MASTER PLAN

[To be attached within 30 days of the issuance of the NTP, per Section 1.7]

SCHEDULE 3.6.1

SAVINGS SCHEDULE

1. The term “**Completion Date**,” as used herein, is the date the Project has been completed and is available for occupancy and use by the Company. There will be no value to the Leasehold Interest of the Company in the Project prior to the Completion Date in accordance with the precedent established in the *Harris Case*. Thus, there will be no *ad valorem* real property or personal property taxes on any portion of the Project acquired by the Authority during the period prior to January 1 of the year immediately following the Completion Date (the “**Tax Commencement Date**”).
2. Beginning on the Tax Commencement Date, the real property and personal property acquired in connection with the Project will be valued for *ad valorem* property tax purposes based on the following ten-year schedule which has been determined based on the precedent established in the *Harris Case*, and also pursuant to O.C.G.A. Sec. 36-80-16.1(e). During each year, the Leasehold Interest of the Company in the property acquired by the Authority in connection with the Project will be subject to taxation at the fair market value of the Leasehold Interest in that year. It is agreed that the fair market value of the Leasehold Interest of the Company in the Project shall increase as the lease term progresses and for any year will equal the “**applicable percentage**” for such year as set forth below multiplied by the fair market value of the fee interest of the Project in such year. The “**applicable percentage**” in each year during this ten-year period will be as follows:

YEAR	APPLICABLE PERCENTAGE
1	7.04%
2	14.43%
3	22.19%
4	30.34%
5	38.89%
6	47.88%
7	57.31%
8	67.22%
9	77.61%
10	88.53%
10 and thereafter	100.00%

SCHEDULE 3.6.4

FORM OF LETTER FROM BOARD OF ASSESSORS

[attached]

SCHEDULE 4

COMMUNITY INCENTIVES SCHEDULE

1. The recovery value (“**Recovery Value**”) of each of the Community Incentives provided pursuant to the Sections of this Agreement identified below shall be as specified in the rows of the table set forth below (the “**Incentives Table**”), with any payments to be made as provided in this Incentives Schedule to the Parties indicated as follows:

INCENTIVES TABLE

SECTION	INCENTIVE	RECOVERY VALUE*	RECOVERY FACTOR	RECOVERY PAID TO
3.2	The Site	Actual price paid per Option Agreement (and fair market value of the County Property, if provided to the Company)	10%	Authority
3.3	Authority’s Work	Amount of costs paid by the Authority or the County, as appropriate, less any grant proceeds received pursuant to Section 3.5 and less any amounts already paid for by the Company pursuant to Sections 3.3.1 and 3.3.2	10%	Authority
3.4.1	Permitting	Amount of permitting costs paid by the Authority or the County, as appropriate	10%	Authority
3.6	Property Tax Savings on Project	Actual amount of <i>ad valorem</i> property taxes on Project saved each year	100%	Appropriate Taxing Authorities, Pro Rata in Proportion to Applicable Millage Rates

*In no event shall the Company be required to pay Community Recovery Payments relating to any incentive that cumulatively exceeds the applicable Recovery Value.

2. On or before the January 31 following the Performance Date, the Company shall submit its Performance Report as required by Section 4.4 of this Agreement. If the Company has not reached both of the Goals by the Performance Date, the Company shall make a payment with respect to each incentive listed in the Incentives Table above (each payment, a “**Community**”

Recovery Payment,” and collectively, the “**Community Recovery Payments**”) to the respective Parties so specified based on the applicable Recovery Value. Such Community Recovery Payment shall be paid to the Party or Parties specified above simultaneously with the delivery of the Performance Report. The Company shall pay a Community Recovery Payment for each year thereafter until the submission of a Performance Report showing both of the Goals have been met. Once such a Performance Report has been submitted, subject to the inspection rights of the Authority provided in Section 4.5 of this Agreement, the Company shall have no further obligation to submit Performance Reports under this Agreement or pay Community Recovery Payments.

3. With respect to certain in-kind incentives provided by the Authority, the Incentives Table provides a Recovery Factor of less than 100% for each year. Such Recovery Factor represents the amortization of the Recovery Value of such incentive over the term of the Bond Lease.
4. In order to determine the Community Recovery Payment for each incentive in the Incentives Table, the Recovery Value shall be multiplied by the corresponding Recovery Factor, the result shall be the Community Recovery Payment for such incentive.

SCHEDULE 4.2

RULES FOR SATISFYING THE COMMUNITY JOBS GOAL

1. For purposes of this Agreement, the number of new “full-time jobs” shall be defined and determined, from time to time, as provided follows:
 - a) Only direct employees of the Company shall be counted.
 - b) In determining the number of full time jobs a portion of the definition of “full-time job” from the job tax credit regulations of the Georgia Department of Community Affairs, which portion is set forth below, shall be used, but shall be modified as follows: “In no event shall any temporary employee or leased employee be counted as occupying a full-time job, regardless of whether or not such person is employed by the Company or any other person or entity.”
 - c) Subject to such modification, “**full-time job**” means the following: “a job with no predetermined end date (other than a retirement date), with a regular work week of 35 hours or more on average for the entire normal year of local Company operations, and with benefits provided to other regular employees of the local Company, but does not mean a job classified for federal tax purposes as an independent contractor.”
2. The number of full-time jobs shall be calculated as provided below.
 - a) The number of jobs shall be determined based on the monthly average number of full-time employees subject to Georgia income tax withholding for the taxable year.
 - b) The monthly average number of full-time employees in a taxable year shall be determined by the following method:
 - (i) for each month of the taxable year, count the total number of full-time employees of the business enterprise that are subject to Georgia income tax withholding as of the last payroll period of the month or as of the payroll period during each month used for the purpose of reports to the Georgia Department of Labor;
 - (ii) add the monthly totals of full-time employees; and
 - (iii) divide the result by the number of months the business enterprise was in operation during the taxable year. Transferred jobs, except for jobs transferred to the Project from outside the State of Georgia, and replacement jobs may not be included in the monthly totals.

SCHEDULE 4.3

RULES FOR SATISFYING THE COMMUNITY INVESTMENT GOAL

1. Only capital investments in the Project by the Company shall be counted, except as provided in 4 below.
2. Original cost, without regard to depreciation, shall be used in calculating whether the Community Investment Goal is met, except as provided in 3, below.
3. Transferred equipment relocated by the Company to the Project to be used as part of the Project may be counted at net book value, or, if requested and substantiated by the Company to the Authority's satisfaction, and approved by the Authority, its fair market value.
4. Machinery and equipment leased to the Company under an operating lease (even though such property is not titled to the Authority and is not leased to the Company under the Bond Lease) and other machinery and equipment owned or beneficially owned by the Company but not leased to it under the Bond Lease, shall be counted.

SCHEDULE 4.4

FORM OF PERFORMANCE REPORT

[DATE]

[AUTHORITY]

Re: Purchase and Development Agreement (“PDA”) and Economic Development Agreement (“EDA”) between the [AUTHORITY] (“Authority”) and [COMPANY] (“Company”) regarding the capital project located in [COUNTY], Georgia (the “Project”) – Performance Report

Dear _____:

This letter shall serve as the Performance Report, as required under the PDA and EDA.

1. Community Jobs Report

As of December 31, 20____, the total number of full-time jobs located at the Project was _____. We have enclosed _____, as evidence of such job creation.

The Community Jobs Goal for _____ was _____ jobs. Therefore, we have [satisfied/not satisfied] this goal.

2. Community Investment Report

As of December 31, 20____, the Company has invested \$_____ in the Project.

The Community Investment Goal for 20____ was \$_____. Therefore, we have [satisfied/not satisfied] this goal.

3. Community Recovery Payments

[IF A COMMUNITY RECOVERY PAYMENT IS DUE, THAT PAYMENT SHOULD BE CALCULATED HERE BASED ON THE RECOVERY SCHEDULE IN THE PDA]

Please do not hesitate to let us know if you require any additional information.

Sincerely,

Enclosures