

September 13, 2019

DRAFT – FOR DISCUSSION PURPOSES ONLY

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Forbearance Agreement") is effective as of [September 9¹⁶], 2019 (the "Effective Date") by and between the CENTRAL FALLS DETENTION FACILITY CORPORATION (the "Corporation") and UMB BANK, N.A., as successor indenture trustee for the Bonds described more particularly below (the "Bond Trustee"). Each of the Corporation and the Bond Trustee may be referred to herein as a "Party" and, together, as the "Parties."

RECITALS

WHEREAS, the Bond Trustee serves as successor indenture trustee for the Central Falls Detention Facility Refunding Bonds (the Donald W. Wyatt Detention Facility) Series 2005A ("Bonds") issued by the Corporation pursuant to that certain Indenture of Trust, dated as of June 1, 2005, by and between the Corporation and the Bond Trustee, as the same may be amended from time to time (the "Trust Indenture"). Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to such terms as set forth in the Trust Indenture. Proceeds of the Bonds were used to expand the Corporation's detention center (the "Facility") and refinance certain prior bonds relating thereto; and

WHEREAS, as security for its obligations with respect to the Bonds, the Corporation pledged a first priority lien on and security interest in: (i) substantially all of the Corporation's Revenues, Funds and Accounts assets as described in the Trust Indenture; and (ii) substantially all of the Corporation's real and personal property as described in that certain Open End Mortgage Deed, Leasehold Mortgage and Security Agreement (the "Mortgage"), including but not limited to the real estate associated with the Facility and the improvements thereon, all of the Corporation's equipment, furniture, fixtures, and other personal property (all such collateral so granted under the Bond Documents (defined herein), the "Collateral"); and

WHEREAS, the Trust Indenture, the Mortgage, and any other document or agreement delivered as security for, or in respect to, the Bonds or the Corporation's obligations under any such documents are collectively referred to herein as the "Bond Documents"; and

WHEREAS, the Corporation provided notice to the Trustee that Events of Default have occurred and are continuing relating to the Bonds including, but not limited to, the Corporation's failure to pay required debt service on the Bonds, pursuant to **Section 11.1(i)** of the Trust Indenture, to replenish draws on the Reserve Fund to the Reserve Requirement, pursuant to **Section 11.1(viii)** of the Trust Indenture, and certain additional Events of Default by the Corporation may occur while this Forbearance Agreement remains in effect, including but not limited to covenant defaults and defaults in the payment of the principal of and interest on the Bonds (collectively, the "Defaults"); and

WHEREAS, the Corporation has requested that the Trustee forbear from exercising remedies available to it under the Bond Documents as a result of the Defaults; and

WHEREAS, the Parties have agreed to continue to evaluate the financial performance of the Facility over a period of time, consider whether a sale, affiliation or other transaction related to the Facility is warranted, and during such time the Bond Trustee will forbear from exercising its rights

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and remedies available to it under the Bond Documents and applicable law as a result of the Defaults; and

WHEREAS, in reliance upon the truth of the foregoing recitals, and the promises, conditions and covenants herein contained, the holders of a majority in the aggregate principal amount of the Bonds (the "Directing Bondholders"), acting in accordance with **Section 11.2** of the Trust Indenture, have authorized and directed the Bond Trustee to execute and deliver this Forbearance Agreement. The holders of the Bonds are referred to herein as the "Bondholders."

NOW THEREFORE, in consideration of the consummation of the transactions contemplated by this Forbearance Agreement, the mutual covenants and commitments set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I: GENERAL REPRESENTATIONS

1.1. RECITALS. The Corporation hereby confirms, represents and warrants to the Trustee that the Recitals set forth at the beginning of this Forbearance Agreement are true and accurate in all respects, and the Corporation acknowledges that the Trustee is relying upon such truth and accuracy in entering into this Forbearance Agreement and the Directing Bondholders have so relied in directing the Trustee to enter into this Forbearance Agreement.

1.2. AGREEMENT OF TRUSTEE PURSUANT TO DIRECTION FROM DIRECTING BONDHOLDERS. All references in this Forbearance Agreement to the Trustee's agreeing with or agreement to, consenting to or consent to, acknowledging or acknowledgement of, or any like action by the Trustee, shall refer to such entity having been directed so to agree, consent, acknowledge or take like action pursuant a direction from the Directing Bondholders.

1.3. REPRESENTATIONS, ACKNOWLEDGEMENTS. The Corporation acknowledges and represents that as of the date hereof: (i) all obligations of the Corporation under the Bond Documents, and Title 45, Chapter 54 of the Rhode Island General Laws, among other instruments (the "Act") constitute valid and binding obligations of the Corporation; (ii) the outstanding principal amount of the Bonds as of the date hereof is \$97,300,000; (iii) all of the real and personal property owned by the Corporation constituting the Collateral is subject to the liens granted under the Bond Documents and the Trustee holds a valid, perfected, first priority lien on and security interest in all of the Collateral; (iv) all representations and warranties of the Corporation in this Forbearance Agreement are true and correct as of the date hereof, and shall survive the execution of this Forbearance Agreement; (v) the Corporation is authorized to enter into this Forbearance Agreement and, upon execution and delivery hereof this Forbearance Agreement will be a legally binding obligation of the Corporation; and (vi) the Corporation's obligations under the Bond Documents are not subject to any defense, set-off, reduction, claim or counterclaim of any kind or nature whether at law or in equity.

1.4. BOND DOCUMENT DEFAULTS. The Corporation acknowledges that: (i) as of the date of this Forbearance Agreement, Defaults described in the recitals are continuing; and (ii) there may in the future exist additional Events of Default, or defaults that, with notice and/or the passage of time, would constitute Events of Default under various provisions of the Bond Documents.

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1.5. NO WAIVER. The Corporation hereby acknowledges that nothing in this Forbearance Agreement is intended to serve as a waiver of any payment or other obligation of the Corporation under any of the Bond Documents, and each of such obligations shall continue in full force and effect, subject to the terms and conditions of this Forbearance Agreement as more specifically set forth herein. The Corporation hereby acknowledges that the Trustee reserves all of its respective rights to take action with respect to the Defaults, any other defaults, potential defaults, and Events of Default now or hereafter existing under the Bond Documents including without limitation, the Defaults, upon the occurrence of a Forbearance Termination Event (as defined in Section IV below). The parties acknowledge that, subject to the terms of this Forbearance Agreement and the Trustee's agreement to forbear as more particularly set forth herein, all terms of the Bond Documents remain in full force and effect.

1.6. RATIFICATION OF LIENS AND SECURITY INTERESTS. The Corporation hereby ratifies and confirms its grant of a first priority lien on and security interest in the Collateral in favor of the Trustee to secure the Bonds and the obligations under the Bond Documents. The Corporation hereby warrants that, except as otherwise permitted and/or allowed under the Bond Documents, there are no other liens or security interests existing as of the date hereof with respect to the Collateral and there are no other assets of the Corporation not subject to the liens or security interest of the Trustee.

ARTICLE II: COVENANTS AND MANAGEMENT DURING FORBEARANCE

2.1. COMPLIANCE WITH APPROVED BUDGET. Commencing on the Effective Date and measured as of the end of each consecutive month thereafter (each monthly period, a "Measuring Period"), the Corporation covenants and agrees (the "Revenue Covenant") that during the Forbearance Period it shall operate the Facility in a manner to achieve the results in accordance with the Budget (defined herein), subject to a 10% negative variance of the budgeted revenues for any particular month thereafter (the "Revenue Variance"). During the Forbearance Period, the Corporation covenants and agrees (the "Expense Covenant") that during the Forbearance Period, the Trustee shall advance to the Corporation revenue to pay only those items as set forth in the Budget and delivered to the Trustee in periodic funding requests, in the amounts not exceeding those set forth in the Budget during a Measuring Period, recognizing that more than one funding requests may be delivered during a Measuring Period (the "Budgeted Expenses"). Amounts advanced to the Corporation shall not exceed Budgeted Expenses, plus an expense variance up to ten percent (10%) of Budgeted Expenses during the applicable Measuring Period (the "Expense Variance"). As used herein the term "Budget" means (a) the budget attached hereto as **Exhibit A** for the remainder of 2019 fiscal year prepared by the Corporation and approved in writing by the Trustee, which Budget sets forth a good faith projection of (i) the operating revenue and operating expenses relating to the Facility for the remainder of 2019, and (ii) the critical capital expenses necessary for the Facility for the remainder 2019; and (b) the annual budget prepared by the Corporation and delivered to the Trustee no later than October 15th of each subsequent calendar year and approved by the Trustee no later than November 1st prior to the applicable fiscal year. The 2020 and 2021 annual budgets shall also include a separate detailed schedule identifying any anticipated capital expenses to be incurred during such annual period. As set forth in Section 2.5(iv), the Corporation will provide the Trustee a written explanation in reasonable detail explaining the amount of and the reason for any Expense Variance. Any Budgeted Expenses not requisitioned for in a particular Measuring Period may be requisitioned during a subsequent

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Measuring Period and, for the purpose of calculating the Expense Variance set forth above, the Budget will be revised to move such expenditures to the later period; *provided, however*, that except for the change in timing of Budgeted Expenses to a later date on the Budget, the Budget shall not be modified and/or updated absent the written consent of the Trustee. The Corporation will also provide a written explanation in reasonable detail explaining the amount of and the reason for any delay in payment of Budgeted Expenses.

2.2. FUNDS AVAILABLE FOR DEBT SERVICE. On the last Business Day of each month, the Trustee shall transfer all amounts in the Revenue Fund that exceed the aggregate sum of \$400,000 held in (i) the Corporation's operations and maintenance account, and (ii) the Revenue Fund, to the Debt Service Fund, which shall be applied consistent with the Trust Indenture.

2.3. FEES AND EXPENSES. The Corporation is obligated to pay all fees and expenses of the Trustee (including, but not limited to, reasonable fees and expenses of its attorneys, advisors and other professionals) in connection with the negotiation, execution and enforcement of this Forbearance Agreement upon presentment thereof to the Corporation on a current basis in accordance with the provisions for payment of fees and expenses of the Trustee as set forth in the Bond Documents and to the extent identified on the Budget; *provided, however*, that nothing herein modifies, alters or amends the Trustee's respective rights under the Bond Documents to receive payment of its fees and expenses from other available Trustee held funds, including the Debt Service Reserve Fund.

2.4. OPERATING MILESTONES. The Corporation shall maintain its operations to meet the following milestones:

- (i) *Maintenance of ADP.* The Corporation shall maintain a monthly average daily population ("ADP") of no less than 625 (the "ADP Covenant");
- (ii) *Warden Employment Agreement.* Within thirty (30) days of the Effective Date, the Corporation enter into an employment agreement with Daniel Martin as the Warden for the Facility that establishes the Warden's day-to-day management of the Facility and shall be in form and substance reasonably acceptable to the Trustee. The Corporation shall not modify the Warden's employment agreement or enter into any agreement with a replacement warden without the written consent of the Trustee;
- (iii) *USMS Contract.* The Corporation shall maintain and perform in compliance with that certain "*Detention Services – Operational Agreement – Central Falls Detention Facility Corporation*", dated March 1, 2018, as supplemented by that certain *Modification of Intergovernmental Agreement* that expanded the government's use of the Wyatt to include Immigration Customs & Enforcement, dated March 12, 2019; and
- (iv) *Accreditations.* The Corporation shall maintain satisfactory accreditations from (i) American Correctional Association (ACA) as well as satisfy any ACA re-accreditation, (ii) Prison Rape Elimination Act audits, and (iii) any other required accreditations to maintain operations as a federal detention center.

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2.5. ADDITIONAL REPORTING BY CORPORATION. The Corporation shall, in addition to all disclosure and reporting obligations set forth in the Bond Documents, provide to the Bond Trustee:

- (i) *Access to Financial Data.* The Corporation agrees that any time during the Forbearance Period, the Bond Trustee and any of its advisors and agents, and any Directing Bondholder shall have reasonable access to and may confer with the Corporation regarding the financial condition of the Corporation. The Corporation shall make available to the Bond Trustee any information reasonably requested relating to the financial condition and business operations of the Corporation; and
- (ii) *Average Daily Population Reports.* The Corporation shall provide to the Trustee on a daily basis a written report stating the ADP of detainees at the Facility for the immediate preceding daily period;
- (iii) *Weekly Cash Flow Budget Reports.* The Corporation shall provide to the Bond Trustee (copies of which will be provided to the Majority Owner) no later than 5:00 p.m. (ET) on Tuesday of each week, a report identifying the actual receipts and disbursements for the immediate prior week; *provided, however*, that for any weekly report that includes payroll disbursements, the report shall include a detail of such payroll expenses, including aggregate base salaries and/or hourly pay, overtime pay, training pay, any stipends or per diem pay;
- (iv) *Monthly Financial Reports.* Commencing September 20, 2019 and continuing on the twentieth (20th) day of the month thereafter, a monthly financial report for the previous month that shall include, among other information, an actual to budget comparison, a monthly balance sheet, a monthly cash statement and income report, and the Certificate of Compliance in the form attached hereto as **Exhibit B**; and
- (v) *Bi-Annual Bondholder Calls.* No fewer than twice each year, the Corporation shall, at the request of the Bond Trustee, make one or more members of senior management, at least one of whom shall be the Corporation's Warden, available for calls with the Bond Trustee and Bondholders to discuss matters relevant to the Bonds, the Facility, this Forbearance Agreement and/or the Bond Documents.

2.6. BOARD MEMBERS INDEPENDENT DUTY TO CORPORATION. It is acknowledged and confirmed that to the fullest extent permitted by law, each member of the Board of Directors of the Corporation owes their exclusive and independent duty to the Corporation and the Corporation's creditors for so long as the Corporation remains insolvent. It is further acknowledged that the Bond Trustee, Majority Owner and the Corporation share the common goal of working to ensure the maximization of the value of the Corporation. In keeping with this common goal, it is agreed that the Chairman of the Board shall provide notice to the Trustee of any substantive communication with the City of Central Falls or its designated representatives or agents relating to the Bonds or the ~~operations of the Facility. The Parties agree and acknowledge that it is in the best interest of the Corporation to appoint members to the Board of Directors that have demonstrated expertise in detention centers or similar correctional facilities.~~ finances of the Facility.

2.7. LIMITATION ON CITY. The Corporation agrees and covenants that to the fullest extent permitted by law, it shall not permit the City (including any authorized representative of the City) be involved in the governance (except for appointment of the Board of Directors), management and day to day operations of the Facility, including but not limited to, the Bond Documents, personnel and staffing, budgets, revenue and expenses, management agreements, leases, capital leases, and vendors (including inter-governmental agreements).

2.8. CORPORATION TO EVALUATE STRATEGIC ALTERNATIVES. The Corporation agrees that during the Forbearance Period, it shall use its best efforts to cooperate with the Bond Trustee to evaluate (but is not a requirement or consent to consummate) a potential debt refinancing, affiliation or strategic transaction, and shall achieve the following milestones (each, a "Transaction Milestone"):

- (i) As of the Effective Date and by this Forbearance Agreement, the Corporation authorizes the Warden to enter into nondisclosure agreements at any time during the Forbearance Period and reasonably satisfactory to the Warden (as advised by Corporation's counsel) and Bond Trustee to provide confidential information about the Corporation to parties considering a sale, investment, or other affiliation with the Corporation (a "Transaction").
- (ii) Within 14 days of a request by the Bond Trustee, the Corporation shall retain an investment banking firm acceptable to the Trustee (the "Financial Consulting Firm") to assist the Corporation in preparing, presenting, and if applicable, implementing a proposed Transaction. The Corporation hereby consents to the Bond Trustee, the Majority Owner and their representatives having direct discussions with the Financial Consulting Firm, independent from any discussions with the Corporation.
- (iii) On or within thirty (30) days of the Financial Consulting Firm's engagement, the Corporation shall deliver to the Trustee a Transaction milestone timeline developed by the Financial Consulting Firm and Corporation, which shall be reasonably acceptable to the Trustee, setting forth the deadlines which the Corporation shall achieve (the "Transaction Timeline").
- (iv) Within thirty (30) days of establishing the Transaction Timeline, the Financial Consulting Firm shall produce in form satisfactory to the Bond Trustee, informational materials that may be distributed to potential parties considering a Transaction. In addition, the Financial Consulting Firm shall prepare and maintain an electronic due diligence room with materials necessary to allow parties to evaluate a Transaction.
- (v) The Corporation shall cooperate fully with the Financial Consulting Firm in the Transaction process, particularly with respect to making information and site visits available to potential purchasers/affiliation partners for due diligence investigation, as well as assisting the Financial Consulting Firm in preparing any and all marketing materials associated with the Facility and the Corporation.

- (vi) The Corporation shall provide to the Bond Trustee regular reports in form and substance acceptable to the Bond Trustee, including a summary of the Transaction efforts, including communications, number of potential inquiries, indications of interest, letters of intent or offers and status of follow up with any leads.
- (vii) The Corporation shall deliver to the Trustee within one (1) Business Day of the Corporation's receipt, any and all offers, letters of intent or interest, or other similar proposal submitted in connection with a proposed Transaction; *provided, however*, the Corporation shall not enter into any agreement or arrangement, including without limitation, any letter of intent or other similar proposal without the Trustee's reasonable consent.
- (viii) The Parties acknowledge and agrees that nothing contained in this Forbearance Agreement shall be construed as an agreement by the Corporation to (1) enter into to any Transaction, (2) release or terminate the Bond Trustee's liens and security interests upon the Collateral for any reason other than payment in full, in cash, of all Obligations under the Bond Documents, (3) extend the Forbearance Period, or to otherwise modify or amend the terms and conditions of the Forbearance Agreement to accommodate such a Transaction, or (4) to limit, modify, or waive any of the Bond Trustee's rights and remedies under the Bond Documents.

ARTICLE III: FORBEARANCE

3.1. AGREEMENT TO FORBEARANCE. Pending the occurrence of a Forbearance Termination Event (defined herein), the Bond Trustee shall forbear from exercising further remedies based on the occurrence and/or continuance of Defaults. The foregoing agreement by the Trustee: (i) is not intended by the Parties and shall not be construed as a waiver of any existing and continuing defaults under the Bond Documents, it being acknowledged and agreed that no such waiver shall be effected hereby; and (ii) is only an agreement to forbear from directing the exercise of rights and remedies available under the Bond Documents as such rights relate to the Defaults and is in no way intended to limit any rights or remedies the Trustee may have with respect to any default or Event of Default heretofore, now, or hereafter arising other than the Defaults. Upon the termination of the Forbearance Period (defined herein), all forbearances, deferrals and indulgences granted by the Trustee pursuant to this Forbearance Agreement shall automatically terminate, and the Trustee shall thereupon have, and shall be entitled to exercise, any and all of its respective rights and remedies under the Bond Documents or otherwise.

The Corporation acknowledges that the aforesaid agreement by the Trustee is given at the request of the Corporation and the Corporation represents and warrants to and for the benefit of the Trustee that such agreement shall not have the effect of releasing any person or entity from liability for repayment of the indebtedness or performance of the obligations evidenced and/or secured by any of the Bond Documents. The Corporation hereby waives all notices of default and rights to cure as provided in the Bond Documents or otherwise with respect to the Defaults. The Corporation also reaffirms the Trustee's rights to payment of its fees and expenses as Trustee and to the lien securing the same, all as set forth in the Bond Documents. The Corporation acknowledges and agrees that nothing in this Forbearance Agreement shall act in derogation of such right to payment or such lien.

3.2. CONTINUED NEGOTIATIONS. Pending the occurrence of a Termination Event, during the term of this Forbearance Agreement the Corporation and the Bond Trustee (acting at the direction and with the consent of the Directing Bondholders) shall continue good faith negotiations regarding the Corporation's obligations with respect to the Bonds, compliance with the Bond Documents, and all options to maximize the value of the Corporation, both during and subsequent to the term of this Forbearance Agreement. At their discretion, the Corporation and Bond Trustee may include other parties to participate in such good faith negotiations, including the City and employee representatives.

ARTICLE IV: FORBEARANCE TERMINATION EVENTS

4.1. TERMINATION EVENTS ON FIFTEEN BUSINESS DAYS' NOTICE. The period of forbearance by the Trustee pursuant to this Forbearance Agreement (the "Forbearance Period") shall commence on the Effective Date and shall continue until the earlier of (i) a Forbearance Termination Event; or (ii) December 31, 2021. The occurrence and continuance of any of the following shall constitute a "Forbearance Termination Event" under this Forbearance Agreement and the Bond Trustee's obligations to forbear under this Forbearance Agreement shall terminate, without any further action, fifteen (15) Business Days after written notice to the Corporation:

- (i) The Corporation's failure to comply with any covenant in this Forbearance Agreement; *provided, however*, that the Corporation's failure to achieve the ADP Covenant shall not be a Forbearance Termination Event unless such default shall continue for ~~two~~three consecutive Measuring Periods;
- (ii) (y) any other material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), or financial condition of the Corporation that reasonably results in the Corporation's inability to pay current operation and maintenance expenses in the ordinary course or during the subsequent thirty (30) day period; and (z) a material adverse effect upon the legality, validity, binding effect or enforceability against the Corporation of any Bond Documents; all as determined solely but reasonably by the Bond Trustee;
- (iii) The commencement by any party other than the Corporation of any action challenging the validity, enforceability, priority or extent of the Bond Trustee's liens, claims and/or interests with respect to the Bonds, this Forbearance Agreement, or any Bond Document.
- (iv) The commencement by any party other than the Corporation, City, State and/or any other governmental entity of an Insolvency Event that continues unstayed and in effect for any period of forty five (45) consecutive days. As used herein, "Insolvency Event" means the commencement of proceedings naming the Corporation as a debtor under any chapter of the United States Bankruptcy Code, 11 U.S.C. § 101 et. seq., the commencement of receivership proceedings by any party other than the Bond Trustee naming the Corporation or involving a material part of its property, the making of an assignment for the benefit of the relevant Corporation's creditors, or any substantially similar event or proceeding involving the Corporation; and

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- (v) The Corporation's failure to be in compliance with the Budget, as certified by the Warden in its Monthly Compliance Certificate.

4.2. IMMEDIATE TERMINATION EVENTS. The Bond Trustee's obligations under this Forbearance Agreement shall terminate **IMMEDIATELY** and without notice to any Party, without any further action upon the occurrence of any of the following additional Forbearance Termination Events:

- (i) The average ADP for any two consecutive Measuring Periods shall be less than 525;
- (ii) ~~(+)~~ The commencement by the Corporation, or the consent thereto by the Corporation, of an Insolvency Event involving the Corporation; and
- (iii) ~~(+)~~ The commencement by the Corporation of any action challenging the validity, enforceability, priority or extent of the Bond Trustee's liens, claims and/or interests with respect to the Bonds, this Forbearance Agreement, or any Bond Document.

4.3. EFFECT OF OCCURRENCE OF TERMINATION EVENT. Upon the occurrence of a Termination Event, and except as otherwise expressly provided in this Forbearance Agreement: (a) the Bond Trustee's obligations under this Forbearance Agreement including, without limitation, to forbear as described herein shall automatically terminate; and (b) the Bond Trustee may immediately commence enforcing all its rights and remedies pursuant to this Forbearance Agreement, Bond Documents, applicable law and otherwise, in such order and manner as the Bond Trustee may determine appropriate in its discretion.

ARTICLE V: VOLUNTARY ACTION

5.1. VOLUNTARY ACTION. The Corporation hereby acknowledge and agrees that: (a) it has read and understands the contents of this Forbearance Agreement, (b) it has had the opportunity to consult with counsel of its choice throughout all of the negotiations that preceded the execution of this Forbearance Agreement, and (c) it has acted voluntarily and without duress in connection with the execution and delivery of this Forbearance Agreement after reviewing and understanding each provision herein and without reliance upon any promise or representation of any person or persons acting for or on behalf of the Bond Trustee.

ARTICLE VI: RELEASE

6.1. IN ORDER TO INDUCE THE TRUSTEE TO ENTER INTO THIS FORBEARANCE AGREEMENT, AND THE DIRECTING BONDHOLDERS TO DIRECT THE TRUSTEE TO ENTER INTO THIS FORBEARANCE AGREEMENT, THE CORPORATION, AND ITS RESPECTIVE OFFICERS, DIRECTORS AND EMPLOYEES (COLLECTIVELY, THE "RELEASING PARTIES") FOREVER RELEASES AND DISCHARGES THE TRUSTEE AND MAJORITY OWNER AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS AND AGENTS (COLLECTIVELY, THE "RELEASED PARTIES") FROM ANY AND ALL CLAIMS, CAUSES OF ACTION, SUITS AND DAMAGES (INCLUDING CLAIMS FOR ATTORNEYS' FEES AND COSTS) WHICH THEY (JOINTLY OR SEVERALLY) EVER HAD OR MAY NOW HAVE AGAINST

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ANY OF THE RELEASED PARTIES FOR ANY CLAIMS ARISING OUT OF OR RELATED IN ANY WAY TO THE BOND DOCUMENTS OR THE ADMINISTRATION THEREOF, WHETHER KNOWN OR UNKNOWN, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS BASED UPON OR RELYING ON ANY ALLEGATIONS OR ASSERTIONS OF DURESS, ILLEGALITY, UNCONSCIONABILITY, BAD FAITH, BREACH OF CONTRACT, REGULATORY VIOLATIONS, NEGLIGENCE, MISCONDUCT, OR ANY OTHER TORT, CONTRACT OR REGULATORY CLAIM OF ANY KIND OR NATURE, EXCEPT FOR BREACHES OF THIS FORBEARANCE AGREEMENT. THIS RELEASE IS INTENDED TO BE FINAL AND IRREVOCABLE AND IS NOT SUBJECT TO THE SATISFACTION OF ANY CONDITIONS OF ANY KIND.

The provisions, waivers and releases set forth in this Article VI are binding upon the Releasing Parties and their respective assigns and successors in interest. The provisions, waivers and releases of this Article VI shall inure to the benefit of each member of the Released Parties.

The Corporation represents and warrants that it is the sole and lawful owner of all right, title and interest in and to all of the claims released hereby and it has not heretofore voluntarily, by operation of law or otherwise, assigned or transferred or purported to assign or transfer to any person any such claim or any portion thereof. The Corporation hereby indemnifies and holds harmless each member of the Released Parties from and against any claim, demand, damage, debt, liability (including payment of reasonable attorneys' fees and costs actually incurred whether or not litigation is commenced) based on or arising out of any assignment or transfer of any released claims made by the Corporation hereunder.

The provisions of this Article VI shall survive payment in full of the amounts owed by the Corporation under the Bond Documents, full performance of all the terms of this Forbearance Agreement, and any exercise of remedial actions under the Bond Documents or otherwise.

ARTICLE VII: ADDITIONAL TERMS

7.1. CERTAIN DISCLOSURES. Upon execution of this Forbearance Agreement by all Parties, the Bond Trustee may post this Forbearance Agreement, including all Schedules and Exhibits attached hereto (if any), on the Electronic Municipal Market Access Service (available at www.emma.msrb.org) and, for the avoidance of doubt, the Bond Trustee shall be authorized to issue one or more notices to holders of the Bonds disclosing the existence and material terms of this Forbearance Agreement.

7.2. NOTICES. All notices, demands, requests, consents, approvals and other communications ("Notice" or "Notices") under this Forbearance Agreement shall be in writing and delivered by (i) courier or messenger service, (ii) express or overnight mail, (iii) electronic mail (with a contemporaneous telephone message at the phone number(s) listed below), or (iv) by registered or certified mail, return receipt requested and postage prepaid, addressed to the respective parties as follows:

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IF TO THE CORPORATION: Central Falls Detention Facility Corporation
Attn: Warden
950 High Street
Central Falls, RI 02863.

WITH A COPY TO: Pannone, Lopes, Devereaux & O’Gara LLC
Matthew A. Lopes, Esq.
Northwoods Office Park
Suite 215N, 1301 Atwood Avenue
Johnston, RI 02919
401-824-5100

IF TO THE BOND TRUSTEE: UMB Bank, N.A.
Lorna Gleason, Senior Vice President
120 South Sixth Street, #1400
Minneapolis, MN 55402
816-213-4547

WITH A COPY TO: Mintz, Levin, Cohn, Ferris, Glovsky
and Popeo, P.C.
Adrienne K. Walker, Esq.
One Financial Center
Boston, MA 02111
awalker@mintz.com
617-542-6000

or to such other addresses any Party may hereafter designate. Notice by courier or messenger service or by express or overnight mail shall be effective upon receipt. Notice by electronic mail shall be effective upon delivery by the sender of a confirming telephone message. Notice by mail shall be complete at the time of deposit in the U.S. mail system, but any right or duty to do any act or make any response within any prescribed period or on a date certain after the service of such Notice given by mail shall be, without further action by any party, automatically extended three (3) days.

7.3. MODIFICATION IN WRITING. No amendment, modification, supplement, termination or waiver of or to any provision of this Forbearance Agreement, nor consent to any departure by the Parties therefrom, shall be effective unless the same shall be in writing and signed by the Parties. Any such amendment, modification, supplement, termination, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Forbearance Agreement, no notice to or demand on the Parties in any case shall entitle any Party to any other or further notice or demand in similar or other circumstances.

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7.4. ASSIGNMENT; EXECUTION; BINDING EFFECT. The Corporation shall not assign its respective rights or obligations under this Forbearance Agreement as a whole or in part without the express prior written consent of the Bond Trustee. This Forbearance Agreement shall continue in full force and effect and be binding upon the Corporation, its respective representatives, administrators, successors and assigns and shall inure to the benefit of and be enforceable by the Bond Trustee, its successors, endorser and assigns.

7.5. GOVERNING LAW. All rights, duties, benefits, and privileges arising under this Forbearance Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Rhode Island.

7.6. PARTIAL INVALIDITY. Every provision of this Forbearance Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Forbearance Agreement.

7.7. RIGHTS CUMULATIVE. The rights of the Bond Trustee under this Forbearance Agreement shall be understood as not excluding any other legal or equitable rights of the Bond Trustee against the Corporation not expressly set forth herein (including but not limited to the Bond Documents), but shall be understood as being cumulative to all other legal and equitable rights of the Bond Trustee arising out of such parties' obligations. No failure on the part of the Bond Trustee to exercise and no delay in exercising any right under this Forbearance Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Forbearance Agreement preclude any other or further exercise thereof or the exercise of any other rights. Except as expressly set forth herein, all rights of the Bond Trustee described in this Forbearance Agreement shall be exercised by the Bond Trustee in its sole discretion (or as required under the terms of the Trust Indenture). For the avoidance of doubt, nothing herein shall be in derogation of any rights the Corporation has under this Forbearance Agreement.

7.8. CONSTRUCTION. Each Party has been represented by counsel of its choice in negotiating this Forbearance Agreement; this Forbearance Agreement shall therefore be deemed to have been negotiated and prepared at the joint request, direction and construction of the Parties, at arm's length, and be interpreted without favor to any Party.

7.9. HEADINGS. The headings contained in this Forbearance Agreement are for convenience and reference only and shall not define, limit or otherwise affect the meaning of any terms or provisions hereof.

7.10. TIME IS OF THE ESSENCE. Time shall be of the essence with respect to each and every of the various undertakings and obligations set forth in this Forbearance Agreement.

7.11. EXECUTION. This Forbearance Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement. Facsimile or PDF signatures on this Forbearance Agreement shall be treated as original signatures for all purposes.

September 13, 2019

DRAFT – FOR DISCUSSION PURPOSES ONLY

7.12. JURY WAIVER. THE CORPORATION HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS FORBEARANCE AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR ARISING FROM OR RELATING TO ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS FORBEARANCE AGREEMENT, AND AGREES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

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September 13, 2019
DRAFT – FOR DISCUSSION PURPOSES ONLY

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

**CENTRAL FALLS DETENTION FACILITY
CORPORATION**

**UMB BANK N.A., SOLELY IN ITS CAPACITY
AS BOND TRUSTEE**

BY: _____

NAME: _____

TITLE: _____

BY: _____

NAME: LORNA GLEASON

TITLE: SENIOR VICE PRESIDENT

EXHIBIT A

(Budget)

CENTRAL FALLS DETENTION FACILITY CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
2019 Budget REVISION May-Dec 2019

	Per Diem \$	114.87														
	ADP	Jan 477	Feb 477	Mar 477	Apr 487	May 500	Jun 500	Jul 550	Aug 550	Sep 550	Oct 550	Nov 550	Dec 550	Full Year Budget 2019		
OPERATING REVENUES																
Contract Services		1,697,252	1,697,252	1,697,252	1,732,834	2,314,631	2,239,965	2,314,631	2,314,631	2,239,965	2,314,631	2,239,965	2,314,631	25,117,637		
Transportation		61,229	65,303	61,229	60,496	83,436	80,744	83,436	83,436	90,744	83,436	80,744	83,436	897,667		
Telephone		3,766	3,402	3,766	3,721	5,132	4,967	5,132	5,132	4,967	5,132	4,967	5,132	55,215		
Commissary		19,131	17,280	19,131	18,962	26,070	26,229	26,070	26,070	25,229	26,070	25,229	26,070	290,481		
Vending		-	-	355	-	-	-	355	-	-	-	355	-	1,065		
Other		6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367	76,400		
Total Operating Revenue		1,787,745	1,779,604	1,788,150	1,822,326	2,430,835	2,397,271	2,430,835	2,430,835	2,397,271	2,430,835	2,397,271	2,430,835	26,426,400		
OPERATING EXPENSES																
Salaries and fringe		1,344,940	1,260,552	1,347,370	1,303,926	1,635,960	1,626,706	1,669,529	1,667,937	1,559,784	1,664,480	1,556,555	1,628,507	18,150,674		
Inmate care expenses		196,617	154,617	154,617	156,136	198,400	198,400	198,400	198,400	198,400	198,400	198,400	198,400	2,208,190		
Other direct and administrative expenses		84,315	86,795	86,405	85,305	120,120	170,905	165,405	149,405	130,905	129,405	129,405	130,905	1,483,276		
Insurance expense		47,147	47,147	47,147	47,147	47,147	47,147	47,147	47,147	47,147	47,147	47,147	47,147	566,763		
Building and utility costs		140,816	130,675	136,834	132,175	143,525	142,366	146,425	153,403	137,443	137,443	137,443	137,443	1,674,440		
Total operating expense		1,773,836	1,681,786	1,776,364	1,728,689	2,143,582	2,166,824	2,150,907	2,146,357	2,073,680	2,176,876	2,103,950	2,142,703	24,683,382		
Operating Income		13,910	97,818	11,786	93,637	287,253	230,447	279,928	284,478	323,591	253,959	293,321	288,132	1,743,018		
NONOPERATING REVENUES (EXPENSES)																
Interest Income		8,657	8,358	8,657	8,508	8,657	8,516	8,657	8,657	8,558	8,657	8,558	8,657	103,189		
Interest expense		(896,703)	(896,703)	(896,703)	(896,938)	(193,554)	(193,554)	(193,602)	(196,184)	(196,184)	(196,372)	(196,372)	(196,372)	(7,145,486)		
Depreciation and amortization		(215,543)	(211,183)	(211,589)	(214,165)	(214,165)	(216,755)	(216,705)	(216,655)	(216,655)	(216,577)	(216,487)	(216,508)	(2,874,736)		
Total Non-operating Revenue (Expense)		(797,589)	(799,528)	(799,635)	(802,600)	(289,062)	(281,793)	(281,650)	(284,182)	(284,282)	(284,292)	(284,313)	(284,313)	(6,916,933)		
Change in Net Assets		(783,679)	(701,710)	(786,849)	(707,963)	(607,810)	(625,956)	(616,722)	(614,904)	(630,690)	(648,633)	(648,736)	(647,969)	(7,271,615)		
TOTAL NET ASSETS, ENDING		(783,679)	(701,710)	(786,849)	(707,963)	(607,810)	(625,956)	(616,722)	(614,904)	(630,690)	(648,633)	(648,736)	(647,969)	(7,271,615)		
CASH REQUIREMENTS:																
Operating expenses		1,773,836	1,681,786	1,776,364	1,728,689	2,143,582	2,166,824	2,150,907	2,146,357	2,073,680	2,176,876	2,103,950	2,142,703	24,683,382		
Current Vendor Plan - Accrued Legal + Trustee Fees		-	-	-	-	481,040	208,433	40,800	40,800	40,800	40,800	40,800	40,800	972,453		
Available for Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	456,861		
Capital Lease payments		4,978	5,004	5,031	5,068	5,082	5,111	5,138	5,196	5,193	5,221	5,249	5,276	61,528		
2019 Capital Expenditures		5,910	55,818	3,736	85,631	188,100	20,000	20,000	20,000	40,000	60,000	60,000	60,000	673,196		
Forbearance Agreement Payments per 3.1(h) of 3rd Am.		24,600	24,600	24,600	24,600	24,250	24,250	24,250	24,250	24,250	24,250	24,250	24,250	292,000		
TOTAL CASH REQUIREMENTS		1,809,324	1,807,108	1,809,631	1,842,977	2,391,015	2,395,945	2,400,729	2,296,997	2,223,929	2,370,800	2,448,279	2,518,377	26,538,429		

Approved by the Board of Directors _____, 2019
 Signed for the Board of Directors by Acting Chairman _____

EXHIBIT B

(Certificate of Compliance)

Officer's Certificate of Compliance No. ____
(INSERT REPORTING DATE)

DANIEL W. MARTIN, Warden of the Donald W. Wyatt Detention Facility (the "Facility") of the Central Falls Detention Facility Corporation (the "Corporation"), pursuant to that certain Forbearance Agreement, dated [MONTH, DAY, YEAR] (the "Forbearance Agreement"¹), hereby certifies as follows:

1. Attached hereto as Schedule 1 is a true and accurate copy of the Corporation's monthly financial report for the month of _____, 20[19] (the "Monthly Financial Report"). The Monthly Financial Report includes, among other information, an actual to budget comparison, a monthly balance sheet, a monthly cash statement and income report for the immediate preceding month.
2. As set forth on the Monthly Financial Report, the Corporation's total operating revenue/collections received for the month of _____, 20[19] was \$ _____, which is in compliance with the Revenue Covenant.
3. As set forth on the Monthly Financial Report, the Corporation's total Budgeted Expenses incurred for the month of _____, 20[19] was \$ _____, which is in compliance with the Expense Covenant.
4. The Corporation was in compliance with each of the Operating Milestones identified at Section 2.4 of the Forbearance Agreement as of the last Business Day for the immediate preceding month.

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate of Compliance this day of _____, 20[19].

Central Falls Detention Facility
Corporation,

By:

¹ Capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed to such terms as set forth in the Forbearance Agreement.

Name: Daniel W. Martin

Title: Warden

Document comparison by Workshare 9.5 on Friday, September 13, 2019 2:19:24 PM

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