



Corporate Trust Services
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071

**NOTICE OF WITHHOLDING OF MARCH 1 SINKING FUND PAYMENT
AND RESCISSION OF PARTIAL MANDATORY REDEMPTION**

La Salle County Public Facility Detention Corporation
\$11,860,000 Taxable Project Revenue Bonds Series 2010 (*CUSIP: 504698AG6)
\$11,100,000 Tax Exempt Project Revenue Bonds Series 2010 (*CUSIP: 504698AH4)
(the "Bonds")

Please forward this notice to beneficial holders.

U.S. Bank National Association ("U.S. Bank") serves as trustee (in such capacity, the "Trustee") under that certain Trust Indenture dated as of August 1, 2010 (as amended or supplemented, the "Indenture"), by and between it, as Trustee, and LaSalle County Public Facility Detention Corporation, as issuer (the "Issuer"), pursuant to which the above-referenced Bonds were issued. The Issuer used the proceeds of the Bonds to refund and redeem certain prior bonds issued in connection with the acquisition and construction of detention facilities (the "Project") located in LaSalle County, Texas (the "County"). The Issuer leased the Project to the County pursuant to that certain Lease Agreement (with Option to Purchase) dated as of August 1, 2010 (the "Lease"), between the Issuer, as lessor, and the County, as lessee. The Lease has been assigned to the Trustee. The Project is being operated by Emerald Correctional Management, LLC (the "Operator") pursuant to the terms of that certain Restated Operations and Management Services Agreement dated as of August 1, 2010 (the "O&M Agreement"). Payments on the Bonds are secured by that certain Deed of Trust and Security Agreement dated August 1, 2010 (the "Deed"), granted by the Issuer for the benefit of the Trustee. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture or the Lease.

As you were advised in the Trustee's December 2014 notice (the "December 2014 Notice"), the Project is in need of a number of repairs. In light of the necessary repairs, the Trustee, through its legal counsel, sent a Notice of Default and Demand for Cure (the "Cure Notice") to the County and Issuer indicating that the County's failure to maintain or cause the operator to maintain the Project in good repair constitutes a default under Section 11.1(b) of the Lease (the "Existing Default"). The Cure Notice demanded that the Existing Default be cured within thirty (30) calendar days of the Cure Notice. If the Existing Default is not cured before March 5, 2015, the Existing Default will constitute an Event of Default under Section 11.1(b) of the Lease, which, in turn, will cause an Event of Default under Section 7.01(c) of the Indenture.

As you were also informed in the December 2014 Notice the Operator depopulated the Project. At this time the Project does not have a consistent inmate population. As of Saturday, February 21, 2015, the County has taken over control of the Project. The Trustee understands that the County has prepared a request for proposal for other parties to enter into a new operation and management agreement and is also considering whether it might operate the facility itself. At

this time it is unclear whether the efforts from the County to either secure a new operator or reopen the facility will be successful.

Debt service on the Bonds is paid with Project Revenues generated by the Project. A portion of Project Revenues comes from payments received by the Trustee for the incarceration, detention, or housing of inmates at the Project. The Trustee has not received Project Revenues sufficient to make the Rental Payments under the Lease for either January or February 2015. It is not anticipated that Project Revenues will be sufficient to make the Rental Payments going forward unless and until the necessary repairs are completed and the Project is reopened and re-populated with inmates.

Under the Indenture holders of more than 66-2/3% of the Bonds have the power to direct the Trustee to take or refrain from taking certain actions. A supermajority Bondholder (the "Directing Holder") holding more than the requisite 66-2/3% of Bonds has directed the Trustee to withhold the March 2015 Sinking Payment, in the amount of \$1,140,000.00 to be paid to the Taxable Bonds, in order to preserve the trust funds to make the necessary repairs and for such other uses as the Trustee may reasonably determine to maintain, protect and possibly reopen the Project. The Directing Holder has additionally directed the trustee to rescind the notice of partial mandatory redemption dated as of January 30, 2015. **Nonetheless, the Trustee does intend to make the semi-annual interest payment due on March 1, 2015 with respect to all Bonds in the aggregate amount of \$829,262.50.**

The Trustee further intends to file a trust instruction petition (the "Petition") in the District Court of Ramsey County, Minnesota (the "Court"), to obtain Court's instruction in connection with the withholding of the March 2015 Sinking Payment. You will be advised of the status of the Petition in a future notice.

Prior to any distribution of funds to holders of the Bonds, funds held or received by the Trustee under the Indenture are to be used first for payment of the fees and costs incurred or to be incurred by the Trustee in performing its duties, as well as for any indemnities owing or to become owing to the Trustee. This includes, but is not limited to, compensation for Trustee time spent, and the fees and costs of counsel and other agents it employs, to pursue remedies or other actions to protect the security or other interests of Holders of the Bonds. Additionally, it is possible that the Trustee may have to pay for certain preservation of collateral costs from funds held by the Trustee under the Indenture.

The Trustee is continuing to assess the current situation and intends to send further notices to Holders of the Bonds if and as material developments occur with respect to the Project or the Bonds. Recent Notices to Holders, the Official Statement and other information concerning the Bonds can be found on the Municipal Securities Rulemaking Board (MSRB) website at www.emma.msrb.org. Holders with questions about this notice should direct them to Keith R. Marshall, Vice President, U.S. Bank National Association, 633 W. Fifth Street, 24th Floor, Los Angeles, CA 90071. Mr. Marshall's telephone number is (213) 615-6034. Holders with questions may also contact U.S. Bank at either (800) 934-6802, option 4; or: www.usbank.com/cor_trust/bondholder_contact.html.

The Trustee may conclude that a specific response to particular inquiries from individual Holders is not consistent with equal and full dissemination of information to all Holders. Holders should not rely on the Trustee as their sole source of information. The Trustee makes no recommendations and gives no investment advice.

U.S. Bank National Association,
as Trustee

February 27, 2015

* Trustee is not responsible for selection or use of CUSIP. It is included solely for holder convenience.