

OFFICIAL STATEMENT DATED MARCH 14, 2006

NEW ISSUE

UNRATED

In the opinion of Bond Counsel, under existing law, regulations and judicial decisions, and assuming continued compliance with the Internal Revenue Code of 1986, as amended, interest on Bonds is excluded from gross income for Federal income purposes. Ownership of the Bonds by certain classes of taxpayers however, may have certain adverse consequences. See "Tax Matters" herein. It should be noted that Bond Counsel has expressed no opinion with respect to any exemption from any taxes imposed by the State of Florida or any other state on the Bonds or the interest or income thereon.

\$33,000,000

**GLADES CORRECTIONAL DEVELOPMENT CORPORATION
FIRST MORTGAGE REVENUE BONDS
(Glades County Detention Center Project)
Series 2006**

Dated: Date of Issuance of Bonds

**MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS:
\$33,000,000 Series 2006**

<u>Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
3/1/2011	\$ 2,160,000	5.000%	100%
3/1/2030	\$30,840,000	7.375%	100%

(See herein)

Glades Correctional Development Corporation (the "Issuer") will issue its First Mortgage Revenue Bonds, Series 2006 (the "Bonds") in the amount of \$33,000,000, as fully registered Bonds in denominations of \$5,000.00. The Issuer will issue the Bonds to acquire approximately twenty-two (22) acres of land located at the northwest corner of the intersection of State Route 78 and U.S. Highway 27 in the City of Moore Haven, Glades County, Florida and the construction thereon of an approximately 440 bed facility for the incarceration of inmates, detainees and criminals (the "Project"), on behalf of Glades County, Florida (the "County").

The Bonds will be dated the date of issuance and are issuable as book entry only bonds registered in the name of Cede & Co. in the denominations of \$5,000. Principal is payable at maturity upon presentation and surrender of a bond at the principal office of Bank of Oklahoma, N.A. (the "Trustee"). Semiannual interest (due March 1 and September 1, with the first such payment due on September 1, 2006) is payable by check or bank draft mailed to the respective addresses of the Bondholders as they appear on the registration books of the Trustee on the Record Date (as defined herein).

THE BONDS SHALL NOT BE A DEBT OF THE COUNTY, NOR OF ANY CITY OR COUNTY IN THE STATE OF FLORIDA, NOR OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE COUNTY, NOR ANY CITY OR COUNTY IN THE STATE OF FLORIDA, NOR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE ISSUER RELATING TO THE PROJECT, AND THEN ONLY TO THE EXTENT EXPRESSLY PROVIDED IN THE INDENTURE. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT OR BOND LIMITATION OR RESTRICTION.

The Bonds are payable solely from the rents and other Revenues, as hereinafter defined, and are secured solely by an assignment and a pledge of such rents and other Revenues from the Project, and by a mortgage upon the Project, all as provided in the Trust Indenture between the Issuer and the Trustee dated as of March 1, 2006.

INVESTMENTS IN THE BONDS INVOLVE A SIGNIFICANT AMOUNT OF RISK. (See "Bondholders' Risks" herein). THE BONDS HAVE NOT BEEN QUALIFIED UNDER THE SECURITIES OR "BLUE SKY" LAWS OF THE UNITED STATES OR OF ANY STATE OF THE UNITED STATES. THE BONDS MAY OR MAY NOT BE EXEMPT FROM QUALIFICATION OR REGISTRATION UNDER THE LAWS OF ANY PARTICULAR STATE, AND NO REPRESENTATION IS MADE THAT THE BONDS, OR ANY TRANSACTION IN WHICH THEY MAY BE OFFERED OR SOLD, ARE EXEMPT.

The Bonds are subject to optional redemption, to mandatory sinking fund redemption and to special mandatory redemption in certain circumstances, all prior to maturity, as described herein.

The Bonds are offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to prior sale, withdrawal or modifications of the offer without notice, and the approval of legality by Sell & Melton, L.L.P., Macon, Georgia, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Hill Wallack, Princeton, New Jersey, for the Issuer by its counsel, A. Douglas Grace, Jr., Esq., Fort Myers, Florida, and for the County by its counsel, Richard Pringle, Esq., Fort Myers, Florida. The Bonds are expected to be available for delivery in New York, New York on or about March 14, 2006.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE ISSUER OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THIS OFFERING, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE ISSUER, THE UNDERWRITER OR THE TRUSTEE, AND NONE OF THE ISSUER, THE UNDERWRITER OR THE TRUSTEE MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE BONDS; OR (III) THE TAX STATUS OF THE INTEREST ON THE BONDS. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NO SALES MAY BE MADE UNTIL A COPY OF THE FINAL OFFICIAL STATEMENT HAS BEEN DELIVERED TO AND REVIEWED BY THE PROSPECTIVE INVESTOR. INDICATIONS OF INTEREST IN AN INVESTMENT ARE TENTATIVE AND NOT BINDING ON THE CUSTOMER PRIOR TO HIS OR HER RECEIPT AND REVIEW OF THE FINAL OFFICIAL STATEMENT.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS, THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE ISSUER HAS NOT REVIEWED OR APPROVED, AND DOES NOT REPRESENT OR WARRANT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, (OTHER THAN THE STATEMENTS AND INFORMATION SET FORTH UNDER THE SECTIONS ENTITLED "THE ISSUER" AND "LITIGATION", AS IT PERTAINS TO THE ISSUER).

THIS OFFICIAL STATEMENT MAY BE AMENDED OR SUPPLEMENTED TO INDICATE MATERIAL CHANGES.

**COUNTY OF GLADES, FLORIDA
COUNTY COMMISSIONERS**

Robert L. Giesler
Paul Beck
Russell Echols
Kenneth Jones
Alvin Ward

COUNTY OF GLADES SOLICITOR

Richard Pringle, Esq.
Fort Myers, Florida

GLADES CORRECTIONAL DEVELOPMENT CORPORATION

BOARD OF DIRECTORS

Glades County, Florida

Alvin Ward, President
Bobby Flanagan, Vice Chairman
Juanita Shirley, Secretary/Treasurer

ISSUER'S COUNSEL

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Fort Myers, Florida

BOND COUNSEL

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Macon, Georgia

TRUSTEE

Bank of Oklahoma, N.A.
Tulsa, Oklahoma

TRUSTEE'S COUNSEL

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Tulsa, Oklahoma

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Hasbrouck Heights, New Jersey

UNDERWRITER'S COUNSEL

Hill Wallack
Princeton, New Jersey

MANAGER

Glades County Sheriff's Department
Moore Haven, Florida

CONTRACTOR

Peter R. Brown Construction, Inc.
Tallahassee, Florida

ARCHITECT

Clemons, Rutherford & Associates, Inc.
Tallahassee, Florida

FEASIBILITY STUDY

GSA, Limited
Durham, North Carolina

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\$33,000,000
GLADES CORRECTIONAL DEVELOPMENT CORPORATION
GLADES COUNTY, FLORIDA
First Mortgage Revenue Bonds
(Glades County Detention Center Project)
Series 2006

INTRODUCTION

This Official Statement (the "Official Statement") including the cover hereof and the Appendices hereto, set forth certain information in connection with the issuance and sale of \$33,000,000 First Mortgage Revenue Bonds, Series 2006 (Glades County Detention Center Project) (the "Bonds") by the Glades Correctional Development Corporation (the "Issuer"), a Florida not for profit corporation incorporated pursuant to the Florida Not for Profit Corporation Act, Chapter 617, Florida Statutes, as amended (the "Act"), which is issuing the Bonds on behalf of Glades County, Florida (the "County") within the meaning of Internal Revenue Service Procedure Rev. Proc. 82-26. All such Bonds are herein collectively, together with any Additional Bonds hereafter defined, referred to as the "Bonds". The Bonds are issued pursuant to a Trust Indenture dated as of March 1, 2006 (the "Indenture") between the Issuer and Bank of Oklahoma, N.A., Tulsa, Oklahoma, as Trustee (the "Trustee") and pursuant to a resolution adopted by the Issuer. (Capitalized terms not otherwise defined herein shall have the same definitions as are set forth in the Indenture.) The Bonds are secured as provided in the Indenture and in a Mortgage and Security Agreement dated as of March 1, 2006, from the Issuer to the Trustee (the "Mortgage") which Mortgage shall be a first lien on the Project hereafter defined. Additional Bonds (the "Additional Bonds") under certain circumstances, may also be issued under the Indenture, on a parity with the Bonds.

The Bonds are being issued to acquire approximately twenty-two (22) acres of land located at the northwest corner of the intersection of State Route 78 and U.S. Highway 27 in Glades County, Florida, and the construction thereon of an approximately 440 bed facility for the incarceration of inmates, detainees and criminals (the "Project"). See "The Project" herein.

Bond proceeds will be used to acquire, renovate and equip the Project, to fund a Reserve Account for the Bonds (described herein) in the amount of \$2,985,000.00 and to pay the costs of issuance of the Bonds. See "Estimated Sources and Uses of Funds".

Each Bond is a limited obligation of the Issuer, and the principal, premium, if any, and interest thereon are payable solely from rents, revenues and other amounts derived by the Issuer from the Project, as defined and pledged and assigned to the Trustee under the Indenture (the "Revenues"). THE BONDS SHALL NOT BE A DEBT OF THE COUNTY, NOR OF ANY CITY OR COUNTY IN THE STATE OF FLORIDA, NOR OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE COUNTY, NOR ANY CITY OR COUNTY IN THE STATE OF FLORIDA, NOR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE ISSUER RELATING TO THE PROJECT, AND THEN ONLY TO THE EXTENT EXPRESSLY PROVIDED IN THE INDENTURE. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT OR BOND LIMITATION OR RESTRICTION.. The Bonds are secured by the Mortgage. The Bonds are also payable from, and secured by the revenues, receipts and security pledged therefore under the Indenture, in the manner set forth in the Indenture. Only the Bonds are secured by the Reserve Account established thereunder.

Additional Bonds. Under the terms and conditions set forth in the Indenture, the Issuer may issue Additional Bonds under certain circumstances secured on a parity with the Bonds or on a parity with the Subordinated Bonds (See “Additional Bonds” herein).

Bondholder Risk. INVESTMENT IN THE BONDS INVOLVES A SIGNIFICANT AMOUNT OF RISK. See “BONDHOLDERS’ RISK” and “SECURITY FOR THE BONDS” herein.

Brief descriptions of the Issuer, the Manager, the Bonds, the security for the Bonds and summaries of the Indenture and the Mortgage are hereinafter set forth below. Such summaries do not purport to be complete or definitive, and each such summary is qualified in its entirety by reference to each such document.

RATING

The Bonds are being sold without a rating. No rating has been applied for.

RATE COVENANT

The Issuer shall fix the charges for the operations of the Facility at rates that it shall find to be necessary in order to produce revenues in each year which, together with all other available moneys, revenue, income and receipts of the Issuer constituting Revenues (i) will equal at least 115% (125% prior to the payment of any part of the Management Fee), of the amount necessary to pay, as the same shall become due, the principal, premium, if any, and interest due in such year on the Bonds after setting aside an amount necessary to pay those costs described in clauses (i) and (ii) of Section 5.06(b) of the Indenture for such year (being any required deposit to the Rebate Fund and the deposits to the Operating and Maintenance Fund required by the Budget of the Issuer for such period, exclusive of the amounts required to be paid to the Repair and Replacement Reserve Account) and (ii) will equal at least 105% of the maximum debt service requirement coming due in such year with respect to the Bonds, after setting aside an amount necessary to pay those costs described in clauses (i) through (vii) of Section 5.06(b) of the Indenture for such year (being any required deposit to the Rebate Fund, all of the expenses of operating and maintaining the Project for such year, and debt service on the Bonds for such year, including any required deposits to the Reserve Account); provided that a failure to comply with the provisions of this clause (ii) shall not constitute a default hereunder or in anywise affect the provisions hereof with respect to the Bonds. Such charges shall be increased to the extent necessary to also produce Revenues sufficient to provide for all other payments required under this Indenture.

DAYS’ CASH ON HAND

The Issuer agrees to have, as of the beginning of each fiscal quarter, beginning with such quarter ending September 30, 2008, not less than thirty (30) Days’ Cash on Hand, beginning with such quarter ending September 30, 2009, not less than forty-five (45) Days’ Cash on Hand, beginning with such quarter ending September 30, 2010, not less than sixty (60) Days’ Cash on Hand, beginning with such quarter ending September 30, 2011, not less than seventy-five (75) Days’ Cash on Hand, and beginning with such quarter ending September 30, 2012, and thereafter not less than ninety (90) Days’ Cash on Hand. If Days’ Cash on Hand, as calculated at the end of any two (2) consecutive fiscal quarters, shall be less than the required level, the Issuer agrees to retain a management consultant, within sixty (60) days following the end of the second of such fiscal quarters, to evaluate the management of the Facility and to make recommendations with regard to increasing Days’ Cash on Hand for subsequent fiscal quarters of the Issuer to at least the level required or, if in the opinion of the management consultant the attainment of such level is impracticable, to the highest practicable level. So long as the Issuer shall retain a management consultant and shall have, for each fiscal quarter, not less than seventy percent (70%) of the

Days' Cash on Hand otherwise required by the Indenture, the requirements of the Indenture shall be deemed to have been satisfied.

Days' Cash on Hand shall mean the number determined as of the last day of each fiscal quarter of the Issuer by (A) multiplying (i) the number of days in such fiscal quarter by (ii) the amount of cash and cash equivalents (determined by reference to the Issuer's financial statements for each such date), and (B) dividing the amount determined in clause (A) by an amount equal to the total operating expenses of the Facility for such fiscal quarter, less any bad debts to the extent included in such operating expenses and all depreciation and amortization attributed to the Facility for such fiscal quarter.

FINANCIAL FORECAST

A forecast statement of net cash flow before debt service relating to the Project has been prepared by Higginbotham & Soud PA CPAs for the Issuer for the Project (the "Financial Forecast"). The compilation of the Financial Forecast is set forth in Appendix A to this Official Statement and should be reviewed in its entirety. The compilation of the Financial Forecast is based on the Issuer's assumptions concerning future events and circumstances. Each potential investor should read the Financial Forecast and form an independent conclusion concerning the validity of these assumptions. The achievement of any financial results as forecasted may be affected by economic conditions and other factors and is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results achieved may vary from those forecasted and such variations could be material.

PLAN OF FINANCING

The Issuer, acting on behalf of Glades County, Florida (the "County") within the meaning of U.S. Treasury Rev. Proc. 82-26, is issuing the Bonds to finance the costs of acquiring the Project and completing certain renovation thereto.

Reversion of the Project to the County at Maturity

After all Bonds are discharged as provided in the Indenture, the Issuer will transfer fee simple title of the Project to the County. The Issuer has executed a deed of the Project to the County which is being held by the Trustee in escrow, and will be delivered to the County after all Bonds are paid. **THE COUNTY HAS THE RIGHT AND OPTION TO DEFEASE OR REDEEM THE BONDS PRIOR TO THEIR MATURITY DATE AND TAKE TITLE TO THE PROJECT AT SUCH TIME.**

THE ISSUER

Glades Correctional Development Corporation ("the Issuer") is a not for profit corporation which was incorporated on May 6, 2002 for the purpose of acquiring, constructing, erecting, maintaining and/or operating one or more jails and incarceration facilities, including related building and works, for the housing and incarceration of inmates and criminals and to otherwise assist Glades County in its policies of providing adequate jail and incarceration facilities for use by the Sheriff of Glades County, the State of Florida or other governmental law enforcement divisions, and in the economic development of Glades County. The Issuer is duly organized and existing under the laws of the State of Florida. The only assets of the Issuer which are pledged to secure the Bonds constitute the Project. (See "Bondholders' Risks" herein.) The County approved the organization of the Issuer and approved the terms of the Bonds by Resolution. (The resolution, is referred to as the "Sponsorship Resolution".) Pursuant to such Sponsorship Resolution, the County approved the following persons as directors of the Issuer:

Directors and Officers

Occupation

Alvin Ward, Chairman and President
Bobby L. Flanagan, Vice Chairman and Vice President
Juanita M. Shirley, Secretary/Treasurer

Ranching & agriculture
Retired
Owner of RV Park

Alvin Ward, Chairman of the Board of Directors and President of the Issuer. During his career, Mr. Ward has worked in various aspects of the agriculture industry as well as being the owner and operator of Running Oaks Ranch.

Bobby J. Flanagan, Vice Chairman of the Board of Directors and Vice President of the Issuer. Although currently retired, Mr. Flanagan has a general contractor's license and an unlimited steam and refrigeration license.

Juanita M. Shirley, Secretary/Treasurer of both the Board of Directors and the Issuer. Ms. Shirley has built and managed RV and mobile home resorts in the Glades County area. She has served as controller and head bookkeeper for various CPA firms and RV and mobile home parks.

The Issuer's address and telephone number are: 599 Avenue J, Moore Haven, Florida 33471, 863-946-1600. The Issuer's Directors are not and will not be liable for any payments on the Bonds.

THE COUNTY

Glades County is a rural county located in south central Florida on the western shore of Lake Okeechobee. Moore Haven is the County seat and the community in which the Project will be located. With an area of 800 square miles Glades is a relatively large county in area with a population, according to the State of Florida, of approximately 10,932 residents residing in several small communities and throughout the rural area of the County. A portion of the County's land area falls within the boundaries of the Seminole Indian Reservation.

Although the County is rural in character it is located central to the major population centers of central and south Florida. Federal and State highways offer direct high speed access to West Palm Beach and Ft Lauderdale to the east, Miami to the south, Fort Myers to the west and Tampa and Orlando to the north and northwest. Distances between Moore Haven and these cities range from approximately 105 miles to Miami to 145 to Tampa and Orlando. It is approximately 60 miles to Fort Myers from Moore Haven while West Palm Beach is approximately 75 miles to the east.

The economy in Glades County is based heavily on agriculture with sugar cane and citrus being the prime crops. A large privately owned and operated prison housing Florida Department of Corrections inmates is located in Moore Haven adjacent to the site selected for the Project. This complex represents the County's most significant non-agricultural employer.

As delineated in the following table steady but very modest increase in County population has been experienced since the 2000 US Census of Population. A forecast of the County's future population prepared by the State of Florida projects a continuation of the historical trend with the total resident population reaching 11,657 by 2010 and growing to 12,239 by 2015. With limited employment opportunities and a relatively remote location the potential for in-migration is constrained and retaining residents entering the workforce is difficult.

Total County Population ⁽¹⁾		
Year	Population	% Change
2000	10,576	
2001	10,612	0.34%
2002	10,664	1.49%
2003	10,729	0.61%
2004	10,733	0.04%
2005	10,932	1.82%
2006	11,113	1.63%
2007	11,264	1.34%
2008	11,407	1.25%
2009	11,531	1.08%
2010	11,657	1.08%
2011	11,784	1.08%
2012	11,928	1.21%
2013	12,069	1.17%
2014	12,205	1.11%
2015	12,329	1.01%

(1) Historical and projected resident population of Glades County. Data provided by the State of Florida, Office of Economic and Demographic Research.

If thirty (30) days prior to any interest payment date, principal payment date or redemption date with respect to payment of the Bonds, as the case may be, the amount on deposit in the Bond Fund is not sufficient to make all payments with respect to the principal of, redemption premium, if any, sinking fund installments for, and interest on the Bonds which are required to be made on such date, the Trustee shall promptly give telephonic notice (to be promptly confirmed in writing) stating the amount of such deficiency to the County, the Manager and the Issuer. Promptly upon receipt of such notice, the Issuer shall pay the amount of such deficiency (hereinafter the "Deficiency") to the Trustee in immediately available funds. In the event the Issuer fails promptly (within 24 hours of receipt of telephonic notice) to make such payment, the County may consider budgeting and appropriating such amounts of monies from sources other than ad valorem taxes (hereinafter "Non-Ad Valorem Revenues") as shall be sufficient to pay the Deficiency. The County may also consider budgeting and appropriating such amounts of monies from Non-Ad Valorem Revenues as shall be sufficient to replenish that certain Debt Service Reserve Fund described in the Indenture, as shall be sufficient to replenish the Debt Service Reserve Fund up to the level required under the terms of the Indenture. Upon receipt of such funds from the Issuer or County (or from the Manager), the Trustee shall deposit them to the appropriate account in the Bond Fund defined in the Indenture. Such obligations to consider budgeting and appropriating do not create any lien upon or pledge of such Non-Ad Valorem Revenues; nor do they preclude the County from pledging in the future its Non-Ad Valorem Revenues; nor do they require the County to levy and collect any particular Non-Ad Valorem Revenues; nor do they give the holders of the Bonds a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the County. Such obligations to consider budgeting and appropriating Non-Ad Valorem Revenues are subject in all respects to the prior payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments).

Anything in the Interlocal Agreement to the contrary notwithstanding, it is understood and agreed that all payments, if any, made by the County hereunder shall be payable from the portion of Non-Ad Valorem Revenues considered for budgeting and appropriating as provided for thereunder, and nothing therein shall be deemed to pledge ad valorem tax revenues or to permit or constitute a mortgage or lien

upon any assets owned by the County; and no holders of the Bonds or any other person may compel the levy of ad valorem taxes on real or personal property within the boundaries of the County. Notwithstanding any provisions of the Interlocal Agreement or in the Bonds to the contrary, the County shall never be obligated to maintain or continue any of the activities of the County which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues. Neither the Interlocal Agreement nor the obligations of the County thereunder shall be construed as a pledge of or a lien on all or any legally available Non-Ad Valorem Revenues of the County. The obligations of the County therein to consider budgeting and appropriating are subject in all respects to the provisions of Florida law, including but not limited to Chapter 129, Florida Statutes, and are subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the County.

THE PROJECT

The project consists of the construction of an approximately 440 secure detention bed detention facility in the City of Moore Haven, County of Glades, State of Florida, and all necessary support spaces for food service, medical, recreational and education sufficient for the operation of a detention facility (the "Facility") in accordance with the regulations of the State of Florida (the "Project"). In addition, the Facility intends to include a United States Bureau of Immigration and Customs Enforcement of the US Department of Homeland Security ("ICE") boarding room and office for ICE staff. The Facility's beds will be used for detainees from ICE, the United States Marshal's Service ("USMS") and from Glades County.

The Facility will be a single level, multi-building complex. The central building will contain facility administration and support services, including food service, medical, laundry and intake. The Facility will be 47,893 square feet and contain office space for the Glades County Sheriff's Department, an ICE courtroom and office space for several ICE staff members. Two housing units will be attached to the administration/support building. One unit will contain 28,236 square feet and provide bed space for 256 male detainees in four 64-bed units. The other unit will contain 22,906 square feet and will house 120 female detainees in two 48-bed units and one 24-bed unit. The unit will also contain a 46-bed unit to house the County's inmates and 18 beds available for disciplinary and other population management needs. The buildings will be located within a fenced security perimeter.

Location of the Project

The Project is located on one site in the City of Moore Haven, Glades County Florida (the "Site"). All of the Buildings will be owned by the Issuer in fee simple. The Site is located on approximately 22 acres of relatively flat land. There is little development in the surrounding area aside from a private prison located directly across State Highway 78.

Access to the Site will be from State Highway 78. The Site entrance will be a relatively short distance from the intersection of that highway with US Highway 27, a four-lane artery leading north to Orlando and Tampa and south to Miami and Fort Lauderdale, which intersects with State Highway 80 several miles south of Moore Haven offering direct access to Fort Myers. Continuing south on Highway 27 offers a direct connection with Interstate 75 to Miami and Fort Lauderdale.

A form of the appraisal letter with respect to the land portion of the Project is attached hereto as Appendix C.

The deed to the Issuer of the Site shall contain a reverter clause which states the Site shall revert to the County, subject to the lien of the Mortgage and the Indenture, in the event that the Project Facility is not built.

THE MANAGER

The manager for the Project shall be the Glades County Sheriff's Office, Moore Haven, Florida (the "Manager"). The key personnel of the Manager are as follows:

Stuart Whiddon, Glades County Sheriff. Mr. Whiddon was elected Sheriff in 2004 after 18 years as a Florida State Trooper. As Sheriff he is responsible for all law enforcement and correctional operations in the County. He and his staff have been handling and managing detainees from Immigration and Customs Enforcement and the USMS for the past 9 years.

Robert J. DeMann, Jr., Facility Director. Mr. DeMann has a Network Engineer Associate of Science degree from Southwest Florida College, a Bachelor of Science in Criminal Justice and a Masters in Public Administration from Troy State University. He holds a Florida Law Enforcement Certification and a Florida Correctional Officer Certification. He enlisted in the U.S. Air Force as a Law Enforcement Specialist in 1975 and retired from the military in 1994. In addition to being appointed as director of the Facility, he is currently the Manager's training officer and director of Information Technology and a senior instructor at the Southwest Florida Criminal Justice Academy.

Management Agreement

The Issuer and the Manager have entered into an Operation, Management and Maintenance Agreement (the "Management Agreement"). A copy of the Management Agreement is on file with the Underwriter.

The Management Agreement is for a term of 24 years unless extended.

Operation Provisions of the Indenture (See "Summary of the Indenture")

The Project must be operated by a manager qualified to operate and maintain incarceration projects such as the Project and acceptable to the Trustee under the Management Agreement. No material changes may be made in the Management Agreement without the Trustee's prior written consent. The Trustee may not consent without a Bond Counsel's opinion that such change is authorized by law, and does not adversely affect the federal tax exemption of interest on the Bonds.

Dismissal of the Manager

The Issuer has the right to terminate the Management Agreement upon sixty (60) days prior written notice unless the Facility is uninhabitable, unfit or unusable as a detention facility, at which point the Issuer may immediately terminate the Management Agreement.

Reports

The Manager shall furnish to the Issuer and the Trustee:

1. Within ninety days after the end of each Fiscal Year, audited financial statements of the Project, covering the operations of the Manager for such Fiscal Year for the Project; and

2. Within fifteen days of the end of the month, unaudited operating statements of the Project and a report of the Management operations of the Project.

THE CONTRACTOR

The contractor for the Project shall be Peter R. Brown Construction, Inc., Tallahassee, Florida (the "Contractor"). The Contractor was founded in 1963 and incorporated in the State of Florida on November 20, 1985, and since 1963 has performed more than \$1,500,000,000 in construction work.

The Contractor has worked on 94 correctional facility projects, consisting of 9,242 beds and \$372,820,000 including the following:

Florida County Jails	Beds	Cost	Georgia County Jails	Beds	Cost
Bradford Jail Phase 3	183	\$ 6,250,000	Brooks Jail	112	\$ 4,000,000
Broward Jail Phase 2	450	17,930,000	Cook Jail	133	4,450,000
Broward Jail Phase 1	400	9,900,000	Dooly Jail	140	5,460,000
Hardee Jail	176	5,150,000	Grady Jail	128	4,780,000
Highlands Jail	350	5,160,000	Jefferson Jail	128	5,210,000
Holmes Jail	122	2,620,000	Lamar Jail	87	2,100,000
Indian River	384	19,000,000	Seminole Jail	58	2,800,000
Jacksonville Jail	300	5,030,000	Thomas Jail	240	6,500,000
Jefferson Jail	120	4,250,000	Ware Jail	239	8,740,000
Lafayette Jail	30	1,100,000			
Levy Jail	172	6,000,000			
Madison Jail	121	4,530,000			
Nassau Jail	324	10,330,000			
Okaloosa Jail Phase 3	120	3,370,000			
Okaloosa Jail Phase 1&2	260	9,320,000			
Old Jefferson Jail	107	1,130,000			
Pasco Jail Phase 1	100	3,500,000			
Pasco Jail Phase 2	N/A	2,500,000			
Pinellas Jail Phase 2	96	2,000,000			
Pinellas Jail Phase 1	354	6,190,000			
Sarasota Jail	840	18,500,000			
Wakulla EOC	N/A	690,000			
Wakulla Jail	130	4,590,000			
Walton Jail	360	16,100,000			
Washington Jail	160	4,400,000			
30 Florida Jails	3,649	\$238,135,000	9 Georgia Jails	1,265	\$44,090,000

The principal employees of the Contractor are as follows:

Judy Mitchell, President. Ms. Mitchell has 27 years of construction experience with a Bachelor of Science in Business Administration from Ohio State University. She prepares all accounting information for the Project.

John Steward, Executive Vice President. Mr. Stewart has 24 years of construction experience with a Bachelor of Business Finance and a Masters in Building Construction, both from the University of Florida. He is responsible for overseeing all phases of construction, from conceptual estimating, value engineering to closeout and warranty.

Eduardo Vargas, Executive Vice President. Mr. Vargas has 27 years of construction experience with an Architectural Degree from American University. He is responsible for giving project management insight and overseeing quality control.

Ian Jones, Senior Project Estimator. Mr. Jones has 20 years experience in the construction business with a Bachelor of Building Construction from the University of Florida. His duties include communicating and coordinating with subcontractors.

Keith Leach, Vice President of Pre-Construction. Mr. Leach has 25 years of construction experience with a Bachelor of Arts from Hampton-Sydney College and a Masters in Business Administration from William and Mary. He works with estimators to develop pre-construction deliverables as well as the Contractor's bid strategy and bid documents.

Construction Contract

The Contactor entered into a construction contract with the Issuer on January 20, 2006. The contract is for \$23,321,692.00. The Contractor has agreed to pay liquidated damages in the amount of \$13,333.00 per calendar day for each day past the contractual substantial completion date. Attached as Appendix D is the balance sheet of the Contractor.

Payment and Performance Bond

A Payment and Performance Bond is to be provided by the Contractor in the full value of the Construction Contract.

THE ARCHITECT

The architect for the Project is Clemons, Rutherford and Associates, Inc., Tallahassee, Florida (the "Architect"). The Architect was incorporated in the State of Florida on October 29, 1974.

The Architect has worked on the following corrections projects:

Florida Jails	Beds	Georgia Jails	Beds
Baker County	83	Brooks County	120
Bradford County	166	Carroll County	512
Columbia County	500	Charlton County	64
Dixie County	111	Cook County	110
Gladsen County	156	Dooly County	128
Hernando County	250	Grady County	132
Hillsborough County	868	Hall County	1026
Indian River County	256	Jefferson County	128
Jefferson County	34	Lamar County	87
Lafayette County	40	Lee County	76
Levy County	172	Lowndes County	500
Madison County	120	Polk County	224
Martin County	144	Seminole County	54
Nassau County	320	Stephens County	Study
Okaloosa County	Study	Ward County	234
Pasco County	512		
Polk County	768	Alabama Jails	Beds
Volusia County	500	Clay County	136

Walton County	336
Washington County	166

Correctional Institutions

Cross City Correctional Institution
Gulf Correctional Institution
Hamilton Correctional Institution
Jefferson Correctional Institution
Taylor Correctional Institution
Troup Correctional Institution

Juvenile Justice

Jefferson County
Dade County
Charlotte County
Jackson County
Madison County

Regional Jail Studies

Central Georgia (Houston, Pulaski)
Lower Chattahoochee (Clay, Randolph, Quitman)

The principal employees of the Architect are:

William D. Rutherford, Principal-in-Charge. Mr. Rutherford has been in the design/architectural field for 42 years, 29 of which have been with the Architect. He has a Bachelor in Science in Architecture from the University of Florida and has done MBA graduate work at the University of Florida and the University of Georgia. His areas of expertise are correctional architecture, judicial architecture and project communication.

Glenn Deaver, Project Manager. Mr. Deaver has 21 years of service in the design/architecture field. He has a Bachelor of Science in Architecture and Building Science from Auburn University. His areas of expertise are in project management and governmental and correctional facility architecture.

James Lewis, Production Manager. Mr. Lewis has served 18 years in the design/architecture field. He has a Bachelor of Science in both Architecture and Building Construction from Auburn University. His areas of expertise include project management and scheduling, plans review and quality control coordination.

DESCRIPTION OF BONDS

General

The Bonds are issuable as book entry only bonds registered in the name of Cede & Co. in denominations of \$5,000. The Bonds will bear interest at the rates and will mature on the dates and in the amounts stated on the cover page hereof. Interest will be payable semi-annually on the first (1st) day of each March and September (each an "Interest Payment Date"), beginning on September 1, 2006 until the final maturity of the Bonds. Interest payments (other than the final payment of interest due at the maturity or redemption of the Bonds) will be mailed by Bank of Oklahoma, N.A., as Paying Agent (the "Paying Agent") on the payment date to each registered Holder of the Bonds as it appears on the registration books of the Trustee on the fifteenth (15th) day of the month next preceding any Interest Payment Date (the "Record Date"), at the address listed for such holders on the books of Bank of Oklahoma, as Registrar (the "Registrar"). The final payment of principal or Redemption Premium, if any, will be payable at the principal office of the Trustee or such other place as the Trustee and the registered Holder of the Bond may agree, upon surrender of the Bond for cancellation. The Trustee is the Registrar and Paying Agent for the Bonds.

Principal of and redemption premium, if any, on the Bonds at maturity or redemption shall be payable to the owners of such Bonds upon presentation and surrender of the Bonds when due, at the principal office of the Trustee. If the Bonds are in a book-entry form, the principal and redemption premium, if any, on the Bonds shall be payable by the Trustee to the order of the registered owner set forth in the register maintained by the Trustee.

If there is a default in the payment of principal or interest on an Interest Payment Date, defaulted interest shall be paid to the order of the Registered Owners in whose name Bonds of such Series are registered at the close of business on a Special Record Date.

THE BONDS SHALL NOT BE A DEBT OF GLADES COUNTY, FLORIDA, NOR OF ANY CITY OR COUNTY IN THE STATE OF FLORIDA, NOR OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER GLADES COUNTY, FLORIDA, NOR ANY CITY OR COUNTY IN THE STATE OF FLORIDA, NOR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS AND PROPERTIES OTHER THAN THOSE OF THE ISSUER RELATING TO THE PROJECT, AND THEN ONLY TO THE EXTENT EXPRESSLY PROVIDED IN THE INDENTURE. THE BONDS ARE NOT A GENERAL OBLIGATION OF THE ISSUER.

Optional Redemption

The Bonds are subject to redemption at the Issuer's option, in whole on any date on or after March 1, 2016, or in part, (and by lot within a single maturity), in such order of maturities as the Issuer may elect on any Interest Payment Date on or after March 1, 2016 at the redemption prices set forth below (expressed as a percentage of the principal amount of the Bonds being redeemed) plus interest accrued thereon to the date set for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
Both Dates Inclusive	
March 1, 2016 – February 28, 2017	103%
March 1, 2017 – February 28, 2018	102%
March 1, 2018 – February 28, 2019	101%
March 1, 2019 – and thereafter	100%

Any such redemption, either in whole or in part, shall be made in the manner and upon the terms and conditions provided in this Indenture.

Anything herein to the contrary notwithstanding, in no event shall the interest rate borne by any Bonds exceed the maximum interest rate allowable by applicable law (the "Maximum Interest Rate").

Mandatory Sinking Fund Redemption of Bonds

The Bonds are subject to mandatory (sinking fund) redemption prior to maturity, in part by lot in \$5,000 principal amounts, in such manner as the Trustee may determine, on each March 1 in the years and in the following amounts set forth below:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
2009	685,000	2020	1,405,000
2010	720,000	2021	1,505,000
2011	755,000	2022	1,615,000
2012	795,000	2023	1,735,000
2013	850,000	2024	1,865,000
2014	915,000	2025	2,000,000
2015	985,000	2026	2,150,000
2016	1,055,000	2027	2,310,000
2017	1,135,000	2028	2,480,000
2018	1,215,000	2029	2,660,000
2019	1,305,000	2030	2,860,000

Special Mandatory Redemption

(a) The Bonds are subject to mandatory redemption in whole on any date or in part on any Interest Payment Date if the net proceeds of casualty insurance or a condemnation award are to be applied to the redemption of Bonds pursuant to the Indenture at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereon to the date fixed for redemption.

(b) **Redemption After Default and Acceleration.** The Bonds are subject to mandatory redemption at the price of par plus accrued interest, if an Event of Default under the Indenture occurs which results in an acceleration of the Bonds.

(c) **Determination of Taxability.** The Bonds are also subject to special mandatory redemption prior to maturity in whole at anytime on the earliest practicable date selected by the Trustee, and in no event later than 90 days, following the occurrence of a Determination of Taxability. The redemption prices of the Bonds to be redeemed in such event shall be 105% of the principal amount thereof plus interest accrued to the redemption date.

Selection of Bonds for Redemption

If less than all of the Bonds outstanding shall be called for redemption, the Bonds shall be redeemed by lot in the principal amount required by the Indenture. If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed, but Bonds shall be redeemed only in the principal amounts of \$5,000 each or any integral multiple thereof. In the event of a partial redemption of any Term Bond, Amortization Installments for such Term Bond shall be reduced pro rata in such manner as the Trustee may determine to reflect such redemption.

Notice of Redemption

Notice of the intended redemption of Bonds shall be given by mail to the registered Owner of each Bond to be redeemed at the address of such Owner shown on the Registrar's bond register. Notice by publication shall not be required. All such notices shall be given not less than 30 days nor more than 60 days prior to the date fixed for redemption. Each notice with respect to such Bonds shall specify the Bonds to be redeemed, the numbers of the Bonds being called, if less than all of the Bonds, are being called, the redemption price, the redemption date and the place or places where amounts due upon such redemption will be payable. Such notice shall further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption will be made upon presentation and surrender of Bonds. Failure to give notice by mailing to the Registered Owners of any such Bonds designated for

redemption, or any defect in such notice, shall not affect the validity of the proceedings to redeem such Bonds.

When notice of redemption has been given in the manner provided above, and money sufficient for the redemption is held by the Trustee or Paying Agent for that purpose, the Bonds called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue. Thereafter the Owners of such Bonds shall no longer be entitled to any security or benefit under the Indenture except to receive payment of the redemption price thereof, to replace a lost Bond and to transfer Bonds. The Trustee shall not give notice of the redemption of any Bonds unless there shall be on deposit with the Trustee or Paying Agent funds sufficient to pay for such redemption. However, such requirement shall not apply in the case of redemptions pursuant to scheduled Amortization Installments or in the case of a refunding.

Additional Bonds

The Issuer may issue Additional Bonds to provide additional funds to renovate, rehabilitate or improve the Project, to acquire additional developments and complete improvements thereto, together with related, subordinate facilities or to refund all or part of the Bonds, or any combination of the foregoing, provided that: (a) no such obligations shall be *pari passu* with the lien of the Mortgage and the pledge of the Revenues under the Indenture in favor of the Bonds, unless at the time of issuance of the Bonds the Issuer shall deliver a certificate of an independent certified public accountant that the Revenues received by the Issuer during any twelve consecutive months (the "Test Period") of the eighteen (18) months immediately preceding the date of issuance of said Additional Bonds were at least equal in dollar amount to: (i) 125% of the average debt service requirement coming due in any Bond Year with respect to the Outstanding Bonds and the Additional Bonds proposed to be issued after setting aside an amount necessary to pay those costs described in clauses (i) and (ii) of Section 5.06(b) of the Trust Indenture for such period (being any required deposit to the Rebate Fund, 50% of the Management Fee due in such period, and the deposits to the Operating and Maintenance Fund required by the Budget of the Issuer for such period, exclusive of the amounts required to be paid to the Repair and Replacement Reserve Account) and (ii) will equal at least 105% of the maximum debt service requirement coming due in any Bond Year with respect to the Bonds, after setting aside an amount necessary to pay those costs described in clauses (i) through (vii) of Section 5.06(b) of the Trust Indenture for such period (being any required deposit to the Rebate Fund for such period, all of the expenses of operating and maintaining the Project for such period, and debt service on the Bonds for such period, including any required deposits to the Reserve Account) and (b) no such obligations shall be *pari passu* with respect to the lien of the Mortgage and the pledge of the Revenues hereunder in favor of the Subordinated Bonds unless at the time of issuance of the Bonds the Issuer shall deliver to the Trustee a certificate of an independent certified public accountant stating that the revenues received by the Issuer during any twelve consecutive months (the "Test Period") of the eighteen (18) months immediately preceding the date of issuance of said Additional Bonds were at least equal in dollar amount to: (i) one hundred twenty-five percent (125%) of the average debt service requirement coming due in any Bond Year with respect to the Outstanding Bonds after setting aside an amount necessary to pay those costs described in clauses (i) and (ii) of Section 5.06(b) of the Trust Indenture for such period (being any required deposit to the Rebate Fund, 50% of the Management Fee due in such period, and the deposits to the Operating and Maintenance Fund required by the Budget of the Issuer for such period, exclusive of the amounts required by the Budget of the Issuer for such period, exclusive of the amounts required to be paid to the Repair and Replacement Reserve Account) and (ii) will equal at least 105% of the maximum debt service requirement coming due in any Bond Year with respect to the Bonds and any Additional Subordinated Bonds proposed to be issued, after setting aside an amount necessary to pay those costs described in clauses (i) through (vii) of Section 5.06(b) of the Trust Indenture for such periods, (being any required deposit to the Rebate Fund for such

period, all of the expenses of operating and maintaining the Project for such period, and debt service on the Bonds for such period, including any required deposits to the Reserve Account).

In the event that Additional Bonds are to be issued for the expansion of the Project, no such obligation shall be *pari passu* with respect to the lien of the Mortgage and the pledge of Revenues in favor of the Bonds unless specific approval of the issuance of such Additional Bonds for such expansion is obtained from both the Issuer and the County.

“Debt service” as used in the Indenture shall be deemed to include interest due during such period together with Amortization Installments scheduled for payment in such year and disregarding the principal amount due at maturity to the extent such principal shall be paid from Amortization Installments.

Notwithstanding the foregoing, the Issuer may, without producing the certificate of the independent certified public accountant described above issue Additional Bonds issued to refund and defease any outstanding bonds if the debt service in each Bond Year on such Additional Bonds is less than the debt service on the Bonds so refunded and such Additional Bonds do not mature later than such Bonds so refunded.

In addition, the Issuer may, without producing the certificate of the independent certified public accountant described above, issue Additional Bonds to provide additional funds to acquire additional developments and complete improvements thereto within eighteen months of the date of issuance of the Bonds provided that:

(i) the additional improvements are included in the Project and all revenues of the additional improvements are included as Revenues as provided in the Indenture and the requirements of the Indenture with respect to the perfection of the lien of the Indenture and the Mortgage are complied with;

(ii) a forecast statement of net cash flow before debt service relating to the Project including the new developments to be included (the “Additional Bonds Forecast”) is prepared by Higginbotham & Soud PA CPAs, or other qualified firm, in format similar to the examination of the Financial Forecast set forth in Appendix A to this Official Statement, and such Additional Bonds Forecast shall reflect that the projected coverage of net cash flow to debt service following the acquisition of the new developments shall be at least as good or better than the projected coverage of net cash flow to debt service set forth in Appendix A to this Official Statement providing that (a) the Additional Bonds Forecast shall be based, to the extent it includes debt service applicable to the Bonds, upon the actual interest rates and prices borne by such Bonds, and (b) any other assumptions made in the Additional Bonds Forecast shall be made on a basis which is not more favorable than the assumptions made in the Financial Forecast set forth in Appendix A to this Official Statement.

The DTC Book-Entry-Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and Purchase Price, if any, of, and premium, if any, and interest and other payments with respect to the Bonds to Direct Participants (as defined below) or Beneficial Owners (as defined below), confirmation and transfer of beneficial ownership interests in such Bonds and other related transactions by and among The Depository Trust Company (“DTC”), the Direct Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Direct Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be.

Information concerning DTC and the Book-Only-Entry System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters or the Issuer.

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for the Bonds, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that the use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of Direct Participants to whose accounts such Bonds are credited, which may or may not

be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, Purchase Price, if any, premium, if any, and interest payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding information from the Issuer or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, Purchase Price, if any premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee. Disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall effect delivery of the Bonds subject to tender by causing the Direct Participant to transfer the Direct Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of the Bonds in connection with a tender will be deemed satisfactory when the ownership rights in the Bonds are transferred by Direct Participants on the DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee.

THE ISSUER AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO THE DIRECT PARTICIPANTS OR THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OR PURCHASE PRICE, IF ANY, OF, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS, (ii) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, ITS DIRECT PARTICIPANTS OR ITS INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NONE OF THE ISSUER AND THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY PERSON

CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY DIRECT PARTICIPANT, OR ANY OTHER PERSON WHO IS NOT SHOWN IN THE REGISTRATION BOOKS OF THE ISSUER KEPT BY THE TRUSTEE AS BEING A BONDHOLDER. THE ISSUER AND THE TRUSTEE SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO (i) ANY OWNERSHIP INTEREST IN THE BONDS; (ii) THE PAYMENT BY DTC TO ANY PARTICIPANT OR BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR PURCHASE PRICE, IF ANY, OF, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (iii) THE DELIVERY TO ANY PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE BOND RESOLUTION; (iv) THE SELECTION BY DTC OR ANY PARTICIPANTS OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; OR (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving written notice to the Issuer and discharging its responsibilities with respect thereto under applicable law, or the Issuer, in its sole discretion, may terminate its participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the Trustee will execute and make available for delivery, replacement Bonds in the form of registered certificates.

Transfer fees. For every transfer and exchange of Bonds, owners of such Bonds requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Trustee, DTC or the DTC Participant in connection with such transfers or exchanges.

SECURITY FOR THE BONDS

Limited Obligations

THE BONDS ARE SECURED SOLELY BY A PLEDGE OF REVENUES AND BY A MORTGAGE ON THE PROJECT. THE BONDS ARE NOT A GENERAL OBLIGATION OF THE ISSUER AND THE COUNTY IS NOT RESPONSIBLE TO MAKE ANY PAYMENTS WHATSOEVER ON THE BONDS. ACCORDINGLY, OWNERS OF THE BONDS SHOULD LOOK EXCLUSIVELY TO THE PROJECT FOR PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS.

Pledge Under the Indenture

Under the Indenture, the Issuer has granted to the Trustee to secure the Bonds a lien upon and pledge of the Revenues of the Project.

The Indenture defines Revenues to include (i) all rentals, revenues, grants (including rent subsidies), and fees receivable in respect of the Project, including, without limitation, any receipts from concessionaires servicing the Project, any vending machines and laundry machines or similar receipts,

with respect to the Project (but exclusive of security deposits for residential or concessionaire units in the Project to the extent such security deposits are not applied to the payment of rentals); (ii) Net Awards; (iii) interest earned on moneys deposited in any fund or account under the Indenture, except the Rebate Fund; (iv) any monetary recovery obtained by the Trustee through the exercise of its rights under the Mortgage, subject to the application thereof as provided in the Mortgage; (v) moneys, if any, derived from the County pursuant to the provisions of the Interlocal Agreement by and between the County and the Issuer dated as of March 1, 2006; (vi) all other moneys deposited in the Revenue Fund from whatever source; and (vii) all proceeds of any thereof. Revenues shall not refer to the amounts on deposit in the Rebate Fund.

The Bonds are also secured by a pledge of the proceeds of the Bonds, subject to application in accordance with the Indenture, and by the Bonds Reserve Account.

THE BONDS SHALL NOT BE A DEBT OF GLADES COUNTY, FLORIDA, NOR OF ANY CITY OR COUNTY IN THE STATE OF FLORIDA, NOR OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER GLADES COUNTY, FLORIDA, NOR ANY CITY OR COUNTY IN THE STATE OF FLORIDA, NOR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS AND PROPERTIES OTHER THAN THOSE OF THE ISSUER RELATING TO THE PROJECT, AND THEN ONLY TO THE EXTENT EXPRESSLY PROVIDED IN THE INDENTURE. THE BONDS ARE NOT A GENERAL OBLIGATION OF THE ISSUER.

Reserve Account

In addition to the other funds and accounts created under the Indenture, there is established and maintained by the Trustee, a Reserve Account for the benefit of the holders of the Bonds which is required to be maintained in an amount equal to the Reserve Account Requirement. "Reserve Account Requirement" is defined to mean, as of any particular date of computation, an amount (such amount may take the form of cash and/or securities eligible for deposit therein as provided in Article VI of the Indenture) equal to \$2,985,000.00. Amounts on deposit in the Reserve Account may be applied by the Trustee to pay principal of and interest on the Bonds to the extent moneys available therefore are insufficient. See "SUMMARY OF THE INDENTURE" for a further description of the Reserve Account (including the mechanism for replenishing the Reserve Account following any withdrawal therefrom) and for a description of the other funds and accounts created under the Indenture and the flow of revenues and use of amounts on deposit in said funds and accounts.

Mortgage and Other Security Documents

Under the Mortgage, the Issuer will grant to the Trustee a mortgage lien on and security interest in the Project. As further security for the Bonds, the Issuer will assign to the Trustee, among other things, all of its right, title and interest in and to all leases, subleases and tenancies and all rents and payments resulting from any use, possession or occupancy of the Project. See "SUMMARY OF MORTGAGE".

SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of funds in connection with the Project:

SOURCES:

Principal Amount of Bonds	<u>\$33,000,000.00</u>
TOTAL SOURCES	<u>\$33,000,000.00</u>

USES:

Design and Construction Cost	\$23,321,692.00
Waste Water System	600,000.00
Debt Service Reserve Fund	2,985,000.00
Capitalized Construction Interest	3,265,000.00
Pre Opening Expenses	305,000.00
Insurance	20,000.00
Survey	18,000.00
Furnishings, Fixtures & Equipment	239,074.75
Contingency Amount	500,000.00
Costs of Issuance ⁽¹⁾	<u>1,746,233.25</u>
TOTAL USES	<u>\$33,000,000.00</u>

⁽¹⁾ Includes legal fees, Trustee's fees, title insurance fees, Underwriter's fees, Financial Projections, CUSIP, document stamps, intangible tax, recording fees, Phase I Environmental Report, and printing costs.

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ANNUAL DEBT SERVICE REQUIREMENT

The following tables set forth the annual debt service requirements for the Bonds.

Glades Correctional Development Corporation First Mortgage Revenue Bonds (Glades County Detention Center Project) Series 2006 Debt Service Schedule			
DATE	PRINCIPAL	INTEREST	TOTAL P & I
9/01/2006		1,105,192.08	1,105,192.08
3/01/2007		1,191,225.00	1,191,225.00
9/01/2007		1,191,225.00	1,191,225.00
3/01/2008		1,191,225.00	1,191,225.00
9/01/2008		1,191,225.00	1,191,225.00
3/01/2009	685,000.00	1,191,225.00	1,876,225.00
9/01/2009		1,174,100.00	1,174,100.00
3/01/2010	720,000.00	1,174,100.00	1,894,100.00
9/01/2010		1,156,100.00	1,156,100.00
3/01/2011	755,000.00	1,156,100.00	1,911,100.00
9/01/2011		1,137,225.00	1,137,225.00
3/01/2012	795,000.00	1,137,225.00	1,932,225.00
9/01/2012		1,107,909.38	1,107,909.38
3/01/2013	850,000.00	1,107,909.38	1,957,909.38
9/01/2013		1,076,565.63	1,076,565.63
3/01/2014	915,000.00	1,076,565.63	1,991,565.63
9/01/2014		1,042,825.00	1,042,825.00
3/01/2015	985,000.00	1,042,825.00	2,027,825.00
9/01/2015		1,006,503.13	1,006,503.13
3/01/2016	1,055,000.00	1,006,503.13	2,061,503.13
9/01/2016		967,600.00	967,600.00
3/01/2017	1,135,000.00	967,600.00	2,102,600.00
9/01/2017		925,746.88	925,746.88
3/01/2018	1,215,000.00	925,746.88	2,140,746.88
9/01/2018		880,943.75	880,943.75
3/01/2019	1,305,000.00	880,943.75	2,185,943.75
9/01/2019		832,821.88	832,821.88
3/01/2020	1,405,000.00	832,821.88	2,237,821.88
9/01/2020		781,012.50	781,012.50
3/01/2021	1,505,000.00	781,012.50	2,286,012.50
9/01/2021		725,515.63	725,515.63
3/01/2022	1,615,000.00	725,515.63	2,340,515.63
9/01/2022		665,962.50	665,962.50
3/01/2023	1,735,000.00	665,962.50	2,400,962.50
9/01/2023		601,984.38	601,984.38
3/01/2024	1,865,000.00	601,984.38	2,466,984.38
9/01/2024		533,212.50	533,212.50
3/01/2025	2,000,000.00	533,212.50	2,533,212.50
9/01/2025		459,462.50	459,462.50
3/01/2026	2,150,000.00	459,462.50	2,609,462.50
9/01/2026		380,181.25	380,181.25
3/01/2027	2,310,000.00	380,181.25	2,690,181.25
9/01/2027		295,000.00	295,000.00
3/01/2028	2,480,000.00	295,000.00	2,775,000.00
9/01/2028		203,550.00	203,550.00
3/01/2029	2,660,000.00	203,550.00	2,863,550.00
9/01/2029		105,462.50	105,462.50
3/01/2030	2,860,000.00	105,462.50	2,965,462.50
Total	33,000,000.00	39,180,865.90	72,180,865.90

THE CORRECTIONAL INDUSTRY

Management and rehabilitation of persons accused and convicted of crimes is a major government responsibility at all jurisdictional levels throughout the United States. Historically, operation of detention and correctional facilities has been considered a direct government function and regardless of budgetary constraints, governments must respond to their offender management responsibilities.

Overcrowded conditions in prisons and jails result in unsafe management conditions and often lead to earlier than planned releases by courts and judges. Prisoners in overcrowded conditions typically participate in little or no rehabilitative programming, resulting in high rates of return to custody (recidivism) as a result of committing new offenses or violating terms of release.

Skyrocketing costs of correctional operations place a financial drain on government budgets reducing the amount of funding available for other governmental priorities such as education, infrastructure replacement and healthcare. Government officials' wrestle with limited time and capital resources as they try to address all of their constituents' needs.

The Jail and Prison Population Today

Management of offenders in the United States is the responsibility of three levels of government: (i) Federal agencies, including the Federal Bureau of Prisons, the Bureau of Immigration and Customs Enforcement, and the U.S. Marshals Service, (ii) state prisons, including the District of Columbia and U.S. territories, and (iii) local jails operated by counties and municipalities. The detention and correctional system at all jurisdictional levels is comprised of three segments: (i) adult secure detention and correctional services, (ii) pre-release correctional services, and (iii) juvenile detention and correctional services.

The magnitude of the jail and prison population today, and its recent historical change, is clearly illustrated in recent publications of the United States Department of Justice, Bureau of Justice Statistics (the "BJS"). Data from these publications is summarized in the following pages.

Between 1995 and 2004, the incarcerated population in the United States grew an average of 3.4% per year. At yearend 2004, state and federal prison authorities had in custody 1,421,911 inmates – 1,244,311 in state custody and 170,535 in federal custody. At midyear 2004, local jails held 713,990 persons awaiting trial or serving a sentence and an additional 70,548 persons under jail supervision were serving their sentence in the community. At yearend 2004, nearly 7 million people were on probation, in jail or prison, or on parole – 1 in every 31 adults.

The number of adult correctional facilities increased 14%, from 1,464 at midyear 1995 to 1,668 at midyear 2000. The maximum number of beds or inmates assigned by a rating official, known as rated capacity, expanded 31% from 975,719 in 1995 to 1,278,471 in 2000. At midyear 2000, state prisons were operating at 1% above their rated capacity and federal prisons were operating at 34% over capacity.

Historically, adult prisoners convicted of violent crimes have generally served only one-third of their sentence, with the majority of the convicted persons being repeat prisoners. Accordingly, there has been a public demand for longer prison sentences, as well as lowering of age levels for juvenile prisoners eligible for sentencing to adult facilities, resulting in even more overcrowding in United States correctional and detention facilities. Finally, the courts and other government entities in the United States have mandated that additional services offered to prisoners be expanded and living conditions be improved. To do so has required state and local governments to make substantial changes in antiquated facilities. Typically, governments have not had the readily available resources needed to make the

changes necessary to meet such mandates and/or have not received community support for such expenditures in light of other demands for services and facilities such as social and health services, law enforcement and courts. In the case of the latter two service areas, improvements have had the effect of increasing the impact on detention and corrections by bring more individuals into the justice system and improving the effectiveness of prosecution.

BONDHOLDERS' RISKS

In addition to factors set forth elsewhere in this Official Statement, purchasers of the Bonds should carefully consider the following risk factors in connection with investment in the Bonds.

Limited Liability

The Issuer has pledged no assets other than the Project and its Revenues to secure the Bonds, and has no taxing power. The Bonds shall not constitute an obligation, either general or special, of the County, the State or any political subdivision thereof; neither the County, the State, nor any political subdivision thereof shall be liable thereon. Neither the faith, revenues, credit nor taxing power of the County, the State or any political subdivision thereof shall be pledged to the payment of the principal of, premium, if any, or interest on the Bonds, and the Bonds are payable solely from the Trust Estate, which is the sole asset of the Issuer pledged therefor. The Bonds are not a general obligation of the Issuer.

Limited Assets of the Issuer

The Issuer's sole business consists of the ownership and operation of the Facility. Only the Project is pledged to secure the Bonds. If the Project experiences operating problems or financial difficulties, in addition to having no obligation to do so, it is highly unlikely that the Issuer would have the financial resources to inject additional funds into the operation of the Project. In addition, because the Issuer has limited sources of income, it may be unable to obtain new sources of funds or financing for the Project if such additional financing is necessary. Unless the Project generates revenue sufficient to make payments due under the Indenture, the Issuer will be unable to make timely payments of principal and interest due on the Bonds.

Financial Feasibility of the Project

The Financial Forecast is based on certain assumptions made by the Manager and the Issuer. There usually will be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Appendix A, "Examination of the Financial Forecast", should be read in their entirety.

BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE, NO REPRESENTATION CAN BE MADE THAT THE FINANCIAL FORECAST WILL CORRESPOND WITH RESULTS ACTUALLY ACHIEVED IN THE FUTURE. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY UNCONTROLLABLE FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED RATES, EMPLOYEE RELATIONS, GOVERNMENTAL CONTROLS, CHANGES IN APPLICABLE GOVERNMENTAL REGULATIONS, CHANGES IN DEMOGRAPHIC TREND, CHANGES IN THE CORRECTIONAL INDUSTRY AND GENERAL ECONOMIC CONDITIONS.

Neither the Issuer, the Underwriter, their counsel, Bond Counsel nor any other party other than the Issuer and the Manager, have participated in developing and formulating the assumptions and the disclosures contained in the Forecasted Financial Statements.

Unique Nature of the Project

The Project is best suited for use as a correctional facility. As a result, the remedies available to the Trustee in the event of a default under the Indenture or the Mortgage may be limited and the realization of revenues from the sale or leasing of the Project might thus be adversely affected.

Competition

No assurance can be given that other competitive facilities or services will not be established, or that existing competitive facilities will not be expanded in the Project's service area in the future. The Issuer believes that the Project can effectively compete with other similar facilities currently located in its area of competition. However, there can be no guarantee that in the future the Project will be able to compete with correctional facilities designed and built with the benefit of advanced technology not available at the time the Project was constructed, or correctional facilities which are able to significantly reduce or contain their costs through economies of scale or other methods not available to the Issuer.

Construction Risks

The failure to complete or a delay in the completion of the construction of the Project will adversely affect the receipt of Revenues and, thus, the payment of Debt Service on the Bonds. Some risks that will be present throughout the period of construction of the Project are outlined below.

There are a number of risks and contingencies associated with the completion of the Project. Contingencies generally involved in the construction of any facility, such as fire, labor difficulties and problems obtaining materials or routine governmental approvals may cause the actual cost of completion to exceed available funds. Furthermore, delay in completion of the Project for any reason beyond the anticipated completion date may result in a delay in receipt of Revenues projected for the Project.

In the event that the proceeds of the Bonds, together with other Project moneys, if any, are insufficient to complete the construction of the Project, there is no assurance the Issuer would have or be able to raise sufficient funds to complete the Project. The Contractor has agreed to pay \$13,333.00 per calendar day for each day past the contractual substantial completion date as liquidated damages. However, the Contractor is not required to pay liquidated damages if the failure to complete the construction of the Project by the contractual substantial completion date is due to an occurrence beyond the reasonable control of the Contractor. If construction of the Project is not completed as contemplated by the Construction Contract, Revenues sufficient to pay Debt Service on the Bonds will not be generated.

Although the Contractor has had prior experience in the construction of many correctional facilities, a guaranteed maximum price of \$23,321,692 under the Construction Contract is in effect for the construction of the Project and there will be Payment and Performance Bonds with respect to the Contractor's obligation to complete the Project under the Construction Contract, there can be no assurance that the construction of the Project can be accomplished under the allotted budget. Prospective investors may look only to the Contractor and the surety of payment under the Payment and Performance Bonds for performance of such obligations. See "THE CONTRACTOR" herein.

Operation of the Project

The successful operation of the Project will depend, in substantial part, upon the management services provided by the Manager. See "THE MANAGER." The Issuer believes that the Manager is competent with substantial experience in managing facilities for the incarceration of inmates, detainees and criminals similar to the Project, but there is no guarantee that the Manager will operate the Project in a manner which provides sufficient revenues to pay debt service payments and to operate and maintain the Project, in which case a new manager would have to be installed.

Reduction in Crime and Incarceration Rates

Future demand for correctional facilities can be affected by future levels of criminal activity, rates of arrest and conviction and sentencing practices. Accordingly, the demand for correctional facilities could be adversely affected by the relaxation of enforcement efforts, leniency in conviction and sentencing practices or through the legal decriminalization of certain activities that are currently proscribed by our criminal laws. Similarly, reductions in crime rates could lead to reductions in arrests, convictions and sentences requiring correctional facilities. A reduction in the number of convictions or length of sentences could have a material adverse effect on the ability of the Issuer to generate revenues.

Alternative Sentencing Programs

In addition to the traditional methods of incarcerating convicted criminals in state prisons and local jails, or probating or deferring the adjudication of their sentences, new alternative sentencing programs are being developed at the state and local level to help reduce the overcrowding in the prisons and jails. Alternatives include work release programs and allowing convicted persons to perform community service or submit themselves to confinement and electronic monitoring in lieu of incarceration. The implementation of these various sentencing alternatives could negatively impact the supply of prisoners which could be incarcerated in the Project.

Changes in Regulations

The corrections industry is subject to a variety of federal, state and local regulations, including education, health care and safety regulations, that are administered by various regulatory authorities. Corrections officers are customarily required to meet certain training standards, and in some instances personnel are required to be licensed and subject to background investigation. The failure to comply with any applicable laws, rules or regulations and the loss of any required license could have a material adverse effect on the amount of revenues to the Issuer. Furthermore, current and future operations of the Project may be subject to additional regulations as a result of new statutes and regulations and changes in the manner in which existing statutes and regulations are or may be interpreted or applied. Any such additional regulations could have a material adverse effect on the ability of the Issuer to generate revenues.

Investment in Real Estate

The Bonds will not be secured by any bond insurance, letter of credit, or other form of direct institutional credit enhancement. Except for amounts on deposit in certain funds and accounts created under the Indenture, including the Reserve Account for the Bonds, the Project provides the only security for the timely payment by the Issuer of amounts due on the Bonds.

There are many diverse risks in any investment in real estate, which may have a substantial bearing on the profitability and financial feasibility of the Project, and which impact the realizable value

of the real estate and other collateral securing payment of the Bonds. Such risks include possible adverse use of adjoining land, fire or other casualty, condemnation, increased taxes, changes in demand for such facilities, increases in utilities rates, adverse general and local economic conditions, energy shortages, a decline in property values in the Project's neighborhoods, increases in operating costs due to inflation, non-compliance of tenants with the terms of their leases, unfavorable governmental regulation (such as the enactment of rent controls), acts of God, and uninsurable risks (including nuclear war or accident), construction strikes, and decrease in the relative popularity of real estate investments, as contrasted with other investments. Further, if the Issuer defaults on the Bonds, the value of the Project, if marketable, may not be equal to the amount of outstanding principal and interest due on the Bonds.

Economic Risks

The Bonds represent a long term investment in real property. Not only will the Issuer and the Project be subject to the risks inherent in corrections discussed above, the Project's profitability and the Issuer's ability to make required payments under the Indenture will also be subject to risks inherent in the ownership of property and the operation of any such facility. Such risks include fluctuations in occupancy rates and operating expenses, variations in occupancy charges, energy shortages, governmental restrictions and regulations, and general economic conditions. Furthermore, while such factors may operate to reduce the Project's income, operating costs, such as utilities, insurance costs and personnel costs could increase, inhibiting the profitability of the Project and the ability of the Issuer to pay the Bonds.

Liquidation of Security May Not Be Sufficient

Because the Issuer will have no significant assets other than its interest in the Project the Issuer must look solely to the Project for the Bonds to pay and satisfy the Bonds in accordance with their terms. The Holders of the Bonds will be dependent, primarily, upon the successful operation of the Project and the value thereof for the payment of the principal, premium, if any, and interest on the Bonds. In the event the revenues from the Project are insufficient to pay the Bonds, then once any other assets of the Issuer have been exhausted, the Holders of the Bonds will have no person or entity to pursue for any deficiency which may exist.

Possible Claims of Third-Party Creditors

On February 2, 1990, the United States District Court for the District of Columbia held in *Martens v. Hadley Memorial Hospital* that a judgment creditor of a borrower of the proceeds of tax-exempt revenue bonds could satisfy its judgment from moneys held by a trustee in a debt service reserve fund pledged to secure the revenue bonds. The Court held that absent a default under the loan documents pursuant to which the revenue bond proceeds were lent to the borrower and the acceleration of the obligations under the loan documents, the trustee bank holding the debt service reserve fund could not prevent attachment of amounts held in the reserve fund to satisfy the judgment. If the principles of this case were applied by the courts having jurisdiction over the Issuer, there is a risk that judgment creditors of the Issuer could attach the Debt Service Reserve Fund or other funds securing the Bonds.

Taxation of the Bonds

An opinion of Bond Counsel has been obtained to the effect that interest earned on the principal of the Bonds is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986 (the "Code"), and applicable rules and regulations of the Internal Revenue Service; however, such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the tax-exempt status of the Bonds has not been,

and will not be, made. Such opinion is qualified in regard to certain limitations contained in the Code, under which certain post-closing events can destroy the tax-exempt status of the Bonds. See "TAX MATTERS" herein. In addition, there can be no guarantee that present advantageous provisions of the Code or the rules and regulations thereunder will not be adversely amended or modified, thereby rendering the interest earned on the Bonds taxable for Federal income tax purposes.

Interest earned on the principal amount of the Bonds may or may not be subject to state or local income taxes under applicable state or local tax laws. Each purchaser of Bonds should consult his or her own tax advisor regarding the taxable status of the Bonds in a particular state or local jurisdiction.

Environmental Risks

The Issuer has obtained an environmental assessment of the Project site and has no reason to believe that any of the site has any environmental problems. However, if in the future a site were found to be environmentally contaminated, the financial condition of the Issuer could be adversely affected. If the site were declared a "Superfund" site under the Comprehensive Environmental Response, Compensation and Liability Act, the federal government may require a clean-up of the site and the Issuer may be required to pay all or part of such clean-up costs. If the Issuer were unable to continue operations there because of its status as a Superfund site, the value of the site at foreclosure would be reduced by the cost of any clean-up. A copy of the Phase I Environmental Site Assessment Report is on file with the Underwriter.

Liability Insurance

There is no guarantee that liability insurance will be available at reasonable prices.

Damage, Destruction or Condemnation

Although the Issuer will be required to obtain certain insurance against damage or destruction as set forth in the Mortgage, there can be no assurance that the Project will not suffer losses for which insurance cannot be or has not been obtained or the amount of any such loss, or the period during which the Project cannot generate Revenues will not exceed the coverage of such insurance policies.

If the Project or any portion of the Project is damaged or destroyed, or is taken in condemnation proceedings, the revenues derived from such proceeds of insurance or any such condemnation award for the Project must be applied as provided in the Mortgage to restore or rebuild the Project or to redeem the Bonds. There can be no assurance that the amount of such proceeds available to restore or rebuild the Project or to redeem the Bonds will be sufficient for that purpose, or that any remaining portion will generate Revenues sufficient to pay the expenses of the Project and the Debt Service on the Bonds remaining outstanding.

Enforcement of Remedies

The Bonds are secured by the Indenture and by the Mortgage, which provides for the grant of a mortgage lien on and security interest in the Project, which includes a security interest in certain machinery, furnishings, equipment and fixtures in the Project and the Revenues. The practical realization of value from the property subject to the mortgage lien upon any default will depend upon the exercise of various remedies specified by the Indenture and the Mortgage. All of the remedies specified by the Indenture and the Mortgage may not be readily available or may be limited.

A court may decide not to order the specific performance of the covenants contained in those documents. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting the enforcement of creditors' rights generally. Legislation regarding prisoners' rights may limit the enforceability of and remedies under, the Indenture and the Mortgage.

Defaults under the Indenture may give rise to the redemption of the Bonds. Upon any such redemption, proceeds, including proceeds from the foreclosure or other liquidation of the Project will be applied as provided in the Indenture, including, to the extent available after payment of certain costs, fees, expenses and indemnification of the Trustee, to pay the Bonds in the order of priority set forth in the Indenture. Such payment or distribution to the owners of the Bonds may not be sufficient to retire in full all of the Bonds.

Resale Value of the Project Upon Default

Upon a default in payment of the Bonds, the Trustee would be entitled to exercise its remedies under the Mortgage and the Indenture and to foreclose upon the Premises. It is possible that the proceeds of a sale of such assets made upon foreclosure would not be in an amount sufficient to pay the principal of and accrued interest on the Bonds. Furthermore, if the Issuer seeks to reorganize under Chapter XI or other provisions of the Federal Bankruptcy Code, the Trustee may be prevented by the bankruptcy court from foreclosing on the Project and the assets for an extended period of time, even though the Mortgage by its terms permit an immediate foreclosure. The Trustee, before taking any remedial action against the Premises may have to conduct an environmental investigation of the Project even though certain environmental investigations have been made as of this date. The Trustee may conclude as a result of such environmental investigation that taking any action against the Facility, by foreclosure or otherwise, is not feasible.

Effect of Bankruptcy

Bankruptcy proceedings and equitable principles may delay or otherwise adversely affect the enforcement of the Bondholders' rights under the Mortgage. Federal bankruptcy law may have an adverse effect on the ability of the Trustee and the holders of Bonds to enforce their claim to the security granted by the Indenture. Federal bankruptcy law permits adoption of a reorganization plan even though it has not been accepted by the holders of a majority in aggregate principal amount of the Bonds, if the holders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if the bankruptcy court concludes that the holders of the Bonds have "adequate protection," it may (i) substitute other securities subject to the lien of the holders, and (ii) subordinate the lien of the holders (a) to claims by persons supplying goods and services to the Issuer after bankruptcy, and (b) to the administrative expenses of the bankruptcy proceedings. If the Issuer becomes bankrupt, the amount realized by the holders of the Bonds may depend on the bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under the existing circumstances. The bankruptcy court may also have the power to invalidate certain provisions of the Indenture or the Mortgage which make bankruptcy and related proceedings by the Issuer an event of default thereunder. Further, if the Issuer becomes bankrupt, payments on the Bonds made by the Issuer (through the Trustee) to the holders of the Bonds within 91 days before the filing of the petition in bankruptcy by or against the Issuer may be determined to be voidable preferences subject to claims by a debtor in possession or a trustee in bankruptcy.

Limited Transferability of Bonds

The Bonds will not be registered with the Securities and Exchange Commission under the Securities Act of 1933 or under any state securities laws. The Issuer does not presently intend to apply for any ratings on the Bonds, and has not obtained municipal bond insurance or other security devices in connection with the issuance of the Bonds.

No assurance can be given that a market will exist for the resale of the Bonds. Because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, secondary marketing practices in connection with a particular issue may be suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price. **THERE CAN BE NO GUARANTEE THAT THERE WILL BE A SECONDARY MARKET FOR THE BONDS, OR, IF A SECONDARY MARKET EXISTS, THAT THE BONDS CAN BE SOLD FOR ANY PARTICULAR PRICE.**

No Rating for the Bonds

No rating has been obtained for the Bonds and none is contemplated.

It is evident that an investment in the Bonds involves risks and is highly speculative in nature. The relatively high interest rate borne by the Bonds (as compared to prevailing interest rates on more secure bonds as those which constitute general obligations of fiscally sound municipalities or states) is intended to compensate the investor for assuming such risks.

Other Risk Factors

In the future, the following factors, among others, may adversely affect the operating results of the Project to an extent that cannot be determined at this time:

The establishment of mandatory governmental wage or price controls.

The occurrence of a natural disaster, including floods, hurricanes, or tornadoes, which might damage the Project or otherwise impair the ability of the Project to generate revenues.

Unionization, employee strikes or other adverse labor action which could result in substantial increases in expenditures.

Increases in the costs of construction materials.

Summary

The foregoing is intended only as a summary of some of the risk factors attendant to an investment in the Bonds. An investment in the Bonds involves a substantial element of risk and is speculative in nature. The relatively high interest rate borne by the Bonds (as compared to prevailing interest rates on more secure tax-exempt bonds such as those which constitute general obligations of fiscally sound municipalities or states) is intended to serve as compensation to the investor for assuming this element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto). Purchasers of the Bonds, particularly purchasers that are corporations (including subchapter S corporations and foreign corporations operating branches in the United States of America), property or

casualty insurance companies, banks, thrifts or other financial institutions or certain recipients of Social Security benefits, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

SUMMARY OF THE INDENTURE

The following is a brief summary of the Indenture. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture.

Establishment of Funds

The following funds are established under the Indenture as trust funds in the custody of the Trustee:

- (a) A Bond Fund and within such Bond Fund,
 - (i) (A) an Interest Account;
 - (B) a Principal Account;
 - (C) an Amortization Account (and subaccounts therein for each maturity of Term Bonds);
 - (D) a Reserve Account; and
- (b) A Revenue Fund;
- (c) A Permitted Cost Fund and within such Permitted Cost Fund,
 - (i) an Acquisition Account;
 - (ii) a Construction Account;
 - (iii) a Costs of Issuance Account; and
 - (iv) a Net Awards Account.
- (d) An Operation and Maintenance Fund and within such Operation and Maintenance Fund,
 - (i) a Taxes and Insurance Premium Account;
 - (ii) a Repair and Replacement Reserve Account; and
 - (iii) an Operating Account
- (e) A Rebate Fund; and
- (f) An Investment Fund

Application of Bond Proceeds; Deposits to Permitted Cost Fund

The Trustee shall deposit the net cash proceeds from the sale of the Bonds to the Funds and Accounts as provided in the Indenture. After (i) an amount equal to the Costs of Issuance is deposited in the Permitted Cost Fund, (ii) accrued interest is deposited in the Interest Account of the Bond Fund, and (iii) the Reserve Account is funded, the balance of net Bond proceeds shall be deposited in the Permitted Cost Fund.

Disbursements from the Permitted Cost Fund

The Trustee shall disburse moneys in the Acquisition Account to or upon the order of the Issuer to finance the acquisition of the applicable portion of the Project. The Trustee shall disburse moneys in the Construction Account to or upon the order of the Issuer on a written requisition for Permitted Costs executed by an Authorized Issuer Representative. Amounts in the Acquisition Account and the Construction Account including investment earnings therein shall be used to pay Permitted Costs unless in the opinion of Bond Counsel a portion may be used for other purposes specified by the Issuer without causing interest on the Bonds to be included in gross income for Federal income tax purposes or violating other applicable laws. After the acquisition of the Project, in the event funds remain on deposit in the Acquisition Account, such funds shall be transferred to the Construction Account and used to pay project costs. Any amounts remaining in the Construction Account after completion of the Improvements shall be paid into the Principal Account of the Bond Fund or if the Issuer shall obtain a favorable opinion of Bond Counsel, shall be deposited into the Repair and Replacement Reserve Account of the Operation and Maintenance Fund.

The Trustee shall disburse moneys from the Cost of Issuance Account upon receipt of a direction of the Issuer, stating that (i) such amount is to be paid to a person, firm, or corporation identified therein, and (ii) such amount is properly payable as a Cost of Issuance under the Indenture. Upon the earlier of six months after the original issuance of the Bonds or the Trustee's receipt of a written direction of the Issuer, amounts remaining in the Cost of Issuance Account shall be transferred to the Construction Account and used to pay for Permitted Costs.

Deposits into the Revenue Fund; Use of Moneys in the Revenue Fund

The Issuer shall cause to be deposited all Revenues with the Trustee, at least monthly, for deposit into the Revenue Fund.

Moneys in the Revenue Fund shall be applied at the time and in the following manner in the order of priority indicated:

- (i) first, on each September 30, beginning on September 30, 2006, to the extent required, amounts necessary in each year to meet the Rebate Requirement of the Rebate Fund pursuant to the Tax Certificate;
- (ii) second, on the last day of each month to the Operating Account of the Operation and Maintenance Fund, first, to the Taxes and Insurance Premiums Account and then, to the Operating Account, the amounts, including expenses of the Manager related to the operation of the Facility, assigned therefor by the budget of the Issuer;
- (iii) third, on the last day of each month, to the Interest Account, an amount equal to one-sixth (or such greater or lesser amount as may be needed to accumulate such amount in equal monthly installments by the last day of the month prior to such Interest Payment Date) of the amount

required to pay the interest due on the Bonds on the next Interest Payment Date (less amounts already on deposit in the Interest Account for such purpose);

(iv) fourth, on the last day of each month, to the Principal Account, and on parity therewith, to the Amortization Account (and to the appropriate subaccounts therein), one-twelfth (1/12) (or such greater or lesser amount as may be needed to accumulate such amount in equal monthly installments by the last day of the month prior to the date needed) of the amount of principal payments and/or Amortization Installments for Term Bonds required by the terms of the Indenture to be deposited in such Accounts, on such Interest Payment Date less any credit (as to the Amortization Installments) for Bonds submitted to the Trustee for cancellation and credit against the Amortization Installment permitted by the Indenture;

(v) fifth, on the last day of each month, to the Reserve Account one-twelfth of such amount as may be necessary to fund the total in the Reserve Account to the Reserve Account Requirement pertaining to the Bonds;

(vi) sixth, on the last day of each month, to the payment of (a) the actual expenses of operating the Project for the previous month, to the extent such actual expenses are in excess of budgeted amounts therefor and (b) Administration Expenses.

(vii) seventh, provided the Issuer is in compliance with the terms of the Bond Documents, including the 125% Rate Covenant requirement and the Days' Cash on Hand Requirement, to pay the Management fee (which is separate from and in excess of the expenses of the Manager referred to in (ii) above), and, to the extent of available funds, to the Repair and Replacement Reserve Account, such amount as shall be budgeted therefore, as adjusted pursuant to the Indenture; and

(viii) eighth, any remaining Revenues shall be deposited into the Investment Fund; provided that in the event that the Investment Fund contains an amount in excess of the Days' Cash on Hand Requirement deposited upon issuance of the Bonds into the Investment Fund for working capital/operational purposes, such excess may be paid to the Issuer, if there is no Event of Default outstanding, upon receipt of a Certificate of the Manager delivered to the Trustee, together with audited financial statements for the operation of the Project clearly demonstrating that the following expenditures and funds are paid and/or at their required level(s); items (i) through (vii) above. Such excess paid to the Issuer may be used as working capital for working capital/operational purposes in support of the operations of the Project Facility to pay for pre-development costs of expanding the Project such as those for land acquisition, Phase I environmental, legal, feasibility studies and/or architectural drawings, or for any other purposes, related or unrelated to Project Facility, as the Issuer deems appropriate.

Moneys transferred from the Construction Account shall be invested pursuant to the Tax Certificate and shall be applied to redeem Bonds in the order of priority determined by the Issuer.

Deposits into the Bond Fund; Use of Moneys in the Bond Fund

There shall be deposited in the s Principal Account of the Bond Fund (i) moneys transferred from the Revenue Fund, the Bonds Reserve Account, or any other available source to pay principal of the Bonds when due or upon maturity and (ii) moneys transferred from the Net Awards Account or from other sources to redeem Bonds. Moneys deposited in the Principal Account shall be used to pay principal of the Bonds by reason of redemption or acceleration. There shall be deposited into the Amortization Account moneys transferred from the Revenue Fund, the Reserve Account, the Investment Fund or from other sources to pay Amortization Installments and money transferred from the Construction Account.

Moneys held for the credit of the Bonds Amortization Account shall be applied to the retirement of Term Bonds as provided in the Indenture.

Moneys deposited in the Interest Account of the Bond Fund, including accrued interest, shall be used to pay interest on the Bonds when due.

Use of Moneys in the Operation and Maintenance Fund; Budget for the Project

Moneys in the Operation and Maintenance Fund shall be used for the ordinary and extraordinary operation of the Project, including repairs, replacement, cleaning, salaries, taxes, insurance, and such other expenses as are typically expended in the operation of a detention facility project of the Project's type or required by the Indenture.

There are three accounts in the Operation and Maintenance Fund: the Taxes and Insurance Premiums Account, the Repair and Replacement Reserve Account; and the Operating Account. The Repair and Replacement Reserve Account may only be used for major expenditures, such as roofs, appliances, HVAC, parking lots, sidewalk and drainage projects, water heating systems, and fire alarm/safety code upgrades, for the Project. The Repair and Replacement Reserve Account is funded to the extent provided by the budget of the Issuer. The Taxes and Insurance Premiums Account is an escrow account into which a portion of the annual real estate taxes (if any) and insurance premiums for casualty insurance are deposited each month in accordance with the budget of the Issuer. The Operating Account may only be used for ordinary operations, repair, and maintenance of the Project.

Application of Moneys in the Reserve Account and in the Investment Fund.

(a) If on any Interest Payment Date the amount in the Interest Account, the Principal Account or the Amortization Account of the Bond Fund shall be less than the amount of interest, principal or Amortization Installment, respectively, then due on the Bonds, the Trustee shall transfer the amount of such deficiency from the Investment Fund. If such transfer is insufficient to satisfy the amount of interest or principal then due on the Bonds, the Trustee shall forthwith transfer moneys from the Reserve Account or liquidate the securities therein to the extent necessary to make good the deficiency or deficiencies. At the time of any withdrawal from any Reserve Account for the reasons described above, the Trustee shall promptly notify the Issuer of any such withdrawal.

(b) If, at any time, the Issuer determines that moneys in the Operation and Maintenance Fund are insufficient to pay for the ordinary operation of the Project, including the matters described in the Indenture hereof, or to the extent amounts in the Operation and Maintenance Fund are insufficient for such purpose and one or more expenditures need to be incurred for the Project which were not anticipated in the budget of the Issuer, such as extraordinary repairs or replacements with respect to the Project, then disbursements from the Investment Fund may be made by the Trustee for these purposes upon the written request of an Authorized Issuer Representative, certifying the circumstances described in this paragraph and the amounts required.

(c) Amounts on deposit in the Investment Fund may be applied by the Issuer to redeem or purchase Bonds, or to pay maturing installments of principal of Bonds in such order and priority as the Issuer may deem appropriate. Provided that all payments into the funds and accounts described in "Use of Moneys in the Revenue Fund," above, including any deficiencies in past payments, have been made, any amounts on deposit in the Investment Fund on March 1 of any year may be used to complete the Improvements, as defined in the Indenture.

The Investment Fund shall have deposited from Bond Proceeds the amount of \$500,000.00 (the "Contingency Amount") which may be used by the Issuer (i) to cover construction cost overruns (if any) during the time that the Facility is being constructed and (ii) from time to time, after the Facility has been constructed, for working capital/operational purposes in support of the operations of the Facility. Once the Facility has been constructed, the residue (if any) of the Contingency Amount may be used to satisfy dollar-for-dollar, the Days' Cash on Hand Requirement.

Deficiencies and Surpluses in the Reserve Account

The Trustee shall semiannually compute the value of the assets of the Reserve Account. The amount of any surplus shall be transferred from the Reserve Account to the Revenue Fund for application as provided for in the Indenture. Deficiencies shall be restored on a monthly basis in such amount as may be necessary to restore the amount on deposit in such Reserve Account to the Reserve Account Requirement in not more than twelve equal installments in the order of priority as described under "Deposits into the Revenue Funds; Use of Moneys in the Revenue Fund", above. The interest earnings on amounts on deposit in the Reserve Accounts, however, shall be applied as provided in "Investment of Funds" below.

Rebate Fund

Amounts in the Rebate Fund are not pledged to secure the payment of the Bonds. The Issuer shall pay to the Trustee, for deposit into the Rebate Fund, funds at the times and in the amounts specified in the Tax Certificate.

Investment of Funds

Moneys in the Acquisition Account, Construction Account, Net Awards Account, the Bond Fund shall, at the written direction of the Issuer, be invested and reinvested in Investment Securities.

Moneys in the Operation and Maintenance Fund, the Cost of Issuance Account, and the Revenue Fund shall be held in cash or be invested in direct obligations of the United States Government maturing less than 30 days from the date of purchase or invested in any investment vehicle provided by the Trustee, at the Issuer's direction for the investment on a day-to-day basis of moneys held by the Trustee from time to time. Such investments shall be made by the Trustee at the direction of the Issuer through a certificate, or telephonic advice promptly confirmed by a certificate of the Issuer.

Investment Earnings

All accrued earnings from the investment of moneys held in any of the Funds and Accounts under this Indenture shall be credited to the Fund and Account from which the moneys were obtained for investment. They are then paid over to the Revenue Fund to the extent the amount therein exceeds the requirements of such fund or account (consistent with the Tax Certificate). The Trustee shall not be responsible for failure to achieve maximum earnings or for any loss suffered in connection with the investment of funds made by it in accordance with the Indenture, unless such loss is the result of gross negligence or willful misconduct.

Arbitrage and Tax Covenants

(a) The Issuer shall comply with the Internal Revenue Code of 1986, as amended (the "Code") to maintain the exclusion of interest on the Bonds from gross income for Federal income tax

purposes. The Issuer shall comply with the provisions of the Tax Certificate as a source of guidance to comply with the Code.

(b) The Issuer shall make the required rebate payments to the United States Treasury pursuant to Section 148(f) of the Code, from the Rebate Fund.

(c) So long as necessary to maintain such exclusion from gross income of interest on the Bonds for Federal income tax purposes, the covenants contained in Section 4.06 of the Indenture shall survive the payment of the Bonds, including any payment or defeasance thereof pursuant to the Indenture.

Reversion to the County

When all Bonds are discharged (but not when such Bonds are deemed paid under the provisions of Article VII of the Indenture):

(a) all moneys and securities remaining in the various Funds and Accounts created under the Indenture (except for (i) such amounts and securities pledged to the Trustee by the Issuer under Article VII to defease Bonds and (ii) the Rebate Fund) shall inure to the benefit of the County, and the Trustee shall forthwith transfer such moneys to the County upon its request; and

(b) the Project shall revert to the County, free of the lien of the Indenture and of any leases which the Issuer may have entered into with the tenants thereof, and free of all other charges, liens, or encumbrances.

For purposes of this Section, the Bonds are “discharged” when funds for the payment of all outstanding principal and interest is available at the place of payment on their maturity date, or on the redemption date fixed pursuant to the Indenture, and interest on the Bonds ceases to accrue thereon, and all other amounts required to be paid by the Issuer under the Indenture have been paid.

County’s Right to Defeas

The County shall have all the rights of the Issuer to defease the Bonds and the County shall pay all reasonable costs, if any, incident to such defeasance. If the County exercises such right of defeasance, the County shall obtain fee title, free of all charges, liens and encumbrances (including the leases of units in the Project) and exclusive possession of the Project, subject to Permitted Encumbrances. If the County exercises such right, the Issuer must immediately cancel all encumbrances on the Project, including leases and management contracts. Any lease, management contract, or other similar encumbrance on the Real Property will be considered immediately canceled if, the lessee, management company, or other user vacates the Project within a reasonable time, generally not to exceed 90 days, after the date the County exercises its right under this Section. Encumbrances that do not significantly interfere with the enjoyment of the Project, such as most easements granted to utility companies, are not considered encumbrances for purposes of the Indenture. Leases with a remaining term of less than one year and in existence as of the date of execution hereof shall be deemed to be encumbrances that do not significantly interfere with enjoyment of the Project and shall be exempt from the requirement that the Issuer cancel them upon the exercise of the County’s rights under the Indenture.

Events of Default; Acceleration

(a) Each of the following events shall constitute an “Event of Default”:

(i) A failure to pay the principal of any Bonds when due and payable or to call Bonds for redemption pursuant to scheduled Amortization Installments; or

(ii) A failure to pay an installment of interest on any Bonds when due and payable;
or

(iii) The occurrence of an event of default under the Mortgage; or

(iv) The occurrence of an Act of Bankruptcy; or

(v) A failure to call Bonds for redemption in the event of a Determination of Taxability in the manner required hereunder; or

(vi) Except as provided below, a failure by the Issuer to observe and perform any of its covenants, conditions, agreements or provisions (other than as specified in clauses (i) through (vi) above), in the Bonds or the Indenture, continuing for 30 days after written notice of such failure by the Trustee (which may give such notice in its discretion and shall give such notice at the written request of owners of not less than 25% in aggregate principal amount of Bonds then outstanding), unless the Trustee (or the Trustee and Owners of an aggregate principal amount of Bonds not less than the aggregate principal amount of Bonds the owners of which requested such notice), shall agree in writing to an extension of such period prior to its expiration.

(b) If, after the principal of the Bonds is declared to be due and payable, and before any judgment for the payment of the moneys due is obtained as provided, (i) the Issuer shall cause to be deposited with the Trustee, a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law on overdue installments of interest, at the rate or rates per annum specified in the Bonds) and such amount as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and (ii) all Events of Default under the Indenture, other than nonpayment of the principal of Bonds which shall have become due by said declaration, shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice to such waiver; rescission and annulment to the Issuer and shall give notice thereof by mail to all owners of Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Subject to the restrictions set forth in paragraph (d) below, upon the occurrence and continuance of an Event of Default, the Trustee may in its discretion, and shall upon the written direction of the owners of not less than 25% in aggregate principal amount of the Bonds then outstanding and receipt of indemnity to its satisfaction of all costs, expenses and liability of such action, including attorneys' fees and expenses in its own name and as the Trustee:

(i) by mandamus, or action at law or in equity, enforce all rights of the Bondowners, and require the Issuer to carry out any agreements with or for the benefit of the Bondowners and to perform its duties under the Mortgage and the Indenture, provided that such remedy be taken only to the extent permitted under the Indenture or the Mortgage; or

(ii) declare the Bonds to be immediately due and payable and/or bring suit upon the Bonds; or

(iii) by action or suit in equity, enjoin any acts or things which may be unlawful or violations of the rights of the Bondowners; or

(iv) to take possession and use, operate, and manage the Project or any part thereof, to foreclose the Mortgage (subject to (d) following) or take other action permitted by the Mortgage, and to collect the rents and Revenues arising therefrom and to dispose of such moneys in accordance with the Indenture; or

(v) be entitled to the appointment of a receiver for all or part of the Project; or

(vi) any combination of the foregoing.

If the Trustee takes any action under this paragraph, he shall give prompt notice thereof by mail to the Bondowners, the Issuer and the County.

(d) The provisions of the preceding paragraphs (a), (b), and (c), insofar as they relate to the acceleration of the Bonds on an Event of Default or foreclosure of the Mortgage, are subject to the condition that the Trustee shall not accelerate the Bonds or take action to foreclose that Mortgage for any reason other than those set forth under clauses (i) or (ii) of paragraph (a) of this section, unless it first obtains the written approval of the holders of 100% of the aggregate principal amount of Bonds then outstanding. Upon default, the County shall be given written notice and have the option to purchase the Project for an amount equal to the outstanding principal amount of Bonds together with the interest accrued thereon to the date of purchase. The County (i) shall have not less than 90 days in which to exercise the option, calculated from the date it is notified by the Trustee of the Event of Default, and (ii) must actually purchase the Project not later than 90 days after it exercises the option. Any monies received by the Trustee from the County under this paragraph (d) shall be deemed to be a recovery by the Trustee under the Mortgage for purposes of the definition of "Revenues". In such event, the maturity of the Bonds shall be accelerated and payment shall be made therefor by the Trustee as of the date of payment by the County, from the Revenues then available for such payment.

Rights of Bondowners

While any Bonds are outstanding, the owners of a majority in aggregate principal amount of the Bonds outstanding shall have the right (by an instrument delivered to the Trustee and furnishing indemnity satisfactory to the Trustee for all costs, expenses and liability of such action including attorneys' fees and expenses) to direct the time, method, and place of conducting all remedial proceedings by the Trustee under the Indenture or exercising any trust or power conferred on the Trustee by the Indenture.

Limitation on Owner's Right to Institute Proceedings

No owner of Bonds shall have any right to institute any suit, action, or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on the Bonds, unless (a) such owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided, (b) owners of not less than 25% in aggregate principal amount of Bonds shall request the Trustee so to do, after the right to institute said suit, action, or proceeding under the Indenture shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, (c) there has been offered to the Trustee, security and indemnity satisfactory to it against the costs, expenses and liabilities (including reasonable attorney's fees) to be incurred therein or thereby, and (d) the Trustee shall not have complied with such request within a reasonable time.

Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to institution of said suit, action, or proceeding. No owner shall have any right to affect, disturb, or prejudice the security of the Indenture, or to enforce any right thereunder except as so provided, and suits, actions, and proceedings at law or in equity shall be instituted, had, and maintained in the manner therein provided and for the equal benefit of all owners.

Supplemental Indentures Requiring Bondowner Consent

(a) Except for any Supplemental Indenture described above, under the Indenture, Owners of not less than 60% in aggregate principal amount of the applicable Series of Bonds may consent to and approve any Supplemental Indenture deemed necessary or desirable by the Issuer to modify, alter, amend, supplement or rescind any of the terms or provisions of the Indenture; provided that, unless approved by the owners of all of the Bonds of the applicable series there shall be made (i) no change in the times, amounts or currency of payment of the principal of or interest on any Bond, or reduction in the principal amount or redemption price of any Bond or the rate of interest thereon, or (ii) no claim or lien upon, or a pledge of, the Revenues of the Issuer ranking prior to or on a parity with the pledge created by the Indenture (except for Trustee's fees, and except for a Supplemental Indenture executed in connection with the issuance of Additional Bonds, as permitted under the Indenture), or (iii) no grant of a preference or priority of any Bond over any other Bond.

(b) If the Issuer requests the Trustee to enter into any Supplemental Indenture under Section 11.03 of the Indenture, the Trustee shall cause notice of the proposed Supplemental Indenture to be given by mail to all owners of Bonds.

(c) Within two weeks after the date first giving notice by mail, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice, but only if the Trustee receives (i) the required consents, in writing, of Bondowners and (ii) an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and by law, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms and will not cause the interest on the Bonds to be included in the gross income for Federal income tax purposes.

(d) If Owners of Bonds of not less than the percentage of Bonds required by the Indenture shall have consented to such Supplemental Indenture, no Bondowner shall have any right to object to such Supplemental Indenture, or any of the terms and provisions therein or the operation thereof, or to question the propriety thereof, or to enjoin or restrain the Issuer or the Trustee from executing and delivering the same or from taking any action pursuant thereto.

(e) Except for the Issuer's and the County's limited liability and rights, the Trustee's rights and liabilities and verification of continuing tax-exemption under Section 11.03(e) of the Indenture, all of the Bondowners shall have the right to modify, alter, amend, or supplement the Indenture in any respect, including in respect of the matters described in such clauses (i), (ii), and (iii) of subsection (a) of Section 11.03 of the Indenture, (changes in payment or priority of the Bonds), by instrument containing a form of Supplemental Indenture which set forth such modifications, alterations, amendments, and supplements, and, upon the expiration of a 30-day period commencing after its delivery to the Trustee during which no notice of objection shall have been delivered by the Issuer or the Trustee to such owners at an address specified in such written instrument, such Supplemental Indenture shall be deemed to have been approved and confirmed by the Issuer and the Trustee, to the same extent as if actually executed and delivered by the Issuer and the Trustee, and such Supplemental Indenture shall thereupon become and be for all purposes in full force and effect without further action by the Issuer or the Trustee.

The foregoing provisions are, however, subject to the following conditions:

- (i) no such Supplemental Indenture shall in any way affect the limited nature of the obligations of the Issuer under the Indenture or shall in any way prejudice the rights of the Issuer or the County thereunder;
- (ii) no such Supplemental Indenture shall prejudice the Trustee, the Registrar or the Paying Agent; and
- (iii) there shall have been delivered to the Issuer and the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and by law, complies with their respective terms, will, upon the expiration of such 30-day period, be valid and binding upon the Issuer in accordance with its terms and will not adversely cause the interest on the Bonds to be included in gross income for Federal Income Tax purposes.

Amendments to Mortgage

With the consent of the Owners of at least 50% of the Bonds then outstanding, the Trustee may consent to an amendment of the Mortgage; provided, however, any amendment which materially adversely affects the interests of the holders of the Bonds shall not become effective without the consent of the Owners of one hundred percent (100%) of the Bonds then outstanding.

Defeasance; Discharge of Lien of Indenture

If the Issuer shall pay or cause to be paid to Owners of the Bonds, the principal, interest, and premium, if any, to become due thereon at the times and in the manner stipulated in the Bonds and the Indenture, and shall have paid all fees and expenses of the Trustee, and if the Issuer shall keep, perform and observe all the covenants and promises in the Bonds and in the Indenture to be kept, performed and observed by it, then the Indenture and the liens and rights thereby granted shall cease, determine and be Null and void, and thereupon the Trustee shall cancel and discharge the Indenture, and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien thereof, and release, assign and deliver to the Issuer any interest in property at the time subject to the lien of the Indenture which may then be in its possession, except amounts held by the Trustee for the payment of principal of, interest and premium, if any, on the Bonds or held in the Rebate Fund.

In addition, any Bond shall be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of, maturity or upon redemption as provided therein) either (i) shall have been made or caused to be made from cash or immediately available funds in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (A) cash or immediately available funds sufficient to make such payment and/or (B) Defeasance Obligations, maturing as to principal and interest in such amounts and at such time as will ensure the availability of sufficient moneys to make such payment, without reinvestment or substitution of securities, and (b) all necessary and proper fees, compensation and expenses of the Trustee pertaining to any such deposit shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. No substitutes in the securities deposited with the Trustee, or reinvestment of the funds deposited, shall be permitted without an opinion of Bond Counsel. At such times as a Bond shall be deemed to be paid hereunder, such Bond thereof shall no longer be secured by or entitled to the benefits of the Indenture (other than Sections 2.09 and 2.10 thereof, governing lost, mutilated or destroyed Bonds and transfers of Bonds), and except for the purposes of payment from such moneys or Defeasance Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bond until the Issuer shall have given the Trustee irrevocable instructions to notify the Owner of such Bond that such deposit has been made and that such Bond is deemed to have been paid.

SUMMARY OF THE MORTGAGE

The following is a summary of certain provisions of the Mortgage and is qualified in its entirety by reference to the Mortgage.

Creation of Lien

The Issuer grants to the Trustee a mortgage lien against its interest in the Project real estate, and a security interest in all tangible and intangible personal property, fixtures and interests therein included in the Project real estate. The collateral includes after-acquired property.

Covenants

The Issuer will not allow the creation or allow to remain any mortgage, lien (including mechanics' liens) or encumbrance on the Project except Permitted Encumbrances. The Issuer shall pay all taxes, assessments and other governmental charges whatsoever and shall carry the types of insurance at the levels set forth hereafter.

Insurance

The following insurance shall be maintained in effect for the Project:

- (a) All-risk property insurance against loss and/or damage due to perils, including fire, windstorm, smoke, lightning, explosion, riot, hail, vandalism, malicious mischief, collapse and other perils not customarily excluded from an "all risk" policy in amounts for at least the full replacement value of the Project; and
- (b) Comprehensive general public liability insurance protecting against death, bodily injury and property damage, in the combined amount of \$1,000,000, including coverage for contractual liability, personal injury, and broad form property damage providing coverage for all explosion, collapse and underground (XCU) hazards, independent contractors and subcontractors, product/completed operations, all in said amounts; and
- (c) Flood Insurance if the Project is located in an area designated as a special flood hazard area pursuant to the Flood Disaster Protection Act of 1973, as amended, or other applicable law, with such insurance to be at least the amount available under the National Flood Insurance Program, within 30 days of the request therefor by the Trustee, and if available under the policies issued by other sources, then in such additional amounts as the Trustee may reasonably require; and
- (d) Loss of rents insurance in an amount equal to the maximum scheduled principal and interest payments on the Bonds outstanding under the Indenture during any twelve month period; and
- (e) All-risk builder's risk coverage for the full complete replacement value of the part of the Project under construction or renovation during the period prior to completion of any restoration or rebuilding of the Project ("Restoration"), with a completed operations endorsement, in amounts not less

than the full replacement value of the applicable portion of the facility from time to time and bearing an agreed amount endorsement; and

- (f) Statutory worker's compensation coverage; and
- (g) Employer's liability coverage for at least \$1,000,000; and
- (h) Umbrella excess liability coverage providing "following form" coverage over the insurance coverages required by clauses (b) and (g) above in the annual aggregate amount of \$2,000,000.

Deposits for Taxes and Insurance Premiums

To assure the payment of all taxes, assessments and other governmental charges provided in the Mortgage ("Taxes") and of all premiums for insurance policies required to be maintained thereunder ("Premiums"), when due and payable, the Issuer shall deposit with the Trustee moneys to pay Taxes and Premiums as provided in the Indenture. When the Bonds shall have been fully paid, performed and satisfied, any remaining tax and Insurance deposits shall be paid to the Issuer, or to any purchaser of the Project following any judicial foreclosure or nonjudicial foreclosure, sale or conveyance by deed in lieu of foreclosure.

Events of Default

Any one or more of the following events is an Event of Default under the Mortgage:

- (a) The occurrence of any "Event of Default" under the Indenture;
- (b) The transfer or encumbrances of any interest in the Project in violation of the Indenture or the transfer of any interest in the Mortgagor in violation of the Indenture;
- (c) Any Issuer's representation or warranty in the Mortgage, in the Indenture, or in the UCC Financing Statements or other instruments or documents by the Issuer in favor of the Trustee in connection with the Bonds ("Mortgage Documents") proves to be untrue or incorrect in any material respect; or
- (d) Breach of any covenant of the Issuer in the Mortgage or any other Mortgage Document.

Remedies

If an Event of Default occurs and is continuing, the Trustee may exercise in the manner set forth in the Indenture, any or all or any combination of the remedies under the Indenture.

Application of Proceeds

Any moneys (including the proceeds of any foreclosure or other sale of the Project) shall be applied as provided in the Indenture.

SUMMARY OF THE INTERLOCAL AGREEMENT

The following is a summary of certain provisions of the Interlocal Agreement and is qualified in its entirety by reference to the Interlocal Agreement.

Representations by the County

The County makes the following representations as the basis for the undertakings on its part contained in the Interlocal Agreement:

(a) The County wishes to provide a jail or incarceration facility, including related buildings and works, for the housing and incarceration of inmates, detainees and criminals.

(b) The County has determined that the construction and development of the Project will create approximately sixty (60) new jobs, will be in the best interests of the County, will serve other predominately public purposes set forth in the Act.

(c) The County has the power to enter into the Interlocal Agreement and perform its obligations thereunder and has duly authorized the execution and delivery of the Interlocal Agreement.

(d) The County is not subject to any law, ordinance, rule or regulation, or any order or decree of any Court, governmental authority or other tribunal, or any contractual provision or limitation of any nature whatsoever, which in any way restricts or prevents it from entering into the Interlocal Agreement or performing its obligations hereunder.

Representations by the Issuer

The Issuer makes the following representations as the basis for the undertakings on its part contained in the Interlocal Agreement:

(a) The Issuer is a Florida nonprofit corporation incorporated to satisfy the requirements of Revenue Ruling 63-20.

(b) The Issuer declares that the issuance of the Bonds and the construction and development of the Project and use thereof constitute lawful and valid public purposes consistent with the provisions of the Act.

(c) The Issuer has the power to enter into the Interlocal Agreement and to perform all obligations contained therein.

(d) The Issuer has by proper corporate action been duly authorized to execute and deliver the Interlocal Agreement.

(e) The Issuer is not subject to any by-law, rule or regulation, or any order or decree of any court, governmental authority or tribunal or any contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents it from entering into the Interlocal Agreement or performing its obligations thereunder.

Services of the Issuer to be Rendered Under the Interlocal Agreement

In addition to agreeing to finance the Project through the issuance of the Bonds, the Issuer agrees, in consideration of the County's commitments and agreements under the Interlocal Agreement, that the Issuer's services with respect to the Project shall include, without limitation:

(a) building and installing the Facility and coordinating with the County and its agencies and subordinate entities on the construction and installation of the Facility;

- (b) approving any changes deemed necessary or desirable in connection with the Project;
- (c) arranging for and coordinating with the County the supervision of all plans necessary to construct and install the Facility, including the preparation of budgets for various stages of development;
- (d) letting all contracts necessary to implement the construction and installation of the Facility and supervising all improvements so as to assure the prompt completion thereof;
- (e) arranging for and coordinating with the County the provision of all insurance necessary in connection with the Project, if any;
- (f) performing general management and administrative services in connection with the construction and installation of the Facility until the management of the Facility is assumed by the County;
- (g) collecting, managing and investing Bond proceeds and other moneys to be used in constructing and installing the Facility and keeping books of account and records concerning all of the Issuer's activities in connection with the construction and installation of the Facility;
- (h) contracting for and providing all necessary legal, appraisal and accounting services in connection with the construction and installation of the Facility.

Services of the County to be Rendered Under the Interlocal Agreement

In consideration of the Issuer's commitments and agreements under the Interlocal Agreement, the County's services with respect to the Project shall include, without limitation:

- (a) coordinating with the Issuer the supervision of all plans necessary to construct and install the Facility, including preparation of budgets for various stages of development;
- (b) managing the operation of the Facility through the Manager; and
- (c) coordinating with the Issuer the provision of all insurance necessary in connection with the Project, if any.

County's Payment Obligations Under the Interlocal Agreement

If thirty (30) days prior to any interest payment date, principal payment date or redemption date with respect to payment of the Bonds, as the case may be, the amount on deposit in the Bond Fund is not sufficient to make all payments with respect to the principal of, redemption premium, if any, sinking fund installments for, and interest on the Bonds which are required to be made on such date, the Trustee shall promptly give telephonic notice (to be promptly confirmed in writing) stating the amount of such deficiency to the County, the Manager and the Issuer. Promptly upon receipt of such notice, the Issuer shall pay the amount of such deficiency (hereinafter the "Deficiency") to the Trustee in immediately available funds. In the event the Issuer fails promptly (within 24 hours of receipt of telephonic notice) to make such payment, the County may consider budgeting and appropriating such amounts of monies from sources other than ad valorem taxes (hereinafter "Non-Ad Valorem Revenues") as shall be sufficient to pay the Deficiency. The County may also consider budgeting and appropriating such amounts of monies from Non-Ad Valorem Revenues as shall be sufficient to replenish that certain Debt Service Reserve Fund described in the Indenture, as shall be sufficient to replenish the Debt Service Reserve Fund up to the level required under the terms of the Indenture. Upon receipt of such funds from the Issuer or County

(or from the Manager), the Trustee shall deposit them to the appropriate account in the Bond Fund defined in the Indenture. Such obligations to consider budgeting and appropriating do not create any lien upon or pledge of such Non-Ad Valorem Revenues; nor do they preclude the County from pledging in the future its Non-Ad Valorem Revenues; nor do they require the County to levy and collect any particular Non-Ad Valorem Revenues; nor do they give the holders of the Bonds a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the County. Such obligations to consider budgeting and appropriating Non-Ad Valorem Revenues are subject in all respects to the prior payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments).

Anything in the Interlocal Agreement to the contrary notwithstanding, it is understood and agreed that all payments, if any, made by the County hereunder shall be payable from the portion of Non-Ad Valorem Revenues considered for budgeting and appropriating as provided for thereunder, and nothing therein shall be deemed to pledge ad valorem tax revenues or to permit or constitute a mortgage or lien upon any assets owned by the County; and no holders of the Bonds or any other person may compel the levy of ad valorem taxes on real or personal property within the boundaries of the County. Notwithstanding any provisions of the Interlocal Agreement or in the Bonds to the contrary, the County shall never be obligated to maintain or continue any of the activities of the County which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues. Neither the Interlocal Agreement nor the obligations of the County thereunder shall be construed as a pledge of or a lien on all or any legally available Non-Ad Valorem Revenues of the County. The obligations of the County therein to consider budgeting and appropriating are subject in all respects to the provisions of Florida law, including but not limited to Chapter 129, Florida Statutes, and are subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the County.

The Interlocal Agreement as Security for the Bonds

The parties agree and intend that the Interlocal Agreement shall constitute security for the benefit of the owners of the Bonds, and the obligations of the parties thereunder shall be absolute and unconditional and shall not be abated or reduced because of damage to or destruction of the Project, failure to complete the construction and installation of the Project or failure of the Issuer to perform any of its obligations thereunder, or for any reason whatsoever so long as the Bonds remain outstanding and unpaid. Further, the County agrees that it shall not withhold or set-off against any payments required hereunder because of any claimed breach of the Interlocal Agreement by the Issuer or for any other reason whatsoever. The parties further agree that they will not amend the Interlocal Agreement in any manner which would limit, prejudice or adversely affect the rights of the holders and owners of the Bonds.

No Full Faith and Credit or Taxing Power Pledged

The parties agree that the Bonds shall not be deemed to constitute a general debt, liability or obligation of the Issuer, the County, the State of Florida, or any political subdivision or agency thereof, or a pledge of the faith and credit of the Issuer, or of the State of Florida, or of any political subdivision or agency thereof, but the Bonds shall be payable solely from the revenues provided therefore in certain financing documents to be executed in connection therewith, and the Issuer will not be obligated to pay the Bonds or the interest thereon except from the revenues and proceeds pledged therefore, and neither the faith and credit nor the taxing power of the Issuer, the County, or the State of Florida, or any political subdivision or agency thereof, will be pledged to the payment of the principal of premium, if any, or interest on the Bonds. The parties further agree that neither the holders of the Bonds nor anyone else shall be able to compel use of the ad valorem taxing power to service the Bonds.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met after the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Bonds. The Issuer has covenanted in the Indenture to comply with each applicable requirement of the Code necessary to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to the Code. In furtherance of such covenant, the Issuer agrees to comply with the provisions of the Tax Certificate as may be amended from time to time, as a source of guidance for achieving compliance with the Code.

In the opinion of Sell & Melton, L.L.P., Bond Counsel, under existing laws, regulations, and court decisions, as enacted and construed on the date of such opinion, and assuming compliance with the aforementioned covenants, interest on the Bonds is excluded from gross income for Federal income tax purposes.

In the opinion of Bond Counsel, interest on the Bonds is not, under existing laws, regulations and court decisions, an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, for purposes of computing certain environmental taxes, the branch profits tax imposed on certain foreign corporations, and the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

Ownership of the Bonds may result in collateral Federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, foreign corporations engaged in a trade or business in the United States and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. In addition, for purposes of the Superfund Amendments and Reauthorization Act of 1986, "alternative minimum taxable income" includes interest on all tax-exempt bonds to the same extent and in the same manner as in the Code.

Passive investment income, including interest on the Bonds, may be subject to Federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter S earnings and profits at the cost of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and the receipt of interest on the Bonds may cause disallowance of the earned income credit under Section 32 of the Code.

There may be additional modifications or amendments to the Code or other additional proposals, such as the Superfund Act described above, that, if enacted into law, would cause interest on the Bonds to be subject to Federal income tax, and there can accordingly be no assurance that such modifications, amendments for proposals will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

Prospective owners of the Bonds should consult with their own tax advisors with respect to the foregoing and other tax consequences of owning the Bonds. Other than Bond Counsel's opinion with respect to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code for Federal income tax purposes described above, Bond Counsel has expressed no opinion with regard to the matters discussed under this caption or with regard to any other Federal tax consequences of owning the Bonds. It should be noted that Bond Counsel has expressed no opinion with respect to any exemption

from any taxes imposed by the State of Florida or any other state on the Bonds or the interest or income thereon.

Pursuant to Section 13206 of the Omnibus Budget Reconciliation Act of 1988, the "market discount rules" of the code apply to tax-exempt obligations such as the Bonds. Under the "market discount rules", a purchaser of such Bonds having a fixed maturity date of more than one year from the date of such Bond issue may be subject to the market discount provisions of Section 1276 through 1278 of the Code. Gain recognized by a United States Holder that purchased a Bond after original issue at a market discount, that is, at a price resulting in a yield to maturity that exceeds the original yield to maturity of such Bond (generally, at a price as of the purchase date below its principal amount in the case of such Bond issued without discount, and at a price below its adjusted issue price as of the purchase date in the case of an such Bond issued at a discount) will be taxable as ordinary income to the extent such gain does not exceed that amount of such market discount that has accrued during the period that such Bond was held by the holder (determined under a ratable method, unless that holder elects to use a constant yield method) and that has not previously been included in such holder's income. Such ordinary income is generally treated as interest income for all purposes, except for Section 103 of the Code which generally exempts interest income on such Bonds from federal income taxation. Market discount with respect to such Bond will be considered to be zero if the amount of market discount allocable to such Bond is less than 0.25% of the principal amount of such Bond multiplied by the number of full years remaining after the date of purchase to its stated maturity. If market discount on such Bond were considered to be zero under this rule, the actual amount of market discount must be allocated to the remaining principal payments on such Bond and gain equal to such allocated amount will be recognized when the corresponding principal payment is made. Treasury regulations implementing the market discount rules have not yet been issued; therefore, investors should consult with their tax advisors regarding the application of these rules and the advisability of making any of the elections allowed under Section 1276 through 1278 of the Code.

PURCHASE, OWNERSHIP OR SALE OR DISPOSITION OF THE BONDS AND THE RECEIPT OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUALS AND CORPORATE BONDHOLDERS. PROSPECTIVE OWNERS OF THE BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE FOREGOING AND OTHER TAX CONSEQUENCES OF OWNING THE BONDS. OTHER THAN BOND COUNSEL'S OPINION WITH RESPECT TO THE EXCLUSION OF INTEREST ON THE BONDS FROM GROSS INCOME PURSUANT TO SECTION 103 OF THE CODE FOR FEDERAL INCOME TAX PURPOSES DESCRIBED ABOVE, BOND COUNSEL HAS EXPRESSED NO OPINION WITH REGARD TO THE MATTERS DISCUSSED UNDER THIS CAPTION OR WITH REGARD TO ANY OTHER FEDERAL TAX CONSEQUENCES OF OWNING THE BONDS.

UNDERWRITING

The Bonds are being purchased by the Underwriter, subject to certain terms and conditions set forth in a Bond Purchase Agreement between the Issuer and the Underwriter, including the approval of certain legal matters by Bond Counsel and the existence of no material adverse change in the condition of the Issuer's finances from that set forth in the Official Statement.

The Underwriter intends to initially purchase the Bonds from the Issuer at a price equal to 100% of their par value plus accrued interest, if any on the Bonds to the date of delivery, net of an underwriting discount of \$1,320,000.00. The Underwriter may subsequently change the price at which the Bonds are being offered without the requirement of prior notice.

CONTINUING DISCLOSURE UNDERTAKING

The Issuer has covenanted in the Continuing Disclosure Agreement to provide certain financial information and other operating data (the "Undertaking") as specified below to nationally recognized municipal securities information repositories ("NRMSIR's") and to the State Information Depository (the "SID"), if any, annually and to provide notice to the Municipal Securities Rulemaking Board (the "MSRB") and the SID, if any, of certain events pursuant to Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the "Rule"). Capitalized terms used in this Section and not otherwise defined in the Continuing Disclosure Agreement shall have the meanings assigned under the Rule.

While any Bonds are Outstanding, the Issuer will provide the Annual Financial Information not more than 180 days after the end of each Fiscal Year (the "Report Date"), beginning in 2006, to each then existing NRMSIR and the SID, if any. The Issuer may adjust the Report Date if the Issuer or Guarantor change their respective fiscal year, or to conform with a change in federal, state or local law, by providing written notice of the change in fiscal year, if applicable, and the new Report Date to each then existing NRMSIR and the SID, if any, provided that the new Report Date shall be no more than 200 days after the end of the Issuer's Fiscal Year then in effect, and further provided that the period between the last Report Date prior to the change and the first Report Date after the change shall not be longer than one year. It shall be sufficient if the Issuer provides to each then existing NRMSIR and the SID, if any, the Annual Financial Information by specific reference to documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

If the Audited Financial Statements are not provided as part of the Annual Financial Information, the Issuer will provide the Audited Financial Statements when and if available while any of the Bonds are Outstanding to each then existing NRMSIR and the SID, if any.

If a Material Event occurs while any Bonds are Outstanding, the Issuer shall provide a Material Event Notice in a timely manner to the MSRB and the SID, if any. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Outstanding Bonds. Any of the following events would constitute a Material Event with respect to the Bonds: (i) a principal or interest payment delinquency; (ii) a nonpayment-related Event of Default under the Indenture; (iii) a draw on the Reserve Fund; (iv) a material modification to the rights of Bond holders; (v) a call of the Bonds (other than mandatory sinking fund redemptions); (vi) a defeasance; or (vii) any material release, substitution, or sale of property securing repayment of the Bonds.

The Issuer has not failed to comply with any prior Undertaking under the Rule. A failure by the Issuer to comply with the Undertaking will not constitute an Event of Default under the Indenture or the Agreement (although the Holders of the Bonds will have available remedies at law or in equity other than the collection of monetary damages). Nevertheless, such a failure must be reported in accordance with the Rule to the MSRB and the SID, if any, and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

LEGAL MATTERS

Certain legal matters incident to the validity of the Bonds, including their authorization, issuance, and sale by the Issuer are subject to the approval of Sell & Melton, L.L.P., Macon, Georgia, Bond Counsel, whose approving opinion will be delivered with the Bonds. The proposed form of such opinion is attached hereto as Appendix E. The matters stated in such opinion and the tax matters described above

are the only matters which Bond Counsel has been retained to pass upon in connection with the transactions contemplated hereby.

The factual information contained herein relating to the Project has been supplied or reviewed by the Issuer. Certain legal matters are being passed upon for the Issuer by its counsel, A. Douglas Grace, Jr., Esq., Fort Myers, Florida. Certain legal matters will be passed upon for the Underwriter by Hill Wallack, Princeton, New Jersey. Certain legal matters will be passed upon for the County by its counsel, Richard Pringle, Esq., Fort Myers, Florida. Copies of such opinions will be available at the time of delivery of the Bonds.

LITIGATION

There is no litigation pending or, to the knowledge of the Issuer, threatened, seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members of or other officers of the Issuer to their respective offices is being contested.

OTHER MATTERS

The foregoing summaries and explanations do not purport to be comprehensive, and are expressly made subject to the exact provisions of documents referred to herein. Copies of the Indenture, the Management Agreement, and the mortgage may be obtained from the Trustee or, until initial delivery of the Bonds, the Underwriter. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Forecasts of financial information set forth in the Introduction and in Appendices A and C, while based upon assumptions which the Issuer believes to be reasonable, are not guarantees that such results can be obtained and are subject to change. The Appendices to this Official Statement are integral parts of this Official Statement and should be read in their entirety.

The agreement of the Issuer with the Owners of the Bonds is fully set forth in the Indenture, the Mortgage, the Management Agreement and the Bonds, and this Official Statement is not to be construed as constituting an agreement with any purchaser of the Bonds.

GLADES CORRECTIONAL DEVELOPMENT CORPORATION

By: /s/_____

APPENDIX A
COMPILATION OF THE FINANCIAL FORECAST

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Higginbotham & Soud
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Glades Correctional Development Corporation
Glades County, Florida

ACCOUNTANTS' COMPILATION REPORT

We have compiled the accompanying forecasted balance sheet of Glades Correctional Development Corporation as of March 1, 2006 and the forecasted statement of cash flows for the ten years ending September 30, 2015 in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Higginbotham & Soud

Higginbotham & Soud, PA
Certified Public Accountants
February 10, 2006

**GLADES CORRECTIONAL DEVELOPMENT CORPORATION
FORECASTED BALANCE SHEET
AS OF MARCH 1, 2006**

ASSETS

Current Assets

Cash		\$ 10,000
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Land & Construction-in-Progress

Land	\$ 550,000	
Construction-in-Progress	<u>36,200</u>	
Total Land & Construction-in-Progress		586,200

Other Assets

Organization & Feasibility Costs	96,191	
Voter Referendum Costs	<u>13,689</u>	
Total Other Assets		<u>109,880</u>

Total Assets		<u><u>\$ 706,080</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable		\$ 10,000
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Long-term Debt

Glades County Advance Payable		165,000
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Net Assets

Fund Balance, Unrestricted		<u>531,080</u>
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Total Liabilities and Net Assets		<u><u>\$ 706,080</u></u>
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GLADES CORRECTIONAL DEVELOPMENT CORPORATION
FORECASTED STATEMENTS OF CASH FLOW
FOR THE TEN YEARS ENDING SEPTEMBER 30, 2015

	FYE 9/30/06	FYE 9/30/07	FYE 9/30/08	FYE 9/30/09	FYE 9/30/10	FYE 9/30/11	FYE 9/30/12	FYE 9/30/13	FYE 9/30/14	FYE 9/30/15
Beginning Cash Balance	\$ 33,000,000	\$ 10,570,253	\$ 2,985,000	\$ 3,784,184	\$ 4,302,684	\$ 4,958,753	\$ 5,733,220	\$ 6,672,087	\$ 7,763,683	\$ 9,001,572
Cash Inflows										
Projected Bed Income	-	-	9,611,472	9,911,831	10,242,995	10,550,285	10,866,354	11,192,667	11,527,759	11,873,094
Detainee Telephone Commission	-	-	101,280	113,940	120,000	120,000	120,000	120,000	120,000	120,000
Commissary Income less Cost of Sales	-	-	54,738	63,428	68,960	71,029	73,180	75,355	77,616	79,944
Interest Income	249,729	142,771	89,550	113,526	129,081	146,703	171,997	200,163	232,910	270,047
Total Cash Inflows	249,729	142,771	9,857,040	10,202,725	10,561,036	10,890,017	11,231,511	11,588,185	11,958,285	12,343,085
Cash Outflows										
Salaries & Benefits	-	-	3,720,620	3,832,239	3,947,206	4,065,622	4,187,591	4,313,219	4,442,616	4,575,894
Inmate/Detainee Costs	-	-	36,000	37,080	38,192	39,338	40,518	41,734	42,986	44,276
Physical Plant Operating Costs	-	-	913,120	940,514	968,729	997,791	1,027,725	1,058,557	1,090,314	1,123,023
Training	-	-	43,291	44,590	45,928	47,306	48,725	50,187	51,693	53,244
Security Equipment	-	-	8,500	9,785	10,079	10,381	10,692	11,013	11,343	11,683
Medical Contracts	-	-	228,500	236,385	243,477	250,781	258,304	266,053	274,035	282,256
Food Service	-	-	370,350	429,143	466,574	480,571	494,988	509,838	525,133	540,887
Administrative Costs	-	300,000	517,000	532,510	548,485	564,940	581,888	599,345	617,325	636,845
Uniforms & Personnel Equipment	-	-	10,975	11,304	11,643	11,992	12,352	12,723	13,105	13,498
Supplies	-	-	60,000	61,800	63,654	65,564	67,531	69,557	71,644	73,793
Management Fee	-	-	500,000	515,000	530,450	546,364	562,755	579,638	597,027	614,938
Construction Costs, Equipment	18,846,976	-	-	-	-	-	-	-	-	-
Financing Costs	1,485,000	-	-	-	-	-	-	-	-	-
Repayment of Glades County Advance	-	-	-	50,000	50,000	50,000	15,000	-	-	-
Debt Service (P & I)	1,347,500	2,310,000	2,647,500	2,983,875	2,982,550	2,982,900	2,984,575	2,984,725	2,983,175	2,982,250
Total Cash Outflows	22,679,476	7,728,024	9,057,856	9,684,225	9,906,967	10,113,550	10,292,644	10,496,589	10,720,398	10,951,587
Cash Inflows Over (Under) Outflows	(22,429,747)	(7,585,253)	799,184	518,500	654,069	776,467	938,867	1,091,596	1,237,889	1,391,498
Ending Cash Balance	\$ 10,570,253	\$ 2,985,000	\$ 3,784,184	\$ 4,302,684	\$ 4,966,753	\$ 5,733,220	\$ 6,672,087	\$ 7,763,683	\$ 9,001,572	\$ 10,393,070
EBITDA	n/a	n/a	\$ 3,446,684	\$ 3,552,375	\$ 3,686,619	\$ 3,809,367	\$ 3,938,442	\$ 4,076,321	\$ 4,221,064	\$ 4,373,748
Debt Coverage Ratio	n/a	n/a	1.302	1.191	1.236	1.277	1.320	1.366	1.415	1.467
Bonds Payable										
Beginning Balance	\$ 33,000,000	\$ 33,000,000	\$ 33,000,000	\$ 32,662,500	\$ 31,965,000	\$ 31,220,000	\$ 30,422,500	\$ 29,567,500	\$ 28,652,500	\$ 27,675,000
Borrowed (Repaid)	-	-	(337,500)	(697,500)	(745,000)	(787,500)	(855,000)	(915,000)	(977,500)	(1,045,000)
Ending Balance	\$ 33,000,000	\$ 33,000,000	\$ 32,662,500	\$ 31,965,000	\$ 31,220,000	\$ 30,422,500	\$ 29,567,500	\$ 28,652,500	\$ 27,675,000	\$ 26,630,000
Bond Interest	\$ 1,347,500	\$ 2,310,000	\$ 2,310,000	\$ 2,286,375	\$ 2,237,550	\$ 2,185,400	\$ 2,129,575	\$ 2,069,725	\$ 2,005,675	\$ 1,937,250

See Accountant's Compilation Report and Summary of Significant Forecast Assumptions and Accounting Policies

GLADES CORRECTIONAL DEVELOPMENT CORPORATION
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
MARCH 1, 2006 AND THE TEN YEARS ENDED SEPTEMBER 30, 2015

Note A – Nature of the Forecast

These financial forecasts present, to the best of management's knowledge and belief, the Corporation's expected financial position and cash flows for the forecast period. Accordingly, the forecast reflects its judgment as of February 10, 2006, the date of these forecasts, of the expected conditions and the Corporation's expected course of action if the detention facility is constructed and operated. The presentations are for the purpose of obtaining \$33 million of bond financing to construct the facility.

The assumptions disclosed herein are those that management believes are significant to the forecasts. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The preparation of forecasted financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the forecasted amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the forecasted financial statements and the forecasted amounts of revenues and expenses during the forecasted period. Actual results may differ from those estimates and assumptions.

There is no assurance that the Corporation will successfully secure suitable detainee housing contracts with other governmental entities and there is no assurance that such contracts, if secured, will be at rates sufficient to meet the facility's financial obligations or that any specific number of detainees will be housed. The Corporation has no guarantee that other competing facilities will not make housing space available to the target market. Changes in the future economic climate, legislation and/or governmental policy could alter the demand for secure bed space.

Note B- Nature of Business and Basis of Presentation

Glades County (the County) has been a provider of secure bed space to the Bureau of Immigration and Customs Enforcements of the U.S. Homeland Security (ICE) and the U.S. Marshall's Service (USMS) for a number of years and has determined that those agencies will continue to have a substantial need for beds in Florida. The County also has its own need for additional bed space in order to meet its own custody requirements. Construction of a new detention facility is viewed as a means to address the County's own need and as an opportunity to offer beds for rental to the above-mentioned Federal agencies, producing economic benefits to the County. Glades Correctional Development Corporation (the Corporation) was formed to own, construct and operate the new facility.

The facility will:

- Contain approximately 442 secure detention beds along with room for all necessary support services such as food, medical, recreation and education appropriate to operating a detention facility meeting standards established by the State of Florida.
- Use the facility to meet Glades County's own needs.
- Negotiate and secure intergovernmental contracts with Federal agencies for utilization of bed capacity in excess of the County's own needs.

A summary of the Corporation's significant accounting policies follows:

Revenue Recognition

The Corporation recognizes revenue when the beds are utilized.

GLADES CORRECTIONAL DEVELOPMENT CORPORATION
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
MARCH 1, 2006 AND THE TEN YEARS ENDED SEPTEMBER 30, 2015
(Continued)

Note B- Nature of Business and Basis of Presentation (continued)

Cash and Cash Equivalents

For purpose of reporting cash flows, the Corporation considers all cash and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Income Taxes

The Corporation has applied for and expects to receive tax exempt status from the Internal Revenue Service and, assuming such, there is no provision for income taxes.

Note C – Income Assumptions

Bed Income

The facility is forecast to be under construction during the first two years of the projection and no bed income is projected during the construction period. Beginning in October 2007 the total number of available beds is expected to be 422.

The occupancy rate is forecast to average 80% in fiscal year ending (FYE) 9/30/08 , increasing to 90% in FYE 9/30/09 and 95% thereafter.

Daily bed rental rates are negotiated by Federal agencies based on the contract facility's operational and debt service costs. Currently these Federal agencies are paying bed rates of between \$47 and \$100 per day to counties in Florida. Bed rates in the forecast are assumed to be \$78.00 per day in FYE 9/30/08, \$71.50 per day in FYE 9/30/09 and \$70.00 per day in FYE 9/30/10. Thereafter bed rates are assumed to increase 3% per year.

Telephone and Commissary Income

The Corporation intends to make telephone service available to detainees on a fee basis for which it receives a commission. A commissary will also be operated to sell personal items to the detainees. The forecast income from these is based on the County's own experience at its other jail facility adjusted for capacity. Telephone service income was not inflated. Commissary income was inflated at 3% per year.

Interest Income

Cash balances are assumed to earn interest at an annual rate of 3%.

Note D – Expense Assumptions

It is assumed that food service costs will be directly related to the occupancy level. All other costs are assumed to be unaffected by occupancy. All expenses, including food service, are assumed to increase 3% per year.

Note E – Revenue Bonds

The voters of Glades County have approved, by referendum, the issue of revenue bonds totaling \$33,000,000 to be used as follows:

**GLADES CORRECTIONAL DEVELOPMENT CORPORATION
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
MARCH 1, 2006 AND THE TEN YEARS ENDED SEPTEMBER 30, 2015
(Continued)**

Note E – Revenue Bonds (continued)

Facility Construction	\$ 23,321,692
Furniture & Equipment, Water & Sewer, Etc	1,643,308
Construction Period Interest (net of interest income)	3,265,000
Finance Costs	1,485,000
Construction Period Operating Costs	300,000
Debt Service Reserve	2,985,000
	<u>\$ 33,000,000</u>

The assumed interest rate is 7.00%. Interest is to be paid semi-annually.

The assumption is that the Corporation will pay interest only for the first two years. Commencing March 1, 2009 annual principal payments will begin to be made and continue on March 1st of each year as follows:

2009	\$ 675,000
2010	720,000
2011	770,000
2012	825,000
2013	885,000
Thereafter	29,125,000

The debt coverage ratio is calculated as EBITDA ÷ annual principal & interest.

Note F – Glades County Advance

Prior to issuing of the bonds Glades County advanced approximately \$163 thousand to the Corporation which has been utilized to pay pre-development feasibility studies, permitting and legal costs with the agreement that, subject to cash availability, the loan be repaid at \$50,000 per year once the facility becomes operational. The advance is interest free.

APPENDIX B
FEASIBILITY STUDY

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Glades County Correctional Development Corporation

A Feasibility Analysis for a Correctional Center

December 1, 2005

Prepared By:

GSA, Limited
23 Lake Village Drive
Durham, North Carolina 27713

919.572.9057

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INTRODUCTION

Having provided secure bed space to the Bureau of Immigration and Customs Enforcement of the US Department of Homeland Security (ICE) and the US Marshal's Service (USMS) for a number of years Glades County (County) determined that those agencies would continue to have a substantial need for short-term detention beds in Florida. With its own jail being regularly occupied beyond capacity the County is also experiencing a need for additional secure beds to meet its own custody requirements. Construction of a new correctional facility (proposed facility) with bed capacity beyond what is currently available in the County Jail is, thus, viewed by County officials as an opportunity to address the County's own current and future bed need. Concurrently, it presents an opportunity to offer beds for rental to the Federal agencies that, in turn, would produce economic benefits to the County through job creation and increased support service from local businesses.

Glades County Location and Economy

Glades County is a rural county located in south central Florida on the western shore of Lake Okeechobee. Moore Haven is the County seat and the community in which the proposed facility will be located. With an area of 800 square miles Glades is a relatively large county in area with a population, according to the State of Florida (State), of approximately 10,932 residents residing in several small communities and throughout the rural area of the County. A portion of the County's land area falls within the boundaries of the Seminole Indian Reservation.

Although the County is rural in character it is located central to the major population centers of central and south Florida. Federal and State highways offer direct high speed access to West Palm Beach and Ft Lauderdale to the east, Miami to the south, Fort Meyers to the west and Tampa and Orlando to the north and northwest. Distances between Moore Haven and these cities range from approximately 105 miles to Miami to 145 to Tampa and Orlando. It is approximately 60 miles to Fort Meyers from Moore Haven while West Palm Beach is approximately 75 miles to the east.

The economy in Glades County is based heavily on agriculture with sugar cane and citrus being the prime crops. A large privately owned and operated prison housing Florida Department of Corrections inmates is located in Moore Haven adjacent to the site selected for the proposed facility. This complex represents the County's most significant non-agricultural employer.

As delineated in the following table steady but very modest increase in County population has been experienced since the 2000 US Census of Population. A forecast of the County's future population prepared by the State of Florida projects a continuation of the historical trend with the total resident population reaching 11,657 by 2010 and growing to 12,239 by 2015. With limited

employment opportunities and a relatively remote location the potential for in-migration is constrained and retaining residents entering the workforce is difficult.

Year	Total County Population	
	Population	% Change
2000	10,576	
2001	10,612	0.34%
2002	10,664	0.49%
2003	10,729	0.61%
2004	10,733	0.04%
2005	10,932	1.82%
2006	11,113	1.63%
2007	11,264	1.34%
2008	11,407	1.25%
2009	11,531	1.08%
2010	11,657	1.08%
2011	11,784	1.08%
2012	11,928	1.21%
2013	12,069	1.17%
2014	12,205	1.11%
2015	12,329	1.01%

Table 1: Historical and projected resident population of Glades County. Data provided by the State of Florida, Office of Economic and Demographic Research.

Location Selected for the Facility

A site located in the City of Moore Haven has been selected for the proposed facility and the County's offer to purchase has been accepted by the current owner. The site contains approximately 75 acres of relatively flat land with a limited amount of wetlands area. Approximately 35 acres will be allocated for the proposed facility with the remainder of the site to be used by the County for other purposes. Specific uses have not been defined at this time but potential uses include other County government facilities and a small industrial park. Water and sewer lines are currently available near the site and will be extended by the Corporation to provide the level of service needed to support the proposed facility's potable water, sewage disposal and fire protection needs.

Aside from the private prison located directly across State Highway 78 from the site there is little development in the surrounding area. The lack of nearby housing and a well established correctional facility suggests little likelihood of neighborhood opposition, or future concerns, over traffic into the proposed facility or issues such as bright night lighting.

Access to the site will be from State Highway 78. The site entrance will be a relatively short distance from the intersection of that highway with US Highway 27, a four-lane artery leading north to Orlando and Tampa and south to Miami and Fort Lauderdale. Highway 27 intersects

with State Highway 80 several miles south of Moore Haven offering direct access to Fort Meyers. Continuing south on Highway 27 offers a direct connection with Interstate 75 to Miami and Fort Lauderdale.

With a large contract prison serving the State of Florida located in Moore Haven, community acceptance of detention as an industry has been established.

The Facility Design Concept

Design plans for the proposed facility indicate a single level, multi-building complex. A central building containing facility administration and support services, including food service, medical, laundry and intake will serve as the main entry point. Office space for the Glades County Sheriff's Department, an ICE courtroom and office space for several ICE staff members will also be included within this 47,893 square foot structure. Two housing units will be attached to the administration/support building. One unit, termed Dormitory 1 will contain 28,236 square feet and provide bed space for 256 males in four 64-bed units. Dormitory 2, containing 22,906 square feet, will house 120 female detainees in two 48-bed units and one 24-bed unit. A 46-bed unit will also be located in the building and will be used to house the County's inmates. Eighteen beds will also be available for disciplinary and other population management needs. The buildings will be located within a fenced security perimeter.

Housing will be in two person cells. Capability to add two additional bunks in each cell will permit easy increase in bed capacity. The plan based on the two person cells organized into 48 and 64 bed housing units offers a high degree of flexibility to house multiple classifications of detainees. Flexibility is, thus, available to respond to the needs of different client agencies and to fluctuations in detainee mixes.

Building design has been structured to permit construction of an additional housing building containing 256 beds. Building infrastructure and support spaces have been designed to accommodate the potential expansion of the building. Future expansion, if needed, will not require additions to such areas as food service and laundry.

Financial Structure and Objectives of the Project

A referendum requesting voter approval to issue \$33,000,000 in revenue bonds to be used to construct a new correctional facility was approved by the electorate of Glades County. A public non-profit corporation, Glades County Correctional Development Corporation (the Corporation), was formed to assume ownership and operation of the proposed facility. It is the Corporation's intent to rent the proposed facility's beds to ICE and the USMS with the income generated used to defray operational and debt service costs. Glades County will also use beds in the proposed facility paying a bed use rate consistent with the rate to be paid by the Federal agencies.

As defined by the Corporation the proposed facility will:

- Contain approximately 440 secure detention beds and all necessary support spaces such as food service, medical, recreation and

education appropriate to operating a detention facility meeting the standards of the State of Florida. Space will be included in the proposed facility for an ICE hearing room and offices for ICE staff. The capability to essentially double the amount of beds through addition of two beds in each cell is incorporated in the plan. The design and site area availability will also permit future addition of another housing unit containing approximately 256 beds. Support spaces will be constructed initially to accommodate the total possible expansion.

- Utilize bed capacity in excess of the County's own needs to provide secure housing to Federal agencies under an Intergovernmental Agreement (IGA) between the County and ICE or USMS.
- Foster economic development of the County by creating new jobs and related business opportunity.

The Corporation has entered into a design/build contract with an architectural/construction team experienced in secure facility construction in Florida to design and construct the proposed facility. Design is now complete and the permitting process is nearing completion. Construction funding for the proposed facility will be through the sale of tax-exempt Project Revenue Bonds (Bonds).

Key Considerations of the Project

Key considerations of the project may be summarized as follows:

- The Corporation will construct the proposed facility using the proceeds of tax exempt Bonds. It will rent the beds on a daily basis to the County and to ICE and, possibly, the USMS with revenue received used to retire the debt and meet operational costs.
- The proposed facility will be constructed on land to be acquired by the County. In exchange for the portion of the property upon which the proposed facility will be constructed the Corporation will pay, from Bond proceeds, the cost of constructing water and sewer lines to the site.
- The secure housing space to be provided by the proposed facility is intended to meet a present and anticipated need of the County and ICE to house detainees under the jurisdiction of the two governmental agencies. Beds will also be made available for USMS use to the extent that ICE and the County do not require them.
- The County will provide operational and management staff and be the contracting agency with ICE or the USMS.
- The proposed facility will be designed to open with a bed capacity of approximately 422 plus 18 special use beds for a total bed inventory of 440. Support areas will be designed to serve a population in excess of 1,000. The design will, thus, permit future addition of approximately 256 beds through construction of an

additional housing building as well as an approximate doubling of the initial capacity through addition of two beds in each of the cells. The cells have been designed to accommodate such addition.

Potential Obstacles to Project Success

Several factors must be recognized as impacting potential success as defined by the Corporation's ability to retire the debt:

- There is no assurance that the County will successfully enter into suitable detainee housing contracts with other governmental entities that have custody responsibilities. There is also no assurance that any contract for the housing of detainees will yield sufficient payments per prisoner per day to meet the proposed facility's financial obligations.
- The Corporation has no contractual guarantee that any specified number of detainees will be housed in the proposed facility for any defined period.
- The Corporation has no contractual guarantee that other governmental jurisdictions will not make housing space available to the expected client agency or that other detention facilities will not be constructed to service the target market.
- The market focus is ICE, which is currently responsible on a daily basis for a large number of individuals in custody; however, future economic conditions, legislative change and Federal government policy could change the numbers of persons for which ICE is responsible.

Factors Mitigating the Potential Obstacles

The factors listed above define potentially significant risks to potential purchasers of the Bonds, and the vast majority of them are linked to influences over which the Corporation or the County has no meaningful degree of control. At a minimum, therefore, decisions made by potential purchasers of the Bonds must carefully balance two sets of variables. The potential obstacles described above include many but not all of the variables that raise questions about the short- and long-term feasibility of the project. Several counterbalancing variables must also be considered:

- ICE and the USMS make extensive use of local detention facilities throughout the United States to house prisoners under their jurisdictions.
- The proposed facility will be located in an area where the secure bed need of the Federal agencies has grown dramatically in recent years.
- ICE currently uses beds in six local jails scattered over a large portion of Florida and is faced with significant logistical problems in managing detainees in its custody.

- Beds available to the USMS in the region have been reduced and ICE will likely need to dedicate some beds in a facility it operates to another use.
- The proposed facility will be located within approximately 60 to 145 miles of Federal courthouses in Fort Myers, Orlando, West Palm Beach, Tampa, Miami and Fort Lauderdale. Holding detainees in close proximity to Federal courthouses is an important consideration for both ICE and the USMS because limiting the distance detainees must be transported for court appearances improves security and allows for rapid response to judicial scheduling demands.
- The proposed facility will contain office and hearing room space for ICE use. This will reduce transportation requirements and enhance security as well as provide an operational base for ICE.
- Although the level of ICE use is subject to budgetary and political impacts use by the USMS is less affected by these issues because the Agency is responsible for holding all individuals charged with Federal crimes while they are in the adjudication process; consequently, its need for detention beds must continue.
- The proposed facility will operate under standards established by the State of Florida.

The Role of this Study

It is the judgment of the Corporation and the County that the ICE and USMS need for secure housing is growing and recent initiatives of the Federal government relative to immigration enforcement will increase ICE's need for secure beds in Florida. However, it is also the judgment of the Corporation that its purposes would be served by the preparation of a feasibility study by an independent consultant who has expertise in adult corrections with particular experience in facilities serving ICE and the USMS. This feasibility study, consequently, was commissioned by the County to provide an independent evaluation of that judgment by a firm specializing in local government and justice systems facility feasibility and planning analysis.

The study was prepared by GSA, Ltd. (Feasibility Consultant) with Howard R. Geisler as the principal author. **To assure the independence of the Firm's work, GSA, Ltd.'s fee for professional services has been paid in full by the County and is not contingent upon the sale of the Bonds.**

A summary of GSA, Ltd.'s corporate credentials and the principal author's resume are provided in Appendix A. GSA, Ltd. has specialized in facility needs planning for detention and corrections facilities nationally for over 30 years. Mr. Geisler is a planning specialist who has conducted studies for more than 60 detention and corrections systems. He has also prepared feasibility studies for 27 privatized correctional facilities in the past five years. The majority of these studies have been for facilities designed to serve the USMS and ICE. He has recently completed studies for facilities currently serving the USMS and ICE in Texas, the USMS in

Michigan, multiple Federal agencies in Montana, the US Marshals Service District of New Mexico and the ICE Seattle and Arizona Regions. The principal author of the study serves as an independent outside manager of a privately owned detention facility servicing a contract with ICE in Tacoma, Washington. In that role he has responsibility for oversight relative to the facility meeting its debt service obligations. Thus, the firm and its principal study author are well qualified to offer an expert professional judgment of the feasibility of the project.

This document reviews the issues the Feasibility Consultant deems to be most relevant to an assessment of the project and the analyst's best professional judgment regarding overall project feasibility. There is no assurance that this judgment is valid in any or all of its particulars or that it reflects the judgment of the Corporation, the County, or any other party associated with the proposed project. ICE, USMS, Glades County and the State of Florida have provided statistical data relative to detainee populations.

The study is based on clearly defined assumptions that, in the Feasibility Consultant's opinion, represent a reasonable estimation of the need for such a facility. A substantial body of statistical data relative to crime and incarceration is available and used in this study; however, use of this data must be tempered by the basic fact that detention and correction needs are "system driven". Incarcerated populations can fluctuate in response to factors such as changing legislation, law enforcement emphasis and the simple availability of beds.

PROJECTED USE OF THE PROPOSED FACILITY

The proposed facility has been designed as a secure detention facility with the capability of safely housing security classifications ranging from low to high and with the ability to house both male and female detainees consistent with legal requirements relative to visual and sound separations. It will replace the current Glades County Jail providing capacity needed to meet the County's increasing requirement for secure beds to house detainees in its custody. The majority of the proposed facility's beds, however, will be designated for rental to other governmental agencies.

Potential Users of the Proposed Facility's Beds

Although the design for the proposed facility provides the levels of security needed by local and state correctional authorities the prime client is projected to be ICE. The USMS represents a second potential user. This focus is reflective of the County's experience in housing detainees in custody of these two Federal agencies. Further supporting this market focus is the location of Glades County relative to the areas where these agencies house detainees and have regular contacts with the Federal courts.

With an Intergovernmental Service Agreement (IGA) currently in force between Glades County and the USMS, and also used by ICE, the County has both experience housing Federal detainees and an established service agreement that has the potential to be modified to encompass a higher level of use. Geographically, the County is located central to six Federal courthouses, is located on the border between two USMS districts and is within a two-hour drive of ICE and US Bureau of Prisons (BOP) processing centers in Miami. A focus on serving Federal agencies is, consequently, reasonable.

The ICE Need for Detention Beds in Florida

ICE is organized on a district basis nationally with the State of Florida encompassing a single district headquartered in Miami. Although the Florida District operates a large government owned detention center (Krome Service Processing Center) in Miami it relies on six local government detention facilities to meet over one-half of its current bed need. Availability of beds for ICE use in these facilities fluctuates based on the host governments' own need for beds; they are obligated to give first priority to detainees being held for, or sentenced by, State courts. The facilities used by ICE's Florida District are located within a large geographical area extending from Key West at the very tip of Florida to Alachua County in the northern part of the State while all detainees held must at some point in their incarceration be brought to Miami and or be visited by Miami based ICE staff and private attorneys.

With a substantial portion of its bed availability subject to periodic fluctuation ICE is faced with an ongoing need to adjust detainee-housing locations. The logistical demands are further increased by the need to move detainees between six locations and the processing center in Miami and, in severe weather events to relocate large numbers of detainees on short notice. Attorney access to detainees is negatively impacted by the dispersion of holding facilities. From an operational efficiency and cost perspective it would be advantages to reduce the number of locations used by the ICE Florida District. It can, thus, be argued that with no increase in bed need ICE would be well served by a facility containing a relatively large number of guaranteed beds.

Much uncertainty exists relative to the ICE Florida District's future demand for beds. National estimates suggest that significant numbers of illegal aliens are living and working within the United States. Budget constraints combined with bed space availability is causing ICE to be selective in its enforcement efforts emphasizing apprehension of illegal entrants with serious criminal charges pending. Initiatives of ICE involving agents reviewing local jail and state prison inmate files to identify illegal entrants, as well as task forces formed to focus on intensified apprehension efforts, are working to increase the need for beds; however, the degree to which these programs are implemented is influenced by staffing budgets and secure bed availability. In other words, ICE can only apprehend individuals if staff is available to conduct apprehensions and beds are available to house the detainees. Contract facilities providing transportation services, as proposed by Glades County are being used nationally by ICE as a means of obtaining large blocks of beds in a single location and as one approach to reallocating ICE's limited staff resources from transporting detainees to providing the core service of law enforcement.

Future ICE Bed Need in Florida

Projection of ICE's future bed need in Florida is rendered difficult because of a lack of hard data relative to historical need patterns. National figures are available relative to total apprehensions and detentions by the Agency but district data is not available. This is primarily because apprehensions and detentions by any district reflect budget availability. The amount of budget each district receives each year dictates the numbers of staff it is allocated and the funding available for bed rental. In the case of the Florida District the budget for the current year effectively allows the District to hold an average daily population of approximately 1,400 detainees.

ICE's current daily use of 1,400 beds in Florida represents a decrease from approximately 1,800 in recent years. This reflects budget constraints rather than need for beds. Agency estimates indicate that approximately 2,500 beds could be used at this time if funds and beds were available. Funding has been increased in the current Federal budget year with an allocation equivalent to 2,000 additional beds made available to ICE nationally.

ICE has used approximately 20,000 beds nationally in recent years with the Florida District using between seven and nine percent of those beds. Assuming that the historical allocation continues, the added national allocation should translate into an increased use by the Florida District of between 140 and 180 beds.

Although an increase in bed use is likely through budget allocation the ICE Florida District is anticipating the loss of beds for routine use at the Krome Service Processing Center. ICE utilizes a process to return individuals to their home countries that involves assembling groups of detainees at a location near an airport where they can be placed on aircraft and flown to a foreign destination. Airports in the Phoenix and Houston areas are used for this purpose and it is anticipated that an airport in Florida will also be used. Flights have been made from Miami International Airport to Caribbean destinations using JAPATS aircraft. Expansion of this program will require dedication of approximately 100 beds at Krome for staging individuals scheduled for the repatriation flights.

Dedication of beds for this specific purpose eliminates those beds from inventory available for daily use. Consequently, it will be necessary for ICE to obtain an equivalent number of beds in other facilities. Combining the 100 beds to be dedicated for staging use with the potential for the ICE Florida District to receive a budget allocation for between 140 and 180 beds indicates that between 240 and 280 new beds must be found in the current year. This represents between 57 and 67 percent of the proposed facility's capacity. The likelihood of ICE using these beds is high because local jails in Florida are generally operating at capacity and availability for ICE use is, consequently, limited.

Use potential in the proposed facility is enhanced by a logistics issue currently being faced by ICE. Currently ICE houses all female detainees being held on criminal charges at the Monroe County jail in Key West. Local and national trends suggest that this component of the detention population will continue to increase and the current average daily population of 75 will grow. Holding these detainees in Key West presents significant logistical problems for ICE because of the distance from Miami (a four hour drive) and frequent congestion on the single road connecting the two cities. Logistical problems are increased when severe weather situations typically associated with the June to December hurricane season require evacuation of all detainees held in Key West.

Summary of Factors Potentially Impacting on ICE's Use of the Proposed Facility

Although secure beds are available to ICE in Florida and budget allocations in recent years have reduced the agency's ability to lease all of the beds it needs several factors suggest that ICE will use a substantial number of beds in the proposed facility.

Factor 1: Currently ICE uses beds in six local government detention facilities located throughout the State of Florida in addition to the Agency's own facility in Miami. This has produced an inefficient and costly solution. ICE is dependent on bed availability in these facilities, availability that varies daily in response to the host agency's need for beds to meet its own detention requirements. With relatively small numbers of individuals in each of these facilities, ICE is faced with a process of constant movement throughout a large geographic area. This creates high transportation costs, removes staff from law enforcement work to provide transportation, and complicates the process of court appearances and attorney access to detainees.

Factor 2: An increased budget allocation for bed use is expected this year with approximately 2,000 additional beds funded nationally. Based on the Florida District's bed use

budget ratio to the national total this should translate into between 140 and 180 beds. With the potential to detain over 1,000 more individuals more than currently held use of the budget allocation is highly likely.

Factor 3: ICE is repatriating large groups of illegal immigrants by air transport to their home countries on a regular basis from several airports around the United States. Miami International Airport is currently used for this purpose and ICE is expected to expand the amount of that activity in Florida. It is anticipated that it will be necessary to dedicate approximately 100 beds at Krome Service Processing Center for staging individuals brought in from other locations for scheduled flights out of the United States. This suggests that it will be necessary to replace those beds at another location to ensure that ICE has beds needed for Florida District detentions.

Factor 4: The proposed facility will contain hearing room and office space for ICE use. This would further reduce the need for detainee movement by allowing the adjudication process to occur at the correctional center eliminating the transfer to Miami for hearings. Provision of office space in the proposed facility offers ICE the opportunity to improve the efficiency of law enforcement activities in the region by reducing agent travel. With a current plan to expand law enforcement activities in the West Palm Beach area the office and secure bed space is likely to be even more attractive to ICE.

Factor 5: Because of the distance from Miami, limited accessibility and hurricane evacuation demands it would be highly advantageous to ICE to eliminate use of the Monroe County Detention Center. Distance alone is costly to ICE because of the need for staff to visit offenders weekly and travel time that requires a full day per visit. When combined with a relatively frequent need to evacuate the detainees when severe weather is forecasted the cost of using the facility is high, particularly in light of the \$85.00 per bed day charge.

With all female detainees in custody of ICE currently held in Monroe County it would be especially attractive to ICE to move these individuals to a more accessible location. ICE officials have expressed an indication that if the proposed facility can provide sufficient beds to house the District's total population of female detainees being held on criminal charges that they would transfer that population component to the proposed facility. The design for the proposed facility indicates 120 beds planned for housing female detainees, a significant base to meet that need.

The US Marshals Service Need for Detention Beds

Three USMS districts encompass the State of Florida. The Central District, in which Glades County is located, is headquartered in Tampa with regional offices located in Fort Myers, Orlando and Jacksonville. Detainees in custody of the District are being held for court appearances in those cities or are being held for transfer to BOP to serve a sentence.

USMS Need For Secure Beds

On a typical day the USMS Central District of Florida holds approximately 1,500 individuals. Approximately 190 of these are in custody of the Fort Meyers office. Detainees in custody of the Fort Meyers office are held in jails in Lee County (Fort Meyers) and Hendry

County (a county bordering Glades to the south and west). Lee County is converting the facility used by the USMS to another use eliminating a substantial, and needed, bed resource. The USMS has also lost Glades County where in the past it typically held between 10 and 15 detainees per day, as a bed resource due to the County's need for the beds.

Recent years have seen the USMS Fort Meyers office lose bed availability while its need for beds has grown. This need may be characterized as beds for detainees in the adjudication process and for detainees who have been sentenced to prison terms and are awaiting acceptance into the BOP system. An estimate of the past and future numbers of detainees in each of these categories is presented in the following table.

Year	USMS Average Daily Population		
	District	Ft Meyers	In-Transit
2005	1500	190	90
2006	1605	202	96
2007	1717	216	103
2008	1837	231	110
2009	1966	248	118
2010	2104	265	126

Table 2: Estimated average daily detainee population of the USMS Central District of Florida.

Projected Use of the Glades County Jail by the USMS

A portion of the detainee population shown in the above table would be appropriate for housing in the proposed facility. Holding detainees undergoing adjudication in locations near courthouses is an important consideration for the USMS because of the need to make the detainees available for court appearances on a daily basis. From that perspective Glades County can be defined as somewhat remote for USMS use although the disadvantage can be overcome with an effective transportation system that would reduce the manpower burden on the Agency. Given the desire of the Glades Sheriff to offer a transportation service it can be assumed that the USMS would look to the proposed facility to supplement bed availability in Fort Meyers.

Relatively large numbers of detainees are held each day by the USMS who have been convicted and who have been remanded to BOP to serve a sentence. These individuals remain in USMS custody until they can be accommodated by BOP. In the case of this population, the proposed facility's location may be considered a positive attribute. The County is located on a direct routing from courthouses in Tampa, Orlando and Fort Meyers to the BOP intake center in Miami. Transfer of sentenced detainees to the proposed facility from all offices of the District to await acceptance by BOP represents a logistical convenience. From the perspective of the proposed facility's operational effectiveness use for this purpose is also a positive attribute; these individuals will remain in the proposed facility for periods of 30 to 60 days during which time there is no need for movement to court or for attorney visitation.

For purposes of this analysis, then, it can be assumed that the proposed facility would be attractive to the USMS to house detainees in transit to the BOP and to house a portion of the Fort Meyers office adjudication status detainee population. Estimated numbers of detainees that could be held are shown in the following table.

Year	Potential Hold in Glades		
	Ft Meyers	In-Transit	Total
2005	49	45	94
2006	53	48	101
2007	56	52	108
2008	60	55	115
2009	64	59	123
2010	69	63	132

Table 3: Estimated average daily population of the proposed facility by the USMS to hold Fort Meyers Office detainees and detainees in transit to BOP.

Although located within the USMS Central District of Florida, Glades County borders the USMS Southern District. Moore Haven is located approximately 70 miles west of West Palm Beach, the site of a Southern District courthouse. Use of the proposed facility by that district may, consequently, be considered possible and could represent an incremental addition to the numbers shown in Table 3.

Glades County Bed Need

As a county government Glades County has a responsibility to house individuals charged with State and local offenses who are in the adjudication process or are sentenced to periods of local confinement following conviction. The County operates a jail for this purpose but its capacity is being exceeded and it is the County's intent to terminate use of that facility. Bed need of the County will then be accommodated in the proposed facility.

County Jail Population Since 2000

Average daily population of County-responsible inmates housed in the Glades County Jail has increased steadily over the past five years with current occupancy consistently running at or over capacity. Occupancy of the Glades County Jail since 2000 defined in terms of average daily population is illustrated in the following table.

Year	ADP	% Change
2000	27	
2001	28	3.70%
2002	30	7.14%
2003	35	16.67%
2004	48	37.14%
2005	51	6.25%

Table 4 : Historical average daily population of County-responsible inmates in the Glades County Jail. Data from Glades County Jail records.

Projected Need for Beds to House Glades County Responsible Inmates

Glades County is responsible for housing persons detained on local and state charges while they are involved in the adjudication process as well as individuals receiving sentences on those charges that involve no more than one year of incarceration. Over the past five years the average number of persons held each day for these reasons has ranged from a high of 51 to a low of 27.

The following table contains three alternate projections of the potential number of bed days needed to house Glades County-responsible inmates. The first (ADP Trend Scenario) relies on the assumption that the use trend exhibited over the past five years will continue through 2010. In the second projection the historical ratio of bed days to County resident population (Population Ratio Scenario) is used as the basis for forecasting future jail population.

An average of the two trends (Trend Average Scenario) is presented as a third scenario. This is used as the basis for calculating total potential use of the proposed facility by Glades County.

Year	Average Daily Population by Trend Scenario		
	ADP Trend	Population Ratio	Trend Average
2005	51	51	51
2006	53	56	55
2007	58	61	60
2008	63	62	63
2009	68	63	66
2010	73	63	68

Table 5: Projection of average daily population of Glades County-responsible inmates by scenario.

Total Potential Bed Use

Projection of the bed need of Glades County can reasonably be made from an analysis of historical trends. The County must incarcerate individuals charged with State offenses. Alternatives that can reduce the total numbers are possible but, in general, the trends define a reasonable estimate of secure bed needs. Similarly, the USMS detains individuals who have been arrested by Federal law enforcement agencies for criminal offenses and it is obligated to hold these individuals within the requirements of the Courts. Incarceration trends of that agency are, therefore, reasonable indicators of future need and funding for bed use can be assumed.

ICE bed need, on the other hand, is much more policy and budget driven. Various estimates suggest that at any time more than 100,000 illegal immigrants are at large in the United States. This is a reflection of the resource limits constraining ICE from apprehending a larger number. Consequently, the potential use of the proposed facility's beds by ICE must be based on assumptions relative to the ability of the Agency to finance apprehension and detention and policy regarding the degree to which immigration law is enforced.

These factors suggest that the feasibility of the proposed facility must be addressed from the perspective of the minimum level of use determined from the most reasonable indicators. Definition of a higher use level reflective of assumptions relative to ICE's future budget allocations and willingness to use the proposed facility as a replacement for currently used jails offers an indicator of a reasonable maximum use level.

The estimate of the potential average daily population shown in the following table reflects a limited ability of ICE to fund detention bed use. This estimate assumes that ICE will need 100 beds to permit dedication of that quantity of beds in the service center for national repatriation staging, that all female detainees will be moved to the proposed facility from Monroe County and that a budget allocation for approximately 140 beds will be received this year and remain unchanged in future years. The estimate assumes the need to accommodate the projected need of Glades County and incorporates USMS holds for transfer to BOP. In the latter case the number is increased by an annual rate of seven percent, a rate of increase seen by the USMS nationally in recent years.

Year	Glades County	USMS	Average Daily Population			Total
			Krome Replacement	ICE Female	Added Budget Alloc	
2006	51	101	100	75	140	467
2007	55	108	100	75	140	478
2008	60	115	100	75	140	490
2009	63	123	100	75	140	501
2010	66	132	100	75	140	513

Table 6: Potential use of the proposed facility's beds – minimum level estimate.

It should be noted that housing female offenders is a significant problem in local jails because of the relatively small numbers typically held and the impact that has on effective use of available beds as well as staffing. If the proposed facility is geared to housing female offenders the potential exists to attract use from other counties. This could add a small increment to the potential population.

This estimate indicates that the 422-bed general population capacity is likely to be met at the time the proposed facility opens and will be exceeded in the immediate future. It indicates that additional ICE use could be accommodated at the expense of the USMS or a portion of the bed addition capability could be used.

A more optimistic, but reasonable, estimate indicates that a substantially higher level of use is possible. This estimate reflects increases in ICE's female population consistent with rates seen nationally in that population segment and a budget allocation increasing at a rate consistent with the current year's anticipated increase. This estimate also assumes that ICE will transfer approximately 25% of the detainees currently held in other local jails to the proposed facility. The latter assumption would require no budget allocation because ICE currently pays for that use. It can be defined as a reasonable expectation because of the cost and operational effectiveness that would result from moving detainees to a facility where larger numbers can be held and to locate more detainees in closer proximity to Miami. The number of female detainees being held is also increased at a rate consistent with national trends.

Average Daily Population							
Year	Glades County	USMS	Krome Replace	Female	ICE		Total
					Added Budget Alloc	From Other Jails	
2006	51	101	100	75	140	175	642
2007	55	108	100	79	154	175	671
2008	60	115	100	83	169	175	702
2009	63	123	100	87	186	175	734
2010	66	132	100	91	205	175	769

Table 7: Potential use of the proposed facility's beds – maximum level estimate.

FACILITY FEASIBILITY

Construction of a facility offering a contractual secure detention service is proposed as an approach to generation of revenue and jobs in the County and surrounding area. With a policy focus on serving ICE and the significant bed need of that agency, it can be inferred that the beds will be attractive to the Federal agency. That assumption is reinforced by the location of the County relative to an area where ICE has historically experienced a high demand for detention beds and which is in reasonable proximity to the ICE district office and service processing center.

A judgment that a demand exists for the proposed facility's beds, and the analysis presented above presents numbers that can be interpreted as indicating the potential for full use of the proposed facility, is not in itself an indicator of project feasibility. This is one part of the equation but the ability of the proposed facility to obtain the number of bed rentals needed to meet its occupancy goal over the period needed to retire the capital debt is a second element. Consequently, a judgment on the potential feasibility of constructing and operating the proposed facility must be based on an evaluation of:

- Potential supply and demand.
- Revenue potential.
- Acceptance by the ICE and the USMS.

Potential Supply and Demand

The bed need assumptions presented above suggest that ICE, the USMS and Glades County in combination could, at a minimum, use approximately 478 beds in the first year of operation. Use would likely increase to approximately 513 beds by 2010. With an operational capacity of 422 beds it is, therefore likely that capacity will be exceeded at opening reflecting a conservative estimate. This estimate reflects no increase in ICE budget levels and continued use by that agency of all beds it currently uses in other local jails.

An estimate based on increased ICE budget allocations and transfer of approximately 25% of the current bed use at other jails to the proposed facility indicates that approximately 671 beds could be used in the opening year. By 2010, approximately 769 beds would be used.

The best available information indicates that no other correctional facilities are being planned in the focus area to serve the ICE and USMS need. With county jails in Florida generally operating at capacity levels it is likely that bed availability pressures on the Federal agencies will increase as the local governments require more of their capacity to house local-responsibility detainees. The recent decision of Lee County to convert a jail that has been used to house USMS detainees to another use is indicative of the problem faced by both ICE and the USMS.

It can, essentially, be said that the need of the Federal agencies, and local governments, in Florida is increasing while the bed resource is, at best remaining stable.

Potential Rental Return

Debt service and operational costs will be paid from bed rentals to be received from the proposed facility's user agencies. Income received from the rentals must be sufficient to meet the total annual debt service payments for each year of the lease and be sufficient to cover annual operating costs.

Bed Rental Rates Paid by ICE and the USMS in Florida

Daily bed rental rates are calculated by the Federal agencies based on an analysis of the contract facility's operational and debt service costs. The objective is to ensure fairness for the operator and the user. Currently, ICE and the USMS are paying per bed day rates of between \$47 and \$100 to counties in the focus area. The average is approximately \$60 per bed day.

Cash Flow Analysis

The Glades County Sheriff's Office has prepared an operational budget. The budget is inclusive of debt service costs and a trustee fee and reflects a sliding bed day rental fee.

The proposed bed rental rates do not include transportation services. Although transportation is a critical service in terms of enhancing the attractiveness of the proposed facility to potential users it is not necessary to incorporate that cost into the per bed day rental rate. ICE is prepared to treat this as a separate charge and, in fact, currently does so with the jurisdictions housing its detainees, including Glades County. The Glades County Sheriff indicates a desire to provide the service on a regular basis to ICE and this must be considered a critical element given the staff limitations and workload of the ICE. For example, depending on the number of detainees being transported, a minimum of two transport officers must be assigned. With transports occurring virtually every day a significant cost accrues to the ICE. Moreover, with limited manpower the ICE must dilute its overall efforts relative to fugitive apprehension and court security to meet transportation needs. Provision of transportation for a fee outside the bed use contract amount represents a positive factor in that it makes using the proposed facility more attractive to the Federal agencies

The following cash flow analysis illustrates potential income at several average occupancy levels. It is assumed in this analysis that ICE will be the primary user of the proposed facility and the USMS and Glades County will pay the same daily rate for beds they use.

Occupancy levels of 100, 90 and 80% are shown to illustrate the potential return at each level. Although 100% occupancy is not recommended for a detention facility because of the need to maintain flexibility for segregation of detainees that occupancy level is used in this analysis with 422 beds defined as 100%. Eighteen beds are incorporated in the 440-bed count to allow for needed flexibility. Revenue and costs shown are based on the preliminary budget prepared by the Sheriff's Office, adjusted to reflect the indicated occupancy levels, and the chargeable rates anticipated by the Office. The first full year of operations is used.

The budget is calculated on the basis of 422 occupied beds. For purposes of the analysis contained in the following table an adjustment is made for reduced occupancy for the line items related to direct detainee costs such as food and commissary supplies. All other costs remain constant regardless of occupancy level on the assumption that operations will be geared for full occupancy and the sliding scale rate is intended to support the occupancy level.

Occupancy Level Per Diem Rate	Income/Expense by Occupancy Level		
	100%	90%	80%
	\$66.00	\$71.50	\$78.00
Income			
Bed Use Fee	\$ 10,165,980	\$ 9,911,831	\$ 9,565,920
Detainee Telephone	105,777	95,199	84,622
Commissary	75,117	67,605	60,094
Total Income	\$ 10,346,874	\$ 10,074,635	\$ 9,710,636
Operating Expense			
Administrative	\$ 517,000	\$ 517,000	\$ 517,000
Personnel	3,718,460	3,718,460	3,718,460
Uniforms and Personal Equipment	10,975	10,975	10,975
Training	43,290	43,290	43,290
Physical Plant	913,120	913,120	913,120
Operating Supplies	60,000	51,000	48,450
Security Equipment	9,500	9,500	9,500
Inmate/Detainee Costs	265,500	238,950	191,160
Food Service	370,350	333,315	266,652
Sheriff's Contract Services	416,000	416,000	416,000
Total Operating Expense	\$ 6,324,195	\$ 5,734,610	\$ 5,617,607
Trustee Fee	\$ 5,000	\$ 5,000	\$ 5,000
Net Income Before Debt Service	\$ 4,017,679	\$ 4,335,025	\$ 4,088,029
Debt Service	\$ 3,225,362	\$ 3,225,362	\$ 3,225,362
Coverage	1.25	1.34	1.27
Net Income	\$ 792,317	\$ 1,109,663	\$ 862,667

Table 8: Cash flow analysis based on the estimated budget prepared by the Glades County Sheriff's Office.

As illustrated in Table 8, if the proposed facility, containing 422 general population beds, were to operate at 100% capacity at the rate of \$66.00 per bed day in its first year of operations it would generate the revenue needed to meet all operational and debt service costs with an estimated net income of \$792,317. With a sliding scale of per bed day rates operation at 80% of capacity will generate the income needed to support operations and debt service with a net income balance. This indicates a level of flexibility to respond to cost adjustments needed to reflect actual operational experience.

Acceptance by ICE

Statistically, a need for secure housing for ICE and the USMS use is evident in the Central and South Florida area. This has been clear for a number of years and projections suggest that the need will continue in the near future. Success of the proposed facility, therefore, will be significantly impacted by how it responds to several operational issues.

As of this writing, the County has received no firm commitments to use the proposed facility. This is not surprising and it is unlikely that such commitments will be obtained in advance of facility availability. Unless a specific solicitation is issued, and none has been made for this project, it is standard policy of Federal agencies to make no formal commitment to use a facility until significant evidence of its availability is presented.

Three factors may be defined that suggest the proposed facility will be highly desirable to the ICE and USMS.

- Location and Service
- Design and Operating Standards
- Bed Rental Charge

Location and Service

Projections described in previous pages indicate a clear, and growing, need for beds to house ICE and USMS detainees. The projections show that ICE could use all of the proposed facility's beds while still continuing its use of the local government facilities it currently uses.

Although currently using six local government facilities, the dispersed locations of these jails create operational costs and disadvantages. By reducing its reliance on a number of facilities ICE would be able to house a large number of detainees in a location where court facilities would be available along with office space for staff. The need for multiple movements of detainees would be substantially reduced. The intent of Glades County to dedicate a relatively large number of beds for females being held on serious criminal charges should be particularly attractive. Currently ICE holds all female detainees in the Monroe County Jail in Key West. The distance of that facility from Miami represents a significant drain on staff resources and ICE officials have expressed a strong interest in transferring the female detainees held there to the proposed facility.

Glades County's location is well suited for holding USMS detainees awaiting transfer to BOP. Essentially, the County is located between the District's courthouses in central and western Florida and Miami where the detainees are transferred to BOP. Because the length of stay is relatively long and there is no court activity involved the proposed facility could effectively serve as an en-route holding point.

Although the County is located some distance from the courthouses served by the USMS District of Central Florida provision of transportation by the Glades County Sheriff could potentially encourage the USMS to use the proposed facility to hold detainees in pre-trial and trial status thereby increasing the USMS use level. With its location on the southern boundary of the Central District the potential also exists for the proposed facility to attract use from the

USMS Southern District of Florida. Courthouses served by that district in Miami, Fort Lauderdale and West Palm Beach are well within the distance from Moore Haven to Central District courthouses.

Design and Operating Standards

Assurance must be given to potential clients of any contractual facility that the detainees they transfer will be housed in a safe, healthy environment meeting or exceeding their own standards. The Development team has designed and constructed similar facilities in Florida and has prepared a design that will meet Florida State standards. The Sheriff has indicated intent to work towards meeting ACA certification.

Rental Cost

The operational budget provided by the Sheriff's Office combined with the debt service estimate indicates that a competitive rate charge is very possible. A rate of approximately \$66.00 to \$78.00 per day is likely to be the base charge. This rate is consistent with rental bed charges paid by ICE in Florida with the current payment range being approximately \$45 to \$100. The Corporation should be able to obtain the projected rates because of the level of service to be provided. This includes the provision of office and courtroom space to ICE, the availability of a large block of beds dedicated to female detainees and an overall large bed capacity in a favorable geographic location.

Is it Feasible to Open and Operate this Facility

In summary, although recent history indicates that ICE and the USMS will have a continued near term demand for secure beds, the demand will be heavily influenced by Federal budgets and the possibility of change in immigration law. This indicates a level of risk that must be considered. Beds are clearly needed by ICE, as well as the USMS, and projections presented in this analysis suggest that the need will continue.

Factors indicating potential success are:

- The ICE Florida District has historically seen a high percentage of the Agency's detentions nationally.
- The ICE Florida District headquarters and processing center is located approximately 100 miles from Moore Haven.
- Glades County is well located to serve the USMS Central District of Florida in terms of holding sentenced prisoners being transferred to the BOP in Miami.
- Design to accommodate a relatively large number of female detainees will be attractive to ICE and the Agency will likely look to the proposed facility to hold all female detainees being held on criminal charges. Other local jurisdictions are also likely to be interested in that category of use.
- The daily payment rate needed is within the range of payments made by the ICE in Florida.

- Projections of bed need indicate that by 2010 between 513 and 769 beds could be used in the proposed Facility by ICE, the USMS and Glades County. In 2007, the projected opening year, the potential exists for between 478 and 671 beds to be used by those agencies.

Risk factors that must be considered are:

- The exclusive source of revenues pledged by the Corporation to retire debt will consist of bed rental income received from one or more governmental entities for the housing of detainees in the proposed facility.
- There is no expectation that any contract the County might enter into with any other agency which has offender custody responsibilities would contain a guarantee to house a guaranteed number of detainees for a specific period of time.
- Estimates of ICE demand used in this analysis reflect a continuation of current policies related to Federal law enforcement; therefore, assurance can not be given that a demand for the proposed facility's beds will persist over the life of the complex.
- The projections of need and commitment to construction by potential client jurisdictions are heavily policy based and can result in significant margin of error in supply and demand projections.
- If the County were to fail to contract with ICE, the County would be forced to look elsewhere to obtain bed occupancy or convert the proposed facility to another use. The latter action would be difficult due to the specialized nature of the building. However, the potential exists to seek other agencies with detention responsibilities and the facility design allows flexibility to house other types of detainees.
- Relaxation of immigration laws could substantially reduce the workload of ICE.

Opinion of the Feasibility Consultant

Recognizing that any projection of jail or prison bed demand is subject to a broad array of variables, it is the opinion of the Feasibility Consultant that the proposed facility has the potential for success in terms of the bed need of ICE and the USMS. It proposes to offer a recognizably desirable service and will be located in relative proximity to the ICE Florida Headquarters, and ICE and BOP processing centers. Complementing this is the fact that the ICE bed demand projected over the next five years indicates that an unmet need, allowing for continued use by ICE of the six local government facilities it currently uses, for beds in excess of the proposed facility's capacity will exist. Adding to the potential ICE demand is the need of the USMS. Estimates used in this analysis reflect only a portion of the Agency's potential need. Obtaining greater use by the USMS would require the proposed facility to provide transportation but the Sheriff has indicated a desire to do so.

Factors described above suggest that ICE will utilize all of the beds proposed for initial construction not needed by Glades County. A need also exists for USMS beds in central and south Florida. It is, therefore, reasonable to assume that any use shortfall of ICE would be taken up by the USMS. The numbers suggest that the potential exists to utilize the added bed capability of the proposed facility to provide for the requirements of both agencies and Glades County.

The cash flow analysis indicates that, if the Corporation obtains the indicated per diem payments and can operate within its proposed budget, the proposed facility would generate sufficient revenue to cover all operational and debt service costs with an occupancy level of as low as approximately 80%. The projections, however, indicate that full occupancy is possible in the year of opening. Although Glades County will be using a portion of the available beds it will be obligated to pay a bed day rate consistent with that paid by the Federal agencies; therefore, beds it will use will not impact negatively on income to the Corporation. Moreover, the County is obligated to house detainees under the jurisdiction of its courts and must allocate funds for such housing.

These facts combine to indicate a need for the proposed facility and a high probability of financial success.

Qualifications of GSA, Limited and the Principal Consultant

Based in Durham, North Carolina GSA, Limited specialized exclusively in facility and service delivery planning and needs assessment for government. Although working with the full spectrum of government operations, the justice system represents a significant focus of the Firm's work. GSA, Limited serves the justice system nationally preparing detention and correction beds needs assessments, court system projections, facility programs, court staffing studies, courtroom utilization analyses, law enforcement workload projections and facility location studies. The firm is an organization dedicated to developing objective determinations of justice system needs derived from operational and functional analysis. Staff understands justice system operations and the financial realities of local government.

With a corporate background extending back to 1949, GSA brings the experience of working with more than 400 city, county and state justice systems and governments in virtually every state. Court system clients have ranged in size from the City of New York to Nye County, Nevada (one judge). Geographically the location of systems served has extended from San Diego County, California to Bergen County, New Jersey. Similarly, the firm's work with detention and corrections encompasses detention systems as large as Orange County, Florida with over 3,000 beds to county jails as small as 16 beds.

Preparation of independent feasibility analyses of proposals to construct correctional facilities using revenue bond financing evolved as a specialty service offered by the Firm in the early 1990's. To date 25 such studies have been prepared by the Firm for projects proposed in Florida, Georgia, Alabama, Louisiana, New Mexico and Arizona.

Law enforcement agencies served by GSA, Limited have included the City of Charlotte, NC; Metro Dade, FL; the New Jersey State Police; the City of Cocoa, FL; Sacramento, CA; Broward County, FL; Montgomery County, MD and Lexington-Fayette Urban County, KY.

The following are some of the **judicial systems** GSA, Limited has served:

San Diego County, CA
San Joaquin County, CA
State of Colorado
City and County of Denver, CO
Douglas County, CO
Dade County, FL
Orange County, FL
Cook County, IL
Kane County, IL
McHenry County, IL
Winnebago County, IL
City of Carson City, NV
Nye County, NV
Bergen County, NJ
Camden County, NJ
Mercer County, NJ
Middlesex County, NJ
Morris County, NJ
City of New York, NY
Alamance County, NC
Beauford County, NC

Caswell County, NC
Cumberland County, NC
Davidson County, NC
Durham County, NC
Guilford County, NC
Haywood County, NC
Transylvania County, NC
Allegheny County, PA
Blair County, PA
Lawrence County, PA
Northampton County, PA
Colleton County, SC
State of Utah
Arlington County, VA
Charles City County, VA
Loudoun County, VA
Prince William County, VA
Rockingham County, VA
Clark County, WA
Ozaukee County, WI
City of Baltimore, MD

Detention and corrections clients served by GSA, Limited include:

Hood County, TX
City of New York, NY
Kankakee County, IL
Northampton County, PA
Baltimore County, MD
Douglas County, CO
Delaware County, PA
City of Jonesboro, LA
Monroe County, PA
Walworth County, WI
State of North Carolina
Zapata County, TX
State of Virginia
Buncombe County, NC
Warren County, VA
City of Huron, SD
City of Crystal City, TX
Davidson County, NC
Sandusky County, OH
Scott County, MN
The Navajo Nation, AZ
McKinley County, NM
York County, SC
Haywood County, NC
Dougherty County, GA

Rockingham County, VA
Orange County, FL
Guilford County, NC
Hudspeth County, TX
Otero County, NM
Botetot County, VA
Henry County, VA
Durham County, NC
Cook County, IL
Karnes County, TX
Hertford County, NC
Colleton County, SC
San Joaquin County, CA
Garza County, TX
Prince William County, VA
Nye County, NV
Smith County, TX
City of Pecos, TX
Coleman County, TX
Cumberland County, NC
Haskell County, TX
Wake County, NC
City of Monahans, TX
Dickens County, TX
BICE Seattle District, WA

Law enforcement clients served by GSA, Limited include:

City of Charlotte, NC
Lexington Fayette Urban County, KY
Broward County, FL
City/County of Denver, CO
Arlington County, VA
City of Dublin, OH
Boston Metropolitan Police, MA
Metro Dade, FL

City of Sacramento, CA
City of Cocoa, FL
Maryland State Police
Montgomery County, MD
Howard County, MD
City of Gaffney, SC
City of Hilliard, OH
Orange County, FL

The background of the principal consultant for this study is as follows:

Resume of Howard R. Geisler, Justice Facility Planner

As a specialist in government operational needs planning, Mr. Geisler has more than thirty five years consulting experience that includes a varied background in demographic analysis, staff needs projection, space programming, facility use problem solving, and government service delivery planning.

Mr. Geisler has served in planning positions with both city and county government. He was previously employed as a senior staff member with two consulting firms serving government clients throughout the United States. He has conducted a wide range of planning, management and facility use and operations studies for over four hundred governmental jurisdictions.

Although he works with a wide range of local government service delivery and operations issues, the justice system represents a significant element of Mr. Geisler's work. He has directed a wide range of studies for detention/correction, law enforcement and court systems throughout the United States. His work with detention and corrections facilities has included more than 100 bed needs assessments and space and architectural programs. It has also encompassed post analyses, staffing plan preparation and policy and procedure manual development. An extensive range of jurisdictional size has been included in this work. He has completed studies for detention systems with over 8,000 beds and for systems as small as 16 beds.

Detention and Corrections projects completed by Mr. Geisler include architectural programs for 1,500 and 500 bed maximum-security state institutions for the Commonwealth of Virginia. Other examples of completed projects include an architectural program and staffing plan for a 600-bed jail for Dougherty County (GA), an architectural program and policy manual for a 125-bed jail for Collection County (SC), a bed need analysis for a 6,000 bed system in Orange County (FL) and a needs assessment for the Cook County (IL) detention and criminal courts system. His corrections work has also included a warehouse system plan for the New York City Department of Corrections and a needs assessment for the City's court system (five counties), a needs assessment for the Haywood County (NC) justice system and a needs assessment for the Durham County (NC) justice system.

Resume of Howard R. Geisler, Justice Facility Planner (continued)

Mr. Geisler has prepared feasibility studies for 25 revenue producing correctional facilities. These have included recent studies for Zapata, Coleman, Hood, Karnes and Dickens Counties as well as the cities of Pecos City and Monahans, all in Florida, the City of Jonesboro, in Louisiana, and Otero County, NW Mexico, relative to the feasibility of constructing correctional facilities for contract use. He has also recently completed a feasibility study for a unique contract correction facility being planned by the Navajo Nation in Arizona and a contract facility that will serve BICE in Tacoma, WA.

He also works extensively with courts and law enforcement. His experience with the court system has included preparation of needs assessments and master plans for the City of New York (NY), Randolph County (NC), Denver (CO), Bergen County (NJ), Transylvania County (NC) and Dade County (FL). He has prepared law enforcement facility master plans for more than 60 jurisdictions including Charlotte (NC), Brookline (MA), Cathedral City (CA), Cocoa (FL), Metro Dade (FL) and the New Jersey State Police.

Mr. Geisler has also worked extensively with the juvenile justice system and has completed a master plan and operational budget for a twelve county regional juvenile detention center in South Carolina, space needs plans for five North Carolina State Training Schools, a study of juvenile detention needs in a 20 county area in Florida and a juvenile justice center for Northampton County (PA). He has also prepared bed need studies and space plans for juvenile justice systems in Colorado, Oregon, Washington and Utah.

Mr. Geisler's background also includes experience working as part of a program manager's team as well as serving as an advisor to counties implementing justice system needs assessments.

Relevant Detention and Corrections Project Experience

Durham County, NC	Garza County, TX
Cook County, IL	Isleta Del Sol Nation, TX
Baltimore County, MD	Jackson County, TX
Walworth County, WI	Liberty County, GA
Warren County, VA	Clark County, WA
Wake County, NC	Douglas County, OR
Botetourt County, VA	Flathead County, MT
Colleton County, SC	Dougherty County, GA
Nye County, NV	State of Virginia
Douglas County, CO	Buncombe County, NC
City of New York	Henry County, VA
Delaware County, PA	Prince William County, VA
Monroe County, PA	Franklin County, NC
Jackson County, NC	Hertford County, NC
Beaufort County, NC	Karnes County, TX
Guilford County, NC	The Navajo Nation, AZ/NM/UT
Davidson County, NC	Zapata County, TX
Orange County, FL	Kankakee County, IL
Coleman County, TX	Wake County, NC
Hood County, TX	Sandusky County, OH
The City of Jonesboro, LA	Haywood County, NC
Dickens County, TX	Pecos City, TX
Otero County, NM	City of Monahans, TX

Resume of Howard R. Geisler, Justice Facility Planner (continued)

Relevant Law Enforcement Project Experience

Town of Castle Rock, CO	Town of Brookline, MA
City of Frederick, MD	Frederick County, MD
City of Cocoa, FL	Town of Hampstead, MD
City of Charlotte, NC	Mecklenburg County, NC
City of Hendersonville, TN	Township of Cherry Hill, NJ
City of Atlantic City, NJ	City of Beloit, WI
City of South Lake Tahoe, CA	City of Roseville, MN
City of Overland Park, KS	Metro-Dade County, FL
City of Wilmington, DE	Broward County, FL
El Dorado County, CA	Maryland State Police
Ventura County, CA	MD Public Safety Training Cntr
Montgomery County, MD	City of Bloomington, MN
City of Newton, MA	Howard County, MD
City of Hayward, CA	Boston Metropolitan Police, MA
City of Revere, MA	City of Sacramento, CA
Sacramento County, CA	Arlington County, VA
City of Harrisonburg, VA	Borough of Hollidaysburg, PA
Village of Buffalo Grove, IL	Cumberland County, NC
US Secret Service	Borough of S. Plainfield, NJ
Alamance County, NC	Haywood County, NC
Washington County, NC	Davidson County, NC
Bergen County, NJ	Bureau of Alcohol, Tobacco & Firearms

Relevant Court System Project Experience

Ozaukee County, WI	Winnebago County, IL
Sandusky County, OH	Olmsted County, MN
Haywood County, NC	Durham County, NC
Mercer County, NJ	City of New York, NY
Dade County, FL	Cook County, IL
Alamance County, NC	San Joaquin County, CA
San Diego County, CA	Maricopa County, AZ
Cumberland County, NC	Middlesex County, NJ
Burlington County, NJ	Winnebago County, IL
Randolph County, NC	Northampton County, PA
District Court of Maryland	Lawrence County, PA
City/County of Denver, CO	Douglas County, CO
Nye County, NV	Bergen County, NJ

Prior to establishing his specialty in government service delivery planning, Mr. Geisler served as a city and county planner in California responsible for preparation and administration of community development plans, ordinances, and capital improvement programs.

A graduate of UCLA in geography with a specialization in urban and regional planning, Mr. Geisler attended graduate programs in planning at California State University, Northridge, and Los Angeles. He is a member of the American Planning Association and the Association of American Geographers.

APPENDIX C
APPRAISAL LETTER

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D.R. Willson Land Company
COMMERCIAL REALTY SERVICES & DEVELOPMENT
APPRAISAL, BROKERAGE, CONSULTING, DEVELOPMENT

REAL ESTATE

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ACQUISITION
DISPOSITION
CONSULTING
LEASING

DEVELOPMENT

LAND USE &
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SPECIAL EXCEPTIONS
DEVELOPMENT

PLEASE REPLY TO

410 SE Second Avenue
Okeechobee, Florida 34974
(863) 763-0999 Fax # (863) 763-1945

D. ROBERT WILLSON, MAI, CCIM
ST. CERT. GEN. REA 0001521
LIC. REAL ESTATE BROKER

www.florida-landco.com
E-mail Address:
Sold@florida-landco.com

February 13, 2006

Mr. Robert DeMann
Systems Administrator and Special Projects
Glades County Sheriff's Office
On behalf of: Glades Correctional Development Corporation
Po Box 39 - 599 Ave J.
Moore Haven, FL 33471

RE: Complete Appraisal, Summary Appraisal Report
+/- 22 Acres of Land
Glades Correctional Development Corporation (A Florida Non-Profit)
1995 East S.R. 78 N. W.
Moore Haven, FI 33471

Dear Mr. DeMann:

Per your request, we have prepared a Summary Appraisal Report, Complete Appraisal, on the above-captioned property. In this regard, we have inspected the subject property, its economic environment and surrounding neighborhood, and made the necessary investigation and analysis to form an opinion of value.

The purpose of this appraisal is to estimate the market value of the fee simple estate interest for the subject property as of February 7, 2006. The function of this assignment is to assist you with acquisition.

The accompanying Summary Report represents a summary of the data, analysis and subsequent conclusions relative to the appraisal problem, i.e., to estimate the market value of the fee simple estate of the subject property. Lengthy explanations of appraisal procedures often typical of self-contained reports, as well as extraneous analytical discussions, are, therefore, not presented. All support information has been gathered and is retained in our files for this assignment, or relegated to the Addenda hereto. This summary report is presented in accordance with the rules and guidelines as promulgated by USPAP, Standard 2-2(b).

The property consists of one vacant +/- 22.05 AC parcel of land along the western side of SR-78, north of US Highway 27, in Glades County, Florida.

Based upon our investigation and analyses, we estimate the market value of the fee simple fee estate in the subject's real property in its "as is" condition, subject to the Assumptions and Limiting Conditions contained in the attached report, as of February 7, 2006, was:

**FIVE HUNDRED FIFTY THOUSAND DOLLARS
(\$550,000)**

In preparing the analyses, we have conformed to the requirements and guidelines stipulated by the State of Florida, the Appraisal Foundation and associated Standards Board, and the USPAP.

This appraisal has been prepared for the Glades Correctional Development Corporation. This appraisal may not be used or relied upon by anyone, other than the client for all acquisition purposes, for any other purpose whatsoever without the express written consent of the undersigned. Neither the undersigned nor D.R. Willson Land Company, are responsible for the unauthorized use of this report. This letter is made a part of this report and subject to the Assumptions and Limiting Conditions set forth herein.

In regard to compliance with the Competency Provision of the USPAP, we have been appraising these types of properties in the area for more than fourteen years. The following page presents an Executive Summary for your convenience. Location maps and subject photos have been included in the *Addenda* to this report. We appreciate the opportunity to have been of service to you. If you have any questions, please call.

Respectfully submitted,
D.R. WILLSON LAND COMPANY

D. Robert Willson, MAI, CCIM
St. Cert. Gen. REA 0001521

Enclosure C0034700

APPENDIX D
BALANCE SHEET OF THE CONTRACTOR

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PETER R. BROWN CONSTRUCTION, INC.

BALANCE SHEETS
December 31, 2004 and 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Current assets:		
Cash and cash equivalents	\$ 6,592,960	\$ 6,614,011
Accounts receivable, contracts, (including retainage of \$3,888,300 and \$4,843,060 in 2004 and 2003, respectively)	12,671,156	12,387,497
Costs and estimated earnings in excess of billings on uncompleted contracts	1,172,595	916,179
Marketable securities	67,875	57,750
Other current assets	<u>20,559</u>	<u>36,845</u>
Total current assets	20,525,145	20,012,282
Property and equipment:		
Property and equipment, at cost	917,558	646,373
Less accumulated depreciation	<u>407,133</u>	<u>356,594</u>
Net property and equipment	<u>510,425</u>	<u>289,779</u>
Total assets	<u>\$ 21,035,570</u>	<u>\$ 20,302,061</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2004</u>	<u>2003</u>
Current liabilities:		
Accounts payable (including retainage of \$5,081,578 and \$5,213,773 in 2004 and 2003, respectively)	\$ 12,280,735	\$ 11,316,234
Accrued payroll	422,949	405,492
Other accrued expenses	136,809	321,932
Dividends payable	248,696	240,316
Billings in excess of costs and estimated earnings on uncompleted contracts	2,938,706	3,448,190
Current portion of long-term debt	<u>53,716</u>	<u>48,523</u>
Total current liabilities	16,081,611	15,780,687
Long-term liabilities:		
Long-term debt, net of current portion	<u>61,110</u>	<u>21,984</u>
Total long-term liabilities	<u>61,110</u>	<u>21,984</u>
Total liabilities	16,142,721	15,802,671
Stockholders' equity		
Common stock, \$.167 par value, 6,000 shares authorized, with 5,770 issued and outstanding at December 31, 2004 (Note 10)	963	963
Additional paid-in capital	196,539	196,539
Unrealized gain on marketable securities	46,875	36,750
Retained earnings	6,141,119	5,757,785
Treasury stock, 2,842 shares - at cost	<u>(1,492,647)</u>	<u>(1,492,647)</u>
Total stockholders' equity	<u>4,892,849</u>	<u>4,499,390</u>
Total liabilities and stockholders' equity	<u>\$ 21,035,570</u>	<u>\$ 20,302,061</u>

APPENDIX E
FORM OF OPINION OF BOND COUNSEL

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MITCHEL P. HOUSE, JR.
DOYE E. GREEN, SR.
ED S. SELL, III
JOHN A. DRAUGHON, SR.
R. CHIX MILLER
JEFFREY B. HANSON
TILMAN E. SELF, III
KEVIN T. BROWN
JON R. HAWK
JOEL V. SHERLOCK
JULIA H. MAGDA
BLAKE EDWIN LISENEY
AIMEE J. HALL
DAVID L. MINCEY, III
MARY BETH HAND
CHRISTY CROWE CHILDERS

SELL & MELTON, L.L.P.
ATTORNEYS AT LAW
A LIMITED LIABILITY PARTNERSHIP
FOURTEENTH FLOOR
577 MULBERRY STREET
MACON, GEORGIA 31201

Writer's E-mail and Internet Address:
rcmiller@sell-melton.com

Writer's Direct Dial Number:
(478) 464-5342
Writer's Direct Fax Number:
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ANDREW W. MCKENNA
1918-1981

OF COUNSEL
E. S. SELL, JR.
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MACON, GEORGIA 31202-0229

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FAX (478) 745-6426
WEBSITE: WWW.SELL-MELTON.COM

March 14, 2006

Glades Correctional Development Corporation
599 Avenue J
P.O. Box 34
Moore Haven, Florida 33471

Glades County
500 Avenue J
Moore Haven, Florida 33471

Bank of Oklahoma, N.A.
One Williams Center
Tulsa, Oklahoma 74192

A. Douglas Grace, Jr., Esq.
2400 1st Street, Suite 210
Fort Myers, Florida 33901

Re: \$33,000,000 Glades Correctional Development Corporation First Mortgage Revenue
Bonds (Glades County Detention Center Project), Series 2006

Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the Glades Correctional Development Corporation First Mortgage Revenue Bonds (Glades County Detention Center Project), Series 2006, in the aggregate principal amount of \$33,000,000 (the "Bonds"), and in that regard, we have examined (a) the Constitution and laws of the State of Florida, specifically Florida Statutes Annotated, Sections 125.01 and 130.01, as amended (collectively, the "Act"); (b) the Bond Resolution of the Glades Correctional Development Corporation (the "Issuer"), adopted March 7, 2006, with respect to the issuance of the Bonds (the "Resolution"); (c) the Trust Indenture, dated as of March 1, 2006 (the "Indenture") between the Issuer and Bank of Oklahoma, N.A. (the "Trustee"); (d) the Interlocal Agreement, dated as of March 1, 2006 (the "Interlocal Agreement"), between the Issuer and the County of Glades (Florida) (the "County"), relating to the issuance of the Bonds, and such other documents, certificates and proceedings as we deemed necessary or appropriate to form the opinion hereinafter expressed.

The Bonds are being issued in the aggregate principal amount of \$33,000,000, dated March 14, 2006, and bear interest from date at rates ranging from 5.00% to 7.375% per annum, payable semi-annually on the first (1st) day of each March and September (each an "Interest Payment Date"), beginning on September 1, 2006, until the final maturity of the Bonds.

The Bonds are being issued to (1) provide funds to the Issuer to finance the cost of the acquisition of approximately twenty-two (22) acres of land located at the northwest corner of the intersection of State Route 78 and U.S. Highway 27 in Glades County, Florida and the construction thereon of a 440-bed jail facility (the "Facility") for the incarceration of inmates, detainees and criminals (the "Project") and (2) paying expenses related to the issuance of the Bonds.

The County and the Issuer have entered into the Interlocal Agreement under which the Issuer has agreed to issue the Bonds to finance the Project, and the County has agreed that if after having received sufficient notice as specified in the Interlocal Agreement that the amount on deposit in the Bond Fund is not sufficient to make all payments with respect to the principal of, redemption premium, if any, sinking fund installments for, and interest on the Bonds which are required to be made (the "Deficiency"), the County has agreed that it may consider budgeting and appropriating such amounts of moneys from sources other than ad valorem taxes as shall be sufficient to pay the Deficiency.

The Issuer has represented and covenanted in the Resolution that it will not, subsequent to the date hereof, intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as may be otherwise permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and that it will comply with the arbitrate rebate requirements, if any, of Section 148 of the Code and will not take any actions which would cause the interest on the Bonds to be includable in the gross income of the registered owner of the Bonds for federal income tax purposes. The inaccuracy of any such representations or the failure of the Issuer to comply with any of such covenants may cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds.

Based upon the foregoing, we are of the opinion that as of this date:

- (a) The Issuer is a not-for-profit organization organized and existing under the laws of the State of Florida.
- (b) The Bonds have been duly authorized, executed and delivered on behalf of the Issuer and constitute the legal, valid and binding obligation of the Issuer, enforceable in accordance with their terms.
- (c) The Bonds are a limited obligations of the Issuer payable solely from the payments derived from the Issuer's operation of the Facility and from revenues (if any) derived from the Interlocal Agreement as more fully set forth in the Resolution. Neither the State of Florida nor any political subdivision thereof, including the County, is obligated to pay the principal of the Bonds or the interest thereon or other costs incident thereto except from the Issuer's operation of the Facility and from revenues (if any) derived from the Interlocal Agreement.
- (d) The Indenture has been duly authorized, executed and delivered on behalf of the Issuer and the Trustee and constitutes the legal, valid and binding obligation of the Issuer and Trustee, enforceable in accordance with its terms.

(e) The Mortgage and Security Agreement, dated as of March 1, 2006 (the "Security Agreement") has been duly authorized, executed and delivered on behalf of the Issuer and constitutes the legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

(f) The Interlocal Agreement has been duly authorized, executed and delivered on behalf of the Issuer and the County and constitutes the legal, valid and binding obligation of the Issuer and the County, enforceable in accordance with its terms.

(g) Pursuant to the Resolution, the payments to be received by the Issuer under the Interlocal Agreement have been pledged to secure the payment of the principal of, redemption premium (if any), and interest on the Bonds.

(h) Assuming the accuracy of the factual representations made by the Issuer and the continued compliance by the Issuer with its covenants regarding federal tax law, the interest on the Bonds is, under the provisions of the Code as presently construed, not includable in the gross income of the registered owner of the Bonds for federal income tax purposes and is not a specific preference item for purposes of the corporate or individual alternative minimum taxes; however, with respect to corporations (as defined for federal income tax purposes), however, such interest is taken into account in determining adjusted current earnings.

(i) Ownership of the Bonds may result in collateral Federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, foreign corporations engaged in a trade or business in the United States and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. In addition, for purposes of the Superfund Amendments and Reauthorization Act of 1986, "alternative minimum taxable income" includes interest on all tax-exempt bonds to the same extent and in the same manner as in the Code.

(j) Passive investment income, including interest on the Bonds, may be subject to Federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter S earnings and profits at the cost of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and the receipt of interest on the Bonds may cause disallowance of the earned income credit under Section 32 of the Code.

(k) There may be additional modifications or amendments to the Code or other additional proposals, such as the Superfund Act described above, that, if enacted into law, would cause interest on the Bonds to be subject to Federal income tax, and there can accordingly be no assurance that such modifications, amendments for proposals will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

(l) Prospective owners of the Bonds should consult with their own tax advisors with respect to the foregoing and other tax consequences of owning the Bonds. Other than this opinion with respect to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code for Federal income tax purposes described above, we express no opinion with regard to any other Federal tax consequences of owning the Bonds. It should be noted that we express no opinion with respect to any

exemption from any taxes imposed by the State of Florida or any other state on the Bonds or the interest or income thereon.

(m) Pursuant to Section 13206 of the Omnibus Budget Reconciliation Act of 1988, the "market discount rules" of the code apply to tax-exempt obligations such as the Bonds. Under the "market discount rules", a purchaser of such Bonds having a fixed maturity date of more than one year from the date of such Bond issue may be subject to the market discount provisions of Section 1276 through 1278 of the Code. Gain recognized by a United States Holder that purchased a Bond after original issue at a market discount, that is, at a price resulting in a yield to maturity that exceeds the original yield to maturity of such Bond (generally, at a price as of the purchase date below its principal amount in the case of such Bond issued without discount, and at a price below its adjusted issue price as of the purchase date in the case of an such Bond issued at a discount) will be taxable as ordinary income to the extent such gain does not exceed that amount of such market discount that has accrued during the period that such Bond was held by the holder (determined under a ratable method, unless that holder elects to use a constant yield method) and that has not previously been included in such holder's income. Such ordinary income is generally treated as interest income for all purposes, except for Section 103 of the Code which generally exempts interest income on such Bonds from federal income taxation. Market discount with respect to such Bond will be considered to be zero if the amount of market discount allocable to such Bond is less than 0.25% of the principal amount of such Bond multiplied by the number of full years remaining after the date of purchase to its stated maturity. If market discount on such Bond were considered to be zero under this rule, the actual amount of market discount must be allocated to the remaining principal payments on such Bond and gain equal to such allocated amount will be recognized when the corresponding principal payment is made. Treasury regulations implementing the market discount rules have not yet been issued; therefore, investors should consult with their tax advisors regarding the application of these rules and the advisability of making any of the elections allowed under Section 1276 through 1278 of the Code.

(n) We express no opinion regarding other federal income tax consequences caused by the receipt or accrual of interest on the Bonds.

(o) The rights of holders of the Bonds and the enforceability thereof and of the Resolution and the Indenture, Security Agreement and Interlocal Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally or principles or equity applicable to the availability of specific performance or other equitable relief.

Very truly yours,

SELL & MELTON, L.L.P.

By: _____

A Partner

