

INMATE TELEPHONE SERVICES AGREEMENT

This Inmate Telephone Services Agreement ("Agreement") is made and entered into as of the 8th day of June, 2010 (the "Effective Date"), by and between Public Communications Services, Inc. ("PCS"), and the County of Winnebago, Rockford, Illinois ("Client").

RECITALS

A. PCS is in the business of installing, maintaining, operating and managing inmate telephone systems and providing related services at correctional facilities; and

B. Client now desires to engage PCS to render inmate telephone services at Client's correctional facility in Winnebago County, located at 650 W. State Street Rockford, IL 61101 and 5350 North Rock Dr. Rockford, IL 61108 and PCS is willing to provide such services.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. INMATE TELEPHONE EQUIPMENT AND SERVICES

a. Client hereby grants to PCS the exclusive right during the Term of this Agreement, and any subsequent Renewal Terms, of this Agreement to install, maintain, operate and manage the inmate telephone systems, including without limitation pay telephones, enclosures, instruments, lines, associated wiring, and related hardware and software (the "Equipment"), as defined in Exhibit A, for and within the Winnebago County facilities operated by Client listed on Exhibit B to this Agreement (the "Facility"), for the purpose of providing inmate telephone services.

b. Subject to its tariffs and the terms of this Agreement, PCS agrees to install, maintain, operate and manage the Equipment for and at the Facility and to furnish telephone services to Facility inmates using the Equipment (the "Services").

2. COSTS, COMMISSIONS AND CALL RATES

a. Costs. The costs and expenses of providing all Services, including but not limited to installation charges, materials and labor costs, shall be PCS's sole responsibility and shall not be charged to Client, except as otherwise expressly provided for in this Agreement.

Commissions. PCS shall pay to Client a commission of sixty-one percent (61%) of the total gross billable revenue or a Minimum Annual Guaranteed (MAG) of \$500,000, whichever is greater. PCS shall guarantee minimum annual commissions ("MAG") payable to Client pursuant to Section 2b in the amount of Five Hundred Thousand Dollars (\$500,000). If the gross revenues at the Facility falls below \$70,000 per month for any three consecutive months during the Term, then PCS and Client agree to renegotiate or eliminate the MAG based on such reduced revenue, or cancel the contract. Such changes shall be mutually agreed upon. Notwithstanding any other provision of this Agreement, if after 60 days such good faith renegotiations do not result in a mutually agreed upon commission upon a decrease in revenue, then PCS may, in its sole discretion, terminate this Agreement upon ninety (90) days written notice to Client. During this ninety-day period, PCS shall use its best efforts to cooperate with the installation of another inmate telephone system by a different provider, and the commissions as set forth above shall continue to remain due and payable to Client.

b. Call Rates. The collect, debit and prepaid collect call rates charged at each Facility shall be in the amounts set forth in this Agreement on Exhibit C for the first year of the contract and Exhibit D for every subsequent year.

c. Debit Implementation.

i. Client agrees that automated debit calling shall be implemented at the Facility. Client may, in its sole discretion, impose restrictions on the ability of inmates to purchase phone calling time; for disciplinary, safety, or security reasons. Client shall require the commissary provider at each Facility to cooperate with PCS in a commercially reasonable manner to implement debit services at each Facility, including, without limitation, integrating the commissary provider's payment systems with the PCS debit system and allowing the daily purchase of debit phone calling time through the commissary.

ii. If automated debit calling is not implemented within sixty (60) days of the institution of Services, then PCS may, in its sole discretion, terminate this Agreement upon ninety (90) days written notice to Client. During this ninety (90)-day period, PCS shall use its best efforts to cooperate with the installation of another telephone system by a different provider.

iii. Debit commissions will be paid to the facility based on the debit usage excluding telecommunication regulatory taxes and fees or other government surcharges that are not commissionable. Since the Client and/or the Commissary provider holds the actual inmate's trust fund account, PCS will deduct from the Client's collect call commissions the debit usage amount that is owed to PCS less the debit commissions that are owed to the Client for the debit usage.

d. Automated Attendant

i. PCS and Client agree to work together to integrate the "Automated Attendant" with the Client's Jail Management System.

3. **TERM AND TERMINATION OF AGREEMENT**

a. Term. This Agreement shall be binding as of the Effective Date. The term of the Agreement shall commence upon the date that PCS completes installation of the Equipment at all Facilities, and shall continue for five (5) years from that date (the "Term"). PCS shall notify Client in writing of the date upon which it completes installation of the Equipment at all Facilities, and of the termination date of the Term, within thirty days from the date of completion. After the expiration of the initial term, upon mutual agreement between the Client and PCS, the Agreement shall renew on a month to month term.

b. Default. In the event of a material default of a party's obligations under this Agreement, the non-defaulting party shall promptly provide written notice of the material default to the other party upon discovery of the material default.

i. The party in default shall then have thirty days after its receipt of the notice to cure the default unless, prior to the expiration of the thirty-day cure period, the defaulting party notifies the other party, in writing, that the default is not of a character that reasonably can be cured within the thirty-day cure period.

ii. If the default is of a character that reasonably requires more than thirty days to cure, the party in default shall notify the other party, in writing, that the default is not of a character that reasonably can be cured within the thirty-day period, state the cure period, and describe the character of the default that requires a longer cure period.

iii. If the defaulting party fails to cure the default within the applicable cure period, then the other party may, within thirty days of expiration of the cure period, terminate this Agreement as to the Facility for which the party is in default by sending a written notice of termination of the Agreement as to that Facility.

iv. The default by a party as to one or more Facilities shall not cause the defaulting party to be in default as to any other Facility, or this Agreement as a whole. This Agreement shall remain in full force and effect to the Facility.

c. Termination. Upon termination of the Agreement for any reason other than Client's material default, the Equipment located at the Facility shall be disconnected and removed by PCS at its sole expense. Client shall provide safe access to each Facility for PCS's removal of Equipment from such Facility, and Client agrees to cooperate, and not to interfere, with PCS's removal of the Equipment.

d. The Client reserves the right to cancel this Agreement for any reason upon ninety (90)-day written notice to PCS. Should Client exercise this right, Client shall pay to PCS an early termination fee equal to the total value of the equipment and installation costs, less depreciation. Depreciation shall be calculated using the straight-line method and assuming a five (5) year life.

4. SERVICE REQUIREMENTS

a. Maintenance. PCS shall maintain the Equipment in proper working order. Client shall promptly notify PCS, orally or in writing, of any problem(s) with the Equipment. Repairs to the Equipment shall be made by PCS on a twenty-four hour, seven days per week basis with the initiation of repairs (either on-site or off-site) commencing within four (4) hours of a service report.

b. Installations. PCS shall install the Equipment at locations within each Facility in consultation with and as agreed to by Client, which consent shall not be unreasonably withheld. All work performed by PCS and its subcontractors, including but not limited to site preparation activities (e.g., cabling, electric wiring, conduit and cementing/paving), station installation and network and station maintenance, provision and installation of telephone enclosures, mounting posts and other associated equipment, shall be in accordance with PCS's standard business practices.

c. Subcontractors. Client agrees that PCS, in PCS's sole discretion, may use one or more subcontractors to provide all or any part of the Services. PCS shall provide Client with each subcontractor's operating procedures and guidelines. All subcontractors shall be subject to Client's customary security procedures.

d. Relocation and Upgrade. PCS, at its sole option and sole expense, may relocate or remove installed Equipment upon agreement of the parties, because of recurrent vandalism, or because of insufficient usage of the Equipment by inmates. Such removal or relocation shall not affect PCS' responsibilities under Paragraph 2.(a) above. Client shall not tamper with, disconnect or move the Equipment from any location without the express written consent of PCS. PCS, at its sole option and sole expense, may upgrade or replace the Equipment.

5. CLIENT'S OBLIGATIONS

a. Restrictions on Use of Telephones. Client acknowledges that the Equipment is intended for the use of inmates in making outgoing calls, and for the recording and/or monitoring of those calls. Client acknowledges and agrees that it will not utilize the inmate telephone number(s) to receive incoming calls in the conduct of its business or otherwise.

b. Condition of Facilities. Client shall provide suitable space for the Equipment at each Facility that is in compliance with federal and state laws and tariffs. Client, at Client's expense, shall provide proper lighting, power and power sources, and ventilation (so the Equipment does not overheat), and shall keep the premises around the Equipment clean and safe. PCS shall submit a list of required equipment before installation including equipment cost. Client shall keep the inmate telephones readily accessible, and shall permit the inmates to use the inmate telephones subject to Client's security procedures.

c. No Attachments. Client shall not attach or connect any apparatus or appliance to the Equipment unless such apparatus or appliance is approved by PCS, which approval will not be unreasonably withheld.

d. No Other Telephones. Except as expressly provided herein, Client will not allow other pay telephones or inmate telephones not installed by PCS under this Agreement to either remain or be installed at the Facilities during the Term or the Renewal Term, including but not limited to additional inmate telephones needed as a result of Client's expansion, relocation of a Facility, or opening of a new Facility.

e. Vandalism. Client agrees to take reasonable steps to prevent the misuse, destruction, damage, defacement, or vandalism to Equipment, consistent with its operating policies and procedures. Client shall report to PCS any misuse, destruction, damage, defacement, or vandalism to the Equipment at each Facility as soon as practicable after Client learns of, discovers, or has reason to know about any such event.

f. Damage to Equipment.

i. Client agrees that PCS shall not be liable by reason of any defacement or damage to a Facility resulting from the presence of the Equipment at the Facility, or by the installation or removal therefrom, when such defacement or damage is not the result of the sole negligence or willful misconduct of PCS or its agents. If Equipment is negligently or willfully damaged or destroyed by Client's employees, staff, or agents, or Client's contractors, Client shall be responsible for, and shall pay to PCS, the costs of restoring service, and of repairing or replacing Equipment, promptly upon Client's receipt of an itemized bill for such from PCS.

ii. Client shall not be responsible for the misuse, destruction, damage, defacement, or vandalism to the Equipment caused by an inmate, except where the inmate's misuse, destruction, damage, defacement, or vandalism to the Equipment is caused, in whole or in part, by Client's employees, staff, agents, or contractors' gross negligence or willful misconduct. If an inmate causes damage to Equipment, Client shall promptly and diligently pursue disciplinary action and restitution from the inmate consistent with Client's policies and procedures. All agreed upon sums in restitution for damage to the equipment recovered by Client shall promptly be remitted in full to PCS.

g. Interruptions in Service. Client hereby releases PCS from any liability to Client arising



from, out of, or on account of any interruption in the telephone network connecting service to the Equipment, with the exception of interruptions caused by the sole negligence or willful misconduct of PCS.

6. AUTHORITY TO CONTRACT

a. Each party represents and warrants to the other party that it has the authority to enter into this Agreement, thereby creating a contract legally binding upon it, and to authorize the installation and operation of Equipment at the Facility. The representative executing this Agreement on behalf of each party is empowered to do so and thereby binds his, her or its respective party.

b. Each party shall defend, release, indemnify and hold the other party, its officers, directors, assigns, employees, representative, and agents harmless from any and all claims, damages and actions arising out of this Agreement and caused by said party's lack of authority to enter into this Agreement and create an Agreement binding on each party.

7. INSURANCE

At all times during the term of this Agreement, PCS and its subcontractors shall provide and maintain in effect the following types and amounts of Insurance:

a. Employers' Liability Insurance: \$5,000,000 per occurrence and \$1,000,000 per person.

b. Commercial General Liability Insurance with Bodily Injury Liability and Property Damage Liability Combined Single Limit: \$5,000,000 per occurrence and \$1,000,000 per person.

c. Commercial Automobile Liability: Combined Bodily Injury and Property Damage Single Limit: \$5,000,000 combined single limit for each occurrence and \$1,000,000 per person.

d. Workers' Compensation: PCS shall comply with all Workers' Compensation requirements in each state in which PCS provides Services to Client under this Agreement.

e. The insurance coverage set forth in Sections 7a. through 7c. may, in PCS's sole discretion, be provided through primary and excess coverage that, when added together, provide dollar coverage in the total respective coverage amounts set forth above

8. INDEMNITY

a. Except as to rate-related matters, regulatory or otherwise, PCS agrees to protect, defend, indemnify and hold Client, and any of its officers, directors, agents, contractors and employees harmless from and against any and all loss, costs, damages, liabilities, claims, liens, demands or causes of action of every nature, including damage to property or injury or death to persons arising directly or indirectly out of PCS's breach of its obligations under this Agreement.

b. Client agrees to protect, defend, indemnify and hold PCS, its parent company and any of their officers, directors, agents, contractors and employees harmless from and against any and all loss, costs, damages liabilities, claims, liens, demands or causes of action of every nature, including damage to property or injury or death to persons arising directly or indirectly out of Client's breach of its obligations under this Agreement.



9. COOPERATION

Each party agrees to work in good faith with the other, and to cooperate fully in the completion of all actions that may be reasonable, convenient, necessary, or desirable to carry out the provisions of this Agreement, for PCS to provide Services under this Agreement, and for Client to carry out its obligations under this Agreement.

10. RIGHT OF ACCESS

The Equipment is and shall remain the sole property of PCS. Client agrees that PCS's agents and employees shall have the right to enter the Facility at any reasonable hour for the purpose of installing, inspecting, maintaining, repairing, moving, or removing the Equipment, or for the purpose of making collections from coin boxes. Client shall provide a safe working environment for PCS's agents and employees during such visits. Whenever PCS ceases to provide Equipment or Services at the Facility, Client shall provide safe access to such Facility for PCS's removal of Equipment from such Facility, and Client agrees to cooperate, and not to interfere, with PCS's removal of the Equipment. Client shall not require waivers or releases of any personal rights from employees or agents of PCS in connection with such visits to the Facility.

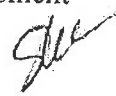
11. REGULATORY CHANGES

a. This Agreement is subject to the applicable provisions of PCS's tariff(s), to federal and state laws, rules, and regulations relating to inmate telephone services, and to regulatory or other governmental orders, rules, regulations or approvals as may apply from time to time (collectively, the "Laws"). The parties acknowledge and agree that the applicable Laws may be deleted, amended, or added to from time to time, and that such alterations may create a conflict between the then-current Laws and the terms or operation of this Agreement. If any conflict between this Agreement and such Laws exists, or comes into existence, during the Term or a Renewal Term of this Agreement, then the Laws shall control and this Agreement shall be deemed modified accordingly.

b. This Agreement may be renegotiated at the request of PCS with the consent of the Client, which consent shall not be unreasonably withheld, in the event that any alteration in the Laws (including, but not limited to, a rate change mandated by a federal, state or local regulatory authority) adversely affects PCS's ability to fulfill its financial obligations under this Agreement. Should renegotiation be agreed upon, both parties agree to renegotiate the Agreement in good faith as to the provisions affected by the alteration in the Laws. If the parties fail to successfully agree upon renegotiated provisions within ninety (90) days after the renegotiations begin, either party may terminate the Agreement on sixty (60) days' notice to the other party in writing.

12. INMATE TELEPHONE EQUIPMENT LEASING

Client acknowledges and agrees that PCS may enter into one or more lease transactions for some or all of the Equipment within the Facility. In each such case, a third party will purchase the Equipment as lessor and PCS will lease the Equipment as lessee. In the event the Equipment is leased, Client agrees to provide such documentation as may reasonably be required by the lessor and PCS. Such documentation may include, but shall not be limited to, an acknowledgment and waiver and/or lessor waiver, all in the form reasonably acceptable to the lessor. Client acknowledges and agrees that an Equipment lessor may require that UCC Financing Statements be filed regarding the Equipment owned and leased by such lessor.



13. NOTICES

Notices required by this Agreement may be personally delivered to PCS or Client, or may be delivered by, together, facsimile and first class mail postage prepaid, addressed to the appropriate party at the address set forth below. If delivered by facsimile and first class mail, delivery will be deemed made on the date of sending of the facsimile transmission.

PCS: Public Communications Services, Inc.
11859 Wilshire Boulevard, Suite 600
Los Angeles, CA 90025
Attn: Tommie E. Joe, President & Chief Operating Officer
Phone: (310) 954-3037
Fax No.: (310) 954-2118
Email: tommie.joe@teampcs.com

Client: Winnebago County
404 Elm Street, Room 202
Rockford, IL
Attn: Sally Claassen
Phone: (815) 319-4380
Fax No.: (815) 319-4381
Email: sclaassen@wincoil.us

14. MISCELLANEOUS

a. Successors, Subsidiaries and Assigns. This Agreement shall bind and inure to the benefit of the principals, agents, representatives, subsidiaries, successors, heirs and assigns of the parties hereto.

b. Governing Law and Venue. This Agreement is made and entered into in this State of Illinois, and shall in all respects be interpreted, enforced and governed by and under the laws of the State of Illinois. The exclusive venue for any proceedings or actions, except for proceedings or actions to obtain injunctive relief, arising directly or indirectly from this Agreement shall be in the County of Winnebago, State of Illinois.

c. Severability. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement or application of such provision to any person or circumstance shall, to any extent, be or become invalid or unenforceable, the remainder of this Agreement, or the application of any such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected by such invalidity or unenforceability, unless such provision or such application of such provision is essential to this Agreement.

d. Entire Agreement. The parties acknowledge that no other person or any agent or attorney of any other individual or entity has made any promise, representation or warranty whatsoever, express, implied or statutory, not contained herein, concerning the subject matter hereof, to induce the execution of this Agreement, and each signatory hereby acknowledges that it has not executed this Agreement in reliance upon any such promise, representation or warranty. This Agreement represents the entire agreement between the parties and supersedes all prior negotiations,



representations or agreements between the parties, either written or oral on the subject hereof.

e. Modification In Writing. This Agreement may be amended or modified only by a written instrument designated as an amendment to this Agreement, and executed by the parties hereto.

f. Assignment. PCS may assign its rights under this Agreement with the written consent of Client to the assignment. No assignment shall relieve PCS of its obligations to Client nor diminish Client's rights under this Agreement, unless so stated in a written agreement executed by Client.

g. Force Majeure. If the performance of this Agreement or any obligation hereunder is interfered with by reason of any circumstances beyond the reasonable control of the party affected, including without limitation fire, explosion, power failure or acts of God; war, civil commotion or acts of public enemies, any law, order, regulation, ordinance or requirement of any government or legal body or any representative of any such government or legal body, labor unrest, including without limitation, strikes, slow downs, picketing or boycotts, then the party affected shall be excused from such performance to the extent that such interference prevents, delays or hampers performance and the other party shall likewise be excused from performance of its obligations provided that the parties so affected shall use reasonable efforts to remove such causes of non-performance.

h. Limit on Liability. Except as expressly provided for in this Agreement, the liability of any party in connection with this Agreement shall be limited to the economic losses of the injured party caused by the other party's injurious action or inaction. In no event may punitive or exemplary damages be sought or awarded by either party as to any claim or cause of action.

i. Interpretation.

i. Neither of the parties hereto shall be deemed the drafter of this Agreement for purposes of construing its provisions. The language in all parts of this Agreement shall be construed according to its fair meaning, and not strictly for or against any of the parties hereto.

ii. The headings preceding each of the sections, paragraphs, or sub-paragraphs in this Agreement are for convenience only and shall not be considered in the construction or interpretation of this Agreement.

iii. Whenever the context so requires in this Agreement, all words used in the singular shall be construed to have been used in the plural (and vice versa), each gender shall be construed to include other genders, and the word "person" shall be construed to include a natural person, a governmental entity, a corporation, a firm, a limited liability company, a partnership, a joint venture, a trust, and estate, or any other entity.

j. Execution of Agreement.

i. For purposes of execution of this Agreement, the parties agree that facsimile signatures shall have the same force and effect as original signatures.


ii. This Agreement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with the other executed counterparts, shall constitute one Agreement, which shall be binding upon and effective as to all parties.



CLIENT:

WINNEBAGO COUNTY

By: 
Its: Sheriff of Winnebago
County

By: 
Its: Winnebago County
Board Chairman

PCS:

PUBLIC COMMUNICATIONS
SERVICES, INC.

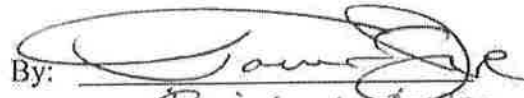
By: 
Its: President & COO

EXHIBIT A

Equipment*

Inmate Phones:

Workstations:

CPE:

*** The actual amount and specifics of each item of Equipment will be determined based upon PCS' site visit to each Facility.**



EXHIBIT C

Call Rates for First Year of Contract

Call Rates – Collect*

COLLECT CALL RATES		
	Connect	Rate/Minute
Local	\$3.00	\$0.25/minute
Intralata	\$3.00	\$0.25/minute
Interlata	\$3.00	\$0.25/minute
InterState	\$3.00	\$0.25/minute

Call Rates – Prepaid*

PREPAID CALL RATES		
	Connect	Rate/Minute
Local	\$2.00	\$0.25/minute
Intralata	\$2.00	\$0.25/minute
Interlata	\$2.00	\$0.25/minute
InterState	\$2.00	\$0.25/minute

Call Rates – Debit*

DEBIT CALL RATES		
	Connect	Rate/Minute
Local	\$1.00	\$0.25/minute
Intralata	\$1.00	\$0.25/minute
Interlata	\$1.00	\$0.25/minute
InterState	\$1.00	\$0.25/minute
International	\$0.00	\$0.50/minute

***Rates do not include State, Federal and Local Taxes or Regulatory Fees**



EXHIBIT B

Facility

Winnebago County Sheriff's Department
650 W. State Street
Rockford, IL 61102

Winnebago County Juvenile Detention Center
5350 North Rock Drive
Rockford, IL 61108

A handwritten signature in black ink, appearing to be 'SAC', is located in the bottom right corner of the page.

EXHIBIT D

Call Rates after Year One of Contract Term

Call Rates – Collect*

COLLECT CALL RATES		
	Connect	Rate/Minute
Local	\$3.50	\$0.25/minute
Intralata	\$3.50	\$0.25/minute
Interlata	\$3.50	\$0.25/minute
InterState	\$3.50	\$0.25/minute

Call Rates – Prepaid*

PREPAID CALL RATES		
	Connect	Rate/Minute
Local	\$2.00	\$0.25/minute
Intralata	\$2.00	\$0.25/minute
Interlata	\$2.00	\$0.25/minute
InterState	\$2.00	\$0.25/minute

Call Rates – Debit*

DEBIT CALL RATES		
	Connect	Rate/Minute
Local	\$1.00	\$0.25/minute
Intralata	\$1.00	\$0.25/minute
Interlata	\$1.00	\$0.25/minute
InterState	\$1.00	\$0.25/minute
International	\$0.00	\$0.50/minute

***Rates do not include State, Federal and Local Taxes or Regulatory Fees**