

INMATE TELEPHONE SERVICES AGREEMENT

This Inmate Telephone Services Agreement ("Agreement") is made by and between Inmate Calling Solutions, LLC, d/b/a ICSolutions ("ICS"), having its principal place of business at 2200 Danbury Street, San Antonio, TX 78217, and **The GEO Group, Inc.** ("GEO") having its principal place of business at 621 NW 53rd Street, Suite 700, Boca Raton, FL 33487. This Agreement applies to the **South Bay Correctional Institution** (the "Facility").

1. **Term of Contract.** This Agreement is effective as of September 10, 2012 (the "Effective Date") and shall remain in full force and effect for an initial period of two (2) years. Thereafter, this Agreement may be renewed by GEO for up to two (2) successive periods of two (2) years by providing written notice to ICS at least sixty (60) days prior to such renewal. In the event GEO does not renew for such successive terms, then this Agreement shall automatically renew on a month-to-month basis until terminated by either party with sixty (60) days' written notice. The initial period and any renewal period may each be referred to herein as "Term".
 - a. **Termination for Convenience.** GEO shall have the right to terminate this Agreement, or any individual facility under this Agreement, for any reason or no reason at any time upon the giving of at least ninety (90) days prior written notice to the other party. In the event GEO exercises such right to terminate at will, then GEO shall reimburse ICS for the unamortized portion, based on a two-year expected term, of: a) \$105,000 for installation costs applicable to cell phone detection technology; and b) the amount, if any, applicable to the installation of an administrative phone system described below. Neither party shall otherwise be subject to any penalties or fines for termination under this provision.
2. **Equipment.** The term "Equipment" is defined herein as telephone sets, wiring, computer systems, and software, all as more fully described on Exhibit B, attached hereto. This Agreement applies to the provision of Equipment by ICS within space provided by GEO at the Facility for the locations listed on Exhibit A, attached hereto. All Equipment shall be installed by properly trained personnel and in a good, workmanlike manner. ICS will install, operate and maintain Equipment at no charge to GEO. Any Equipment of ICS installed upon the premises owned, leased or otherwise under the supervision of the Facility, shall remain in all respects the property of ICS. ICS reserves the right to remove or relocate Equipment, which is subjected to recurring vandalism or insufficient usage. ICS shall not exercise such right of removal or relocation unreasonably and, in any case with at least thirty (30) days prior notice to GEO. Upon removal of Equipment by ICS, ICS shall restore the premise to its original condition, ordinary wear and tear excepted. Upon termination of this Agreement, GEO shall immediately cease all use of any Equipment provided hereunder and shall provide reasonable access at the Facility for ICS to recover same.

It is expressly understood, ICS shall be responsible for any cost to maintain, replace or repair all wiring associated with all equipment furnished by ICS including but not limited to cell phone detection equipment referred to in paragraph 7.

ICS agrees to maintain the administrative phone system during the term of this Agreement. In the event GEO's client contract is extended, ICS agrees to reimburse, purchase, or install a new administrative phone system at the facility. The cost to ICS for such phone system shall not exceed \$85,000. Upon complete installation of the administrative phone system, GEO will extend the initial term of the Agreement to coincide with GEO's client contract extension.

3. **Alteration and Attachments.** GEO shall ensure that no party makes alterations or places any attachments to Equipment and that Equipment shall not be moved, removed, rendered inoperable or unusable, or made inaccessible to inmates or users without the express written consent of ICS.

4. **Training and Site Administrator.** ICS shall provide one full day of on-site training plus up to two hours of internet-based training at no cost to GEO. Additional training may be provided upon GEO's request based on availability and quotation from ICS. Upon execution of this Agreement, ICS will provide the Facility with a full-time, fully trained, on-site administrator at no cost to GEO. ICS must attain GEO's approval of the selection of the Site Administrator and ICS will not hire individuals currently or previously employed by GEO for the site administrator position unless prior approval is given by GEO. ICS shall request approval from the Warden of the facility, the Facility Business Manager, and the Eastern Regional Director of IS as to the selection of the ICS site administrator. GEO shall cause the foregoing approvals to not be unreasonably withheld or delayed.

Additionally, if the on-site administrator position is vacated and not filled by ICS within 15 days, ICS may be fined, at GEO's sole discretion, \$1,500.00 for every 15 day period thereafter the position remains vacant. The duties and responsibilities of the on-site administrator will include, but not be limited to:

- A. Maintain all databases associated with the ITS.
- B. Enter all PINs, PANs, blocked numbers, free numbers and any other new inmate calling information in the ITS.
- C. Receive and resolve inmate comments, grievances, and questions.
- D. Receive and resolve all administrative comments and questions, to include the unblocking of specified telephone numbers.
- E. On a monthly basis proactively provide preventative maintenance by reviewing the functionality of the ITS by performing a walk-through of the Facility, checking every phone to make sure the phones are operating properly.
- F. Upon GEO's request, provide necessary documentation and assistance for investigations.
- G. Upon GEO's request, provide monthly activity and/or maintenance reports for collect, debit and/or pre-paid usage.
- H. Report showing all ITS activity for service tickets, requests, etc. to be provided weekly to GEO and/or its Designated Agent.
- I. Other job duties within the scope of this Agreement as assigned.

5. **Call Rates.** ICS shall provide calling services to End-Users, on both a pre-paid and post-billed basis, at the rates and charges set forth on Exhibit C, attached hereto. Rates and charges shall not be modified without prior written approval from GEO, GEO shall not unreasonably withhold such approval if such rate changes are required to meet state or federal regulatory requirements. ICS shall give GEO 60 days written notice of any such requests.

6. **Commissions.** ICS will pay GEO the commission amounts set forth on Exhibit D, attached hereto (collectively the "Commissions"), in consideration of GEO granting ICS exclusive rights for the installation and operation of Equipment servicing the Facility. No Commissions shall be paid to GEO on amounts relating to taxes, regulatory surcharges such as universal service fund, or other fees and charges not included within the call charges.

ICS will pay Commissions to GEO on a monthly basis. ICS will make commission payments by the 15th day of the following month in which commissions are due. If ICS fails to pay commissions in a

timely manner, GEO may access a penalty of 1% per month. Such Commissions shall be sent to the address designated by GEO or wired to an account designated in writing by GEO for such purpose.

GEO agrees that all Commissions are subject to change based on changes that may be required by any policy, regulation or tariff of a state or federal regulatory body having jurisdiction over the public communications contemplated herein.

7. **Cell Phone Detection.** ICS shall provide, at no cost to GEO or the Facility, cell phone control technology as more fully described in the proposal attached hereto as Exhibit E.
8. **GEO shall:**
 - a. Advise ICS if the Facility location has been or may be closed.
 - b. Throughout the term of this Agreement, including any renewal terms, use ICS as its exclusive provider for all matters relating to inmate telephone services at the Facility.
 - c. Reasonably protect the Equipment against willful abuse and promptly report any damage, service failure or hazardous conditions to ICS.
 - d. Provide necessary power and power source, at no cost to ICS, and an operating environment with reasonable cooling consistent with general office use.
 - e. Provide suitable space and accessibility for inmates' use of telephone services.
 - f. Permit ICS to display reasonable signs furnished by ICS and not affix or allow to be affixed any other signs, equipment or information to the Equipment.
 - g. Permit reasonable access by ICS to the Facility as reasonably necessary for ICS to install, support and maintain the Equipment.
 - h. Comply with all federal, state and local statutes, rules, regulations, ordinances or codes governing or applicable to the telephone services offered by ICS.
9. **Law and Venue.** The domestic law of the State of Florida shall govern the construction, interpretation and performance of this Agreement and all transactions hereunder. All disputes hereunder shall be resolved exclusively in state or federal jurisdictions located in Palm Beach County of Florida.
10. **Notices.** Any notice or demand required hereunder shall be given or made by mail, postage prepaid, addressed to the respective party at the address first set forth above unless otherwise communicated in writing.
11. **Entire Agreement.** This Agreement constitutes the entire Agreement between the parties and may not be modified or amended other than by a written instrument executed by both parties. Any orders placed by GEO hereunder shall be incorporated herein by mutual consent of the parties and shall supplement but not supersede the provisions of this Agreement. This Agreement supersedes any prior written or oral understanding between the parties.
12. **Risk of Loss.** ICS shall relieve GEO of all risk of loss or damage to Equipment during the periods of transportation and installation of the Equipment. However, GEO shall be responsible for any loss or

damage to Equipment located at the Facility caused by fault of GEO including its employees, agents or representatives. The Equipment has been designed for use in a prison environment.

13. **Default.** In the event either party shall be in breach or default of any terms, conditions, or covenants of this Agreement and such breach or default shall continue for a period of thirty (30) days after the giving of written notice thereof by the other party, then, in addition to all other rights and remedies at law or in equity or otherwise, including recovering of attorney fees and court cost, the non-breaching party shall have the right to cancel this Agreement without charge or liability. The waiver of any default hereunder by either party shall not constitute, or be construed as, a waiver of any subsequent default.
14. **Assignment.** This Agreement may be transferred or assigned, in whole or in part, by ICS to any parent, successor, subsidiary, or affiliate of ICS. ICS may sub-contract any portion of its duties hereunder provided, however, it shall remain at all times responsible for such sub-contracted duties. This Agreement may otherwise only be transferred or assigned by a party with the written consent of the other party, which consent shall not be unreasonably withheld or delayed.
15. **Relationship.** The parties hereto are independent contractors and this Agreement shall not be construed as a contract of agency or employment. Each party shall be solely responsible for compliance with all laws, rules and regulations and payment of all wages, unemployment, social security and any taxes applicable to such party's employees. Each party represents and warrants that: (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation; (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate actions; (c) its performance hereunder shall be in compliance with applicable state and federal legal and regulatory requirements.
16. **Indemnification.** Each party shall indemnify, defend and hold harmless the other party from and against any and all claims, losses, injuries, or demands asserted by third parties (collectively "Claims") arising from the material breach, negligent acts or misconduct of such indemnifying party, its agents or employees, in the performance of any of its obligations hereunder. Except for the foregoing express indemnification, each party shall bear its own liability and costs of defense for any third party claims.
17. **Force Majeure.** Either party may suspend all or part of its obligations hereunder and such party shall not otherwise be held responsible for any damages, delays or performance failures caused by acts of God, events of nature, civil disobedience, military action or similar events beyond the reasonable control of such party.
18. **Severability.** If any of the provisions of this Agreement shall be deemed invalid or unenforceable under the laws of the applicable jurisdiction, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the parties shall be construed and enforced accordingly.
19. **Special ADA.** ICS will install Equipment in accordance with the Americans with Disabilities Act and any related federal, state and local regulations in effect at the time of installation. ICS shall make any alterations to the Equipment as necessary for its correct operation and/or compliance with applicable laws at no cost to GEO.
20. **Limitation of Liability.** IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY LOSS OF PROFITS, LOSS OF USE, LOSS OF GOODWILL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES REGARDLESS OF THE FORM OF ANY CLAIM, WHETHER IN CONTRACT OR IN TORT OR WHETHER FROM BREACH OF THIS AGREEMENT,

IRRESPECTIVE OF WHETHER SUCH PARTY HAS BEEN ADVISED OR SHOULD BE AWARE OF THE POSSIBILITY OF SUCH DAMAGES.

21. **Warranty.** Subject to GEO's compliance with its obligations hereunder, Equipment shall be free from defects in workmanship and material, shall conform to ICS' published specifications in effect on the date of delivery or as otherwise proposed to GEO in writing, and shall not infringe any patent or trademark. This warranty shall continue while Equipment is in operation at the Facility. GEO shall provide ICS with prompt written notification as to the specifics of any nonconformity or defect and ICS shall have a commercially reasonable timeframe to investigate such nonconformity or defect. As GEO's sole and exclusive remedy, ICS shall, at ICS' sole option and expense, either: (a) correct any nonconformities or defects which substantially impair the functionality of the Equipment in accordance with the aforesaid specifications; (b) use reasonable efforts to provide a work-around for any reproducible nonconformities or defects which substantially impair the functionality of the Equipment in accordance with the aforesaid specifications; (c) replace such nonconforming or defective Equipment; or (d) promptly refund any amounts paid to ICS by GEO with respect to such nonconforming or defective Equipment upon ICS receipt of such nonconforming or defective Equipment. ICS does not warrant that the operation of the Equipment shall be uninterrupted or error-free. No warranty is made with respect to the use of Equipment on or in connection with equipment or software not provided by ICS. Equipment may contain recycled, refurbished or remanufactured parts which are equivalent to new parts. ICS makes no warranties or representations that it will solve any problems or produce any specific results.

EXCEPT AS EXPRESSLY PROVIDED HEREIN, THERE ARE NO OTHER EXPRESS OR IMPLIED WARRANTIES AND ICS HEREBY DISCLAIMS ANY OTHER WARRANTIES INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE. THE FOREGOING SHALL BE THE SOLE AND EXCLUSIVE REMEDY WITH RESPECT TO NONCONFORMING OR DEFECTIVE EQUIPMENT AND SERVICES. NOTHING CONTAINED HEREIN SHALL OBLIGATE ICS TO ENHANCE OR MODIFY THE SERVICES OR EQUIPMENT BEYOND THE SUBSTANTIAL FUNCTIONALITY INITIALLY ACCEPTED, WHICH ACCEPTANCE SHALL BE DEEMED TO HAVE OCCURRED UPON THE GENERATION OF CALL REVENUE.

22. **No Hire/No Solicit.** During the term of this Agreement, and for a period of six (6) months thereafter, neither party shall solicit or hire the other party's employees, agents or representatives engaged by such party to perform work relating to this Agreement, without the express written consent of the other party with the exception of the site administrator working at the Facility.
23. **Confidentiality.** During the term of this Agreement, each party may disclose to the other certain proprietary information including, without limitation, trade secrets, know how, software, source code, techniques, future product plans, marketing plans, inventions, discoveries, improvements, financial data, business strategies and the terms of this Agreement (collectively, "Confidential Information") of a character identified by the disclosing party as confidential and that should reasonably have been understood by recipient, because of legends or markings, the circumstances of disclosure or the nature of the information itself, to be proprietary and confidential to the disclosing party. Each party and each of its employees or consultants to whom disclosure is made shall hold all Confidential Information in confidence, and shall not disclose such information to any third party or apply it to uses other than in connection with the performance of this Agreement. Each party shall use the same degree of care that it utilizes to protect its own information of a similar nature, but in any event not less than reasonable duty of care, to prevent the unauthorized use or disclosure of any Confidential Information. A recipient may not alter, decompile, disassemble, reverse engineer, or otherwise modify any Confidential Information received hereunder and the mingling of the Confidential Information with information of the recipient shall not affect the confidential nature or ownership of the same as provided hereunder. The obligations of this paragraph shall survive termination of this Agreement for a period of three (3) years.

This Agreement shall impose no obligation of confidentiality upon a recipient with respect to any portion of the Confidential Information received hereunder which is: (a) now or hereafter, through no unauthorized act or failure to act on recipient's part, becomes generally known or available; (b) lawfully known to the recipient without an obligation of confidentiality at the time recipient receives the same from the disclosing party, as evidenced by written records; (c) hereafter lawfully furnished to the recipient by a third party without restriction on disclosure; or (d) independently developed by the recipient without use of the disclosing party's Confidential Information.

Nothing in this Agreement shall prevent the receiving party from disclosing Confidential Information to the extent the receiving party is legally compelled to do so by any governmental or judicial agency having jurisdiction.

- 24. License to Use Software.** With respect to the Equipment provided under this Agreement, ICS hereby grants to GEO a nontransferable, nonexclusive license to install, store, load, execute, operate, utilize and display (collectively, "Use") the runtime versions of the Enforcer[®] software in performance of this Agreement including, where applicable to the purposes hereunder, such Use on computers owned by GEO. Such license is specific to the Facility only and may not be transferred other than through an authorized assignment of this Agreement. Upon the termination hereof, this license and all rights of GEO to Use the Enforcer[®] software will expire and terminate. GEO shall not transform, decompile, reverse engineer, disassemble or in any way modify any of the Enforcer[®] software or otherwise determine or attempt to determine source code from executable code of any elements of the Enforcer[®] software.
- 25. Third Party Software.** Third-party software licenses may be contained in certain software included with equipment and may therefore require a click-through acceptance by any users. Such software licenses are governed by their respective owners and each user shall be responsible for compliance therewith.
- 26. Taxes.** Except as expressly provided for herein, each party shall bear responsibility for its own taxes and such other costs and expenses arising in connection with the performance of their respective obligations hereunder. It is expressly understood, ICS is responsible for all taxes and fees associated with all inmate telephone services including but not limited to all sales taxes.
- 27. Insurance.** At all times during the Term of this Agreement, ICS shall maintain in effect the following types and amounts of insurance:

 - a. Employers' Liability Insurance: \$1,000,000 by accident/each accident; \$1,000,000 by disease/each employee; and \$1,000,000 by disease/policy limit.
 - b. Commercial General Liability Insurance with Bodily Injury Liability and Property Damage Liability Combined Single Limit: \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate; \$1,000,000 Personal Injury/ Advertising Injury.
 - c. Commercial Automobile Liability: \$1,000,000 Combined Single Limit Bodily Injury Property Damage.
 - d. Workers' Compensation: ICS shall comply with all applicable Workers' Compensation requirements.
 - e. ICS's coverage shown in subsections a through d, above, can be covered through primary and excess coverage.

All insurance policies (other than Worker's Compensation) hereunder shall name GEO as an additional insured, shall not be cancelable except upon thirty (30) days prior written notice to GEO, and shall be written as primary policies, not contributing with and not in excess of coverage which

GEO may carry, if any. ICS shall provide GEO with certificates evidencing the above coverage amounts prior to beginning provision of its services under this Agreement.

28. **Audits.** ICS shall maintain accurate books and records for the Facility (including, but not limited to, call records) during the Term of this Agreement and for one (1) year thereafter (the "Audit Period"). GEO and its representative shall have the right to inspect and audit any and all such records for any consecutive twelve (12) month period during the Audit Period; provided, however, ICS shall have the right to exclude its trade secrets from such audit.

Commission Audits: If an audit discloses an underpayment of Commissions by ICS for the period covered by the audit, ICS will immediately pay such deficiency, plus interest thereon from the date of such underpayment until repaid at the lesser of twelve percent (12%) per annum or the maximum rate allowed by law. If an audit discloses that ICS underpaid Commissions by more than three percent (3%) for the period covered by the audit, ICS shall also pay the reasonable costs of GEO's audit.

Rate Audits: If GEO designates an independent audit firm to conduct audits detailing call volume by Facility for the purpose of verifying that the appropriate rates are being charged and collected as indicated in the attached Facility exhibits, ICS agrees to pay the designated audit firm an amount not to exceed 2% of gross annual call revenues ("Audit Amount") per Facility to perform such an audit and report any deviations in the rates as attached herein. Notwithstanding anything to the contrary, ICS is only required to pay the Audit Amount for audits that occur during the prior 12 month period and ICS's payment will not exceed the Audit Amount under any circumstance. If an audit is not conducted in any prior 12 month period, there will be no amounts owed by ICS under this Section. Should such Facility audits reveal any deviations in agreed to rates, ICS shall make the necessary rate adjustments and apply any appropriate credits within 30 days of being notified of such rate discrepancies.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized representatives on the dates set forth below, and represent and warrant that they have full authority to execute this Agreement on behalf of their respective parties:

Inmate Calling Solutions, LLC, by

The GEO Group, Inc., by



(Signature)



(Signature)

Brendan Philbin

(Printed Name)

RONALD A. BRACK
VP & C.A.O. Controller

(Printed Name)
The GEO Group, Inc.

Vice President

(Title)

(Title)

9-4-12

(Date)

9/7/12

(Date)

EXHIBIT A – FACILITY LOCATIONS

Facility Name

Location Address

South Bay Facility

South Bay Correctional Institution
600 US Highway 27 South
South Bay, FL 33494
(561) 992-9505

EXHIBIT B – EQUIPMENT

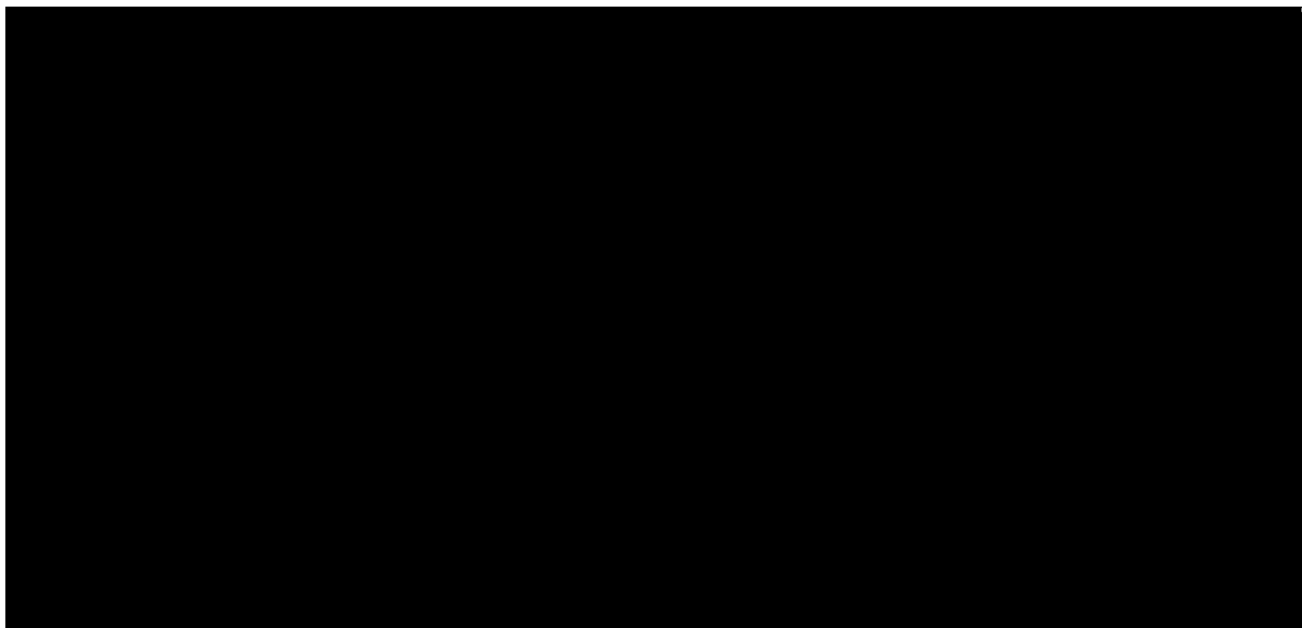


EXHIBIT C – CALL RATES & FEES

The following call rates, adopted from the Florida Dept. of Corrections, shall apply:

Collect Calling Rates		
<u>Call Type</u>	<u>Per Call Charge</u>	<u>Per Minute Charge</u>
Local	\$0.50	\$0.00
IntraLATA	\$1.20	\$0.04
InterLATA	\$1.20	\$0.04
Interstate	\$1.20	\$0.04

Prepaid & Debit Calling Rates		
<u>Call Type</u>	<u>Per Call Charge</u>	<u>Per Minute Charge</u>
Local	\$0.50	\$0.00
IntraLATA	\$1.02	\$0.04
InterLATA	\$1.02	\$0.04
Interstate	\$1.02	\$0.04
International	\$0.00	\$1.00

NOTES: All calls are rounded up in full minute increments. Domestic interstate rates apply for calls to U.S. territories including American Samoa, Guam, Northern Mariana Islands, Puerto Rico and U.S. Virgin Islands. All non-U.S. destinations are rated as international.

Call rates shown do not include local, county, state and federal taxes, regulatory fees and billing fees.

The following end-user fees shall apply:

Fee Type	Fee Amount	Applies To
Funding Fee	\$6.95 Per Funding Event	Prepaid Account
Bill Statement Fee	\$0.00 Waived	Collect Account
Refund Processing Fee	\$0.00 Waived	PrePaid & Debit Account
Other Fees	\$0.00 Waived	Collect, PrePaid & Debit Account

EXHIBIT D – COMMISSIONS

Commissions payable hereunder shall be at 35% of the gross call revenue with no deductions for any non-billable, uncollectable or end-user adjustments issued. Commission payments hereunder shall be mailed to GEO at the principle address shown in the opening recital of this Agreement.