

October 16, 2015



Charles L. Ryan  
Director, Arizona Department of Corrections  
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Phoenix, AZ 85007

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RE: Assignment of ASP-Kingman Prison Contract – Revised Proposal

Dear Director Ryan:

This is in response to your request for further clarification in GEO's Proposal to receive the assignment of the Kingman Prison Contract from the incumbent contractor to GEO Corrections and Detention, LLC. The following represents GEO's Best and Final Proposal.

- Accelerate the prisoner intake process and shorten GEO Phase-in.
- GEO would assume operations December 1, 2015.
- GEO agrees to receive 100 prisoners each week for three weeks, then taking a one week pause, each month, during the Phase-in months of December 2015 through March 2016.
- The prisoner intake acceleration would increase GEO's labor and operating costs substantially, thereby eliminating any projected GEO fee.
- Financial Assumptions:
  - Fixed prisoner ramp-up and phase-in schedule by ADC from December 2015 through March 2016; see an attached schedule indicating a November 30, 2015 prisoner census of 2,000.
  - Fixed monthly payments to GEO for:

December 2015:	\$3.9 million
January 2016:	\$4.5 million
February 2016:	\$5.0 million
March 2016:	\$5.8 million
  - April 2016: Pursuant to original contract (guaranteed minimum per diem of \$60.10 for 3,298 prisoners, incremental per diem of \$22.00 from 3,299 to 3,400 prisoners)

- GEO's pricing reflects the following:
  - A substantial start-up loss for GEO during the Phase-in period.
  - Acceptance of MTC's offer to pay GEO Corrections and Detention, LLC \$1 million for partial reimbursement of GEO start-up costs.
- GEO accepts the 5-year extension to the existing remaining 2 ½ year contract term with the understanding that ADC will support funding for a wage increase for the Kingman GEO staff, if and when ADC correctional staff receive a wage increase.
- Starting the first week of November 2015, GEO will have a Mobilization Team of approximately 15 individuals under the supervision of James Black, GEO's Western Regional Vice President.
- GEO will interview and give first consideration to all incumbent staff subject to background clearances.
- GEO commits, with MTC's full cooperation, to provide 80 hours of retraining for 20 incumbent staff (in two week sessions) twice in November resulting in 40 retrained staff. GEO trainers will use the prescribed 80-hour refresher training specified by ADC.
- Approximately five (5) incumbent supervisors per week, with MTC's full cooperation, will receive the 40-hour prescribed retraining stipulated by ADC by GEO Certified Trainers during November.
- GEO will complete the 80 hours of retraining for the remaining incumbent staff during the GEO Phase-in period, again using the ADC prescribed training curriculum.
- GEO acknowledges that for the years 2026 and 2027 the operator does not have debt service payments. It is very difficult to place value on this situation particularly since we have never encountered it previously. We sincerely feel that this provision will be modified/eliminated in the future by the Legislature, or even more likely as part of the facility debt refinancing. It will be advantageous to ADC to have those two years included in the term for the new refinancing.

GEO's ability to take over the operations at the Kingman facility effective December 1, 2015 and begin transition and retraining activities during the first week of November is dependent on adequate time for mobilization. Accordingly, we believe it is in the interest of all parties to move forward quickly on the Kingman contract assignment.

Thank you in advance for your consideration. If you should need any further information, please do not hesitate to contact me at (561) 893-0101 extension 7343 or via email at [dventurella@geogroup.com](mailto:dventurella@geogroup.com).

Sincerely,



David J. Venturella  
Senior Vice President, Business Development  
The GEO Group, Inc.

cc: John M. Hurley  
James Black

**4 MONTH RAMP UP SCHEDULE**  
**KINGMAN PHASE-IN ASSUMING 2,000 PRISONERS 11/30/15**

Month	Week	Inmates	Staff	
			On-site	NEW Training COTA
16-Nov-15				32
14-Dec-15				32
<b>30-Nov-15</b>		<b>2,000</b>		
1-Dec-15	1	2,100	450	
8-Dec-15	2	2,200		
15-Dec-15	3	2,300		
22-Dec-15	4	2,300		
29-Dec-15	5	2,400	482	
5-Jan-16	1	2,500		
12-Jan-16	2	2,600		
19-Jan-16	3	2,600	514	
26-Jan-16	4	2,700		35
2-Feb-16	1	2,800		
9-Feb-16	2	2,900		
16-Feb-16	3	2,900		
23-Feb-16	4	3,000	549	25
1-Mar-16	1	3,100		0
8-Mar-16	2	3,200		
15-Mar-16	3	3,200		
22-Mar-16	4	3,300		
29-Mar-16	5	3,400	574	