UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-16109

CORECIVIC, INC.

(Exact name of registrant as specified in its charter)

MARYLAND	**62-1763875**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

5501 VIRGINIA WAY, BRENTWOOD, TENNESSEE 37027
(Address and zip code of principal executive office)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (615) 263-3000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.01 per share	**CXW**	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.). Yes ☐ No ☒

The aggregate market value of the shares of the registrant's Common Stock held by non-affiliates was approximately $2,453,588,174 as of June 30, 2019 based on the closing price of such shares on the New York Stock Exchange on that day. The number of shares of the registrant's Common Stock outstanding on February 14, 2020 was 119,095,550.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive Proxy Statement for the 2020 Annual Meeting of Stockholders, currently scheduled to be held on May 14, 2020, are incorporated by reference into Part III of this Annual Report on Form 10-K.

CORECIVIC, INC.
FORM 10-K
For the fiscal year ended December 31, 2019

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K, or Annual Report, contains statements as to our beliefs and expectations of the outcome of future events that are forward-looking statements as defined within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. All statements other than statements of current or historical fact contained in this Annual Report, including statements regarding our future financial position, business strategy, budgets, projected costs and plans, and objectives of management for future operations, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "projects," "will," and similar expressions, as they relate to us, are intended to identify forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made in this Annual Report. These include, but are not limited to, the risks and uncertainties associated with:

- general economic and market conditions, including, but not limited to, the impact governmental budgets can have on our contract renewals and renegotiations, per diem rates, and occupancy;
- fluctuations in our operating results because of, among other things, changes in occupancy levels, competition, contract renegotiations or terminations, increases in costs of operations, fluctuations in interest rates, and risks of operations;
- changes in the privatization of the corrections and detention industry, the acceptance of our services, the timing of the opening of new facilities, and the commencement of new management contracts (including the extent and pace at which new contracts are utilized), as well as our ability to utilize available beds;
- our ability to obtain and maintain correctional, detention, and residential reentry facility management contracts because of reasons including, but not limited to, sufficient governmental appropriations, contract compliance, negative publicity and effects of inmate disturbances;
- increases in costs to develop or expand real estate properties that exceed original estimates, or the inability to complete such projects on schedule as a result of various factors, many of which are beyond our control, such as weather, labor conditions, cost inflation, and material shortages, resulting in increased construction costs;
- changes in government policy, legislation and regulations that affect utilization of the private sector for corrections, detention, and residential reentry services, in general, or our business, in particular, including, but not limited to, the continued utilization of the South Texas Family Residential Center by U.S. Immigration and Customs Enforcement, or ICE, under terms of the current contract, and the impact of any changes to immigration reform and sentencing laws. (Our company does not, under longstanding policy, lobby for or against policies or legislation that would determine the basis for, or duration of, an individual's incarceration or detention.);
- our ability to successfully identify and consummate future acquisitions and our ability to successfully integrate the operations of our completed acquisitions and realize projected returns resulting therefrom;
- our ability to meet and maintain qualification for taxation as a real estate investment trust, or REIT; and
- the availability of debt and equity financing on terms that are favorable to us, or at all.

Any or all of our forward-looking statements in this Annual Report may turn out to be inaccurate. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. Our statements can be affected by inaccurate assumptions we might make or by known or unknown risks, uncertainties and assumptions, including the risks, uncertainties, and assumptions described in "Risk Factors" included elsewhere in this Annual Report and in other reports, documents, and other information we file with the Securities and Exchange Commission, or the SEC, from time to time.

In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Annual Report may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. When you consider these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Annual Report, including in "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and "Risk Factors."

Our forward-looking statements speak only as of the date made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or circumstances or otherwise, except as required by law. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Annual Report.

PART I.

ITEM 1. BUSINESS.

Overview

We are a diversified government solutions company with the scale and experience needed to solve tough government challenges in flexible, cost-effective ways. Through three segments, CoreCivic Safety, CoreCivic Community, and CoreCivic Properties, we provide a broad range of solutions to government partners that serve the public good through corrections and detention management, a growing network of residential reentry centers to help address America's recidivism crisis, and government real estate solutions. We have been a flexible and dependable partner for government for more than 35 years. Our employees are driven by a deep sense of service, high standards of professionalism and a responsibility to help government better the public good.

Structured as a REIT, we are the nation's largest owner of partnership correctional, detention, and residential reentry facilities and one of the largest prison operators in the United States. We also believe we are the largest private owner of real estate used by U.S. government agencies. As of December 31, 2019, through our CoreCivic Safety segment, we operated 50 correctional and detention facilities, 43 of which we owned, with a total design capacity of approximately 73,000 beds. Through our CoreCivic Community segment, we owned and operated 29 residential reentry centers with a total design capacity of approximately 5,000 beds. In addition, through our CoreCivic Properties segment, we owned 28 properties for lease to third parties and used by government agencies, totaling 2.4 million square feet.

In addition to providing fundamental residential services, our correctional, detention, and residential reentry facilities offer a variety of rehabilitation and educational programs, including basic education, faith-based services, life skills and employment training, and substance abuse treatment. These services are intended to help reduce recidivism and to prepare offenders for their successful reentry into society upon their release. We also provide or make available to offenders certain health care (including medical, dental, and mental health services), food services, and work and recreational programs.

We are a Maryland corporation formed in 1983. Our principal executive offices are located at 5501 Virginia Way, Brentwood, Tennessee, 37027, and our telephone number at that location is (615) 263-3000. Our website address is www.corecivic.com. We make our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, definitive proxy statements, and amendments to those reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, available on our website, free of charge, as soon as reasonably practicable after these reports are filed with or furnished to the SEC. Information contained on our website is not part of this Annual Report.

We began operating as a REIT effective January 1, 2013. We provide services and conduct other business activities through taxable REIT subsidiaries, or TRSs. A TRS is a subsidiary of a REIT that is subject to applicable corporate income tax and certain qualification requirements. Our use of TRSs enables us to comply with REIT qualification requirements while providing correctional services at facilities we own and at facilities owned by our government partners and to engage in certain other business operations. A TRS is not subject to the distribution requirements applicable to REITs so it may retain income generated by its operations for reinvestment.

As a REIT, we generally are not subject to federal income taxes on our REIT taxable income and gains that we distribute to our stockholders, including the income derived from our real estate and dividends we earn from our TRSs. However, our TRSs will be required to pay income taxes on their earnings at regular corporate income tax rates.

As a REIT, we generally are required to distribute annually to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains). Our REIT taxable income will not typically include income earned by our TRSs except to the extent our TRSs pay dividends to the REIT.

Our ongoing operations are organized into three principal business segments:

- CoreCivic Safety segment, consisting of the 50 correctional and detention facilities that are owned, or controlled via a long-term lease, and managed by CoreCivic, as well as those correctional and detention facilities owned by third parties but managed by CoreCivic. CoreCivic Safety also includes the operating results of our subsidiary that provides transportation services to governmental agencies, TransCor America, LLC, or TransCor.
- CoreCivic Community segment, consisting of the 29 residential reentry centers that are owned, or controlled via a long-term lease, and managed by CoreCivic. CoreCivic Community also includes the operating results of our electronic monitoring and case management services.
- CoreCivic Properties segment, consisting of the 28 real estate properties owned by CoreCivic for lease to third parties and used by government agencies.

For the years ended December 31, 2019, 2018, and 2017, our total facility net operating income, which we define as a facility's revenues less operating expenses, was divided among our three business segments as follows:

	For the Years Ended December 31,		
	2019	2018	2017
Segment:			
Safety	85.2%	87.1%	90.0%
Community	5.0%	4.8%	4.4%
Properties	9.8%	8.1%	5.6%

Our customers primarily consist of federal, state, and local government agencies. Federal correctional and detention authorities primarily consist of ICE, the United States Marshals Service, or the USMS, and the Federal Bureau of Prisons, or the BOP. Payments by federal correctional and detention authorities represented 51%, 48%, and 48% of our total revenue for the years ended December 31, 2019, 2018, and 2017, respectively.

Our customer contracts for providing bed capacity and correctional, detention, and residential reentry services in our CoreCivic Safety and CoreCivic Community segments typically have terms of three to five years and contain multiple renewal options. Most of our facility contracts also contain clauses that allow the government agency to terminate the contract at any time without cause, and our facility contracts are generally subject to annual or bi-annual legislative appropriations of funds. Notwithstanding these termination clauses, the contract renewal rate for properties we owned and operated in these segments was 94% over the five years ended December 31, 2019. The government lease agreements in our CoreCivic Properties segment typically have terms of five to twenty years including renewal options, and generally have more restrictive termination clauses. At December 31, 2019, the lease agreements in our CoreCivic Properties segment had a weighted average lease term of 4.2 years remaining.

In our CoreCivic Safety and CoreCivic Community segments, we are compensated for providing bed capacity and correctional, detention, and residential reentry services at a per diem rate based upon actual or minimum guaranteed occupancy levels. Occupancy rates for a particular facility are typically low when first opened or immediately following an expansion. However, beyond the start-up period, which typically ranges from 90 to 180 days, the occupancy rate tends to stabilize. The average compensated occupancy of our correctional, detention, and residential reentry facilities, based on rated capacity was as follows for the years 2019, 2018, and 2017:

	2019	2018	2017
CoreCivic Safety facilities	82%	81%	80%
CoreCivic Community facilities	76%	80%	80%
Total	82%	81%	80%

The average compensated occupancy of our CoreCivic Safety and CoreCivic Community facilities, excluding idled facilities, was 93%, 93%, and 91% for the years 2019, 2018, and 2017, respectively.

In our CoreCivic Properties segment, we own properties for lease to third parties and used by government agencies where our occupancy percentage is based on leased square feet rather than bed capacity. The average occupancy of these facilities was as follows for the years 2019, 2018, and 2017:

	2019	2018	2017
Leased portfolio	99%	100%	100%

Operating Procedures and Offender Services for Correctional, Detention, and Residential Reentry Facilities

Pursuant to the terms of our customer contracts, we are responsible for the overall operations of our facilities, including staff recruitment, general administration of the facilities, facility maintenance, security, and supervision of the offenders. We are required by our customer contracts to maintain certain levels of insurance coverage for general liability, workers' compensation, vehicle liability, and property loss or damage. We also are required to indemnify our customers for claims and costs arising out of our operations and, in certain cases, to maintain performance bonds and other collateral requirements.

Reentry programs.

We believe a focus on inmate reentry provides great benefits for our communities – more people living healthy and productive lives and contributing to strong families and local economies. We have committed to evolving our model with an increased focus on reentry services, and we are working hard to equip the men and women in our care with the services, support, and resources they need to be successful upon reentry.

We provide a wide range of evidence-based reentry programs and activities in our facilities. At most of the facilities we manage, offenders have the opportunity to enhance their basic education from literacy through earning a high school equivalency diploma endorsed by their respective state. In some cases, we also provide opportunities for postsecondary educational achievements and chances to participate in college degree programs. A number of our facilities that care for non-U.S. citizens offer adult education curricula recognized by several nations to which these offenders may return, including a curriculum offered in conjunction with the Mexican government. We also provide the Adult Education in Spanish program for offenders with that specific language need.

For the offenders who are close to taking their high school equivalency exam (either the GED or the HiSET), we have invested in the equipment needed to use the GED/HiSET Academy software program, which is an offline software program providing over 200 hours of individualized lessons up to the 12th grade. The GED/HiSET Academy incorporates teaching best practices and provides an atmosphere to engage and motivate students to learn everything they need to know to pass the GED/HiSET exam. As an example of the impact we are having, during 2019, the number of offenders in our facilities who passed high school equivalency exams totaled 1,376. According to research from the independent RAND Corporation, "Evaluating the Effectiveness of Correctional Education" published in 2013, inmates who obtain GEDs while in prison are 30% less likely to return to prison.

In addition, we offer a broad spectrum of career/technical education opportunities to help individuals learn marketable job skills. Our trade programs are certified by the National Center for Construction Education and Research, or NCCER. NCCER establishes the curriculum and certification for over 4,000 construction and trade organizations. Graduates of these programs enter the job market with certified skills that significantly enhance employability. According to research conducted by the RAND Corporation published in 2013, inmates who complete vocational training are 28% more likely to find a job after release. During 2019, 5,136 offenders in facilities we manage earned career and technical education certificates.

We are proud of the educational programs we offer and intend to maintain and continue to develop such programs. Examples of programs we've recently offered include:

- In 2019, we partnered with Persevere, a national non-profit organization, to offer offenders at our Trousdale Turner facility in Tennessee an opportunity to learn software coding and job readiness/employability skills specific to the technology field. The instructor-led, self-paced program utilizes both a coding instructor and a Technology Employability Specialist to ensure students are learning the craft and how to obtain and maintain a job in the field, post-incarceration. Additionally, the program is split into two phases that allows students to become certified Front-end Developers (phase 1) and Full Stack Developers (phase 2) upon completion.
- In 2019, we increased our post-secondary educational offerings by growing our relationship with Ashland University, based in Ohio, to deliver college-level programming to offenders at our Jenkins, Wheeler, and Coffee correctional facilities in Georgia. This relationship allows enrollees to obtain an Associate's Degree in General Studies or a Bachelor's Degree in Communication Studies or Interdisciplinary Studies at no cost to them through Pell Grant funding. Students access coursework, tests, and interact with their instructors through a secure Learning Management System via a tablet computer.
- In late 2019, we launched a NCCER plumbing program at our Metro-Davidson County facility in Nashville, Tennessee in conjunction with a regional company in Tennessee that offers comprehensive services, including HVAC, plumbing, and electrical. The program is taught once a week by an instructor of the service company and we provide the space and materials. Upon completion of the plumbing program and release from the Metro-Davidson County facility, some of the students will be interviewed for placement in the service company's four-year training and leadership program in order for them to complete programming and become an apprentice plumber with the service company.
- In 2018, through a relationship with Fuel Education, a company that specializes in digital learning opportunities, we began offering an online Information Support and Services computer program at our Lee Adjustment Center in Kentucky. This program allows students to enhance their computer knowledge and was developed in coordination with the Commonwealth of Kentucky Department of Corrections, or KYDOC, our government partner at the Lee facility. Students who successfully complete the approximate 10-month program will be awarded a base National Occupational Competency Testing Institute, or NOCTI, credential with the opportunity to earn an advanced NOCTI credential in the future.
- In 2016, our Coffee and Wheeler facilities in Georgia implemented state-of-the-art Diesel Maintenance and Welding programs in coordination with the Georgia Department of Corrections, enabling students to earn trade certificates from nearby community colleges. As of December 31, 2019, these programs graduated 50 from the Diesel Maintenance program and 83 from the Welding program.

For those with assessed substance use disorders, we offer cognitive behavioral evidence-based treatment programs with proven clinical outcomes, such as the Residential Drug Abuse Program. We offer both therapeutic community models and intensive outpatient programs. We also offer drug and alcohol use education/DWI programs at some of our locations. Our goal in providing substance use treatment is to stimulate internal motivation for change and progress through the stages of change so that lasting behavioral change can occur. Our drug and alcohol education programs help participants understand their relationships with drugs and alcohol and the links between drug and alcohol use and crime, as well as assisting them in making better choices that can lead to healthier relationships in their lives. According to a study by the Florida State University College of Criminology and Criminal Justice, "An Assessment of Substance Abuse Treatment Programs in Florida's Prisons Using a Random Assignment Experimental Design" submitted to the National Institute of Justice, Office of Justice Programs, U.S. Department of Justice in 2016, inmates who completed addiction treatment in prison have significantly lower recidivism levels regardless of the treatment model used. In 2019, 1,900 offenders in our care completed substance use disorder programming.

Additional program offerings include our Victim Impact Programs, available at a number of our facilities, which seek to educate offenders about the negative effects their criminal conduct can have on others. Currently, 24 of our facilities have received training to offer Victim Impact Programs to offenders at both Safety and Community sites. In 2019, 1,247 offenders successfully completed Victim Impact Programs. All of our facility chaplains facilitate diverse and inclusive opportunities for those in our care to engage in the practice of spirituality and to exercise individual religious freedom. In several facilities, we offer faith-based programs with an emphasis on character development, spiritual growth, and successful reentry. Presently, we utilize Threshold, as an innovative, evidence-based inter-faith component of comprehensive reentry services. In 2019, 721 offenders in our care successfully completed the Threshold program.

Our Reentry and Life Skills programs prepare individuals for life after incarceration by teaching them how to successfully conduct a job search, how to manage their budget and financial matters, parenting skills, and relationship and family skills. Equally significant, we offer cognitive behavioral programs aimed at changing anti-social attitudes and behaviors in offenders, with a focus on altering the level of criminal thinking. In 2017, we introduced a comprehensive reentry strategy we call "Go Further", a forward thinking, process approach to reentry. "Go Further" encompasses all facility reentry programs, adds a proprietary cognitive/behavioral curriculum, and encourages staff and offenders to take a collaborative approach to assist in reentry preparation. "Go Further" is currently in place in 21 of our facilities, with plans to add additional facilities in 2020. In 2019, offenders in our care completed 5,355 cognitive/behavioral evidence-based journals in preparation for returning to their communities.

Across the country, our dedicated staff, along with the assistance of thousands of volunteers, work to provide guidance, direction, and post-incarceration services to the men and women in our care. We believe these critical reentry programs help fight the serious challenge of recidivism facing the United States.

Through our community corrections facilities, we provide an array of services to defendants and offenders who are serving their full sentence, the last portion of their sentence, waiting to be sentenced, or awaiting trial while supervised in a community environment. We offer housing and programs with a key focus on employment, job readiness, life skills and various substance abuse treatment programs, in order to help offenders successfully reenter their communities and reduce the risk of recidivism. In some of our community corrections facilities, we offer housing and program services to parolees who have completed their sentence but lack a viable reentry plan. Through a focus on employment and skill development, we provide a means for these parolees to successfully reintegrate into their communities.

In addition, we provide day-reporting and substance abuse treatment programs at some of our community corrections facilities. These programs, depending on the needs of the offender, can provide cognitive behavioral-based programs to assist in the offender's successful reentry while holding the individual accountable while living in the community.

Lastly, we also provide a number of non-residential correctional alternative services, including electronic monitoring and case management services, under our CoreCivic Community segment. Governmental customers use electronic monitoring products and services to monitor low risk offenders as a way to help reduce overcrowding in correctional facilities, as a monitoring and sanctioning tool, and to promote public safety by imposing restrictions on movement and serving as a deterrent for alcohol usage. Providing these non-residential services is a natural complement to our broad network of residential reentry facilities and can help keep individuals from going back to prison or being incarcerated in the first place.

Ultimately, the work we do is intended to give people the tools to reintegrate with their communities permanently. We are proud of the teachers, counselors, case managers, chaplains, and other offender support service professionals who provide these services to the men and women entrusted in our care.

To further underscore our long-term commitment to reducing recidivism, in October 2017, we announced that we launched a nationwide initiative to advocate for a range of government policies that will help former offenders successfully reenter society and stay out of prison. We believe that as successful as we may be with our work inside our facilities, offenders still face embedded societal barriers when they return to their communities. Supporting recidivism-reducing policies is one way we can bridge the gap and give the men and women entrusted in our care a better opportunity at never returning to prison. As part of the initiative, we apply government relations resources and expertise to advocate for the following policies:

- "Ban-the-Box" proposals to help improve former inmates' chances at getting a job;
- Reduced legal barriers to make it easier and less risky for companies to hire former inmates;
- Increased funding for reentry programs in areas such as education, addiction treatment, faith-based offerings, victim impact and post-release employment; and
- Social impact bond pilot programs that tie contractor payments to positive outcomes.

Operating guidelines.

The American Correctional Association, or ACA, is an independent organization comprised of corrections professionals that establishes accreditation standards for correctional and detention facilities around the world. Outside agency standards, such as those established by the ACA, provide us with the industry's most widely accepted operational guidelines. ACA accredited facilities must be audited and re-accredited at least every three years. We have sought and received ACA accreditation for 38, or approximately 95%, of the eligible facilities we operated as of December 31, 2019, excluding our residential reentry facilities and our Eden Detention Center and our Torrance County Detention Facility. We have not yet sought accreditation at the previously idled Eden and Torrance facilities because they were only recently activated, although we currently intend to pursue accreditation. During 2019, 14 of the facilities we manage were re-accredited by the ACA with an average score of 99.6%, making our portfolio average 99.6%.

Beyond the standards provided by the ACA, our facilities are operated in accordance with a variety of company and facility-specific policies and procedures, as well as various contractual requirements. Many of these policies and procedures reflect the high standards generated by a number of sources, including the ACA, the National Commission on Correctional Healthcare, the Occupational Safety and Health Administration, as well as federal, state, and local government codes and regulations and longstanding correctional procedures.

In addition, our facilities are operated in compliance with the Prison Rape Elimination Act, or PREA, standards, which became effective in August 2013. All confinement facilities covered under the PREA standards must be audited at least every three years to maintain compliance with the PREA standards. Covered facilities include adult prisons and jails, juvenile facilities, lockups (facilities housing detainees overnight), and community confinement facilities, whether operated by the United States Department of Justice, or DOJ, or by a state, local, corporate, or nonprofit authority. We utilize DOJ-certified PREA auditors to help ensure that all facilities operate in compliance with applicable PREA regulations.

Our facilities operate under these established standards, policies, and procedures, and also are subject to annual audits by our Quality Assurance Division, or QAD, which operates under, and reports directly to, our Office of General Counsel and independently from our Operations Division. Through the QAD, we have devoted significant resources to ensuring that our facilities meet outside agency and accrediting organization standards and guidelines.

The QAD employs a team of full-time auditors, who are subject matter experts from all major disciplines within institutional operations. Annually, without advance notice, QAD auditors conduct on-site evaluations of each CoreCivic Safety facility we operate using specialized audit tools, typically containing more than 1,000 audit indicators across all major operational areas. In most instances, these audit tools are tailored to facility and partner specific requirements. In addition, audit teams provide guidance to facility staff on operational best practices and assist staff with addressing specific areas of need, such as meeting requirements of new partner contracts and providing detailed training on compliance requirements for new departmental managers.

The QAD management team coordinates overall operational auditing and compliance efforts across all correctional, detention, and residential reentry facilities we manage. In conjunction with subject matter experts and other stakeholders having risk management responsibilities, the QAD management team develops performance measurement tools used in facility audits. The QAD management team provides governance of the corrective action plan process for any items of nonconformance identified through internal and external facility reviews. Our QAD also contracts with teams of ACA certified correctional auditors to evaluate compliance with ACA standards at accredited facilities. Similarly, the QAD routinely incorporates a review of facility compliance with key PREA regulations during annual audits of company facilities.

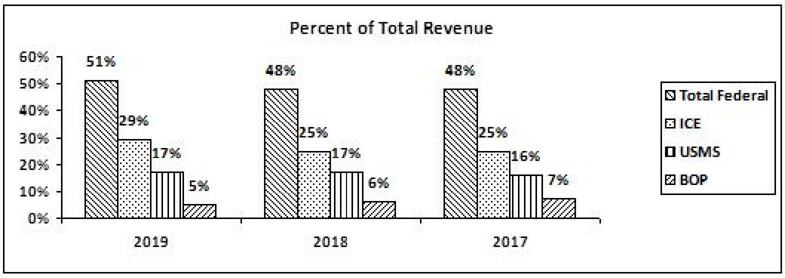
In addition to our own internal audit and contract compliance efforts, we are also subject to oversight by our government partners. As part of their standard monitoring and compliance programs, approximately 70% of our federal and state government partners conduct formal contract-compliance audits and inspections at least annually at CoreCivic Safety facilities. In addition to these annual audits of our facilities, many partners conduct additional area-specific operational audits and inspections on a more frequent basis, including monthly, quarterly, and semi-annually. Some of these audits and facility inspections by our partners are conducted on an unannounced basis. In 2019, our government partners conducted over 230 annual, semi-annual, quarterly, and monthly compliance audits and inspections at our CoreCivic Safety facilities. In addition, the majority of our federal and state government partners employ on-site contract monitors who monitor performance and contract compliance at our facilities on a full- or part-time basis. In 2019, approximately 84% of the CoreCivic Safety facilities we manage have an onsite contract monitor.

Business Development

We believe we own, or control via a long-term lease, approximately 58% of all privately owned prison beds in the United States, manage nearly 39% of all privately managed prison beds in the United States, and are currently the second largest private owner and provider of community corrections services in the nation. We also believe that we are the largest private owner of real estate used by U.S. government agencies. Under the direction of our partnership development department, we market our facilities and services to government agencies responsible for federal, state, and local correctional, detention, and residential reentry facilities in the United States. Under the direction of our real estate department, we intend to continue pursuing the acquisition and development of additional correctional, detention, and residential reentry facilities, as well as other government-leased real estate assets with a bias toward those used to provide mission-critical governmental services that we believe have a favorable investment return, diversify our cash flows, and increase value to our stockholders.

We execute cross-departmental efforts to market CoreCivic Safety solutions to government partners that seek corrections and detention management services, CoreCivic Community solutions to government partners seeking residential reentry services, and CoreCivic Properties solutions to customers that need real estate and maintenance services.

As indicated by the following chart, business from our federal customers, including primarily ICE, the USMS, and the BOP, continues to be a significant component of our business, although the source of revenue is derived from many contracts at various types of properties, i.e. correctional, detention, reentry, and leased. ICE and the USMS each accounted for 10% or more of our total revenue during the last three years.



Certain of our contracts with federal partners contain clauses that guarantee the federal partner access to a minimum bed capacity in exchange for a fixed monthly payment. However, these contracts also generally provide the government the ability to cancel the contract for non-appropriation of funds or for convenience. The solutions we provide to our federal customers continue to be a significant component of our business. We believe our ability to provide flexible solutions and fulfill emergent needs of our federal customers would be very difficult and costly to replicate in the public sector.

State revenues from contracts at correctional, detention, and residential reentry facilities that we operate constituted 34%, 39%, and 41% of our total revenue during 2019, 2018, and 2017, respectively, and decreased 4.7% from $706.8 million during 2018 to $673.4 million during 2019, largely due to declines in populations from the state of California, as further described in Management's Discussion and Analysis of Financial Condition and Results of Operations. No state partner accounted for 10% or more of our total revenue during these years.

Several of our state partners have experienced improvements in their budgets which has helped us secure recent per diem increases at certain facilities. Further, several of our existing state partners, as well as prospective state partners, are experiencing growth in offender populations and overcrowded conditions, are considering alternative correctional capacity for their aged and inefficient infrastructure, or are seeking cost savings by utilizing the private sector. Although we can provide no assurance that we will enter into any new contracts, we believe we are well positioned to provide states with needed bed capacity, as well as the programming and reentry services they are seeking. Since the beginning of 2018, we have completed the intake of new inmate populations as a result of new contracts with Kansas, Kentucky, Ohio, Nevada, South Carolina, and Vermont, while Wyoming began utilizing an existing contract it had not utilized in nearly a decade. In January 2020, we signed a new management contract with Mississippi.

We believe the long-term growth opportunities of our business remain attractive as government agencies consider their emergent needs, as well as the efficiency and offender programming opportunities we provide, as flexible solutions to satisfy our partners' needs. Further, we expect our partners to continue to face challenges in maintaining old facilities, developing new facilities, and expanding current facilities for additional capacity, which could result in increased future demand for the solutions we provide.

We believe that we can further develop our business by, among other things:

- Maintaining and expanding our existing customer relationships and filling existing beds within our facilities, while maintaining an adequate inventory of available beds that we believe provides us with flexibility and a competitive advantage when bidding for new management contracts;
- Enhancing the terms of our existing contracts and expanding the services we provide under those contracts;
- Pursuing additional opportunities to lease our facilities to government and other third-party operators in need of correctional, detention, and residential reentry capacity;
- Pursuing mission-critical real estate solutions for government agencies including, but not limited to, corrections and detention real estate assets;

- Pursuing other asset acquisitions and business combinations through transactions with non-government third parties;
- Maintaining and expanding our focus on community corrections and reentry programming that align with the needs of our government partners;
- Pursuing additional opportunities that expand the scope of non-residential correctional alternative solutions we provide to government agencies; and
- Establishing relationships with new customers that have either previously not outsourced their correctional facility management needs or have utilized other private enterprises.

We generally receive inquiries from or on behalf of government agencies that are considering outsourcing the ownership and/or management of certain facilities or that have already decided to contract with a private enterprise. When we receive such an inquiry, we determine whether there is an existing need for our correctional, detention, and residential reentry facilities and/or services and whether the legal and political climate in which the inquiring party operates is conducive to serious consideration of outsourcing. Based on these findings, an initial cost analysis is conducted to further determine project feasibility.

Frequently, government agencies responsible for correctional, detention, and residential reentry facilities and services procure space and services through solicitations or competitive procurements. As part of our process of responding to such requests, members of our management team meet with the appropriate personnel from the agency making the request to best determine the agency's needs. If the project fits within our strategy, we submit a written response. A typical solicitation or competitive procurement requires bidders to provide detailed information, including, but not limited to, the space and services to be provided by the bidder, its experience and qualifications, and the price at which the bidder is willing to provide the facility and services (which services may include the purchase, renovation, improvement or expansion of an existing facility or the planning, design and construction of a new facility). The requesting agency selects a provider believed to be able to provide the requested bed capacity, if needed, and most qualified to provide the requested services, and then negotiates the price and terms of the contract with that provider.

2019 Accomplishments

In 2019, we entered into a number of new contracts, renewed several other significant contracts, and completed numerous other transactions and milestones, including the following:

CoreCivic Safety:

- 1,376 offenders in our care passed high school equivalency exams, 5,136 earned career and technical education certificates, 1,900 completed substance use disorder programming, 1,247 completed Victim Impact Programs, 721 completed the Threshold program, and 5,355 completed cognitive/behavioral evidence-based journals in our "Go Further" program in preparation for successfully returning to their communities.

- Increased our post-secondary educational offerings by growing our relationship with Ashland University, based in Ohio, to deliver college-level programming to offenders at our Jenkins, Wheeler, and Coffee facilities in Georgia. This relationship allows enrollees to obtain an Associate's Degree in General Studies or Bachelor's Degree in Communication Studies or Interdisciplinary Studies at no cost to them through Pell Grant funding.
- Introduced a new computer coding program at our Trousdale Turner Correctional Center in Hartsville, Tennessee. The program is offered by Persevere, a national nonprofit organization, and provides an opportunity for those in our care at the facility to learn software coding and job readiness/employability skill specific to the technology field. Students participating in the new program take classes and earn industry certifications, which helps prepare them to find and maintain jobs in the technology field, post-incarceration.
- Executed a new contract with ICE to care for up to 2,348 adult detainees at our Adams County Correctional Center in Mississippi. The new management contract has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement.
- Executed a new contract with ICE to activate our 910-bed Torrance County Detention Facility in New Mexico. The Torrance facility had previously been idle since 2017. The new management contract has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement.
- Executed a new contract with the USMS to activate our 1,422-bed Eden Detention Center in Texas. The Eden facility had previously been idle since 2017. The new management contract, which also permits ICE to utilize capacity at the facility at any time in the future, has an indefinite term.
- Executed a new contract with the Kansas Department of Corrections, or KDOC, to care for offenders at our Saguaro Correctional Facility. The new management contract has an initial term of one year, with two additional one-year extension options upon mutual agreement. The new contract with the KDOC also provides that, upon mutual agreement, we may transfer offenders held under the contract to another correctional facility that we operate.
- Completed the $39.0 million, 512-bed expansion of our Otay Mesa Detention Center in California and extended the contract with the federal government through December 2034, including two five-year extension options. The expansion was a result of long-standing demand from the USMS and ICE, and limited detention capacity in the Southwest region of the United States. Both the USMS and ICE currently utilize the Otay Mesa facility under an existing contract that enables both agencies to utilize the additional capacity.

CoreCivic Community:

- Completed the integration of Rocky Mountain Offender Management Systems, LLC into Recovery Monitoring Solutions Corporation, which provides non-residential correctional alternatives, including electronic monitoring and case management services, to municipal, county, and state governments in multiple states. This integration strengthens our focus on rehabilitation and recidivism and completes the spectrum of correctional services we offer to government agencies.
- Completed the acquisition of the South Raleigh Reentry Center, a 60-bed residential reentry center in Raleigh, North Carolina. In connection with the acquisition, we provide reentry services for both male and female residents under custody of the BOP.
- Completed the acquisition of certain assets of Rehabilitation Services, Inc., resulting in the addition of two residential reentry centers in Virginia. The Ghent Residential Reentry Center, a 36-bed residential reentry center in Norfolk, Virginia and the James River Residential Reentry Center, an 84-bed residential reentry center in Newport News, Virginia, provide reentry services for residents under custody of the BOP. The residential reentry facilities can also serve an additional 34 home confinement clients on behalf of the BOP.

CoreCivic Properties:

- Completed the acquisition of a 37,000 square-foot office building in Detroit, Michigan that was built-to-suit for the state of Michigan's Department of Health and Human Services, or MDHHS, in 2002. The property is 100% leased to the Michigan Department of Technology, Management and Budget, or MDTMB, on behalf of MDHHS through June 2028, and includes one six-year renewal option at the sole discretion of the MDTMB.
- Entered into a lease with the KYDOC for our previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky, formerly known as the Southeast Kentucky Correctional Facility. The lease is expected to commence in mid-2020 and has an initial term of ten years and includes five two-year renewal options.
- Continued construction of the new Lansing Correctional Facility in Kansas, and in December 2019, began accepting offenders into the 512-bed minimum security complex ahead of schedule, with the remaining 1,920-bed medium/maximum security complex completed in January 2020.

Corporate and Other:

- Issued our first Environmental, Social and Governance, or ESG, report which details how we are helping to tackle the national crisis of recidivism and provides quantified evidence of progress being made toward company-wide reentry goals. We are the first company in our industry to release an ESG report, demonstrating our commitment to transparency and accountability.
- Partnered with other leaders in the private sector corrections and detention industry to launch the "Day 1 Alliance", or D1A, a newly formed trade and advocacy organization. The D1A is a unified voice dedicated to educating Americans on the small but valued role the private sector plays in addressing corrections and detention challenges in the United States. The D1A will not advocate on policies, regulations, or legislation that impact the basis for or duration of an individual's incarceration or detention.
- Entered into a new $250.0 million Senior Secured Term Loan B, or Term Loan B, which bears interest at the London Interbank Offered Rate, or LIBOR, plus 4.50%, with a 1.00% LIBOR floor (or, at our option, a base rate plus 3.50%), and has a five-year maturity. Proceeds from the issuance of the Term Loan B were used to partially fund the early redemption of the $325.0 million in aggregate principal amount of 4.125% senior notes due in April 2020, or the 4.125% Senior Notes.

Facility Portfolio

CoreCivic Safety and Community Facilities and Facility Management Contracts

Our correctional, detention, and residential reentry facilities can generally be classified according to the level(s) of security at such facility. Minimum security facilities have open housing within an appropriately designed and patrolled institutional perimeter. Medium security facilities have either cells, rooms or dormitories, a secure perimeter, and some form of external patrol. Maximum security facilities have cells, a secure perimeter, and external patrol. Multi-security facilities have various areas encompassing minimum, medium or maximum security.

Our CoreCivic Safety and Community facilities can also be classified according to their primary function. The primary functional categories are:

- *Correctional Facilities*. Correctional facilities care for and provide contractually agreed upon programs and services to sentenced adult prisoners, typically prisoners on whom a sentence in excess of one year has been imposed.
- *Detention Facilities*. Detention facilities care for and provide contractually agreed upon programs and services to (i) individuals being detained by ICE, (ii) individuals who are awaiting trial who have been charged with violations of federal criminal law (and are therefore in the custody of the USMS) or state criminal law, and (iii) prisoners who have been convicted of crimes and on whom a sentence of one year or less has been imposed.
- *Residential Facilities.* Residential facilities provide space and residential services in an open and safe environment to adults with children who have been detained by ICE and are awaiting the outcome of immigration hearings. As contractually agreed upon, residential facilities offer services including, but not limited to, educational programs, medical care, recreational activities, counseling, and access to religious and legal services.
- *Community Corrections.* Community corrections/residential reentry facilities offer housing and programs to offenders who are serving the last portion of their sentence or who have been assigned to the facility in lieu of a jail or prison sentence, with a key focus on employment, job readiness, and life skills.

As of December 31, 2019, through our CoreCivic Safety segment, we operated 50 correctional and detention facilities, 43 of which we owned and managed and seven of which we managed, but were owned by our government partners. Through our CoreCivic Community segment, we also owned and managed 29 residential reentry centers. Owned and managed facilities include facilities placed into service that we own or control via a long-term lease and manage. The following table includes certain information regarding each facility, including the term of the primary customer contract related to such facility.

Facility Name	Primary Customer	Design Capacity (A)	Security Level	Facility Type (B)	Term	Remaining Renewal Options (C)
CoreCivic Safety Facilities:						
Safety - Owned and Managed:						
Central Arizona Florence Correctional Complex Florence, Arizona	USMS	4,128	Multi	Detention	Sep-23	(1) 5 year
Eloy Detention Center Eloy, Arizona	ICE	1,500	Medium	Detention	Indefinite	—
La Palma Correctional Center Eloy, Arizona	ICE	3,060	Multi	Detention	Indefinite	—
Red Rock Correctional Center (D) Eloy, Arizona	State of Arizona	2,024	Medium	Correctional	Jul-26	(2) 5 year
Saguaro Correctional Facility Eloy, Arizona	State of Hawaii	1,896	Multi	Correctional	Jun-20	(1) 1 year
Leo Chesney Correctional Center Live Oak, California	—	240	—	—	—	—
Otay Mesa Detention Center San Diego, California	ICE	1,994	Minimum/ Medium	Detention	Dec-24	(2) 5 year
Bent County Correctional Facility Las Animas, Colorado	State of Colorado	1,420	Medium	Correctional	Jun-20	—
Crowley County Correctional Facility Olney Springs, Colorado	State of Colorado	1,794	Medium	Correctional	Jun-20	—
Huerfano County Correctional Center Walsenburg, Colorado	—	752	Medium	Correctional	—	—
Kit Carson Correctional Center Burlington, Colorado	—	1,488	Medium	Correctional	—	—
Coffee Correctional Facility (E) Nicholls, Georgia	State of Georgia	2,312	Medium	Correctional	Jun-20	(14) 1 year

Facility Name	Primary Customer	Design Capacity (A)	Security Level	Facility Type (B)	Term	Remaining Renewal Options (C)
Jenkins Correctional Center (E) Millen, Georgia	State of Georgia	1,124	Medium	Correctional	Jun-20	(15) 1 year
McRae Correctional Facility McRae, Georgia	BOP	1,978	Medium	Correctional	Nov-20	(1) 2 year
Stewart Detention Center Lumpkin, Georgia	ICE	1,752	Medium	Detention	Indefinite	—
Wheeler Correctional Facility (E) Alamo, Georgia	State of Georgia	2,312	Medium	Correctional	Jun-20	(14) 1 year
Leavenworth Detention Center Leavenworth, Kansas	USMS	1,033	Maximum	Detention	Dec-21	(1) 5 year
Lee Adjustment Center Beattyville, Kentucky	Commonwealth of Kentucky	816	Multi	Correctional	Jun-20	(1) 1 year
Marion Adjustment Center St. Mary, Kentucky	—	826	Minimum/ Medium	Correctional	—	—
Prairie Correctional Facility Appleton, Minnesota	—	1,600	Medium	Correctional	—	—
Adams County Correctional Center Adams County, Mississippi	ICE	2,232	Medium	Detention	Aug-24	Indefinite
Tallahatchie County Correctional Facility (F) Tutwiler, Mississippi	USMS	2,672	Multi	Correctional	Jun-20	Indefinite
Crossroads Correctional Center (G) Shelby, Montana	State of Montana	664	Multi	Correctional	Jun-21	(1) 2 year
Nevada Southern Detention Center Pahrump, Nevada	USMS	1,072	Medium	Detention	Sep-20	(2) 5 year
Elizabeth Detention Center Elizabeth, New Jersey	ICE	300	Minimum	Detention	Aug-20	(1) 1 year
Cibola County Corrections Center Milan, New Mexico	USMS	1,129	Medium	Detention	Indefinite	—
Northwest New Mexico Correctional Center Grants, New Mexico	State of New Mexico	596	Multi	Correctional	Jun-20	—
Torrance County Detention Facility Estancia, New Mexico	ICE	910	Multi	Detention	May-24	Indefinite

Facility Name	Primary Customer	Design Capacity (A)	Security Level	Facility Type (B)	Term	Remaining Renewal Options (C)
Lake Erie Correctional Institution (H) Conneaut, Ohio	State of Ohio	1,798	Medium	Correctional	Jun-32	Indefinite
Northeast Ohio Correctional Center Youngstown, Ohio	State of Ohio	2,016	Medium	Correctional	Jun-32	Indefinite
Cimarron Correctional Facility (I) Cushing, Oklahoma	State of Oklahoma	1,692	Multi	Correctional	Jun-20	—
Davis Correctional Facility (I) Holdenville, Oklahoma	State of Oklahoma	1,670	Multi	Correctional	Jun-20	—
Diamondback Correctional Facility Watonga, Oklahoma	—	2,160	Multi	Correctional	—	—
Shelby Training Center Memphis, Tennessee	—	200	—	—	—	—
Trousdale Turner Correctional Center Hartsville, Tennessee	State of Tennessee	2,552	Multi	Correctional	Jan-21	—
West Tennessee Detention Facility Mason, Tennessee	USMS	600	Multi	Detention	Sep-21	(4) 2 year
Whiteville Correctional Facility (J) Whiteville, Tennessee	State of Tennessee	1,536	Medium	Correctional	Jun-21	—
Eden Detention Center Eden, Texas	USMS	1,422	Medium	Correctional	Indefinite	—
Houston Processing Center Houston, Texas	ICE	1,000	Medium	Detention	Mar-20	—
Laredo Processing Center Laredo, Texas	ICE	258	Minimum/ Medium	Detention	Jul-23	Indefinite
South Texas Family Residential Center Dilley, Texas	ICE	2,400	—	Residential	Sep-21	—
T. Don Hutto Residential Center Taylor, Texas	ICE	512	Medium	Detention	Mar-20	(2) 2 month
Webb County Detention Center Laredo, Texas	ICE	480	Medium	Detention	Feb-23	—

Facility Name	Primary Customer	Design Capacity (A)	Security Level	Facility Type (B)	Term	Remaining Renewal Options (C)
Safety - Managed Only:						
Citrus County Detention Facility Lecanto, Florida	Citrus County, FL	760	Multi	Detention	Sep-20	Indefinite
Lake City Correctional Facility Lake City, Florida	State of Florida	893	Medium	Correctional	Jun-20	Indefinite
Marion County Jail Indianapolis, Indiana	Marion County, IN	1,030	Multi	Detention	Dec-27	—
Hardeman County Correctional Facility Whiteville, Tennessee	State of Tennessee	2,016	Medium	Correctional	Jun-24	—
Metro-Davidson County Detention Facility Nashville, Tennessee	Davidson County, TN	1,348	Multi	Detention	Jul-20	—
Silverdale Facilities Chattanooga, Tennessee	Hamilton County, TN	1,046	Multi	Detention	Sep-21	(4) 4 year
South Central Correctional Center Clifton, Tennessee	State of Tennessee	1,676	Medium	Correctional	Jun-20	—

Facility Name	Primary Customer	Design Capacity (A)	Security Level	Facility Type (B)	Term	Remaining Renewal Options (C)
CoreCivic Community Facilities:						
Oracle Transitional Center Tucson, Arizona	—	92	—	Community Corrections	—	—
CAI Boston Avenue San Diego, California	State of California	120	—	Community Corrections	Jun-24	—
CAI Ocean View San Diego, California	BOP	483	—	Community Corrections	May-20	(1) 1 year
Adams Transitional Center Denver, Colorado	Adams County	102	—	Community Corrections	Jun-20	—
Arapahoe Community Treatment Center Englewood, Colorado	Arapahoe County	135	—	Community Corrections	Jun-20	—
Boulder Community Treatment Center (K) Boulder, Colorado	Boulder County	69	—	Community Corrections	Jan-20	—
Centennial Community Transition Center Englewood, Colorado	Arapahoe County	107	—	Community Corrections	Jun-20	—
Columbine Facility Denver, Colorado	Denver County	60	—	Community Corrections	Jun-20	—
Commerce Transitional Center Commerce City, Colorado	Adams County	136	—	Community Corrections	Jun-20	—
Dahlia Facility Denver, Colorado	Denver County	120	—	Community Corrections	Jun-20	—
Fox Facility and Training Center Denver, Colorado	Denver County	90	—	Community Corrections	Jun-20	—
Henderson Transitional Center Henderson, Colorado	Adams County	184	—	Community Corrections	Jun-20	—
Longmont Community Treatment Center Longmont, Colorado	Boulder County	69	—	Community Corrections	Jun-20	—
Ulster Facility Denver, Colorado	Denver County	90	—	Community Corrections	Jun-20	—
South Raleigh Reentry Center Raleigh, North Carolina	BOP	60	—	Community Corrections	Sep-20	—

Facility Name	Primary Customer	Design Capacity (A)	Security Level	Facility Type (B)	Term	Remaining Renewal Options (C)
Carver Transitional Center Oklahoma City, Oklahoma	State of Oklahoma	494	—	Community Corrections	Jun-20	(2) 1 year
Oklahoma City Transitional Center Oklahoma City, Oklahoma	State of Oklahoma	200	—	Community Corrections	Jun-20	(2) 1 year
Tulsa Transitional Center Tulsa, Oklahoma	State of Oklahoma	390	—	Community Corrections	Jun-20	(2) 1 year
Turley Residential Center Tulsa, Oklahoma	—	289	—	Community Corrections	—	—
Austin Residential Reentry Center Del Valle, Texas	BOP	116	—	Community Corrections	Apr-20	(4) 1 year
Austin Transitional Center Del Valle, Texas	State of Texas	460	—	Community Corrections	Aug-20	—
Corpus Christi Transitional Center Corpus Christi, Texas	State of Texas	160	—	Community Corrections	Aug-21	(3) 2 year
Dallas Transitional Center Hutchins, Texas	State of Texas	300	—	Community Corrections	Aug-20	—
El Paso Multi-Use Facility El Paso, Texas	State of Texas	360	—	Community Corrections	Aug-20	—
El Paso Transitional Center El Paso, Texas	State of Texas	224	—	Community Corrections	Aug-20	—
Fort Worth Transitional Center Fort Worth, Texas	State of Texas	248	—	Community Corrections	Aug-20	—
Ghent Residential Reentry Center Norfolk, Virginia	BOP	36	—	Community Corrections	Feb-20	(2) 1 year
James River Residential Reentry Center Newport News, Virginia	BOP	84	—	Community Corrections	Feb-20	(2) 1 year
Cheyenne Transitional Center Cheyenne, Wyoming	State of Wyoming	116	—	Community Corrections	Jun-20	(2) 1 year

(A) Design capacity measures the number of beds, and accordingly, the number of offenders each facility is designed to accommodate. Facilities housing detainees on a short-term basis may exceed the original intended design capacity due to the lower level of services required by detainees in custody for a brief period. From time to time, we may evaluate the design capacity of our facilities based on the customers using the facilities, and the ability to reconfigure space with minimal capital outlays. We believe design capacity is an appropriate measure for evaluating the operations in our CoreCivic Safety and CoreCivic Community segments, because the revenue generated by each facility is based on a per diem or monthly rate per offender cared for at the facility paid by the corresponding contracting governmental entity.

(B) We manage numerous facilities that have more than a single function (i.e., housing both long-term sentenced adult prisoners and pre-trial detainees). The primary functional categories into which facility types are identified was determined by the relative size of offender populations in a particular facility on December 31, 2019. If, for example, a 1,000-bed facility cared for 900 adult offenders with sentences in excess of one year and 100 pre-trial detainees, the primary functional category to which it would be assigned would be that of correctional facilities and not detention facilities. It should be understood that the primary functional category to which multi-user facilities are assigned may change from time to time.

(C) Remaining renewal options represents the number of renewal options, if applicable, and the term of each option renewal.

(D) Pursuant to the terms of a contract awarded by the state of Arizona in September 2012, the state of Arizona has an option to purchase the Red Rock facility at any time during the term of the contract, including extension options, based on an amortization schedule starting with the fair market value and decreasing evenly to zero over the 20-year term of the contract.

(E) These facilities are subject to purchase options held by the Georgia Department of Corrections, or GDOC, which grants the GDOC the right to purchase the facility for the lesser of the facility's depreciated book value, as defined, or fair market value at any time during the term of the contract between the GDOC and us.

(F) The facility is subject to a purchase option held by the Tallahatchie County Correctional Authority which grants Tallahatchie County Correctional Authority the right to purchase the facility at any time during the contract at a price generally equal to the cost of the premises less an allowance for amortization originally over a 20-year period. The amortization period was extended through 2050 in connection with an expansion completed during the fourth quarter of 2007.

(G) The state of Montana has an option to purchase the facility generally at any time during the term of the contract with us at fair market value less the sum of a pre-determined portion of per-diem payments made to us by the state of Montana.

(H) The state of Ohio has the irrevocable right to repurchase the facility before we may resell the facility to a third party, or if we become insolvent or are unable to meet our obligations under the management contract with the state of Ohio, at a price generally equal to the fair market value.

(I) These facilities are subject to purchase options held by the Oklahoma Department of Corrections, or ODOC, which grants the ODOC the right to purchase the facility at its fair market value at any time during the term of the contract with ODOC.

(J) The state of Tennessee has the option to purchase the facility in the event of our bankruptcy, or upon an operational or financial breach under the management agreement, at a price equal to the book value, as determined under such agreement.

(K) The contract at this facility expired on January 7, 2020, and was not renewed. The facility was leased from a third-party and the lease also terminated in January 2020.

CoreCivic Properties

Through our CoreCivic Properties segment, we owned 28 properties for lease to third parties and used by government agencies. We calculate annualized lease income as annualized contractual base rent for the last month in a specified period, plus the annualized straight line rent adjustments for the last month in such period and the annualized net expense reimbursements earned by us for the last month in such period. The following table includes certain information regarding each property.

Property Name	Primary Customer	Property Type (A)	Tenant Lease Expiration Year (B)	Leasable Square Feet	Annualized Lease Income (in thousands)	Percentage of Total Annualized Lease Income	Annualized Lease Income per Leased Square Foot
ICE-Fayetteville Fayetteville, Arkansas	GSA - U.S. Immigration and Customs Enforcement	GL	2027	5,000	$ 127	0.2%	$ 26
SSA-Harrison Harrison, Arkansas	GSA - Social Security Administration	GL	2022	11,000	$ 303	0.4%	$ 26
SSA-Hot Springs Hot Springs, Arkansas	GSA - Social Security Administration	GL	2025	11,000	$ 277	0.4%	$ 25
California City Correctional Center California City, California	State of California	C	2020 (C)	522,000	$ 31,480	41.2%	$ 60
Long Beach Community Corrections Center Long Beach, California	The GEO Group, Inc.	CC	2025	16,000	$ 849	1.1%	$ 54
Stockton Female Community Corrections Facility Stockton, California	WestCare California, Inc.	CC	2020 (D)	15,000	$ 180	0.2%	$ 12
Capital Commerce Center Tallahassee, Florida	State of Florida - Florida Dept. of Business & Professional Regulation	GL	2028 (E)	261,000	$ 5,909	7.7%	$ 23
Augusta Transitional Center Augusta, Georgia	Georgia Department of Corrections	CC	2020 (F)	29,000	$ 484	0.6%	$ 17
SSA-Milledgeville Milledgeville, Georgia	GSA - Social Security Administration	GL	2030	9,000	$ 167	0.2%	$ 19
Southeast Correctional Complex (G) Wheelwright, Kentucky	Commonwealth of Kentucky Department of Corrections	C	2030 (H)	127,000	$ —	—	$ —

Property Name	Primary Customer	Property Type (A)	Tenant Lease Expiration Year (B)		Leasable Square Feet	Annualized Lease Income (in thousands)		Percentage of Total Annualized Lease Income	Annualized Lease Income per Leased Square Foot	
SSA-Baltimore Baltimore, Maryland	GSA - Social Security Administration	GL	2034		541,000	$	23,378	30.6%	$	43
MDHHS-Detroit Detroit, Michigan	Michigan Department of Technology, Management and Budget	GL	2028	(I)	37,000	$	955	1.3%	$	26
SSA-Florissant St Louis, Missouri	GSA - Social Security Administration	GL	2021		12,000	$	271	0.4%	$	22
IRS-Greenville Greenville, North Carolina	GSA - Internal Revenue Service	GL	2024		13,000	$	248	0.3%	$	22
SSA-Rockingham Rockingham, North Carolina	GSA - Social Security Administration	GL	2025		8,000	$	742	1.0%	$	97
NARA-Dayton Dayton, Ohio	GSA - National Archives & Records Administration	GL	2023	(J)	217,000	$	1,915	2.5%	$	9
North Fork Correctional Facility Sayre, Oklahoma	State of Oklahoma	C	2021	(C)	466,000	$	7,258	9.5%	$	16
SSA-McAlester McAlester, Oklahoma	GSA - Social Security Administration	GL	2021		9,000	$	222	0.3%	$	26
SSA-Poteau Poteau, Oklahoma	GSA - Social Security Administration	GL	2022		6,000	$	155	0.2%	$	25
Broad Street Residential Reentry Center Philadelphia, Pennsylvania	—	CC	—		18,000	$	—	—	$	—
Roth Hall Residential Reentry Center Philadelphia, Pennsylvania	—	CC	—		18,000	$	—	—	$	—
Walker Hall Residential Reentry Center Philadelphia, Pennsylvania	—	CC	—		18,000	$	—	—	$	—
DHS-Chattanooga Chattanooga, Tennessee	GSA - Department of Homeland Security	GL	2020		5,000	$	140	0.2%	$	29
DHS-Knoxville Knoxville, Tennessee	GSA - Department of Homeland Security	GL	2019		5,000	$	144	0.2%	$	30
SSA-Balch Springs Balch Springs, Texas	GSA - Social Security Administration	GL	2033		16,000	$	466	0.6%	$	29

Property Name	Primary Customer	Property Type (A)	Tenant Lease Expiration Year (B)	Leasable Square Feet	Annualized Lease Income (in thousands)	Percentage of Total Annualized Lease Income	Annualized Lease Income per Leased Square Foot
SSA-Bryan Bryan, Texas	GSA - Social Security Administration	GL	2022	10,000	$ 281	0.4%	$ 29
SSA-Denton Denton, Texas	GSA - Social Security Administration	GL	2026	10,000	$ 274	0.4%	$ 29
SSA-Marshall Marshall, Texas	GSA - Social Security Administration	GL	2029	7,000	$ 158	0.2%	$ 34
Total / Weighted Average				2,422,000	$ 76,383	100.0%	$ 34

(A) GL=Government-Leased; C=Correctional; CC=Community Corrections.
(B) The year of lease expiration does not include renewal options, but does include the soft term, where applicable. All leases with renewal options are noted in the following footnotes to this table.
(C) Lease contains indefinite renewal options.
(D) Lease contains one five-year renewal option.
(E) Lease contains two five-year renewal options.
(F) Lease contains three one-year renewal options.
(G) The KYDOC has an option to purchase the facility at any time during the term of the lease with us at a price equal to the fair market value of the property.
(H) Lease contains five two-year renewal options.
(I) Lease contains one six-year renewal option.
(J) Lease contains two ten-year renewal options.

Development Projects

As more fully described hereafter, on January 24, 2018, we entered into a 20-year lease agreement with the Kansas Department of Corrections, or KDOC, for a 2,432-bed correctional facility to be constructed in Lansing, Kansas. We commenced construction of the facility in the first quarter of 2018 and, as of December 31, 2019, we had capitalized $137.7 million associated with the construction project. In December 2019, the Lansing facility began accepting offenders into the 512-bed minimum security complex ahead of schedule, with the remaining 1,920-bed medium/maximum security complex completed in January 2020, for a total cost of approximately $155.0 million. This transaction represents the first development of a privately owned, build-to-suit correctional facility to be operated by a government agency through a long-term lease agreement. We will be responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas.

Competitive Strengths

Through our three segments, CoreCivic Safety, CoreCivic Community, and CoreCivic Properties, we offer multiple solutions to unique challenges, allowing government organizations to address their various needs while customizing the solution based on their unique circumstances. Accordingly, we believe that we benefit from the following competitive strengths:

Largest Private Owner of Real Estate used by Government Agencies. As of December 31, 2019, we owned, or controlled via a long-term lease, approximately 16.1 million square feet of real estate, all used directly or indirectly by government agencies, which we believe makes us the largest private owner of real estate used by U.S. government agencies. Our complementary set of business assets provide critical infrastructure and services under contracts with federal, state, and local government agencies that generally have credit ratings of single-A or better, which also contributes to our steady, predictable cash flows.

In our CoreCivic Safety segment, we own, or control via a long-term lease, 13.0 million square feet of real estate used to provide innovative, comprehensive, flexible, turn-key correctional and detention services to federal, state and local government agencies. As of December 31, 2019, our CoreCivic Safety segment operated 50 facilities, 43 of which we owned, with a total design capacity of 72,689 beds, making us the nation's largest private prison owner and one of the largest prison operators in the United States. Five of our prison facilities were idle as of December 31, 2019, containing 6,826 beds, and are available for growth opportunities. Our CoreCivic Safety segment generated 85.2% of our total facility net operating income during 2019.

In our CoreCivic Community segment, we own, or control via a long-term lease, 0.7 million square feet of real estate representing, as of December 31, 2019, 29 residential reentry centers with a design capacity of 5,394 beds, making us the second largest community corrections owner and operator in the United States. Our CoreCivic Community segment generated 5.0% of our total facility net operating income during 2019.

In our CoreCivic Properties segment, as of December 31, 2019, we owned 2.4 million square feet of real estate representing 28 properties that are for lease to third parties and used by government agencies. Our CoreCivic Properties segment generated 9.8% of our total facility net operating income during 2019. In January 2020, we completed the acquisition of a portfolio of 28 additional properties containing an aggregate of 445,000 square feet.

We believe our synergistic set of business segments, combined with our operating strategies, corrections-industry commitment to rehabilitation, extensive government relationships, and deep real estate expertise, provide us with a diversified platform for stable cash flows and sustainable growth, with multiple paths for organic expansions and acquisitions.

First and Largest Private Prison Owner. Through our CoreCivic Safety segment, we are the nation's largest private prison owner and one of the largest prison operators in the United States, which provides us significant credibility with our current and prospective clients. We believe we own, or control via a long-term lease, approximately 58% of all privately owned prison beds in the United States and manage nearly 39% of all privately managed prison beds in the United States. We pioneered modern-day private prisons with a list of notable accomplishments, such as:

- the first company to design, build, and operate a private prison;
- the first company to manage a private maximum-security facility under a direct contract with the federal government;
- the first company to purchase a government-owned correctional facility from a government agency in the United States and to manage the facility for the government agency;
- the first company to lease a private prison to a state government; and
- the first company to develop a privately-owned, build-to-suit correctional facility to be operated by a government agency through a long-term lease agreement.

In addition to providing us with extensive experience and institutional knowledge, our size also helps us deliver value to our customers by providing purchasing power and allowing us to achieve certain economies of scale.

ESG Accountability. In 2019, we issued our first ESG report which summarizes our activities in three key areas: our environmental impact, our social responsibility commitments, and our corporate governance. The report covers the year ended December 31, 2018, and details how we are helping to tackle the national crisis of recidivism and provides quantified evidence of progress being made toward company-wide reentry goals. The report showcases our advancement toward our reentry goals in five key programming areas: Educational Services, Treatment and Behavioral Programs, Reentry Services, Chaplaincy and Religious Services, and Victim Impact Programs. In addition, the ESG report informs our stakeholders on our initiation of a strategic energy management program and provides information on "green" design elements in new and existing facilities. The report also gives stakeholders a picture of how we govern ourselves by discussing our leadership structure and critical issues like political giving; our human rights policy; supplier diversity; charitable giving; veterans hiring programs; PREA compliance; ethics; and workforce rights, compensation, benefits, training and diversity.

The ESG report was prepared with reference to selected Global Reporting Initiative, or GRI, standards issued by the Global Sustainability Standards Board. GRI is an international independent standards organization created to help business, government and other organizations understand and communicate how their operations affect issues of global importance, such as human rights, corruption and climate change. In conducting the ESG materiality assessment contained in the report, we also considered the relevance and impact of our actions toward the United Nations Sustainable Development Goals, or UN SDGs, which were established in 2015 as a blueprint for addressing global societal challenges with measures that promote good health and well-being, clean and affordable energy, decent work and economic growth, climate action, and peace and justice We are the first company in our industry to release an ESG report, demonstrating our commitment to transparency and accountability.

The ESG report may be accessed on our website under "Social Responsibility." The information included in the ESG report is not incorporated by reference into this Annual Report.

Available Beds within Our Existing Facilities. As of December 31, 2019, we had approximately 6,800 beds at five prison facilities that are vacant and immediately available to use. We are actively engaged in marketing this available capacity as solutions to meet the needs of potential customers. Historically, we have been successful in substantially filling our inventory of available beds. For example, pursuant to a new management contract we executed in November 2017, the KYDOC began utilizing our 816-bed Lee Adjustment Center in Kentucky, one of our previously idled prison facilities, in the first quarter of 2018. More recently, in the second quarter of 2019, we announced that we entered into new contracts under inter-governmental service agreements, or IGSAs, with ICE at our previously idled 910-bed Torrance County Detention Facility in New Mexico and with the USMS at our previously idled 1,422-bed Eden Detention Center in Texas. The activations of these two facilities were both completed in the third quarter of 2019.

Available bed capacity can also be used for emergent needs. For example, during January 2020, we entered into an emergency ninety-day contract with the state of Mississippi to care for up to 375 inmates at our Tallahatchie County Correctional Facility, as the state of Mississippi was experiencing significant challenges in its correctional system. The contract allows the state of Mississippi to utilize additional available beds at the facility based on their evolving needs. This emergency contract exemplifies how critically important it is for state and federal partners to have access to our real estate assets and associated service offerings to meet their unexpected needs. Our Tallahatchie facility provided immediate capacity for the state of Mississippi to move a portion of its close-custody inmate population, which we believe quickly improved the safety and security of their correctional system.

Well-Established Community Corrections Platform. Through our CoreCivic Community segment, as of December 31, 2019, we had a network of 29 residential reentry centers containing a total of 5,394 beds. We offer housing and programs, with a key focus on employment, job readiness and life skills in order to help offenders successfully re-enter the community and reduce the risk of recidivism. We also provide non-residential correctional alternatives, including electronic monitoring and case management services, to municipal, county and state governments in multiple states. We expect to continue to pursue opportunities that expand the scope of non-residential correctional alternative solutions available to government agencies.

We are the second largest community corrections owner and operator in the United States. We believe this recognition, along with our track record of successful acquisitions and the relationships we have established with owners and potential sellers of reentry facilities, provides us with a platform for further growth and allows us to continue to be an industry consolidator. In addition, we believe the demand for the housing and programs that community corrections facilities offer will continue to grow as offenders are released from prison and due to an increased awareness of the important role these programs play in an offender's successful transition from prison to society. We expect to continue to pursue opportunities to acquire additional community corrections facilities in order to provide these services to parolees, defendants, and offenders who are serving their full sentence, the last portion of their sentence, waiting to be sentenced, awaiting trial while supervised in a community environment, or as an alternative to incarceration. We also believe we have the opportunity to maximize utilization of available beds within our community corrections portfolio that would further increase the number of individuals benefiting from the services we provide in such facilities.

Flexible Real Estate Solutions and Attractive Real Estate Portfolio. Through our CoreCivic Properties segment, as of December 31, 2019, we owned 28 properties for lease to third parties and used by government agencies, totaling 2.4 million square feet. In January 2020, we completed the acquisition of a portfolio of 28 additional properties containing an aggregate of 445,000 square feet. We offer an extensive network of government relationships and the capability to manage and maintain complex properties, built over our 35-year history. In addition, we offer our customers an attractive portfolio of correctional, detention, and reentry facilities that can be leased for various needs as an alternative to providing "turn-key" correctional, detention, and residential reentry bed space and services to our government partners. In December 2019, we entered into a lease with the KYDOC for our previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky. The lease is expected to commence in mid-2020 and has an initial term of ten years and includes five two-year renewal options. The lease of this facility, along with the lease of our 2,400-bed North Fork Correctional Facility to the ODOC originating in 2016 and the lease of our California City Correctional Center to the California Department of Corrections and Rehabilitation originating in 2013, exemplify our ability to react quickly to our partners' needs with innovative and flexible solutions that make the best use of taxpayer dollars. We previously operated these three correctional facilities for various state and federal partners. We intend to pursue additional opportunities to lease prison facilities to government and other third-party operators in need of correctional capacity.

On January 24, 2018, we entered into a 20-year lease agreement with the KDOC for a 2,432-bed correctional facility to be constructed in Lansing, Kansas. We commenced construction of the facility in the first quarter of 2018. In December 2019, the Lansing facility began accepting offenders into the 512-bed minimum security complex ahead of schedule, with the remaining 1,920-bed medium/maximum security complex completed in January 2020. The new facility replaces the Lansing Correctional Facility, Kansas' largest correctional complex for adult male inmates, originally constructed in 1863. This transaction represents the first development of a privately owned, build-to-suit correctional facility to be operated by a government agency through a long-term lease agreement. We will be responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas. With the extensively aged criminal justice infrastructure in the U.S. today, we believe we can bring our flexible solutions like this to other government agencies.

Further, through multiple acquisitions during 2018 and 2019, we added approximately 1.2 million square feet to our portfolio of assets that are leased to third parties and used by government agencies. We intend to pursue additional opportunities to acquire government-leased assets, including residential reentry centers, with a bias toward those used to provide mission-critical governmental services, that we believe have favorable investment returns, diversify our cash flows, and increase value to our stockholders. On January 6, 2020, we announced that we completed the acquisition of a portfolio of 28 properties, all of which are leased to the federal government through the General Services Administration, or GSA. The 445,000 square foot portfolio serves numerous federal agencies, including primarily the Social Security Administration, the Department of Homeland Security, and the Office of Hearings Operations. The 28-property portfolio is strategically located throughout the mid-south, complementing our existing real estate footprint, and each property was built-to-suit for its federal tenant.

Attractive REIT Profile. The breadth and size of our real estate portfolio make us an attractive REIT. As of December 31, 2019, we owned or controlled 100 facilities containing approximately 16.1 million square feet which, for the year ended December 31, 2019, generated 98% of our facility net operating income. Land and buildings comprise approximately 89% of our gross fixed assets. The weighted average age of our portfolio of facilities in our CoreCivic Safety, CoreCivic Community, and CoreCivic Properties segments is 20, 27, and 20 years, respectively. These valuable assets are located in areas with high barriers to entry, particularly due to the unique permitting and zoning requirements for these facilities. Further, the majority of our assets are constructed primarily of concrete and steel, generally requiring lower maintenance capital expenditures than other types of commercial properties.

We believe we are the largest developer of mission-critical, criminal justice center real estate projects over the past 15 years. We also believe we are the largest private owner of real estate used by government agencies. We provide space and services under contracts with federal, state, and local government agencies that generally have credit ratings of single-A or better. In addition, a majority of our contracts have terms between one and five years, and we have experienced customer retention of approximately 94% at facilities we owned and operated during the previous five years, which contributes to our relatively predictable and stable revenue base. This stream of revenue combined with our low maintenance capital expenditure requirement translates into steady, predictable cash flow. We believe our REIT structure also provides a high dividend yield to our shareholders compared with other investments.

Offer Compelling Value to Correctional Agencies. We believe our government partners seek a compelling value and service offering when selecting an outsourced correctional services provider. We believe we offer a cost-effective alternative to our government partners by reducing their correctional services costs, including the avoidance of long-term pension obligations and large capital investments in new prison beds. We endeavor to improve operating performance and efficiency through the following key operating initiatives: (1) standardizing supply and service purchasing practices and usage; (2) implementing a standard approach to staffing and business practices; (3) improving offender management, resource consumption, and reporting procedures through the utilization of numerous technological initiatives; (4) reconfiguring facility bed space to optimize capacity utilization; and (5) improving productivity. Through ongoing company-wide initiatives, we continue to focus on efforts to contain costs and improve operating efficiencies.

In 2017, we launched a nationwide initiative to advocate for a range of government policies that will help former offenders successfully reenter society and stay out of prison. Through our strong commitment to community corrections and reentry programs, we offer our government partners additional long-term value. Our evidence-based reentry programs, including academic education, vocational training, substance abuse treatment, life skills training, and faith-based programming, are customizable based on partner needs and are applied utilizing best practices and/or industry standards. Our proprietary reentry process and cognitive/behavioral curriculum, "Go Further", promotes a comprehensive approach to addressing the barriers to a successful return to society. Through our efforts in community corrections and reentry programs, we can provide consistency and common standards across facilities. We can also serve multiple levels of government on an as-needed basis, all toward reaching the goal we share with our government partners of providing offenders with the opportunity to succeed when they are released, making our communities safer, and, ultimately, reducing recidivism.

We also offer a wide variety of specialized services that address the unique needs of various segments of the offender population. Because the offenders in the facilities we operate differ with respect to security levels, ages, genders, and cultures, we focus on the particular needs of an offender population and tailor our services based on local conditions and our ability to provide services on a cost-effective basis.

We believe our government partners and other agencies in the criminal justice sector also seek a compelling value and service offering when pursuing solutions to their unique real estate needs. We believe our track record of constructing quality assets on time and within budget, our design and construction methods, unique financing alternatives, and our expertise and experience enable us to provide a compelling value proposition for the construction of mission-critical government real estate assets. We also believe our robust preventive maintenance program included in our service offering significantly reduces the risk of real estate neglect. We also offer utility management services using environmentally-friendly, state-of-the-art technology.

Acquisitions, Development, and Expansion Opportunities. Several of our existing federal and state partners, as well as prospective state partners, are experiencing growth in offender populations and overcrowded conditions, are considering alternative correctional capacity for their aged or inefficient infrastructure, or are seeking cost savings by utilizing the private sector. Competing budget priorities often impede our customers' ability to construct new prison beds of their own or update older facilities, which we believe could result in further need for private sector prison capacity solutions in the long-term. Over the long-term, we would like to see meaningful utilization of our available capacity and better visibility from our customers into their potential future needs before we develop new prison capacity on a speculative basis. We will, however, respond to customer demand and may develop or expand correctional and detention facilities when we believe potential long-term returns justify the capital deployment, such as the recent expansion of our Otay Mesa Detention Center. We expanded the Otay Mesa facility by 512 beds as a result of long-standing demand from the USMS and ICE and limited detention capacity in the Southwest region of the United States. The expansion was completed during the third quarter of 2019. Both the USMS and ICE currently utilize the Otay Mesa Detention Center under an existing contract that enables both agencies to utilize the additional capacity.

We are also pursuing additional investment opportunities in other real estate assets with a bias toward those used to provide mission-critical governmental services, as well as other businesses that expand the range of solutions we provide to government partners, and expect to complete additional acquisitions that would further diversify our cash flows and generate attractive risk-adjusted returns for our shareholders. However, our pursuits in recent months have been tempered by the decline in the market value of our public securities.

Proven Senior Management Team. Our senior management team has applied their prior experience and diverse industry expertise to improve our operations, related financial results, and capital structure. Under our senior management team's leadership, we have successfully executed strategies to diversify our business and offer a broader range of solutions to government partners over the past several years resulting in the Company being renamed and rebranded as CoreCivic, created new business opportunities with customers that have not previously utilized the private corrections sector, converted to a REIT, completed several business combination transactions, and successfully completed numerous financing transactions.

Financial Flexibility. As of December 31, 2019, we had cash on hand of $92.1 million and $412.7 million available under our revolving credit facility, with a total weighted average effective interest rate of 4.4% on all outstanding debt, while our total weighted average maturity on all outstanding debt was 6.3 years. For the year ended December 31, 2019, our fixed charge coverage ratio was 5.0x and our debt leverage was 3.7x. During the year ended December 31, 2019, we generated $354.4 million in cash through operating activities.

Capital Strategy

We reorganized our corporate structure to facilitate our qualification as a REIT for federal income tax purposes effective for our taxable year beginning January 1, 2013. To qualify and be taxed as a REIT, we generally are required to distribute annually to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains), and are subject to regular corporate income taxes to the extent we distribute less than 100% of our REIT taxable income (including capital gains) each year. The amount, timing and frequency of future distributions, however, will be at the sole discretion of our Board of Directors and will be declared based upon various factors, many of which are beyond our control, including our financial condition and operating cash flows, the amount required to maintain qualification and taxation as a REIT and reduce any income and excise taxes that we otherwise would be required to pay, limitations on distributions in our existing and future debt instruments, limitations on our ability to fund distributions using cash generated through our TRSs, alternative growth opportunities that require capital deployment, and other factors that our Board of Directors may deem relevant. Because as a REIT we are required to distribute a substantial portion of our cash generated from operations to stockholders as a dividend, growth opportunities may require more external capital resources than were required prior to our conversion to a REIT. During 2019, our Board of Directors declared a quarterly dividend of $0.44 in each quarter, totaling $211.9 million for the year, compared with a total of $205.7 million during 2018 and $199.8 million during 2017. In addition to the cash on hand and availability under our revolving credit facility, we currently expect our REIT taxable income to be less than our operating cash flow, primarily due to the deductibility of non-cash expenses such as depreciation on our real estate assets. This excess cash flow provides us with the flexibility to (i) invest in additional facility acquisitions and developments, which could include acquisitions of facilities from government partners, third parties, or additional business combinations, (ii) pay down debt, (iii) increase dividends to our stockholders, or (iv) repurchase our common stock.

Our business development strategy includes marketing our available beds to existing and potential government partners that seek corrections, detention, and reentry management services. We may also offer government partners the opportunity to lease our idle facilities as an alternative to providing "turn-key" bed space and services to our government partners. Successful efforts would generate significant cash flows without the need to incur substantial capital expenditures.

Our business development strategy also includes mergers and acquisitions, or M&A, activities that will enable us to further expand our network of residential reentry centers, grow our portfolio of government-leased properties, and acquire other businesses that provide complementary services. We will continue to pursue opportunities to help our government partners meet their infrastructure needs, primarily through the development and redevelopment of criminal justice sector assets, but also by acquiring other real estate assets with a bias toward those used to provide mission-critical governmental services, that we believe have favorable investment returns, diversify our cash flows, and increase value to our stockholders. We will also respond to customer demand and may develop or expand correctional and detention facilities when we believe potential long-term returns justify the capital deployment, like the aforementioned expansion of our Otay Mesa Detention Center. These business development activities will require capital. We currently expect to fund these growth opportunities with cash on hand and availability under our revolving credit facility. As of December 31, 2019, we had cash on hand of $92.1 million and $412.7 million available under our revolving credit facility. We may also seek to issue debt or equity securities from time to time when we determine that market conditions and the opportunity to utilize the proceeds from the issuance of such securities are favorable. We currently anticipate that any proceeds obtained through capital markets transactions would be used to repay borrowings under our revolving credit facility or other secured indebtedness.

As a result of opposition to immigration policies and the association of private companies with the enforcement of such policies, some banks have recently announced that they do not expect to continue providing credit or financial services to private entities that operate correctional and detention facilities, including CoreCivic. The banks are legally obligated to honor their commitments under our Second Amended and Restated Credit Agreement, or Bank Credit Agreement, which expires in April 2023. However, we believe these announcements, as well as investor concerns about the uncertainty of the impact on our business that could result from a change in the presidential administration, have currently affected the market value of our securities. In light of these market conditions, we have tempered our M&A activities and have sharpened the focus on our capital deployment strategy.

On December 2, 2019, we gave irrevocable notice that we would redeem all of our outstanding 4.125% Senior Notes on January 1, 2020, or the Redemption Date, at a redemption price equal to 100% of the principal amount of the 4.125% Senior Notes, plus accrued and unpaid interest to but excluding the Redemption Date, or the Redemption Amount. On December 27, 2019, and in accordance with the indenture governing the 4.125% Senior Notes, we satisfied and discharged the 4.125% Senior Notes by irrevocably depositing the Redemption Amount due on the Redemption Date with the trustee. Accordingly, the 4.125% Senior Notes are not included on our consolidated balance sheet as of December 31, 2019.

On December 18, 2019, we entered into a new Term Loan B which bears interest at a rate of LIBOR plus 4.50%, with a 1.00% LIBOR floor (or, at our option, a base rate plus 3.50%), and has a five-year maturity with scheduled quarterly principal payments through December 2024. The Term Loan B will be secured by a first lien on certain specified real property assets, representing a loan-to-value of no greater than 80%. We can prepay the Term Loan B at any time and from time to time, without premium or penalty, except that a premium of 1.0% of the amount prepaid must accompany any prepayment made prior to December 18, 2020, with the proceeds of any new or replacement tranche of term loans that are in the nature of what are commonly referred to as "B" term loans and that bear interest with an all-in yield less than the all-in yield applicable to the Term Loan. The 1.0% prepayment premium is also payable in respect of certain repricing events occurring prior to December 18, 2020. Proceeds from the issuance of the Term Loan B were used to partially fund the early redemption of the 4.125% Senior Notes, transaction fees and expenses, and to provide for general corporate purposes.

In April 2018, CoreCivic of Kansas, LLC, a wholly-owned subsidiary of ours, priced $159.5 million in aggregate principal amount of non-recourse senior secured notes, or the Kansas Notes, in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. The private placement closed on June 1, 2018. We are using the proceeds of the private placement, which are drawn on quarterly funding dates beginning in the second quarter of 2018, to fund construction of the Lansing Correctional Facility, along with costs and expenses of the project. The Kansas Notes have a yield to maturity of 4.43% and are scheduled to mature in January 2040, 20 years following completion of the project, which occurred in January 2020. We may pursue additional private placement transactions similar to the Kansas Notes in the future.

In addition to the Kansas Notes, as of December 31, 2019, we had two secured, non-recourse mortgage notes outstanding amounting to $172.3 million with interest rates of 4.5% each and maturing in 2033 and 2034. In addition, as of December 31, 2019, we had $850.0 million principal amount of unsecured notes outstanding with fixed interest rates, including $250.0 million at 4.75% maturing October 2027, $350.0 million at 4.625% maturing May 2023, and $250.0 million at 5.0% maturing October 2022. Each issuance is redeemable at a "make-whole" redemption price prior to three months in advance of the respective maturity, plus accrued and unpaid interest, and thereafter at 100% of the aggregate principal amount plus accrued and unpaid interest. We do not currently plan to refinance any of our senior notes prior to the date at which the "make-whole" premium expires.

In January 2020, we completed the acquisition of a portfolio of 28 properties, 24 of which the counter-party contributed to a newly formed partnership of the Company's, for total consideration of $83.2 million, excluding transaction-related expenses. All of the properties are leased to the federal government through the GSA. We financed the acquisition with $7.7 million of cash, assumed debt of $52.2 million and the balance with the issuance of 1.3 million limited partnership units that are convertible into cash or shares of our common stock following a two-year period, using a "DownREIT" structure. The assumed debt carries a fixed interest rate of 4.9%, with fixed monthly payments extending through November 2025, and a balloon payment of $46.2 million due at maturity. For this acquisition, we were able to complete an accretive transaction despite what we believe is depressed market value of our public securities, by fixing the number of limited partnership units to be issued based on a negotiated share price collar between $21.00 and $25.00, or a 17% premium to the price of our common stock as of the date of the acquisition. Creating a "DownREIT" structure provides us with another form of capital outside our traditional debt and equity securities, and is attractive to potential sellers because they may be able to defer a substantial portion of income taxes they otherwise may incur by selling their properties to another buyer.

Government Regulation

Business Regulations

The industry in which we operate is subject to extensive federal, state, and local regulations, including educational, health care, data privacy, and safety regulations, which are administered by many governmental and regulatory authorities. Some of the regulations are unique to the corrections industry. Facility management contracts typically include specific staffing requirements, reporting requirements, supervision, and on-site monitoring by representatives of the contracting governmental agencies. Corrections and reentry personnel are customarily required to meet certain training standards and, in some instances, facility personnel are required to be licensed and subject to background investigation. Certain jurisdictions also require us to award subcontracts on a competitive basis or to subcontract with certain types of businesses, such as small businesses and businesses owned by members of minority groups. Our facilities are also subject to operational and financial audits by the governmental agencies with which we have contracts. Failure to comply with these regulations and contract requirements can result in material penalties or non-renewal or termination of facility management contracts.

Environmental Matters

Under various federal, state, and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under, or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. As an owner of real estate assets and as the result of our operation and management of correctional, detention, and residential reentry facilities, we have been subject to these laws, ordinances, and regulations. Phase I environmental assessments have been obtained on substantially all of the properties we currently own. We are not aware of any environmental matters that are expected to materially affect our financial condition or results of operations; however, if such matters are detected in the future, the costs of complying with environmental laws may adversely affect our financial condition and results of operations.

Health Insurance Portability and Accountability Act of 1996 and Privacy and Security Requirements

In 1996, Congress enacted the Health Insurance Portability and Accountability Act of 1996, or HIPAA. HIPAA was designed to improve the portability and continuity of health insurance coverage, simplify the administration of health insurance, and protect the privacy and security of health-related information.

Privacy regulations promulgated under HIPAA regulate the use and disclosure of individually identifiable health information, whether communicated electronically, on paper, or orally. The regulations also provide patients with significant rights related to understanding and controlling how their health information is used or disclosed. Security regulations promulgated under HIPAA require that covered entities, including most health care providers, health clearinghouses, group health plans, and their business associates, implement administrative, physical, and technical safeguards to protect the security of individually identifiable health information that is maintained or transmitted electronically. These privacy and security regulations require the implementation of compliance training and awareness programs for our health care service providers and selected other employees primarily associated with our employee medical plans. Further, covered entities and their business associates must provide notification to affected individuals without unreasonable delay but not to exceed 60 days from discovery of a breach of unsecured protected health information. Notification must also be made to the U.S. Department of Health and Human Services, or DHHS, and, in certain situations involving large breaches, to the media. In a final rule released in January 2013, DHHS modified the breach notification requirement by creating a presumption that all non-permitted uses or disclosures of unsecured protected health information are breaches unless the covered entity or business associate establishes that there is a low probability the information has been compromised.

Violations of the HIPAA privacy and security regulations could result in significant civil and criminal penalties, and the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, which was modified by the 2013 final HITECH rule, strengthened the enforcement provisions of HIPAA. HITECH broadens the applicability of the criminal penalty provisions to employees of covered entities and requires DHHS to impose penalties for violations resulting from willful neglect. HITECH also increases the amount of the civil penalties, with penalties of up to $50,000 per violation for a maximum civil penalty of $1,500,000 in a calendar year for violations of the same requirement. Further, HITECH authorizes state attorneys general to bring civil actions for injunctions or damages in response to violations that threaten the privacy of state residents. In addition, under HITECH, DHHS is required to perform periodic HIPAA compliance audits of covered entities and their business associates. These provisions, as modified by the 2013 final HITECH rule, may be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues.

In addition, there are numerous legislative and regulatory initiatives at the federal and state levels addressing the privacy and security of patient health information. For example, federal and various state laws and regulations strictly regulate the disclosure of patient identifiable information related to substance abuse treatment. Additionally, we are subject to complex and evolving U.S. privacy laws and regulations, including those pertaining to the handling of personal data that may not be preempted by the HIPAA privacy and security standards, such as the California Consumer Privacy Act of 2018, or CCPA. Government authorities in numerous states, including Nevada, Massachusetts and Washington are considering, or are in the process of implementing, new data protection regulations. Many of these laws and regulations are subject to uncertain application, interpretation or enforcement standards that could result in claims, changes to our business practices, data processing and security systems, penalties, increased operating costs or other impacts on our businesses. For example, the CCPA recently went into effect on January 1, 2020, and affords California residents, which include any employee in California, expanded privacy protections. The recently enacted laws often provide for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. Further, while we are using internal and external resources to monitor compliance with and to continue to modify our data processing practices and policies in order to comply with evolving privacy laws, relevant regulatory authorities could determine that our data handling practices fail to address all the requirements of certain new laws, which could subject us to penalties and/or litigation. In addition, there is no assurance that our security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implemented or may implement in the future will prevent the improper disclosure of personal data. Improper disclosure of personal data in violation of the CCPA and/or of other personal data protection laws could harm our reputation, cause loss of consumer confidence, subject us to government enforcement actions (including fines), or result in private litigation against us, which could result in loss of revenue, increased costs, liability for monetary damages, fines and/or criminal prosecution, all of which could negatively affect our business and operating results.

Insurance

We maintain general liability insurance for all the facilities we operate, as well as insurance in amounts we deem adequate to cover property and casualty risks, workers' compensation, and directors and officers liability. In addition, each of our leases with third parties provides that the lessee will maintain insurance on each leased property under the lessee's insurance policies providing for the following coverages: (i) fire, vandalism, and malicious mischief, extended coverage perils, and all physical loss perils; (ii) comprehensive general public liability (including personal injury and property damage); and (iii) workers' compensation. Under each of these leases, we have the right to periodically review our lessees' insurance coverage and provide input with respect thereto.

Each of our management contracts and the statutes of certain states require the maintenance of insurance. We maintain various insurance policies including employee health, workers' compensation, automobile liability, and general liability insurance. Because we are significantly self-insured for employee health, workers' compensation, automobile liability, and general liability insurance, the amount of our insurance expense is dependent on claims experience, and our ability to control our claims experience. Our insurance policies contain various deductibles and stop-loss amounts intended to limit our exposure for individually significant occurrences. However, the nature of our self-insurance policies provides little protection for deterioration in overall claims experience or an increase in medical costs. We are continually developing strategies to improve the management of our future loss claims but can provide no assurance that these strategies will be successful. However, unanticipated additional insurance expenses resulting from adverse claims experience or an increasing cost environment for general liability and other types of insurance could adversely impact our results of operations and cash flows.

Employees

As of December 31, 2019, we employed 14,075 full- and part-time employees. Of such employees, 455 were employed at our corporate offices and 13,620 were employed at our facilities and in our inmate transportation and electronic monitoring businesses. We employ personnel in the following areas: clerical and administrative, facility administrators/wardens, security, medical, quality assurance, transportation and scheduling, maintenance, teachers, counselors, case managers, chaplains, and other support services.

We have not experienced a strike or work stoppage at any of our facilities. Approximately 1,330 employees at six of our facilities are represented by labor unions. In the opinion of management, overall employee relations are good.

Competition

The correctional, detention, and residential reentry facilities we own, operate, or manage, as well as those facilities we own but are managed by other operators, are subject to competition for offenders and residents from other private operators. We compete primarily on the basis of bed availability, cost, the quality and range of services offered, our experience in the design, construction, and management of correctional and detention facilities, and our reputation. We compete with government agencies that are responsible for correctional, detention, and residential reentry facilities and a number of companies, including, but not limited to, The GEO Group, Inc. and Management and Training Corporation. We also compete in some markets with small local companies that may have a better knowledge of the local conditions and may be better able to gain political and public acceptance. Other potential competitors may in the future enter into businesses competitive with us without a substantial capital investment or prior experience. We may also compete in the future for acquisitions and new development projects with companies that have more financial resources than we have or those willing to accept lower returns than we are willing to accept. Competition by other companies may adversely affect occupancy at our facilities, which could have a material adverse effect on the operating revenue of our facilities. In addition, revenue derived from our facilities will be affected by a number of factors, including the demand for beds, general economic conditions, and the age of the general population.

We compete with numerous developers, real estate companies and other owners of commercial properties for acquisitions of government-leased assets. Other real estate investors, including insurance companies, private equity funds, sovereign wealth funds, pension funds, other REITs, and other well-capitalized investors will compete with us to acquire government-leased properties. In addition, U.S. Government tenants are viewed as desirable tenants by other landlords because of their strong credit profile, and properties leased to U.S. Government tenant agencies often attract many potential buyers. This competition could increase prices for properties of the type we may pursue and impede our ability to grow and diversify.

ITEM 1A. RISK FACTORS.

As the owner and operator of correctional, detention, and residential reentry facilities, we are subject to certain risks and uncertainties associated with, among other things, the corrections and detention industry and pending or threatened litigation in which we are involved. In addition, we are also currently subject to risks associated with real estate ownership, our indebtedness, as well as our qualification as a REIT for federal income tax purposes effective for our taxable years beginning January 1, 2013. The risks and uncertainties set forth below could cause our actual results to differ materially from those indicated in the forward-looking statements contained herein and elsewhere. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or those we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks could materially adversely affect our business, financial condition, or results of operations.

Risks Related to Our Business and Industry

Our results of operations are dependent on revenues generated by our correctional, detention, and residential reentry facilities, which are subject to the following risks associated with the corrections and detention industry.

We are subject to fluctuations in occupancy levels, and a decrease in occupancy levels could cause a decrease in revenues and profitability. While a substantial portion of our cost structure is fixed, a substantial portion of our revenue is generated under facility ownership and management contracts that specify per diem payments based upon daily occupancy. We are dependent upon the governmental agencies with which we have contracts to provide offenders for facilities we operate. We cannot control occupancy levels at the facilities we operate. Under a per diem rate structure, a decrease in our occupancy rates could cause a decrease in revenue and profitability. For the years 2019, 2018, and 2017, the average compensated occupancy of our facilities, based on rated capacity, was 82%, 81%, and 80%, respectively, for all of the facilities we operated, exclusive of facilities that are leased to third-party operators where our revenue is generally not based on daily occupancy. Occupancy rates may, however, decrease below these levels in the future. When combined with relatively fixed costs for operating each facility, a decrease in occupancy levels could have a material adverse effect on our profitability.

We are dependent on government appropriations, and our results of operations may be negatively affected by governmental budgetary challenges or government shutdowns. Our cash flow is subject to the receipt of sufficient funding of, and timely payment by, contracting governmental entities. If the appropriate governmental agency does not receive sufficient appropriations to cover its contractual obligations, it may terminate our contract or delay or reduce payment to us. While we have historically been required to continue to perform under our government contracts during government shutdowns, we are generally not paid until the government reopens. Any delays in payment, or the termination of a contract, could have an adverse effect on our cash flow and financial condition. In addition, federal, state and local governments are constantly under pressure to control additional spending or reduce current levels of spending. In prior years, these pressures have been compounded by economic downturns. Accordingly, we have been requested and may be requested in the future to reduce our existing per diem contract rates or forego prospective increases to those rates. Further, our government partners could reduce offender population levels in facilities we own or manage to contain their correctional costs. In addition, it may become more difficult to renew our existing contracts on favorable terms or otherwise.

Competition may adversely affect the profitability of our business. We compete with government entities and other private operators on the basis of bed availability, cost, quality and range of services offered, experience in designing, constructing, and managing facilities, and reputation of management and personnel. While there are barriers to entering the market for the ownership and management of correctional, detention, and residential reentry facilities, these barriers may not be sufficient to limit additional competition. In addition, our government customers may assume the management of a facility that they own and we currently manage for them upon the termination of the corresponding management contract or, if such customers have capacity at their facilities, may take offenders and residents currently cared for in our facilities and transfer them to government-run facilities. Since we are paid on a per diem basis with no minimum guaranteed occupancy under most of our contracts, the loss of such offenders and residents, and the resulting decrease in occupancy, would cause a decrease in our revenues and profitability.

Resistance to privatization of correctional, detention, and residential reentry facilities, and negative publicity regarding inmate disturbances or perceived poor operational performance, could result in our inability to obtain new contracts, the loss of existing contracts, or other unforeseen consequences. Privatization of correctional, detention, and residential reentry facilities has not achieved complete acceptance by either government agencies or the public at large. The operation of correctional, detention, and residential reentry facilities by private entities has encountered resistance from certain groups, such as labor unions, prison reform organizations, activists and others that believe that correctional, detention, and residential reentry facilities should only be operated by governmental agencies. Any political platform or promise, governmental agency report, investigation or inquiry, public statement by any governmental agency, policy or legislative change, or other similar occurrence or action, that seeks to, or purports to, prohibit, eliminate, or otherwise restrict or limit in any way, the federal government's (or any state or local government's) ability to contract with private operators of correctional, detention, and residential reentry facilities, could negatively impact our growth and our ability to renew or maintain existing contracts or to obtain new contracts and could have a material adverse effect on our business, financial condition, results of operations or the market price of our common stock.

In addition, negative publicity regarding offenders escaping, rioting or any other disturbances at our facilities or any public perception of poor operational performance at our facilities, contract non-compliance, or other conditions at a privately managed facility may result in adverse publicity to us and the private corrections industry in general and could negatively impact our growth and our ability to renew or maintain existing contracts or to obtain new contracts, which could have a material adverse effect on our business, financial condition, results of operations or the market price of our common stock.

We are subject to terminations, non-renewals, or competitive re-bids of our government contracts. We typically enter into facility contracts with governmental entities for terms of up to five years, with additional renewal periods at the option of the contracting governmental agency. Notwithstanding any contractual renewal option of a contracting governmental agency, 49 of our facility contracts with the customers listed under "Business – Facility Portfolio" are currently scheduled to expire on or before December 31, 2020 but have renewal options (21), or are currently scheduled to expire on or before December 31, 2020 and have no renewal options (28). Although we generally expect these customers to exercise renewal options or negotiate new contracts with us, one or more of these contracts may not be renewed and we may not be able to negotiate a new contract on favorable terms or at all with the corresponding governmental agency. In addition, these and any other contracting agencies may determine not to exercise renewal options with respect to any of our contracts in the future. Our government partners can also re-bid contracts in a competitive procurement process upon termination or non-renewal of our contract. Competitive re-bids may result from the expiration of the term of a contract, including the initial term and any renewal periods, or the early termination of a contract. Competitive re-bids are often required by applicable federal or state procurement laws periodically in order to further competitive pricing and other terms for the government agency. The aggregate revenue earned during the year ended December 31, 2019 for the 49 contracts with scheduled maturity dates, notwithstanding contractual renewal options, on or before December 31, 2020 was $644.1 million, or 33% of total revenue.

Based on information available as of the date of this Annual Report, we believe we will renew all contracts with our government partners that have expired or are scheduled to expire within the next twelve months that could have a material impact on our financial statements. We believe our renewal rate on existing contracts remains high due to a variety of reasons including, but not limited to, the constrained supply of available beds within the U.S. correctional system, our ownership of the majority of the beds we operate, and the cost effectiveness of the services we provide. However, we cannot assure we will continue to achieve such renewal rates in the future.

Governmental agencies typically may terminate a facility contract at any time without cause or use the possibility of termination to negotiate a lower per diem rate. In the event any of our contracts are terminated or are not renewed on favorable terms or otherwise, we may not be able to obtain additional replacement contracts. The non-renewal, termination, renegotiation or competitive re-bid of any of our contracts with governmental agencies could materially adversely affect our financial condition, results of operations and liquidity, including our ability to secure new facility contracts from others.

Our ability to secure new contracts to develop and manage correctional, detention, and residential reentry facilities depends on many factors outside our control. Our growth is generally dependent upon our ability to obtain new contracts to develop and manage correctional, detention, and residential reentry facilities. This possible growth depends on a number of factors we cannot control, including crime rates and sentencing patterns in various jurisdictions, governmental budgetary constraints, and governmental and public acceptance of privatization. The demand for our facilities and services could be adversely affected by the relaxation of enforcement efforts, the expansion of alternatives to incarceration and detention, leniency in conviction or parole standards and sentencing practices or through the decriminalization of certain activities that are currently proscribed by criminal laws. For instance, any changes with respect to drugs and controlled substances or illegal immigration could affect the number of persons arrested, convicted, and sentenced, thereby potentially reducing demand for correctional or detention facilities to house them. Immigration reform laws are currently a focus for legislators and politicians at the federal, state, and local level. Legislation has also been proposed in numerous jurisdictions that could lower minimum sentences for some non-violent crimes and make more inmates eligible for early release based on good behavior. On December 21, 2018, the President signed legislation, known as The First Step Act, that reduces sentences for first-time offenders in possession of a gun when committing a crime, eliminates mandating life-time sentences for three-time offenders, provides judges more discretion in crafting sentences for some drug-related offenses, and allows offenders to seek a retroactive reduction in sentences affected by the disparity in the sentences for crack and powder cocaine cases narrowed by the Fair Sentencing Act of 2010. (Although, under long-standing policy, CoreCivic does not draft, lobby for, promote, or in any way take a position on policies that determine the basis or duration of an individual's incarceration or detention, CoreCivic supported adoption of The First Step Act because the legislation aligns with our publicly stated commitment to advocate for a range of recidivism-reducing policies by providing additional resources to help ensure that incarcerated individuals are given the best possible chance to successfully return to their communities and stay out of prison.) Also, the expansion of alternatives to incarceration and detention, such as electronic monitoring, may reduce the number of offenders who would otherwise be incarcerated or detained. Similarly, reductions in crime rates or increases in resources dedicated to prevent crime could lead to a reduction in arrests, which could lead to a decrease in convictions and sentences requiring incarceration at correctional facilities.

Moreover, certain jurisdictions recently have required successful bidders to make a significant capital investment in connection with the financing of a particular project, a trend that could significantly burden our capital resources to remain competitive. We may compete for such projects with companies that have more financial resources than we have. Further, we may not be able to obtain the capital resources when needed. A prolonged downturn in the financial capital markets or in our stock price could make it more difficult to obtain capital resources at favorable rates of return or obtain capital resources at all.

We may face community opposition to facility location, which may adversely affect our ability to obtain new contracts. Our success in obtaining new awards and contracts sometimes depends, in part, upon our ability to locate land that can be leased or acquired, on economically favorable terms, by us or other entities working with us in conjunction with our proposal to construct and/or manage a facility. Some locations may be in or near populous areas and, therefore, may generate legal action or other forms of opposition from residents in areas surrounding a proposed site. When selecting project sites, we attempt to conduct business in communities where local leaders and residents generally support the establishment of a privatized correctional, detention, or residential reentry facility. Future efforts to find suitable host communities may not be successful. We may incur substantial costs in evaluating the feasibility of the development of a correctional or detention facility. As a result, we may report significant charges if we decide to abandon efforts to develop a correctional or detention facility on a particular site. Further, in many cases, the site selection is made by the contracting governmental entity. In such cases, site selection may be made for reasons related to political and/or economic development interests and may lead to the selection of sites that have less favorable environments.

Providing family residential services increases certain unique risks and difficulties compared to operating our other facilities. In September 2014, we signed an amended agreement to provide at the South Texas Family Residential Center safe and humane residential housing, as well as educational opportunities, to women and children (but no unaccompanied children) under the custody of ICE, who are awaiting their due process before immigration courts. In October 2016, we entered into an amended agreement that extended the term of the 2014 agreement through September 2021. This is an important service to our federal government partner. At the same time, providing this type of residential service subjects us to unique risks such as unanticipated increased costs and litigation that could materially adversely affect our business, financial condition, or results of operations. For example, the contract mandates resident-to-staff ratios that are higher than our typical contract, requires services unique to this contract (e.g. child care and primary education services), and limits the use of security protocols and techniques typically utilized in correctional and detention settings. These operational risks and others associated with privately managing this type of residential facility could result in higher costs associated with staffing and lead to increased litigation.

Numerous lawsuits, to which we are not a party, have challenged the government's policy of detaining migrant families, and government policies with respect to family immigration may impact the demand for the South Texas Family Residential Center. Any court decision or government action that impacts our existing contract for the South Texas Family Residential Center could materially affect our cash flows, financial condition, and results of operations.

We may incur significant start-up and operating costs on new contracts before receiving related revenues, which may impact our cash flows and not be recouped. When we are awarded a contract to provide or manage a facility, we may incur significant start-up and operating expenses, including the cost of constructing the facility, purchasing equipment and staffing the facility, before we receive any payments under the contract. These expenditures could result in a significant reduction in our cash reserves and may make it more difficult for us to meet other cash obligations. In addition, a contract may be terminated prior to its scheduled expiration, and as a result, we may not recover these expenditures or realize any return on our investment.

Government agencies may investigate and audit our contracts and operational performance, and if any deficiencies or improprieties are found, we may be required to cure those deficiencies or improprieties, refund revenues we have received, or forego anticipated revenues, and we may be subject to penalties and sanctions, including contract termination and prohibitions on our bidding in response to Requests for Proposals. Certain of the governmental agencies with which we contract have the authority to audit and investigate our contracts with them. As part of that process, government agencies may review our performance of the contract, our pricing practices, our cost structure and our compliance with applicable performance requirements, laws, regulations and standards. The regulatory and contractual environment in which we operate is complex and many aspects of our operations remain subject to manual processes and oversight that make compliance monitoring difficult and resource intensive. A governmental agency audit, review or investigation could result in a request to cure a performance or compliance issue, and if we are unable to, or otherwise fail to do so, the failure could lead to the imposition of monetary penalties or revenue deductions, or the termination of the contract in question and/or other contracts that we have with that governmental agency. Similarly, for contracts that actually or effectively provide for certain reimbursement of expenses, if an agency determines that we have improperly allocated costs to a specific contract, we may not be reimbursed for those expenses, and we could be required to refund the amount of any such expenses that have been reimbursed. If a government audit asserts improper or illegal activities by us, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or disqualification from doing business with certain government entities. In addition to the potential civil and criminal penalties and administrative sanctions, any adverse determination with respect to contractual or regulatory violations could negatively impact our ability to bid in response to Requests for Proposals, or RFPs, in one or more jurisdictions.

Failure to comply with facility contracts or with unique and increased governmental regulation could result in material penalties or non-renewal or termination of noncompliant contracts or our other contracts to provide or manage correctional, detention, and residential reentry facilities. The industry in which we operate is subject to extensive federal, state, and local regulations, including educational, health care, data privacy, and safety regulations, which are administered by many regulatory authorities. Some of the regulations are unique to the corrections industry, some are unique to government contractors, and the combination of regulations we face is unique and complex. Facility contracts typically include reporting requirements, supervision, and on-site monitoring by representatives of the contracting governmental agencies. Corrections and reentry personnel are customarily required to meet certain training standards and, in some instances, facility personnel are required to be licensed and subject to background investigation. Certain jurisdictions also require us to award subcontracts on a competitive basis or to subcontract with certain types of businesses, such as small businesses and businesses owned by members of minority groups. Our facilities are also subject to operational and financial audits by the governmental agencies with which we have contracts. Federal regulations also require federal government contractors like us to self-report evidence of certain forms of misconduct. We may not always successfully comply with these regulations and contract requirements, and failure to comply can result in material penalties, including financial penalties, non-renewal or termination of noncompliant contracts and/or our other facility contracts, exclusion from new contract procurement or RFP bidding, and suspension or debarment from contracting with certain government entities.

In addition, private prison managers are subject to government legislation and regulation attempting to restrict the ability of private prison managers to house certain types of inmates, such as inmates from other jurisdictions or inmates at medium or higher security levels. Legislation has been enacted in several states, and has previously been proposed in the United States Congress, containing such restrictions. Such legislation, if enacted, could have an adverse effect on us.

Our inmate transportation subsidiary, TransCor, is subject to regulations promulgated by the Departments of Transportation and Justice. TransCor must also comply with the Interstate Transportation of Dangerous Criminals Act of 2000, which covers operational aspects of transporting prisoners, including, but not limited to, background checks and drug testing of employees; employee training; employee hours; staff-to-inmate ratios; prisoner restraints; communication with local law enforcement; and standards to help ensure the safety of prisoners during transport. Any changes in such regulations could result in an increase in the cost of our transportation operations.

From time to time, we enter into agreements with telecommunications providers to provide telephone services to residents in our facilities. Although we are not a telecommunications provider, these services are subject to regulations which may change from time to time. We are subject to the direct and indirect effects of these regulations. Non-compliance with these regulations, either by us or by our telecommunications providers, subjects us to risks which could result in increases to our costs or decreases in our revenue. The impact to our revenue is limited because a significant amount of commissions paid by our telecommunications providers is passed along to our customers or is reserved and must be used for the benefit of offenders in our care.

We depend on a limited number of governmental customers for a significant portion of our revenues. We currently derive, and expect to continue to derive, a significant portion of our revenues from a limited number of governmental agencies. The three primary federal governmental agencies with correctional and detention responsibilities, ICE, the USMS, and the BOP accounted for 51% of our total revenues for the year ended December 31, 2019 ($1,013.4 million). ICE accounted for 29% of our total revenues for the year ended December 31, 2019 ($579.4 million), the USMS accounted for 17% of our total revenues for the year ended December 31, 2019 ($338.7 million), and the BOP accounted for 5% of our total revenues for the year ended December 31, 2019 ($95.3 million). Although the revenue generated from each of these agencies is derived from numerous management contracts and various types of properties, i.e. correctional, detention, reentry, and leased, the loss or substantial reduction in value of one or more of such contracts could have a material adverse impact on our financial condition, results of operations, and cash flows. We expect to continue to depend upon these federal agencies and a relatively small group of other governmental customers for a significant percentage of our revenues.

Revenue from our South Texas Family Residential Center was $171.1 million in 2019, $171.3 million in 2018, and $170.6 million in 2017. The loss or reduction in value of this contract would have a material adverse impact on our financial condition, results of operations, and cash flows.

Some of our leases with U.S. Government tenant agencies permit such government agency, as the tenant, to vacate the property and discontinue paying rent prior to the expiration date of the relevant lease.

Some of our leases are currently in the soft-term period of the lease and tenants under such leases have the right to vacate their space during a specified period before the stated terms of their leases expire. Of the non-correctional properties in our CoreCivic Properties segment as of December 31, 2019, tenants occupying approximately 25% of the leasable square feet and contributing approximately 10% of the annualized lease income of such properties have exercisable rights to terminate their leases before the stated soft term of their lease expires. For fiscal policy reasons, security concerns or other reasons, some or all of our U.S. Government tenant agencies under leases within the soft-term period may decide to exercise their termination rights before the stated term of their lease expires. Such terminations, if they were to occur and we were not able to lease the vacant space to another tenant in a timely manner or at all, could have an adverse effect on our business, financial condition and results of operations.

We may not be able to successfully identify, consummate or integrate acquisitions.

We have an active acquisition program, the objective of which is to identify suitable acquisition targets that will enhance our growth and diversify our cash flows. The pursuit of acquisitions may pose certain risks to us. We may not be able to identify acquisition candidates that fit our criteria for growth, profitability and diversification strategy. Even if we are able to identify such candidates, we may not be able to acquire them on terms satisfactory to us. We will incur expenses and dedicate attention and resources associated with the review and pursuit of acquisition opportunities, whether or not we consummate such acquisitions.

Additionally, even if we are able to identify and acquire suitable targets on agreeable terms, we may not be able to successfully integrate their operations with ours. Achieving the anticipated benefits of any acquisition will depend in significant part upon whether we integrate such acquired businesses in an efficient and effective manner. We may not be able to achieve the anticipated operating and cost synergies or long-term strategic benefits of our acquisitions within our anticipated timing, or at all. We may also assume liabilities in connection with acquisitions to which we would otherwise not be exposed. An inability to realize the full extent of, or any of, the anticipated synergies or other benefits of an acquisition, as well as any delays that may be encountered in the integration process, which may delay the timing of such synergies or other benefits, could have an adverse effect on our business and results of operations.

As a result of our acquisitions, we have recorded and will continue to record a significant amount of goodwill and other intangible assets. In the future, our goodwill or other intangible assets may become impaired, which could result in material non-cash charges to our results of operations.

We have a substantial amount of goodwill and other intangible assets resulting from business acquisitions. At least annually, or whenever events or changes in circumstances indicate a potential impairment in the carrying value as defined by U.S. generally accepted accounting principles, we will evaluate this goodwill for impairment by first assessing qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the reporting unit is less than the carrying amount. Estimated fair values could change if there are changes in our capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows, or market capitalization. Impairments of goodwill or other intangible assets could require material non-cash charges to our results of operations.

We are dependent upon our senior management and our ability to attract and retain sufficient qualified personnel.

The success of our business depends in large part on the ability and experience of our senior management. The unexpected loss of any of these persons could materially adversely affect our business and operations.

In addition, the services we provide are labor-intensive. The success of our business, and our ability to satisfy the staffing and operational performance requirements of our contracts, require that we attract, hire, develop and retain sufficient qualified personnel. When we are awarded a facility management contract or open a new facility, we must hire operating management, correctional officers, and other personnel. Our inability to hire sufficient qualified personnel on a timely basis, or experiencing excessive turnover or the loss of significant personnel at existing facilities, could adversely affect our business and operations. Many of our contracts include specific staffing requirements, and our failure to satisfy such requirements may result in the imposition of financial penalties or loss of contract.

Legal proceedings related to, and adverse developments in our relationship with, our employees could adversely affect our business, financial condition or results of operations.

We and our subsidiaries are party to a variety of claims and legal proceedings in the ordinary course of business, including but not limited to claims and legal proceedings related to employment matters. Because the resolution of claims and legal proceedings is inherently uncertain, there can be no assurance we will be successful in defending against such claims or legal proceedings, or that management's assessment of the materiality of these matters, including the reserves taken in connection therewith, will be consistent with the ultimate outcome of such claims or legal proceedings. In the event management's assessment of materiality of current claims and legal proceedings proves inaccurate or litigation that is material arises in the future, the resolution of such matters may have a material adverse effect on our business, financial condition or results of operations.

As of December 31, 2019, we employed 14,075 full- and part-time employees. Approximately 1,330 of our employees at six of our facilities, or approximately 9.4% of our workforce, are represented by labor unions. We have not experienced a strike or work stoppage at any of our facilities and, in the opinion of management, overall employee relations are good. New executive orders, administrative rules and changes in National Labor Relations could increase organizing activity at locations where employees are currently not represented by a labor organization. Increases in organizational activity or any future work stoppages could have a material adverse effect on our business, financial condition, or results of operations.

We are subject to necessary insurance costs.

Workers' compensation, auto liability, employee health, and general liability insurance represent significant costs to us. Because we are significantly self-insured for workers' compensation, auto liability, employee health, and general liability risks, the amount of our insurance expense is dependent on claims experience, our ability to control our claims experience, and in the case of workers' compensation and employee health, rising health care costs in general. Unanticipated additional insurance costs could adversely impact our results of operations and cash flows, and the failure to obtain or maintain any necessary insurance coverage could have a material adverse effect on us.

We may be adversely affected by inflation.

Many of our facility contracts provide for fixed fees or fees that increase by only small amounts during their terms. If, due to inflation or other causes, our operating expenses, such as wages and salaries of our employees, insurance, medical, and food costs, increase at rates faster than increases, if any, in our revenues, then our profitability would be adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Inflation."

We are subject to legal proceedings associated with owning and managing correctional, detention, and residential reentry facilities.

Our ownership and management of correctional, detention, and residential reentry facilities, and the provision of inmate transportation services by a subsidiary, expose us to potential third-party claims or litigation by prisoners or other persons relating to personal injury or other damages resulting from contact with a facility, its managers, personnel or other prisoners, including damages arising from a prisoner's escape from, or a disturbance or riot at, a facility we own or manage, or from the misconduct of our employees. To the extent the events serving as a basis for any potential claims are alleged or determined to constitute illegal or criminal activity, we could also be subject to criminal liability. Such liability could result in significant monetary fines and could affect our ability to bid on future contracts and retain our existing contracts. In addition, as an owner of real property, we may be subject to a variety of proceedings relating to personal injuries of persons at such facilities. The claims against our facilities may be significant and may not be covered by insurance. Even in cases covered by insurance, our deductible (or self-insured retention) may be significant.

Technological changes or negative changes in the level of acceptance of, or resistance to, the use of electronic monitoring products could cause our electronic monitoring products and other technology to become obsolete or require the redesign of our electronic monitoring products, which could have a material adverse effect on our business.

Technological changes within our electronic monitoring business may require us to expend resources in an effort to acquire, maintain and/or utilize new electronic monitoring products and technology. We may not be able to anticipate or respond to technological changes in a timely manner, and our response may not result in successful electronic monitoring product offerings. If we are unable to anticipate or timely respond to technological changes, our business could be adversely affected. Further, our business could be adversely affected if the level of acceptance of or resistance to the use of electronic monitoring products and services by governmental customers were to change over time in a negative manner so that governmental customers decide to decrease their usage levels and contracting for electronic monitoring products and services.

We depend on a limited number of third parties to manufacture and supply our electronic monitoring products. If our suppliers cannot provide the products or services we require in a timely manner and with such quality as we expect, our ability to market and sell our electronic monitoring products and services could be harmed.

If our suppliers fail to supply, in a timely manner, electronic monitoring products that meet our quantity, quality, cost requirements, or technical specifications, we may not be able to access alternative sources of these products within a reasonable period of time or at commercially reasonable rates. A reduction or interruption in the supply of such products, or a significant increase in the price of such products, could have a material adverse effect on our marketing and sales initiatives, which could adversely affect our financial condition and results of operations. In addition, contracts with such suppliers may not continue to be available on acceptable terms or at all.

We may be subject to costly product liability claims from the use of our electronic monitoring products, which could damage our reputation, impair the marketability of our products and services and force us to pay costs and damages that may not be covered by adequate insurance.

The operation of our electronic monitoring products and services entails a risk of product liability. We could be subject to product liability claims to the extent these electronic monitoring products fail to perform as intended. Even unsuccessful claims against us could result in the expenditure of funds in litigation, the diversion of management time and resources, damage to our reputation and impairment of the marketability of our electronic monitoring products and services. While we maintain liability insurance, it is possible that a successful claim could be made against us, that the amount of our insurance coverage would not be adequate to cover the costs of defending against or paying such a claim, and that damages payable by us would harm our business.

We are subject to certain stockholder litigation.

In a memorandum to the BOP dated August 18, 2016, the DOJ directed that, as each contract with privately operated prisons reaches the end of its term, the BOP should either decline to renew that contract or substantially reduce its scope in a manner consistent with law and the overall decline of the BOP's inmate population. In addition to the decline in the BOP's inmate population, the DOJ memorandum cites purported operational, programming, and cost efficiency factors as reasons for the DOJ directive. On February 21, 2017, the newly appointed U.S. Attorney General issued a memorandum rescinding the DOJ's prior directive stating the memorandum changed long-standing policy and practice and impaired the BOP's ability to meet the future needs of the federal correctional system.

Following the release of the August 18, 2016 DOJ memorandum, a purported securities class action lawsuit was filed against us and certain of our current and former officers in the United States District Court for the Middle District of Tennessee, or the District Court, captioned *Grae v. Corrections Corporation of America et al.*, Case No. 3:16-cv-02267. The lawsuit is brought on behalf of a putative class of shareholders who purchased or acquired our securities between February 27, 2012 and August 17, 2016. In general, the lawsuit alleges that, during this timeframe, our public statements were false and/or misleading regarding the purported operational, programming, and cost efficiency factors cited in the DOJ memorandum and, as a result, our stock price was artificially inflated. The lawsuit alleges that the publication of the DOJ memorandum on August 18, 2016 revealed the alleged fraud, causing the per share price of our stock to decline, thereby causing harm to the putative class of shareholders.

On December 18, 2017, the District Court denied our motion to dismiss. On March 26, 2019, the District Court certified the class proposed by the plaintiff. The United States Court of Appeals for the Sixth Circuit denied our appeal of the class certification order on August 23, 2019. The case is currently in the fact discovery phase of litigation.

We believe the lawsuit is entirely without merit and intend to vigorously defend against it. In addition, we maintain insurance, with certain self-insured retention amounts, to cover the alleged claims which may mitigate the risk that such litigation would have a material adverse effect on our financial condition, results of operations, or cash flows.

We are subject to risks associated with ownership of real estate.

Our ownership of correctional, detention, and residential reentry facilities and other government-leased assets subjects us to risks typically associated with investments in real estate. Investments in real estate and, in particular, correctional and detention facilities have limited or no alternative use and thus are relatively illiquid. Therefore, our ability to divest ourselves of one or more of our facilities promptly in response to changing conditions is limited. Investments in real estate properties subject us to risks involving potential exposure to environmental liability and uninsured loss. Our operating costs may be affected by the obligation to pay for the cost of complying with existing environmental laws, ordinances and regulations, as well as the cost of complying with future legislation. In addition, although we maintain insurance for many types of losses, there are certain types of losses, such as losses from earthquakes and acts of terrorism, which may be either uninsurable or for which it may not be economically feasible to obtain insurance coverage in light of the substantial costs associated with such insurance. As a result, we could lose both our capital invested in, and anticipated profits from, one or more of the properties we own. Further, it is possible to experience losses that may exceed the limits of insurance coverage.

In addition, facility development and expansion projects pose additional risks, including cost overruns caused by various factors, many of which are beyond our control, such as weather, labor conditions, and material shortages, resulting in increased construction costs. Further, if we are unable to utilize the new bed capacity, our financial results could deteriorate.

Certain of our facilities are subject to options to purchase and reversions. Eleven of our facilities are subject to an option to purchase by certain governmental agencies. Such options are exercisable by the corresponding contracting governmental entity generally at any time during the term of the respective facility contract. Certain of these purchase options are based on the depreciated book value of the facility, which essentially could result in the transfer of ownership of the facility to the governmental agency at the end of the life used for accounting purposes, while other options to purchase are exercisable at prices below fair market value. See "Business – Facility Portfolio." If any of these options are exercised, there exists the risk that we will be unable to invest the proceeds from the sale of the facility in one or more properties that yield as much cash flow as the property acquired by the government entity. In addition, in the event any of these options is exercised, there exists the risk that the contracting governmental agency will terminate the management contract associated with such facility. For the year ended December 31, 2019, the eleven facilities currently subject to these options generated $367.4 million in revenue (18.6% of total revenue) and incurred $279.5 million in operating expenses.

Risks related to facility construction and development activities may increase our costs related to such activities. When we are engaged to perform construction and design services for a facility, we typically act as the primary contractor and subcontract with other companies that act as the general contractors. As primary contractor, we are subject to the various risks associated with construction (including, without limitation, shortages of labor and materials, work stoppages, labor disputes, and weather interference which could cause construction delays). In addition, we are subject to the risk that the general contractor will be unable to complete construction at the budgeted costs or be unable to fund any excess construction costs, even though we require general contractors to post construction bonds and insurance. Under such contracts, we are ultimately liable for all late delivery penalties and cost overruns.

We may be adversely affected by an increase in costs or difficulty of obtaining adequate levels of surety credit on favorable terms.

We are often required to post bid or performance bonds issued by a surety company as a condition to bidding on or being awarded a contract. Availability and pricing of these surety commitments are subject to general market and industry conditions, among other factors. Increases in surety costs could adversely affect our operating results if we are unable to effectively pass along such increases to our customers. We cannot assure you that we will have continued access to surety credit or that we will be able to secure bonds economically, without additional collateral, or at the levels required for any potential facility development or contract bids. If we are unable to obtain adequate levels of surety credit on favorable terms, we would have to rely upon letters of credit under our revolving credit facility which could entail higher costs if such borrowing capacity was even available when desired, and our ability to bid for or obtain new contracts could be impaired.

Interruption, delay or failure of the provision of our technology services or information systems, or the compromise of the security thereof, could adversely affect our business, financial condition or results of operations.

Components of our business depend significantly on effective information systems and technologies, some of which are provided and/or maintained by third parties. As with all companies that utilize information systems, we are vulnerable to negative impacts to our business if the operation of those systems malfunctions or experiences errors, interruptions or delays, or certain information contained therein is compromised. As a matter of course, we may store or process the personal information of offenders, employees and other persons as required to provide our services and such personal information or other data may be hosted or exchanged with our government partners and other third-party providers. While we employ commercially reasonable, industry standard administrative, technical and physical safeguards designed to protect the integrity and security of any personal data we collect or process, despite the security measures we have in place, and any additional measures we may implement in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, human errors, acts of vandalism, or other events. For example, several well-known companies have recently disclosed high-profile security breaches involving sophisticated and highly targeted attacks on their company's infrastructure or their customers' data, which were not recognized or detected until after such companies had been affected notwithstanding the preventive measures they had in place. Any security breach or event resulting in the interruption, delay or failure of our services or information systems, or the misappropriation, loss, or other unauthorized disclosure of personal data or confidential information, including confidential information about our employees, whether by us directly or our third-party service providers, could damage our reputation, expose us to the risks of litigation and liability, result in significant monetary penalties and/or regulatory actions for violation of applicable laws or regulations, disrupt our business and result in significant costs for remedial measures to prevent future occurrences and mitigate past violations, result in lost business, or otherwise adversely affect our results of operations. Although we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or maintain coverage sufficient to compensate for all liability and in any event, insurance coverage would not address the reputational damage that could result from a security incident. We did not log any such incidents in 2019, nor were we informed by law enforcement of any such incidents.

We are subject to risks related to corporate social responsibility.

The growing integration of ESG factors in making investment decisions is relatively new, and frameworks and methods used by investors for assessing ESG policies are not fully developed and vary considerably among the investment community. During 2019, we issued our first ESG report to detail how we attempt to deliver on our service commitment to our government partners and manage our operations responsibly and ethically. These policies and practices, whether it be the standards we set for ourselves or ESG criteria established by third parties, and whether or not we meet such standards, may influence our reputation. For example, the perception held by the general public, our governmental partners, vendors, suppliers, other stakeholders, or the communities in which we do business may depend, in part, on the standards we have chosen to aspire to meet, whether or not we meet these standards on a timely basis or at all, and whether or not we meet external ESG factors they deem relevant. Nonetheless, the subjective nature and wide variety of methods and processes used by various stakeholders, including investors, to assess a company with respect to ESG criteria can result in the perception of negative ESG factors or a misrepresentation of our ESG policies and practices. Our failure to achieve progress on our ESG policies and practices on a timely basis, or at all, or to meet ESG criteria set by third parties, could adversely affect our business, financial performance, or growth.

By electing to set and publicly share these ESG standards, our business may also face increased scrutiny related to ESG activities. As a result, our reputation could be harmed if we fail to act responsibly in the areas in which we report, such as safety and security, human rights, diversity, quality assurance and facility oversight, community development, and environmental sustainability. Any harm to our reputation resulting from setting these standards or our failure or perceived failure to meet such standards could impact: employee retention; the willingness of our governmental partners, vendors and suppliers to do business with us; investors willingness or ability to purchase or hold our securities; or our ability to access capital, any of which could adversely affect our business, financial performance, and growth. Our ESG report is not a part of this Annual Report.

As an owner and operator of correctional, detention, and residential reentry facilities, we are subject to risks relating to acts of God, outbreaks of epidemic or pandemic disease, terrorist activity and war.

We may encounter staffing constraints as well as costs and expenses associated with owning and/or operating our correctional, detention, and residential reentry facilities as a result of acts of God, outbreaks of epidemic or pandemic disease (such as the 2019 novel coronavirus outbreak), war (including the potential for war), terrorist activity (including threats of terrorist activity), political unrest, geopolitical uncertainty and other forms of civil strife, in or around locations where we own and/or operate significant properties. These events could have a material adverse effect on our business, financial condition, results of operations or the market price of our common stock.

Risks Related to Our Indebtedness

Our indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under our debt securities.

We have a significant amount of indebtedness. As of December 31, 2019, we had total indebtedness of $1,986.9 million. Our indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, dividends, and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from pursuing strategic acquisitions or certain other business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds or refinance existing indebtedness on favorable terms, or at all.

If we are unable to meet our debt service obligations, we may need to reduce capital expenditures and dividend distributions, restructure or refinance our indebtedness, obtain additional equity financing or sell assets. We may be unable to restructure or refinance our indebtedness, obtain additional equity financing or sell assets on satisfactory terms or at all.

Our Credit Agreements, indentures related to our senior notes, and other debt instruments have restrictive covenants that could limit our financial flexibility.

The indentures related to our aggregate original principal amount of $350.0 million 4.625% senior notes due 2023, $250.0 million 5.0% senior notes due 2022, and $250.0 million 4.75% senior notes due 2027, collectively referred to herein as our senior notes, and the credit agreements governing our Revolving Credit Facility and Term Loan A, or our Bank Credit Agreement, and the credit agreement governing our Term Loan B, or our Term Loan B, and, together with the Bank Credit Agreement, our Credit Agreements, contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our Bank Credit Agreement requires us to comply with certain financial covenants, including leverage and fixed charge coverage ratios. Our Term Loan B requires us to comply with certain financial covenants, including a secured leverage ratio and, under specified circumstances, a loan-to-value requirement. Our Credit Agreements include other restrictions that, among other things, limit our ability to incur indebtedness; grant liens; engage in mergers, consolidations and liquidations; make asset dispositions, make restricted payments and investments; issue disqualified stock; enter into transactions with affiliates; and amend, modify or prepay certain indebtedness. The indentures related to our senior notes contain limitations on our ability to effect mergers and change of control events, as well as other limitations on our ability to create liens on our assets.

Our failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all or a substantial portion of our debt. We do not have sufficient working capital to satisfy our debt obligations in the event of an acceleration of all or a significant portion of our outstanding indebtedness.

Our indebtedness is secured by a substantial portion of our assets.

Subject to applicable laws and certain agreed-upon exceptions, our revolving credit facility and Term Loan A are secured by a pledge of all of the capital stock of CoreCivic's domestic subsidiaries, 65% of the capital stock of CoreCivic's foreign subsidiaries, all of CoreCivic's accounts receivable and all of CoreCivic's deposit accounts. Our Term Loan B will be secured by a first lien on certain specified real property assets, representing a loan-to-value of no greater than 80%. Subject to compliance with the restrictive covenants under our existing indebtedness, we may incur additional indebtedness secured by existing or future assets of CoreCivic or our subsidiaries. In the event of a default under our Credit Agreements or any other secured indebtedness, or if we experience insolvency, liquidation, dissolution or reorganization, the holders of our secured debt instruments would first be entitled to payment from their collateral security, and only after that would holders of our unsecured debt be entitled to payment from our remaining assets. In such an event, there can be no assurance that we would have sufficient assets to pay amounts due to holders of our unsecured debt, and such holders may receive less than the full amount to which they are entitled.

Servicing our indebtedness will require a significant amount of cash or may require us to refinance our indebtedness before it matures. Our ability to generate cash depends on many factors beyond our control and there is no assurance that we will be able to refinance our debt on acceptable terms, or at all.

Currently, our Term Loan A and revolving credit facility both mature in April 2023. Our Term Loan B matures in December 2024. We also have outstanding $350.0 million in aggregate principal amount of our 4.625% senior notes due 2023, $250.0 million in aggregate principal amount of our 5.0% senior notes due 2022, and $250.0 million in aggregate principal amount of our 4.75% senior notes due 2027. In addition, we have $331.9 million outstanding under three non-recourse mortgage notes with interest rates ranging from 4.43% to 4.5% and various maturity dates extending to January 2040. Our ability to make payments on our indebtedness, to refinance our indebtedness, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control.

The risk exists that our business will be unable to generate sufficient cash flow from operations or that future borrowings will not be available to us in an amount sufficient to enable us to pay our indebtedness, including our existing senior notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including our senior notes, on or before maturity. Our ability to refinance all or a portion of our indebtedness on acceptable terms, or at all, will be dependent upon a number of factors, including our degree of leverage, the value of our assets, borrowing and other financial restrictions imposed by lenders and conditions in the credit markets at the time we refinance. If we are unable to refinance our indebtedness on acceptable terms, we may be forced to agree to otherwise unfavorable financing terms or sell one or more properties at unattractive prices or on disadvantageous terms. Any one of these options could have a material adverse effect on our business, financial condition, results of operations and our ability to make distributions to our stockholders.

We are required to repurchase all or a portion of our senior notes upon a change of control, and our Credit Agreements are subject to acceleration upon a change of control.

Upon certain change of control events, as that term is defined in the indentures for our senior notes, including a change of control caused by an unsolicited third party, we are required to make an offer in cash to repurchase all or any part of each holder's notes at a repurchase price equal to 101% of the principal thereof, plus accrued interest. The source of funds for any such repurchase would be our available cash or cash generated from operations or other sources, including borrowings, sales of equity or funds provided by a new controlling person or entity. Sufficient funds may not be available to us, however, at the time of any change of control event to repurchase all or a portion of the tendered notes pursuant to this requirement. Our failure to offer to repurchase notes, or to repurchase notes tendered, following a change of control will result in a default under the respective indentures, which could lead to a cross-default under our Credit Agreements and under the terms of our other indebtedness. In addition, terms of our Credit Agreements, which are subject to acceleration upon the occurrence of a change in control (as described therein), may prohibit us from making any such required repurchases. Prior to repurchasing the notes upon a change of control event, we must either repay outstanding indebtedness under our Credit Agreements or obtain the consent of the lenders under our Credit Agreements. If we do not obtain the required consents or repay our outstanding indebtedness under our Credit Agreements, we would remain effectively prohibited from offering to repurchase the notes, which would cause a default under the indentures governing the notes.

Despite current indebtedness levels, we may still incur more debt.

The terms of the indentures for our senior notes and our Credit Agreements restrict our ability to incur indebtedness; however, we may nevertheless incur additional indebtedness in the future, and in the future, we may refinance all or a portion of our indebtedness, including our Credit Agreements, and may incur additional indebtedness as a result so long as we comply with the limitations in our senior notes and Credit Agreements while they are in effect. As of December 31, 2019, we had $412.7 million of additional borrowing capacity available under our revolving credit facility. The Bank Credit Agreement also contains an "accordion" feature that provides for uncommitted incremental extensions of credit in the form of increases in the revolving commitments or incremental term loans of up to $350.0 million. In addition, so long as we comply with the limitations in our senior notes and Credit Agreements while they are in effect, we may issue an indeterminate amount of debt securities from time to time when we determine that market conditions and the opportunity to utilize the proceeds from the issuance of such debt securities are favorable. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

Our ability to incur more secured debt has been further limited by the Term Loan B.

The Term Loan B requires us to place liens on mortgaged properties representing a loan-to-value of no greater than 80%. Our Credit Agreements limit the amount of liens we can place on existing assets, further restricting the amount of additional secured debt we are able to obtain. This limitation restricts our ability to obtain financing for future needs and opportunities.

Our access to capital may be affected by general macroeconomic conditions.

Credit markets may tighten significantly for various reasons that may or may not result from company-specific activities such that our ability to obtain new capital could be more challenging and more expensive. Further, we can provide no assurance that the banks that have made commitments under our Bank Credit Agreement will continue to operate as going concerns in the future or will agree to extend commitments beyond the maturity date. If any of the banks in the lending group were to fail, or fail to renew their commitments, it is possible that the capacity under our Bank Credit Agreement would be reduced. In the event that the availability under our Bank Credit Agreement was reduced significantly, we could be required to obtain capital from alternate sources in order to continue with our business and capital strategies. Our options for addressing such capital constraints would include, but not be limited to (i) delaying certain capital expenditure projects, (ii) obtaining commitments from the remaining banks in the lending group or from new banks to fund increased or new amounts under the terms of our Bank Credit Agreement, (iii) accessing the public capital markets, or (iv) reducing our dividend (but not less than amounts required to maintain our status as a REIT and avoid income and excise taxes), or eliminating the dividend should we elect to forgo REIT status, which would be subject to certain additional approvals. Such alternatives could be on terms less favorable than under existing terms, which could have a material effect on our consolidated financial position, results of operations, or cash flows.

Increasing activist resistance to the use of public-private partnerships for correctional, detention, and residential reentry facilities could impact our ability to obtain financing to grow our business or to refinance existing indebtedness, which could have a material adverse effect on our business, financial condition and results of operations.

Our company does not, under longstanding policy, lobby for or against policies or legislation that would determine the basis for, or duration of, an individual's incarceration or detention. This strict policy also applies to external government relations professionals working on our behalf at all levels of government. Nonetheless, contracting for correctional, detention, and residential reentry facilities and related services has not achieved complete acceptance by certain governments or the public at large. The operation of correctional, detention, and residential reentry facilities by private entities has encountered resistance from certain groups, such as immigration advocates, labor unions, prison reform organizations and other special interest groups that believe correctional, detention, and residential reentry facilities should only be operated by governmental agencies, or that alternatives to immigrant detention should be utilized to enforce the nation's border policies. Further, opposition to immigration policies and the association of private companies with the enforcement of such policies have caused some banks to recently announce that they do not expect to continue providing credit or financial services to private entities that operate correctional, detention, and residential reentry facilities, including CoreCivic. These banks are legally obligated to honor their commitments under our Bank Credit Agreement, which expires in April 2023. These decisions have currently affected the capital markets for our securities, and we can provide no assurance that additional banks that are party to our Bank Credit Agreement will not make similar decisions, or that new banks will be willing to become party to our Bank Credit Agreement, or that the capital markets for our securities will improve. While we believe we will continue to have access to capital, restrictions on our access to capital, or increases in the cost of capital, could have a material adverse effect on our business, financial condition and results of operations.

Rising interest rates would increase the cost of our variable rate debt.

In recent years, the Federal Reserve has incrementally raised the target range for the federal funds rate. As interest rates increase, generally, the cost of borrowing increases. We have incurred and expect in the future to incur indebtedness that bears interest at variable rates, including indebtedness under our Credit Agreements. Accordingly, increases in interest rates would increase our interest costs, which could have a material adverse effect on us and our ability to make distributions to our stockholders and pay amounts due on our debt or cause us to be in default under certain debt instruments. In addition, an increase in market interest rates may lead holders of our common stock to demand a higher yield on their shares from distributions by us, which could adversely affect the market price for our common stock.

Risks Related to our REIT Structure

If we fail to remain qualified as a REIT, we would be subject to corporate income taxes and would not be able to deduct distributions to stockholders when computing our taxable income.

We currently operate in a manner that is intended to allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year beginning January 1, 2013. However, we cannot assure you that we have qualified or will remain qualified as a REIT. Qualification as a REIT requires us to satisfy numerous requirements established under highly technical and complex sections of the Internal Revenue Code of 1986, as amended, or the Code, which may change from time to time and for which there are only limited judicial and administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. For example, in order to qualify as a REIT, the REIT must derive at least 95% of its gross income in any year from qualifying sources. In addition, a REIT is required to distribute annually to its stockholders at least 90% of its REIT taxable income (determined without regard to the dividends paid deduction and by excluding capital gains) and must satisfy specified asset tests on a quarterly basis.

If we fail to qualify as a REIT in any taxable year, we would be subject to federal income tax (including any applicable alternative minimum tax for years before 2018) on our taxable income computed in the usual manner for corporate taxpayers without deduction for distributions to our stockholders, and we may need to borrow additional funds or issue securities to pay such additional tax liability. Any such corporate income tax liability could be substantial and would reduce the amount of cash available for other purposes, including distributions to our stockholders, because, unless we are entitled to relief under certain statutory provisions, we would be taxable as a C-corporation, beginning in the year in which the failure occurs, and we would not be allowed to re-elect to be taxed as a REIT for the following four years.

Even if we remain qualified as a REIT, we may owe taxes under certain circumstances.

Even if we qualify as a REIT, we will be subject to certain U.S. federal, state and local taxes on our income and property, including on taxable income that we do not distribute to our stockholders, and on net income from certain "prohibited transactions". In addition, the REIT provisions of the Code are complex and are not always subject to clear interpretation. For example, a REIT must derive at least 95% of its gross income in any year from qualifying sources, including rents from real property. Rents from real property include amounts received for the use of limited amounts of personal property and for certain services. Whether amounts constitute rents from real property or other qualifying income may not be entirely clear in all cases. We may fail to qualify as a REIT if we exceed the permissible amounts of non-qualifying income unless such failures qualify for relief under certain statutory relief provisions. Even if we qualify for statutory relief, we may be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more such relief provisions under the Code to maintain our qualification as a REIT. Furthermore, we conduct substantial activities through TRSs, and the income of those subsidiaries is subject to U.S. federal income tax at regular corporate rates.

To maintain our REIT status, we may be forced to obtain capital during unfavorable market conditions, which could adversely affect our overall financial performance.

In order to qualify as a REIT, we will generally be required each year to distribute to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and by excluding any net capital gain), and we will be subject to tax to the extent our taxable income (including net capital gain) is not fully distributed. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our net capital gains, and 100% of our undistributed income from prior years. We currently intend to continue to make distributions to our stockholders to comply with the distribution requirements of the Code as well as to reduce our exposure to federal income taxes and the nondeductible excise tax. Differences in timing between the receipt of income and the payment of expenses to arrive at taxable income, along with the effect of required debt amortization payments, could require us to borrow funds to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT. We may acquire additional capital through our issuance of securities senior to our common stock, including additional borrowings or other indebtedness or the issuance of additional securities. Issuance of such senior securities creates additional risks because leverage is a speculative technique that may adversely affect common stockholders or noteholders. If the return on assets acquired with borrowed funds or other leverage proceeds does not exceed the cost of the leverage, the use of leverage could negatively affect our cash flow.

Additionally, the issuance of senior securities involves offering expenses and other costs, including interest payments, which are borne indirectly by our common stockholders. Fluctuations in interest rates could increase interest payments on our senior securities, and could reduce cash available for distributions on our common stock or for payment on our debt securities. Increased operating costs, including the financing cost associated with any leverage, may reduce our total return to common stockholders. Rating agency guidelines applicable to any senior securities may impose asset coverage requirements, dividend limitations, voting right requirements (in the case of senior equity securities), and other restrictions. Further, the terms of any senior securities or other borrowings may impose additional requirements, restrictions and limitations that are more stringent than those required by a rating agency that rates outstanding senior securities that may have an adverse effect on us and may affect our ability to pay distributions to our stockholders. On the other hand, we may not be able to raise additional capital in the future on favorable terms or at all. Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us.

Further, in order to maintain our REIT status, we may need to borrow funds to meet the REIT distribution requirements even if the then-prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes or the effect of non-deductible capital expenditures, the creation of reserves, or required debt or amortization payments. Our ability to access debt and equity capital on favorable terms or at all is dependent upon a number of factors, including general market conditions, the market's perception of our growth potential, our current and potential future earnings and cash distributions, and the market price of our securities. Issuance of debt or equity securities will expose us to typical risks associated with leverage, including increased risk of loss.

To the extent our ability to issue debt or other senior securities such as preferred stock is constrained, we may depend on the issuance of additional shares of common stock to finance new investments. If we raise additional funds by issuing more shares of our common stock or senior securities convertible into, or exchangeable for, shares of our common stock, the percentage ownership of our stockholders at that time would decrease, and you would experience dilution.

Performing services through our TRSs may increase our overall tax liability relative to other REITs or subject us to certain excise taxes.

A TRS may hold assets and earn income, including income earned from the performance of correctional services, that would not be qualifying assets or income if held or earned directly by a REIT. We conduct a significant portion of our business activities through our TRSs. Our TRSs are subject to federal, foreign, state and local income tax on their taxable income, and their after-tax net income generally is available for distribution to us but is not required to be distributed to us. The TRS rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to ensure that the TRS is subject to an appropriate level of corporate income taxation. We believe our arrangements with our TRSs are on arm's-length terms and intend to continue to operate in a manner that allows us to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to avoid application of the 100% excise tax or the limitations on interest deductions discussed above.

The value of the securities we own in our TRSs is limited under the REIT asset tests.

Under the Code, no more than 20% of the value of the gross assets of a REIT may be represented by securities of one or more TRSs. This limitation may affect our ability to increase the size of our TRSs' operations and assets, and there can be no assurance that we will be able to comply with this limitation. If we are unable to comply with this limitation, we would fail to qualify as a REIT. Furthermore, our significant use of TRSs may cause the market to value shares of our common stock differently than the stock of other REITs, which may not use TRSs as extensively. Although we intend to monitor the value of our investments in TRSs, there can be no assurance that we will be able to comply with the 20% limitation discussed above.

We may be limited in our ability to fund distributions using cash generated through our TRSs.

At least 75% of gross income for each taxable year as a REIT must be derived from passive real estate sources and no more than 25% of gross income may consist of dividends from our TRSs and other non-real estate income. This limitation on our ability to receive dividends from our TRSs may affect our ability to fund cash distributions to our stockholders using cash from our TRSs. Moreover, our TRSs are not required to distribute their net income to us, and any income of our TRSs that is not distributed to us will not be subject to the REIT income distribution requirement.

REIT ownership limitations may restrict or prevent you from engaging in certain transfers of our common stock.

In order to satisfy the requirements for REIT qualification, no more than 50% in value of all classes or series of our outstanding shares of stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year beginning with our 2014 taxable year. To assist us in satisfying this share ownership requirement, our charter imposes ownership limits on each class and series of our shares of stock. Under applicable constructive ownership rules, any shares of stock owned by certain affiliated owners generally would be added together for purposes of the common stock ownership limits, and any shares of a given class or series of preferred stock owned by certain affiliated owners generally would be added together for purposes of the ownership limit on such class or series.

If anyone transfers shares of our common stock in a manner that would violate the ownership limits, or prevent us from qualifying as a REIT under the federal income tax laws, those shares of common stock instead would be transferred to a trust for the benefit of a charitable beneficiary and will be either redeemed by us or sold to a person whose ownership of the shares will not violate the ownership limit. If this transfer to a trust fails to prevent such a violation or fails to permit our continued qualification as a REIT, then the initial intended transfer would be null and void from the outset. The intended transferee of those shares will be deemed never to have owned the shares. Anyone who acquires shares in violation of the ownership limit or the other restrictions on transfer bears the risk of suffering a financial loss when the shares of common stock are redeemed or sold if the market price of our shares of common stock falls between the date of purchase and the date of redemption or sale.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our common stock. If we fail to comply with one or more of the asset tests at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. In order to meet these tests, we may be required to forego investments we might otherwise make or to liquidate otherwise attractive investments. Thus, compliance with the REIT requirements may hinder our performance and reduce amounts available for distribution to our stockholders.

The tax imposed on REITs engaging in "prohibited transactions" may limit our ability to engage in transactions which would be treated as sales for federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, unless a sale or disposition qualifies under certain statutory safe harbors, such characterization is a factual determination and no guarantee can be given that the Internal Revenue Service, or IRS, would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors.

We have not established a minimum distribution payment level, and we may be unable to generate sufficient cash flows from our operations to make distributions to our stockholders at any time in the future.

We are generally required to distribute to our stockholders at least 90% of our net taxable income (excluding net capital gains) each year to qualify as a REIT under the Code. To the extent we satisfy the 90% distribution requirement but distribute less than 100% of our net taxable income (including net capital gains), we will be subject to federal corporate income tax on our undistributed net taxable income. We intend to distribute at least 100% of our net taxable income (excluding net capital gains). However, our ability to make distributions to our stockholders may be adversely affected by the issues described in the risk factors set forth in this Annual Report. Subject to satisfying the requirements for REIT qualification, we intend to continue to make regular quarterly distributions to our stockholders. Our Board of Directors has the sole discretion to determine the timing, form and amount of any distributions to our stockholders. Our Board of Directors makes determinations regarding distributions based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, satisfaction of the requirements for REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our Board of Directors may deem relevant from time to time.

It is possible that we will not be able to continue to make distributions to our stockholders or that the level of any distributions we do make to our stockholders will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect the market price of our shares of common stock. Distributions could be dilutive to our financial results and may constitute a return of capital to our investors, which would have the effect of reducing each stockholder's basis in its shares of common stock. We also may need to borrow funds or use proceeds from the sale of assets to fund distributions.

Dividends payable by REITs, including us, generally do not qualify for the reduced tax rates available for some dividends.

"Qualified dividends" payable to U.S. stockholders that are individuals, trusts and estates generally are subject to tax at preferential rates. Subject to limited exceptions, dividends payable by REITs are not eligible for these reduced rates and are taxable at ordinary income tax rates. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including the shares of our common stock.

Distributions that we make to our stockholders are treated as dividends to the extent of our earnings and profits as determined for federal income tax purposes and are generally taxable to our stockholders as ordinary income. However, our dividends are eligible for the lower rate applicable to "qualified dividends" to the extent they are attributable to income that was previously subject to corporate income tax, such as the dividends we receive from our TRSs or attributable to the accumulated earnings and profits in connection with acquisitions of C-corporations. Also, a portion of our distributions may be designated by us as long-term capital gains to the extent that they are attributable to capital gain income recognized by us. Our distributions may constitute a return of capital to the extent that they exceed our earnings and profits as determined for federal income tax purposes. A return of capital generally is not taxable, but has the effect of reducing the basis of a stockholder's investment in our shares of common stock. Any such distributions that exceed a stockholder's tax basis in our shares of common stock generally will be taxable as capital gains.

For tax years beginning after December 31, 2017 (but subject to a sunset expiration at the end of 2025), U.S. stockholders that are individuals, trusts and estates generally are allowed a deduction in computing taxable income equal to 20% of any dividends received from REITs (other than any portion that is a capital gain or qualified dividend). Depending on the ordinary income tax rate applicable to investors who are individuals, trust and estates, the 20% deduction for REIT dividends may offset (or eliminate) the relatively more favorable tax treatment applicable to regular corporate qualified dividends.

We could have potential deferred and contingent tax liabilities from our REIT conversion that could limit, delay or impede future sales of our properties.

Even though we qualify for taxation as a REIT, if we acquire any asset from a corporation which is or has been a C-corporation in a transaction in which the basis of the asset in our hands is less than the fair market value of the asset determined at the time we acquired the asset, and we subsequently recognize a gain on the disposition of the asset during the five-year period beginning on the date on which we acquired the asset, then we will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (a) the fair market value of the asset over (b) our adjusted basis in the asset, in each case determined as of the date on which we acquired the asset. These requirements could limit, delay or impede future sales of our properties. We currently do not expect to sell any asset if the sale would result in the imposition of a material tax liability. We cannot, however, assure you that we will not change our plans in this regard.

We may inherit tax liabilities and attributes in connection with acquisitions.

From time to time we may acquire other corporations or entities and, in connection with such acquisitions, we may succeed to the historic tax attributes and liabilities of such entities. For example, in order to qualify as a REIT, at the end of any taxable year, we must not have any earnings and profits accumulated in a non-REIT year. As a result, if we acquire a C-corporation in certain transactions, we must distribute the corporation's earnings and profits accumulated prior to the acquisition before the end of the taxable year in which we acquire the C-corporation. We also could be required to pay the acquired entity's unpaid taxes even though such liabilities arose prior to the time we acquired the entity.

Legislative or regulatory action affecting REITs could adversely affect us or our stockholders.

In recent years, numerous legislative, judicial and administrative changes have been made to the federal income tax laws applicable to investments in REITs and similar entities. At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Changes to the tax laws, regulations and administrative interpretations, which may have retroactive application, could adversely affect us and may impact our taxation or that of our stockholders. Accordingly, we cannot assure you that any such change will not significantly affect our ability to qualify for taxation as a REIT or the federal income tax consequences to us of such qualification.

U.S. federal tax reform legislation could affect REITs generally, the geographic markets in which we operate, our stock and our results of operations, both positively and negatively in ways that are difficult to anticipate.

As a REIT, we are generally not required to pay federal taxes otherwise applicable to regular corporations (except for income generated by our TRSs) if we comply with the various tax regulations governing REITs. Stockholders, however, are generally required to pay taxes on REIT dividends. Tax reform legislation affects the way in which dividends paid on shares of our common stock are taxed and could impact our stock price or how stockholders and potential investors view an investment in REITs generally. In addition, while certain elements of tax reform legislation may not impact us directly as a REIT, they could impact the geographic markets in which we operate, particularly affecting tenants of our leased property and their corporate tax obligations, if any.

Other Risks Related to Our Securities

The market price of our equity securities may vary substantially, which may limit our stockholders' ability to liquidate their investment.

The trading prices of equity securities issued by REITs have historically been affected by changes in market interest rates. One of the factors that may influence the price of our common stock in public trading markets is the annual yield from distributions on our common stock as compared to yields on other financial instruments. An increase in market interest rates, or a decrease in our distributions to stockholders, may lead prospective purchasers of our shares to demand a higher annual yield, which could reduce the market price of our equity securities.

Other factors that could affect the market price of our equity securities include the following:

- actual or anticipated variations in our quarterly results of operations;
- changes in market valuations of companies in the corrections, detention, or residential reentry industries;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- fluctuations in stock market prices and volumes;
- issuances of common shares or other securities in the future; and
- announcements by us or our competitors of acquisitions, investments or strategic actions.

The number of shares of our common stock available for future sale could adversely affect the market price of our common stock.

We cannot predict the effect, if any, of future sales of common stock, or the availability of common stock for future sale, on the market price of our common stock. Sales of substantial amounts of common stock (including stock issued under equity compensation plans or stock issued pursuant to our Amended and Restated ATM Equity Offering Sales Agreement), or the perception that these sales could occur, may adversely affect prevailing market prices for our common stock.

Future offerings of debt or equity securities ranking senior to our common stock or incurrence of debt (including under our Bank Credit Agreement) may adversely affect the market price of our common stock.

If we decide to issue debt or equity securities in the future ranking senior to our common stock or otherwise incur indebtedness (including under our Bank Credit Agreement), it is possible that these securities or indebtedness will be governed by an indenture or other instrument containing covenants restricting our operating flexibility and limiting our ability to make distributions to our stockholders. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges, including with respect to distributions, more favorable than those of our common stock and may result in dilution to owners of our common stock. Because our decision to issue debt or equity securities in any future offering or otherwise incur indebtedness will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings or financings, any of which could reduce the market price of our common stock and dilute the value of our common stock.

Our issuance of preferred stock could adversely affect holders of our common stock and discourage a takeover.

Our Board of Directors has the authority to issue up to 50.0 million shares of preferred stock without any action on the part of our stockholders. Our Board of Directors also has the authority, without stockholder approval, to set the terms of any new series of preferred stock that may be issued, including voting rights, dividend rights, liquidation rights and other preferences superior to our common stock. In the event that we issue shares of preferred stock in the future that have preferences superior to our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected. In addition, the ability of our Board of Directors to issue shares of preferred stock without any action on the part of our stockholders may impede a takeover of us and discourage or prevent a transaction that may be favorable to our stockholders.

Our charter and bylaws and Maryland law could make it difficult for a third party to acquire our company.

The Maryland General Corporation Law and our charter and bylaws contain provisions that could delay, deter, or prevent a change in control of our company or our management. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors and take other corporate actions. These provisions:

- authorize us to issue "blank check" preferred stock, which is preferred stock that can be created and issued by our Board of Directors, without stockholder approval, with rights senior to those of common stock;
- provide that directors may be removed with or without cause only by the affirmative vote of at least a majority of the votes of shares entitled to vote thereon; and
- establish advance notice requirements for submitting nominations for election to the Board of Directors and for proposing matters that can be acted upon by stockholders at a meeting.

We are also subject to anti-takeover provisions under Maryland law, which could delay or prevent a change of control. Together, these provisions of our charter and bylaws and Maryland law may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices for our common stock, and also could limit the price that investors are willing to pay in the future for shares of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The properties we owned at December 31, 2019 are described under Item 1 and in Note 4 of the Notes to the Consolidated Financial Statements contained in this Annual Report, as well as in Schedule III in Part IV of this Annual Report.

ITEM 3. LEGAL PROCEEDINGS.

General

The nature of our business results in claims and litigation alleging that we are liable for damages arising from the conduct of our employees or others. Based upon management's review of the potential claims and outstanding litigation, and based upon management's experience and history of estimating losses, and taking into consideration CoreCivic's self-insured retention amounts, management believes there are no pending legal proceedings that would have a material effect on our financial position, results of operations or cash flows. However, claims and legal proceedings are subject to inherent uncertainties, and unfavorable decisions and rulings could occur that could have a material adverse impact on our financial position, results of operations or cash flows for the period in which such decisions and rulings occur, or future periods. See "Risk Factors - Risks Related to our Business and Industry - Legal proceedings related to, and adverse developments in our relationship with, our employees could adversely affect our business, financial condition or results of operations."; "—We are subject to legal proceedings associated with owning and managing correctional, detention, and residential reentry facilities."; and "—We are subject to certain stockholder litigation."

Litigation

In a memorandum to the BOP dated August 18, 2016, the DOJ directed that, as each contract with privately operated prisons reaches the end of its term, the BOP should either decline to renew that contract or substantially reduce its scope in a manner consistent with law and the overall decline of the BOP's inmate population. In addition to the decline in the BOP's inmate population, the DOJ memorandum cites purported operational, programming, and cost efficiency factors as reasons for the DOJ directive. On February 21, 2017, the newly appointed U.S. Attorney General issued a memorandum rescinding the DOJ's prior directive stating the memorandum changed long-standing policy and practice and impaired the BOP's ability to meet the future needs of the federal correctional system.

Following the release of the August 18, 2016 DOJ memorandum, a purported securities class action lawsuit was filed against us and certain of our current and former officers in the United States District Court for the Middle District of Tennessee, or the District Court, captioned *Grae v. Corrections Corporation of America et al.*, Case No. 3:16-cv-02267. The lawsuit is brought on behalf of a putative class of shareholders who purchased or acquired our securities between February 27, 2012 and August 17, 2016. In general, the lawsuit alleges that, during this timeframe, our public statements were false and/or misleading regarding the purported operational, programming, and cost efficiency factors cited in the DOJ memorandum and, as a result, our stock price was artificially inflated. The lawsuit alleges that the publication of the DOJ memorandum on August 18, 2016 revealed the alleged fraud, causing the per share price of our stock to decline, thereby causing harm to the putative class of shareholders.

On December 18, 2017, the District Court denied our motion to dismiss. On March 26, 2019, the District Court certified the class proposed by the plaintiff. The United States Court of Appeals for the Sixth Circuit denied our appeal of the class certification order on August 23, 2019. The case is currently in the fact discovery phase of litigation.

We believe the lawsuit is entirely without merit and intend to vigorously defend against it. In addition, we maintain insurance, with certain self-insured retention amounts, to cover the alleged claims which may mitigate the risk that such litigation would have a material adverse effect on our financial condition, results of operations, or cash flows.

See additional information required under this section described in Note 16 of the Notes to the Consolidated Financial Statements contained in this Annual Report.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Price of and Distributions on Capital Stock

Our common stock is traded on the New York Stock Exchange, or NYSE, under the symbol "CXW." On February 14, 2020, the last reported sale price of our common stock was $16.85 per share and there were approximately 3,000 registered holders and approximately 41,000 beneficial holders, respectively, of our common stock.

Dividend Policy

During 2018 and 2019, CoreCivic's Board of Directors declared the following quarterly dividends on its common stock:

Declaration Date	Record Date	Payable Date	Per Share
February 22, 2018	April 2, 2018	April 16, 2018	$ 0.43
May 11, 2018	July 2, 2018	July 16, 2018	$ 0.43
August 16, 2018	October 1, 2018	October 15, 2018	$ 0.43
December 13, 2018	January 2, 2019	January 15, 2019	$ 0.43
February 21, 2019	April 1, 2019	April 15, 2019	$ 0.44
May 16, 2019	July 1, 2019	July 16, 2019	$ 0.44
August 15, 2019	October 1, 2019	October 15, 2019	$ 0.44
December 12, 2019	January 6, 2020	January 15, 2020	$ 0.44

In order to qualify as a REIT, we are generally required each year to distribute to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains), and we will be subject to tax to the extent our net taxable income (including net capital gains) is not fully distributed. While we intend to continue paying regular quarterly cash dividends at levels expected to fully distribute our annual REIT taxable income, future dividends will be paid at the discretion of our Board of Directors and will depend on our future earnings, our capital requirements, our financial condition, limitations under debt covenants, opportunities for alternative uses of capital, the annual distribution requirements under the REIT provisions of the Code, and on such other factors as our Board of Directors may consider relevant.

Issuer Purchases of Equity Securities

None.

ITEM 6. SELECTED FINANCIAL DATA.

The following selected financial data for the five years ended December 31, 2019, was derived from our consolidated financial statements and the related notes thereto. This data should be read in conjunction with our audited consolidated financial statements, including the related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our audited consolidated financial statements, including the related notes, as of December 31, 2019 and 2018, and for the years ended December 31, 2019, 2018, and 2017 are included in this Annual Report.

CORECIVIC, INC. AND SUBSIDIARIES
SELECTED HISTORICAL FINANCIAL INFORMATION
(in thousands, except per share data)

	For the Years Ended December 31, 2019	2018	2017	2016	2015
STATEMENT OF OPERATIONS:					
Revenues	**$ 1,980,689**	$ 1,835,766	$ 1,765,498	$ 1,849,785	$ 1,793,087
Expenses:					
Operating	**1,422,769**	1,315,250	1,249,537	1,275,586	1,256,128
General and administrative	**127,078**	106,865	107,822	107,027	103,936
Depreciation and amortization	**144,572**	156,501	147,129	166,746	151,514
Contingent consideration for acquisition of businesses	**—**	6,085	—	—	—
Restructuring charges	**—**	—	—	4,010	—
Asset impairments	**4,706**	1,580	614	—	955
	1,699,125	1,586,281	1,505,102	1,553,369	1,512,533
Operating income	**281,564**	249,485	260,396	296,416	280,554
Other (income) expense:					
Interest expense, net	**84,401**	80,753	68,535	67,755	49,696
Expenses associated with debt refinancing transactions	**602**	1,016	—	—	701
Other (income) expense	**(164)**	156	(90)	489	(58)
	84,839	81,925	68,445	68,244	50,339
Income from continuing operations before income taxes	**196,725**	167,560	191,951	228,172	230,215
Income tax expense	**(7,839)**	(8,353)	(13,911)	(8,253)	(8,361)
Net income	**$ 188,886**	$ 159,207	$ 178,040	$ 219,919	$ 221,854
Basic earnings per share	**$ 1.59**	$ 1.34	$ 1.51	$ 1.87	$ 1.90
Diluted earnings per share	**$ 1.59**	$ 1.34	$ 1.50	$ 1.87	$ 1.88
Weighted average common shares outstanding:					
Basic	**119,028**	118,544	118,084	117,384	116,949
Diluted	**119,164**	118,716	118,465	117,791	117,785

	December 31, 2019	2018	2017	2016	2015
BALANCE SHEET DATA:					
Total assets	**$ 3,791,631**	$ 3,655,660	$ 3,272,398	$ 3,271,604	$ 3,356,018
Total debt	**$ 1,959,372**	$ 1,801,676	$ 1,447,187	$ 1,445,169	$ 1,452,077
Total liabilities	**$ 2,414,882**	$ 2,240,601	$ 1,820,790	$ 1,812,641	$ 1,893,270
Stockholders' equity	**$ 1,376,749**	$ 1,415,059	$ 1,451,608	$ 1,458,963	$ 1,462,748

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this Annual Report on Form 10-K, or this Annual Report. In this Annual Report, we use the term, the "Company," "CoreCivic," "we," "us," and "our" to refer to CoreCivic, Inc. and its subsidiaries unless context indicates otherwise. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those described under Item 1A, "Risk Factors" and included in other portions of this report.

OVERVIEW

We are a diversified government solutions company with the scale and experience needed to solve tough government challenges in flexible, cost-effective ways. Through three segments, CoreCivic Safety, CoreCivic Community, and CoreCivic Properties, we provide a broad range of solutions to government partners that serve the public good through corrections and detention management, a growing network of residential reentry centers to help address America's recidivism crisis, and government real estate solutions. We have been a flexible and dependable partner for government for more than 35 years. Our employees are driven by a deep sense of service, high standards of professionalism and a responsibility to help government better the public good.

As of December 31, 2019, through our CoreCivic Safety segment, we operated 50 correctional and detention facilities, 43 of which we owned, with a total design capacity of approximately 73,000 beds. Through our CoreCivic Community segment, we owned and operated 29 residential reentry centers with a total design capacity of approximately 5,000 beds. In addition, through our CoreCivic Properties segment, we owned 28 properties for lease to third parties and used by government agencies, totaling 2.4 million square feet. We are the nation's largest owner of partnership correctional, detention, and residential reentry facilities and one of the largest prison operators in the United States. We also believe we are the largest private owner of real estate used by U.S. government agencies. Our size and experience provide us with significant credibility with our current and prospective customers, and enable us to generate economies of scale in purchasing power for food services, health care and other supplies and services we offer to our government partners.

We are structured as a real estate investment trust, or REIT. We began operating as a REIT effective January 1, 2013. See Item 1, "Business – Overview" for a description of how we are organized and how we provide correctional services and conduct other operations through taxable REIT subsidiaries, or TRSs, in order to comply with REIT qualification requirements.

Our Business

Through our CoreCivic Safety and CoreCivic Community segments, we are compensated for providing bed capacity and correctional, detention, and residential reentry services at a per diem rate based upon actual or minimum guaranteed occupancy levels. Federal, state, and local governments are constantly under budgetary constraints putting pressure on governments to control correctional budgets, including per diem rates our customers pay to us as well as pressure on appropriations for building new prison capacity.

The solutions we provide to our federal customers continue to be a significant component of our business. We believe our ability to provide flexible solutions and fulfill emergent needs of our federal customers would be very difficult and costly to replicate in the public sector.

Several of our state partners have experienced improvements in their budgets which has helped us secure recent per diem increases at certain facilities. Further, several of our existing state partners, as well as prospective state partners, are experiencing growth in offender populations and overcrowded conditions, are considering alternative correctional capacity for their aged and inefficient infrastructure, or are seeking cost savings by utilizing the private sector. Although we can provide no assurance that we will enter into any new contracts, we believe we are well positioned to provide states with needed bed capacity, as well as the programming and reentry services they are seeking. Since the beginning of 2018, we have completed the intake of new inmate populations as a result of new contracts with Kansas, Kentucky, Ohio, Nevada, South Carolina, and Vermont, while Wyoming began utilizing an existing contract it had not utilized in nearly a decade.

We believe the long-term growth opportunities of our business remain attractive as government agencies consider their emergent needs, as well as the efficiency and offender programming opportunities we provide, as flexible solutions to satisfy our partners' needs. Further, we expect our partners to continue to face challenges in maintaining old facilities, developing new facilities, and expanding current facilities for additional capacity, which could result in increased future demand for the solutions we provide.

Governments continue to experience many significant spending demands which have constrained correctional budgets limiting their ability to expand existing facilities or construct new facilities. We believe the outsourcing of corrections and detention management services to private operators allows governments to manage increasing inmate populations while simultaneously controlling costs. We believe our customers discover that partnering with private operators to provide residential services to their offenders introduces competition to their correctional system, resulting in improvements to the quality and cost of services throughout their correctional system. Further, the use of facilities owned and managed by private operators allows governments to expand correctional capacity without incurring large capital commitments and allows them to avoid long-term pension obligations for their employees.

We also believe that having beds immediately available to our partners provides us with a distinct competitive advantage when bidding on new contracts. We believe the most significant opportunities for growth are in providing our government partners with available beds within facilities we currently own or that we will develop. Over the long-term, we would like to see meaningful utilization of our available capacity and better visibility from our customers into their potential future needs before we develop new correctional or detention capacity on a speculative basis. We will, however, respond to customer demand and may develop or expand correctional and detention facilities when we believe potential long-term returns justify the capital deployment, like the recent expansion of our Otay Mesa Detention Center in San Diego, California. We expanded the Otay Mesa facility by 512 beds as a result of long-standing demand from the United States Marshals Service, or the USMS, and the U.S. Immigration and Customs Enforcement, or ICE, and limited detention capacity in the Southwest region of the United States. The expansion was completed during the third quarter of 2019 at an estimated cost of approximately $39.0 million. Both the USMS and ICE currently utilize the Otay Mesa Detention Center under an existing contract that enables both agencies to utilize the additional capacity. We also believe that owning the facilities in which we provide management services enables us to more rapidly replace business lost compared with managed-only facilities, since we can offer the same beds to new and existing customers and, with customer consent, may have more flexibility in moving our existing populations to facilities with available capacity. Our management contracts generally provide our customers with the right to terminate our management contracts at any time without cause.

We are actively engaged in marketing our available capacity as solutions to meet the needs of potential customers. Historically, we have been successful in substantially filling our inventory of available beds and the beds that we have constructed. For example, pursuant to a new management contract we executed in November 2017, the Commonwealth of Kentucky began utilizing our 816-bed Lee Adjustment Center in Kentucky, one of our previously idled prison facilities, in the first quarter of 2018, and we completed the activation in the third quarter of 2018. More recently, in the second quarter of 2019, we announced that we entered into new contracts under inter-governmental service agreements, or IGSAs, with ICE at our previously idled 910-bed Torrance County Detention Facility in New Mexico and with the USMS at our previously idled 1,422-bed Eden Detention Center in Texas. Filling these available beds could provide substantial growth in revenues, cash flow, and earnings per share. However, we can provide no assurance that we will be able to fill our available beds.

We are also pursuing additional investment opportunities in other real estate assets with a bias toward those used to provide mission-critical governmental services, as well as other businesses that expand the range of solutions we provide to government partners, and expect to complete additional acquisitions that would further diversify our cash flows and generate attractive risk-adjusted returns for our shareholders.

We also remain steadfast in our efforts to contain costs. Approximately 60% of our operating expenses consist of salaries and benefits. The turnover rate for correctional officers for our company, and for the corrections industry in general, remains high. We are making investments in systems and processes intended to help manage our workforce more efficiently and effectively, especially with respect to overtime and costs of turnover. We are also focused on workers' compensation and medical benefits costs for our employees due to continued rising healthcare costs throughout the country. Effectively managing these staffing costs requires a long-term strategy to control such costs, and we continue to dedicate resources to enhance our benefits, provide specialized training and career development opportunities to our staff in order to attract and retain quality personnel. Through ongoing company-wide initiatives, we continue to focus on efforts to manage costs and improve operating efficiencies.

Through the combination of our initiatives to (i) increase our revenues by increasing the utilization of our available beds, (ii) deliver new bed capacity through new facility construction and expansion opportunities, (iii) invest in real estate-only solutions, (iv) acquire community corrections facilities, (v) acquire other businesses that expand the range of solutions we provide to government partners and diversify our cash flows, and (vi) contain our operating expenses, we believe we will be able to maintain our competitive advantage and continue to diversify the range of services we provide to our customers at an attractive price, thereby producing value for our stockholders.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements in this report are prepared in conformity with U.S. generally accepted accounting principles, or GAAP. As such, we are required to make certain estimates, judgments, and assumptions that we believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. A summary of our significant accounting policies is described in Note 2 of the Notes to the Consolidated Financial Statements contained in this Annual Report. The significant accounting policies and estimates which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

Asset impairments. The primary risk we face for asset impairment charges, excluding goodwill, is associated with facilities we own. As of December 31, 2019, we had $2.7 billion in property and equipment, including $136.3 million in long-lived assets, excluding equipment, at five idled CoreCivic Safety correctional facilities. The carrying values of the five idled facilities as of December 31, 2019 were as follows (in thousands):

Prairie Correctional Facility	$	14,863
Huerfano County Correctional Center		16,266
Diamondback Correctional Facility		39,729
Marion Adjustment Center		11,351
Kit Carson Correctional Center		54,041
	$	136,250

As of December 31, 2019, we also had two idled non-core facilities in our Safety segment containing 440 beds with an aggregate net book value of $3.8 million; two facilities in our Community segment that became idle during 2019, as further described hereafter, containing an aggregate of 381 beds with an aggregate net book value of $6.5 million; and three previously leased residential reentry centers in our Properties segment that became idle in 2019, as further described hereafter, containing an aggregate of 430 beds with an aggregate net book value of $9.3 million.

We incurred approximately $8.0 million, $8.2 million, and $8.9 million in operating expenses at these idled facilities for the years ended December 31, 2019, 2018, and 2017, respectively.

During the second quarter of 2019, we idled a residential reentry center in Oklahoma due to declining utilization from the state of Oklahoma and the consolidation of residents into our other reentry facilities located in the state. Further, we received notice during the second quarter of 2019 of the Federal Bureau of Prisons', or the BOP, decision to award the rebid of a contract at one of our residential reentry facilities in Arizona to another operator. The residential reentry facility in Arizona was idled in the third quarter of 2019 upon expiration of its contract with the BOP on August 31, 2019. As a result of these residential reentry centers becoming idle, we tested the facilities for impairment during the second quarter of 2019. We concluded that the residential reentry facility in Oklahoma had a recoverable value in excess of the corresponding carrying value. We concluded that the residential reentry facility in Arizona would likely be marketed for use other than as a residential reentry facility, and recorded an asset impairment of $4.3 million in the second quarter of 2019 to reduce the carrying value of the facility to its estimated fair value as a commercial real estate property.

During the third quarter of 2019, leases at three single-tenant residential reentry centers in our CoreCivic Properties segment expired and were not renewed. The three properties located in Pennsylvania total approximately 54,000 square feet and contain an aggregate of 430 beds with an aggregate net book value of $9.3 million as of December 31, 2019. We have begun to market the facilities to other potential customers to operate as a CoreCivic Community facility or for future lease as a CoreCivic Properties facility. As a result of the expiration of the leases at the three properties located in Pennsylvania, we tested the facilities for impairment during the third quarter of 2019. We concluded that each of the properties had a recoverable value in excess of the corresponding carrying value.

We evaluate the recoverability of the carrying values of our long-lived assets, other than goodwill, when events suggest that an impairment may have occurred. Such events primarily include, but are not limited to, the termination of a management contract, a significant decrease in populations within a facility we own, and the expiration and non-renewal of lease agreements in our CoreCivic Properties segment. Accordingly, we tested each of the idled properties for impairment when we were notified by the respective customers or tenants that they would no longer be utilizing such facility or property.

We re-perform the impairment analyses on an annual basis for each of the idle facilities or properties as well as any other properties indicating indicators of impairment. In performing our annual impairment analyses, the estimates of recoverability are initially based on projected undiscounted cash flows that are comparable to historical cash flows from management contracts or lease agreements at facilities similar to the idled facilities, including historical operations for the idled facilities when such facilities were operating. Our impairment evaluations also take into consideration our historical experience in securing new management contracts to utilize correctional facilities that had been previously idled for substantial periods of time. Such previously idled correctional facilities are currently being operated under contracts that continue to generate cash flows resulting in the recoverability of the net book value of the previously idled facilities by material amounts. We also perform sensitivity analyses that consider reductions to such cash flows. Our sensitivity analyses included reductions in projected cash flows by as much as half of the historical cash flows generated by the respective facility as well as prolonged periods of vacancies. In all cases, the projected undiscounted cash flows in our analyses as of December 31, 2019, exceeded the carrying amounts of each facility.

We also evaluate on a quarterly basis market developments for the potential utilization of each of these facilities in order to identify events that may cause us to reconsider our most recent assumptions. Such events could include negotiations with a prospective customer for the utilization of an idle facility at terms significantly less favorable than those used in our most recent impairment analysis, or changes in legislation surrounding a particular facility that could impact our ability to care for certain types of populations at such facility, or a demolition or substantial renovation of a facility. Further, a substantial increase in the number of available beds at other facilities we own could lead to a deterioration in market conditions and cash flows that we might be able to obtain under a new contract at our idle facilities. Although they are not frequently received, an unsolicited offer to purchase any of our idle facilities at amounts that are less than the carrying value could also cause us to reconsider the assumptions used in our most recent impairment analysis.

We can provide no assurance that we will be able to secure agreements to utilize our idle properties, or that we will not incur impairment charges in the future. By their nature, these estimates contain uncertainties with respect to the extent and timing of the respective cash flows due to potential delays or material changes to historical terms and conditions in contracts with prospective customers that could impact the estimate of cash flows. With respect to idle correctional facilities, we believe the long-term trends favor an increase in the utilization of our correctional facilities and management services. This belief is based on our experience in working with governmental agencies faced with significant budgetary challenges, which is a primary contributing factor to the lack of appropriated funding since 2009 to build new bed capacity by the federal and state governments with which we partner. Due to a variety of factors, the lead time to negotiate contracts with our federal and state partners to utilize idle bed capacity at correctional facilities is generally lengthy.

To further illustrate our historical experience in securing new management contracts to utilize idle beds in our correctional facilities, the following are examples of new contracts we secured during 2019.

On May 1, 2019, the BOP announced that it elected not to renew the contract at our Adams County Correctional Center in Adams County, Mississippi. On June 28, 2019, the BOP executed an amendment to the existing contract to allow ICE to use up to 660 beds to care for adult male detainees. On July 18, 2019, the BOP contract, which was originally scheduled to expire on July 31, 2019, was extended to August 30, 2019. On September 3, 2019, we announced that we had entered into a new contract under an IGSA between Adams County, Mississippi and ICE for up to 2,348 adult detainees at the Adams facility. The new management agreement commenced on August 31, 2019, and has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement. Either party may terminate the contract with 120 days' written notice. ICE began utilizing the additional capacity at the Adams facility under the new contract and, as of December 31, 2019, we cared for approximately 850 detainees from ICE at the Adams facility. As a result of the transition at this facility, we performed an impairment analysis of the Adams facility, which had a net carrying value of $96.5 million as of December 31, 2019, and concluded that this asset has a recoverable value in excess of the carrying value.

On May 16, 2019, we announced that we entered into a new contract under an IGSA between Torrance County, New Mexico and ICE to activate our 910-bed Torrance County Detention Facility in Estancia, New Mexico. The Torrance facility had previously been idle since 2017 and had a net carrying value of $34.0 million as of December 31, 2019. The new management contract commenced on May 15, 2019, and has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement. Either party may terminate the contract with 120 days' written notice**.** We began accepting ICE detainee populations into the Torrance facility in the third quarter of 2019 and, as of December 31, 2019, cared for approximately 300 detainees at the facility.

On May 23, 2019, we announced that we entered into a new contract under an IGSA between the City of Eden, Texas and the United States Marshals Service, or USMS, to activate our 1,422-bed Eden Detention Center in Eden, Texas. The new agreement also permits ICE to utilize capacity at the facility at any time in the future. The Eden facility had previously been idle since 2017 and had a net carrying value of $37.0 million as of December 31, 2019. The new management contract commenced on June 1, 2019, and has an indefinite term. Either party may terminate the contract with 30 days' written notice. We began accepting populations into the Eden facility in the third quarter of 2019 and, as of December 31, 2019, cared for an aggregate of approximately 1,000 detainees at the facility.

On December 9, 2019, we entered into a lease with the Commonwealth of Kentucky Department of Corrections, or KYDOC, for our previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky, formerly known as the Southeast Kentucky Correctional Facility. The lease is expected to commence in mid-2020 and has an initial term of ten years and includes five two-year renewal options. The KYDOC has the option to purchase the facility at its fair market value at any time during the term of the lease. The Southeast Correctional facility had previously been idle since 2012 and had a net carrying value of $20.3 million as of December 31, 2019.

Goodwill impairments. As of December 31, 2019 and 2018, we had $50.5 million and $48.2 million, respectively, of goodwill, established in connection with multiple business combination transactions. We evaluate the carrying value of goodwill annually and whenever circumstances indicate the carrying value of goodwill may be impaired. Under the provisions of Accounting Standards Update, or ASU, 2017-04, "Intangibles–Goodwill and Other (Topic 350): Simplifying the Test of Goodwill Impairment," we perform a qualitative assessment to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing a quantitative impairment test is not necessary. If a quantitative test is required, we perform an assessment to identify the existence of impairment and to measure the excess of a reporting unit's carrying amount over its fair value by using a combination of various common valuation techniques, including the income approach and market approach. The income approach valuation includes certain significant assumptions impacting projected future cash flows, such as projected revenue, projected operating costs, and the weighted average cost of capital, which are affected by expectations about future market or economic conditions. By their nature, valuation techniques are subject to considerable judgment and require estimates of future cash flows as well as other factors, which are often difficult to predict. Estimated fair values could change if there are changes in our capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows, or market capitalization. Accordingly, we may incur goodwill impairment charges in the future.

Self-funded insurance reserves. As of December 31, 2019 and 2018, we had $41.9 million and $35.1 million, respectively, in accrued liabilities for employee health, workers' compensation, and automobile insurance claims. We are significantly self-insured for employee health, workers' compensation, and automobile liability insurance claims. As such, our insurance expense is largely dependent on claims experience and our ability to control our claims. We have consistently accrued the estimated liability for employee health insurance claims based on our history of claims experience and the estimated time lag between the incident date and the date we pay the claims. We have accrued the estimated liability for workers' compensation claims based on an actuarial valuation of the outstanding liabilities, discounted to the net present value of the outstanding liabilities, using a combination of actuarial methods used to project ultimate losses, and our automobile insurance claims based on estimated development factors on claims incurred. The liability for employee health, workers' compensation, and automobile insurance includes estimates for both claims incurred and for claims incurred but not reported. These estimates could change in the future. It is possible that future cash flows and results of operations could be materially affected by changes in our assumptions, new developments, or by the effectiveness of our strategies.

Legal reserves. As of December 31, 2019 and 2018, we had $14.1 million and $13.9 million, respectively, in accrued liabilities under the provisions of Accounting Standards Codification Subtopic 450-20, "Loss Contingencies," or ASC 450, related to certain claims and legal proceedings in which we are involved. We have accrued our best estimate of the probable costs for the resolution of these claims. In addition, we are subject to current and potential future claims and legal proceedings for which little or no accrual has been reflected because our current assessment of the potential exposure is nominal. These estimates have been developed in consultation with our General Counsel's office and, as appropriate, outside counsel handling these matters, and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible that future cash flows and results of operations could be materially affected by changes in our assumptions, new developments, or by the effectiveness of our litigation and settlement strategies.

RESULTS OF OPERATIONS

Our results of operations are impacted by the number of correctional and detention facilities we operated, including 43 we owned and seven owned by our government partners (CoreCivic Safety), the number of residential reentry centers we owned and operated (CoreCivic Community), the number of facilities we leased to other operators (CoreCivic Properties), and the facilities we owned that were not in operation. The following table sets forth the changes in the number of facilities operated for the years ended December 31, 2019 and 2018.

	Effective Date	CoreCivic Safety	CoreCivic Community	CoreCivic Properties	Total
Facilities as of December 31, 2017		51	26	12	89
Acquisition of a leased property in Florida	January 2018	—	—	1	1
Acquisition of a portfolio of leased properties in Arkansas, Missouri, Oklahoma, Tennessee and Texas	July 2018	—	—	12	12
Acquisition of a leased property in Maryland	August 2018	—	—	1	1
Acquisition of a leased property in Ohio	September 2018	—	—	1	1
Facilities as of December 31, 2018		51	26	27	104
Acquisition of the South Raleigh Reentry Center in North Carolina	February 2019	—	1	—	1
Acquisition of a leased property in Michigan	May 2019	—	—	1	1
Sale of a leased property in Pennsylvania	June 2019	—	—	(1)	(1)
Acquisition of certain assets of Rehabilitation Services, Inc.	December 2019	—	2	—	2
Lease of the Southeast Correctional Complex	December 2019	(1)	—	1	—
Facilities as of December 31, 2019		**50**	**29**	**28**	**107**

Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

During the year ended December 31, 2019, we generated net income of $188.9 million, or $1.59 per diluted share, compared with net income of $159.2 million, or $1.34 per diluted share, for the previous year. Financial results in 2019 and 2018 were impacted by several non-routine transactions. Results for 2019 included a $4.1 million gain, net of taxes, for the settlement of a contractual dispute with respect to revenues that would have been recognized during the previous several years. In addition, net income for 2019 and 2018 included $4.7 million and $1.6 million, respectively, of asset impairments and $0.6 million and $1.0 million, respectively, of expenses associated with debt refinancing transactions. Financial results in 2018 were also impacted by income tax charges of $1.0 million resulting from the Tax Cuts and Jobs Act, or the TCJA, enacted in the fourth quarter of 2017, as further described hereafter. Financial results in 2018 also reflected a charge of $6.1 million for contingent consideration associated with an acquisition of a business, as further described hereafter.

Our Current Operations

Our ongoing operations are organized into three principal business segments:

- CoreCivic Safety segment, consisting of the 50 correctional and detention facilities that are owned, or controlled via a long-term lease, and managed by CoreCivic, as well as those correctional and detention facilities owned by third parties but managed by CoreCivic. CoreCivic Safety also includes the operating results of our subsidiary that provides transportation services to governmental agencies, TransCor America, LLC, or TransCor.
- CoreCivic Community segment, consisting of the 29 residential reentry centers that are owned, or controlled via a long-term lease, and managed by CoreCivic. CoreCivic Community also includes the operating results of our electronic monitoring and case management services.
- CoreCivic Properties segment, consisting of the 28 real estate properties owned by CoreCivic for lease to third parties and used by government agencies.

For the years ended December 31, 2019 and 2018, our total facility net operating income was divided among our three business segments as follows:

	For the Years Ended December 31,	
	2019	2018
Segment:		
Safety	85.2%	87.1%
Community	5.0%	4.8%
Properties	9.8%	8.1%

Facility Operations

A key performance indicator we use to measure the revenue and expenses associated with the operation of the correctional, detention, and residential reentry facilities we own or manage is expressed in terms of a compensated man-day, which represents the revenue we generate and expenses we incur for one offender for one calendar day. Revenue and expenses per compensated man-day are computed by dividing facility revenue and expenses by the total number of compensated man-days during the period. A compensated man-day represents a calendar day for which we are paid for the occupancy of an offender. We believe the measurement is useful because we are compensated for operating and managing facilities at an offender per-diem rate based upon actual or minimum guaranteed occupancy levels. We also measure our costs on a per-compensated man-day basis, which is largely dependent upon the number of offenders we accommodate. Further, per compensated man-day measurements are also used to estimate our potential profitability based on certain occupancy levels relative to design capacity. Revenue and expenses per compensated man-day for all of the correctional, detention, and residential reentry facilities placed into service that we owned or managed, exclusive of those held for lease, and for TransCor were as follows for the years ended December 31, 2019 and 2018:

	For the Years Ended December 31,	
	2019	2018
Revenue per compensated man-day	**$ 79.72**	$ 76.50
Operating expenses per compensated man-day:		
Fixed expense	**42.20**	40.40
Variable expense	**16.11**	16.30
Total	**58.31**	56.70
Operating income per compensated man-day	**$ 21.41**	$ 19.80
Operating margin	**26.9%**	25.9%
Average compensated occupancy	**81.9%**	80.7%
Average available beds	**78,236**	78,047
Average compensated population	**64,107**	63,012

Prior to the adoption of ASU 2016-02, "Leases (Topic 842)" and ASU 2018-11, "Targeted Improvements – Leases (Topic 842)", cumulatively ASC 842, on January 1, 2019, a portion of the rental payments for the South Texas Family Residential Center was classified as depreciation and interest expense for financial reporting purposes in accordance with ASC 840-40-55, formerly Emerging Issues Task Force No. 97-10, "The Effect of Lessee Involvement in Asset Construction." Accordingly, fixed expenses per compensated man-day in 2018 include depreciation expense of $16.5 million and interest expense of $5.6 million in order to more properly reflect the cash flows associated with the lease at the South Texas Family Residential Center. Upon adoption of ASC 842, all rental payments associated with this lease are classified as operating expenses.

Revenue

Total revenue consists of management revenue we generate through CoreCivic Safety and CoreCivic Community in the operation of correctional, detention, and residential reentry facilities, as well as the revenue we generate from TransCor and our electronic monitoring and case management services. Total revenue also consists of rental revenue we generate through CoreCivic Properties from facilities we lease to third-party operators. The following table reflects the components of revenue for the years ended December 31, 2019 and 2018 (in millions):

	For the Years Ended December 31,			
	2019	2018	**$ Change**	**% Change**
Management revenue:				
Federal	**$ 1,013.8**	$ 891.0	$ 122.8	13.8%
State	**673.4**	706.8	(33.4)	(4.7%)
Local	**102.9**	99.9	3.0	3.0%
Other	**113.1**	80.1	33.0	41.2%
Total management revenue	**1,903.2**	1,777.8	125.4	7.1%
Rental revenue	**77.3**	57.9	19.4	33.5%
Other revenue	**0.2**	0.1	0.1	100.0%
Total revenue	**$ 1,980.7**	$ 1,835.8	$ 144.9	7.9%

The $125.4 million, or 7.1%, increase in total management revenue was primarily a result of an increase in revenue of approximately $31.9 million driven by an increase in the average daily compensated population. The increase in total management revenue was also a result of an increase in revenue of approximately $93.5 million driven primarily by an increase of 3.9% in average revenue per compensated man-day, the acquisition of Recovery Monitoring Solutions Corporation, or RMSC, an electronic monitoring and case management subsidiary, in the fourth quarter of 2018, and the gain for the settlement of a contractual dispute recognized in the third quarter of 2019, as previously discussed herein. The increase in average revenue per compensated man-day was primarily the result of the effect of per diem increases at several of our facilities as well as a higher mix of federal populations at higher per diem rates.

Average daily compensated population increased 1,095, or 1.7%, to 64,107 in 2019 compared to 63,012 in 2018. Average daily compensated population increased primarily as a result of additional populations from the USMS and ICE. Populations from ICE were particularly elevated during the second and third quarters of 2019 as Southwest border apprehensions by ICE reached the highest levels in over a decade. We do not currently expect this trend to recur in 2020. The new contract with the KYDOC to care for medium and close-security offenders at our previously idled 816-bed Lee Adjustment Center in Kentucky also contributed to the increase in average daily compensated population. The new contract with the KYDOC commenced on November 19, 2017, and we began receiving offenders at the Lee facility late in the first quarter of 2018. These average daily compensated population increases were partially offset by the continued and anticipated transfer of California inmates held in our out-of-state facilities back to the state of California, which was completed during the second quarter of 2019.

The solutions we provide to our federal customers, including primarily ICE, the USMS, and the BOP, continue to be a significant component of our business. Our federal customers generated approximately 51% and 48% of our total revenue in 2019 and 2018, respectively, increasing $122.8 million, or 13.8%. The increase in federal revenues in 2019 primarily resulted from the combined effect of per diem increases for several of our federal contracts and a net increase in federal populations at certain other facilities, primarily from the USMS and ICE. New contracts with the USMS at our Tallahatchie County Correctional Facility and with ICE at our La Palma Correctional Center executed in June 2018 and July 2018, respectively, contributed to these higher federal populations. The aforementioned new IGSAs with ICE at our previously idled Torrance facility and with the USMS at our previously idled Eden facility, both entered into in the second quarter of 2019, also contributed to the higher federal populations in 2019. Revenue in 2019 also includes $2.0 million recognized in the third quarter of 2019 for a performance bonus earned under the contract with the BOP at our Adams County Correctional Center.

State revenues from contracts at correctional, detention, and residential reentry facilities that we operate decreased $33.4 million, or 4.7%, from 2018 to 2019. The decrease in state revenues was primarily a result of a continued, and anticipated, transfer back to the state of California of all of the California inmates held in our out-of-state facilities, which was completed during the second quarter of 2019, as further described hereafter. The decrease in state revenues was partially offset by new contracts with the KYDOC at our Lee Adjustment Center and the state of Ohio at our Northeast Ohio Correctional Center, and by new contracts with the states of Vermont, Wyoming and South Carolina at our Tallahatchie County Correctional Facility, as previously discussed herein. Per diem increases pursuant to numerous other state contracts and a net increase in state populations at certain other facilities also contributed to the offset.

On August 9, 2019, we entered into a new contract with the Kansas Department of Corrections, or KDOC, pursuant to a Request for Proposal issued by the KDOC to provide housing for up to 600 adult male offenders of medium security or higher. The new contract commenced on August 1, 2019, and has an initial term of one year, with two additional one-year extension options thereafter upon mutual agreement. On December 31, 2019, we cared for 120 offenders from the KDOC at our 1,896-bed Saguaro Correctional Facility in Eloy, Arizona, where we also care for inmates from Hawaii. The contract with the KDOC also provides that, upon mutual agreement, we may transfer offenders held under this contract to another correctional facility we operate.

The $33.0 million, or 41.2%, increase in other management revenue from 2018 to 2019 was primarily a result of the acquisition of RMSC in the fourth quarter of 2018 and the gain for the settlement of a contractual dispute recognized in the third quarter of 2019, as previously discussed herein.

The $19.4 million, or 33.5%, increase in rental revenue from 2018 to 2019 was primarily a result of acquisitions in 2018 and 2019 of multiple properties leased to third parties, as further described hereafter.

Operating Expenses

Operating expenses totaled $1,422.8 million and $1,315.3 million in 2019 and 2018, respectively. Operating expenses consist of those expenses incurred in the operation and management of correctional, detention, and residential reentry facilities, as well as those expenses incurred in the operations of TransCor and our electronic monitoring and case management services. Operating expenses also consist of those expenses incurred in the operation of facilities we lease to third-party operators.

Expenses incurred by CoreCivic Safety and CoreCivic Community in connection with the operation and management of our correctional, detention, and residential reentry facilities, as well as those incurred in the operations of TransCor and our electronic monitoring and case management services, increased $100.0 million, or 7.7%, during 2019 compared with 2018. Similar to our management revenue, there were several factors that contributed to the increase in operating expenses incurred in these segments in 2019. The additional operating expenses resulting from the activation of our previously idled Lee Adjustment Center due to a new contract award from the KYDOC and the new contracts at our Tallahatchie facility contributed to the increase in operating expenses. Additional expenses resulting from the acquisition of RMSC in the fourth quarter of 2018 also contributed to the increase in operating expenses. In addition, operating expenses also increased due to activation expenses incurred in connection with the aforementioned new IGSAs with ICE and the USMS at our previously idled Torrance and Eden facilities, respectively. Operating expenses also increased as a result of the aforementioned adoption of ASC 842 on January 1, 2019. Prior to adoption of ASC 842, a portion of the rental payments for the South Texas Family Residential Center was classified as depreciation and interest expense in accordance with ASC 840-40-55. The aggregate depreciation and interest expense associated with the lease at the South Texas Family Residential Center for 2018 totaled $22.1 million. Upon adoption of ASC 842, all rental payments associated with this lease are classified as operating expenses. The increase in operating expenses in 2019 was partially offset by a decrease in operating expenses at our Adams County Correctional Center as a result of the transition of contracts from the BOP to ICE at the facility, as previously discussed herein.

Total expenses per compensated man-day increased to $58.31 during 2019 from $56.70 during 2018. Fixed expenses per compensated man-day increased to $42.20 during 2019 from $40.40 during 2018. The increase in fixed expenses per compensated man-day was primarily due to increases in salaries and benefits expenses, including staffing expenses associated with the aforementioned activation of operations at our Torrance and Eden facilities.

As the economy has improved and the nation's unemployment rate has declined, we have experienced wage pressures in certain markets across the country, and have provided wage increases to remain competitive. These wage pressures contributed to the increase in fixed expenses per compensated man-day during 2019 when compared to 2018. We continually monitor compensation levels very closely along with overall economic conditions and will set wage levels necessary to help ensure the long-term success of our business. Further, we continually evaluate the structure of our employee benefits package and training programs to ensure we are better able to attract and retain our employees. Salaries and benefits represent the most significant component of our operating expenses, representing approximately 60% of our total operating expenses during both 2019 and 2018.

Operating expenses incurred by CoreCivic Properties in connection with facilities we lease to third-party operators increased $7.4 million, or 47.9%, during 2019 when compared to 2018. The increase in expenses in this segment was primarily the result of acquisitions in 2018 and 2019 of multiple properties leased to third parties.

Facility Management Contracts

We enter into facility management contracts to provide bed capacity and management services to governmental entities in our CoreCivic Safety and CoreCivic Community segments for terms typically ranging from three to five years, with additional renewal periods at the option of the contracting governmental agency. Accordingly, a substantial portion of our facility contracts are scheduled to expire each year, notwithstanding contractual renewal options that a government agency may exercise. Although we generally expect these customers to exercise renewal options or negotiate new contracts with us, one or more of these contracts may not be renewed by the corresponding governmental agency. Further, our government partners can generally terminate our management contracts for non-appropriation of funds or for convenience.

Based on information available as of the date of this Annual Report, we believe we will renew all contracts with our government partners that have expired or are scheduled to expire within the next twelve months that could have a material impact on our financial statements. We believe our renewal rate on existing contracts remains high due to a variety of reasons including, but not limited to, the constrained supply of available beds within the U.S. correctional system, our ownership of the majority of the beds we operate, and the cost effectiveness of the services we provide. However, we cannot assure we will continue to achieve such renewal rates in the future.

CoreCivic Safety

CoreCivic Safety includes the operating results of the correctional and detention facilities that we operated during each period. Total revenue generated by CoreCivic Safety increased $104.0 million, or 6.2%, from $1,676.0 million during 2018 to $1,780.0 million during 2019. CoreCivic Safety's facility net operating income, or facility revenues less operating expenses, increased $22.3 million, or 4.9%, from $453.6 million during 2018 to $475.8 million during 2019. The aggregate depreciation and interest expense associated with the lease at the South Texas Family Residential Center in 2018, totaling $22.1 million, is not included in the 2018 net operating income amount, but is included in the per compensated man-day statistics for 2018. During 2019 and 2018, CoreCivic Safety generated 85.2% and 87.1%, respectively, of our total facility net operating income.

The following table displays the revenue and expenses per compensated man-day for CoreCivic Safety's correctional and detention facilities placed into service that we own and manage and for the facilities we manage but do not own, inclusive of the transportation services provided by TransCor:

	For the Years Ended December 31,	
	2019	2018
CoreCivic Safety Facilities:		
Revenue per compensated man-day	**$ 81.16**	$ 78.05
Operating expenses per compensated man-day:		
Fixed expense	**42.84**	41.03
Variable expense	**16.63**	16.92
Total	**59.47**	57.95
Operating income per compensated man-day	**$ 21.69**	$ 20.10
Operating margin	**26.7%**	25.8%
Average compensated occupancy	**82.4%**	80.8%
Average available beds	**72,962**	72,833
Average compensated population	**60,085**	58,834

Operating margins within the CoreCivic Safety facilities during 2019 were positively impacted by the aforementioned new contract with the KYDOC at our Lee Adjustment Center. As California populations declined at the Tallahatchie facility during the first half of 2018, we retained staff at the facility in anticipation of new contracts, which we ultimately obtained from the USMS, and the states of Vermont, Wyoming, and South Carolina, resulting in a favorable impact to operating margins in 2019 when compared to the prior year. An increase in populations from the USMS and ICE across the portfolio, as well as per diem increases at several of our facilities, also positively impacted operating margins when comparing 2019 to 2018. The positive impact on operating margins of these events was partially offset by the start-up expenses incurred at our Torrance and Eden facilities as we prepared to receive detainee and inmate populations from ICE and the USMS, respectively, in the third quarter of 2019. As a result of these start-up expenses, the incremental operating losses incurred during the activation period at these two facilities amounted to approximately $9.5 million in 2019.

During the first quarter of 2015, the adult inmate population held in state of California institutions first met a Federal court order to reduce inmate populations below 137.5% of its capacity. Inmate populations in the state continued to decline below the court ordered capacity limit which resulted in declining inmate populations in the out-of-state program at facilities we own and operate. The state of California's budget for fiscal 2018-2019, signed by the Governor of California in June 2018, anticipated that all inmates from California would be returned from out-of-state facilities to the state of California by January 2019. In accordance with the budget for fiscal 2018-2019, all California inmates were transferred from our 2,672-bed Tallahatchie County Correctional Facility in Tutwiler, Mississippi back to California in the second quarter of 2018. However, due to the higher-than-expected population in fiscal 2018-2019, California was unable to accept the transfer of the inmates cared for at our 3,060-bed La Palma Correctional Center in Eloy, Arizona, our remaining out-of-state facility caring for California inmates at the time. During January 2019, the Governor issued a proposed budget for fiscal 2019-2020, which assumed all California inmates would be returned from out-of-state facilities by June 30, 2019. Accordingly, all remaining California inmates were removed from our La Palma facility as of June 30, 2019. During 2019 and 2018, we cared for an average daily population of approximately 500 and 2,900 California inmates, respectively, in facilities outside the state of California. This decline in population resulted in a decrease in revenue of $56.1 million from 2018 to 2019. Approximately 1% and 4%, respectively, of our total revenue in 2019 and 2018 was generated from the California Department of Corrections and Rehabilitation in facilities housing inmates outside the state of California.

The Governor of California recently signed Assembly Bill 32, or AB32, which, subject to certain exceptions, as of January 1, 2020, generally prohibits new contracts and renewals of existing contracts between private, for-profit entities and government agencies for the operation of detention facilities within the state of California, with a January 1, 2028 sunset for the use of private, for-profit entities by the state of California. While AB32 excludes facilities leased from private, for-profit entities, such as our California City Correctional Center, the impact of AB32 on our California based detention and reentry facility contracts is currently unclear given the potential conflict between federal and state law, and court challenges to the enforceability of AB32. On January 24, 2020, the U.S. Government filed a lawsuit against the state of California challenging the enforceability of AB32 under applicable law. We cannot predict the outcome of this lawsuit. However, we believe the restrictions to force a phase-out of federal detention and residential reentry facilities under private management goes against federal law. In the event AB32 is implemented as currently constructed, the federal government could be prohibited from renewing (i) its contract to operate our Otay Mesa Detention Center which is currently scheduled to expire in December 2024, and (ii) our various residential reentry contracts within the state of California, which are also scheduled to expire in 2020. The non-renewal of our contract to operate the Otay Mesa Detention Center, which was recently expanded from 1,482 beds to 1,994 beds, would have a significant impact on our results of operations and cash flows.

On June 14, 2018, we announced that we entered into a new contract under an IGSA between the Tallahatchie County Correctional Authority, Tutwiler, Mississippi and the USMS at our Tallahatchie County Correctional Facility. The new contract, which also authorizes ICE to utilize the facility, commenced on June 14, 2018, and has an initial term expiring June 30, 2020, with unlimited two-year extension options thereafter upon mutual agreement. On September 19, 2018, we announced that we entered into a new contract with the Vermont Department of Corrections to care for up to 350 of the State's inmates at our Tallahatchie facility. The new contract commenced on October 1, 2018, and has an initial term of two years, with one additional two-year extension option thereafter upon mutual agreement. We began receiving inmates from Vermont at our Tallahatchie facility during the fourth quarter of 2018. As of December 31, 2019, we cared for approximately 475 offenders from the USMS, 125 detainees from ICE, 275 inmates from Vermont, and approximately 150 offenders under additional new contracts from the states of South Carolina and Wyoming at our Tallahatchie facility. On January 9, 2020, we announced that we entered into a new emergency contract with the state of Mississippi to care for up to 375 of Mississippi's inmates at the Tallahatchie facility, to assist the state with significant challenges in its correctional system. The contract has a term of ninety days, which the state of Mississippi may extend for up to two additional ninety-day terms. The contract also allows the state of Mississippi to utilize additional available beds at the facility. As of January 31, 2020, we cared for 375 inmates from Mississippi.

On July 24, 2018, we announced that the city of Eloy agreed to modify an existing IGSA with ICE to add the La Palma facility as a place of performance. The new contract commenced on July 24, 2018, and has an indefinite term, subject to termination by either party with 90 days' written notice. As of December 31, 2019, we cared for approximately 1,550 detainees from ICE at our La Palma facility.

As previously discussed herein, on May 1, 2019, the BOP announced that it elected not to renew the contract at our Adams County Correctional Center in Adams County, Mississippi. On June 28, 2019, the BOP executed an amendment to the existing contract to allow ICE to use up to 660 beds to care for adult male detainees. On July 18, 2019, the BOP contract, which was originally scheduled to expire on July 30, 2019, was extended to August 30, 2019. On September 3, 2019, we announced that we had entered into a new contract under an IGSA between Adams County, Mississippi and ICE for up to 2,348 adult detainees at the Adams facility. The new management agreement commenced on August 31, 2019, and has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement. Either party may terminate the contract with 120 days' written notice. ICE began utilizing the additional capacity at the Adams facility under the new contract and, as of December 31, 2019, we cared for approximately 850 detainees from ICE at the Adams facility.

Effective August 1, 2019, we were awarded a new contract with the KDOC to care for offenders at our 1,896-bed Saguaro Correctional Facility. The new management contract has an initial term of one year, with two additional one-year extension options upon mutual agreement. We began receiving KDOC offenders in October 2019, and as of December 31, 2019, we cared for 120 offenders from the state of Kansas at the Saguaro facility pursuant to this contract. The contract with the KDOC also provides that, upon mutual agreement, we may transfer offenders held under the contract to another correctional facility that we operate.

CoreCivic Community

CoreCivic Community includes the operating results of the residential reentry centers that we operated during each period, along with the operating results of our electronic monitoring and case management services from the acquisition dates of the subsidiaries providing those services. Total revenue generated by CoreCivic Community increased $21.4 million, or 21.0%, from $101.8 million during 2018 to $123.3 million during 2019. CoreCivic Community's facility net operating income increased $3.2 million, or 12.7%, from $24.9 million during 2018 to $28.1 million during 2019. During 2019 and 2018, CoreCivic Community generated 5.0% and 4.8%, respectively, of our total facility net operating income.

The following table displays the revenue and expenses per compensated man-day for CoreCivic Community's residential reentry facilities placed into service that we own and manage, but exclusive of the electronic monitoring and case management services given that revenue is not generated on a per compensated man-day basis for these services:

	For the Years Ended December 31,	
	2019	2018
CoreCivic Community Facilities:		
Revenue per compensated man-day	**$ 58.14**	$ 54.67
Operating expenses per compensated man-day:		
Fixed expense	**32.66**	31.52
Variable expense	**8.37**	7.62
Total	**41.03**	39.14
Operating income per compensated man-day	**$ 17.11**	$ 15.53
Operating margin	**29.4%**	28.4%
Average compensated occupancy	**76.3%**	80.1%
Average available beds	**5,274**	5,214
Average compensated population	**4,022**	4,178

Operating margins in the CoreCivic Community segment in 2019 were positively impacted by an increase in revenue, primarily driven by per diem increases at a number of facilities across the portfolio. This positive impact on operating margins was partially offset by the aforementioned decline in utilization from the state of Oklahoma at one of our residential reentry centers in Oklahoma, which led to the consolidation of residents into our other reentry facilities located in the state. We idled the Oklahoma reentry facility in the second quarter of 2019. Also, as previously discussed herein, we idled a residential reentry center in Arizona in the third quarter of 2019 upon the expiration of a BOP contract on August 31, 2019.

The acquisition of RMSC on December 1, 2018, which provides non-residential correctional alternatives, including electronic monitoring and case management services, also positively impacted CoreCivic Community's facility net operating income in 2019.

CoreCivic Properties

CoreCivic Properties includes the operating results of the properties we leased to third parties and that were used by government agencies during each period. Total revenue generated by CoreCivic Properties increased $19.4 million, or 33.5%, from $57.9 million during 2018 to $77.3 million during 2019. CoreCivic Properties' facility net operating income increased $12.0 million, or 28.3%, from $42.5 million during 2018 to $54.5 million during 2019. During 2019 and 2018, CoreCivic Properties generated 9.8% and 8.1%, respectively, of our total facility net operating income.

On January 19, 2018, we acquired the 261,000 square-foot Capital Commerce Center, located in Tallahassee, Florida. Capital Commerce Center is 98% leased, including 87% leased to the state of Florida on behalf of the Florida Department of Business and Professional Regulation.

On January 24, 2018, we entered into a 20-year lease agreement with the KDOC for a 2,432-bed correctional facility to be constructed in Lansing, Kansas. Construction of the facility commenced in the first quarter of 2018 and was completed in January 2020. The new facility replaces the Lansing Correctional Facility, Kansas' largest correctional complex for adult male inmates, originally constructed in 1863. We will be responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas.

On July 17, 2018, we completed the acquisition of a portfolio of twelve properties which are 100% leased to the U.S. Federal Government through the General Services Administration, or GSA, an independent agency of the United States government on behalf of the Social Security Administration, or SSA, the Department of Homeland Security, or DHS, and ICE.

On August 23, 2018, we acquired the 541,000 square-foot SSA-Baltimore office building. The office building was purpose built to SSA specifications in 2014 under a 20-year firm term lease expiring in January 2034, and is backed by the full faith and credit of the U.S. Federal Government through the GSA.

On September 21, 2018, we acquired a 217,000 square-foot, steel frame property in Dayton, Ohio that was built-to-suit for the National Archives and Records Administration, or NARA, in 2002. The building is 100% leased to the GSA on behalf of NARA through January 2023 and includes two additional 10-year renewal options. The building provides 1.2 million cubic feet of storage space, approximately 90% of which is dedicated to archives of the Internal Revenue Service.

On May 6, 2019, we completed the acquisition of a 37,000 square-foot office building in Detroit, Michigan, for $7.2 million, excluding transaction related expenses, that was built-to-suit for the state of Michigan's Department of Health and Human Services, or MDHHS, in 2002. The property is 100% leased to the Michigan Department of Technology, Management and Budget, or MDTMB, on behalf of MDHHS through June 2028 and includes one six-year renewal option at the sole discretion of the MDTMB.

On December 9, 2019, we entered into a lease with the KYDOC for our previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky, formerly known as the Southeast Kentucky Correctional Facility. The lease is expected to commence in mid-2020 and has an initial term of ten years and includes five two-year renewal options. The KYDOC has the option to purchase the facility at its fair market value at any time during the term of the lease. The Southeast Correctional facility had previously been idle since 2012.

As previously discussed herein, during the third quarter of 2019, leases at three single-tenant residential reentry centers located in Pennsylvania expired and were not renewed. The three properties total approximately 54,000 square feet and contain an aggregate of 430 beds. These three facilities generated total facility net operating income of $1.0 million in 2018. We have begun to market the facilities to other potential customers to operate as a CoreCivic Community facility or for future lease as a CoreCivic Properties facility.

General and administrative expense

For the years ended December 31, 2019 and 2018, general and administrative expenses totaled $127.1 million and $106.9 million, respectively. General and administrative expenses consist primarily of corporate management salaries and benefits, professional fees, including those associated with mergers and acquisitions, or M&A, and other administrative expenses. General and administrative expenses increased from the prior year primarily as a result of higher salaries, including incentive compensation, as well as professional fees and expenses associated with the relocation of our corporate headquarters from a building we owned until September 2018 to a new building we lease from a third party.

Depreciation and Amortization

For the years ended December 31, 2019 and 2018, depreciation and amortization expense totaled $144.6 million and $156.5 million, respectively. Depreciation and amortization expense decreased primarily as a result of the aforementioned adoption of ASC 842 on January 1, 2019. Prior to adoption of ASC 842, a portion of the rental payments for the South Texas Family Residential Center was classified as depreciation and amortization expense in accordance with ASC 840-40-55. Depreciation expense associated with the lease at the South Texas Family Residential Center during 2018 amounted to $16.5 million. Upon adoption of ASC 842, all rental payments associated with this lease are classified as operating expenses. The decrease in depreciation and amortization expense was partially offset by the additional depreciation and amortization resulting from our M&A activities during 2018 and 2019.

Contingent consideration for acquisition of businesses

As a result of better than estimated financial performance of Time to Change, Inc., a business we acquired in November 2017, during the fourth quarter of 2018, we recognized a charge of $6.1 million for additional contingent consideration owed to the seller associated with the acquisition. The total contingent consideration was paid in full during the first quarter of 2019.

Asset impairments

As further described under "critical accounting policies", during the second quarter of 2019, we incurred asset impairment charges of $4.7 million primarily related to a residential reentry center in Arizona that became idle in the third quarter of 2019. During the second quarter of 2018, we incurred an asset impairment charge of $1.6 million associated with the sale of our former corporate headquarters, which was completed in the third quarter of 2018.

Interest expense, net

Interest expense was reported net of interest income and capitalized interest for the years ended December 31, 2019 and 2018. Gross interest expense, net of capitalized interest, was $86.7 million and $82.2 million in 2019 and 2018, respectively. Gross interest expense is based on outstanding borrowings under our revolving credit facility, our outstanding Incremental Term Loan A, or Term Loan A, our outstanding new $250.00 million Senior Secured Term Loan B, or Term Loan B, as further described hereafter, our outstanding senior notes, and our outstanding non-recourse mortgage notes, as well as the amortization of loan costs and unused facility fees. The increase in gross interest expense primarily resulted from an increase in the average outstanding balance on our revolving credit facility and higher interest expense associated with the new non-recourse mortgage notes issued during 2018, as further described hereafter. Partially offsetting the increase in interest expense was the reduction in interest expense associated with the lease of the South Texas Family Residential Center. Interest expense associated with the lease of this facility was $5.6 million during 2018, classified as such in accordance with ASC 840-40-55. As previously described herein, upon adoption of ASC 842 on January 1, 2019, all rental payments associated with this lease are classified as operating expenses.

We have benefited from relatively low interest rates on our revolving credit facility, which is largely based on the London Interbank Offered Rate, or LIBOR. Based on our total leverage ratio, borrowings under our revolving credit facility during 2018 and 2019 were at the base rate plus a margin of 0.50% or at LIBOR plus a margin of 1.50%, and a commitment fee equal to 0.35% of the unfunded balance. Interest rates under the Term Loan A are the same as the interest rates under our revolving credit facility.

On December 18, 2019, we entered into a new Term Loan B which bears interest at a rate of LIBOR plus 4.50%, with a 1.00% LIBOR floor (or, at our option, a base rate plus 3.50%), and has a five-year maturity with scheduled quarterly principal payments through December 2024. The Term Loan B will be secured by a first lien on certain specified real property assets, representing a loan-to-value of no greater than 80%. We can prepay the Term Loan B at any time and from time to time, without premium or penalty, except that a premium of 1.0% of the amount prepaid must accompany any prepayment made prior to December 18, 2020, with the proceeds of any new or replacement tranche of term loans that are in the nature of what are commonly referred to as "B" term loans and that bear interest with an all-in yield less than the all-in yield applicable to the Term Loan. The 1.0% prepayment premium is also payable in respect of certain repricing events occurring prior to December 18, 2020.

On January 19, 2018, we acquired the 261,000 square-foot Capital Commerce Center located in Tallahassee, Florida for a purchase price of $44.7 million. The acquisition was partially financed with a $24.5 million non-recourse mortgage note, or the Capital Commerce Note, which is fully-secured by the Capital Commerce Center property, with an interest rate of 4.5%, maturing in January 2033.

On April 20, 2018, CoreCivic of Kansas, LLC, a wholly-owned subsidiary of ours, priced $159.5 million in aggregate principal amount of non-recourse senior secured notes, or the Kansas Notes, in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. The private placement closed on June 1, 2018. We used the proceeds of the private placement, which were drawn on quarterly funding dates beginning in the second quarter of 2018, to fund construction of the Lansing Correctional Facility, as further described hereafter, along with costs and expenses of the project. The Kansas Notes have a yield to maturity of 4.43% and are scheduled to mature in January 2040, 20 years following completion of the project, which occurred in January 2020. We capitalized $5.1 million and $0.9 million of interest during 2019 and 2018, respectively, associated with this construction project.

On August 23, 2018, we acquired the 541,000 square-foot SSA-Baltimore office building for a purchase price of $242.0 million. In connection with the acquisition, we assumed $157.3 million of in-place financing that was used to fund the initial construction of the property in 2014. The assumed non-recourse mortgage note, or the SSA-Baltimore Note, carries a fixed interest rate of 4.5%, with a balloon payment of $40.0 million due at maturity in February 2034. The SSA-Baltimore Note is fully-secured by the SSA-Baltimore property.

Gross interest income was $2.3 million and $1.4 million in 2019 and 2018, respectively. Gross interest income is earned on notes receivable, investments, cash and cash equivalents, and restricted cash. Total capitalized interest was $6.0 million and $1.0 million during 2019 and 2018, respectively. Capitalized interest was primarily associated with the construction of the Lansing Correctional Facility and the expansion of our Otay Mesa Detention Center, as further described hereafter.

Income tax expense

As a REIT, we are entitled to a deduction for dividends paid, resulting in a substantial reduction in the amount of federal income tax expense we recognize. Substantially all of our income tax expense is incurred based on the earnings generated by our TRSs. Our overall effective tax rate is based on the taxable income primarily generated by our TRSs. Our consolidated effective tax rate could fluctuate in the future based on changes in estimates of taxable income, the relative amounts of taxable income generated by the TRSs and the REIT, the implementation of additional tax planning strategies, changes in federal or state tax rates or laws affecting tax credits available to us, changes in other tax laws, changes in estimates related to uncertain tax positions, or changes in state apportionment factors, as well as changes in the valuation allowance applied to our deferred tax assets that are based primarily on the amount of state net operating losses and tax credits that could expire unused.

During the years ended December 31, 2019 and 2018, our financial statements reflected an income tax expense of $7.8 million and $8.4 million, respectively. Our effective tax rate was 4.0% and 5.0% during 2019 and 2018, respectively. The TCJA, enacted December 22, 2017, reduced the U.S. federal corporate tax rate from 35% to 21%, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and created new taxes on certain foreign-sourced earnings. However, the TCJA did not change the dividends paid deduction applicable to REITs and, therefore, we generally will not be subject to federal income taxes on our REIT taxable income and gains that we distribute to our stockholders. As a result of changes in the U.S. federal corporate tax rates resulting from the TCJA, during the fourth quarter of 2017, we re-measured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. In the fourth quarter of 2017, we recognized $4.5 million, which was included as a component of income tax expense, for the revaluation of deferred tax assets and liabilities and other taxes associated with the TCJA. During the third quarter of 2018, we revised our estimates of the revaluation of deferred tax assets and liabilities resulting in the recognition of an additional charge of $1.0 million, which was also included as a component of income tax expense.

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Pursuant to Regulation S-K item 303, a detailed review of our performance for the year ended December 31, 2018 compared to our performance for the year ended December 31, 2017 is set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission, or SEC, on February 25, 2019.

LIQUIDITY AND CAPITAL RESOURCES

Our principal capital requirements are for working capital, stockholder distributions, capital expenditures, and debt service payments. Capital requirements may also include cash expenditures associated with our outstanding commitments and contingencies, as further discussed in the notes to our financial statements. Additionally, our capital expenditures may include M&A activities that will enable us to further expand our network of residential reentry centers, grow our portfolio of government-leased properties, and acquire other businesses that provide complementary services. We will continue to pursue opportunities to help our government partners meet their infrastructure needs, primarily through the development and redevelopment of criminal justice sector assets, but also by acquiring other real estate assets, with a bias toward those used to provide mission-critical governmental services, that we believe have favorable investment returns, diversify our cash flows, and increase value to our stockholders. We will also respond to customer demand and may develop or expand correctional and detention facilities when we believe potential long-term returns justify the capital deployment.

To maintain our qualification as a REIT, we generally are required to distribute annually to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains). Our REIT taxable income will not typically include income earned by our TRSs except to the extent our TRSs pay dividends to the REIT. Our Board of Directors declared a quarterly dividend of $0.44 for each quarter of 2019 totaling $211.9 million. The amount, timing and frequency of future distributions will be at the sole discretion of our Board of Directors and will be declared based upon various factors, many of which are beyond our control, including our financial condition and operating cash flows, the amount required to maintain qualification and taxation as a REIT and to reduce any income and excise taxes that we otherwise would be required to pay, limitations on distributions in our existing and future debt instruments, limitations on our ability to fund distributions using cash generated through our TRSs, alternative growth opportunities that require capital deployment, and other factors that our Board of Directors may deem relevant.

As of December 31, 2019, our liquidity was provided by cash on hand of $92.1 million, and $412.7 million available under our revolving credit facility. During the years ended December 31, 2019 and 2018, we generated $354.4 million and $322.9 million, respectively, in cash through operating activities. We currently expect to be able to meet our cash expenditure requirements for the next year utilizing these resources. Some banks that are party to our Second Amended and Restated Credit Agreement, or Bank Credit Agreement, have announced that they do not expect to continue to provide credit or financial services to private entities that operate correctional and detention facilities, including CoreCivic. These banks are legally obligated to honor their commitments under our Bank Credit Agreement, which expires in April 2023. These decisions have currently affected the capital markets for our securities, and we can provide no assurance that additional banks that are party to our Bank Credit Agreement will not make similar decisions, or that new banks will be willing to become party to our Bank Credit Agreement, or that the capital markets for our securities will improve. We have no debt maturities until October 2022, when our $250.0 million of unsecured notes mature.

Our cash flow is subject to the receipt of sufficient funding of and timely payment by contracting governmental entities. If the appropriate governmental agency does not receive sufficient appropriations to cover its contractual obligations, it may terminate our contract or delay or reduce payment to us. Delays in payment from our major customers or the termination of contracts from our major customers could have an adverse effect on our cash flow, financial condition and, consequently, dividend distributions to our shareholders.

Debt, equity and debt refinancing transactions

As of December 31, 2019, we had $350.0 million principal amount of unsecured notes outstanding with a fixed stated interest rate of 4.625%, $250.0 million principal amount of unsecured notes outstanding with a fixed stated interest rate of 5.0%, and $250.0 million principal amount of unsecured notes outstanding with a fixed stated interest rate of 4.75%. In addition, we had $22.2 million outstanding under the Capital Commerce Note with a fixed stated interest rate of 4.5%, $159.5 million outstanding under the Kansas Notes with a fixed stated interest rate of 4.43%, and $150.1 million outstanding under the SSA-Baltimore Note with a fixed stated interest rate of 4.5%. We also had $190.0 million outstanding under our Term Loan A with a variable interest rate of 3.3%, $250.0 million outstanding under our new Term Loan B with a variable interest rate of 6.3%, and $365.0 million outstanding under our revolving credit facility with a variable weighted average interest rate of 3.3%. As of December 31, 2019, our total weighted average effective interest rate was 4.4%, while our total weighted average maturity was 6.3 years. We may also seek to issue debt or equity securities from time to time when we determine that market conditions and the opportunity to utilize the proceeds from the issuance of such securities are favorable.

On December 2, 2019, we gave irrevocable notice that we would redeem all of our outstanding $325.0 million in aggregate principal amount of 4.125% senior notes due in April 2020, or the 4.125% Senior Notes, on January 1, 2020, or the Redemption Date, at a redemption price equal to 100% of the principal amount of the 4.125% Senior Notes, plus accrued and unpaid interest to but excluding the Redemption Date, or the Redemption Amount. On December 27, 2019, and in accordance with the indenture governing the 4.125% Senior Notes, we satisfied and discharged the 4.125% Senior Notes by irrevocably depositing the Redemption Amount due on the Redemption Date with the trustee. Accordingly, the 4.125% Senior Notes are not included on our consolidated balance sheet as of December 31, 2019. We incurred $0.6 million of expenses associated with this debt refinancing transaction.

On December 18, 2019, we entered into a new Term Loan B which bears interest at a rate of LIBOR plus 4.50%, with a 1.00% LIBOR floor (or, at our option, a base rate plus 3.50%), and has a five-year maturity with scheduled quarterly principal payments through December 2024. The Term Loan B will be secured by a first lien on certain specified real property assets, representing a loan-to-value of no greater than 80%. We can prepay the Term Loan B at any time and from time to time, without premium or penalty, except that a premium of 1.0% of the amount prepaid must accompany any prepayment made prior to December 18, 2020, with the proceeds of any new or replacement tranche of term loans that are in the nature of what are commonly referred to as "B" term loans and that bear interest with an all-in yield less than the all-in yield applicable to the Term Loan. The 1.0% prepayment premium is also payable in respect of certain repricing events occurring prior to December 18, 2020. Proceeds from the issuance of the Term Loan B were used to partially fund the early redemption of the 4.125% Senior Notes, transaction fees and expenses, and to provide for general corporate purposes.

On August 28, 2018, we entered into an Amended and Restated ATM Equity Offering Sales Agreement, or ATM Agreement, with multiple sales agents, pursuant to which we may offer and sell to or through the agents, from time to time, shares of our common stock, par value $0.01 per share, having an aggregate gross sales price of up to $200.0 million. Sales, if any, of our shares of common stock will be made primarily in "at-the-market" offerings, as defined in Rule 415 under the Securities Act of 1933, as amended. The shares of common stock will be offered and sold pursuant to our registration statement on Form S-3 and a related prospectus supplement, both filed with the SEC on August 28, 2018. We intend to use substantially all of the net proceeds from any sale of shares of our common stock to repay outstanding borrowings or for working capital and other general corporate purposes, which may include investments. There were no shares of our common stock sold under the ATM Agreement during 2018 and 2019.

Facility acquisitions, development, and capital expenditures

CoreCivic Properties

On December 9, 2019, we entered into a lease with the KYDOC for our previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky, formerly known as the Southeast Kentucky Correctional Facility. The lease is expected to commence in mid-2020 upon the completion of certain capital expenditures, estimated at $4.5 million to $5.0 million. The lease has an initial term of ten years and includes five two-year renewal options. The KYDOC has the option to purchase the facility at its fair market value at any time during the term of the lease. The Southeast Correctional facility had previously been idle since 2012.

On May 6, 2019, we completed the acquisition of a 37,000 square-foot office building in Detroit, Michigan, for $7.2 million, excluding transaction related expenses, that was built-to-suit for the MDHHS in 2002. The property is 100% leased to the MDTMB on behalf of MDHHS through June 2028 and includes one six-year renewal option at the sole discretion of the MDTMB.

On January 24, 2018, we entered into a 20-year lease agreement with the KDOC for a 2,432-bed correctional facility to be constructed in Lansing, Kansas. We commenced construction of the facility in the first quarter of 2018 and, as of December 31, 2019, we had capitalized $137.7 million associated with the construction project. In December 2019, the Lansing facility began accepting offenders into the 512-bed minimum security complex ahead of schedule, with the remaining 1,920-bed medium/maximum security complex completed in January 2020, for a total project cost of approximately $155.0 million. Construction of the facility was 100% funded with proceeds from the private placement of the Kansas Notes, as previously described herein. This transaction represents the first development of a privately owned, build-to-suit correctional facility to be operated by a government agency through a long-term lease agreement. We will be responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas. With the extensively aged criminal justice infrastructure in the U.S. today, we believe we can bring our flexible solutions like this to other government agencies.

CoreCivic Community

On December 7, 2019, we completed the acquisition of certain assets of Rehabilitation Services, Inc., or RSI, for $4.4 million, excluding transaction related expenses. The acquisition resulted in the addition of two residential reentry centers in Virginia. The Ghent Residential Reentry Center, a 36-bed residential reentry center in Norfolk, Virginia and the James River Residential Reentry Center, an 84-bed residential reentry center in Newport News, Virginia provide reentry services for residents under custody of the BOP. The residential reentry facilities can also serve an additional 34 home confinement clients on behalf of the BOP.

On February 20, 2019, we acquired the South Raleigh Reentry Center, a 60-bed residential reentry center in Raleigh, North Carolina, for $0.9 million, excluding transaction-related expenses. We operate the South Raleigh facility under a BOP reentry contract.

CoreCivic Safety

As a result of long-standing demand from the USMS and ICE, and limited detention capacity in the Southwest region of the United States, during the fourth quarter of 2018, we began the expansion of our 1,482-bed Otay Mesa Detention Center in San Diego, California by 512 beds. The expansion was completed during the third quarter of 2019 at an estimated cost of approximately $39.0 million. Both the USMS and ICE currently utilize the Otay Mesa Detention Center under an existing contract that enables both agencies to utilize the additional capacity.

Several of our existing federal and state partners, as well as prospective state partners, are experiencing growth in offender populations and overcrowded conditions, are considering alternative correctional capacity for their aged or inefficient infrastructure, or are seeking cost savings by utilizing the private sector. Competing budget priorities often impede our customers' ability to construct new prison beds of their own or update older facilities, which we believe could result in further need for private sector prison capacity solutions in the long-term. Over the long-term, we would like to see meaningful utilization of our available capacity and better visibility from our customers into their potential future needs before we develop new prison capacity on a speculative basis. We will, however, respond to customer demand and may develop or expand correctional and detention facilities when we believe potential long-term returns justify the capital deployment, such as the aforementioned expansion of our Otay Mesa Detention Center. We are also pursuing additional investment opportunities in other real estate assets with a bias toward those used to provide mission-critical governmental services, as well as other businesses that expand the range of solutions we provide to government partners, and expect to complete additional acquisitions that would further diversify our cash flows and generate attractive risk-adjusted returns for our shareholders. However, our pursuits in recent months have been tempered by the decline in the market value of our public securities.

Operating Activities

Our net cash provided by operating activities for the year ended December 31, 2019 was $354.4 million compared with $322.9 million in 2018. Cash provided by operating activities represents our net income plus depreciation and amortization, changes in various components of working capital, and various non-cash charges.

Investing Activities

Our cash flow used in investing activities was $244.6 million for the year ended December 31, 2019 and was attributable to payments totaling $48.4 million, including payments of $34.1 million to the state of Montana in connection with an agreement with the state of Montana to extend our ownership of the Crossroads Correctional Center for the estimated duration of its useful life, and acquisitions completed in 2019, net of cash acquired. Our cash flow used in investing activities also included capital expenditures of $193.3 million, including expenditures for facility development and expansions of $136.1 million and $57.2 million for facility maintenance and information technology capital expenditures.

Our cash flow used in investing activities was $291.1 million for the year ended December 31, 2018 and was primarily attributable to capital expenditures of $121.6 million, including expenditures for facility development and expansions of $58.2 million and $63.4 million for facility maintenance and information technology capital expenditures. Our cash flow used in investing activities also included $175.6 million primarily attributable to the acquisitions of Rocky Mountain Offender Management Systems, LLC, an electronic monitoring and case management services provider, and Capital Commerce Center in the first quarter of 2018, the acquisitions of a portfolio of twelve leased properties, the SSA-Baltimore office building, and the NARA property in the third quarter of 2018, and the acquisition of RMSC in the fourth quarter of 2018.

Financing Activities

Cash flow used in financing activities was $64.8 million for the year ended December 31, 2019 and was primarily attributable to dividend payments of $209.5 million and $3.5 million for the purchase and retirement of common stock that was issued in connection with equity-based compensation. In addition, cash flow used in financing activities included $325.0 million related to the aforementioned satisfaction and discharge of our 4.125% Senior Notes. Cash flow used in financing activities also included $7.4 million of contingent consideration associated with the acquisition of a business and $14.1 million of scheduled principal repayments under our Term Loan A and non-recourse mortgage notes. These payments were partially offset by $164.0 million of net borrowings under our revolving credit facility, $237.5 million of net proceeds from the issuance of the Term Loan B, and $97.2 million of proceeds from the quarterly borrowings under the Kansas Notes during the construction period of the Lansing Correctional Facility.

Cash flow used in financing activities was $9.9 million for the year ended December 31, 2018 and was primarily attributable to dividend payments of $204.2 million and $3.0 million for the purchase and retirement of common stock that was issued in connection with equity-based compensation. In addition, cash flow used in financing activities included $7.8 million of scheduled principal repayments under our Term Loan A and non-recourse mortgage notes and $6.1 million of debt issuance and other refinancing and related costs. These payments were partially offset by $119.5 million of net borrowings under our revolving credit facility, $24.5 million of proceeds from the issuance of the Capital Commerce Note, and $62.3 million of proceeds from the quarterly borrowings under the Kansas Notes during the construction period of the Lansing Correctional Facility.

Funds from Operations

Funds From Operations, or FFO, is a widely accepted supplemental non-GAAP measure utilized to evaluate the operating performance of real estate companies. The National Association of Real Estate Investment Trusts, or NAREIT, defines FFO as net income computed in accordance with GAAP, excluding gains or losses from sales of property and extraordinary items, plus depreciation and amortization of real estate and impairment of depreciable real estate and after adjustments for unconsolidated partnerships and joint ventures calculated to reflect funds from operations on the same basis. We believe FFO is an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting results.

We also present Normalized FFO as an additional supplemental measure as we believe it is more reflective of our core operating performance. We may make adjustments to FFO from time to time for certain other income and expenses that we consider non-recurring, infrequent or unusual, even though such items may require cash settlement, because such items do not reflect a necessary component of our ongoing operations. Even though expenses associated with M&A may be recurring, the magnitude and timing fluctuate based on the timing and scope of M&A activity, and therefore, such expenses, which are not a necessary component of our ongoing operations, may not be comparable from period to period. Start-up expenses represent the incremental operating losses incurred during the period we were activating idle correctional facilities. Normalized FFO excludes the effects of such items.

FFO and Normalized FFO are supplemental non-GAAP financial measures of real estate companies' operating performance, which do not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative for net income or as a measure of liquidity. Our method of calculating FFO and Normalized FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Our reconciliation of net income to FFO and Normalized FFO for the years ended December 31, 2019, 2018, and 2017 is as follows (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
FUNDS FROM OPERATIONS:			
Net income	**$ 188,886**	$ 159,207	$ 178,040
Depreciation and amortization of real estate assets	**107,402**	101,771	95,902
Impairment of real estate assets	**4,428**	1,580	355
Gain on sale of real estate assets	**(287)**	—	—
Funds From Operations	**300,429**	262,558	274,297
Expenses associated with debt refinancing transactions	**602**	1,016	—
Charges associated with adoption of tax reform	**—**	1,024	4,548
Expenses associated with mergers and acquisitions	**1,132**	3,096	2,530
Contingent consideration for acquisition of businesses	**—**	6,085	—
Start-up expenses	**9,480**	—	—
Goodwill and other impairments	**278**	—	259
Normalized Funds From Operations	**$ 311,921**	$ 273,779	$ 281,634

Contractual Obligations

The following schedule summarizes our contractual obligations by the indicated period as of December 31, 2019 (in thousands):

	Payments Due By Year Ending December 31,						
	2020	2021	2022	2023	2024	Thereafter	Total
Long-term debt	$ 31,349	$ 39,087	$ 292,981	$ 904,110	$ 194,937	$ 524,401	$ 1,986,865
Interest on senior and mortgage notes	55,232	54,784	54,308	33,164	24,479	127,517	349,484
Contractual facility developments and other commitments	19,202	—	—	—	—	—	19,202
South Texas Family Residential Center	51,562	37,333	—	—	—	—	88,895
Leases	4,415	5,101	4,072	3,051	3,039	24,146	43,824
Total contractual cash obligations	$ 161,760	$ 136,305	$ 351,361	$ 940,325	$ 222,455	$ 676,064	$ 2,488,270

The cash obligations in the table above do not include future cash obligations for variable interest expense associated with our Term Loan A, Term Loan B or the balance on our outstanding revolving credit facility as projections would be based on future outstanding balances as well as future variable interest rates, and we are unable to make reliable estimates of either. The contractual facility developments included in the table above represent development projects for which we have already entered into a contract with a customer that obligates us to complete the development project. Certain of our other ongoing construction projects are not currently under contract and thus are not included as a contractual obligation above as we may generally suspend or terminate such projects without substantial penalty. With respect to the South Texas Family Residential Center, the cash obligations included in the table above reflect the full contractual obligations of the lease of the site, excluding contingent payments, even though the lease agreement provides us with the ability to terminate if ICE terminates the amended IGSA associated with the facility.

We had $22.6 million of letters of credit outstanding at December 31, 2019 primarily to support our requirement to repay fees and claims under our self-insured workers' compensation plan in the event we do not repay the fees and claims due in accordance with the terms of the plan. The letters of credit are renewable annually. We did not have any draws under any outstanding letters of credit during 2019, 2018, or 2017.

INFLATION

Many of our contracts include provisions for inflationary indexing, which mitigates an adverse impact of inflation on net income. However, a substantial increase in personnel costs, workers' compensation or food and medical expenses could have an adverse impact on our results of operations in the future to the extent that these expenses increase at a faster pace than the per diem or fixed rates we receive for our management services. We outsource our food service operations to a third party. The contract with our outsourced food service vendor contains certain protections against increases in food costs.

SEASONALITY AND QUARTERLY RESULTS

Our business is subject to seasonal fluctuations. Because we are generally compensated for operating and managing correctional, detention, and reentry facilities at a per diem rate, our financial results are impacted by the number of calendar days in a fiscal quarter. Our fiscal year follows the calendar year and therefore, our daily profits for the third and fourth quarters include two more days than the first quarter (except in leap years) and one more day than the second quarter. Further, salaries and benefits represent the most significant component of operating expenses. Significant portions of our unemployment taxes are recognized during the first quarter, when base wage rates reset for unemployment tax purposes. Finally, quarterly results are affected by government funding initiatives, acquisitions, the timing of the opening of new facilities, or the commencement of new management contracts and related start-up expenses which may mitigate or exacerbate the impact of other seasonal influences. Because of these seasonality factors, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our primary market risk exposure is to changes in U.S. interest rates. We are exposed to market risk related to our revolving credit facility, Term Loan A and Term Loan B because the interest rates on our revolving credit facility, Term Loan A and Term Loan B are subject to fluctuations in the market. If the interest rate for our outstanding indebtedness under the revolving credit facility, the Term Loan A, and the Term Loan B was 100 basis points higher or lower during the years ended December 31, 2019, 2018, and 2017, our interest expense, net of amounts capitalized, would have been increased or decreased by $5.0 million, $3.6 million, and $5.0 million, respectively.

As of December 31, 2019, we had outstanding $350.0 million of senior notes due 2023 with a fixed interest rate of 4.625%, $250.0 million of senior notes due 2022 with a fixed interest rate of 5.0%, and $250.0 million of senior notes due 2027 with a fixed interest rate of 4.75%. We also had $22.2 million outstanding under the Capital Commerce Note with a fixed interest rate of 4.5%, $159.5 million outstanding under the Kansas Notes with a fixed interest rate of 4.43%, and $150.1 million outstanding under the SSA-Baltimore Note with a fixed interest rate of 4.5%. Because the interest rates with respect to these instruments are fixed, a hypothetical 100 basis point increase or decrease in market interest rates would not have a material impact on our financial statements.

We may, from time to time, invest our cash in a variety of short-term financial instruments. These instruments generally consist of highly liquid investments with original maturities at the date of purchase of three months or less. While these investments are subject to interest rate risk and will decline in value if market interest rates increase, a hypothetical 100 basis point increase or decrease in market interest rates would not materially affect the value of these instruments. See the risk factor discussion captioned "*Rising interest rates would increase the cost of our variable rate debt*" under Item 1A of this Annual Report on Form 10-K for more discussion on interest rate risks that may affect our financial condition.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and supplementary data required by Regulation S-X are included in this Annual Report on Form 10-K commencing on Page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Management's Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of the end of the period covered by this Annual Report. Based on that evaluation, our officers, including our Chief Executive Officer and Chief Financial Officer, concluded that as of the end of the period covered by this Annual Report our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework released in 2013. Based on this assessment, management believes that, as of December 31, 2019, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting. That report begins on page 89.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the fourth fiscal quarter of 2019 that have materially affected, or are likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of CoreCivic, Inc. and Subsidiaries

Opinion on Internal Control Over Financial Reporting

We have audited CoreCivic, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, CoreCivic, Inc. and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2019 consolidated financial statements of the Company and our report dated February 20, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Nashville, Tennessee
February 20, 2020

ITEM 9B. OTHER INFORMATION

Dividend Declared for First Quarter 2020

On February 20, 2020, the Company's Board of Directors declared a dividend for the first quarter of 2020 of $0.44 per share to be paid on April 15, 2020 to stockholders of record as of the close of business on April 1, 2020.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item 10 will appear in, and is hereby incorporated by reference from, the information under the headings "Proposal 1 – Election of Directors-Directors Standing for Election," "Executive Officers-Information Concerning Executive Officers Who Are Not Directors," "Corporate Governance – Board of Directors Meetings and Committees," "Corporate Governance – Independence and Financial Literacy of Audit Committee Members," and "Security Ownership of Certain Beneficial Owners and Management – Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive proxy statement for the 2020 Annual Meeting of Stockholders.

Our Board of Directors has adopted a Code of Ethics and Business Conduct applicable to the members of our Board of Directors and our officers, including our Chief Executive Officer and Chief Financial Officer. In addition, the Board of Directors has adopted Corporate Governance Guidelines and charters for our Audit Committee, Risk Committee, Compensation Committee, Nominating and Governance Committee and Executive Committee. You can access our Code of Ethics and Business Conduct, Corporate Governance Guidelines and current committee charters under the "Investor Relations" tab on our website at www.corecivic.com.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item 11 will appear in, and is hereby incorporated by reference from, the information under the headings "Executive and Director Compensation" in our definitive proxy statement for the 2020 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item 12 will appear in, and is hereby incorporated by reference from, the information under the heading "Security Ownership of Certain Beneficial Owners and Management – Ownership of Common Stock" in our definitive proxy statement for the 2020 Annual Meeting of Stockholders.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth certain information as of December 31, 2019 regarding compensation plans under which our equity securities are authorized for issuance.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options	(b) Weighted – Average Exercise Price of Outstanding Options	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))	
Equity compensation plans approved by stockholders	644,763	$ 20.91	5,253,127	(1)
Equity compensation plans not approved by stockholders	—	—	—	
Total	644,763	$ 20.91	5,253,127	

(1) Reflects shares of common stock available for issuance under our Amended and Restated 2008 Stock Incentive Plan and our Non-Employee Directors' Compensation Plan, the only equity compensation plans approved by our stockholders under which we continue to grant awards.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item 13 will appear in, and is hereby incorporated by reference from, the information under the heading "Corporate Governance – Certain Relationships and Related Party Transactions" and "Corporate Governance – Director Independence" in our definitive proxy statement for the 2020 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this Item 14 will appear in, and is hereby incorporated by reference from, the information under the heading "Proposal 2 – Ratification of Appointment of Independent Registered Public Accounting Firm" in our definitive proxy statement for the 2020 Annual Meeting of Stockholders.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as part of this Annual Report:

(1) Financial Statements:

The financial statements as set forth under Item 8 of this Annual Report on Form 10-K have been filed herewith, beginning on page F-1 of this Annual Report.

(2) Financial Statement Schedules:

Schedule III-Real Estate Assets and Accumulated Depreciation.

Information with respect to this item begins on page F-51 of this Annual Report on Form 10-K. Other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

(3) Exhibits:

The following exhibits marked with an * are filed herewith. Exhibits marked with ** are furnished herewith. Other exhibits have previously been filed with the Securities and Exchange Commission (the "Commission") and are incorporated herein by reference:

3.1	Articles of Amendment and Restatement of the Company (previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on May 20, 2013 and incorporated herein by this reference).
3.2	Articles of Amendment of the Company (previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on November 10, 2016 and incorporated herein by this reference).
3.3	Ninth Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.3 to the Company's Current Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 22, 2018 and incorporated herein by this reference).
4.1	Specimen of certificate representing shares of the Company's Common Stock (previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on November 10, 2016 and incorporated herein by this reference).
4.2	Indenture (2023 Notes), dated as of April 4, 2013, by and among the Company, certain of its subsidiaries, and U.S. Bank National Association, as Trustee (previously filed as Exhibit 4.3 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on April 8, 2013 and incorporated herein by this reference).
4.3	Indenture (2022 Notes and 2027 Notes), dated as of September 25, 2015, by and between the Company and U.S. Bank National Association, as Trustee (previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on September 25, 2015 and incorporated herein by this reference).
4.4	Form of 4.625% Senior Note due 2023 (incorporated by reference to Exhibit A to Exhibit 4.2 hereof).
4.5	Form of 5.00% Senior Note due 2022 (incorporated by reference to Exhibit A to Exhibit 4.8 hereof).
4.6	Form of 4.75% Senior Note due 2027 (incorporated by reference to Exhibit A to Exhibit 4.9 hereof).
4.7	Supplemental Indenture (2023 Notes), dated as of September 4, 2013, by and among the Company, certain of its subsidiaries, and U.S. Bank National Association, as Trustee (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q (Commission File no. 001-16109), filed with the Commission on November 7, 2013 and incorporated herein by this reference).

4.8	First Supplemental Indenture (2022 Notes), dated as of September 25, 2015, by and among the Company, certain of its subsidiaries, and U.S. Bank National Association, as Trustee (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on September 25, 2015 and incorporated herein by this reference).
4.9	Second Supplemental Indenture (2027 Notes), dated as of October 13, 2017, by and among the Company, the Guarantors, and U.S. Bank National Association, as Trustee (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on October 13, 2017 and incorporated herein by this reference).
4.10	Schedule of additional Supplemental Indentures (2023 Notes), relating to the Supplemental Indenture in Exhibit 4.7 hereof (previously filed as Exhibit 4.12 to the Company's Annual Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 25, 2016 and incorporated herein by this reference).
4.11	Schedule of additional Supplemental Indentures (2022 Notes), relating to the Supplemental Indenture in Exhibit 4.8 hereof (previously filed as Exhibit 4.13 to the Company's Annual Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 25, 2016 and incorporated herein by this reference).
4.12	Supplemental Indenture (2023 Notes), dated as of January 7, 2019, by and among the Company, certain of its subsidiaries, and Regions Bank, successor-in-interest to U.S. Bank National Association, as Trustee (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-16109), filed with the Commission on May 9, 2019 and incorporated herein by this reference).
4.13	Supplemental Indenture (2022 Notes), dated as of January 7, 2019, by and among the Company, certain of its subsidiaries, and Regions Bank, successor-in-interest to U.S. Bank National Association, as Trustee (previously filed as Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-16109), filed with the Commission on May 9, 2019 and incorporated herein by this reference).
4.14	Supplemental Indenture (2027 Notes), dated as of January 7, 2019, by and among the Company, certain of its subsidiaries, and Regions Bank, successor-in-interest to U.S. Bank National Association, as Trustee (previously filed as Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-16109), filed with the Commission on May 9, 2019 and incorporated herein by this reference).
4.15*	Description of Securities of CoreCivic, Inc.
10.1	Second Amended and Restated Credit Agreement, dated as of April 17, 2018. (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on April 18, 2018 and incorporated herein by this reference.)
10.2	The Company's Non-Employee Directors' Compensation Plan (previously filed as Appendix C to the Company's definitive Proxy Statement relating to its Annual Meeting of Stockholders (Commission File no. 001-16109), filed with the Commission on April 11, 2003 and incorporated herein by this reference).
10.3	Form of Executive Non-qualified Stock Option Agreement for the Company's 2008 Stock Incentive Plan (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on February 21, 2008 and incorporated herein by this reference).
10.4	Amended Form of Executive Non-qualified Stock Option Agreement for the Company's 2008 Stock Incentive Plan (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on February 23, 2009 and incorporated herein by this reference).

10.5	Form of Director Non-qualified Stock Option Agreement for the Company's 2008 Stock Incentive Plan (previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on February 21, 2008 and incorporated herein by this reference).
10.6	The Company's Amended and Restated 2008 Stock Incentive Plan (previously filed as Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on May 17, 2011 and incorporated herein by this reference).
10.7	Form of Executive Restricted Stock Unit Award Agreement for the Company's Amended and Restated 2008 Stock Incentive Plan (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on March 21, 2012 and incorporated herein by this reference).
10.8	Form of Non-Employee Directors Restricted Stock Unit Award Agreement with deferral provisions for the Company's Amended and Restated 2008 Stock Incentive Plan (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on March 21, 2012 and incorporated herein by this reference).
10.9	Form of Non-Employee Directors Restricted Stock Unit Award Agreement for the Company's Amended and Restated 2008 Stock Incentive Plan (previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on March 21, 2012 and incorporated herein by this reference).
10.10	Form of Restricted Stock Unit Award Agreement for the Company's Amended and Restated 2008 Stock Incentive Plan (Time-Vesting Form for Executive Officers) (previously filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 27, 2013 and incorporated herein by this reference).
10.11	Amended and Restated Non-Employee Director Deferred Compensation Plan (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on August 16, 2007 and incorporated herein by this reference).
10.12	Amendment to the Amended and Restated Non-Employee Director Deferred Compensation Plan (previously filed as Exhibit 10.35 to the Company's Annual Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 24, 2010 and incorporated herein by this reference).
10.13	Amended and Restated Executive Deferred Compensation Plan (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on August 16, 2007 and incorporated herein by this reference).
10.14	Form of Indemnification Agreement (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on August 18, 2009 and incorporated herein by this reference).
10.15	Restricted Stock Unit Award Cancellation Agreement, dated as of September 27, 2016, with Damon T. Hininger (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on September 27, 2016 and incorporated herein by this reference).
10.16	Form of Executive Employment Agreement, effective as of January 1, 2018 (previously filed as Exhibit 10.28 to the Company's Current Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 22, 2018 and incorporated herein by this reference).
10.17	Letter Agreement, dated as of December 31, 2017, with Harley G. Lappin (previously filed as Exhibit 10.29 to the Company's Current Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 22, 2018 and incorporated herein by this reference).

10.18	Amended and Restated ATM Equity Offering[SM] Sales Agreement, dated August 28, 2018 (previously filed as Exhibit 1.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on August 28, 2018 and incorporated herein by this reference).
10.19*	Term Loan Credit Agreement, dated as of December 18, 2019, by and among the Company, Nomura Corporate Funding Americas, LLC, as Administrative Agent and Nomura Securities International, Inc., as a Lead Arranger and Bookrunner.
10.20	The Company's Second Amended and Restated 2008 Stock Incentive Plan (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on May 12, 2017 and incorporated herein by this reference).
21.1*	Subsidiaries of the Company.
23.1*	Consent of Independent Registered Public Accounting Firm.
31.1*	Certification of the Company's Chief Executive Officer pursuant to Securities and Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Company's Chief Financial Officer pursuant to Securities and Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following financial information from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statements of Stockholders' Equity, and (v) the Notes to Consolidated Financial Statements. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
104*	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, formatted in Inline XBRL (included in Exhibit 101).

ITEM 16. FORM 10-K SUMMARY

None**.**

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORECIVIC, INC.

Date: February 20, 2020

By: /s/ Damon T. Hininger
Damon T. Hininger, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Damon T. Hininger Damon T. Hininger, President and Chief Executive Officer (Principal Executive Officer and Director)	February 20, 2020
/s/ David M. Garfinkle David M. Garfinkle, Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 20, 2020
/s/ Mark A. Emkes Mark A. Emkes, Chairman of the Board of Directors	February 20, 2020
/s/ Donna M. Alvarado Donna M. Alvarado, Director	February 20, 2020
/s/ Robert J. Dennis Robert J. Dennis, Director	February 20, 2020
/s/ Stacia A. Hylton Stacia A. Hylton, Director	February 20, 2020
/s/ Harley G. Lappin Harley G. Lappin, Director	February 20, 2020
/s/ Anne L. Mariucci Anne L. Mariucci, Director	February 20, 2020
/s/ Thurgood Marshall, Jr. Thurgood Marshall, Jr., Director	February 20, 2020
/s/ Devin I. Murphy Devin I. Murphy, Director	February 20, 2020
/s/ Charles L. Overby Charles L. Overby, Director	February 20, 2020
/s/ John R. Prann, Jr. John R. Prann, Jr., Director	February 20, 2020

INDEX TO FINANCIAL STATEMENTS

Consolidated Financial Statements of CoreCivic, Inc. and Subsidiaries

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of CoreCivic, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CoreCivic, Inc. and Subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 20, 2020 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for accounting for leases in 2019 due to the adoption of ASU No. 2016-02, "Leases" (ASC 842).

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment of Long-Lived Assets

Description of the Matter

At December 31, 2019, the Company’s property and equipment, net of accumulated depreciation, was $2,700.1 million, which includes $13 million related to five idled facilities and $19.6 million related to other idle facilities. As discussed in Note 2 and Note 6 to the consolidated finan statements, long-lived assets other than goodwill are reviewed for impairment when circumstances indicate the carrying value of an asset may no recoverable. When the estimated undiscounted cash flows associated with the asset or group of assets are less than their carrying value, impairment is recognized as the difference between the carrying value of the asset and its fair value.

Auditing management’s evaluation of long-lived assets for impairment was subjective due to the estimation uncertainty in determining the fu undiscounted cash flows of facilities where indicators of impairment are determined to be present. These estimates are particularly sensitive to assumption as to whether the Company will obtain contracts to utilize idle facilities in the future, which can be affected by expectations about ma developments as well as management’s intent to hold and operate each facility over the term and in the manner assumed in the analysis.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s long-lived a impairment review process, including controls over management’s review of evidence supporting the projected utilization of idle facilities.

To test the Company’s long-lived asset impairment analysis, we performed audit procedures that included, among others, evaluating evidenc support the projected utilization of facilities and to support recoverability of net book values based on anticipated cash flows. We also perfor sensitivity analyses to evaluate the impact of changes in future undiscounted cash flows.

Goodwill Impairment

Description of the Matter

At December 31, 2019, the Company’s goodwill was $50.5 million, with $7.9 million assigned to the Company's CoreCivic Safety reporting unit $42.6 million assigned to the CoreCivic Community reporting unit. As discussed in Note 2 and Note 3 to the consolidated financial stateme goodwill is tested for impairment at the reporting unit level at least annually.

Auditing management’s annual goodwill impairment test for the CoreCivic Community reporting unit was complex and highly judgmental due to significant estimation required in determining the fair value of the reporting unit. In particular, the fair value estimate is sensitive to certain signifi assumptions, such as projected revenue, projected operating costs, and the weighted average cost of capital, which are affected by expectations ab future market or economic conditions.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s goodwill impairm review process, including controls over management’s review of the valuation methodologies and significant assumptions described above. To test the estimated fair value of the Company’s CoreCivic Community reporting unit, we performed audit procedures that included, among oth assessing the methodologies applied, testing the significant assumptions discussed above and the completeness and accuracy of the underlying used by the Company in its analysis. We compared the significant assumptions used by management to recent historical results; assessed the historical accuracy of management’s projected cash flow estimates; and performed sensitivity analyses of changes in significant assumption evaluate the changes in fair value of the reporting unit that would result from changes in the assumptions. We involved a valuation specialist to as in assessing the Company’s concluded valuation, valuation methodologies and certain significant assumptions used in the valuation analysis.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2002.
Nashville, Tennessee
February 20, 2020

CORECIVIC, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	December 31,	
ASSETS	**2019**	**2018**
Cash and cash equivalents	**$ 92,120**	$ 52,802
Restricted cash	**26,973**	21,335
Accounts receivable, net of allowance of $3,217 and $2,542, respectively	**280,785**	270,597
Prepaid expenses and other current assets	**35,507**	28,791
Total current assets	**435,385**	373,525
Real estate and related assets:		
Property and equipment, net of accumulated depreciation of $1,510,117 and $1,516,664, respectively	**2,700,107**	2,830,589
Other real estate assets	**238,637**	247,223
Goodwill	**50,537**	48,169
Non-current deferred tax assets	**16,058**	14,947
Other assets	**350,907**	141,207
Total assets	**$ 3,791,631**	$ 3,655,660
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	**$ 337,462**	$ 352,275
Current portion of long-term debt	**31,349**	14,121
Total current liabilities	**368,811**	366,396
Long-term debt, net	**1,928,023**	1,787,555
Deferred revenue	**12,469**	26,102
Other liabilities	**105,579**	60,548
Total liabilities	**2,414,882**	2,240,601
Commitments and contingencies		
Preferred stock – $0.01 par value; 50,000 shares authorized; none issued and outstanding at December 31, 2019 and 2018, respectively	**—**	—
Common stock – $0.01 par value; 300,000 shares authorized; 119,096 and 118,674 shares issued and outstanding at December 31, 2019 and 2018, respectively	**1,191**	1,187
Additional paid-in capital	**1,821,810**	1,807,202
Accumulated deficit	**(446,252)**	(393,330)
Total stockholders' equity	**1,376,749**	1,415,059
Total liabilities and stockholders' equity	**$ 3,791,631**	$ 3,655,660

The accompanying notes are an integral part of these consolidated financial statements.

CORECIVIC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	For the Years Ended December 31, 2019	2018	2017
REVENUES	**$ 1,980,689**	$ 1,835,766	$ 1,765,498
EXPENSES:			
Operating	**1,422,769**	1,315,250	1,249,537
General and administrative	**127,078**	106,865	107,822
Depreciation and amortization	**144,572**	156,501	147,129
Contingent consideration for acquisition of businesses	**—**	6,085	—
Asset impairments	**4,706**	1,580	614
	1,699,125	1,586,281	1,505,102
OPERATING INCOME	**281,564**	249,485	260,396
OTHER (INCOME) EXPENSE:			
Interest expense, net	**84,401**	80,753	68,535
Expenses associated with debt refinancing transactions	**602**	1,016	—
Other (income) expense	**(164)**	156	(90)
	84,839	81,925	68,445
INCOME BEFORE INCOME TAXES	**196,725**	167,560	191,951
Income tax expense	**(7,839)**	(8,353)	(13,911)
NET INCOME	**$ 188,886**	$ 159,207	$ 178,040
BASIC EARNINGS PER SHARE	**$ 1.59**	$ 1.34	$ 1.51
DILUTED EARNINGS PER SHARE	**$ 1.59**	$ 1.34	$ 1.50
DIVIDENDS DECLARED PER SHARE	**$ 1.76**	$ 1.72	$ 1.68

The accompanying notes are an integral part of these consolidated financial statements.

CORECIVIC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Years Ended December 31, 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 188,886**	$ 159,207	$ 178,040
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**144,572**	156,501	147,129
Asset impairments	**4,706**	1,580	614
Amortization of debt issuance costs and other non-cash interest	**3,351**	3,419	3,222
Expenses associated with debt refinancing transactions	**602**	1,016	—
Deferred income taxes	**(1,162)**	(4,436)	921
Other expenses and non-cash items	**13,033**	7,909	4,267
Non-cash revenue and other income	**(11,292)**	(14,509)	(14,528)
Non-cash equity compensation	**17,267**	13,132	13,286
Changes in assets and liabilities, net:			
Accounts receivable, prepaid expenses and other assets	**(16,938)**	(19,470)	(13,913)
Accounts payable, accrued expenses and other liabilities	**11,359**	18,531	22,287
Net cash provided by operating activities	**354,384**	322,880	341,325
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditures for facility development and expansions	**(136,128)**	(58,239)	(17,576)
Expenditures for other capital improvements	**(57,192)**	(63,438)	(56,168)
Acquisitions, net of cash acquired	**(48,396)**	(175,588)	(48,867)
Proceeds from sale of assets	**4,295**	12,911	970
Increase in other assets	**(7,168)**	(6,703)	(3,605)
Payments received on direct financing lease and notes receivable	**—**	—	684
Net cash used in investing activities	**(244,589)**	(291,057)	(124,562)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt and borrowings from credit facility	**1,146,691**	809,831	475,500
Scheduled principal repayments	**(14,121)**	(7,816)	(10,000)
Principal repayments of credit facility	**(648,000)**	(603,500)	(461,500)
Satisfaction and discharge of senior notes	**(325,000)**	—	—
Payment of debt issuance and other refinancing and related costs	**(4,296)**	(6,087)	(4,169)
Payment of lease obligations for financing leases	**(538)**	(3,744)	(2,483)
Contingent consideration for acquisition of businesses	**(7,398)**	(1,500)	—
Proceeds from exercise of stock options	**876**	2,367	6,534
Proceeds from sale/leaseback	**—**	7,783	—
Purchase and retirement of common stock	**(3,531)**	(3,005)	(5,847)
Dividends paid	**(209,522)**	(204,198)	(200,326)
Net cash used in financing activities	**(64,839)**	(9,869)	(202,291)
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**44,956**	21,954	14,472
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	**74,137**	52,183	37,711
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	**$ 119,093**	$ 74,137	$ 52,183
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Debt assumed on acquisition of property	**$ —**	$ 157,280	$ —
Establishment of right of use assets and lease liabilities	**$ 137,946**	$ —	$ —
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest (net of amounts capitalized of $6.0 million, $1.0 million, and $0 in 2019, 2018, and 2017, respectively)	**$ 85,698**	$ 71,787	$ 57,485
Income taxes paid	**$ 16,437**	$ 13,303	$ 8,089

The accompanying notes are an integral part of these consolidated financial statements.

CORECIVIC, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Par Value			
Balance as of December 31, 2016	117,554	$ 1,176	$ 1,780,350	$ (322,563)	$ 1,458,963
Net income	—	—	—	178,040	178,040
Retirement of common stock	(176)	(2)	(5,845)	—	(5,847)
Dividends declared on common stock ($1.68 per share)	—	—	—	(199,764)	(199,764)
Restricted stock compensation, net of forfeitures	—	—	13,286	—	13,286
Restricted stock grants	513	5	(5)	—	—
Stock options exercised	313	3	6,927	—	6,930
Balance as of December 31, 2017	118,204	$ 1,182	$ 1,794,713	$ (344,287)	$ 1,451,608
Net income	—	—	—	159,207	159,207
Retirement of common stock	(139)	(1)	(3,004)	—	(3,005)
Dividends declared on common stock ($1.72 per share)	—	—	—	(205,675)	(205,675)
Restricted stock compensation, net of forfeitures	—	—	13,132	—	13,132
Restricted stock grants	462	5	(5)	—	—
Stock options exercised	147	1	2,366	—	2,367
Cumulative effect of adoption of new accounting standard	—	—	—	(2,575)	(2,575)
Balance as of December 31, 2018	118,674	$ 1,187	$ 1,807,202	$ (393,330)	$ 1,415,059
Net income	—	—	—	188,886	188,886
Retirement of common stock	(164)	(2)	(3,529)	—	(3,531)
Dividends declared on common stock ($1.76 per share)	—	—	—	(211,868)	(211,868)
Restricted stock compensation, net of forfeitures	—	—	17,267	—	17,267
Restricted stock grants	524	5	(5)	—	—
Stock options exercised	62	1	875	—	876
Cumulative effect of adoption of new accounting standard	—	—	—	(29,940)	(29,940)
Balance as of December 31, 2019	**119,096**	**$ 1,191**	**$ 1,821,810**	**$ (446,252)**	**$ 1,376,749**

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND OPERATIONS

CoreCivic, Inc. (together with its subsidiaries, the "Company" or "CoreCivic") is the nation's largest owner of partnership correctional, detention, and residential reentry facilities and one of the largest prison operators in the United States. The Company also believes it is the largest private owner of real estate used by U.S. government agencies. Through three segments, CoreCivic Safety, CoreCivic Community, and CoreCivic Properties, the Company provides a broad range of solutions to government partners that serve the public good through corrections and detention management, a growing network of residential reentry centers to help address America's recidivism crisis, and government real estate solutions. As of December 31, 2019, through its CoreCivic Safety segment, the Company operated 50 correctional and detention facilities, 43 of which the Company owned, with a total design capacity of approximately 73,000 beds. Through its CoreCivic Community segment, the Company owned and operated 29 residential reentry centers with a total design capacity of approximately 5,000 beds. In addition, through its CoreCivic Properties segment, the Company owned 28 properties for lease to third parties and used by government agencies, totaling 2.4 million square feet.

In addition to providing fundamental residential services, CoreCivic's correctional, detention, and reentry facilities offer a variety of rehabilitation and educational programs, including basic education, faith-based services, life skills and employment training, and substance abuse treatment. These services are intended to help reduce recidivism and to prepare offenders for their successful reentry into society upon their release. CoreCivic also provides or makes available to offenders certain health care (including medical, dental, and mental health services), food services, and work and recreational programs.

CoreCivic began operating as a real estate investment trust ("REIT") effective January 1, 2013. The Company provides services and conducts other business activities through taxable REIT subsidiaries ("TRSs"). A TRS is a subsidiary of a REIT that is subject to applicable corporate income tax and certain qualification requirements. The Company's use of TRSs permits CoreCivic to engage in certain business activities in which the REIT may not engage directly, so long as these activities are conducted in entities that elect to be treated as TRSs under the Internal Revenue Code of 1986, as amended, and enable CoreCivic to, among other things, provide correctional services at facilities it owns and at facilities owned by its government partners. A TRS is not subject to the distribution requirements applicable to REITs so it may retain income generated by its operations for reinvestment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles and include the accounts of CoreCivic on a consolidated basis with its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

Certain reclassifications have been made to the consolidated balance sheet in 2018 and to the consolidated statements of cash flows in 2018 and 2017 to conform to the current year presentation.

Cash and Cash Equivalents

CoreCivic considers all liquid deposits and investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Restricted Cash

Restricted cash at December 31, 2019 and 2018 included deposit accounts totaling $22.3 million and $17.2 million, respectively, to ensure the timely completion of construction of the Lansing Correctional Facility and related debt service, as further discussed in Notes 6 and 11. Restricted cash at December 31, 2019 and 2018 also included $4.7 million and $4.1 million, respectively, to ensure the timely payment of certain operating expenses, capital expenditures and debt service associated with the SSA-Baltimore property, also as further discussed in Notes 6 and 11. The restricted cash accounts are required under the terms of the indebtedness securing such properties.

Accounts Receivable and Allowance for Doubtful Accounts

At December 31, 2019 and 2018, accounts receivable of $280.8 million and $270.6 million, respectively, were net of allowances for doubtful accounts totaling $3.2 million and $2.5 million, respectively. Accounts receivable consist primarily of amounts due from federal, state, and local government agencies for the utilization of CoreCivic's properties. Accounts receivable also consist of amounts due for operating and managing the Company's correctional, detention, and residential reentry facilities, as well as its electronic monitoring and case management services operations.

Accounts receivable are stated at estimated net realizable value. CoreCivic recognizes allowances for doubtful accounts to ensure receivables are not overstated due to uncollectibility. Bad debt reserves are maintained for customers based on a variety of factors, including the length of time receivables are past due, significant one-time events, and historical experience. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted.

Property and Equipment

Property and equipment are carried at cost. Assets acquired by CoreCivic in conjunction with acquisitions are recorded at estimated fair market value at the time of purchase. Betterments, renewals and significant repairs that extend the life of an asset are capitalized; other repair and maintenance costs are expensed. Interest is capitalized to the asset to which it relates in connection with the construction or expansion of real estate properties. Construction costs directly associated with the development of a property are capitalized as part of the cost of the development project. Such costs are written-off to expense whenever a project is abandoned. The cost and accumulated depreciation applicable to assets retired are removed from the accounts and the gain or loss on disposition is recognized in income. Depreciation is computed over the estimated useful lives of depreciable assets using the straight-line method. Useful lives for property and equipment are as follows:

Land improvements	5 – 20 years
Buildings and improvements	5 – 50 years
Equipment and software	3 – 10 years
Office furniture and fixtures	5 years

Other Real Estate Assets

Other real estate assets are accounted for in accordance with Accounting Standards Codification ("ASC") 853, "Service Concession Arrangements". ASC 853 stipulates that the facilities subject to the standard may not be accounted for as a lease, nor should the infrastructure used in the service concession arrangement be recognized as property and equipment by the operating entity. Instead, the contracts should be accounted for under the applicable revenue standards. The Company owns four facilities that are accounted for as service concession arrangements. The facilities accounted for under ASC 853 were constructed in periods prior to 2013.

On January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers" and its subsequent corresponding update, ASC 606. For facilities which CoreCivic constructed for the public entity, two separate and distinct performance obligations exist. Service revenue is recognized as provided. All revenues and costs related to the construction of the facilities were recognized upon adoption of ASC 606. Revenue recognized related to the construction of the facilities for which cash has not yet been received is recorded as a contract asset and is amortized and evaluated for impairment on an on-going basis. For facilities contributed to a service contract, the cost of the facility is accounted for as costs to fulfill the service contract and the cost is recognized over the term of the service contract. The costs related to contract assets and costs to fulfill the service contracts are recoverable if the contract is terminated or not renewed due to the existence of residual interest options.

Prior to the adoption of ASC 606, other real estate assets were stated at cost, net of accumulated amortization. These assets represent the cost of all infrastructure to be transferred to the public entity grantors should the grantors exercise their residual interest. The costs related to the facilities constructed for a governmental entity were deferred as an other real estate asset, and the deferred costs were amortized in proportion to revenue recognized over the term of the related services arrangement. The costs related to the facilities that were constructed before entering into the service concession arrangement were amortized in proportion to revenue recognized over the term of the related service contract as an investment in the service contract.

Accounting for the Impairment of Long-Lived Assets Other Than Goodwill

Long-lived assets other than goodwill are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. When circumstances indicate an asset may not be recoverable, impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, comparable sales data, discounted cash flows or internal and external appraisals, as applicable.

Goodwill

Goodwill represents the cost in excess of the net assets of businesses acquired. As further discussed in Note 3, goodwill is tested for impairment at least annually using a fair-value based approach.

Investment in Affiliates

Investments in affiliates that are equal to or less than 50%-owned over which CoreCivic can exercise significant influence are accounted for using the equity method of accounting. Investments under the equity method are recorded at cost and subsequently adjusted for contributions, distributions, and net income attributable to the Company's ownership based on the governing agreement.

Debt Issuance Costs

Debt issuance costs, excluding those costs incurred related to CoreCivic's revolving credit facility, are presented as a direct deduction from the face amount of the related liability on the consolidated balance sheets. Debt issuance costs related to the Company's revolving credit facility are included in other assets on the consolidated balance sheets. Generally, debt issuance costs are capitalized and amortized into interest expense using the interest method, or on a straight-line basis over the term of the related debt, if not materially different than the interest method. However, certain debt issuance costs incurred in connection with debt refinancings are charged to expense in accordance with ASC 470-50, "Modifications and Extinguishments".

Revenue Recognition

CoreCivic maintains contracts with certain governmental entities to manage their facilities for fixed per diem rates. CoreCivic also maintains contracts with various federal, state, and local governmental entities for the housing of offenders in company-owned facilities at fixed per diem rates or monthly fixed rates. These contracts usually contain expiration dates with renewal options ranging from annual to multi-year renewals. Most of these contracts have current terms that require renewal every two to five years. Additionally, most facility management contracts contain clauses that allow the government agency to terminate a contract without cause, and are generally subject to legislative appropriations. CoreCivic generally expects to renew these contracts for periods consistent with the remaining renewal options allowed by the contracts or other reasonable extensions; however, no assurance can be given that such renewals will be obtained. Fixed monthly rate revenue is recorded in the month earned and fixed per diem revenue, including revenue under those contracts that include guaranteed minimum populations, is recorded based on the per diem rate multiplied by the number of offenders housed or guaranteed during the respective period.

CoreCivic recognizes any additional management service revenues upon completion of services provided to the customer. Certain of the government agencies also have the authority to audit and investigate CoreCivic's contracts with them. If the agency determines that CoreCivic has improperly allocated costs to a specific contract or otherwise was unable to perform certain contractual services, CoreCivic may not be reimbursed for those costs and could be required to refund the amount of any such costs that have been reimbursed, or to pay liquidated damages. In these instances, the amounts required to be returned to the customer are classified as reductions to revenue. Prior to the adoption of ASU 2014-09 in the first quarter of 2018, these amounts were reflected as operating expenses.

Rental revenue is recognized in accordance with ASC 842, "Leases". In accordance with ASC 842, minimum rental revenue is recognized on a straight-line basis over the term of the related lease. Leasehold incentives are recognized as a reduction to rental revenue on a straight-line basis over the term of the related lease. Rental revenue associated with expense reimbursements from tenants is recognized in the period that the related expenses are incurred based upon the tenant lease provision.

Other revenue consists primarily of ancillary revenues associated with operating correctional, detention and residential reentry facilities, such as commissary, phone, and vending sales, and is recorded in the period the goods and services are provided. Revenues generated from prisoner transportation services for governmental agencies are recorded in the period the inmates have been transported to their destination.

Self-Funded Insurance and Litigation Reserves

CoreCivic is significantly self-insured for employee health, workers' compensation, automobile liability claims, and general liability claims. As such, CoreCivic's insurance expense is largely dependent on claims experience and CoreCivic's ability to control its claims experience. CoreCivic has consistently accrued the estimated liability for employee health insurance based on its history of claims experience and time lag between the incident date and the date the cost is paid by CoreCivic. CoreCivic has accrued the estimated liability for workers' compensation claims based on an actuarially determined liability, discounted to the net present value of the outstanding liabilities, using a combination of actuarial methods used to project ultimate losses, and the Company's automobile insurance claims based on estimated development factors on claims incurred. The liability for employee health, workers' compensation, and automobile insurance includes estimates for both claims incurred and for claims incurred but not reported. CoreCivic records litigation reserves related to general liability matters for which it is probable that a loss has been incurred and the range of such loss can be estimated. These estimates could change in the future.

Income Taxes

CoreCivic began operating in compliance with REIT requirements for federal income tax purposes effective January 1, 2013. As a REIT, the Company generally is not subject to corporate level federal income tax on taxable income it distributes to its stockholders as long as it meets the organizational and operational requirements under the REIT rules. However, certain subsidiaries have made an election to be treated as TRSs in conjunction with the Company's REIT election. The TRS elections permit CoreCivic to engage in certain business activities in which the REIT may not engage directly, so long as these activities are conducted in entities that elect to be treated as TRSs under the Internal Revenue Code of 1986, as amended. A TRS is subject to federal and state income taxes on the income from these activities and therefore, CoreCivic includes a provision for taxes in its consolidated financial statements.

Income taxes are accounted for under the provisions of ASC 740, "Income Taxes". ASC 740 generally requires CoreCivic to record deferred income taxes for the tax effect of differences between book and tax bases of its assets and liabilities. Deferred income taxes reflect the available net operating losses and the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the statement of operations in the period that includes the enactment date. Realization of the future tax benefits related to deferred tax assets is dependent on many factors, including CoreCivic's past earnings history, expected future earnings, the character and jurisdiction of such earnings, unsettled circumstances that, if unfavorably resolved, would adversely affect utilization of its deferred tax assets, carryback and carryforward periods, and tax strategies that could potentially enhance the likelihood of realization of a deferred tax asset.

CoreCivic's deferred tax assets and liabilities are classified as non-current on the consolidated balance sheets. See Note 13 for further discussion of the significant components of CoreCivic's deferred tax assets and liabilities and the impact on deferred tax assets and liabilities that resulted from the lower corporate tax rates enacted under the Tax Cuts and Jobs Act ("the TCJA") in December 2017.

Income tax contingencies are accounted for under the provisions of ASC 740. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance prescribed in ASC 740 establishes a recognition threshold of more likely than not that a tax position will be sustained upon examination. The measurement attribute requires that a tax position be measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

Foreign Currency Transactions

CoreCivic has extended a working capital loan to Agecroft Prison Management, Ltd. ("APM"), the operator of a correctional facility in Salford, England previously owned by a subsidiary of CoreCivic. The working capital loan is denominated in British pounds; consequently, CoreCivic adjusts this receivable to the current exchange rate at each balance sheet date and recognizes the unrealized currency gain or loss in current period earnings. See Note 8 for further discussion of CoreCivic's relationship with APM.

Fair Value of Financial Instruments

To meet the reporting requirements of ASC 825, "Financial Instruments", regarding fair value of financial instruments, CoreCivic calculates the estimated fair value of financial instruments using market interest rates, quoted market prices of similar instruments, or discounted cash flow techniques with observable Level 1 inputs for publicly traded debt and Level 2 inputs for all other financial instruments, as defined in ASC 820, "Fair Value Measurement". At December 31, 2019 and 2018, there were no material differences between the carrying amounts and the estimated fair values of CoreCivic's financial instruments, other than as follows (in thousands):

	December 31,			
	2019		2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Note receivable from APM	**$ 2,989**	**$ 3,949**	$ 2,887	$ 4,037
Debt	**$ (1,986,865)**	**$ (1,964,366)**	$ (1,814,795)	$ (1,744,045)

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Concentration of Credit Risks

CoreCivic's credit risks relate primarily to cash and cash equivalents, restricted cash, and accounts receivable. Cash and cash equivalents and restricted cash are primarily held in bank accounts and overnight investments. CoreCivic maintains deposits of cash in excess of federally insured limits with certain financial institutions. CoreCivic's accounts receivable represents amounts due primarily from governmental agencies. CoreCivic's financial instruments are subject to the possibility of loss in carrying value as a result of either the failure of other parties to perform according to their contractual obligations or changes in market prices that make the instruments less valuable.

CoreCivic derives its revenues primarily from amounts earned under federal, state, and local government contracts. For each of the years ended December 31, 2019, 2018, and 2017, federal correctional and detention authorities represented 51%, 48%, and 48%, respectively, of CoreCivic's total revenue. Federal correctional and detention authorities consist primarily of U.S. Immigration and Customs Enforcement ("ICE"), the United States Marshals Service ("USMS"), and the Federal Bureau of Prisons ("BOP"). ICE accounted for 29%, 25%, and 25% of total revenue for 2019, 2018, and 2017, respectively. The USMS accounted for 17%, 17%, and 16% of total revenue for 2019, 2018, and 2017, respectively. The BOP accounted for 5%, 6%, and 7% of total revenue for 2019, 2018, and 2017, respectively. These federal customers have management contracts at facilities CoreCivic owns and at facilities CoreCivic manages but does not own. State revenues from contracts at correctional, detention, and residential reentry facilities that CoreCivic operates represented 34%, 39%, and 41% of total revenue during the years ended December 31, 2019, 2018, and 2017, respectively. ICE and the USMS each generated 10% or more of total revenue during 2019, 2018, and 2017. Although the revenue generated from each of these agencies is derived from numerous management contracts and various types of properties, i.e. correctional, detention, reentry, and leased, the loss of one or more of such contracts could have a material adverse impact on CoreCivic's financial condition and results of operations.

Accounting for Stock-Based Compensation

CoreCivic accounts for restricted stock-based compensation under the recognition and measurement principles of ASC 718, "Compensation-Stock Compensation". CoreCivic amortizes the fair market value as of the grant date of restricted stock unit ("RSU") awards over the vesting period using the straight-line method. The fair market value of performance-based restricted stock units is amortized over the vesting period as long as CoreCivic expects to meet the performance criteria. To the extent performance-based RSUs are expected to increase or decrease based on revised estimates of performance, the related expense is adjusted accordingly. If achievement of the performance criteria becomes improbable, an adjustment is made to reverse the expense previously recognized. The Company estimates the number of awards expected to be forfeited and adjusts the estimate when it is likely to change.

Recent Accounting Pronouncements – Lease Adoption

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, "Leases (Topic 842)", which requires lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to previous accounting requirements. ASU 2016-02 also eliminated previous real estate-specific provisions for all entities. For lessors, the ASU modifies the classification criteria and the accounting for sales-type and direct financing leases. For finance leases and operating leases, a lessee should recognize on the balance sheet a liability to make lease payments and a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term, with each initially measured at the present value of the lease payments. For public reporting entities such as CoreCivic, guidance in ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, and early adoption of the ASU is permitted. In July 2018, the FASB issued ASU 2018-11, "Targeted Improvements – Leases (Topic 842)", which permits entities to adopt a new transition method whereby the modified retrospective transition method would allow companies to recognize the cumulative-effect adjustment in the period of adoption rather than the earliest period presented and continue to apply the legacy guidance in ASC 840, "Leases", in the comparative periods presented. Further, ASU 2018-11 also allows entities to elect, by class of underlying asset, to not separate non-lease components from the associated lease components when certain criteria are met. Adoption results in an increase in long-term assets and liabilities for leases where the Company is the lessee.

CoreCivic adopted ASU 2016-02 and ASU 2018-11, cumulatively ("ASC 842"), on January 1, 2019. The Company elected the modified retrospective transition method and recognized the cumulative-effect adjustment resulting from adoption of ASC 842 in the first quarter of 2019. CoreCivic also elected to adopt the package of available practical expedients that permits lessees and lessors to not reassess certain items, including whether any expired or existing contracts are or contain leases, lease classification of any expired or existing leases, and initial direct costs for any expired or existing leases. In addition, the Company made an accounting policy election to apply the "short-term lease exception" permitted by ASC 842 for all classes of underlying assets. With the exception of the South Texas Family Residential Center lease, as further described in Note 5, the Company also elected the practical expedient that permits lessees to make an accounting policy election to account for each separate lease component of a contract and its associated non-lease components as a single lease component. Prior to the adoption of ASC 842, a portion of the rental payments for the South Texas Family Residential Center was classified as depreciation and interest expense in accordance with ASC 840-40-55, formerly Emerging Issues Task Force No. 97-10, "The Effect of Lessee Involvement in Asset Construction." Upon adoption of ASC 842, all rental payments associated with this lease are classified as operating expenses.

Upon adoption of ASC 842, CoreCivic recognized a ROU asset of $115.6 million and a lease liability of $82.9 million for all operating leases identified by the Company as applicable under the guidance of ASC 842, including the lease for the South Texas Family Residential Center. For those operating leases that contain renewal options, the Company included the renewal period in the lease terms, and the related payments are reflected in the ROU asset and lease liability, when it is reasonably certain that a renewal option will be exercised. The ROU asset is included in other assets on the consolidated balance sheets, while the current portion of the lease liability is included in accounts payable and accrued expenses, and the long-term portion of the liability is included in other liabilities on the consolidated balance sheets. The Company also recognized a net charge of approximately $29.9 million to accumulated deficit upon adoption of ASC 842. Because CoreCivic does not generally have access to the interest rates implicit in its leases, the Company utilized its incremental borrowing rate, based upon the terms and tenure of each base lease, as the discount rate when calculating the present value of future minimum lease payments for each lease arrangement. The weighted average discount rate associated with the operating leases at adoption of ASC 842 was 5.3%.

Recent Accounting Pronouncements – Other

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments," which will change how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The ASU will replace the current "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. For trade and other receivables, held-to-maturity debt securities, contract assets, loans and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowances for losses. The ASU is effective for the Company in the first quarter of 2020. The Company is currently evaluating the effects of this ASU to determine the potential impact on its financial statements. Based principally on the fact that the largest portion of the Company's accounts receivable is with governmental agencies, the Company does not currently expect the new standard will have a material impact on its financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants and the Securities and Exchange Commission ("SEC") did not, or are not expected to, have a material effect on the Company's results of operations or financial position.

3. GOODWILL

ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test of Goodwill Impairment", establishes accounting and reporting requirements for goodwill and other intangible assets. Goodwill was $50.5 million and $48.2 million as of December 31, 2019 and 2018, respectively. Of these amounts, goodwill was $7.9 million as of both December 31, 2019 and 2018 for the Company's CoreCivic Safety segment, and was $42.6 million and $40.3 million as of December 31, 2019 and 2018, respectively, for its CoreCivic Community segment. This goodwill was established in connection with multiple business combination transactions.

Under the provisions of ASU 2017-04, CoreCivic performs a qualitative assessment to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing a quantitative impairment test is not necessary. If a quantitative test is required, CoreCivic performs an assessment to identify the existence of impairment and to measure the excess of a reporting unit's carrying amount over its fair value by using a combination of various common valuation techniques, including market multiples and discounted cash flows. These impairment tests are required to be performed at least annually.

CoreCivic performed its impairment tests during the fourth quarter of 2019, 2018 and 2017. CoreCivic performed a qualitative assessment for its goodwill allocated to the Company’s CoreCivic Safety segment. CoreCivic performed a quantitative analysis for its goodwill allocated to its CoreCivic Community segment. The quantitative analysis was prepared using valuation methodologies that include an income approach and market approach. The income approach valuation included certain significant assumptions impacting projected future cash flows, such as projected revenue, projected operating costs, and the weighted average cost of capital, which are affected by expectations about future market or economic conditions. Based on the impairment tests performed, CoreCivic concluded no impairments had occurred for the years ended December 31, 2019 and 2018.

In March 2017, the Texas Department of Criminal Justice ("TDCJ") notified CoreCivic that, in light of the current economic climate, as well as the fiscal constraints and budget outlook for the next biennium, the TDCJ would not be awarding the contract for the Bartlett State Jail. The TDCJ had previously solicited proposals for the rebid of the Bartlett facility, along with three other facilities that CoreCivic managed for the state of Texas. The managed-only contracts at the four facilities were scheduled to expire in August 2017. However, in collaboration with the TDCJ, the decision was made to close the Bartlett facility on June 24, 2017. In anticipation of the termination of the contract and closing of the Bartlett facility, CoreCivic recorded an asset impairment of $0.3 million during the first quarter of 2017 for the write-off of goodwill associated with the facility. During the third quarter of 2017, CoreCivic was notified that the TDCJ selected other operators for the three remaining facilities the Company managed for the state of Texas. CoreCivic had no goodwill associated with these three facilities.

4. REAL ESTATE AND RELATED ASSETS

At December 31, 2019, CoreCivic owned 72 correctional, detention, and residential reentry real estate properties, and 28 properties for lease to third parties. At December 31, 2019, CoreCivic also managed seven correctional and detention facilities owned by governmental agencies.

Property and equipment, at cost, consists of the following (in thousands):

	December 31,	
	2019	**2018**
Land and improvements	**$ 295,214**	$ 294,774
Buildings and improvements	**3,411,583**	3,490,725
Equipment and software	**435,628**	432,196
Office furniture and fixtures	**38,278**	34,968
Construction in progress	**29,521**	94,590
	4,210,224	4,347,253
Less: Accumulated depreciation	**(1,510,117)**	(1,516,664)
	$ 2,700,107	$ 2,830,589

Construction in progress primarily consists of properties under construction or expansion. Interest is capitalized on construction in progress and amounted to $6.0 million and $1.0 million in 2019 and 2018, respectively. There was no interest capitalized on construction in progress in 2017.

Depreciation expense was $137.7 million, $152.0 million, and $145.7 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Eleven of the facilities owned by CoreCivic are subject to options that allow various governmental agencies to purchase those facilities. Certain of these options to purchase are based on a depreciated book value while others are based on a fair market value calculation. Four of the facilities that are subject to options are accounted for in accordance with ASC 853 and are recorded in other real estate assets on the consolidated balance sheets, as further described in Note 2. As of December 31, 2019, CoreCivic had approximately $238.6 million in other real estate assets, including $147.8 million accounted for as a contract cost and $90.8 million accounted for as costs of fulfilling the related service contract. As of December 31, 2018, CoreCivic had approximately $247.2 million in other real estate assets, including $150.1 million accounted for as a contract cost and $97.1 million accounted for as costs of fulfilling the related service contract.

In June 2013, CoreCivic entered into an Economic Development Agreement ("EDA") with the Development Authority of Telfair County ("Telfair County") in Telfair County, Georgia to implement a tax abatement plan related to CoreCivic's bed expansion project at its McRae Correctional Facility. The tax abatement plan provides for 90% abatement of real property taxes in the first year, decreasing by 10% over the subsequent nine years. In June 2013, Telfair County issued bonds in a maximum principal amount of $15.0 million. According to the EDA, legal title of CoreCivic's real property was transferred to Telfair County. Pursuant to the EDA, the bonds were issued to CoreCivic, so no cash exchanged hands. Telfair County then leased the real property back to CoreCivic. The lease payments are equal to the amount of the payments on the bonds. At any time, CoreCivic has the option to purchase the real property by paying off the bonds, plus $100. Due to the form of the transactions, CoreCivic has not recorded the bonds or the capital lease associated with the sale lease-back transaction. The original cost of CoreCivic's property and equipment is recorded on the balance sheet and is being depreciated over its estimated useful life.

5. LEASES

As further described in Note 2, CoreCivic accounts for leases in accordance with ASC 842. CoreCivic leases land and buildings from third-party lessors for multiple properties under operating leases that expire over varying dates through 2032. The ROU asset related to these leases amounted to $108.1 million at December 31, 2019, while the current portion of the lease liability amounted to $26.9 million and the long-term portion of the liability amounted to $51.2 million at December 31, 2019. As of December 31, 2019, the weighted-average lease term of the operating leases was 4.2 years and the weighted average discount rate associated with the operating leases was 5.2%.

CoreCivic leases the South Texas Family Residential Center and the site upon which it was constructed from a third-party lessor. CoreCivic's lease agreement with the lessor is over a base period concurrent with an inter-governmental service agreement ("IGSA") with ICE, which was amended in October 2016 to extend the term of the agreement through September 2021. However, ICE can terminate the IGSA for convenience or non-appropriation of funds, without penalty, by providing CoreCivic with at least a 60-day notice. In the event CoreCivic cancels the lease with the third-party lessor prior to its expiration as a result of the termination of the IGSA by ICE for convenience, and if CoreCivic is unable to reach an agreement for the continued use of the facility within 90 days from the termination date, CoreCivic is required to pay a termination fee to the third-party lessor based on the termination date, currently equal to $4.5 million and declining to zero by October 2020. Under provisions of ASC 842, CoreCivic determined that the South Texas Family Residential Center lease with the third-party lessor includes a non-lease component for food services representing approximately 44% of the consideration paid under the lease.

The expense incurred for all operating leases, inclusive of short-term and variable leases, but exclusive of the non-lease food services component of the South Texas Family Residential Center lease, was $34.8 million, $30.7 million, and $28.9 million for the years ended December 31, 2019, 2018, and 2017, respectively. The cash payments for operating leases are reflected as cash flows from operating activities on the accompanying consolidated statements of cash flows and cash payments for financing leases are reflected as cash flows from financing activities. Future minimum lease payments as of December 31, 2019 for the Company's operating lease liabilities, inclusive of $49.7 million of payments expected to be made under the cancelable lease at the South Texas facility (excluding the non-lease food services component), are as follows (in thousands):

2020	$	32,797
2021		25,438
2022		3,886
2023		3,306
2024		3,144
Thereafter		21,033
Total future minimum lease payments		89,604
Less amount representing interest		(11,443)
Total present value of minimum lease payments	$	78,161

In addition, through its CoreCivic Properties segment, as of December 31, 2019, the Company owned $450.3 million in property, plant and equipment at 28 properties for lease to third parties and used by government agencies under operating leases that expire over varying dates through 2034, some of which contain renewal options. In accordance with ASC 842, minimum rental revenue is recognized on a straight-line basis over the term of the related lease. Leasehold incentives are recognized as a reduction to rental revenue on a straight-line basis over the term of the related lease. Rental revenue associated with expense reimbursements from tenants is recognized in the period that the related expenses are incurred based upon the tenant lease provision. See Note 6 for further discussion regarding a 20-year lease agreement with the Kansas Department of Corrections ("KDOC"). Future undiscounted cash flows to be received from third-party lessees as of December 31, 2019 for the Company's operating leases are as follows (in thousands):

2020	$	74,525
2021		67,976
2022		61,554
2023		59,446
2024		59,200
Thereafter		353,144

6. REAL ESTATE TRANSACTIONS

Acquisitions

*2017 Acquisitions***.** On January 1, 2017, CoreCivic acquired the Arapahoe Community Treatment Center, a 135-bed residential reentry center in Englewood, Colorado, for $5.5 million in cash, excluding transaction-related expenses. The acquisition included a contract with Arapahoe County whereby CoreCivic provides residential reentry services for up to 135 residents.

On February 10, 2017, CoreCivic acquired the Stockton Female Community Corrections Facility, a 100-bed residential reentry center in Stockton, California, in a real estate-only transaction for $1.6 million, excluding transaction-related expenses. The 100-bed Stockton facility is leased to a third-party operator pursuant to a lease agreement that extends through April 2021 and includes one five-year lease extension option. The lessee separately contracts with the California Department of Corrections and Rehabilitation to provide rehabilitative and reentry services to female residents at the leased facility.

On August 1, 2017, CoreCivic acquired New Beginnings Treatment Center, Inc. ("NBTC"), an Arizona-based community corrections company, along with the real estate used in the operation of NBTC's business from an affiliate of NBTC, for an aggregate purchase price of $6.4 million, excluding transaction related expenses. In connection with the acquisition, CoreCivic assumed a contract with the BOP to provide reentry services to male and female adults at the 92-bed Oracle Transitional Center located in Tucson, Arizona.

On September 15, 2017, CoreCivic acquired a portfolio of four properties for an aggregate purchase price of $8.7 million, excluding transaction related expenses. The acquisition included a 230-bed residential reentry center leased to the state of Georgia, and three properties in North Carolina and Georgia leased to the General Services Administration ("GSA"), an independent agency of the United States government, two of which are occupied by the Social Security Administration ("SSA"), and one of which is occupied by the Internal Revenue Service ("IRS").

In allocating the purchase price of the four acquisitions in 2017, CoreCivic recorded $20.1 million of net tangible assets, $1.8 million of identifiable intangible assets, and $0.3 million of tenant improvements associated with one of the North Carolina leased properties which was recognized as a receivable and is being recovered by payments from the lessee. CoreCivic acquired the properties as strategic investments that further expand the Company's network of residential reentry centers and further diversify the Company's cash flows through government-leased properties.

2018 Acquisitions. On January 19, 2018, CoreCivic acquired the 261,000 square-foot Capital Commerce Center, located in Tallahassee, Florida for a purchase price of $44.7 million, excluding transaction-related costs and certain closing credits. Capital Commerce Center is 98% leased, including 87% leased to the state of Florida on behalf of the Florida Department of Business and Professional Regulation. In allocating the purchase price of this transaction, CoreCivic recorded $40.6 million of net tangible assets and $3.2 million of identifiable intangible assets.

On July 17, 2018, CoreCivic acquired a portfolio of twelve properties for $12.0 million, excluding transaction-related costs, 100% leased to the U.S. Federal Government through the GSA on behalf of the SSA, the Department of Homeland Security, and ICE. In allocating the purchase price of this transaction, CoreCivic recorded $11.1 million of net tangible assets and $1.9 million of identifiable intangible assets.

On August 23, 2018, CoreCivic acquired a 541,000 square-foot SSA office building in Baltimore, Maryland ("SSA-Baltimore") for a purchase price of $242.0 million, excluding transaction-related costs and certain closing credits. The office building was purpose built to SSA specifications in 2014 under a 20-year firm term lease expiring in January 2034, and is backed by the full faith and credit of the U.S. Federal Government through the GSA. In connection with the acquisition and as further described in Note 6, CoreCivic assumed $157.3 million of in-place financing that was used to fund the initial construction of the property in 2014. In allocating the purchase price of this transaction, CoreCivic recorded $207.4 million of net tangible assets and $38.9 million of identifiable intangible assets.

On September 21, 2018, CoreCivic acquired a 217,000 square-foot, steel frame property in Dayton, Ohio for $6.9 million, excluding transaction-related costs and certain closing credits, that was built-to-suit for the National Archives and Records Administration ("NARA") in 2002. The building is 100% leased to the GSA on behalf of NARA through January 2023 and includes two additional 10-year renewal options. The building provides 1.2 million cubic feet of storage space, approximately 90% of which is dedicated to archives of the IRS. In allocating the purchase price of this transaction, CoreCivic recorded $6.9 million of net tangible assets and $0.7 million of identifiable intangible assets.

CoreCivic acquired the 15 properties in 2018 as strategic investments that further diversify the Company's cash flows through government-leased properties and broaden the solutions it provides to its government partners.

2019 Acquisitions. On February 20, 2019, CoreCivic acquired the South Raleigh Reentry Center, a 60-bed residential reentry center in Raleigh, North Carolina, for $0.9 million, excluding transaction-related expenses. In connection with the acquisition, CoreCivic provides reentry services for both male and female residents under custody of the BOP.

On May 6, 2019, CoreCivic acquired a 36,520-square foot office building in Detroit, Michigan, for $7.2 million, excluding transaction-related expenses, that was built-to-suit for the state of Michigan's Department of Health and Human Services ("MDHHS") in 2002. The property is 100% leased to the Michigan Department of Technology, Management and Budget ("MDTMB") on behalf of MDHHS through June 2028 and includes one six-year renewal option at the sole discretion of the MDTMB.

In allocating the purchase price of the acquisitions in 2019, CoreCivic recorded $7.4 million of net tangible assets and $0.8 million of identifiable intangible assets. CoreCivic acquired the properties as strategic investments that further expand the Company's network of residential reentry centers and enable the continued delivery of critical services that help people reintegrate into the community, and also further diversify the Company's cash flows through the acquisition of a government-leased property.

Financing Leasing Transactions

On January 24, 2018, CoreCivic entered into a 20-year lease agreement with the KDOC for a 2,432-bed correctional facility to be constructed by the Company in Lansing, Kansas. The new facility replaces the Lansing Correctional Facility, Kansas' largest correctional complex for adult male inmates, originally constructed in 1863. CoreCivic will be responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas. Construction of the facility commenced in the first quarter of 2018, and construction was completed in January 2020. CoreCivic will account for the lease with the KDOC as a multiple element lease with a portion of the lease payments attributable to the capital lease. In addition, portions of the lease payments will be attributable to maintenance services and capital maintenance, representing two separately valued non-lease components. As of December 31, 2019, CoreCivic had capitalized $137.7 million associated with the construction of the project, recognized as a construction receivable in Other Assets on the consolidated balance sheet until commencement of the financing lease in 2020. The cash payments associated with the construction of the project are recognized as expenditures for facility development and expansions on the consolidated statements of cash flows.

Idle Facilities

As of December 31, 2019, CoreCivic had five idled CoreCivic Safety correctional facilities that are currently available and being actively marketed as solutions to meet the needs of potential customers. The following table summarizes each of the idled facilities and their respective carrying values, excluding equipment and other assets that could generally be transferred and used at other facilities CoreCivic owns without significant cost (dollars in thousands):

Facility	Design Capacity	Date Idled	Net Carrying Values at December 31, 2019	Net Carrying Values at December 31, 2018
Prairie Correctional Facility	1,600	2010	**$ 14,863**	$ 15,278
Huerfano County Correctional Center	752	2010	**16,266**	16,660
Diamondback Correctional Facility	2,160	2010	**39,729**	40,962
Marion Adjustment Center	826	2013	**11,351**	11,770
Kit Carson Correctional Center	1,488	2016	**54,041**	55,507
	6,826		**$ 136,250**	$ 140,177

As of December 31, 2019, CoreCivic also had two idled non-core facilities in its Safety segment containing 440 beds with an aggregate net book value of $3.8 million; two facilities in its Community segment that became idle during 2019, as further described hereafter, containing an aggregate of 381 beds with an aggregate net book value of $6.5 million; and three previously leased residential reentry centers in its Properties segment that became idle in 2019, as further described hereafter, containing an aggregate of 430 beds with an aggregate net book value of $9.3 million. CoreCivic incurred approximately $8.0 million, $8.2 million, and $8.9 million in operating expenses at these idled facilities for the years ended December 31, 2019, 2018, and 2017, respectively.

CoreCivic considers the cancellation of a contract or an expiration and non-renewal of a lease agreement in its CoreCivic Properties segment as an indicator of impairment and tested each of the idled properties for impairment when it was notified by the respective customers or tenants that they would no longer be utilizing such property. CoreCivic updates the impairment analyses on an annual basis for each of the idled properties and evaluates on a quarterly basis market developments for the potential utilization of each of these properties in order to identify events that may cause CoreCivic to reconsider its most recent assumptions. As a result of CoreCivic's analyses, CoreCivic determined each of the idled properties to have recoverable values in excess of the corresponding carrying values as of December 31, 2019.

During the second quarter of 2019, CoreCivic idled one residential reentry center in Oklahoma due to declining utilization from the state of Oklahoma and the consolidation of residents into the Company's other reentry facilities located in the state. Further, the Company received notice during the second quarter of 2019 of the BOP's decision to award the rebid of a contract at one of the Company's residential reentry facilities in Arizona to another operator. The residential reentry facility in Arizona was idled in the third quarter of 2019 upon expiration of its contract with the BOP on August 31, 2019. As a result of these residential reentry centers becoming idle, CoreCivic tested the facilities for impairment during the second quarter of 2019. CoreCivic concluded that the residential reentry facility in Oklahoma had a recoverable value in excess of the corresponding carrying value. CoreCivic concluded that the residential reentry facility in Arizona would likely be marketed for use other than as a residential reentry facility, and therefore, recorded an asset impairment of $4.3 million in the second quarter of 2019 to reduce the carrying value of the facility to its estimated fair value as a commercial real estate property. The fair value measurement for the Arizona residential reentry facility was estimated using unobservable Level 3 inputs, as defined in ASC 820, using market comparable data for similar properties in the local market.

During the third quarter of 2019, leases at three single-tenant residential reentry centers in the Company's CoreCivic Properties segment expired and were not renewed. The three properties located in Pennsylvania total approximately 54,000 square feet and contain an aggregate of 430 beds with an aggregate net book value of $9.3 million as of December 31, 2019. The Company has begun to market the facilities to other potential customers to operate as a CoreCivic Community facility or for future lease as a CoreCivic Properties facility. As a result of the expiration of the leases at the three properties located in Pennsylvania, CoreCivic tested the facilities for impairment during the third quarter of 2019. CoreCivic concluded that each of the properties had a recoverable value in excess of the corresponding carrying value.

To illustrate CoreCivic's historical experience in securing new management contracts to utilize idle beds in its correctional facilities, the following are examples of new contracts the Company secured during 2019.

On May 1, 2019, the BOP announced that it elected not to renew the contract at the Company's Adams County Correctional Center in Adams County, Mississippi. On June 28, 2019, the BOP executed an amendment to the existing contract to allow ICE to use up to 660 beds to care for adult male detainees. On July 18, 2019, the BOP contract, which was originally scheduled to expire on July 31, 2019, was extended to August 30, 2019. On September 3, 2019, the Company announced that it had entered into a new contract under an IGSA between Adams County, Mississippi and ICE for up to 2,348 adult detainees at the Adams facility. The new management agreement commenced on August 31, 2019, and has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement. Either party may terminate the contract with 120 days' written notice. ICE began utilizing the additional capacity at the Adams facility under the new contract and, as of December 31, 2019, the Company cared for approximately 850 detainees from ICE at the facility. As a result of the transition at this facility, CoreCivic performed an impairment analysis of the Adams facility, which had a net carrying value $96.5 million as of December 31, 2019, and concluded that this asset has a recoverable value in excess of the carrying value.

On May 16, 2019, CoreCivic announced that it had entered into a new contract under an IGSA between Torrance County, New Mexico and ICE to activate the Company's 910-bed Torrance County Detention Facility in Estancia, New Mexico. The Torrance facility had previously been idle since 2017 and had a net carrying value of $34.0 million as of December 31, 2019. The new management contract commenced on May 15, 2019, and has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement. Either party may terminate the contract with 120 days' written notice. CoreCivic began accepting ICE detainee populations into the Torrance facility in the third quarter of 2019 and, as of December 31, 2019, cared for approximately 300 detainees at the facility.

On May 23, 2019, CoreCivic announced that it had entered into a new contract under an IGSA between the City of Eden, Texas and the USMS to activate the Company's 1,422-bed Eden Detention Center in Eden, Texas. The new agreement also permits ICE to utilize capacity at the facility at any time in the future. The Eden facility had previously been idle since 2017 and had a net carrying value of $37.0 million as of December 31, 2019. The new management contract commenced on June 1, 2019, and has an indefinite term. Either party may terminate the contract with 30 days' written notice. CoreCivic began accepting populations into the Eden facility in the third quarter of 2019 and, as of December 31, 2019, cared for an aggregate of approximately 1,000 detainees at the facility.

On December 9, 2019, CoreCivic entered into a lease with the Commonwealth of Kentucky Department of Corrections ("KYDOC") for its previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky, formerly known as the Southeast Kentucky Correctional Facility. The lease is expected to commence in mid-2020 and has an initial term of ten years and includes five two-year renewal options. The KYDOC has the option to purchase the facility at its fair market value at any time during the term of the lease. The Southeast Correctional facility had previously been idle since 2012 and had a net carrying value of $20.3 million as of December 31, 2019.

Asset Dispositions

In the second quarter of 2018, CoreCivic entered into an agreement to sell its former corporate headquarters for $12.6 million. In connection with the agreement, the Company wrote-down the value of the property to its net realizable value, recognizing an asset impairment charge of $1.6 million in the second quarter of 2018. CoreCivic closed on the sale during the third quarter of 2018 and used the net proceeds from the sale to pay-down a portion of the amounts outstanding under the Company's revolving credit facility.

On June 24, 2019, CoreCivic sold a property which was leased to a third-party and located in Chester, Pennsylvania for $3.4 million. The property had a net carrying value of $3.1 million at the time of the sale, with the gain on the sale of $0.3 million recognized in the second quarter of 2019 and reflected in other (income) expense on the consolidated statement of operations.

7. BUSINESS COMBINATIONS

On June 1, 2017, CoreCivic acquired the real estate operated by Center Point, Inc. ("Center Point"), a California-based non-profit organization, for $5.3 million in cash, excluding transaction-related expenses. CoreCivic consolidated a portion of Center Point's operations into the Company's preexisting residential reentry center portfolio and assumed ownership and operations of the Oklahoma City Transitional Center, a 200-bed residential reentry center in Oklahoma City, Oklahoma.

On November 1, 2017, CoreCivic completed the acquisition of Time to Change, Inc. ("TTC"), a Colorado-based community corrections company, for an aggregate purchase price of $22.0 million, excluding transaction related expenses. As a result of better than estimated financial performance of the acquisition, during the fourth quarter of 2018, the Company recognized the loss of $6.1 million for additional contingent consideration associated with the acquisition. In connection with the acquisition, CoreCivic assumed contracts with Adams County, Colorado to provide residential reentry services to male and female adults in three facilities located in Colorado containing a total of 422 beds.

In allocating the purchase price for the two transactions in 2017, CoreCivic recorded the following (in millions):

Tangible current assets and liabilities, net	$	0.9
Property and equipment		19.7
Intangible assets		3.9
Total identifiable assets		24.5
Goodwill		2.8
Total consideration	$	27.3

Effective January 1, 2018, CoreCivic closed on the acquisition of Rocky Mountain Offender Management Systems, LLC ("RMOMS"), which provides non-residential correctional alternatives, including electronic monitoring and case management services, to municipal, county, and state governments in seven states. The aggregate purchase price was $7.0 million, excluding transaction-related expenses.

Effective December 1, 2018, CoreCivic closed on the acquisition of Recovery Monitoring Solutions Corporation ("RMSC"), which provides non-residential correctional alternatives, including electronic monitoring and case management services, to municipal, county, and state governments in four states. The aggregate purchase price was $15.9 million, excluding transaction-related expenses.

In allocating the purchase price for the two transactions in 2018, CoreCivic recorded the following (in millions):

Property and equipment	$	6.1
Intangible assets		12.4
Tangible assets and liabilities, net		(2.8)
Total identifiable assets, net		15.7
Goodwill		7.2
Total consideration	$	22.9

On December 7, 2019, CoreCivic completed the acquisition of certain assets of Rehabilitation Services, Inc. ("RSI") for $4.4 million, excluding transaction related expenses. The acquisition resulted in the addition of two residential reentry centers in Virginia. The Ghent Residential Reentry Center, a 36-bed residential reentry center in Norfolk, Virginia and the James River Residential Reentry Center, an 84-bed residential reentry center in Newport News, Virginia provide reentry services for residents under custody of the BOP. The residential reentry facilities can also serve an additional 34 home confinement clients on behalf of the BOP.

In allocating the purchase price for the acquisition of certain assets of RSI in 2019, CoreCivic recorded the following (in millions):

Property and equipment	$	1.3
Intangible assets		0.7
Total identifiable assets		2.0
Goodwill		2.4
Total consideration	$	4.4

Several factors gave rise to the goodwill recorded in the acquisitions of Center Point, TTC, RMOMS, RMSC, and RSI, such as the expected benefit from synergies of the business combinations and the long-term contracts for community corrections services that continue to broaden the scope of solutions CoreCivic provides. The results of operations for these business combinations have been included in the Company's consolidated financial statements from the dates of the acquisitions.

8. INVESTMENT IN AFFILIATE

CoreCivic has a 50% ownership interest in APM, an entity holding the management contract for a correctional facility, HM Prison Forest Bank, under a 25-year prison management contract with an agency of the United Kingdom government. CoreCivic has determined that its joint venture investment in APM represents a variable interest entity ("VIE") in accordance with ASC 810, "Consolidation" of which CoreCivic is not the primary beneficiary. The Forest Bank facility, located in Salford, England, was previously constructed and owned by a wholly-owned subsidiary of CoreCivic, which was sold in April 2001. All gains and losses under the joint venture are accounted for using the equity method of accounting. During 2000, CoreCivic extended a working capital loan to APM, which has an outstanding balance of $3.0 million as of December 31, 2019.

For the years ended December 31, 2019, 2018, and 2017, equity in losses of the joint venture was $128,000, $100,000, and $62,000, respectively. The equity in losses and earnings of the joint venture is included in other (income) expense in the consolidated statements of operations. As of December 31, 2019, CoreCivic's equity investment in APM was $38,000 and is reported in other assets on the accompanying consolidated balance sheets. The outstanding working capital loan of $3.0 million, combined with the $38,000 investment in APM, represents CoreCivic's maximum exposure to loss in connection with APM.

9. OTHER ASSETS

Other assets consist of the following (in thousands):

	December 31, 2019	December 31, 2018
Intangible assets:		
Below market lease value, less accumulated amortization of $8,850	—	32,738
Deferred leasing assets, less accumulated amortization of $5,647 and $2,021, respectively	**41,129**	43,856
Other intangible assets, less accumulated amortization of $8,182 and $5,118, respectively	**14,517**	17,311
Construction receivable - Kansas lease	**137,665**	—
ROU lease assets	**108,118**	—
Lease incentive assets	**5,454**	6,096
Debt issuance costs, less accumulated amortization of $1,475 and $631, respectively	**2,628**	3,322
Cash equivalents and cash surrender value of life insurance held in Rabbi trust	**14,448**	13,977
Straight-line rent receivable	**7,836**	10,729
Insurance receivable	**13,179**	6,599
Other	**5,933**	6,579
	$ 350,907	$ 141,207

The gross carrying amount of intangible assets amounted to $69.5 million and $109.9 million at December 31, 2019 and 2018, respectively. Amortization expense related to intangible assets was $6.8 million, $6.5 million, and $3.4 million for 2019, 2018, and 2017, respectively, and depending upon the nature of the asset, was either reported as operating expense or depreciation and amortization in the accompanying statement of operations for the respective periods.

As of December 31, 2019, the estimated amortization expense related to intangible assets for each of the next five years is as follows (in thousands):

2020	$ 6,708
2021	5,781
2022	4,565
2023	3,569
2024	3,514

10. ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LONG-TERM LIABILITIES

Accounts payable and accrued expenses consist of the following (in thousands):

	December 31, 2019	December 31, 2018
Trade accounts payable	**$ 75,152**	$ 96,642
Accrued salaries and wages	**51,845**	42,556
Accrued dividends	**54,843**	52,572
Accrued workers' compensation and auto liability	**7,062**	6,901
Accrued litigation	**14,134**	13,937
Accrued employee medical insurance	**6,110**	5,442
Accrued property taxes	**27,900**	27,288
Accrued interest	**10,142**	12,957
ROU lease liability	**26,914**	—
Deferred revenue	**15,387**	15,173
Construction payable	**7,504**	21,099
Lease financing obligation	**8,603**	12,771
Other	**31,866**	44,937
	$ 337,462	$ 352,275

The total liability for workers' compensation and auto liability was $35.8 million and $29.7 million as of December 31, 2019 and 2018, respectively, with the long-term portion included in other long-term liabilities on the accompanying consolidated balance sheets. These liabilities were discounted to the net present value of the outstanding liabilities using a 3.0% rate in 2019 and 2018. These liabilities amounted to $40.4 million and $33.4 million on an undiscounted basis as of December 31, 2019 and 2018, respectively.

Other long-term liabilities consist of the following (in thousands):

	December 31, 2019	December 31, 2018
Intangible contract liability	**$ 5,417**	$ 5,804
Accrued workers' compensation	**28,769**	22,798
Accrued deferred compensation	**10,919**	11,507
Lease financing obligation	**7,634**	18,817
ROU lease liability	**51,247**	—
Other	**1,593**	1,622
	$ 105,579	$ 60,548

11. DEBT

Debt outstanding consists of the following (in thousands):

	December 31, 2019	December 31, 2018
Revolving Credit Facility maturing April 2023. Interest payable periodically at variable interest rates. The weighted average rate at December 31, 2019 and 2018 was 3.3% and 4.0%, respectively.	**$ 365,000**	$ 201,000
Term Loan A maturing April 2023. Interest payable periodically at variable interest rates. The rate at December 31, 2019 and 2018 was 3.3% and 4.0%, respectively. Unamortized debt issuance costs amounted to $0.1 million at both December 31, 2019 and 2018.	**190,000**	197,500
Term Loan B maturing December 2024. Interest payable periodically at variable interest rates. The rate at December 31, 2019 was 6.3%. Unamortized debt issuance costs amounted to $4.6 million at December 31, 2019.	**250,000**	—
4.625% Senior Notes maturing May 2023. Unamortized debt issuance costs amounted to $2.1 million and $2.7 million at December 31, 2019 and 2018, respectively.	**350,000**	350,000
4.125% Senior Notes. Unamortized debt issuance costs amounted to $1.0 million at 2018.	**—**	325,000
5.0% Senior Notes maturing October 2022. Unamortized debt issuance costs amounted to $1.3 million and $1.8 million at December 31, 2019 and 2018, respectively.	**250,000**	250,000
4.75% Senior Notes maturing October 2027. Unamortized debt issuance costs amounted to $3.1 million and $3.5 million at December 31, 2019 and 2018, respectively.	**250,000**	250,000
4.5% Capital Commerce Center Non-Recourse Mortgage Note maturing January 2033. Unamortized debt issuance costs amounted to $0.3 million at both December 31, 2019 and 2018.	**22,209**	23,429
4.43% Lansing Correctional Center Non-Recourse Mortgage Note maturing January 2040. Unamortized debt issuance costs amounted to $3.3 million and $3.4 million at December 31, 2019 and 2018, respectively.	**159,522**	62,331
4.5% SSA- Baltimore Non-Recourse Mortgage Note maturing February 2034. Unamortized debt issuance costs amounted to $0.2 million and $0.3 million at December 31, 2019 and 2018, respectively.	**150,134**	155,535
Total debt	**1,986,865**	1,814,795
Unamortized debt issuance costs	**(14,993)**	(13,119)
Unamortized original issue discount	**(12,500)**	—
Current portion of long-term debt	**(31,349)**	(14,121)
Long-term debt, net	**$ 1,928,023**	$ 1,787,555

Revolving Credit Facility. On April 17, 2018, CoreCivic entered into the Second Amended and Restated Credit Agreement (referred to herein individually as the "Bank Credit Agreement") in an aggregate principal amount of up to $1.0 billion. The Bank Credit Agreement provides for a term loan of $200.0 million (the "Term Loan A") and a revolving credit facility in an aggregate principal amount of up to $800.0 million (the "Revolving Credit Facility"). The Bank Credit Agreement has a maturity of April 2023. The Bank Credit Agreement also contains an "accordion" feature that provides for uncommitted incremental extensions of credit in the form of increases in the revolving commitments or incremental term loans of up to $350.0 million. At CoreCivic's option, interest on outstanding borrowings under the Revolving Credit Facility is based on either a base rate plus a margin ranging from 0.00% to 1.00% or at the London Interbank Offered Rate ("LIBOR") plus a margin ranging from 1.00% to 2.00% based on CoreCivic's then-current leverage ratio. The Revolving Credit Facility includes a $30.0 million sublimit for swing line loans that enables CoreCivic to borrow at the base rate from the Administrative Agent on same-day notice.

Based on CoreCivic's total leverage ratio, loans under the Revolving Credit Facility currently bear interest at the base rate plus a margin of 0.50% or at LIBOR plus a margin of 1.50%, and a commitment fee equal to 0.35% of the unfunded balance. The Revolving Credit Facility also has a $50.0 million sublimit for the issuance of standby letters of credit. As of December 31, 2019, CoreCivic had $365.0 million in borrowings outstanding under the Revolving Credit Facility as well as $22.3 million in letters of credit outstanding resulting in $412.7 million available under the Revolving Credit Facility.

The Revolving Credit Facility is secured by a pledge of all of the capital stock of CoreCivic's domestic restricted subsidiaries, 65% of the capital stock of CoreCivic's foreign subsidiaries, all of CoreCivic's accounts receivable, and all of CoreCivic's deposit accounts. The Revolving Credit Facility requires CoreCivic to meet certain financial covenants, including, without limitation, a maximum total leverage ratio, a maximum secured leverage ratio, and a minimum fixed charge coverage ratio. As of December 31, 2019, CoreCivic was in compliance with all such covenants. In addition, the Revolving Credit Facility contains certain covenants that, among other things, limit the incurrence of additional indebtedness, payment of dividends and other customary restricted payments, permitted investments, transactions with affiliates, asset sales, mergers and consolidations, liquidations, prepayments and modifications of other indebtedness, liens and other encumbrances and other matters customarily restricted in such agreements. In addition, the Revolving Credit Facility is subject to certain cross-default provisions with terms of CoreCivic's other unsecured indebtedness, and is subject to acceleration upon the occurrence of a change of control.

As a result of opposition to immigration policies and the association of private companies with the enforcement of such policies, some banks have recently announced that they do not expect to continue providing credit or financial services to private entities that operate correctional and detention facilities, including CoreCivic. The banks are legally obligated to honor their commitments under the Bank Credit Agreement, which expires in April 2023.

Incremental Term Loan A. Interest rate margins under the Term Loan A are the same as the interest rate margins under the Revolving Credit Facility. The Term Loan A also has the same collateral requirements, financial and certain other covenants, and cross-default provisions as the Revolving Credit Facility. The Term Loan A, which is pre-payable without penalty, also has a maturity concurrent with the Revolving Credit Facility due April 2023, with scheduled quarterly principal payments through April 2023. As of December 31, 2019, the outstanding balance of the Term Loan A was $190.0 million.

Senior Secured Term Loan B. On December 18, 2019, CoreCivic entered into a new $250.0 million Senior Secured Term Loan B ("Term Loan B"). The Term Loan B bears interest at a rate of LIBOR plus 4.50%, with a 1.00% LIBOR floor (or, at CoreCivic's option, a base rate plus 3.50%), and has a five-year maturity with scheduled quarterly principal payments through December 2024. The Term Loan B will be secured by a first lien on certain specified real property assets, representing a loan-to-value of no greater than 80%. CoreCivic can prepay the Term Loan B at any time and from time to time, without premium or penalty, except that a premium of 1.0% of the amount prepaid must accompany any prepayment made prior to December 18, 2020, with the proceeds of any new or replacement tranche of term loans that are in the nature of what are commonly referred to as "B" term loans and that bear interest with an all-in yield less than the all-in yield applicable to the Term Loan. The 1.0% prepayment premium is also payable in respect of certain repricing events occurring prior to December 18, 2020. The Term Loan B was issued at a price of 95% of the principal amount of the Term Loan B, resulting in a discount of $12.5 million, which is amortized into interest expense over the term of the Term Loan B. Proceeds from the issuance of the Term Loan B were used to partially fund the early redemption of the $325.0 million in aggregate principal amount of 4.125% senior notes due 2020 (the "4.125% Senior Notes"), as further described hereafter, transaction fees and expenses, and to provide for general corporate purposes. CoreCivic capitalized approximately $4.6 million of costs associated with the issuance of the Term Loan B.

Senior Notes. Interest on the $350.0 million aggregate principal amount of CoreCivic's 4.625% senior notes issued in April 2013 (the "4.625% Senior Notes") accrues at the stated rate and is payable in May and November of each year. The 4.625% Senior Notes are scheduled to mature on May 1, 2023. Interest on the $250.0 million aggregate principal amount of CoreCivic's 5.0% senior notes issued in September 2015 (the "5.0% Senior Notes") accrues at the stated rate and is payable in April and October of each year. The 5.0% Senior Notes are scheduled to mature on October 15, 2022. Interest on the $250.0 million aggregate principal amount of CoreCivic's 4.75% senior notes issued in October 2017 (the "4.75% Senior Notes") accrues at the stated rate and is payable in April and October of each year. The 4.75% Senior Notes are scheduled to mature on October 15, 2027.

The 4.625% Senior Notes, the 5.0% Senior Notes, and the 4.75% Senior Notes, collectively referred to herein as the "Senior Notes", are senior unsecured obligations of the Company and are guaranteed by all of the Company's subsidiaries that guarantee the Revolving Credit Facility. CoreCivic may redeem all or part of the Senior Notes at any time prior to three months before their respective maturity date at a "make-whole" redemption price, plus accrued and unpaid interest thereon to, but not including, the redemption date. Thereafter, the Senior Notes are redeemable at CoreCivic's option, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount of the notes to be redeemed plus accrued and unpaid interest thereon to, but not including, the redemption date.

On December 2, 2019, CoreCivic gave irrevocable notice that the Company would redeem the 4.125% Senior Notes on January 1, 2020 ("the Redemption Date") at a redemption price equal to 100% of the principal amount of the 4.125% Senior Notes, plus accrued and unpaid interest to but excluding the Redemption Date ("the Redemption Amount"). On December 27, 2019, and in accordance with the indenture governing the 4.125% Senior Notes, CoreCivic satisfied and discharged the 4.125% Senior Notes by irrevocably depositing the Redemption Amount due on the Redemption Date with the trustee. Accordingly, the 4.125% Senior Notes are not included on the Company's consolidated balance sheet as of December 31, 2019. CoreCivic financed the Redemption Amount with borrowings under its Revolving Credit Facility and net proceeds from the Term Loan B. CoreCivic incurred $0.6 million of expenses associated with this debt refinancing transaction.

***Non-Recourse Mortgage Notes*:**

Capital Commerce Center. As previously discussed herein, on January 19, 2018, CoreCivic acquired the 261,000 square-foot Capital Commerce Center, located in Tallahassee, Florida, for a purchase price of $44.7 million. The acquisition was partially financed with a $24.5 million non-recourse mortgage note (the "Capital Commerce Note"), which is fully-secured by the Capital Commerce Center property, with an interest rate of 4.5%, maturing in January 2033. Principal and interest on the Capital Commerce Note are payable in equal monthly payments over the 15-year term of the note. The Capital Commerce Note is pre-payable at any time with a prepayment charge, if any, equal to an amount so as to maintain the same yield on the Capital Commerce Note as if it had been carried through to its full term using Treasury instruments having a term equal to the remaining term of the Capital Commerce Note as of the prepayment date. CoreCivic capitalized approximately $0.4 million of costs associated with the Capital Commerce Note. As of December 31, 2019, the outstanding balance of the mortgage note was $22.2 million.

Lansing Correctional Facility. On April 20, 2018, CoreCivic of Kansas, LLC (the "Issuer"), a wholly-owned unrestricted subsidiary of the Company, priced $159.5 million in aggregate principal amount of non-recourse senior secured notes of the Issuer (the "Kansas Notes"), in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. The private placement closed on June 1, 2018. The Company used the proceeds of the private placement, which were drawn on quarterly funding dates beginning in the second quarter of 2018, to fund construction of the Lansing Correctional Facility, along with costs and expenses of the project. The Kansas Notes have a yield to maturity of 4.43% and are scheduled to mature in January 2040, 20 years following completion of the project, which occurred in January 2020. Principal and interest on the Kansas Notes will be payable in quarterly payments beginning in July 2020 until maturity. CoreCivic may redeem all or part of the Kansas Notes at any time upon written notice of not less than 30 days and not more than 60 days prior to the date fixed for such prepayment, with a "make-whole" amount, together with interest on the Kansas Notes accrued to, but not including, the redemption date. CoreCivic capitalized approximately $3.4 million of costs associated with the private placement. Because the Issuer has been designated as an unrestricted subsidiary of the Company under terms of the Company's Credit Agreement, the issuance and service of the Kansas Notes, and the revenues and expenses associated with the facility lease, will not impact the financial covenants associated with the Company's Credit Agreement. As of December 31, 2019, the outstanding balance of the Kansas Notes was $159.5 million.

SSA-Baltimore. As previously discussed herein, on August 23, 2018, CoreCivic acquired the 541,000 square-foot SSA-Baltimore office building for a purchase price of $242.0 million. In connection with the acquisition, a wholly-owned unrestricted subsidiary of the Company assumed $157.3 million of in-place financing that was used to fund the initial construction of the property in 2014. The assumed non-recourse mortgage note (the "SSA-Baltimore Note") carries a fixed interest rate of 4.5% and requires monthly principal and interest payments, with a balloon payment of $40.0 million due at maturity in February 2034. The SSA-Baltimore Note is fully-secured by the SSA-Baltimore property. CoreCivic may pre-pay the SSA-Baltimore Note in whole or in part upon not less than 30 days' and not more than 60 days' prior written notice and such pre-payment shall include a "make-whole" amount. During the last 90 days of the permanent loan term and upon 30 days' prior written notice, CoreCivic may prepay the note in full, including any accrued and outstanding interest on any permanent loan payment date, without the payment of the "make-whole" amount. CoreCivic capitalized approximately $0.2 million of costs associated with the assumption of the SSA-Baltimore Note. As of December 31, 2019, the outstanding balance of the SSA-Baltimore Note was $150.1 million.

CoreCivic may also seek to issue additional debt or equity securities from time to time when the Company determines that market conditions and the opportunity to utilize the proceeds from the issuance of such securities are favorable.

Guarantees and Covenants. All of the restricted domestic subsidiaries of CoreCivic (as the parent corporation) have provided full and unconditional guarantees of the Senior Notes. All of CoreCivic's subsidiaries guaranteeing the Senior Notes are 100% owned subsidiaries of CoreCivic; and the subsidiary guarantees are full and unconditional and are joint and several obligations of the guarantors.

As of December 31, 2019, neither CoreCivic nor any of its subsidiary guarantors had any material or significant restrictions on CoreCivic's ability to obtain funds from its subsidiaries by dividend or loan or to transfer assets from such subsidiaries.

The indentures governing the Senior Notes contain certain customary covenants that, subject to certain exceptions and qualifications, restrict CoreCivic's ability to, among other things, make restricted payments; incur additional debt or issue certain types of preferred stock; create or permit to exist certain liens; consolidate, merge or transfer all or substantially all of CoreCivic's assets; and enter into transactions with affiliates. In addition, if CoreCivic sells certain assets (and generally does not use the proceeds of such sales for certain specified purposes) or experiences specific kinds of changes in control, CoreCivic must offer to repurchase all or a portion of the Senior Notes. The offer price for the Senior Notes in connection with an asset sale would be equal to 100% of the aggregate principal amount of the notes repurchased plus accrued and unpaid interest and liquidated damages, if any, on the notes repurchased to the date of purchase. The offer price for the Senior Notes in connection with a change in control would be 101% of the aggregate principal amount of the notes repurchased plus accrued and unpaid interest and liquidated damages, if any, on the notes repurchased to the date of purchase. The Senior Notes are also subject to certain cross-default provisions with the terms of CoreCivic's Bank Credit Agreement, as well as the credit agreement governing the Term Loan B (referred to herein individually as the "Term Loan B Credit Agreement"), collectively referred to herein as CoreCivic's "Credit Agreements", as more fully described hereafter.

Other Debt Transactions

Letters of Credit. At December 31, 2019 and 2018, CoreCivic had $22.3 million and $24.0 million, respectively, in outstanding letters of credit. The letters of credit were issued to secure CoreCivic's workers' compensation and general liability insurance policies, performance bonds, and utility deposits. Except for $0.3 million outstanding at December 31, 2018, the letters of credit were provided by a sub-facility under the Revolving Credit Facility.

Debt Maturities

Scheduled principal payments as of December 31, 2019 for the next five years and thereafter were as follows (in thousands):

2020	$	31,349
2021		39,087
2022		292,981
2023		904,110
2024		194,937
Thereafter		524,401
Total debt	$	1,986,865

Cross-Default Provisions

The provisions of CoreCivic's debt agreements relating to the Credit Agreements and the Senior Notes contain certain cross-default provisions. Any events of default under the Credit Agreements that result in the lenders' actual acceleration of amounts outstanding thereunder also result in an event of default under the Senior Notes. Additionally, any events of default under the Senior Notes that give rise to the ability of the holders of such indebtedness to exercise their acceleration rights also result in an event of default under the Credit Agreements.

If CoreCivic were to be in default under the Credit Agreements, and if the lenders under the Credit Agreements elected to exercise their rights to accelerate CoreCivic's obligations under the Credit Agreements, such events could result in the acceleration of all or a portion of CoreCivic's Senior Notes, which would have a material adverse effect on CoreCivic's liquidity and financial position. CoreCivic does not have sufficient working capital to satisfy its debt obligations in the event of an acceleration of all or a substantial portion of CoreCivic's outstanding indebtedness.

12. DEFERRED REVENUE

In September 2014, CoreCivic announced that it had agreed under an expansion of an existing IGSA between the city of Eloy, Arizona and ICE to care for up to 2,400 individuals at the South Texas Family Residential Center, a facility leased by CoreCivic in Dilley, Texas. Services provided under the original amended IGSA commenced in the fourth quarter of 2014 and had an original term of up to four years. The agreement provided for a fixed monthly payment in accordance with a graduated schedule. In October 2016, CoreCivic entered into an amended IGSA that provided for a new, lower fixed monthly payment commencing in November 2016, and extended the term of the contract through September 2021. The agreement can be further extended by bi-lateral modification. However, ICE can also terminate the agreement for convenience or non-appropriation of funds, without penalty, by providing CoreCivic with at least a 60-day notice. ICE began housing the first residents at the facility in December 2014, and the site was completed during the second quarter of 2015. In September 2018, the city of Dilley, Texas assumed the amended IGSA with ICE.

Under the fixed monthly payment schedule of the original amended IGSA, ICE agreed to pay CoreCivic $70.0 million in two $35.0 million installments during the fourth quarter of 2014 and graduated fixed monthly payments over the remaining months of the contract. CoreCivic used the multiple-element arrangement guidance prescribed in ASC 605, "Revenue Recognition" in determining the total revenue to be recognized over the term of the amended IGSA. During the years ended December 31, 2019, 2018, and 2017, CoreCivic recognized $170.6 million, $170.6 million, and $170.1 million, respectively, in revenue associated with the amended IGSA with the unrecognized balance of the fixed monthly payments reported in deferred revenue. The current portion of deferred revenue is reflected within accounts payable and accrued expenses while the long-term portion is reflected in deferred revenue on the accompanying consolidated balance sheets. As of December 31, 2019 and 2018, total deferred revenue associated with this agreement amounted to $26.1 million and $39.7 million, respectively.

13. INCOME TAXES

As discussed in Note 1, the Company began operating in compliance with REIT requirements for federal income tax purposes effective January 1, 2013. As a REIT, the Company must distribute at least 90 percent of its taxable income (including dividends paid to it by its TRSs) and will not pay federal income taxes on the amount distributed to its stockholders. In addition, the Company must meet a number of other organizational and operational requirements, which the Company currently expects to continue to meet. Most states where CoreCivic holds investments in real estate conform to the federal rules recognizing REITs. Certain subsidiaries have made an election with the Company to be treated as TRSs in conjunction with the Company's REIT election; the TRS elections permit CoreCivic to engage in certain business activities in which the REIT may not engage directly. A TRS is subject to federal and state income taxes on the income from these activities and therefore, CoreCivic includes a provision for taxes in its consolidated financial statements.

The TCJA was enacted on December 22, 2017. The TCJA reduced the U.S. federal corporate tax rate from 35% to 21%, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and created new taxes on certain foreign-sourced earnings. However, the TCJA did not change the dividends paid deduction applicable to REITs and, therefore, CoreCivic generally will not be subject to federal income taxes on the Company's REIT taxable income and gains that it distributes to its stockholders. In the fourth quarter of 2017, the Company recorded, in accordance with ASC 740, the tax effects of enactment of the TCJA on existing deferred tax balances and there was no one-time transition tax on foreign earnings. The Company re-measured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. In the fourth quarter of 2017, the Company recognized a charge of $4.5 million, which was included as a component of income tax expense, for the revaluation of deferred tax assets and liabilities and other taxes associated with the TCJA. CoreCivic applied the guidance in the SEC Staff Accounting Bulletin 118, "Income Tax Accounting Implications of the Tax Cuts and Jobs Act" when accounting for the enactment-date effects of the TCJA in 2017 and throughout 2018. During the third quarter of 2018, the Company revised its estimates of the revaluation of deferred tax assets and liabilities resulting in the recognition of an additional charge of $1.0 million, which was also included as a component of income tax expense. Upon this revision in the third quarter of 2018, the Company completed its accounting for all of the enactment-date income tax effects of the TCJA.

Income tax expense is comprised of the following components (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Current income tax expense			
Federal	**$ 5,324**	$ 10,481	$ 10,202
State	**3,677**	2,308	2,788
	9,001	12,789	12,990
Deferred income tax expense (benefit)			
Federal	**(489)**	(3,422)	1,088
State	**(673)**	(1,014)	(167)
	(1,162)	(4,436)	921
Income tax expense	**$ 7,839**	$ 8,353	$ 13,911

Significant components of CoreCivic's deferred tax assets and liabilities as of December 31, 2019 and 2018, are as follows (in thousands):

	December 31,	
	2019	2018
Noncurrent deferred tax assets:		
Asset reserves and liabilities not yet deductible for tax	**$ 28,247**	$ 21,742
Tax over book basis of certain assets	**1,451**	1,665
Net operating loss and tax credit carryforwards	**5,130**	5,483
Intangible contract value	**262**	148
Other	**103**	123
Total noncurrent deferred tax assets	**35,193**	29,161
Less valuation allowance	**(3,865)**	(3,986)
Total noncurrent deferred tax assets	**31,328**	25,175
Noncurrent deferred tax liabilities:		
Book over tax basis of certain assets	**(11,478)**	(5,707)
Intangible value	**(2,264)**	(2,370)
Other	**(1,528)**	(2,151)
Total noncurrent deferred tax liabilities	**(15,270)**	(10,228)
Net total noncurrent deferred tax assets	**$ 16,058**	$ 14,947

A reconciliation of the income tax provision at the statutory income tax rate and the effective tax rate as a percentage of income from continuing operations before income taxes for the years ended December 31, 2019, 2018, and 2017 is as follows:

	2019	2018	2017
Statutory federal rate	**21.0%**	21.0%	35.0%
Dividends paid deduction	**(18.9)**	(18.6)	(31.3)
State taxes, net of federal tax benefit	**1.2**	1.0	1.2
Permanent differences	**1.2**	1.0	0.6
Charges associated with adoption of tax reform	**—**	0.6	2.4
Tax benefit of equity-based compensation	**0.1**	0.5	(0.5)
Other items, net	**(0.6)**	(0.5)	(0.2)
	4.0%	5.0%	7.2%

CoreCivic's effective tax rate was 4.0%, 5.0%, and 7.2% during 2019, 2018, and 2017, respectively. As a REIT, CoreCivic is entitled to a deduction for dividends paid, resulting in a substantial reduction in the amount of federal income tax expense it recognizes. Substantially all of CoreCivic's income tax expense is incurred based on the earnings generated by its TRSs. CoreCivic's overall effective tax rate is based on its taxable income primarily generated by its TRSs. The Company's consolidated effective tax rate could fluctuate in the future based on changes in estimates of taxable income, the relative amounts of taxable income generated by the TRSs and the REIT, the implementation of additional tax planning strategies, changes in federal or state tax rates or laws affecting tax credits available to the Company, changes in other tax laws, changes in estimates related to uncertain tax positions, or changes in state apportionment factors, as well as changes in the valuation allowance applied to the Company's deferred tax assets that are based primarily on the amount of state net operating losses and tax credits that could expire unused.

CoreCivic had no liabilities for uncertain tax positions as of December 31, 2019 and 2018. CoreCivic recognizes interest and penalties related to unrecognized tax positions in income tax expense. CoreCivic does not currently anticipate that the total amount of unrecognized tax positions will significantly change in the next twelve months.

CoreCivic's U.S. federal income tax returns for tax years 2016 through 2018 remain subject to examination by the IRS. All states in which CoreCivic files income tax returns follow the same statute of limitations as the federal government, with the exception of the following states whose open tax years include 2015 through 2018: Arizona, California, Colorado, Kentucky, Minnesota, New Jersey, Texas, and Wisconsin.

In October 2019, the Company received notification that the IRS intended to commence an audit of the federal income tax return of the Company's REIT for the year ended December 31, 2017. The IRS has begun its audit. Audit outcomes and the timing of any settlements of asserted income tax liabilities, if any, are subject to significant uncertainty. The generally applicable statute of limitations for assessments of United States federal income taxes remains open for tax years 2016 to present.

14. STOCKHOLDERS' EQUITY

Dividends on Common Stock

The tax characterization of dividends per share on common shares as reported to stockholders was as follows for the years ended December 31, 2019, 2018, and 2017:

Declaration Date	Record Date	Payable Date	Ordinary Income		Return of Capital		Total Per Share
February 17, 2017	April 3, 2017	April 17, 2017	0.363660	(1)	0.056340		$ 0.42
May 11, 2017	July 3, 2017	July 17, 2017	0.363660	(1)	0.056340		$ 0.42
August 10, 2017	October 2, 2017	October 16, 2017	0.363660	(1)	0.056340		$ 0.42
December 7, 2017	January 2, 2018	January 15, 2018	0.387446	(2)	0.032554		$ 0.42
February 22, 2018	April 2, 2018	April 16, 2018	0.396671	(3)	0.033329		$ 0.43
May 11, 2018	July 2, 2018	July 16, 2018	0.396671	(3)	0.033329		$ 0.43
August 16, 2018	October 1, 2018	October 15, 2018	0.396671	(3)	0.033329		$ 0.43
December 13, 2018	January 2, 2019	January 15, 2019	0.374927	(4)	0.055073		$ 0.43
February 21, 2019	April 1, 2019	April 15, 2019	0.383646	(5)	0.056354		$ 0.44
May 16, 2019	July 1, 2019	July 16, 2019	0.383646	(5)	0.056354		$ 0.44
August 15, 2019	October 1, 2019	October 15, 2019	0.383646	(5)	0.056354		$ 0.44
December 12, 2019	January 6, 2020	January 15, 2020	—	(6)	—	(6)	$ 0.44

(1) $0.000000 of this amount constitutes a "Qualified Dividend", as defined by the IRS.
(2) $0.051840 of this amount constitutes a "Qualified Dividend", as defined by the IRS.
(3) $0.053074 of this amount constitutes a "Qualified Dividend", as defined by the IRS.
(4) $0.041313 of this amount constitutes a "Qualified Dividend", as defined by the IRS.
(5) $0.042274 of this amount constitutes a "Qualified Dividend", as defined by the IRS.
(6) Taxable in 2020.

Future dividends will depend on CoreCivic's distribution requirements as a REIT, future cash flows and earnings, capital requirements, financial condition, limitations under debt covenants, opportunities for alternative uses of capital, and on such other factors as the Board of Directors of CoreCivic may consider relevant.

Common Stock

Restricted shares. During 2019, CoreCivic issued approximately 934,000 shares of RSUs to certain of its employees and non-employee directors, with an aggregate value of $20.1 million, including 850,000 RSUs to employees and non-employee directors whose compensation is charged to general and administrative expense and 84,000 RSUs to employees whose compensation is charged to operating expense. During 2018, CoreCivic issued approximately 945,000 RSUs to certain of its employees and non-employee directors, with an aggregate value of $20.5 million, including 850,000 RSUs to employees and non-employee directors whose compensation is charged to general and administrative expense and 95,000 RSUs to employees whose compensation is charged to operating expense.

Since 2015, CoreCivic has established performance-based vesting conditions on the RSUs awarded to its officers and executive officers that, unless earlier vested under the terms of the agreements, were subject to vesting over a three-year period based upon the satisfaction of certain annual performance criteria, and no more than one-third of the RSUs could vest in any one performance period. The RSUs awarded to officers and executive officers in 2019 consist of a combination of awards with performance-based conditions and time-based conditions. Unless earlier vested under the terms of the RSU agreements, the RSUs with time-based vesting conditions vest evenly generally on the first, second, and third anniversary of the award. The RSUs with performance-based vesting conditions are divided into one-third increments, each of which is subject to vesting based upon satisfaction of certain annual performance criteria established at the beginning of the fiscal years ending December 31, 2019, 2020, and 2021, and which can be increased by up to 150% or decreased to 0% based on performance relative to the annual performance criteria, and further increased or decreased using a modifier of 80% to 120% based on CoreCivic's total shareholder return relative to a peer group. Based on performance achieved for 2019, the RSUs subject to performance-based vesting criteria were increased by 145.8%, but were reduced to the 80% modifier based on CoreCivic's total shareholder return relative to the peer group. Because the performance criteria for the fiscal years ending December 31, 2020 and 2021 have not yet been established, the values of the second and third RSU increments for financial reporting purposes will not be determined until such criteria are established. Time-based RSUs issued to other employees, unless earlier vested under the terms of the agreements, generally vest equally on the first, second, and third anniversary of the award. RSUs issued to non-employee directors vest one year from the date of award.

Nonvested RSU transactions as of December 31, 2019 and for the year then ended are summarized below (in thousands, except per share amounts).

	Shares of RSUs	Weighted average grant date fair value
Nonvested at December 31, 2018	1,225	$ 24.67
Granted	**934**	**$ 21.49**
Cancelled	**(73)**	**$ 23.78**
Vested	**(524)**	**$ 25.53**
Nonvested at December 31, 2019	**1,562**	**$ 22.52**

During 2019, 2018, and 2017, CoreCivic expensed $17.3 million ($1.8 million of which was recorded in operating expenses and $15.5 million of which was recorded in general and administrative expenses), $13.1 million ($1.8 million of which was recorded in operating expenses and $11.3 million of which was recorded in general and administrative expenses), and $13.3 million ($1.9 million of which was recorded in operating expenses and $11.4 million of which was recorded in general and administrative expenses), net of forfeitures, relating to RSUs, respectively. As of December 31, 2019, CoreCivic had $16.5 million of total unrecognized compensation cost related to RSUs that is expected to be recognized over a remaining weighted-average period of 1.6 years. The total fair value of restricted common stock and RSUs that vested during 2019, 2018, and 2017 was $13.4 million, $15.3 million, and $16.6 million, respectively.

On August 28, 2018, CoreCivic entered into an Amended and Restated ATM Equity Offering Sales Agreement, or ATM Agreement, with multiple sales agents, pursuant to which the Company may offer and sell to or through the agents, from time to time, shares of the Company's common stock, par value $0.01 per share, having an aggregate gross sales price of up to $200.0 million. Sales, if any, of the Company's shares of common stock will be made primarily in “at-the-market” offerings, as defined in Rule 415 under the Securities Act of 1933, as amended. The shares of common stock will be offered and sold pursuant to CoreCivic's registration statement on Form S-3 and a related prospectus supplement, both filed with the SEC on August 28, 2018. CoreCivic intends to use substantially all of the net proceeds from any sale of shares of the Company's common stock to repay outstanding borrowings or for working capital and other general corporate purposes, which may include investments. There were no shares of the Company's common stock sold under the ATM Agreement during 2018 and 2019.

Preferred Stock

CoreCivic has the authority to issue 50.0 million shares of $0.01 par value per share preferred stock (the "Preferred Stock"). The Preferred Stock may be issued from time to time upon authorization by the Board of Directors, in such series and with such preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or other provisions as may be fixed by CoreCivic's Board of Directors.

Stock Option Plans

CoreCivic has equity incentive plans under which, among other things, incentive and non-qualified stock options are granted to certain employees and non-employee directors of CoreCivic by the compensation committee of CoreCivic's Board of Directors. The options are granted with exercise prices equal to the fair market value on the date of grant. Vesting periods for options granted to employees generally range from three to four years. Options granted to non-employee directors vest on a date approximately following the first anniversary of the grant date. The term of such options is ten years from the date of grant.

Since 2012, CoreCivic has elected not to issue stock options to its non-employee directors, officers, and executive officers as it had in prior years, and instead elected to issue all of its equity compensation in the form of RSUs as previously described herein. All outstanding stock options were fully vested as of December 31, 2016.

Stock option transactions relating to CoreCivic's non-qualified stock option plans are summarized below (in thousands, except exercise prices):

	No. of options	Weighted-Average Exercise Price of options	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2018	706	$ 20.32		
Granted	—	—		
Exercised	**(62)**	**14.19**		
Cancelled	—	—		
Outstanding at December 31, 2019	**644**	**$ 20.91**	**1.4**	**$ —**
Exercisable at December 31, 2019	**644**	**$ 20.91**	**1.4**	**$ —**

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between CoreCivic's stock price as of December 31, 2019 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2019. This amount changes based on the fair market value of CoreCivic's stock. The total intrinsic value of options exercised during the years ended December 31, 2019, 2018, and 2017 was $0.5 million, $1.3 million, and $2.9 million, respectively.

At CoreCivic's 2011 annual meeting of stockholders held in May 2011, CoreCivic's stockholders approved an amendment to the 2008 Stock Incentive Plan that increased the authorized limit on issuance of new awards to an aggregate of up to 18.0 million shares. In addition, during the 2003 annual meeting the stockholders approved the adoption of CoreCivic's Non-Employee Directors' Compensation Plan, authorizing CoreCivic to issue up to 225,000 shares of common stock pursuant to the plan. As of December 31, 2019, CoreCivic had 5.0 million shares available for issuance under the Amended and Restated 2008 Stock Incentive Plan and 0.2 million shares available for issuance under the Non-Employee Directors' Compensation Plan.

15. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. For CoreCivic, diluted earnings per share is computed by dividing net income by the weighted average number of common shares after considering the additional dilution related to restricted share grants and stock options.

A reconciliation of the numerator and denominator of the basic earnings per share computation to the numerator and denominator of the diluted earnings per share computation is as follows (in thousands, except per share data):

	For the Years Ended December 31,		
	2019	2018	2017
NUMERATOR			
Basic:			
Net income	**$ 188,886**	$ 159,207	$ 178,040
Diluted:			
Net income	**$ 188,886**	$ 159,207	$ 178,040
DENOMINATOR			
Basic:			
Weighted average common shares outstanding	**119,028**	118,544	118,084
Diluted:			
Weighted average common shares outstanding	**119,028**	118,544	118,084
Effect of dilutive securities:			
Stock options	**22**	111	310
Restricted stock-based awards	**114**	61	71
Weighted average shares and assumed conversions	**119,164**	118,716	118,465
BASIC EARNINGS PER SHARE	**$ 1.59**	$ 1.34	$ 1.51
DILUTED EARNINGS PER SHARE	**$ 1.59**	$ 1.34	$ 1.50

Approximately 486,000, 317,000, and 8,000 stock options were excluded from the computations of diluted earnings per share for the years ended December 31, 2019, 2018, and 2017, respectively, because they were anti-dilutive.

16. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The nature of CoreCivic's business results in claims and litigation alleging that it is liable for damages arising from the conduct of its employees, offenders or others. The nature of such claims includes, but is not limited to, claims arising from employee or offender misconduct, medical malpractice, employment matters, property loss, contractual claims, including claims regarding compliance with contract performance requirements, and personal injury or other damages resulting from contact with CoreCivic's facilities, personnel or offenders, including damages arising from an offender's escape or from a disturbance at a facility. CoreCivic maintains insurance to cover many of these claims, which may mitigate the risk that any single claim would have a material effect on CoreCivic's consolidated financial position, results of operations, or cash flows, provided the claim is one for which coverage is available. The combination of self-insured retentions and deductible amounts means that, in the aggregate, CoreCivic is subject to substantial self-insurance risk.

CoreCivic records litigation reserves related to certain matters for which it is probable that a loss has been incurred and the range of such loss can be estimated. Based upon management's review of the potential claims and outstanding litigation, and based upon management's experience and history of estimating losses, and taking into consideration CoreCivic's self-insured retention amounts, management believes a loss in excess of amounts already recognized would not be material to CoreCivic's financial statements. In the opinion of management, there are no pending legal proceedings that would have a material effect on CoreCivic's consolidated financial position, results of operations, or cash flows. Any receivable for insurance recoveries is recorded separately from the corresponding litigation reserve, and only if recovery is determined to be probable. Adversarial proceedings and litigation are, however, subject to inherent uncertainties, and unfavorable decisions and rulings resulting from legal proceedings could occur which could have a material adverse impact on CoreCivic's consolidated financial position, results of operations, or cash flows for the period in which such decisions or rulings occur, or future periods. Expenses associated with legal proceedings may also fluctuate from quarter to quarter based on changes in CoreCivic's assumptions, new developments, or by the effectiveness of CoreCivic's litigation and settlement strategies.

Insurance Contingencies

Each of CoreCivic's management contracts and the statutes of certain states require the maintenance of insurance. CoreCivic maintains various insurance policies including employee health, workers' compensation, automobile liability, and general liability insurance. These policies are fixed premium policies with various deductible amounts that are self-funded by CoreCivic. Reserves are provided for estimated incurred claims for which it is probable that a loss has been incurred and the range of such loss can be estimated.

Retirement Plan

All employees of CoreCivic are eligible to participate in the CoreCivic 401(k) Savings and Retirement Plan (the "Plan") upon reaching age 18 and completing six months of qualified service. Eligible employees may contribute up to 90% of their eligible compensation, subject to IRS limitations. For the years ended December 31, 2019, 2018, and 2017, CoreCivic provided a discretionary matching contribution equal to 100% of the employee's contributions up to 5% of the employee's eligible compensation to employees with at least 500 hours of employment in the plan year. Employer matching contributions paid into the Plan each pay period vest immediately pursuant to safe harbor provisions adopted by the Plan.

During 2019, 2018, and 2017, CoreCivic's discretionary contributions to the Plan, net of forfeitures, were $14.2 million, $13.2 million, and $12.3 million, respectively.

Deferred Compensation Plans

CoreCivic provides two non-qualified deferred compensation plans (the "Deferred Compensation Plans") for non-employee directors and for certain senior executives. The Deferred Compensation Plans are unfunded plans maintained for the purpose of providing CoreCivic's directors and certain of its senior executives the opportunity to defer a portion of their compensation. Under the terms of the Deferred Compensation Plans, certain senior executives may elect to contribute on a pre-tax basis up to 50% of their base salary and up to 100% of their cash bonus, and non-employee directors may elect to contribute on a pre-tax basis up to 100% of their director retainer and meeting fees. During the years ended December 31, 2019, 2018, and 2017, CoreCivic matched 100% of employee contributions up to 5% of total cash compensation. CoreCivic also contributes a fixed rate of return on balances in the Deferred Compensation Plans, determined at the beginning of each plan year. Matching contributions and investment earnings thereon become vested 20% after two years of service, 40% after three years of service, 80% after four years of service, and 100% after five or more years of service. Distributions are generally payable no earlier than five years subsequent to the date an individual becomes a participant in the Plan, or upon termination of employment (or the date a director ceases to serve as a director of CoreCivic), at the election of the participant. Distributions to senior executives must commence on or before the later of 60 days after the participant's separation from service or the fifteenth day of the month following the month the individual attains age 65.

During 2019, 2018, and 2017, CoreCivic provided a fixed return of 5.0% in each year to participants in the Deferred Compensation Plans. CoreCivic has purchased life insurance policies on the lives of certain employees of CoreCivic, which are intended to fund distributions from the Deferred Compensation Plans. CoreCivic is the sole beneficiary of such policies. At the inception of the Deferred Compensation Plans, CoreCivic established an irrevocable Rabbi Trust to secure the plans' obligations. However, assets in the Deferred Compensation Plans are subject to creditor claims in the event of bankruptcy. During 2019, 2018, and 2017, CoreCivic recorded $0.2 million, $0.3 million, and $0.1 million, respectively, of matching contributions as general and administrative expense associated with the Deferred Compensation Plans. Assets in the Rabbi Trust were $14.4 million and $14.0 million as of December 31, 2019 and 2018, respectively, and were reflected in other assets on the accompanying consolidated balance sheets. As of December 31, 2019 and 2018, CoreCivic's liability related to the Deferred Compensation Plans was $12.9 million and $12.3 million, respectively, which was reflected in accounts payable and accrued expenses and other liabilities on the accompanying consolidated balance sheets.

Employment and Severance Agreements

CoreCivic currently has employment agreements with several of its executive officers, which provide for the payment of certain severance amounts upon termination of employment under certain circumstances or a change of control, as defined in the agreements.

17. SEGMENT REPORTING

As of December 31, 2019, CoreCivic operated 50 correctional and detention facilities, 43 of which the Company owned. In addition, CoreCivic owned and operated 29 residential reentry centers and owned 28 properties for lease to third parties. Management views CoreCivic's operating results in three operating segments, CoreCivic Safety, CoreCivic Community, and CoreCivic Properties. CoreCivic Safety includes the operating results of those correctional and detention facilities placed into service that were owned, or controlled via a long-term lease, and managed by CoreCivic, as well as those correctional and detention facilities owned by a third party and managed by CoreCivic. CoreCivic Safety also includes the operating results of TransCor America, LLC, a subsidiary of the Company that provides transportation services to governmental agencies. CoreCivic Community includes the operating results of those residential reentry centers placed into service that were owned, or controlled via a long-term lease, and managed by CoreCivic. CoreCivic Community also includes the operating results of the Company's electronic monitoring and case management services. CoreCivic Properties includes the operating results of those properties leased to third parties. The operating performance of the three segments can be measured based on their net operating income. CoreCivic defines facility net operating income as a facility's revenues less operating expenses.

The revenue and net operating income for each of the three segments and a reconciliation to CoreCivic's operating income is as follows for the three years ended December 31, 2019, 2018, and 2017 (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Revenue:			
Safety	**$ 1,779,958**	$ 1,675,998	$ 1,648,224
Community	**123,265**	101,841	74,263
Properties	**77,307**	57,899	40,440
Total segment revenue	**1,980,530**	1,835,738	1,762,927
Operating expenses:			
Safety	**1,304,121**	1,222,418	1,185,621
Community	**95,159**	76,898	51,501
Properties	**22,803**	15,420	11,831
Total segment operating expenses	**1,422,083**	1,314,736	1,248,953
Facility net operating income:			
Safety	**475,837**	453,580	462,603
Community	**28,106**	24,943	22,762
Properties	**54,504**	42,479	28,609
Total facility net operating income	**558,447**	521,002	513,974
Other revenue (expense):			
Other revenue	**159**	28	2,571
Other operating expense	**(686)**	(514)	(584)
General and administrative	**(127,078)**	(106,865)	(107,822)
Depreciation and amortization	**(144,572)**	(156,501)	(147,129)
Contingent consideration for acquisition of businesses	**—**	(6,085)	—
Asset impairments	**(4,706)**	(1,580)	(614)
Operating income	**$ 281,564**	$ 249,485	$ 260,396

The following table summarizes capital expenditures including accrued amounts for the years ended December 31, 2019, 2018, and 2017 (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Capital expenditures:			
Safety	**$ 77,662**	$ 94,559	$ 55,712
Community	**5,859**	15,689	35,489
Properties	**95,109**	365,628	18,327
Corporate and other	**12,111**	11,260	5,219
Total capital expenditures	**$ 190,741**	$ 487,136	$ 114,747

The total assets are as follows (in thousands):

	December 31,	
	2019	2018
Assets:		
Safety	**$ 2,606,127**	$ 2,621,880
Community	**275,882**	281,198
Properties	**682,249**	606,770
Corporate and other	**227,373**	145,812
Total assets	**$ 3,791,631**	$ 3,655,660

18. SUBSEQUENT EVENTS

On January 2, 2020, CoreCivic completed the acquisition of a portfolio of 28 properties, 24 of which the counter-party contributed to a newly formed partnership of the Company's, for total consideration of $83.2 million, excluding transaction-related expenses. All of the properties are leased to the federal government through the GSA. CoreCivic financed the acquisition with $7.7 million of cash, assumed debt of $52.2 million and the balance with the issuance of 1.3 million limited partnership units that are convertible into cash or shares of the Company's common stock following a two-year period, using a "DownREIT" structure. The assumed debt carries a fixed interest rate of 4.9%, with fixed monthly payments extending through November 2025, and a balloon payment of $46.2 million due at maturity.

During February 2020, CoreCivic issued approximately 1.2 million RSUs to certain of CoreCivic's employees and non-employee directors, with an aggregate value of $20.7 million. Unless earlier vested under the terms of the RSU agreement, approximately 0.8 million RSUs were issued to officers and executive officers, a portion of which vest evenly on the first, second, and third anniversary of the award, and a portion of which are subject to vesting over a three-year period based upon satisfaction of certain annual performance criteria for the fiscal years ending December 31, 2020, 2021, and 2022, and which can be increased or decreased based on performance relative to the annual performance criteria, and further increased or decreased based on total shareholder return relative to a peer group. Approximately 0.4 million RSUs issued to other employees vest evenly on the first, second, and third anniversary of the award. RSUs issued to non-employee directors vest on the first anniversary of the award. Any RSUs that become vested will be settled in shares of CoreCivic's common stock.

On February 20, 2020, the Company's Board of Directors declared a quarterly dividend of $0.44 per common share payable April 15, 2020 to stockholders of record on April 1, 2020.

19. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF CORECIVIC AND SUBSIDIARIES

The following condensed consolidating financial statements of CoreCivic and subsidiaries have been prepared pursuant to Rule 3-10 of Regulation S-X. These condensed consolidating financial statements have been prepared from the Company's financial information on the same basis of accounting as the consolidated financial statements.

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2019
(in thousands)

ASSETS	Parent	Combined Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments and Other	Total Consolidated Amounts
Cash and cash equivalents	$ 45,427	$ 45,309	$ 1,384	$ —	$ 92,120
Restricted cash	—	7	26,966	—	26,973
Accounts receivable, net of allowance	154,533	545,291	86	(419,125)	280,785
Prepaid expenses and other current assets	3,084	32,600	3,966	(4,143)	35,507
Total current assets	203,044	623,207	32,402	(423,268)	435,385
Real estate and related assets:					
Property and equipment, net	2,226,822	272,888	200,397	—	2,700,107
Other real estate assets	238,637	—	—	—	238,637
Goodwill	35,425	15,112	—	—	50,537
Non-current deferred tax assets	—	14,125	2,411	(478)	16,058
Other assets	606,718	136,125	173,268	(565,204)	350,907
Total assets	$ 3,310,646	$ 1,061,457	$ 408,478	$ (988,950)	$ 3,791,631
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	$ 261,588	$ 396,703	$ 102,404	$ (423,233)	$ 337,462
Current portion of long-term debt	23,776	—	7,573	—	31,349
Total current liabilities	285,364	396,703	109,977	(423,233)	368,811
Long-term debt, net	1,629,745	114,682	298,596	(115,000)	1,928,023
Non-current deferred tax liabilities	478	—	—	(478)	—
Deferred revenue	—	12,469	—	—	12,469
Other liabilities	18,310	87,269	—	—	105,579
Total liabilities	1,933,897	611,123	408,573	(538,711)	2,414,882
Total stockholders' equity	1,376,749	450,334	(95)	(450,239)	1,376,749
Total liabilities and stockholders' equity	$ 3,310,646	$ 1,061,457	$ 408,478	$ (988,950)	$ 3,791,631

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2018
(in thousands)

ASSETS	Parent	Combined Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments and Other	Total Consolidated Amounts
Cash and cash equivalents	$ 11,109	$ 40,348	$ 1,345	$ —	$ 52,802
Restricted cash	—	—	$ 21,335	—	21,335
Accounts receivable, net of allowance	254,766	445,105	1,809	(431,083)	270,597
Prepaid expenses and other current assets	4,412	26,939	1,951	(4,511)	28,791
Total current assets	270,287	512,392	26,440	(435,594)	373,525
Real estate and related assets:					
Property and equipment, net	2,255,361	310,989	264,239	—	2,830,589
Other real estate assets	247,223	—	—	—	247,223
Goodwill	33,057	15,112	—	—	48,169
Non-current deferred tax assets	727	14,220	1,165	(1,165)	14,947
Other assets	507,161	61,104	38,112	(465,170)	141,207
Total assets	$ 3,313,816	$ 913,817	$ 329,956	$ (901,929)	$ 3,655,660
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	$ 294,474	$ 377,699	$ 115,661	$ (435,559)	$ 352,275
Current portion of long-term debt	8,720	—	5,401	—	14,121
Total current liabilities	303,194	377,699	121,062	(435,559)	366,396
Long-term debt, net	1,579,273	114,428	208,854	(115,000)	1,787,555
Non-current deferred tax liabilities	1,165	—	—	(1,165)	—
Deferred revenue	—	26,102	—	—	26,102
Other liabilities	15,125	45,423	—	—	60,548
Total liabilities	1,898,757	563,652	329,916	(551,724)	2,240,601
Total stockholders' equity	1,415,059	350,165	40	(350,205)	1,415,059
Total liabilities and stockholders' equity	$ 3,313,816	$ 913,817	$ 329,956	$ (901,929)	$ 3,655,660

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the year ended December 31, 2019
(in thousands)

	Parent	Combined Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments and Other	Total Consolidated Amounts
REVENUES	$ 1,363,562	$ 1,627,226	$ 23,546	$ (1,033,645)	$ 1,980,689
EXPENSES:					
Operating	1,065,596	1,381,676	9,142	(1,033,645)	1,422,769
General and administrative	42,680	84,398	—	—	127,078
Depreciation and amortization	93,575	43,231	7,766	—	144,572
Asset impairments	4,706	—	—	—	4,706
	1,206,557	1,509,305	16,908	(1,033,645)	1,699,125
OPERATING INCOME	157,005	117,921	6,638	—	281,564
OTHER (INCOME) EXPENSE:					
Interest expense, net	71,969	5,658	6,774	—	84,401
Expenses associated with debt refinancing transactions	493	109	—	—	602
Other (income) expense	(363)	72	335	(208)	(164)
	72,099	5,839	7,109	(208)	84,839
INCOME BEFORE INCOME TAXES	84,906	112,082	(471)	208	196,725
Income tax expense	(1,710)	(6,129)	—	—	(7,839)
INCOME BEFORE EQUITY IN SUBSIDIARIES	83,196	105,953	(471)	208	188,886
Income from equity in subsidiaries	105,690	—	—	(105,690)	—
NET INCOME	$ 188,886	$ 105,953	$ (471)	$ (105,482)	$ 188,886

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the year ended December 31, 2018
(in thousands)

	Parent	Combined Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments and Other	Total Consolidated Amounts
REVENUES	$ 1,279,991	$ 1,514,503	$ 8,243	$ (966,971)	$ 1,835,766
EXPENSES:					
Operating	994,505	1,284,616	3,100	(966,971)	1,315,250
General and administrative	36,409	70,456	—	—	106,865
Depreciation and amortization	92,702	61,206	2,593	—	156,501
Contingent consideration for acquisition of businesses	6,085	—	—	—	6,085
Asset impairments	1,580	—	—	—	1,580
	1,131,281	1,416,278	5,693	(966,971)	1,586,281
OPERATING INCOME	148,710	98,225	2,550	—	249,485
OTHER (INCOME) EXPENSE:					
Interest expense, net	67,340	10,905	2,508	—	80,753
Expenses associated with debt refinancing transactions	1,016	—	—	—	1,016
Other (income) expense	160	(105)	101	—	156
	68,516	10,800	2,609	—	81,925
INCOME BEFORE INCOME TAXES	80,194	87,425	(59)	—	167,560
Income tax expense	(1,383)	(6,970)	—	—	(8,353)
INCOME BEFORE EQUITY IN SUBSIDIARIES	78,811	80,455	(59)	—	159,207
Income from equity in subsidiaries	80,396	—	—	(80,396)	—
NET INCOME	$ 159,207	$ 80,455	$ (59)	$ (80,396)	$ 159,207

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the year ended December 31, 2017
(in thousands)

	Parent	Combined Subsidiary Guarantors	Consolidating Adjustments and Other	Total Consolidated Amounts
REVENUES	$ 1,194,690	$ 1,454,194	$ (883,386)	$ 1,765,498
EXPENSES:				
Operating	914,443	1,218,480	(883,386)	1,249,537
General and administrative	36,964	70,858	—	107,822
Depreciation and amortization	87,694	59,435	—	147,129
Asset impairments	300	314	—	614
	1,039,401	1,349,087	(883,386)	1,505,102
OPERATING INCOME	155,289	105,107	—	260,396
OTHER (INCOME) EXPENSE:				
Interest expense, net	56,712	11,823	—	68,535
Other (income) expense	(255)	103	62	(90)
	56,457	11,926	62	68,445
INCOME BEFORE INCOME TAXES	98,832	93,181	(62)	191,951
Income tax expense	(1,765)	(12,146)	—	(13,911)
INCOME BEFORE EQUITY IN SUBSIDIARIES	97,067	81,035	(62)	178,040
Income from equity in subsidiaries	80,973	—	(80,973)	—
NET INCOME	$ 178,040	$ 81,035	$ (81,035)	$ 178,040

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the year ended December 31, 2019
(in thousands)

	Parent	Combined Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments And Other	Total Consolidated Amounts
Net cash provided by operating activities	**$ 284,933**	**$ 61,845**	**$ 7,606**	**$ —**	**$ 354,384**
Net cash used in investing activities	**(71,312)**	**(79,477)**	**(93,800)**	**—**	**(244,589)**
Net cash provided by (used in) financing activities	**(179,303)**	**22,600**	**91,864**	**—**	**(64,839)**
Net increase in cash, cash equivalents and restricted cash	**34,318**	**4,968**	**5,670**	**—**	**44,956**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	**11,109**	**40,348**	**22,680**	**—**	**74,137**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	**$ 45,427**	**$ 45,316**	**$ 28,350**	**$ —**	**119,093**

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the year ended December 31, 2018
(in thousands)

	Parent	Combined Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments And Other	Total Consolidated Amounts
Net cash provided by operating activities	$ 243,083	$ 75,011	$ 4,786	**$** —	$ 322,880
Net cash used in investing activities	(109,114)	(47,940)	(134,003)	—	(291,057)
Net cash provided by (used in) financing activities	(148,605)	(13,161)	151,897	—	(9,869)
Net increase (decrease) in cash, cash equivalents and restricted cash	(14,636)	13,910	22,680	—	21,954
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	25,745	26,438	—	—	52,183
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	$ 11,109	$ 40,348	$ 22,680	**$** —	$ 74,137

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the year ended December 31, 2017
(in thousands)

	Parent	Combined Subsidiary Guarantors	Consolidating Adjustments And Other	Total Consolidated Amounts
Net cash provided by operating activities	$ 276,055	$ 65,270	$ —	$ 341,325
Net cash used in investing activities	(55,242)	(69,320)	—	(124,562)
Net cash provided by (used in) financing activities	(206,446)	4,155	—	(202,291)
Net increase in cash, cash equivalents and restricted cash	14,367	105	—	14,472
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	11,378	26,333	—	37,711
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	$ 25,745	$ 26,438	$ —	$ 52,183

20. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Selected quarterly financial information for each of the quarters in the years ended December 31, 2019 and 2018 is as follows (in thousands, except per share data):

	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Revenue	$ 484,064	$ 490,294	$ 508,522	$ 497,809
Operating income	73,264	70,954	71,095	66,251
Net income	49,340	48,578	48,994	41,974
Basic earnings per share:				
Net income	$ 0.42	$ 0.41	$ 0.41	$ 0.35
Diluted earnings per share:				
Net income	$ 0.41	$ 0.41	$ 0.41	$ 0.35

	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Revenue	$ 440,916	$ 449,929	$ 462,728	$ 482,193
Operating income	58,705	61,712	64,419	64,649
Net income	37,777	39,197	40,994	41,239
Basic earnings per share:				
Net income	$ 0.32	$ 0.33	$ 0.35	$ 0.35
Diluted earnings per share:				
Net income	$ 0.32	$ 0.33	$ 0.34	$ 0.35

CORECIVIC, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2019
(in thousands)

		Initial Cost to Company			Gross Amount at Which Carried at Close of Period				
Description	Location	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition	Land and Land Improvements	Buildings and Leasehold Improvements	Total (A)	Accumulated Depreciation (B)	Date Constructed/ Acquired
Adams County Correctional Center	Adams County, Mississippi	$ 874	$ 119,565	$ 3,798	$ 1,089	$ 123,148	$ 124,237	$ (27,756)	2008
Adams Transitional Center	Denver, Colorado	6,090	853	236	6,090	1,089	7,179	(84)	2017
Arapahoe Community Treatment Center	Englewood, Colorado	3,760	1,239	511	3,760	1,750	5,510	(175)	2017
Augusta Transitional Center	Augusta, Georgia	1,281	2,674	77	1,281	2,751	4,032	(163)	2017
Austin Residential Reentry Center	Del Valle, Texas	4,190	1,058	371	4,201	1,418	5,619	(292)	2015
Austin Transitional Center	Del Valle, Texas	19,488	4,607	949	19,497	5,547	25,044	(986)	2015
Bent County Correctional Facility	Las Animas, Colorado	550	13,115	68,330	1,545	80,450	81,995	(27,741)	1992
Bridgeport Pre-Parole Transfer Facility	Bridgeport, Texas	70	291	—	70	—	70 **(D)**	-	1995
Broad Street Residential Reentry Center	Philadelphia, Pennsylvania	663	2,700	197	663	2,897	3,560	(338)	2015
CAI Boston Avenue	San Diego, California	800	11,440	1,197	845	12,592	13,437	(2,751)	2013
California City Correctional Center	California City, California	1,785	125,337	15,759	2,748	140,133	142,881	(55,342)	1999
Capital Commerce Center	Tallahassee, Florida	2,255	38,362	522	2,255	38,884	41,139	(1,955)	2018
Carver Transitional Center	Oklahoma City, Oklahoma	8,562	4,631	1,140	8,599	5,734	14,333	(1,024)	2015
Centennial Community Transition Center	Englewood, Colorado	4,905	1,256	269	4,908	1,522	6,430	(209)	2016
Central Arizona Florence Correctional Complex	Florence, Arizona	1,298	133,531	49,348	4,395	179,782	184,177	(76,328)	1994/1999
Cheyenne Transitional Center	Cheyenne, Wyoming	5,567	2,092	831	5,567	2,923	8,490	(475)	2015

CORECIVIC, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2019
(in thousands)

		Initial Cost to Company			Gross Amount at Which Carried at Close of Period				
Description	Location	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition	Land and Land Improvements	Buildings and Leasehold Improvements	Total (A)	Accumulated Depreciation (B)	Date Constructed/ Acquired
Cibola County Corrections Center	Milan, New Mexico	444	16,215	32,620	1,368	47,911	49,279	(21,346)	1994
Cimarron Correctional Facility	Cushing, Oklahoma	250	71,303	45,200	602	116,151	116,753	(42,079)	1997
Coffee Correctional Facility (C)	Nicholls, Georgia	—	—	—	—	—	—	—	1998
Columbine Facility	Denver, Colorado	1,414	488	230	1,438	694	2,132	(111)	2016
Commerce Transitional Center	Commerce City, Colorado	5,166	1,758	207	5,166	1,965	7,131	(152)	2017
Corpus Christi Transitional Center	Corpus Christi, Texas	—	1,886	486	—	2,372	2,372	(1,001)	2015
Crossroads Correctional Center	Shelby, Montana	413	33,196	43,867	1,614	75,862	77,476	(42,217)	1999
Crowley County Correctional Facility	Olney Springs, Colorado	211	46,845	31,122	2,680	75,498	78,178	(27,444)	2003
Dahlia Facility	Denver, Colorado	6,788	727	269	6,835	949	7,784	(155)	2016
Dallas Transitional Center	Hutchins, Texas	—	3,852	1,731	—	5,583	5,583	(1,326)	2015
Davis Correctional Facility	Holdenville, Oklahoma	250	66,701	41,840	1,209	107,582	108,791	(39,346)	1996
DHS-Chattanooga	Chattanooga, Tennessee	—	205	5	—	210	210	(7)	2018
DHS-Knoxville	Knoxville, Tennessee	275	67	5	275	72	347	(3)	2018
Diamondback Correctional Facility	Watonga, Oklahoma	208	41,677	25,689	1,361	66,213	67,574	(27,844)	1998
Eden Detention Center	Eden, Texas	925	27,645	34,273	5,552	57,291	62,843	(25,800)	1995
El Paso Multi-Use Facility	El Paso, Texas	14,936	4,536	1,234	14,936	5,770	20,706	(1,039)	2015
El Paso Transitional Center	El Paso, Texas	10,325	4,198	789	10,389	4,923	15,312	(849)	2015

CORECIVIC, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2019
(in thousands)

		Initial Cost to Company			Gross Amount at Which Carried at Close of Period				
Description	**Location**	**Land**	**Buildings and Improvements**	**Cost Capitalized Subsequent to Acquisition**	**Land and Land Improvements**	**Buildings and Leasehold Improvements**	**Total (A)**	**Accumulated Depreciation (B)**	**Date Constructed/ Acquired**
Eloy Detention Center	Eloy, Arizona	498	33,308	17,428	2,180	49,054	51,234	(23,747)	1995
Fort Worth Transitional Center	Fort Worth, Texas	3,251	334	286	3,264	607	3,871	(568)	2015
Fox Facility and Training Center	Denver, Colorado	3,038	1,203	657	3,180	1,718	4,898	(257)	2016
Houston Processing Center	Houston, Texas	2,250	53,373	40,884	3,587	92,920	96,507	(39,568)	1984
Huerfano County Correctional Center	Walsenburg, Colorado	124	26,358	4,771	1,115	30,138	31,253	(14,988)	1997
James River Residential Center	Newport News, Virginia	800	501	—	800	501	1,301	—	2019
ICE-Fayetteville	Fayetteville, Arkansas	159	641	49	159	690	849	(23)	2018
IRS-Greenville	Greenville, North Carolina	361	1,387	8	361	1,395	1,756	(83)	2017
Jenkins Correctional Center (C)	Millen, Georgia	—	—	—	—	—	—	—	2012
Kit Carson Correctional Center	Burlington, Colorado	432	35,980	43,967	1,051	79,328	80,379	(26,338)	1998
La Palma Correctional Center	Eloy, Arizona	283	183,155	13,819	486	196,771	197,257	(48,836)	2008
Lake Erie Correctional Institution	Conneaut, Ohio	2,871	69,779	6,274	4,031	74,893	78,924	(13,483)	2011
Laredo Processing Center	Laredo, Texas	788	26,737	3,482	986	30,021	31,007	(13,228)	1985
Leavenworth Detention Center	Leavenworth, Kansas	130	44,970	43,566	491	88,175	88,666	(32,913)	1992
Lee Adjustment Center	Beattyville, Kentucky	500	515	17,893	1,277	17,631	18,908	(8,491)	1998
Leo Chesney Correctional Center	Live Oak, California	250	4,774	1,603	250	6,377	6,627	(3,376)	1989

CORECIVIC, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2019
(in thousands)

Description	Location	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period				Accumulated Depreciation (B)	Date Constructed/ Acquired
		Land	Buildings and Improvements		Land and Land Improvements	Buildings and Leasehold Improvements	Total (A)			
Long Beach Community Corrections Center	Long Beach, California	5,038	2,413	—	5,038	2,413	7,451		(216)	2016
Longmont Community Treatment Center	Longmont, Colorado	3,364	582	118	3,363	701	4,064		(100)	2016
Marion Adjustment Center	St. Mary, Kentucky	250	9,994	8,772	918	18,098	19,016		(7,665)	1998
McRae Correctional Facility	McRae, Georgia	462	60,396	20,354	1,099	80,113	81,212		(24,812)	2000
MDHHS-Detroit	Detroit, Michigan	830	5,739	113	943	5,739	6,682		(111)	2019
Mineral Wells Pre-Parole Transfer Facility	Mineral Wells, Texas	176	22,589	—	100	—	100	**(D)**	-	1995
NARA-Dayton	Dayton, Ohio	548	6,439	317	569	6,735	7,304		(248)	2018
Nevada Southern Detention Center	Pahrump, Nevada	7,548	64,362	10,123	8,399	73,634	82,033		(16,705)	2010
North Fork Correctional Facility	Sayre, Oklahoma	—	42,166	62,506	368	104,304	104,672		(36,794)	1998
Northeast Ohio Correctional Center	Youngstown, Ohio	750	39,583	13,616	1,901	52,048	53,949		(22,782)	1997
Northwest New Mexico Correctional Center	Grants, New Mexico	142	15,888	19,199	879	34,350	35,229		(16,285)	1989
Oklahoma City Transitional Center	Oklahoma City, Oklahoma	1,114	2,626	1,654	1,144	4,250	5,394		(375)	2017
Oracle Transitional Center	Tucson, Arizona	4,544	1,220	354	895	1,183	2,078	**(D)**	(129)	2017
Otay Mesa Detention Center	San Diego, California	28,845	114,411	46,853	37,092	153,017	190,109		(11,586)	2015/2019
Prairie Correctional Facility	Appleton, Minnesota	100	22,306	9,940	1,068	31,278	32,346		(17,484)	1991
Recovery Monitoring Solutions	Dallas, Texas	1,152	1,979	462	1,280	2,313	3,593		(212)	2018

CORECIVIC, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2019
(in thousands)

		Initial Cost to Company			Gross Amount at Which Carried at Close of Period				
Description	Location	Land	Buildings and Improvements	Cost Capitalized Subsequent to Acquisition	Land and Land Improvements	Buildings and Leasehold Improvements	Total (A)	Accumulated Depreciation (B)	Date Constructed/ Acquired
Red Rock Correctional Center (C)	Eloy, Arizona	—	—	—	—	—	—	—	2006
Roth Hall Residential Reentry Center	Philadelphia, Pennsylvania	654	2,693	—	654	2,693	3,347	(297)	2015
Saguaro Correctional Facility	Eloy, Arizona	193	98,903	1,942	486	100,552	101,038	(25,539)	2007
Shelby Training Center	Memphis, Tennessee	150	6,393	3,495	279	9,759	10,038	(9,510)	1986
South Raleigh Reentry Center	Raleigh, North Carolina	277	663	—	277	663	940	(15)	2019
Southeast Kentucky Correctional Facility	Wheelwright, Kentucky	500	24,487	11,776	1,590	35,173	36,763	(16,429)	1998
SSA-Balch Springs	Balch Springs, Texas	541	405	428	541	833	1,374	(22)	2018
SSA-Baltimore	Baltimore, Maryland	27,987	179,424	—	29,717	177,694	207,411	(7,015)	2018
SSA-Bryan	Bryan, Texas	277	578	—	277	578	855	(17)	2018
SSA-Denton	Denton, Texas	467	823	32	467	855	1,322	(26)	2018
SSA-Florissant	St Louis, Missouri	245	553	19	245	572	817	(18)	2018
SSA-Harrison	Harrison, Arkansas	188	1,524	79	188	1,603	1,791	(48)	2018
SSA-Hot Springs	Hot Springs, Arkansas	337	1,323	47	346	1,361	1,707	(45)	2018
SSA-Marshall	Marshall, Texas	44	790	419	44	1,209	1,253	(28)	2018
SSA-McAlester	McAlester, Oklahoma	139	1,094	8	139	1,102	1,241	(34)	2018
SSA-Milledgeville	Milledgeville, Georgia	120	714	—	120	714	834	(42)	2017
SSA-Poteau	Poteau, Oklahoma	175	275	46	175	321	496	(12)	2018

CORECIVIC, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2019
(in thousands)

Description	Location	Initial Cost to Company: Land	Initial Cost to Company: Buildings and Improvements	Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period: Land and Land Improvements	Gross Amount at Which Carried at Close of Period: Buildings and Leasehold Improvements	Total (A)	Accumulated Depreciation (B)	Date Constructed/ Acquired
SSA-Rockingham	Rockingham, North Carolina	95	1,070	33	117	1,081	1,198	(67)	2017
Stewart Detention Center	Lumpkin, Georgia	143	70,560	21,356	1,622	90,437	92,059	(27,967)	2004
Stockton Female Community Corrections Facility	Stockton, California	692	788	—	692	788	1,480	(57)	2017
T. Don Hutto Residential Center	Taylor, Texas	183	13,418	5,112	594	18,119	18,713	(8,686)	1997
Tallahatchie County Correctional Facility	Tutwiler, Mississippi	—	44,638	101,356	1,650	144,344	145,994	(51,747)	2000
Torrance County Detention Facility	Estancia, New Mexico	511	52,599	8,564	1,719	59,955	61,674	(27,650)	1990
Trousdale Turner Correctional Center	Hartsville, TN	649	135,412	4,896	1,701	139,256	140,957	(11,562)	2015
Tulsa Transitional Center	Tulsa, OK	8,206	4,061	864	8,206	4,925	13,131	(858)	2015
Turley Residential Center	Tulsa, OK	421	4,105	930	421	5,035	5,456	(914)	2015
Ulster Facility	Denver, Colorado	4,068	442	195	4,126	579	4,705	(90)	2016
Walker Hall Residential Reentry Center	Philadelphia, PA	654	2,693	1	654	2,694	3,348	(299)	2015
Webb County Detention Center	Laredo, Texas	498	20,160	6,262	2,206	24,714	26,920	(12,499)	1998
West Tennessee Detention Facility	Mason, Tennessee	538	31,931	6,670	2,012	37,127	39,139	(18,409)	1990
Wheeler Correctional Facility (C)	Alamo, Georgia	—	—	—	—	—	—	—	1998
Whiteville Correctional Facility	Whiteville, Tennessee	303	51,694	7,866	1,671	58,192	59,863	(26,027)	1998
Totals		$ 223,596	$ 2,433,971	$ 974,566	$ 272,148	$ 3,332,989	$ 3,605,137	$ (1,053,670)	

NOTES TO SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION

(A) The aggregate cost of properties for federal income tax purposes is approximately $4.0 billion at December 31, 2019.
(B) Depreciation is calculated using estimated useful lives of depreciable assets up to 50 years for prison facilities.
(C) CoreCivic retains title to this asset, which is classified under other real estate assets on the Company's consolidated balance sheets in accordance with ASC 853.
(D) CoreCivic recorded non-cash impairments during the fourth quarter of 2014 to write down the book value of the Mineral Wells facility, during the third quarter of 2017 to write down the book value of the Bridgeport facility, and during the second quarter of 2019 to write down the book value of the Oracle facility to the estimated fair values assuming uses other than correctional facilities.

CORECIVIC, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017
(in thousands)

	For the Years Ended December 31,		
	2019	2018	2017
Investment in Real Estate:			
Balance at beginning of period	$ 3,697,160	$ 3,367,358	$ 3,306,896
Additions through capital expenditures	64,423	26,547	29,730
Acquisitions	8,809	269,271	37,827
Asset impairments	(4,040)	—	(879)
Reclassifications and other	(161,215)	33,984	(6,216)
Balance at end of period	$ 3,605,137	$ 3,697,160	$ 3,367,358
Accumulated Depreciation:			
Balance at beginning of period	$ (1,075,389)	$ (976,121)	$ (888,745)
Depreciation	(87,492)	(99,361)	(94,116)
Disposals/Other	109,211	93	6,162
Asset impairments	—	—	578
Balance at end of period	$ (1,053,670)	$ (1,075,389)	$ (976,121)

EXHIBIT 4.15

DESCRIPTION OF SECURITIES

GENERAL

CoreCivic, Inc. ("CoreCivic," "we," "our," "us" or the "Company") is incorporated in the state of Maryland. The following description of our common stock, par value $0.01 per share ("Common Stock"), is a summary and does not purport to be complete. The description of our Common Stock is subject to and qualified in its entirety by reference to our Articles of Amendment and Restatement of the Company (the "Charter"), and our Ninth Amended and Restated Bylaws (the "Bylaws"), which are incorporated by reference as Exhibit 3.1 and Exhibit 3.3, respectively, to the Annual Report on Form 10-K of which this Exhibit 4.15 is a part. We encourage you to read the Charter, the Bylaws and the applicable provisions of the Maryland General Corporation Law (the "MGCL") for additional information.

DESCRIPTION OF COMMON STOCK

Authorized Capital Shares. Pursuant to the Charter, our authorized capital stock consists of 300,000,000 shares of Common Stock and 50,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock"). All outstanding shares of Common Stock are fully paid and nonassessable. There are no outstanding shares of Preferred Stock.

Voting Rights. Subject to provisions in our Charter that impose restrictions on ownership and transfer of our capital stock, each holder of our Common Stock is entitled to one vote per share of Common Stock on all matters to be voted on by our stockholders. Notwithstanding the foregoing, holders of Common Stock shall not be entitled to vote on any proposal to amend provisions of our Charter setting forth the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualification, or terms or conditions of redemption of a class or series of Preferred Stock, if the proposed amendment would not alter the contract rights of the Common Stock.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all its assets, engage in a share exchange, or convert into a different type of entity, unless the transaction is declared advisable by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. A Maryland corporation, however, may provide in its charter for approval of such matters by a lesser percentage, but not less than a majority of the votes entitled to be cast on the matter. Our Charter provides for approval of such matters by the affirmative vote of a majority of the votes entitled to be cast.

Liquidation. In the event of voluntary or involuntary dissolution or liquidation of the Company, after distribution in full of the preferential amounts, if any, to be distributed to the holders of Preferred Stock, the holders of Common Stock shall, subject to the additional rights, if any, of the holders of Preferred Stock, be entitled to receive all of the remaining assets of the Company, tangible and intangible, of whatever kind available for distribution to stockholders.

Other Rights and Preferences. The Common Stock has no preemptive rights, no cumulative voting rights and no redemption, sinking fund or conversion provisions.

Dividends. In order to qualify as a real estate investment trust ("REIT"), we are required each year to distribute to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains) and we will be subject to tax to the extent our net taxable income (including net capital gains) is not fully distributed. While we intend to continue paying regular quarterly cash dividends at levels expected to fully distribute our annual REIT taxable income, future dividends will be paid at the discretion of our Board of Directors (the "Board") and will depend on our future earnings, our capital requirements, our financial condition, alternative uses of capital, the annual distribution requirements under the REIT provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and on such other factors as our Board may consider relevant. After the provisions with respect to preferential dividends of any class or series of Preferred Stock, if any, shall have been satisfied, then, and not otherwise, all Common Stock will participate equally in dividends payable to holders of shares of Common Stock when and as declared by the Board at its discretion out of funds legally available therefor.

Restrictions on Ownership and Transfers of Stock.

Internal Revenue Code Requirements. To maintain our REIT status under the Code, no more than 50% in value of our outstanding shares of stock may be owned, actually or constructively, by or for five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year.

EXHIBIT 4.15

Transfer Restrictions in Charter. Because we expect to continue to qualify as a REIT, our Charter contains restrictions on the ownership and transfer of our Common Stock which, among other purposes, are intended to assist us in complying with applicable Code requirements. Our Charter provides that, subject to certain specified exceptions, no person or entity may own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (by number or value, whichever is more restrictive) of our outstanding shares of Common Stock. We refer to these restrictions as the "ownership limit." The constructive ownership rules of the Code are complex, and may cause shares of Common Stock owned actually or constructively by a group of related individuals and/or entities to be constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of the shares of Common Stock (or the acquisition of an interest in an entity that owns, actually or constructively, Common Stock) by an individual or entity, could nevertheless cause that individual or entity, or another individual or entity, to constructively own more than 9.8% of our outstanding Common Stock and result in the violation of the ownership limit, or any other limit as provided in our Charter or as otherwise permitted by our Board. Our Board may, but in no event is required to, exempt from the ownership limit a particular stockholder if it determines that such ownership will not jeopardize our status as a REIT. As a condition of such exemption, the Board may require a ruling from the Internal Revenue Service or an opinion of counsel satisfactory to it and/or undertakings or representations from the applicant with respect to preserving our REIT status.

Our Charter further prohibits (1) any person from actually or constructively owning shares of our Common Stock that would result in our being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT, and (2) any person from transferring shares of our Common Stock if such transfer would result in shares of our capital stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts to acquire actual or constructive ownership of shares of our Common Stock that would violate any of the foregoing restrictions on transferability and ownership is required to give notice to us immediately and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. The foregoing restrictions on transferability and ownership will not apply if our Board determines that it is no longer in our best interest to attempt to qualify, or to continue to qualify, as a REIT. Except as otherwise described above, any change in the ownership limit would require an amendment to the Charter.

Our outstanding Preferred Stock, if any, is subject to transfer restrictions similar to those described under this caption "Restrictions on Ownership and Transfers of Stock," and we anticipate that any class or series of Preferred Stock that we issue in the future will also be subject to similar restrictions.

Effect of Violation of Transfer Provisions. According to our Charter, if any purported transfer of Common Stock or any other event would result in any person violating the ownership limit or such other limit as provided in the Charter, or as otherwise permitted by our Board, or result in our being "closely held" under Section 856(h) of the Code, or otherwise cause us to fail to qualify as a REIT, then the number of shares that would otherwise cause such violation or result (rounded up to the nearest whole share) will be transferred automatically to a trust, the beneficiary of which will be a qualified charitable organization selected by us. Such automatic transfer shall be deemed to be effective as of the close of business on the business day prior to the date of such violative transfer.

Within 20 days of receiving notice from us of the transfer of shares to the trust, the trustee of the trust (who shall be designated by us and be unaffiliated with us and any prohibited transferee or prohibited owner) will be required to sell such shares to a person or entity, designated by the trustee, who could own the shares without violating the ownership limit, or any other limit as provided in our Charter, and distribute to the prohibited transferee or prohibited owner, as applicable, an amount equal to the lesser of the price paid by the prohibited transferee or prohibited owner for such shares or the net sales proceeds received by the trust for such shares. In the case of any event other than a transfer, or in the case of a transfer for no consideration (such as a gift), the trustee will be required to sell such shares to a qualified person or entity and distribute to the prohibited owner an amount equal to the lesser of the market price (described in our Charter) of such shares as of the date of the event resulting in the transfer or the net sales proceeds received by the trust for such shares. In either case, any proceeds in excess of the amount distributable to the prohibited transferee or prohibited owner, as applicable, will be distributed to the beneficiary. Prior to a sale of any such shares by the trust, the trustee will be entitled to receive, in trust for the beneficiary, all dividends and other distributions paid by us with respect to such shares, and also will be entitled to exercise all voting rights with respect to such shares.

Subject to Maryland law, effective as of the date that such shares have been transferred to the trust, the trustee shall have the authority (at the trustee's sole discretion) (1) to rescind as void any vote cast by a prohibited transferee or prohibited owner, as applicable, prior to the discovery by us that such shares have been transferred to the trust and

(2) to recast such vote in accordance with the desires of the trustee acting for the benefit of the beneficiary. However, if we have already taken irreversible corporate action, then the trustee shall not have the authority to rescind and recast that vote. Any dividend or other distribution paid to the prohibited transferee or prohibited owner (prior to the discovery by us that such shares had been automatically transferred to a trust as described above) will be required to be repaid to the trustee upon demand for distribution to the beneficiary. In the event that the transfer to the trust as described above is not automatically effective (for any reason) to prevent violation of the ownership limit or any other limit as provided in our Charter or as otherwise permitted by our Board, then our Charter provides that the transfer of such shares will be void.

In addition, shares of our Common Stock held in the trust shall be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price per share in the transaction that resulted in such transfer to the trust (or, in the case of a devise, gift or other transaction, the market price at the time of such devise, gift or other transaction) and (2) the market price on the date we accept, or our designee accepts, such offer. We shall have the right to accept such offer until the trustee has sold the shares of Common Stock held in the trust. Upon such a sale to us, the interest of the beneficiary in the shares sold shall terminate and the trustee shall distribute the net proceeds of the sale to the prohibited transferee or prohibited owner.

If any purported transfer of shares of Common Stock would cause us to be beneficially owned by fewer than 100 persons, such transfer will be null and void in its entirety and the intended transferee will acquire no rights to the stock.

All certificates representing shares of our Common Stock will bear a legend referring to the restrictions described above. The foregoing ownership limitations could delay, defer or prevent a transaction or a change in control of CoreCivic that might involve a premium price for the Common Stock or otherwise be in the best interest of stockholders.

As set forth in the federal income tax regulations promulgated under the Code, as such regulations may be amended from time to time, including proposed, temporary and final regulations ("Treasury Regulations"), every owner of a specified percentage (or more) of the outstanding shares of our stock (including both Common Stock and Preferred Stock) must file a completed questionnaire with us containing information regarding their ownership of such shares. Under current Treasury Regulations, the percentage will be set between 0.5% and 5.0%, depending upon the number of record holders of our shares of stock. Under our Charter, each holder of Common Stock shall upon demand be required to disclose to us in writing such information as we may request in order to determine the effect, if any, of such stockholder's actual and constructive ownership of Common Stock on our status as a REIT and to ensure compliance with the ownership limit, or any other limit as provided in our Charter or as otherwise permitted by our Board.

Maryland Business Combination Law. Under the MGCL, certain "business combinations" (including certain issuances of equity securities) between a Maryland corporation and any person who beneficially owns ten percent or more of the voting power of the corporation's outstanding voting stock, or an affiliate or associate of the corporation who beneficially owned ten percent or more of the voting power at any time within the preceding two years, in each case referred to as an "interested stockholder," or an affiliate thereof, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange and, in circumstances specified in the MGCL, an asset transfer or issuance or reclassification of equity securities. After the five-year moratorium, any such business combination must be approved by 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and by two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with, which, or with whose affiliate, the business combination is to be effected or held by an affiliate or associate of the interested stockholder. The super-majority vote requirements do not apply if, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares of common stock. The business combination provisions of the MGCL do not apply to business combinations that are approved or exempted by the board of directors prior to the time that the interested stockholder becomes an interested stockholder. These provisions of the MGCL may delay, defer or prevent a transaction or a change in control of us that might involve a premium price for the Common Stock or otherwise be in the best interests of the stockholders.

Maryland Control Share Acquisitions Law. The MGCL provides that holders of "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock of which voting power can be exercised or directed by the acquiror, by officers of the corporation or by employees who are directors of the corporation. "Control shares" are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power; (1) one-tenth or more but less than one-third, (2) one-third or more but less than a majority, or (3) a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses), may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting. If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any and all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights, meaning that they may require the corporation to repurchase their shares for their appraised value as determined pursuant to the MGCL. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

"Control share acquisition" does not include (1) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or (2) acquisitions exempted by the charter or bylaws of the corporation, adopted at any time before the acquisition of the shares.

As permitted by the MGCL, our Bylaws contain a provision exempting us from the control share acquisition statute. That Bylaw provision states that the control share statute shall not apply to any acquisition by any person of shares of our stock. Our Board may, without the consent of any of our stockholders, amend or eliminate this Bylaw provision at any time, which means that we would then become subject to the Maryland control share acquisition statute. If we become subject to the Maryland control share acquisition statute, these provisions of the MGCL may delay, defer or prevent a transaction or a change in control of us that might involve a premium price for the Common Stock or otherwise be in the best interests of the stockholders, and there can be no assurance that such provision will not be amended or eliminated by our Board at any time in the future.

Subtitle 8. Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Securities Exchange Act of 1934, as amended, and with at least three independent directors to elect to be subject, by provision in its charter or bylaws or by a resolution of its board of directors and notwithstanding any contrary provision in its charter or bylaws, to any or all of five provisions:

- a classified board,
- a two-thirds vote requirement for removing a director,
- a requirement that the number of directors be fixed only by vote of the directors,
- a requirement that a vacancy on the board be filled only by affirmative vote of a majority of the remaining directors in office and (if the board is classified) for the remainder of the full term of the class of directors in which the vacancy occurred, and
- a majority requirement for the calling of a stockholder-requested special meeting of stockholders.

Through a provision in our Bylaws unrelated to Subtitle 8, we already provide that a special meeting of stockholders will be called on the request of stockholders entitled to cast a majority of votes entitled to be cast. Our Charter provides that the number of our directors shall be determined by resolution of the Board.

A Maryland corporation may by its charter or by a resolution of its board of directors be prohibited from electing to be subject to the provisions of Subtitle 8. We are not subject to that prohibition. If we were to elect into any or all of these provisions of Subtitle 8 of the MGCL, it could delay, defer or prevent a transaction or a change in control of us that might involve a premium price for the Common Stock or otherwise be in the best interest of our stockholders.

Amendment of Organizational Documents. Except for amendments that are permitted to be made without stockholder approval, our Charter may be amended, after approval by our Board, by the affirmative vote of a majority of the votes entitled to be cast by stockholders on the matter. Our Bylaws may be amended in any manner not inconsistent with the Charter by a majority vote of our directors present at a Board meeting. In addition, our stockholders may amend the Bylaws, if the amendment is proposed by a stockholder, or a group of no more than five stockholders, owning at least one percent or more of our Common Stock for at least one year and the proposal is approved by the affirmative vote of the majority of all votes entitled to be cast by stockholders. The stockholders may not amend the provisions of the Bylaws relating to indemnification of directors and officers or the limitations in the Bylaws on the stockholders' ability to amend the Bylaws, in either case without the approval of the Board.

National Securities Exchange. The Common Stock is listed on the New York Stock Exchange under the trading symbol "CXW".

Transfer Agent and Registrar. The transfer agent and registrar for our Common Stock is American Stock Transfer and Trust Company.

EXHIBIT 10.19

CUSIP Number: 21871QAF-1

$250,000,000
TERM LOAN CREDIT AGREEMENT
dated as of December 18, 2019
by and among
CORECIVIC, INC.,
as Borrower,
the Lenders referred to herein,
NOMURA CORPORATE FUNDING AMERICAS, LLC,
as Administrative Agent,

NOMURA SECURITIES INTERNATIONAL, INC.,
as a Lead Arranger and Bookrunner

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

Page

Page

TERM LOAN CREDIT AGREEMENT, dated as of December 18, 2019, by and among CORECIVIC, INC., a Maryland corporation (the "Borrower"), the lenders who are or may become a party to this Agreement pursuant to the terms hereof, as Lenders, and NOMURA CORPORATE FUNDING AMERICAS, LLC, a Delaware limited liability company, as Administrative Agent for the Lenders.

STATEMENT OF PURPOSE

The Borrower has requested, and the Lenders have agreed, to extend certain credit facilities to the Borrower on the terms and conditions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Definitions. The following terms when used in this Agreement shall have the meanings assigned to them below:

"Administrative Agent" means Nomura, in its capacity as Administrative Agent hereunder, and any successor thereto appointed pursuant to Section 12.6.

"Administrative Agent's Office" means the office of the Administrative Agent specified in or determined in accordance with the provisions of Section 13.1(c).

"Administrative Questionnaire" means an administrative questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to any Person, any other Person (other than a Subsidiary of such Person) that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person or any of its Subsidiaries. As used in this definition, the term "control" means (a) the power to vote ten percent (10%) or more of the securities or other equity interests of a Person having ordinary voting power, or (b) the possession, directly or indirectly, of any other power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agecroft" means Agecroft Prison Management Limited, incorporated in England and Wales.

"Agecroft Note" means the Subordinated Loan Agreement among Agecroft, the Borrower and Sodexho Alliance S.A., dated July 6, 1998, in the original aggregate principal amount of £6,309,000.

"Agreement" means this Term Loan Credit Agreement.

"All-In Yield" means as to any Indebtedness, the yield thereof, determined by (a) including interest rate margins, original issue discount (based on a four-year average life to maturity or, if less, the remaining life to maturity of such Indebtedness), upfront fees payable by the Borrower generally to all the lenders of such Indebtedness, (b) including any LIBOR or Base Rate "floor" applicable to such Indebtedness (provided that any increase in the All-In Yield with respect to the Term Loan due to the application of a LIBOR or Base Rate "floor" to any such Indebtedness shall be effected solely through an increase, to the extent of such differential, in the LIBOR or Base Rate "floor" applicable to the Term Loan, but only if and to the extent an increase in such floor with respect to the Term Loan would cause an increase in the interest rate then in effect with respect thereto) and (c) excluding arrangement, commitment, structuring and underwriting fees and any amendment fees and other fees, in each case, not shared generally with other lenders of such Indebtedness.

“Applicable Law” means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities and all orders and decrees of all courts and arbitrators.

“Applicable Margin” means (a) with respect to LIBOR Rate Loans, 4.50% and (b) with respect to Base Rate Loans, 3.50%.

“Appraisal” means an appraisal pursuant to which the Appraised Value of an Eligible Asset (or other asset for which an Asset Lien Value is being determined) has been determined in accordance with the definition of “Appraised Value”.

“Appraised Value” means (a) with respect to any Eligible Asset for which an appraisal is required pursuant to Section 8.22, or for determining Asset Lien Value, at the Borrower’s option, the appraised value determined by a commercial appraiser reasonably satisfactory to the Administrative Agent using either (i) the cost approach or (ii) the business value of the Eligible Asset (or other asset for which an Asset Lien Value is being determined) based primarily on the cash flows of such Eligible Asset and (b) with respect to any Eligible Asset for which an appraisal is required pursuant to Section 8.17, the appraised value determined by a commercial appraiser reasonably satisfactory to the Administrative Agent using the business value of the Eligible Asset based primarily on the cash flows of such Eligible Asset.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arrangers” means each of Nomura Securities International, Inc., and each other bank or financial institution acting as an arranger of the Credit Facility, in such capacity.

“Asset Disposition” means the disposition of any or all of the assets (including the Capital Stock of a Subsidiary or any ownership interest in a joint venture) of any Credit Party or any Subsidiary thereof whether by sale, lease, transfer or otherwise. The term “Asset Disposition” shall not include any Equity Issuance.

“Asset Lien Value” means, with respect to a Lien on assets of the Borrower and its Restricted Subsidiaries, the greater of (a) the fair market value of the asset(s) subject to such Lien based on recent Appraisals delivered to and reasonably acceptable to the Administrative Agent and (b) the net book value of such asset(s), in each case determined at the time such Lien is created.

“Asset Swap” means an exchange of assets other than cash, Cash Equivalents or Capital Stock of the Borrower or any Subsidiary by the Borrower or a Restricted Subsidiary of the Borrower for (a) one or more Permitted Businesses, (b) a controlling equity interest in any Person whose assets consist primarily of one or more Permitted Businesses and/or (c) one or more real estate properties.

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 13.10), and accepted by the Administrative Agent, in substantially the form of ***Exhibit G*** or any other form approved by the Administrative Agent.

“Attributable Indebtedness” means, on any date of determination, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear as a liability on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease, the capitalized amount or principal amount of the remaining lease payments under the relevant lease that would appear as a liability on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

“Audited Financial Statements” means the audited Consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal year ended December 31, 2018, and the related Consolidated statements of income or operations, stockholders’ equity and cash flows for such fiscal year of the Borrower and its Subsidiaries, including the notes thereto.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time that is described in the EU Bail-In Legislation Schedule.

“Base Rate” means, at any time, the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 1/2 of 1% and (c) LIBOR for an Interest Period of one month plus 1%; each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or one-month LIBOR. Notwithstanding anything to the contrary in this Agreement, if the Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Base Rate Loan” means any portion of the Term Loan bearing interest at a rate based upon the Base Rate as provided in Section 4.1(a).

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 CFR § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Borrower” has the meaning assigned thereto in the introductory paragraph hereof.

“Borrower Materials” has the meaning assigned thereto in Section 7.6.

“Business Day” means (a) for all purposes other than as set forth in clause (b) below, any day (other than a Saturday, Sunday or legal holiday) on which banks in Chicago, Illinois and New York, New York, are open for the conduct of their commercial banking business, and (b) with respect to all notices and determinations in connection with LIBOR, any day that is a Business Day described in clause (a) and that is also a day for trading by and between banks in Dollar deposits in the London interbank market.

"Calculation Date" has the meaning assigned thereto in the definition of Applicable Margin.

"Capital Lease" means any lease of any property by the Borrower or any of its Restricted Subsidiaries, as lessee, that should, in accordance with GAAP, be classified and accounted for as a capital lease on a Consolidated balance sheet of the Borrower and its Restricted Subsidiaries.

"Capital Stock" means (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general or limited), (d) in the case of a limited liability company, membership interests and (e) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalent" means: (a) Dollars; (b) Government Securities having maturities of not more than one year from the date of acquisition; (c) readily marketable direct obligations issued by any state of the United States or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P with maturities of twelve months or less from the date of acquisition; (d) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any Lender party to this Agreement or with any domestic commercial bank having capital and surplus in excess of $500,000,000 and one of the two highest rating categories obtainable from either Moody's or S&P; (e) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) above entered into with any financial institution meeting the qualifications specified in clause (d) above; (f) commercial paper having the highest rating obtainable from Moody's or S&P and in each case maturing within one year after the date of acquisition; and (g) money market funds at least 90% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (f) of this definition.

"Change in Control" means an event or series of events by which (a) any person or group of persons (within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended), shall obtain ownership or control in one or more series of transactions of more than thirty-five percent (35%) of the outstanding common stock or thirty-five percent (35%) of the voting power of the Borrower entitled to vote in the election of members of the board of directors of the Borrower, (b) there shall have occurred under any indenture, contract or agreement evidencing any Material Indebtedness (including any Senior Unsecured Notes) any "change in control" or similar event (as set forth in the indenture, agreement or other evidence of such Indebtedness) obligating the Borrower to repurchase, redeem or repay all or any part of the Indebtedness or Capital Stock provided for therein or (c) a majority of the members of the board of directors of the Borrower cease to be Continuing Directors.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" means the date of this Agreement or such later Business Day upon which each condition described in Section 5.1 shall be satisfied or waived in a manner acceptable to the Administrative Agent, in its sole discretion.

"Code" means the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder, each as amended or modified from time to time.

"Collateral" means the collateral security for the Obligations pledged or granted pursuant to the Security Documents, comprised initially of three or more Eligible Assets that collectively satisfy the Loan-to-Value Requirement as of the Closing Date or such later date on which a particular real estate asset is identified for inclusion as Collateral.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), as amended from time to time, and any successor statute.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated" means, when used with reference to financial statements or financial statement items of any Person, such statements or items on a consolidated basis in accordance with applicable principles of consolidation under GAAP.

"Consolidated EBITDA" means, for any period, the Consolidated Net Income of the Borrower and its Restricted Subsidiaries for such period, plus (a) an amount equal to any extraordinary, unusual or non-recurring charges, plus any net loss realized by the Borrower or any of its Restricted Subsidiaries in connection with an Asset Disposition, to the extent such charges or losses were deducted in computing such Consolidated Net Income, plus (b) provision for taxes based on income or profits of the Borrower and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income, plus (c) Consolidated Interest Expense for such period, whether paid or accrued and whether or not capitalized, to the extent that any such expense was deducted in computing such Consolidated Net Income, plus (d) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (including minority interest expense, but excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of the Borrower and its Restricted Subsidiaries for such period, to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income, minus (e) non-cash items (including gains attributable to minority interests) increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, minus (f) extraordinary, unusual or non-recurring gains to the extent such gains were included in computing such Consolidated Net Income, in each case, on a Consolidated basis and determined in accordance with GAAP. For purposes of this Agreement, Consolidated EBITDA shall be adjusted on a pro forma basis, in a manner reasonably acceptable to the Administrative Agent, to include, as of the first day of any applicable period, any Permitted Acquisitions (if accounted for as a merger or consolidation) and any Asset Dispositions (excluding any Asset Disposition for an aggregate consideration of $10,000,000 or less) closed during such period, including adjustments reflecting any non-recurring costs and any extraordinary expenses of any Permitted Acquisitions and any Asset Dispositions closed during such period calculated on a basis consistent with GAAP and Regulation S-X of the Securities Exchange Act of 1934, as amended, or as approved by the Administrative Agent.

"Consolidated Fixed Charge Coverage Ratio" means, for any period, the ratio of Consolidated EBITDA for such period to the Consolidated Fixed Charges for such period. In the event that the Borrower or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Consolidated Fixed Charge Coverage Ratio is being calculated and on or prior to the date as of which the calculation of the Consolidated Fixed Charge Coverage Ratio is made (the "Consolidated Fixed Charges Calculation Date"), then the Consolidated Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Consolidated Fixed Charge Coverage Ratio: (i) acquisitions that have been made by the Borrower or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Consolidated Fixed Charges Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period, (ii) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Consolidated Fixed Charges Calculation Date, shall be excluded, and (iii) the Consolidated Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Consolidated Fixed Charges Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Consolidated Fixed Charges will not be obligations of the Borrower or any of its Restricted Subsidiaries following the Consolidated Fixed Charges Calculation Date.

For purposes of making the computations referred to above, the pro forma change in Consolidated EBITDA projected by the Borrower in good faith as a result of reasonably identifiable and factually supportable cost savings and costs, as the case may be, expected to be realized during the consecutive four-quarter period commencing after an acquisition or similar transaction (the "Savings Period") will be included in such calculation for any reference period that includes any of the Savings Period; provided that any such pro forma change to such Consolidated EBITDA will be without duplication for cost savings and costs actually realized and already included in such Consolidated EBITDA. If since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Borrower or any Restricted Subsidiary since the beginning of such period) will have made any Investment, acquisition, disposition, merger or consolidation or discontinued operations that would have required adjustment pursuant to this definition, then the Consolidated Fixed Charge Coverage Ratio will be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or discontinued operation had occurred at the beginning of the applicable four-quarter period.

"Consolidated Fixed Charges" means, for any period, the sum of the following determined on a Consolidated basis, without duplication, for the Borrower and its Restricted Subsidiaries in accordance with GAAP: (a) Consolidated Interest Expense, whether paid or accrued, excluding amortization of debt issuance costs and original issue discount and other non-cash interest payments, plus, (b) the consolidated interest that was capitalized during such period, plus, (c) any interest expense on Indebtedness of another Person that is a Guaranty Obligation of the Borrower or one of its Restricted Subsidiaries or secured by a Lien on assets of the Borrower or one of its Restricted Subsidiaries, whether or not such Guaranty

Obligation or Lien is called upon, plus, (d) the product of (i) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock, other than (1) dividends on Capital Stock payable in Capital Stock of the Borrower (other than Disqualified Stock) or (2) dividends to the Borrower or a Restricted Subsidiary of the Borrower, times (ii) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local effective cash tax rate of the Borrower, expressed as a decimal, plus, (e) regularly scheduled installments of principal payable with respect to all Consolidated Total Indebtedness (but excluding any balloon payments due at maturity).

"Consolidated Interest Expense" means, with respect to the Borrower and its Restricted Subsidiaries for any period, the interest expense (including interest expense attributable to Capital Leases and all net payment obligations pursuant to Hedging Agreements) of the Borrower and its Restricted Subsidiaries, all determined for such period on a Consolidated basis, without duplication, in accordance with GAAP.

"Consolidated Net Income" means, with respect to the Borrower and its Restricted Subsidiaries, for any period, the aggregate of the Net Income of the Borrower and its Restricted Subsidiaries for such period, on a Consolidated basis, determined in accordance with GAAP; provided that: (a) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or distributions paid in cash to the Borrower or a Restricted Subsidiary, (b) the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, (c) the cumulative effect of changes in accounting principles will be excluded and (d) the Net Income or loss of any Unrestricted Subsidiary will be excluded, whether or not distributed to the Borrower or one of its Subsidiaries.

"Consolidated Secured Debt" means as of any date of determination with respect to the Borrower and its Restricted Subsidiaries on a Consolidated basis without duplication, the sum of all Indebtedness of the Borrower and its Restricted Subsidiaries that is secured by a Lien on any asset or property of the Borrower or any of its Restricted Subsidiaries.

"Consolidated Secured Leverage Ratio" means, as of any date of determination, the ratio of (a)(i) Consolidated Secured Debt as of such date minus (ii) the aggregate amount of domestic Unrestricted Cash and Cash Equivalents of the Borrower and its Subsidiaries as of such date to (b) Consolidated EBITDA for the most recently ended period of four (4) consecutive fiscal quarters for which financial statements have been delivered pursuant to Section 7.1 ending on or immediately prior to such date.

"Consolidated Tangible Assets" means the total assets, less goodwill and other intangibles, shown on the Borrower's most recent Consolidated balance sheet, determined on a Consolidated basis in accordance with GAAP less all write-ups (other than write-ups in connection with acquisitions) subsequent to the Prior Closing Date in the book value of any asset (except any such intangible assets) owned by the Borrower or any of its Restricted Subsidiaries.

"Consolidated Total Indebtedness" means, as of any date of determination with respect to the Borrower and its Restricted Subsidiaries on a Consolidated basis without duplication, the sum of all Indebtedness of the Borrower and its Restricted Subsidiaries.

“Consolidated Total Leverage Ratio” means, as of any date of determination, the ratio of (a)(i) Consolidated Total Indebtedness on such date minus (ii) the aggregate amount of domestic Unrestricted Cash and Cash Equivalents of the Borrower and its Subsidiaries as of such date to (b) Consolidated EBITDA for the most recently ended period of four (4) consecutive fiscal quarters for which financial statements have been delivered pursuant to Section 7.1 ending on or immediately prior to such date.

“Continuing Directors” means, as of any date of determination, any member of the board of directors of the Borrower who (a) was a member of such board of directors on the Closing Date or (b) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

“Covered Entity” means any of the following:

(i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Credit Facility” means the term loan facility established pursuant to Section 2.1.

“Credit Parties” means, collectively, the Borrower and the Subsidiary Guarantors.

“Debt Rating” means the corporate family rating or corporate rating of the Borrower by Moody’s, S&P and/or Fitch, as applicable.

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any of the events specified in Section 11.1 that with the passage of time, the giving of notice or any other condition, would constitute an Event of Default.

“Defaulting Lender” means, subject to Section 4.15(b), any Lender that (a) has failed to (i) fund all or any part of its portion of the Term Loan, required to be funded by it hereunder within two Business Days of the date such portion or participations were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund its portion of the Term Loan hereunder and states that such position is based on such Lender’s good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the FDIC or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 4.15(b)) upon delivery of written notice of such determination to the Borrower and each Lender.

"Designated Asset Contract" means each of the following contracts pursuant to which the Borrower or any of its Restricted Subsidiaries has granted (a) an option to purchase a Designated Asset for the Designated Asset Value or (b) a right of reversion of all or a portion of the Borrower or a Restricted Subsidiary's ownership in such Designated Assets, in each case as in effect on the date of this Agreement: (i) Contract Number CSP 901412 between the Ohio Department of Rehabilitation and CoreCivic, Inc. regarding Lake Erie Correctional Institution; (ii) Contract No. 467-019-955259-1, dated July 24, 1996, between the Georgia Department of Corrections and CoreCivic, Inc. regarding Coffee Correctional Facility; (iii) Contract No. 467-019-955259-2, dated July 24, 1996, between the Georgia Department of Corrections and CoreCivic, Inc. regarding Wheeler Correctional Facility; (iv) Agreement, dated October 6, 1998, between the Tallahatchie County Correctional Authority and Corrections Corporation of America regarding the Tallahatchie County Correctional Facility; (v) Contract for Facility Development - Design, Build, dated July 22, 1998, between the Montana Department of Corrections and Corrections Corporation of America regarding Crossroads Correctional Center; (vi) Agreement dated September 16, 2010 between the Georgia Department of Corrections and CoreCivic, Inc. regarding Jenkins Correctional Center; (vii) Correctional Services Contract, dated October 1, 2014, between the State of Oklahoma Department of Corrections and CoreCivic, Inc. or Cimarron Correctional Facility and Davis Correctional Facility; (viii) Incarceration Agreement, dated June 1, 2017, between the State of Tennessee, Department of Correction and Hardeman County, Tennessee and the related Contract for the Lease of Whiteville Correctional Facility, dated October 9, 2002, between Hardeman County, Tennessee and Corrections Corporation of America; (ix) Management Services Contract between Citrus County, Florida and Corrections Corporation of America, effective October 1, 2005, that among other things, required the Borrower to fund and construct a facility expansion that included 360 beds, a new medical facility, and a new courtroom at the Citrus County Detention Facility; (x) Agreement dated December 16, 2015, between the State of Arizona Department of Corrections and CoreCivic, Inc. regarding Red Rock Correctional Center; and (xi) any contract entered into after the Prior Closing Date under which the Borrower or any of its Restricted Subsidiaries has granted (a) an option to purchase a Designated Asset for the Designated Asset Value or (b) a right of reversion of all or a portion of its ownership in such Designated Asset; provided that such contract is entered into in the ordinary course of business, is consistent with past practices and is authorized by a resolution of the board of directors of the Borrower set forth in an officer's certificate, in form and substance reasonably satisfactory to the Administrative Agent, certifying that such contract has been approved by a majority of the members of the board of directors of the Borrower and the option to purchase or right to reversion in such contract is on terms the board of directors of the Borrower has determined to be reasonable and in the best interest of the Borrower.

"Designated Asset Value" means the aggregate consideration specified in a Designated Asset Contract to be received by the Borrower or a Restricted Subsidiary upon the exercise of an option to acquire a Designated Asset pursuant to the terms of a Designated Asset Contract.

"Designated Assets" means those Subject Facilities owned by the Borrower or any of its Restricted Subsidiaries that are located in Lecanto, Florida; Nichols, Georgia; Alamo, Georgia; Millen, Georgia; Tutwiler, Mississippi; Shelby, Montana; Conneaut, Ohio; Cushing, Oklahoma; Holdenville, Oklahoma; Whiteville, Tennessee; and Eloy, Arizona (Red Rock Correctional Center); and other Subject Facilities acquired by the Borrower or a Restricted Subsidiary after the Prior Closing Date, in each case so long as, and to the extent that, the Borrower or such Restricted Subsidiary has granted an option to purchase such Subject Facility (or provided for the reversion of the Borrower's (or such Restricted Subsidiary's) ownership interest in all or a portion of such Subject Facility) pursuant to a Designated Asset Contract. The book value of each of the Subject Facilities designated as Designated Assets as of December 31, 2017 is set forth on Schedule 1.1(c).

"Designated Non-Cash Consideration" means the fair market value of the total consideration received by the Borrower or any of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an officer's certificate of the Borrower, setting forth the basis of such valuation, executed by the Borrower's principal executive officer or principal financial officer, less the amount of cash or Cash Equivalents received in connection with the Asset Disposition, in form reasonably satisfactory to the Administrative Agent; provided, however, that if the Designated Non-Cash Consideration is in the form of Indebtedness, the total amount of such Designated Non-Cash Consideration outstanding at one time shall not exceed the greater of (a) $25,000,000 and (b) 2.50% of Consolidated Tangible Assets.

"Disputes" means any dispute, claim or controversy arising out of, connected with or relating to this Agreement or any other Loan Document, between or among parties hereto and to the other Loan Documents.

"Disqualified Stock" means any Capital Stock issued by any Credit Party that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, prior to the date that is six (6) months after the Maturity Date. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Borrower to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Borrower may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the provisions of this Agreement.

"Dollars" or "$" means, unless otherwise qualified, dollars in lawful currency of the United States.

"Domestic Subsidiary" means any Subsidiary organized under the laws of the United States or any State within the United States, but excluding any United States territories.

"EEA Financial Institution" means (a) any credit institution or investment firm, established in any EEA Member Country, that is subject to the supervision of an EEA Resolution Authority, (b) any entity, established in an EEA Member Country, that is a parent of an institution described in clause (a) of this definition, or (c) any financial institution, established in an EEA Member Country, that is a Subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Asset" means a Subject Facility of the Credit Parties that, with respect to a Prison Facility, has active management contracts with at least one United States state government counterparty, or in the case of multiple contracts at an individual facility, active management contracts with one or more United States state government counterparties representing a majority of the residents in such facility.

"Eligible Assignee" means any Person that satisfies all of the requirements to be an assignee under Section 13.10(b)(iii), (iv), (v) and (vi) (subject to such consents, if any, as may be required under Section 13.10(b)(iii)).

"Employee Benefit Plan" means (a) any employee benefit plan within the meaning of Section 3(3) of ERISA that is maintained for employees of any Credit Party or (b) any Pension Plan or Multiemployer Plan that has at any time within the preceding six (6) years been maintained for the employees of any Credit Party or any current or former ERISA Affiliate.

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, accusations, allegations, notices of noncompliance or violation, investigations (other than internal reports prepared by any Person in the ordinary course of business and not in response to any third party action or request of any kind) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Law or relating to any permit issued, or any approval given, under any such Environmental Law, including any and all claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to human health or the environment.

"Environmental Laws" means any and all federal, foreign, state, provincial and local laws, statutes, ordinances, codes, rules, standards and regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities, relating to the protection of the environment, including requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials.

"Equity Issuance" means any issuance by the Borrower or any Restricted Subsidiary to any Person that is not a Credit Party of (a) shares of its Capital Stock, (b) any shares of its Capital Stock pursuant to the exercise of options or warrants or (c) any shares of its Capital Stock pursuant to the conversion of any debt securities to equity.

“ERISA” means the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder, each as amended or modified from time to time.

“ERISA Affiliate” means any Person who together with the Borrower or any Subsidiary of the Borrower is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Eurodollar Reserve Percentage” means, for any day, the percentage (expressed as a decimal and rounded upwards, if necessary, to the next higher 1/100th of 1%) that is in effect for such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any basic, supplemental or emergency reserves) in respect of eurocurrency liabilities or any similar category of liabilities for a member bank of the Federal Reserve System in New York City.

“Event of Default” means any of the events specified in Section 11.1; provided that any requirement for passage of time, giving of notice, or any other condition, has been satisfied.

“Excess Cash Flow” means, for Borrower and its Restricted Subsidiaries on a Consolidated basis, for any Fiscal Year:

(a) the sum, without duplication, of (i) Consolidated EBITDA (calculated without giving effect to any pro forma adjustment described in the last sentence of the definition of Consolidated EBITDA) for such Fiscal Year, (ii) extraordinary, unusual or non-recurring gains received in cash, to the extent such gains were deducted in computing Consolidated EBITDA for such Fiscal Year and (iii) decreases in Working Capital for such Fiscal Year,

minus

(b) the sum, without duplication, of

(i) without duplication of amounts deducted from Excess Cash Flow in prior periods, the aggregate amount of capital expenditures or Permitted Acquisitions made in cash by the Borrower and its Restricted Subsidiaries during such Fiscal Year, except to the extent financed (directly or indirectly) with the proceeds of Indebtedness (other than revolving Indebtedness), Asset Dispositions, Insurance/Condemnation Events or Equity Issuances,

(ii) without duplication of amounts deducted from Excess Cash Flow in prior periods, the aggregate amount of cash consideration paid by the Borrower and its Restricted Subsidiaries in connection with other Permitted Investments (excluding Investments in cash or Cash Equivalents, Investments in the Borrower or any Person that is a Subsidiary at the time of such Investment and the amount of any Permitted Investments deducted pursuant to clause (b)(i) above or clause (b)(iii) below) made during such Fiscal Year to the extent that such Investments were not financed (directly or indirectly) with the proceeds of Indebtedness (other than revolving Indebtedness), Asset Dispositions, Insurance/Condemnation Events or Equity Issuances,

(iii) each of (x) the aggregate consideration required to be paid in cash by the Borrower and its Restricted Subsidiaries pursuant to binding contracts, commitments, letters of intent or purchase orders (such amount, the “Contract Consideration”) entered into prior to or during such Fiscal

Year and (y) any planned cash expenditures by the Borrower and its Restricted Subsidiaries (such amount, the "Planned Expenditures"), in the case of each of clauses (x) and (y), relating to capital expenditures, Permitted Acquisitions or other Permitted Investments (excluding Investments in cash or Cash Equivalents and Investments in the Borrower or any Person that is a Subsidiary at the time of such Investment) to be consummated or made during the Fiscal Year immediately following the end of such Fiscal Year and identified in writing to the Administrative Agent with reasonable supporting calculations (except to the extent financed (directly or indirectly) with the proceeds of Indebtedness (other than revolving Indebtedness), Asset Dispositions, Insurance/Condemnation Events or Equity Issuances; provided that to the extent that the aggregate amount of cash actually utilized to finance such capital expenditures, Permitted Acquisitions or such other Permitted Investments or during such following period of four consecutive fiscal quarters is less than such Contract Consideration and Planned Expenditures, the amount of such shortfall shall be added to the calculation of Excess Cash Flow, at the end of such period of four consecutive fiscal quarters,

(iv) Consolidated Interest Expense for such Fiscal Year, whether paid or accrued and whether or not capitalized, to the extent that any such expense was added in computing Consolidated EBITDA,

(v) provision for taxes based on income or profits of the Borrower and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was added in computing Consolidated EBITDA for such Fiscal Year,

(vi) the aggregate amount of (x) all scheduled principal payments (but not voluntary or mandatory prepayments) of Indebtedness of the Borrower and its Restricted Subsidiaries and (y) all mandatory prepayment of Indebtedness, in each case to the extent that such payments were not financed (directly or indirectly) with the proceeds of Indebtedness (other than revolving Indebtedness), Asset Dispositions, Insurance/Condemnation Events or Equity Issuances,

(vii) without duplication of amounts deducted from Excess Cash Flow in prior periods, the aggregate amount of Restricted Payments paid or made in cash during such Fiscal Year, or after such Fiscal Year but prior to the making of the payment required by Section 2.4(b)(iv) for such Fiscal Year, by the Borrower and its Restricted Subsidiaries pursuant to clauses (E) and (F) of the proviso to Section 10.5, to the extent such Restricted Payments were not financed (directly or indirectly) with the proceeds of Indebtedness (other than revolving Indebtedness), Asset Dispositions, Insurance/Condemnation Events or Equity Issuances,

(viii) an amount equal to any extraordinary, unusual or non-recurring charges paid in cash, plus any net losses realized by the Borrower or any of its Restricted Subsidiaries in connection with Asset Dispositions and Insurance/Condemnation Events, to the extent such charges or losses were added in computing Consolidated EBITDA for such Fiscal Year,

(ix) gains realized from Asset Dispositions and Insurance/Condemnation Events, to the extent such gains were not deducted in computing Consolidated EBITDA for such Fiscal Year, and

(x) increases in Working Capital for such Fiscal Year.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, United States federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Term Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Term Loan (other than pursuant to an assignment request by the Borrower under Section 4.12(b)) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 4.11, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 4.11(g) and (d) any United States federal withholding Taxes imposed under FATCA.

"Existing Credit Agreement" means that certain Second Amended and Restated Credit Agreement dated as of April 27, 2018, by and among the Borrower, the lenders party thereto and [the agent bank thereunder], as administrative agent (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Existing Loan Documents" means the Existing Agreement and the other "Loan Documents" (as defined therein).

"Existing Term Loan" means the Incremental Term-2 Loan, as defined in the Existing Credit Agreement, and any refinancing or replacement thereof or substitution therefor to the extent the principal amount of any such refinancing, replacement or substitution does not exceed the principal amount of the Incremental Term-2 Loan on the Closing Date plus any transaction costs reasonably incurred in connection therewith.

"Extensions of Credit" means, as to any Lender at any time, (a) an amount equal to the aggregate principal amount of the portion of the Term Loan made by such Lender then outstanding, or (b) the making of any portion the Term Loan by such Lender, as the context requires.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing and any law, regulation or practice adopted pursuant to any such intergovernmental agreement.

"FDIC" means the Federal Deposit Insurance Corporation, or any successor thereto.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) quoted to the Administrative Agent on such day on such transactions by three (3) federal funds brokers of recognized standing as determined by the Administrative Agent.

"Fee Letters" means, collectively, (i) the letter agreements, dated October 25, 2019, between the Borrower and Nomura Securities International, Inc., (ii) the letter agreement, dated December 18, 2019, between the Borrower and the Administrative Agent and (iii) other additional letter agreements among the

Borrower and certain of the Arrangers, Lenders and/or the Administrative Agent in connection with the Credit Facility.

"Fiscal Year" means each fiscal year of the Borrower and its Subsidiaries ending on December 31.

"Fitch" means Fitch, Inc. and any successor thereto.

"Flood Insurance Laws" means, collectively, (a) the National Flood Insurance Act of 1968, (b) the Flood Disaster Protection Act of 1973, (c) the National Flood Insurance Reform Act of 1994, (d) the Flood Insurance Reform Act of 2004 and (e) the Biggert-Waters Flood Insurance Reform Act of 2012, as each of the foregoing is now or hereafter in effect and any successor statute to any of the foregoing.

"Foreign Lender" means a Lender that is not a U.S. Person.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"Funds From Operations" means, for any period, Consolidated Net Income for such period, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures calculated on the same basis.

"GAAP" means generally accepted accounting principles, as recognized by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board, consistently applied and maintained on a consistent basis for the Borrower and its Subsidiaries throughout the period indicated and (subject to Section 13.9) consistent with the prior financial practice of the Borrower and its Subsidiaries.

"Government Securities" means securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities).

"Governmental Approvals" means all authorizations, consents, approvals, permits, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

"Governmental Authority" means the government of the United States, any State within the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guaranty Obligation" means, with respect to the Borrower and its Restricted Subsidiaries, without duplication, any obligation, contingent or otherwise, of any such Person pursuant to which such Person has directly or indirectly guaranteed any Indebtedness of any other Person including, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of any such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term Guaranty Obligation shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means any substances or materials (a) that are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, or toxic substances under any Environmental Law, (b) that are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to human health or the environment and are or become regulated by any Governmental Authority, (c) the presence of which requires investigation or remediation under any Environmental Law, (d) the discharge or emission or release of which requires a permit or license under any Environmental Law, (e) that are deemed to constitute a nuisance or a trespass that pose a health or safety hazard to Persons or neighboring properties under any Environmental Law, or (f) that contain asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil or nuclear fuel.

"Hedging Agreement" means any agreement with respect to any Interest Rate Contract, forward rate agreement, commodity swap, forward foreign exchange agreement, currency swap agreement, cross-currency rate swap agreement, currency option agreement or other agreement or arrangement designed to alter the risks of any Person arising from fluctuations in interest rates, currency values or commodity prices.

"Hedging Obligations" means all existing or future payment and other obligations owing by any Credit Party or any of its Subsidiaries under any Hedging Agreement (which such Hedging Agreement is permitted hereunder).

"HMT" means Her Majesty's Treasury.

"IFRS" means the International Financial Reporting Standards set by the International Accounting Standards Board (or the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or the SEC, as the case may be) or any successor thereto, as in effect from time to time.

"Indebtedness" means, with respect to the Borrower and its Restricted Subsidiaries at any date and without duplication, the sum of the following calculated in accordance with GAAP:

(a) all liabilities, obligations and indebtedness for borrowed money including obligations evidenced by bonds, debentures, notes or other similar instruments of any such Person;

(b) all obligations to pay the deferred purchase price of property or services of any such Person (including all obligations under non-competition, earn-out or similar agreements), excluding trade payables arising in the ordinary course of business;

(c) the Attributable Indebtedness of such Person with respect to such Person's obligations in respect of Capital Leases and Synthetic Leases;

(d) all Indebtedness of any other Person secured by a Lien on any asset owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse (but excluding any such Indebtedness arising as a result of a Lien on the Capital Stock of Agecroft);

(e) all Guaranty Obligations of any such Person;

(f) all obligations, contingent or otherwise, of any such Person relative to the face amount of letters of credit, whether or not drawn and banker's acceptances issued for the account of any such Person;

(g) all obligations of any such Person to redeem, repurchase, exchange, defease or otherwise make payments in respect of Capital Stock of such Person; and

(h) all Net Hedging Obligations.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person.

"Indemnified Taxes" means Taxes and Other Taxes other than Excluded Taxes.

"Information" has the meaning assigned thereto in Section 13.11.

"Insurance/Condemnation Event" means the receipt by any Credit Party or any of its Restricted Subsidiaries of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their respective property.

"Interest Period" has the meaning assigned thereto in Section 4.1(b).

"Interest Rate Contract" means any interest rate swap agreement, interest rate cap agreement, interest rate floor agreement, interest rate collar agreement, interest rate option or any other agreement regarding the hedging of interest rate risk exposure of any Person and any confirming letter executed pursuant to such agreement.

"Investments" means, with respect to any Person, without duplication, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guaranty Obligations or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Capital Stock or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

"Lender" means each Person executing this Agreement as a Lender as set forth on the signature pages hereto and each Person that hereafter becomes a party to this Agreement as a Lender pursuant to Section 13.10.

"Lending Office" means, with respect to any Lender, the office of such Lender maintaining such Lender's Extensions of Credit.

"LIBOR" means:

(a) for any Interest Period with respect to a LIBOR Rate Loan, the rate per annum equal to the London Interbank Offered Rate or a comparable or successor rate as approved by the Administrative Agent, as published by Bloomberg (or other commercially available source providing quotations of London Interbank Offered Rate as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; and

(b) for any rate calculation with respect to a Base Rate Loan on any date, the rate per annum equal to LIBOR, at approximately 11:00 a.m., London time, determined two (2) Business Days prior to such date for Dollar deposits with a term of one month commencing that day:

provided that to the extent a comparable or successor rate is approved by the Administrative Agent in connection herewith, the approved rate shall be applied in a manner consistent with market practice; provided, further that to the extent such market practice is not administratively feasible for the Administrative Agent, such approved rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

"LIBOR Rate" means a rate per annum (rounded upwards, if necessary, to the next higher 1/100th of 1%) determined by the Administrative Agent pursuant to the following formula:

LIBOR Rate = LIBOR

1.00-Eurodollar

Reserve Percentage

Notwithstanding the foregoing, in no event shall the LIBOR Rate be less than 1.0%.

"LIBOR Rate Loan" means any portion of the Term Loan bearing interest at a rate based upon the LIBOR Rate as provided in Section 4.1(a).

"LIBOR Screen Rate" means the LIBOR quote on the applicable screen page the Administrative Agent designates to determine LIBOR (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

"LIBOR Successor Rate" has the meaning provided in Section 4.8(b).

"LIBOR Successor Rate Conforming Changes" means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines in consultation with the Borrower).

"Lien" means, with respect to any asset, any mortgage, leasehold mortgage, lien, pledge, charge, security interest, hypothecation or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other title retention agreement relating to such asset and having substantially the same economic effect as any of the foregoing.

"Loan Documents" means, collectively, this Agreement, each Note, the Subsidiary Guaranty Agreement, the Security Documents, and each other document, instrument, certificate and agreement executed and delivered by the Borrower or any Restricted Subsidiary in connection with this Agreement or otherwise referred to herein or contemplated hereby, all as may be amended, restated, supplemented or otherwise modified from time to time.

"Loan-to-Value Requirement" means, at any time, the requirement that the Mortgaged Properties at such time have an aggregate Appraised Value such that the aggregate principal amount of the Term Loan is not more than 80% of such aggregate Appraised Value.

"Material Adverse Effect" means a material adverse effect on (a) the properties, business, operations or condition (financial or otherwise) of the Borrower and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Borrower and its Restricted Subsidiaries, taken as a whole, to perform their obligations under the Loan Documents to which they are parties.

"Material Indebtedness" means (a) any Indebtedness or Guaranty Obligations of the Borrower or any of its Restricted Subsidiaries involving monetary liability of or to any such Person in an amount in excess of $25,000,000 per annum, (b) the Senior Unsecured Notes and any documents related thereto, and (c) the documentation governing any Qualified Trust Indebtedness.

"Maturity Date" means the earliest to occur of (a) December 18, 2024 and (b) the date of acceleration of the Term Loan by the Administrative Agent on behalf of the Lenders pursuant to Section 11.2(a).

"Moody's" means Moody's Investors Service, Inc.

"Mortgaged Property" means any Eligible Asset that is subject to a Mortgage.

"Mortgages" means the collective reference to each mortgage, deed of trust, deed to secure debt or other real property security document, encumbering any real property now or hereafter owned by any Credit Party, in each case, in form and substance reasonably satisfactory to the Administrative Agent and executed by such Credit Party in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, as any such document may be amended, restated, supplemented or otherwise modified from time to time.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making, or is accruing an obligation to make, or has accrued an obligation to make contributions within the preceding six (6) years.

"Net Cash Proceeds" means, as applicable, (a) with respect to any Asset Disposition or Insurance/Condemnation Event, all cash and Cash Equivalents received by any Credit Party or any of its Restricted Subsidiaries therefrom (including any cash or Cash Equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, as and when received) less the sum of (i) all income taxes and other taxes assessed by, or reasonably estimated to be payable to, a Governmental Authority as a result of such transaction or event (provided that if such estimated taxes exceed the amount of actual taxes required to be paid in cash in respect of such transaction or event, the amount of such excess, upon determination, shall constitute Net Cash Proceeds), (ii) Restricted Payments consisting of distributions of taxable gains that have the effect of reducing taxes otherwise payable to a Governmental Authority as a result of such transaction or event, (iii) all reasonable and customary out-of-pocket fees and expenses incurred in connection with such transaction or event, (iv) the principal amount of, premium, if any, and interest on any Indebtedness (other than Indebtedness under the Loan

Documents) secured by a Lien on the asset (or a portion thereof) disposed of, to the extent such Indebtedness is required to be repaid in connection with such transaction or event and (v) all amounts that are set aside as a reserve (A) for adjustments in respect of the purchase price of such assets, (B) for any liabilities associated with such sale or casualty, to the extent such reserve is required by GAAP or as otherwise required pursuant to the documentation with respect to such Asset Disposition or Insurance/Condemnation Event, (C) for the payment of unassumed liabilities relating to the assets sold or otherwise disposed of at the time of, or within 30 days after, the date of such sale or other disposition and (D) for the payment of indemnification obligations; provided that, to the extent and at the time any such amounts are released from such reserve and received by such Credit Party or any of its Subsidiaries, such amounts shall constitute Net Cash Proceeds, and (b) with respect to any issuance of Indebtedness, the gross cash proceeds received by any Credit Party or any of its Subsidiaries therefrom less all reasonable and customary out-of-pocket legal, underwriting and other fees and expenses incurred and Indebtedness repaid in connection therewith.

"Net Hedging Obligations" means, as of any date, the Termination Value of any Hedging Agreement on such date.

"Net Income" means, with respect to the Borrower and its Restricted Subsidiaries for any period, the net income (loss) of the Borrower and its Restricted Subsidiaries, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however: (a) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with: (i) any Asset Disposition; or (ii) the disposition of any securities by the Borrower or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of the Borrower or any of its Restricted Subsidiaries (whether by redemption, repurchase, defeasance, repayment or otherwise), and any related premiums, fees and expenses, (b) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss, (c) any impairment losses (including those resulting from impairment of goodwill recorded on the Consolidated financial statement of the Borrower and its Restricted Subsidiaries pursuant to FASB ASC 350 - Intangibles - Goodwill and Other and those resulting from impairment or disposal of long-lived assets recorded on the Consolidated financial statements of the Borrower or a Restricted Subsidiary pursuant to FASB ASC 360 - Property, Plant, and Equipment), (d) any loss resulting from the change in fair value of a derivative financial instrument pursuant to FASB ASC 815 - Derivatives and Hedging, (e) amortization of debt issuance costs and (f) any Capital Stock-based compensation expense.

"Nomura" means Nomura Corporate Funding Americas, LLC or a third party as its sub-agent.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Non-Qualifying Asset" has the meaning assigned to it in Section 8.17(b).

"Note" means a promissory note made by the Borrower in favor of a Lender evidencing the portion of the Term Loan made by such Lender, substantially in the form of ***Exhibit A***.

"Notice of Account Designation" has the meaning assigned thereto in Section 2.2.

"Notice of Borrowing" has the meaning assigned thereto in Section 2.2.

"Notice of Conversion/Continuation" has the meaning assigned thereto in Section 4.2.

"Notice of Prepayment" has the meaning assigned thereto in Section 2.4(a).

"Obligations" means, in each case, whether now in existence or hereafter arising: (a) the principal of and interest on (including interest accruing after the filing of any bankruptcy or similar petition) the Term Loan and (b) all other fees and commissions (including attorneys' fees), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties owing by the Borrower or any of its Restricted Subsidiaries to the Lenders or the Administrative Agent, in each case under any Loan Document, with respect to the Term Loan, of every kind, nature and description, direct or indirect, absolute or contingent, due or to become due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any note and including interest and fees that accrue after the commencement by or against any Credit Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws, naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Officer's Compliance Certificate" means a certificate of the chief financial officer or the treasurer of the Borrower substantially in the form of ***Exhibit F***.

"Operating Lease" means, as to any Person as determined in accordance with GAAP, any lease of property (whether real, personal or mixed) by such Person as lessee that is not a Capital Lease.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in the Term Loan or Loan Document).

"Other Taxes" means all present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 4.12).

"Participant" has the meaning assigned thereto in Section 13.11(d).

"Participant Register" has the meaning assigned thereto in Section 13.11(d).

"PATRIOT Act" has the meaning assigned thereto in Section 13.22.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor agency.

"Pension Plan" means any Employee Benefit Plan, other than a Multiemployer Plan, that is subject to the provisions of Title IV of ERISA or Section 412 of the Code and that (a) is maintained for the employees of the Borrower or any ERISA Affiliates or (b) has at any time within the preceding six (6) years been maintained for the employees of the Borrower or any of its current or former ERISA Affiliates.

"Permitted Acquisition" means any Investment by the Borrower or any Restricted Subsidiary in the form of acquisitions of all or substantially all of the business or a line of business (whether by the acquisition of Capital Stock, assets or any combination thereof) of any other Person if such acquisition meets all of the following requirements:

(a) the Person or business to be acquired shall be engaged primarily in a Permitted Business;

(b) if such transaction is a merger or consolidation, the Borrower or a Restricted Subsidiary shall be the surviving Person and no Change in Control shall have been effected thereby;

(c) the Borrower shall deliver to the Administrative Agent such documents as are reasonably requested by the Administrative Agent pursuant to Section 8.11 to be delivered at the time required pursuant to Section 8.11;

(d) in the case of any acquisition with an aggregate purchase price greater than $100,000,000, no later than five (5) Business Days prior to the proposed closing date of such acquisition, the Borrower (A) shall have delivered to the Administrative Agent promptly upon the finalization thereof copies of substantially final Permitted Acquisition Documents, which shall be in form and substance reasonably satisfactory to the Administrative Agent, and (B) shall have delivered to, or made available for inspection by, the Administrative Agent substantially complete Permitted Acquisition Diligence Information, which shall be in form and substance reasonably satisfactory to the Administrative Agent;

(e) no Default or Event of Default shall have occurred and be continuing both before and after giving effect to such acquisition; and

(f) the Borrower shall provide such other documents and other information as may be reasonably requested by the Administrative Agent in connection with the acquisition.

"Permitted Acquisition Diligence Information" means with respect to any acquisition proposed by the Borrower or any Restricted Subsidiary, to the extent applicable, all material financial information, all material contracts, all material customer lists, all material supply agreements, and all other material information, in each case, reasonably requested to be delivered to the Administrative Agent in connection with such acquisition (except to the extent that any such information is (a) subject to any confidentiality agreement, unless mutually agreeable arrangements can be made to preserve such information as confidential, (b) classified or (c) subject to any attorney-client privilege).

"Permitted Acquisition Documents" means with respect to any acquisition proposed by the Borrower or any Restricted Subsidiary, final copies or substantially final drafts if not executed at the required time of delivery of the purchase agreement, sale agreement, merger agreement or other material agreement evidencing such acquisition, including all legal opinions and each other material document executed, delivered, contemplated by or prepared in connection therewith and any amendment, modification or supplement to any of the foregoing.

"Permitted Business" means the business conducted by the Borrower and its Restricted Subsidiaries on the Closing Date, including the privatization of governmental services and the acquisition, development, ownership, operation and leasing of real property intended to be leased primarily to Governmental Authorities of or within the United States, and businesses reasonably related to the foregoing or ancillary or incidental thereto or a reasonable extension thereof

"Permitted Investments" means:

(a) any Investment in the Borrower or in a Restricted Subsidiary of the Borrower;

(b) any Investment in cash or Cash Equivalents;

(c) any Permitted Acquisition;

(d) any Investment made as a result of the receipt of Purchase Notes or non-cash consideration (including Designated Non-Cash Consideration) from an Asset Disposition that was made pursuant to and in compliance with Section 10.4;

(e) any acquisition of assets solely in exchange for the issuance of Capital Stock (other than Disqualified Stock) of the Borrower;

(f) any Investments received in compromise of obligations of trade creditors or customers that were incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer;

(g) Hedging Obligations;

(h) other Investments in any other Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this subsection (h), not to exceed $200,000,000;

(i) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(j) loans or advances to employees made in the ordinary course of business of the Borrower or any Restricted Subsidiary in an aggregate principal amount not to exceed $5,000,000 outstanding at any one time;

(k) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Borrower or any Restricted Subsidiary or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor;

(l) Investments in existence on the Prior Closing Date and set forth on Schedule 1.1(b);

(m) Guaranty Obligations issued in accordance with Section 10.1;

(n) Investments that are made with Capital Stock of the Borrower (other than Disqualified Stock of the Borrower);

(o) any Investment by the Borrower or any Restricted Subsidiary of the Borrower in joint ventures in a Permitted Business, when taken together with all other Investments made pursuant to this subsection (o), not to exceed $100,000,000 outstanding at any one time; and

(p) any Investment in any Person that is not at the time of such Investment, or does not thereby become, a Restricted Subsidiary in an aggregate amount (measured on the date such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (p) since the Prior Closing Date (but, to the extent that any Investment made pursuant to this clause (p) since the Prior Closing Date is sold or otherwise liquidated for cash, minus the lesser of (i) the cash return of capital with respect to such Investment (less the cost of disposition, if any) and (ii) the initial amount of such Investment) not to exceed ten percent (10%) of Consolidated Tangible Assets; provided that such Person is engaged primarily in a Permitted Business;

Notwithstanding the foregoing, Investments in Unrestricted Subsidiaries pursuant to clauses (a)-(p) above made at any time that the Consolidated Secured Leverage Ratio (after giving pro forma effect to any such Investment to be made) exceeds 2.25 to 1.00 shall not exceed $75,000,000 (provided that no Investments in Unrestricted Subsidiaries may be made if any Default or Event of Default exists at the time of such Investment or after giving effect thereto); it being understood that this is a limitation on a prospective basis only and that no Default or Event of Default shall occur as a result of this limitation retroactively.

For all purposes of this Agreement, if an Investment meets the criteria of more than one of the types of Permitted Investments described in the above clauses, the Borrower (i) shall have the right to determine in its sole discretion the clause to which such Investment is to be allocated, (ii) shall not be required to allocate the amount of such Investment to more than one of such clauses, (iii) may elect in its sole discretion to apportion such item of Investment between or among any two or more of such clauses, and (iv) may reallocate or reclassify all or any part of such Investment between or among any one or more of such clauses at any time and from time to time, provided that, at the time such reallocation or reclassification, such Investment meets the requirements of the clause to which reallocated or reclassified.

"Permitted Liens" means the Liens permitted pursuant to Section 10.2.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Prime Rate" means, at any time, the rate of interest last quoted by the *Wall Street Journal* (or another national publication selected by the Administrative Agent) as the United States "Prime Rate".

"Prior Closing Date" means April 17, 2018.

"Prison Facility" means any prison, correctional, detention or juvenile facility owned or operated by the Borrower or any of its Restricted Subsidiaries and any other facility used by the Borrower or any of its Restricted Subsidiaries in the operation of a Permitted Business.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Public Lender" has the meaning assigned thereto in Section 7.6.

"Purchase Notes" means notes or other obligations received by any Credit Party in connection with an Asset Disposition of an Unoccupied Subject Facility that is otherwise permitted pursuant to Section 10.4.

"Qualified Trust" means a trust or other special purpose vehicle formed for the sole purpose of, and which is limited by its charter or other organizational documents to conduct no business other than, issuing Qualified Trust Preferred Stock and lending the proceeds from such issuance to the Borrower.

"Qualified Trust Indebtedness" means Indebtedness of the Borrower or its Restricted Subsidiaries to a Qualified Trust (a) in an aggregate principal amount not exceeding the amount of funds raised by such trust from the issuance of Qualified Trust Preferred Stock and (b) that by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the Qualified Trust or the holder of any Qualified Trust Preferred Stock), or upon the happening of any event, does not mature and is not mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the Qualified Trust or any holder of the Qualified Trust

Preferred Stock, in whole or in part, on or prior to the date that is 91 days after the Maturity Date; provided that such Qualified Trust Indebtedness may be redeemed pursuant to its terms upon a change of control of the Borrower if the terms of such Qualified Trust Indebtedness (a) define a "change of control" in a manner that is not more expansive or inclusive than the change of control definition contained in this Agreement and (b) explicitly provide that no payment shall be made with respect to such Indebtedness upon a "change of control" unless such payment is permitted by the provisions of this Agreement.

"Qualified Trust Preferred Stock" means a preferred stock or preferred interest in a Qualified Trust the net proceeds from the issuance of which are used to finance Qualified Trust Indebtedness and that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Qualified Trust Preferred Stock), or upon the happening of any event, does not mature and is not mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Qualified Trust Preferred Stock, in whole or in part, on or prior to the date that is 91 days after the Maturity Date.

"Recipient" means (a) the Administrative Agent and (b) any Lender, as applicable.

"Refinancing Indebtedness" has the meaning assigned thereto in Section 10.1(k).

"Register" has the meaning assigned thereto in Section 13.10(c).

"REIT" means a real estate investment trust under Sections 856-860 of the Code.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Required Lenders" means, at any date, any combination of Lenders having Total Credit Exposures representing more than fifty percent (50%) of the Total Credit Exposures of all Lenders; provided that the Total Credit Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Responsible Officer" means the chief executive officer, president, chief financial officer, controller, assistant controller, treasurer, assistant treasurer, secretary or assistant secretary of a Credit Party, or any other officer of a Credit Party reasonably acceptable to the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Credit Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Credit Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Credit Party.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Payments" has the meaning assigned thereto in Section 10.5.

"Restricted Subsidiary" means any Subsidiary of the Borrower that is not an Unrestricted Subsidiary.

"Revolving Credit Commitment" means the Revolving Credit Commitment, as defined in the Existing Credit Agreement, and any refinancing or replacement thereof or substitution therefor.

"Revolving Credit Facility" means the Revolving Credit Facility, as defined in the Existing Credit Agreement, and any refinancing or replacement thereof or substitution therefor.

"S&P" means Standard & Poor's Rating Services, a division of S&P Global Inc., and any successor thereto.

"Sanctioned Country" means, at any time, a country, region or territory that is the subject or target of any Sanctions.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, HMT, or other relevant sanctions authority having jurisdiction over the Borrower or any of its Subsidiaries, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b).

"Sanctions" means any sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC), the United Nations Security Council, the European Union, HMT, or other relevant sanctions authority having jurisdiction over the Borrower or any of its Subsidiaries.

"SEC" means the Securities and Exchange Commission or any Governmental Authority succeeding to any of its principal functions.

"Secured Parties" means, collectively, the Administrative Agent, the Lenders, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 12.5, any other holder from time to time of any Obligations and, in each case, their respective successors and permitted assigns.

"Security Documents" means the collective reference to the Mortgages and each other agreement or writing, if any, pursuant to which any Credit Party purports to pledge or grant a security interest in any property or assets securing the Obligations or any such Person purports to guaranty the payment and/or performance of the Obligations.

"Senior Unsecured 2020 Notes" means the Indebtedness of the Borrower evidenced by its 4.125% Senior Notes due 2020, in the original aggregate principal amount of $325,000,000, issued pursuant to that certain Indenture dated as of April 4, 2013, among the Borrower, certain of its Subsidiaries and U.S. Bank National Association, as trustee.

"Senior Unsecured 2022 Notes" means the Indebtedness of the Borrower evidenced by its 5.00% Senior Notes due 2022, in the original aggregate principal amount of $250,000,000, issued pursuant to that certain Indenture dated as of September 25, 2015, between the Borrower and U.S. Bank National Association, as trustee, as amended and supplemented by that certain First Supplemental Indenture dated as of September 25, 2015, among the Borrower, certain of its Subsidiaries and U.S. Bank National Association, as trustee.

"Senior Unsecured 2023 Notes" means the Indebtedness of the Borrower evidenced by its 4.625% Senior Notes due 2023, in the original aggregate principal amount of $350,000,000, issued pursuant to that certain Indenture dated as of April 4, 2013, among the Borrower, certain of its Subsidiaries and U.S. Bank National Association, as trustee.

"Senior Unsecured 2027 Notes" means the Indebtedness of the Borrower evidenced by its 4.75% Senior Notes due 2027, in the original aggregate principal amount of $250,000,000, issued pursuant to that certain Indenture dated as of September 25, 2015, between the Borrower and U.S. Bank National Association, as trustee, as amended and supplemented by that certain Second Supplemental Indenture dated as of October 13, 2017, among the Borrower, certain of its Subsidiaries and U.S. Bank National Association, as trustee.

"Senior Unsecured Notes" means the collective reference to (a) the Senior Unsecured 2020 Notes, (b) the Senior Unsecured 2023 Notes, (c) the Senior Unsecured 2022 Notes, (d) the Senior Unsecured 2027 Notes and (e) any other instruments and agreements entered into by the Borrower or its Subsidiaries in connection therewith. Solely for purposes of Sections 10.9 and 10.10, "Senior Unsecured Notes" shall include any other senior unsecured notes issued by the Borrower and permitted by this Agreement so long as the indenture or supplemental indenture pursuant to which such senior unsecured notes are issued contains no restrictions on the ability of the Borrower or a Restricted Subsidiary to incur Liens on or with respect to any of its assets or properties as security for the Obligations, or on the ability of a Restricted Subsidiary to pay dividends to the Borrower, that in either case are more restrictive on the Borrower and its Restricted Subsidiaries than those set forth in either (i) the Indenture governing the Senior Unsecured 2020 Notes, dated as of April 4, 2013, among the Borrower, certain of its Subsidiaries and U.S. Bank National Association, as trustee, as amended and supplemented prior to July 22, 2015, (ii) the Indenture governing the Senior Unsecured 2022 Notes, dated as of September 25, 2015, between the Borrower and U.S. Bank National Association, as trustee, as amended and supplemented by that certain First Supplemental Indenture dated as of September 25, 2015, among the Borrower, certain of its Subsidiaries and U.S. Bank National Association, as trustee, as further amended and supplemented prior to October 6, 2015, (iii) the Indenture governing the Senior Unsecured 2023 Notes, dated as of April 4, 2013, among the Borrower, certain of its Subsidiaries and U.S. Bank National Association, as trustee, as amended and supplemented prior to July 22, 2015 or (iv) the Indenture dated as of September 25, 2015, between the Borrower and U.S. Bank National Association, as trustee, as amended and supplemented by that certain Second Supplemental Indenture governing the Senior Unsecured 2027 Notes, dated as of October 13, 2017, among the Borrower, certain of its Subsidiaries and U.S. Bank National Association, as trustee, as further amended and supplemented prior to the Closing Date.

"Solvent" means, as to any Person on a particular date, that any such Person (a) has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage and is able to pay its debts as they mature, (b) has assets having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay its probable liabilities (including contingencies), and (c) does not believe that it will incur debts or liabilities beyond its ability to pay such debts or liabilities as they mature.

"Stated Maturity" means, with respect to any installment of interest or principal on any Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subject Facility" means any Prison Facility, community/reentry facility and real property leased by a Governmental Authority of or within the United States that is owned or operated by the Borrower or any of its Restricted Subsidiaries and used by the Borrower or any of its Restricted Subsidiaries in the operation of a Permitted Business.

"Subordinated Indebtedness" means the collective reference to any Indebtedness of the Borrower or any Restricted Subsidiary subordinated in right and time of payment to the Obligations and containing such other terms and conditions, in each case as are satisfactory to the Required Lenders.

"Subsidiary" means as to any Person, any corporation, partnership, limited liability company or other entity of which more than fifty percent (50%) of the outstanding Capital Stock having ordinary voting power to elect a majority of the board of directors or other managers of such corporation, partnership, limited liability company or other entity is at the time owned by, or the management of which is otherwise controlled by, such Person (irrespective of whether, at the time, Capital Stock of any other class or classes of such corporation, partnership, limited liability company or other entity shall have or might have voting power by reason of the happening of any contingency). Unless otherwise qualified references to "Subsidiary" or "Subsidiaries" herein shall refer to those of the Borrower.

"Subsidiary Guarantors" means each direct or indirect Domestic Subsidiary that is a Restricted Subsidiary in existence on the Closing Date or that becomes a party to the Subsidiary Guaranty Agreement pursuant to Section 8.11.

"Subsidiary Guaranty Agreement" means the guaranty agreement, dated as of the date hereof, executed by the Subsidiary Guarantors in favor of the Administrative Agent for the ratable benefit of the Secured Parties.

"Synthetic Lease" means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an Operating Lease in accordance with GAAP.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholdings), assessments, fees or other charges imposed by any Governmental Authority with respect to this Agreement, any of the other Loan Documents or the transactions that are the subject thereof, including any interest, additions to tax or penalties applicable thereto.

"Term Loan" means the term loan made on the Closing Date to the Borrower in the initial aggregate principal amount of $250,000,000 pursuant to Section 2.2.

"Term Loan Commitment" means (a) as to any Lender, the obligation of such Lender to make a portion of the Term Loan to or for the account of the Borrower hereunder in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name on the Register, and (b) as to all Lenders, the aggregate obligations of all Lenders to make the Term Loan to the account of the Borrower.

"Term Loan Percentage" means, with respect to any Lender at any time, the ratio of (a) the outstanding principal balance of the portion of the Term Loan held by such Lender to (b) the total outstanding principal balance of the Term Loan.

"Termination Event" except for any such event or condition that could not reasonably be expected to have a Material Adverse Effect: (a) a "Reportable Event" described in Section 4043 of ERISA for which the notice requirement has not been waived by the PBGC, or (b) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (c) the termination of a Pension Plan, the filing of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination, under Section 4041 of ERISA, if the plan assets are not sufficient to pay all plan liabilities, or (d) the institution of proceedings to terminate, or the appointment of a trustee with respect to, any Pension Plan by the PBGC, or (e) any other event or condition that would constitute grounds under

Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan, or (f) the imposition of a Lien pursuant to Section 430(k) of the Code or Section 303 of ERISA, or (g) the partial or complete withdrawal of the Borrower of any ERISA Affiliate from a Multiemployer Plan if withdrawal liability is asserted by such plan, or (h) any event or condition that results in the reorganization or insolvency of a Multiemployer Plan under Sections 4241 or 4245 of ERISA, or (i) any event or condition that results in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA, or (j) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA.

"Termination Value" means, in respect of any one or more Hedging Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Agreements, (a) for any date on or after the date such Hedging Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedging Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Agreements (which may include a Lender or any Affiliate of a Lender).

"Total Credit Exposure" means, as to any Lender at any time, the portion of the outstanding Term Loan held by such Lender at such time.

"Transactions" means, collectively, (a) the refinancing on the Closing Date of existing amounts outstanding under the Revolving Credit Facility (as defined in the Existing Credit Agreement), (b) the repayment of the Senior Unsecured 2020 Notes, (c) the initial Extensions of Credit and (d) the payment of fees, commissions and expenses in connection with the foregoing.

"UCC" means the Uniform Commercial Code as in effect in the State of New York, as amended or modified from time to time.

"Unfunded Pension Liability" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 or 430 of the Code for the applicable plan year.

"United States" means the United States of America.

"Unoccupied Subject Facility" means any Subject Facility owned by the Borrower or its Restricted Subsidiaries that, for the twelve-month period ending on the date of measurement, has had an average occupancy level of less than fifteen percent (15%).

"Unrestricted Cash and Cash Equivalents" means, when referring to cash or Cash Equivalents of the Borrower and its Subsidiaries, that such cash or Cash Equivalents (a) do not appear or would not be required to appear as "restricted" on the financial statements of the Borrower and its Subsidiaries and (b) are not subject to any Liens other than as permitted pursuant to Section 10.2(a), (i), (k) or (r).

"Unrestricted Subsidiary" means any Subsidiary of the Borrower that is designated by the board of directors of the Borrower as an Unrestricted Subsidiary pursuant to Section 8.12, but only to the extent that such Subsidiary:

(a) has no Indebtedness that is recourse (directly or indirectly) to the Borrower or any of its Restricted Subsidiaries;

(b) is not party to any agreement, contract, arrangement or understanding with the Borrower or any of its Restricted Subsidiaries unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Borrower or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Borrower;

(c) is a Person with respect to which neither the Borrower nor any of its Restricted Subsidiaries has any direct or indirect obligation (i) to subscribe for additional Capital Stock or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(d) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Borrower or any of its Restricted Subsidiaries.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning assigned thereto in Section 4.11(g).

"Withholding Agent" means the Borrower and the Administrative Agent.

"Working Capital" means, for the Borrower and its Restricted Subsidiaries on a Consolidated basis and calculated in accordance with GAAP, as of any date of determination, the excess of (a) current assets (other than cash, Cash Equivalents, taxes, deferred taxes and assets held for sale) over (b) current liabilities, excluding, without duplication, (i) the current portion of any long-term Indebtedness, (ii) the current portion of current taxes and deferred income taxes, (iii) the current portion of accrued Consolidated Interest Expense and (iv) liabilities related to assets held for sale.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SECTION 1.2 Other Definitions and Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document: (a) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined, (b) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms, (c) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (d) the word "will" shall be construed to have the same meaning and effect as the word "shall", (e) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (f) any reference herein to any Person shall be construed to include such Person's successors and assigns, (g) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (h) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (i) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (j) the term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form, (k) in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” the words “to” and “until” each mean “to but excluding” and the word “through” means “to and including”, and (l) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

SECTION 1.3 Accounting Terms. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the audited financial statements required by Section 7.1(b), except as otherwise specifically prescribed herein (including as prescribed by Section 13.9). Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded. The Borrower in its discretion may notify the Administrative Agent at any time that it has elected to so use IFRS in lieu of GAAP and, upon any such notice, references herein to GAAP shall thereafter be construed to mean IFRS as in effect from time to time; provided that, to the extent that such election would affect any financial ratio set forth in this Agreement, (i) the Borrower shall provide to the Administrative Agent financial statements and other documents reasonably requested by the Administrative Agent or any Lender setting forth a reconciliation with respect to such ratio or requirement made before and after giving effect to such election and (ii) if the Borrower, the Administrative Agent or the Required Lenders shall so request, the Administrative Agent, the Required Lenders and the Borrower shall negotiate in good faith to amend such ratio to preserve the original intent thereof in light of such change.

SECTION 1.4 UCC Terms. Terms defined in the UCC in effect on the Closing Date and not otherwise defined herein shall, unless the context otherwise indicates, have the meanings provided by those definitions. Subject to the foregoing, the term “UCC” refers, as of any date of determination, to the UCC then in effect.

SECTION 1.5 Rounding. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

SECTION 1.6 References to Agreement and Laws. Unless otherwise expressly provided herein, (a) references to formation documents, governing documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Applicable Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Applicable Law.

SECTION 1.7 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

SECTION 1.8 [Reserved.]

SECTION 1.9 Consolidation of Variable Interest Entities. All references herein to Consolidated financial statements of the Borrower and its Subsidiaries or to the determination of any amount for the Borrower and its Subsidiaries on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that the Borrower is required to consolidate pursuant to FASB Interpretation No. 46 – Consolidation of Variable Interest Entities: an interpretation of ARB No. 51 (January 2003) as if such variable interest entity were a Subsidiary as defined herein.

ARTICLE II

TERM LOAN FACILITY

SECTION 2.1 Term Loan. Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties set forth in this Agreement and the other Loan Documents, each Lender severally agrees to make its portion of the Term Loan to the Borrower on the Closing Date in a principal amount equal to such Lender's Term Loan Commitment as of the Closing Date.

SECTION 2.2 Procedure for Advance of Term Loan. The Borrower shall give the Administrative Agent irrevocable prior written notice substantially in the form of ***Exhibit B*** or such other form as may be reasonably approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower (a "Notice of Borrowing"), prior to 12:00 noon on the Closing Date requesting that the Lenders make the Term Loan as a Base Rate Loan on such date (provided that the Borrower may request, no later than three (3) Business Days prior to the Closing Date, that the Lenders make the Term Loan as a LIBOR Rate Loan if the Borrower has delivered to the Administrative Agent a letter in form and substance reasonably satisfactory to the Administrative Agent indemnifying the Lenders in the manner set forth in Section 4.9 of this Agreement). Upon receipt of such Notice of Borrowing from the Borrower, the Administrative Agent shall promptly notify each Lender thereof. Not later than 2:00 p.m. on the Closing Date, each Lender will make available to the Administrative Agent for the account of the Borrower, at the Administrative Agent's Office in immediately available funds, the amount of such Term Loan to be made by such Lender on the Closing Date. The Borrower hereby irrevocably authorizes the Administrative Agent to disburse the proceeds of the Term Loan requested pursuant to this Section in immediately available funds by crediting or wiring such proceeds to the deposit account of the Borrower identified in the most recent notice substantially in the form of ***Exhibit C*** (a "Notice of Account Designation") delivered by the Borrower to the Administrative Agent, or as may be otherwise agreed upon by the Borrower and the Administrative Agent from time to time.

SECTION 2.3 Repayment of the Term Loan. The Borrower shall repay the aggregate outstanding principal amount of the Term Loan in consecutive quarterly installments on the last Business Day of each fiscal quarter commencing March 31, 2020 in an amount equal to 1.25% of the aggregate initial principal amount of the Term Loan on the Closing Date for the first four fiscal quarters and 1.875% thereafter, as adjusted by any prepayments pursuant to Section 2.4(a), with the remainder due on the Maturity Date.

SECTION 2.4 Prepayment of the Term Loan.

(a) Optional Prepayments. The Borrower shall have the right at any time and from time to time, without premium or penalty (subject to Section 2.5 below), to prepay the Term Loan, in whole or in part, upon delivery of irrevocable prior written notice to the Administrative Agent substantially in the form of ***Exhibit D*** or such other form as may be reasonably approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer (a "Notice of Prepayment"), not later than 12:00 noon (i) one Business Day prior to the proposed prepayment of a Base Rate Loan and (ii) at least three (3) Business Days before the Business Day of the proposed prepayment of a LIBOR Rate Loan, specifying the date and amount of prepayment, whether the prepayment is of LIBOR Rate Loans or Base Rate Loans or a combination thereof, and if a combination thereof, the amount allocable to each. Each optional prepayment of the Term Loan hereunder shall be in an aggregate principal amount of at least $1,000,000 or any whole multiple of $1,000,000 in excess thereof and shall be applied to the remaining scheduled principal installments of the Term Loan pursuant to Section 2.3 as directed by the Borrower (and if not so directed, then in direct order of maturity). Each prepayment shall be accompanied by any amount required to be paid pursuant to Section 4.9. A Notice of Prepayment received after 12:00 noon shall be deemed received on the next Business Day. The Administrative Agent shall promptly notify the applicable Lenders of each Notice of Prepayment.

(b) Mandatory Prepayments.

(i) Debt Issuances. The Borrower shall make mandatory principal prepayments of the Term Loan in the manner set forth in clause (v) below in an amount equal to one hundred percent (100%) of the aggregate Net Cash Proceeds from any issuance of Indebtedness by the Borrower or any of its Restricted Subsidiaries, other than Indebtedness permitted pursuant to Section 10.1. Such prepayment shall be made within three (3) Business Days after the date of receipt of the Net Cash Proceeds of any such issuance.

(ii) Asset Dispositions and Insurance/Condemnation Events. The Borrower shall make mandatory principal prepayments of the Term Loan in the manner set forth in clause (v) below in amounts equal to one hundred percent (100%) of the aggregate Net Cash Proceeds from (1) any Asset Disposition (other than any Asset Disposition permitted pursuant to, and in accordance with, clauses (a), (b), (c), (d), (e), (f), (j), (l), (m) or (n) of Section 10.4) or (2) any Insurance/Condemnation Event, to the extent that the aggregate amount of such Net Cash Proceeds, in the case of each of clauses (1) and (2), respectively, exceed $15,000,000 during any Fiscal Year. Such prepayments shall be made within three (3) Business Days after the date of receipt of the Net Cash Proceeds; provided that, so long as no Default or Event of Default has occurred and is continuing, no prepayment shall be required under this Section 2.4(b)(ii) with respect to such portion of such Net Cash Proceeds that the Borrower shall have, on or prior to such date, given written notice to the Administrative Agent of its intent to (A) reinvest in accordance with Section 2.4(b)(iii) or (B) use such Net Cash Proceeds to repay the Revolving Credit Facility (to the extent accompanied by a corresponding reduction in the Revolving Credit Commitment, the Existing Term Loan or Senior Unsecured Notes of the Borrower that mature prior to the Maturity Date.

(iii) Reinvestment Option. With respect to any Net Cash Proceeds realized or received with respect to any Asset Disposition or any Insurance/Condemnation Event (in each case, to the extent not excluded pursuant to Section 2.4(b)(ii)) at the option of the Borrower, the Credit Parties may reinvest all or any portion of such Net Cash Proceeds in assets used or useful for the business of the Credit Parties and their Subsidiaries within (x) twelve (12) months following receipt of such Net Cash Proceeds or (y) fifteen months (15) following receipt of such Net Cash Proceeds, if such Credit Party enters into a bona fide commitment to reinvest such Net Cash Proceeds within twelve (12) months following receipt thereof; provided that if any Net Cash Proceeds are no longer intended to be or cannot be so reinvested at any time after delivery of a notice of reinvestment election, an amount equal to any such Net Cash Proceeds not so reinvested or intended to be reinvested shall be applied to the prepayment of the Term Loan as set forth in this Section 2.4(b)(iii) within three (3) Business Days after the applicable Credit Party reasonably determines that such Net Cash Proceeds are no longer intended to be or cannot be so reinvested. Pending the final application of any such Net Cash Proceeds, the applicable Credit Party may invest an amount equal to such Net Cash Proceeds in any manner that is not prohibited by this Agreement or reduce the outstanding principal balance of the Revolving Credit Facility.

(iv) Excess Cash Flow. After the end of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2020) when the Consolidated Secured Leverage Ratio as of the last day of such Fiscal Year is greater than or equal to 2.50 to 1.00, within five (5) Business Days after the earlier to occur of (x) the delivery of the financial statements and related Compliance Certificate for such Fiscal Year pursuant to Section 7.1(b) and Section 7.2 and (y) the date on which the financial statements and the related Compliance Certificate for such Fiscal Year are required to be so delivered, the Borrower shall make mandatory principal prepayments of the Term Loan in the manner set forth in clause (v) below in an amount equal to (A) fifty percent (50%) of Excess Cash Flow, if any, for such Fiscal Year minus (B) the aggregate principal amount of all optional prepayments of the Term Loan, the Revolving Credit Facility (to the extent accompanied by a corresponding reduction in the Revolving Credit Commitment), the Existing Term Loan, Senior Unsecured Notes of the Borrower or any other Indebtedness that is secured on a *pari passu* basis with the Term Loan, in each case during such Fiscal Year, solely to the extent that such prepayments are not funded with the incurrence of any Indebtedness or any other proceeds not included in Consolidated EBITDA, solely to the extent that such amount exceeds $7,500,000.

(v) Notice; Manner of Payment. Upon the occurrence of any event triggering a prepayment requirement under clauses (i) through and including (iv) above, the Borrower shall promptly deliver written notice thereof to the Administrative Agent not later than 12:00 noon at least three (3) Business Days before the proposed date of prepayment, and upon receipt of such notice, the Administrative Agent shall promptly so notify the Lenders. Each prepayment of the Term Loan under this Section shall be applied to reduce the remaining scheduled principal installments of the Term Loan pursuant to Section 2.3 (including the bullet payment due at maturity) on a pro rata basis.

(vi) Prepayment of LIBOR Rate Loans. Each prepayment shall be accompanied by any amount required to be paid pursuant to Section 4.9; provided that, so long as no Default or Event of Default shall have occurred and be continuing, if any prepayment of LIBOR Rate Loans is required to be made under this Section 2.4(b) prior to the last day of the Interest Period therefor, in lieu of making any payment pursuant to this Section 2.4(b) in respect of any such LIBOR Rate Loan prior to the last day of the Interest Period therefor, the Borrower may, in its sole discretion, deposit an amount sufficient to make any such prepayment otherwise required to be made thereunder together with accrued interest to the last day of such Interest Period into an account held at, and subject to the sole control of, the Administrative Agent (or at an unaffiliated financial institution at the Administrative Agent's sole discretion) until the last day of such Interest Period, at which time the Administrative Agent shall be authorized (without any further action by or notice to or from the Borrower or any other Credit Party) to apply such amount to the prepayment of such Term Loan in accordance with this Section 2.4(b). Upon the occurrence and during the continuance of any Default or Event of Default, the Administrative Agent shall also be authorized (without any further action by or notice to or from the Borrower or any other Credit Party) to apply such amount to the prepayment of the outstanding Term Loan balance in accordance with the relevant provisions of this Section 2.4(b).

(c) No Reborrowings. Amounts prepaid under the Term Loan pursuant to this Section 2.4 may not be reborrowed.

SECTION 2.5 Call Premium. In the event that, on or prior to the date that is twelve (12) months after the Closing Date, the Borrower (i) makes any prepayment of the Term Loan in connection with any Repricing Transaction (as defined below) or (ii) effects any amendment of this Agreement resulting in a Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each applicable Lender, a fee in an amount equal to (x) in the case of clause (i), a prepayment premium of

1.0% of the principal amount of the Term Loan being prepaid and (y) in the case of clause (ii), a payment equal to 1.0% of the aggregate principal amount of the applicable Term Loan outstanding immediately prior to such amendment. Such fees shall be due and payable within three (3) Business Days of the date of the effectiveness of such Repricing Transaction. For the purpose of this Section 2.5, "Repricing Transaction" means (x) any prepayment or repayment of the Term Loan with the proceeds of, or any conversion of the Term Loan into, any new or replacement tranche of term loans in the nature of what are commonly referred to as "B" term loans and bearing interest with an All-In Yield less than the All-In Yield applicable to the Term Loan (as such comparative yields are determined in a manner consistent with generally accepted financial practices) and (y) any amendment to the pricing terms of the Term Loan that reduces, directly or indirectly, the All-In Yield applicable to the Term Loan, determined as provided above.

ARTICLE III

[RESERVED.]

ARTICLE IV

GENERAL LOAN PROVISIONS

SECTION 4.1 Interest.

(a) Interest Rate Options. Subject to the provisions of this Section, at the election of the Borrower, the Term Loan shall bear interest at (A) the Base Rate plus the Applicable Margin or (B) the LIBOR Rate plus the Applicable Margin. The Borrower shall select the rate of interest and Interest Period, if any, applicable to the Term Loan at the time a Notice of Borrowing is given or at the time a Notice of Conversion/Continuation is given pursuant to Section 4.2. Any portion of the Term Loan as to which the Borrower has not duly specified an interest rate as provided herein shall be deemed a Base Rate Loan. If the Borrower elects a LIBOR Rate Loan in any Notice of Borrowing or Notice of Conversion/Continuation, but fails to specify the Interest Period applicable thereto, it shall be deemed to have elected a one-month Interest Period.

(b) Interest Periods. In connection with each LIBOR Rate Loan, the Borrower, by giving notice at the times described in Section 2.2 or 4.2, as applicable, shall elect an interest period (each, an "Interest Period") to be applicable to such LIBOR Rate Loan, which Interest Period shall be a period of one (1), two (2), three (3) or six (6) months or, if agreed by all of the relevant Lenders, twelve (12) months; provided that:

(i) the Interest Period shall commence on the date of advance of or conversion to any LIBOR Rate Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

(ii) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, that if any Interest Period with respect to a LIBOR Rate Loan would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

(iii) any Interest Period with respect to a LIBOR Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month at the end of such Interest Period;

(iv) no Interest Period shall extend beyond the Maturity Date; and

(v) there shall be no more than twelve (12) Interest Periods in effect at any time.

(c) Default Rate. Subject to Section 11.3, (i) immediately upon the occurrence and during the continuance of an Event of Default under Section 11.1(a), (b), (i) or (j), or (ii) at the election of the Required Lenders (or the Administrative Agent at the direction of the Required Lenders), upon the occurrence and during the continuance of any other Event of Default, (A) the Borrower shall no longer have the option to request LIBOR Rate Loans, (B) all outstanding such LIBOR Rate Loans shall bear interest at a rate per annum of two percent (2%) in excess of the rate then applicable to LIBOR Rate Loans until the end of the applicable Interest Period and thereafter at a rate equal to two percent (2%) in excess of the rate then applicable to Base Rate Loans, and (C) all outstanding Base Rate Loans and other Obligations arising hereunder or under any other Loan Document shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate then applicable to Base Rate Loans or such other Obligations arising hereunder or under any other Loan Document. Interest shall continue to accrue on the Obligations after the filing by or against the Borrower of any petition seeking any relief in bankruptcy or under any act or law pertaining to insolvency or debtor relief, whether state, federal or foreign. Such interest shall be payable on demand of the Administrative Agent.

(d) Interest Payment and Computation. Interest on each Base Rate Loan shall be due and payable in arrears on the last Business Day of each calendar quarter commencing March 31, 2020; and interest on each LIBOR Rate Loan shall be due and payable on the last day of each Interest Period applicable thereto, and if such Interest Period extends over three (3) months, at the end of each three (3) month interval during such Interest Period. All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to LIBOR) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on the Term Loan for the day on which it is made, and shall not accrue on the Term Loan, or any portion thereof, for the day on which the Term Loan or such portion is paid, provided that any portion of the Term Loan that is repaid on the same day on which it is made shall, subject to Section 4.4(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(e) Maximum Rate. In no contingency or event whatsoever shall the aggregate of all amounts deemed interest or loan charges under this Agreement charged or collected pursuant to the terms of this Agreement exceed the amount collectible at the highest rate permissible under any Applicable Law that a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such a court determines that the Lenders have charged or received interest or loan charges hereunder in excess of the amount collectible at the highest permissible rate, the rate in effect hereunder shall automatically be reduced to the maximum rate permitted by Applicable Law and the Lenders shall at the Administrative Agent's option (i) promptly refund to the Borrower any interest or loan charges received by the Lenders in excess of the amount collectible at the maximum lawful rate or (ii) apply such excess to the principal balance of the Obligations on a pro rata basis. It is the intent hereof that the Borrower not pay or contract to pay, and that neither the Administrative Agent nor any Lender receive or contract to receive, directly or indirectly in any manner whatsoever, interest or loan charges in excess of those that may be paid by the Borrower under Applicable Law.

SECTION 4.2 Notice and Manner of Conversion or Continuation of Term Loan. Provided that no Default or Event of Default has occurred and is then continuing, the Borrower shall have the option to (a) convert at any time following the third Business Day after the Closing Date all or any portion of any outstanding Base Rate Loans in a principal amount equal to $3,000,000 or any whole multiple of $1,000,000 in excess thereof into one or more LIBOR Rate Loans and (b) upon the expiration of any Interest Period, (i) convert all or any part of its outstanding LIBOR Rate Loans in a principal amount equal to $2,000,000 or a whole multiple of $1,000,000 in excess thereof into Base Rate Loans or (ii) continue such LIBOR Rate Loans as LIBOR Rate Loans. Whenever the Borrower desires to convert or continue any portion of the Term Loan as provided above, the Borrower shall give the Administrative Agent irrevocable prior written notice in the form attached as ***Exhibit E*** (a "Notice of Conversion/Continuation") not later than 2:00 p.m. three (3) Business Days before the day on which a proposed conversion or continuation of such portion is to be effective specifying (A) the portion of the Term Loan to be converted or continued, and, in the case of any LIBOR Rate Loan to be converted or continued, the last day of the Interest Period therefor, (B) the effective date of such conversion or continuation (which shall be a Business Day), (C) the principal amount of such portion of the Term Loan to be converted or continued, and (D) the Interest Period to be applicable to such converted or continued LIBOR Rate Loan. The Administrative Agent shall promptly notify the Lenders of such Notice of Conversion/Continuation. In the event the Borrower shall fail to give any required notice as described in this Section 4.2 or if such continuation or conversion is not permitted pursuant to the terms of this Agreement, any LIBOR Rate Loans shall be automatically converted to Base Rate Loans on the last day of the then expiring Interest Period.

SECTION 4.3 Fees.

(a) [Reserved].

(b) Administrative Agent's and Other Fees. The Borrower shall pay to the Arrangers and the Administrative Agent for their own respective accounts and the account of each Lender fees in the amounts and at the times specified in the applicable Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

SECTION 4.4 Manner of Payment.

(a) Each payment by the Borrower on account of the principal of or interest on the Term Loan or of any fee, commission or other amounts payable to the Lenders under this Agreement shall be made not later than 2:00 p.m. on the date specified for payment under this Agreement to the Administrative Agent at the Administrative Agent's Office for the account of the Lenders entitled to such payment in Dollars, in immediately available funds, and shall be made without any set-off, counterclaim or deduction whatsoever. Any payment received after 2:00 p.m. may, in the Administrative Agent's discretion, be deemed to have been made on the next succeeding Business Day for all purposes. Upon receipt by the Administrative Agent of each such payment, the Administrative Agent shall distribute to each Lender at its address for notices set forth herein its Term Loan Percentage thereof (except as specified below) and shall wire advice of the amount of such credit to each Lender. Payment of the Administrative Agent's fees or expenses shall be made for the account of the Administrative Agent, and any amount payable to any Lender under Sections 4.9, 4.10, 4.11 or 13.3 shall be paid to the Administrative Agent for the account of the applicable Lender. Subject to Section 4.1(b)(ii) if any payment under this Agreement shall be specified to be made upon a day that is not a Business Day, it shall be made on the next succeeding day that is a Business Day and such extension of time shall in such case be included in computing any interest if payable along with such payment.

(b) Defaulting Lenders. Notwithstanding the foregoing clause (a), if there exists a Defaulting Lender, each payment by the Borrower to such Defaulting Lender hereunder shall be applied in accordance with Section 4.15(a)(ii).

SECTION 4.5 Evidence of Indebtedness.

(a) Extensions of Credit. The Extensions of Credit made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be presumed correct absent manifest error of the amount of the Extensions of Credit made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Term Loan, in addition to such accounts or records. Each Lender may attach schedules to its Notes and endorse thereon the date, amount and maturity of its portion of the Term Loan and payments with respect thereto.

(b) [Reserved.]

SECTION 4.6 Adjustments. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its portion of the Term Loan or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the Term Loan and accrued interest thereon or other such obligations (other than pursuant to Sections 4.9, 4.10, 4.11 or 13.3) greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Term Loan and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective portions of the Term Loan and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and

(ii) the provisions of this Section 4.6 shall not be construed to apply to (A) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (B) [reserved] or (C) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any portion of the Term Loan to any assignee or participant, other than to the Borrower or any Restricted Subsidiary thereof (as to which the provisions of this paragraph shall apply).

Each Credit Party consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Credit Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Credit Party in the amount of such participation.

SECTION 4.7 Nature of Obligations of Lenders Regarding Extensions of Credit; Assumption by the Administrative Agent. The obligations of the Lenders under this Agreement to make the Term Loan are several and are not joint or joint and several. Unless the Administrative Agent shall have received notice from a Lender prior to a proposed borrowing date that such Lender will not make available to the Administrative Agent such Lender's ratable portion of the amount to be borrowed on such date (which notice shall not release such Lender of its obligations hereunder), the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the proposed borrowing date in accordance with Section 2.2, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If such amount is made available to the Administrative Agent on a date after such borrowing date, such Lender shall pay to the Administrative Agent on demand an amount, until paid, equal to the product of (a) the amount not made available by such Lender in accordance with the terms hereof, times (b) the daily average Federal Funds Rate during such period as determined by the Administrative Agent, times (c) a fraction the numerator of which is the number of days that elapse from and including such borrowing date to the date on which such amount not made available by such Lender in accordance with the terms hereof shall have become immediately available to the Administrative Agent and the denominator of which is 360. A certificate of the Administrative Agent with respect to any amounts owing under this Section shall be presumed correct, absent manifest error. If such Lender's Term Loan Commitment Percentage of such borrowing is not made available to the Administrative Agent by such Lender within three (3) Business Days after such borrowing date, the Administrative Agent shall be entitled to recover such amount made available by the Administrative Agent with interest thereon at the rate per annum applicable to Base Rate Loans hereunder, on demand, from the Borrower. The failure of any Lender to make available its Term Loan Commitment Percentage of the Term Loan requested by the Borrower shall not relieve it or any other Lender of its obligation, if any, hereunder to make its Term Loan Commitment Percentage of the Term Loan available on the borrowing date, but no Lender shall be responsible for the failure of any other Lender to make its Term Loan Commitment Percentage of the Term Loan available on the borrowing date.

SECTION 4.8 Changed Circumstances.

(a) Temporary Circumstances Affecting LIBOR Rate Availability. Except in the case of circumstances described in Section 4.8(b), if the Required Lenders determine that for any reason in connection with any request for a LIBOR Rate Loan or a conversion to or continuation thereof that (i) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such LIBOR Rate Loan, (ii) adequate and reasonable means do not exist for determining LIBOR for any requested Interest Period with respect to a proposed LIBOR Rate Loan, or (iii) because of changes in circumstances affecting foreign exchange and interbank markets generally LIBOR for any requested Interest Period with respect to a proposed LIBOR Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding the Term Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain LIBOR Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of LIBOR Rate Loans or, failing that, will be deemed to have converted such request into a request for a borrowing of Base Rate Loans hereunder in the amount specified therein.

(b) Non-Temporary Circumstances Affecting LIBOR Rate Availability. Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to Borrower) that the Borrower or Required Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period, including because the LIBOR Screen Rate is not available or published on a current basis, and such circumstances are unlikely to be temporary; or

(ii) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available or used for determining the interest rate of loans (such specific date, the "Scheduled Unavailability Date"), or

(iii) syndicated loans currently being executed, or that include language similar to that contained in this Section, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR,

then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), giving due consideration to any evolving or then existing convention for similar U.S. dollar-denominated syndicated credit facilities for such alternative benchmarks (any such proposed rate, a "LIBOR Successor Rate"), together with any proposed LIBOR Successor Rate Conforming Changes, and any such amendment shall become effective at 5:00 p.m. (New York time) on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders do not accept such amendment.

If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain LIBOR Rate Loans shall be suspended, (to the extent of the affected LIBOR Rate Loans or Interest Periods), and (y) the LIBOR Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of LIBOR Rate Loans (to the extent of the affected LIBOR Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a borrowing of Base Rate Loans (subject to the foregoing clause (y)) in the amount specified therein. Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than zero for purposes of this Agreement.

(c) Laws Affecting LIBOR Rate Availability. If, after the date hereof, any Change in Law shall make it unlawful or impossible for any of the Lenders (or any of their respective Lending Offices) to honor its obligations hereunder to make or maintain any LIBOR Rate Loan, or to determine or charge interest rates based upon the LIBOR Rate, or any Governmental Authority imposes material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank markets, such Lender shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to the Borrower and the other Lenders. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, (i) the obligations of such Lender to make or continue LIBOR Rate Loans and the right of the Borrower to convert any portion of the Term Loan or continue any portion of the Term Loan as a LIBOR Rate Loan shall be suspended and thereafter the Borrower may select only Base Rate Loans hereunder, and (ii) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), repay or, if applicable, convert all LIBOR Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such LIBOR Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBOR Rate Loans. Upon any such repayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

SECTION 4.9 Indemnity. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any portion of the Term Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such portion of the Term Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make its portion of the Term Loan) to prepay, borrow, continue or convert any portion of the Term Loan other than a Base Rate Loan on the date or in the amount notified by the Borrower; or

(c) any assignment of a LIBOR Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 4.12(b);

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such portion of the Term Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 4.9, each Lender shall be deemed to have funded each LIBOR Rate Loan made by it at LIBOR used in determining the LIBOR Rate for such LIBOR Rate Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such LIBOR Rate Loan was in fact so funded.

SECTION 4.10 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, any Lender (except any reserve requirement reflected in the LIBOR Rate);

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or LIBOR Rate Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining its portion of the Term Loan (or of maintaining its obligation to make its portion of such Term Loan), or to reduce the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon written request of such Lender or other Recipient, the Borrower shall promptly pay to any such Lender, or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the portion of the Term Loan made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time upon written request of such Lender the Borrower shall promptly pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or such other Recipient setting forth the amount or amounts necessary to compensate such Lender, such other Recipient or any of their respective holding companies, as the case may be, as specified in paragraphs (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender or such other Recipient, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or such other Recipient to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such other Recipient's right to demand such compensation; provided that the Borrower shall not be required to compensate any Lender or any other Recipient pursuant to this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that such Lender or such other Recipient, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or such other Recipient's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 4.11 Taxes.

(a) [Reserved.]

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that, after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section), the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. Without limiting the provisions of paragraph (b) above, the Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Recipient (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Recipient, shall be presumed correct absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 13.11(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as is reasonably practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 4.11, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return (if any) reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 4.11(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person:

(A) Any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from United States federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of ***Exhibit H-1*** to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of ***Exhibit H-2*** or ***Exhibit H-3***, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of ***Exhibit H-4*** on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in United States federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to United States federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) [Reserved].

(i) Treatment of Certain Refunds. If the Administrative Agent or a Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 4.11 (including by the payment of additional amounts pursuant to this Section 4.11), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (i) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (i), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (i) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(j) Survival. Without prejudice to the survival of any other agreement of the Borrower hereunder, each party's obligations under this Section 4.11 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 4.12 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 4.10, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 4.11, then such Lender shall, at the request of the Borrower, use reasonable efforts to designate a different lending office for funding or booking its portion of the Term Loan hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 4.10 or Section 4.11, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 4.10, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 4.11, and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 4.12(a), or if any Lender is a Defaulting Lender, a Non-Extending Lender or a Restricted Lender (as defined below), then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 13.10), all of its interests, rights (other than its existing rights to payments pursuant to Section 4.10 or Section 4.11) and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 13.10,

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its portion of the Term Loan, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 4.9) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts),

(iii) in the case of any such assignment resulting from a claim for compensation under Section 4.10 or payments required to be made pursuant to Section 4.11, such assignment will result in a reduction in such compensation or payments thereafter,

(iv) in the case of any such assignment by a Restricted Lender, the assignee must have approved in writing the substance of the amendment, waiver or consent which caused the assignor to be a Restricted Lender; and

(v) such assignment does not conflict with Applicable Law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. For the purposes of this Section 4.12, a "Restricted Lender" means a Lender that fails to approve an amendment, waiver or consent requested by the Credit Parties pursuant to Section 13.2 that has received the written approval of not less than the Required Lenders but also requires the approval of such Lender.

SECTION 4.13 Security. The Obligations of the Borrower shall be secured as provided in the Security Documents.

SECTION 4.14 [Reserved.]

SECTION 4.15 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and Section 13.2.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article X or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 13.4 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrower may request (so long as no Default or Event of Default exists), to any funding of the Term Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Term Loan and funded participations under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (1) such payment is a payment of the principal amount of any funding of the Term Loan in respect of which such Defaulting Lender has not fully funded its appropriate share, and (2) such funding of the Term Loan was made at a time when the conditions set forth in Section 5.1 were satisfied or waived, such payment shall be applied solely to pay the portions of the Term Loan held by all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of such Defaulting Lender's portion of the Term Loan until such time as the Term Loan is held by the Lenders pro rata in accordance with the applicable Term Loan Commitment Percentage under the Credit Facility. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 4.15(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) [Reserved.]

(iv) [Reserved.]

(v) [Reserved.]

(vi) [Reserved.]

(b) Defaulting Lender Cure. If the Borrower and the Administrative Agent, agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, such Lender will, to the extent applicable, purchase at par those portions of the outstanding Term Loan of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Term Loan to be held pro rata by the Lenders in accordance with their Term Loan Percentages, whereupon such Lender will cease to be a Defaulting Lender; provided that the agreement of the Borrower shall not be required during the occurrence and continuation of a Default or Event of Default; and provided, further, that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE V

CONDITIONS OF CLOSING AND BORROWING

SECTION 5.1 Conditions to Closing and Initial Extensions of Credit. The obligation of the Lenders to close this Agreement and to make the Term Loan is subject to the satisfaction of each of the following conditions:

(a) Executed Loan Documents. This Agreement, a Note in favor of each Lender requesting one, the Security Documents, together with any other applicable Loan Documents, shall have been duly authorized, executed and delivered to the Administrative Agent by the parties thereto, shall be in full force and effect and no Default or Event of Default shall exist hereunder or thereunder.

(b) Closing Certificates; Etc. The Administrative Agent shall have received each of the following in form and substance reasonably satisfactory to the Administrative Agent:

(i) Officer's Certificate of the Borrower. A certificate from the chief financial officer of the Borrower to the effect that all representations and warranties of the Borrower contained in this Agreement and the other Loan Documents that are subject to materiality or Material Adverse Effect qualifications are true, correct and complete in all respects and that all other representations and warranties of the Borrower contained in this Agreement and the other Loan Documents are true, correct and complete in all material respects; that none of the Credit Parties is in violation of any of the covenants contained in this Agreement and the other Loan Documents; that, after giving effect to the Transactions, no Default or Event of Default has occurred and is continuing; and that each of the Credit Parties, as applicable, has satisfied each of the conditions set forth in this Section 5.1 that has not been waived.

(ii) Certificate of Secretary of each Credit Party. A certificate of the secretary or assistant secretary or other Responsible Officer of each Credit Party certifying as to the incumbency and genuineness of the signature of each officer of such Credit Party executing Loan Documents to which it is a party and certifying that attached thereto is a true, correct and complete copy of (A) the articles or certificate of incorporation or formation of such Credit Party and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation or formation, (B) the bylaws or other governing document of such Credit Party as in effect on the Closing Date, (C) resolutions duly adopted by the sole member, board of directors or other governing body of such Credit Party authorizing the transactions contemplated hereunder and the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party, and (D) each certificate required to be delivered pursuant to Section 5.1(b)(iii).

(iii) Certificates of Good Standing. Certificates as of a recent date of the good standing of each Credit Party under the laws of its jurisdiction of organization and, to the extent requested by the Administrative Agent, each other jurisdiction where such Credit Party is qualified to do business and, to the extent available, a certificate of the relevant taxing authorities of such jurisdictions certifying that such Credit Party has filed required tax returns and owes no delinquent taxes.

(iv) Opinions of Counsel. Favorable opinions of counsel to the Credit Parties addressed to the Administrative Agent and the Lenders with respect to the Credit Parties, the Loan Documents and such other matters as the Lenders shall request (which such opinions shall expressly permit reliance by permitted successors and assigns of the addressees thereof).

(v) Tax Forms. If applicable, copies of the United States Internal Revenue Service forms required by Section 4.11(g).

(c) [Reserved].

(d) Consents; Defaults.

(i) Governmental and Third Party Approvals. The Credit Parties shall have received all material governmental, shareholder and third party consents and approvals necessary (or any other material consents as determined in the reasonable discretion of the Administrative Agent) in connection with the Transactions and all applicable waiting periods shall have expired without any action being taken by any Person that could reasonably be expected to restrain, prevent or impose any material adverse conditions on any of the Credit Parties or such other transactions or that could seek or threaten any of the foregoing, and no Applicable Law in the reasonable judgment of the Administrative Agent could reasonably be expected to have such effect.

(ii) No Injunction, Etc. No action, proceeding, investigation, regulation or legislation shall have been instituted or overtly threatened in writing before any Governmental Authority to enjoin, restrain or prohibit, or to obtain substantial damages in respect of, or that is related to or arises out of, this Agreement or the other Loan Documents or the consummation of the Transactions.

(e) Financial Matters.

(i) Financial Projections. The Administrative Agent shall have received pro forma Consolidated financial statements for the Borrower and its Restricted Subsidiaries, and forecasts prepared by management of the Borrower, of balance sheets, income statements and cash flow statements on an annual basis for each year during the term of the Credit Facility.

(ii) Financial Condition Certificate. The Borrower shall have delivered to the Administrative Agent a certificate, in form and substance satisfactory to the Administrative Agent, and certified as accurate by a Responsible Officer, that (A) after giving effect to the Transactions, the

Borrower and its Restricted Subsidiaries are Solvent, (B) attached thereto are calculations evidencing compliance on a pro forma basis after giving effect to the Transactions with the covenants contained in Article IX, and (C) the financial projections previously delivered to the Administrative Agent represent the good faith estimates (utilizing assumptions believed by management of the Borrower to be reasonable) of the financial condition and operations of the Borrower and its Restricted Subsidiaries.

(iii) Payment at Closing; Fee Letters. The Borrower shall have paid to the Administrative Agent, the Arrangers and the Lenders the fees set forth or referenced in Section 4.3 that are then due and any other accrued and unpaid fees or commissions, to the extent invoiced, due hereunder (including legal fees and expenses) and to any other Person such amount as may be due thereto in connection with the transactions contemplated hereby, including all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of any of the Loan Documents.

(f) Property and Liability Insurance. The Administrative Agent shall have received, in each case in form and substance reasonably satisfactory to the Administrative Agent, evidence of property, business interruption and liability insurance complying with Section 8.3.

(g) Miscellaneous.

(i) Notice of Borrowing. The Administrative Agent shall have received a Notice of Borrowing from the Borrower in accordance with Section 2.2, and a Notice of Account Designation specifying the account or accounts to which the proceeds of the Term Loan are to be disbursed.

(ii) Due Diligence. The Administrative Agent shall have completed, to its reasonable satisfaction, all legal, tax, business and other due diligence with respect to the business, assets, liabilities, operations and condition (financial or otherwise) of the Borrower and its Subsidiaries in scope and determination reasonably satisfactory to the Administrative Agent in its sole discretion.

(iii) PATRIOT Act, Etc.

(A) The Borrower and each of the Subsidiary Guarantors shall have provided to the Administrative Agent, the Arrangers and the Lenders the documentation and other information requested by the Administrative Agent in order to comply with requirements of the PATRIOT Act, applicable “know your customer” and anti-money laundering rules and regulations not less than five Business Days prior to the Closing Date.

(B) The Borrower and each of the Subsidiary Guarantors shall have provided to the Administrative Agent, and directly to any Lender requesting the same, a Beneficial Ownership Certification in relation to it (or a certification that such Borrower qualifies for an express exclusion from the “legal entity customer” definition under the Beneficial Ownership Regulations), in each case at least five (5) Business Days prior to the Closing Date.

(iv) Other Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to the Administrative Agent. The Administrative Agent shall have received copies of all other documents, certificates and instruments reasonably requested thereby with respect to the transactions contemplated by this Agreement.

Without limiting the generality of the provisions of the last paragraph of Section 12.3, for purposes of determining compliance with the conditions specified in this Section 5.1, the Administrative Agent and each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

SECTION 5.2 [Reserved].

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF THE BORROWER

SECTION 6.1 Representations and Warranties. To induce the Administrative Agent and Lenders to enter into this Agreement and to induce the Lenders to make Extensions of Credit, the Borrower hereby represents and warrants to the Administrative Agent and Lenders both before and after giving effect to the transactions contemplated hereunder that:

(a) Organization; Power; Qualification. Each of the Borrower and its Restricted Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, has the power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted and is duly qualified and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification and authorization except in jurisdictions where the failure to be so qualified or in good standing could not reasonably be expected to result in a Material Adverse Effect. The jurisdictions in which the Borrower and its Restricted Subsidiaries are organized and qualified to do business as of the Closing Date are described on Schedule 6.1(a).

(b) Ownership. Each Subsidiary of the Borrower as of the Closing Date is listed on Schedule 6.1(b). As of the Closing Date, the capitalization of the Subsidiaries of the Borrower consists of the number of shares or other interests, authorized, issued and outstanding, of such classes and series, with or without par value, described on Schedule 6.1(b). As of the Closing Date, all outstanding shares of the Capital Stock of the Borrower's Subsidiaries have been duly authorized and validly issued and are fully paid and nonassessable, with no personal liability attaching to the ownership thereof, and not subject to any preemptive or similar rights, except as described in Schedule 6.1(b). The shareholders, members or partners, as applicable, of each Subsidiary of the Borrower and the number of shares owned by each as of the Closing Date are described on Schedule 6.1(b). As of the Closing Date, there are no outstanding stock purchase warrants, subscriptions, options, securities, instruments or other rights of any type or nature whatsoever that are convertible into, exchangeable for or otherwise provide for or permit the issuance of Capital Stock of the Subsidiaries of the Borrower, except as described on Schedule 6.1(b).

(c) Authorization of Agreement, Loan Documents and Borrowing. Each of the Borrower and its Restricted Subsidiaries has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party in accordance with their respective terms. This Agreement and each of the other Loan Documents have been duly executed and delivered by duly authorized officers or other representatives of the Borrower and each of its Restricted Subsidiaries party thereto, and each such document constitutes the legal, valid and binding obligation of the Borrower or the Restricted Subsidiary party thereto, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect that affect the enforcement of creditors' rights and the availability of equitable remedies.

(d) Compliance of Agreement, Loan Documents and Borrowing with Laws, Etc. The execution, delivery and performance by the Borrower and its Restricted Subsidiaries of the Loan Documents to which each such Person is a party, in accordance with their respective terms, the Extensions of Credit hereunder and the transactions contemplated hereby do not and will not, by the passage of time, the giving of notice or otherwise, (i) require any Governmental Approval or violate any Applicable Law relating to the Borrower or any of its Restricted Subsidiaries where the failure to obtain such Governmental Approval or such violation of Applicable Law could reasonably be expected to have a Material Adverse Effect, (ii) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws or other organizational documents of the Borrower or any of its Restricted Subsidiaries, (iii) conflict with, result in a breach of or constitute a default under any indenture, agreement or other instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval relating to such Person that could reasonably be expected to have a Material Adverse Effect, (iv) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person other than Liens arising under the Loan Documents and Permitted Liens or (v) require any consent or authorization of, filing with, or other act in respect of, an arbitrator or Governmental Authority, and no consent of any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement other than consents, authorizations, filings or other acts or consents that have been obtained or made or for which the failure to obtain or make could not reasonably be expected to have a Material Adverse Effect and other than consents or filings under the UCC and recording of any Mortgages.

(e) Compliance with Law; Governmental Approvals. Each of the Borrower and its Restricted Subsidiaries (i) has all Governmental Approvals required by any Applicable Law for it to conduct its business, each of which is in full force and effect, is final and not subject to review on appeal and is not the subject of any pending or, to its knowledge, threatened challenge by direct or collateral proceeding, (ii) is in compliance with each Governmental Approval applicable to it and in compliance with all other Applicable Laws relating to it or any of its respective properties and (iii) has timely filed all reports, documents and other materials required to be filed by it under all Applicable Laws with any Governmental Authority and has retained all records and documents required to be retained by it under Applicable Law, except in each case under clause (i), (ii) or (iii) above, where the failure to have, comply or file could not reasonably be expected to have a Material Adverse Effect.

(f) Tax Returns and Payments. Each of the Borrower and its Restricted Subsidiaries has duly filed or caused to be filed all federal, state, local and other material tax returns required by Applicable Law to be filed, and has paid, or made adequate provision for the payment of, all federal, state, local and other material taxes, assessments and governmental charges or levies upon it and its property, income, profits and assets prior to any delinquency. Such returns accurately reflect in all material respects all material liabilities for taxes of the Borrower and its Restricted Subsidiaries for the periods covered thereby. There is no ongoing audit or examination or, to the knowledge of the Borrower, other investigation by any Governmental Authority of the tax liability of the Borrower and its Restricted Subsidiaries. No Governmental Authority has asserted any Lien or other claim against the Borrower or any Restricted Subsidiary with respect to unpaid taxes that has not been discharged or resolved other than Permitted Liens. The charges, accruals and reserves on the books of the Borrower and any of its Restricted Subsidiaries in respect of federal, state, local and other taxes for all Fiscal Years and portions thereof since the organization of the Borrower and any of its Restricted Subsidiaries are in the judgment of the Borrower adequate, and the Borrower does not anticipate any additional taxes or assessments for any of such years.

(g) Intellectual Property Matters. Each of the Borrower and its Restricted Subsidiaries owns or possesses rights to use all material franchises, licenses, copyrights, copyright applications, patents, patent rights or licenses, patent applications, trademarks, trademark rights, service mark, service mark rights, trade names, trade name rights, copyrights and other rights with respect to the foregoing that are reasonably necessary to conduct its business. No event has occurred that permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights, and neither the Borrower nor any Restricted Subsidiary thereof is liable to any Person for infringement under Applicable Law with respect to any such rights as a result of its business operations except as could not reasonably be expected to have a Material Adverse Effect.

(h) Environmental Matters. Except to the extent that any of the following, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

(i) To the knowledge of the Borrower, the properties owned, leased or operated by the Borrower and its Subsidiaries now or in the past do not contain, and have not previously contained, any Hazardous Materials in amounts or concentrations that (A) constitute or constituted a violation of applicable Environmental Laws or (B) could reasonably be expected to give rise to liability under applicable Environmental Laws;

(ii) The Borrower, each of its Subsidiaries and such properties and all operations conducted in connection therewith are in compliance, and have been in compliance, with all applicable Environmental Laws, and to the knowledge of the Borrower there is no contamination at, under or about such properties or such operations that could interfere with the continued operation of such properties or impair the fair saleable value thereof;

(iii) Neither the Borrower nor any Subsidiary thereof has received from any Governmental Authority, any written notice of violation, alleged violation, non-compliance, liability or potential liability regarding Hazardous Materials or compliance with Environmental Laws, nor does the Borrower or any Subsidiary thereof have knowledge or reason to believe that any such notice will be received or is being threatened;

(iv) To the knowledge of the Borrower, Hazardous Materials have not been transported or disposed of to or from the properties owned, leased or operated by the Borrower and its Subsidiaries in violation of, or in a manner or to a location that could give rise to liability under, Environmental Laws, nor have any Hazardous Materials been generated, treated, stored or disposed of at, on or under any of such properties in violation of, or in a manner that could reasonably be expected to give rise to liability under, any applicable Environmental Laws;

(v) No judicial proceedings or governmental or administrative action is pending, or, to the knowledge of the Borrower, overtly threatened in writing, under any Environmental Law to which the Borrower or any Subsidiary thereof is or, to the Borrower’s knowledge will be, named as a potentially responsible party with respect to such properties or operations conducted in connection therewith, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Borrower, any Subsidiary or such properties or such operations; and

(vi) To the knowledge of the Borrower, there has been no release of Hazardous Materials at or from properties owned, leased or operated by the Borrower or any Subsidiary, now or in the past, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws.

(i) ERISA.

(i) As of the Closing Date, neither the Borrower nor any ERISA Affiliate maintains or contributes to, or has any obligation under, any Pension Plans or Multiemployer Plans other than those identified on Schedule 6.1(i);

(ii) The Borrower and each other Credit Party is in material compliance with all applicable provisions of ERISA and the regulations and published interpretations thereunder, including the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, with respect to all Employee Benefit Plans except for any required amendments for which the remedial amendment period as defined in Section 401(b) of the Code has not yet expired and except where a failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be so qualified (or the Borrower is entitled to rely on an opinion letter issued by the Internal Revenue Service to the sponsor of a prototype plan), and each trust related to such plan has been determined to be exempt under Section 501(a) of the Code except for such plans that have not yet received determination letters but for which the remedial amendment period for submitting a determination letter (or an application for an opinion letter) has not yet expired. No unsatisfied liability for any taxes or penalties has been incurred by the Borrower or any other Credit Party with respect to any Employee Benefit Plan, or by any other ERISA Affiliate with respect to any Pension Plan or Multiemployer Plan, except for a liability that could not reasonably be expected to have a Material Adverse Effect;

(iii) As of the Closing Date, no Pension Plan has been terminated, nor has any accumulated funding deficiency (as defined in Section 412 of the Code) been incurred (without regard to any waiver granted under Section 412 of the Code), nor has any funding waiver from the Internal Revenue Service been received or requested with respect to any Pension Plan, nor has the Borrower or any ERISA Affiliate failed to make any contributions or to pay any amounts due and owing as required by Section 412 of the Code, Section 302 of ERISA or the terms of any Pension Plan prior to the due dates of such contributions under Section 412 of the Code or Section 302 of ERISA, nor has there been any event requiring any disclosure under Section 4041(c)(3)(C) or 4063(a) of ERISA with respect to any Pension Plan;

(iv) Except where the failure of any of the following representations to be correct in all material respects could not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any ERISA Affiliate has: (A) incurred any liability to the PBGC that remains outstanding other than the payment of premiums and there are no premium payments that are due and unpaid, (B) failed to make a required contribution or payment to a Multiemployer Plan, or (C) failed to make a required installment or other required payment under Section 412 of the Code;

(v) No Termination Event has occurred or is reasonably expected to occur;

(vi) Except where the failure of any of the following representations to be correct in all material respects could not reasonably be expected to have a Material Adverse Effect, no proceeding, claim (other than a benefits claim in the ordinary course of business), lawsuit and/or investigation is existing or, to the best knowledge of the Borrower after due inquiry, threatened concerning or involving any (A) employee welfare benefit plan (as defined in Section 3(1) of ERISA) currently maintained or contributed to by the Borrower or any other Credit Party, (B) Pension Plan or (C) Multiemployer Plan; and

(vii) As of the Closing Date, the Borrower is not and will not be using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Term Loan.

(j) Margin Stock. Neither the Borrower nor any Restricted Subsidiary is engaged principally or as one of its activities in the business of extending credit for the purpose of “purchasing” or “carrying” any “margin stock” (as each such term is defined or used in Regulation U of the Board of Governors of the Federal Reserve System). No part of the proceeds of the Term Loan will be used for purchasing or carrying margin stock in violation of, or for any purpose that violates the provisions of, Regulation T, U or X of such Board of Governors. Following the application of the proceeds of each borrowing hereunder, not more than 25% of the aggregate value of the assets of the Borrower and its Subsidiaries on a consolidated basis that are subject to the provisions of Section 10.2 or Section 10.4, or that are subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 11.1(g), will be margin stock.

(k) Government Regulation. Neither the Borrower nor any Restricted Subsidiary is an “investment company” or a company “controlled” by an “investment company” (as each such term is defined or used in the Investment Company Act of 1940, as amended) or any other Applicable Law that limits its ability to incur or consummate the transactions contemplated hereby.

(l) Material Indebtedness. Schedule 6.1(l) sets forth a complete and accurate list of all Material Indebtedness of the Borrower and its Restricted Subsidiaries in effect as of the Closing Date not listed on any other Schedule hereto; other than as set forth in Schedule 6.1(l), each indenture, contract or agreement executed in connection with such Material Indebtedness is, and after giving effect to the consummation of the transactions contemplated by the Loan Documents will be, in full force and effect in accordance with the terms thereof. To the extent requested by the Administrative Agent, the Borrower and its Restricted Subsidiaries have delivered or otherwise made available to the Administrative Agent a true and complete copy of each indenture, contract or agreement executed in connection with the Material Indebtedness required to be listed on Schedule 6.1(l) or any other Schedule hereto. Neither the Borrower nor any Restricted Subsidiary (nor, to the knowledge of the Borrower, any other party thereto) is in breach of or in default under any indenture, contract or agreement executed in connection with any Material Indebtedness in any material respect.

(m) Employee Relations. Each of the Borrower and its Restricted Subsidiaries has a stable work force in place and is not, as of the Closing Date, party to any collective bargaining agreement nor has any labor union been recognized as the representative of its employees except as set forth on Schedule 6.1(m). The Borrower knows of no pending, threatened or contemplated strikes, work stoppage or other collective labor disputes involving its employees or those of its Restricted Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

(n) Burdensome Provisions. Neither the Borrower nor any Restricted Subsidiary thereof is a party to any indenture, agreement, lease or other instrument, or subject to any corporate or partnership restriction, Governmental Approval or Applicable Law that is so unusual or burdensome as in the foreseeable future could be reasonably expected to have a Material Adverse Effect. The Borrower and its Restricted Subsidiaries do not presently anticipate that future expenditures needed to meet the provisions of any statutes, orders, rules or regulations of a Governmental Authority will be so burdensome as to have a Material Adverse Effect. No Restricted Subsidiary is a party to any agreement or instrument or otherwise subject to any restriction or encumbrance that restricts or limits its ability to make dividend payments or other distributions in respect of its Capital Stock to the Borrower or any Restricted

Subsidiary or to transfer any of its assets or properties to the Borrower or any Restricted Subsidiary in each case other than existing under or by reason of the Loan Documents or Applicable Law.

(o) Financial Statements. The Audited Financial Statements and the financial statements delivered by the Borrower to the Administrative Agent pursuant to Sections 7.1(a), 7.1(b) and the last paragraph of Section 7.1 are complete and correct and fairly present on a Consolidated basis the assets, liabilities and financial position of the Borrower and its Subsidiaries as at the respective dates thereof, and the results of the operations and changes of financial position for the periods then ended (other than customary year-end adjustments and the absence of notes for unaudited financial statements). All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP. Such financial statements show all material indebtedness and other material liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including material liabilities for taxes, material commitments, and Indebtedness, in each case, to the extent required to be disclosed under GAAP. All pro forma financial statements delivered by the Borrower to the Administrative Agent were prepared in good faith on the basis of the assumptions stated therein, which assumptions are believed to be reasonable in light of then existing conditions.

(p) No Material Adverse Change. Since December 31, 2018, there has been no material adverse change in the business, assets, operations, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, and no event has occurred or condition arisen that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(q) Solvency. As of the Closing Date and after giving effect to each Extension of Credit made hereunder, the Borrower and its Restricted Subsidiaries on a consolidated basis will be Solvent.

(r) Title to Properties. Each of the Borrower and its Restricted Subsidiaries has such title to or estate in the real property owned or leased by it as is necessary or desirable to the conduct of its business and valid and legal title to all of its personal property and assets, including those reflected on the balance sheets of the Borrower and its Restricted Subsidiaries described in Section 6.1(o), except those disposed of by the Borrower or its Restricted Subsidiaries subsequent to such date, which dispositions are expressly permitted hereunder.

(s) Insurance. The properties of the Borrower and its Restricted Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such self-insurance and deductibles and covering such risks as are customarily maintained by companies engaged in similar businesses and owning similar properties in locations where the Borrower or the applicable Restricted Subsidiary operates.

(t) Liens. None of the properties and assets of the Borrower or any Restricted Subsidiary thereof is subject to any Lien, except Permitted Liens. Neither the Borrower nor any Restricted Subsidiary thereof has signed any financing statement or any security agreement authorizing any secured party thereunder to file any financing statement, except to perfect Permitted Liens.

(u) Litigation. Except for matters existing on the Prior Closing Date and set forth on Schedule 6.1(u), there are no actions, suits or proceedings pending nor, to the knowledge of the Borrower, threatened against or in any other way relating adversely to or affecting the Borrower or any Restricted Subsidiary thereof or any of their respective properties in any court or before any arbitrator of any kind or before or by any Governmental Authority that (i) either individually or in the aggregate, has had, or could reasonably be expected to have, a Material Adverse Effect, or (ii) materially adversely affects any of the Transactions.

(v) Absence of Defaults. No event has occurred or is continuing that constitutes a Default or an Event of Default, or that constitutes, or that with the passage of time or giving of notice or both would constitute, a default or event of default by the Borrower or any Restricted Subsidiary thereof under any Material Indebtedness or any material judgment, decree or order to which the Borrower or its Restricted Subsidiaries is a party or by which the Borrower or its Restricted Subsidiaries or any of their respective properties may be bound or that would require the Borrower or its Restricted Subsidiaries to make any payment thereunder prior to the scheduled maturity date therefor.

(w) Senior Indebtedness Status. The Obligations of the Borrower and each of its Restricted Subsidiaries under this Agreement and each of the other Loan Documents ranks and shall continue to rank at least senior in priority of payment to all Subordinated Indebtedness.

(x) Anti-Terrorism; Anti-Money Laundering; and Anti-Corruption.

(i) Neither the Borrower, nor any of its Subsidiaries, nor, to the knowledge of the Borrower and its Subsidiaries, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (A) currently the subject or target of any Sanctions, (B) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by the OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or HMT or (C) located, organized or resident in a Sanctioned Country.

(ii) The Borrower and its Subsidiaries have conducted their businesses in compliance in all material respects with any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules applicable to the Borrower or its Subsidiaries related to terrorism financing or money laundering, including any applicable provision of the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the "Bank Secrecy Act," 31 U.S.C. §§ 5311-5330 and 12U.S.C. §§ 1818(s), 1820(b) and 1951-1959), and have instituted and maintained policies and procedures designed to promote and achieve compliance by the Borrower and its Subsidiaries with such laws.

(iii) The Borrower and its Subsidiaries have conducted their businesses in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions to which the Borrower or any of its Subsidiaries are subject and have instituted and maintained policies and procedures designed to promote and achieve compliance by the Borrower and its Subsidiaries with such laws.

(y) Disclosure. The financial statements, material reports, material certificates and other material information furnished (whether in writing or orally) by or on behalf of any of the Borrower or any of its Subsidiaries to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished), taken as a whole, do not contain any material misstatement of any material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, pro forma financial information, estimated financial information and other projected or estimated information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed by the management of the Borrower to be reasonable at the time. As of the Closing Date, all of the information included in the Beneficial Ownership Certification is true and correct.

(z) REIT Status. The Borrower qualifies as a REIT and is in compliance with all requirements and conditions imposed under the Code necessary to allow it to maintain such qualification.

(aa) EEA Financial Institutions. No Credit Party is an EEA Financial Institution.

(bb) Covered Entities. No Credit Party is a Covered Entity.

SECTION 6.2 Survival of Representations and Warranties, Etc. All representations and warranties set forth in this Article VI and all representations and warranties contained in any certificate, or any of the Loan Documents (including any such representation or warranty made in or in connection with any amendment thereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made under this Agreement shall be made or deemed to be made at and as of the Closing Date (except those that are expressly made as of a specific date), shall survive the Closing Date and shall not be waived by the execution and delivery of this Agreement, any investigation made by or on behalf of the Lenders or any borrowing hereunder.

ARTICLE VII

FINANCIAL INFORMATION AND NOTICES

Until all of the Obligations have been paid and satisfied in full in cash and unless consent has been obtained in the manner set forth in Section 13.2, the Borrower will furnish or cause to be furnished to the Administrative Agent at the Administrative Agent's Office at the address set forth in Section 13.1 or such other office as may be designated by the Administrative Agent from time to time:

SECTION 7.1 Financial Statements and Projections.

(a) Quarterly Financial Statements. As soon as practicable and in any event within forty-five (45) days (or, if earlier, on the date of any required public filing thereof) after the end of each fiscal quarter of each Fiscal Year (other than the last fiscal quarter of any such Fiscal Year), an unaudited Consolidated balance sheet of the Borrower and its Subsidiaries as of the close of such fiscal quarter and unaudited Consolidated statements of income or operations, stockholders' equity and cash flows for such fiscal quarter, and a report containing management's discussion and analysis of such financial statements for such fiscal quarter and that portion of the Fiscal Year then ended, including the notes thereto, all in reasonable detail setting forth in comparative form the corresponding figures as of the end of and for the corresponding period in the preceding Fiscal Year and prepared by the Borrower in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the period, and certified by the chief financial officer or chief executive officer of the Borrower to present fairly in all material respects the financial condition of the Borrower and its Subsidiaries on a Consolidated basis as of their respective dates and the results of operations of the Borrower and its Subsidiaries for the respective periods then ended, subject to normal year-end adjustments. Delivery by the Borrower to the Administrative Agent of the Borrower's quarterly report to the SEC on Form 10–Q with respect to any fiscal quarter, or the availability of such report on EDGAR Online or the Borrower's website on the Internet at the website address listed in Section 13.1 (to the extent such report complies with the requirements of this clause (a)), within the period specified above shall be deemed to be compliance by the Borrower with this Section 7.1(a).

(b) Annual Financial Statements. As soon as practicable and in any event within ninety (90) days (or, if earlier, on the date of any required public filing thereof) after the end of each Fiscal Year, an audited Consolidated balance sheet of the Borrower and its Subsidiaries as of the close of such Fiscal

Year and audited Consolidated statements of income or operations, stockholders' equity and cash flows for such Fiscal Year, and a report containing management's discussion and analysis of such financial statements for such Fiscal Year, including the notes thereto, all in reasonable detail setting forth in comparative form the corresponding figures as of the end of and for the preceding Fiscal Year and prepared in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the year. Such annual financial statements shall be audited by an independent certified public accounting firm reasonably acceptable to the Administrative Agent, and accompanied by a report and opinion thereon by such certified public accountants prepared in accordance with generally accepted auditing standards that is not subject to any "going concern" or similar qualification or exception or any qualification as to the scope of such audit or with respect to accounting principles followed by the Borrower or any of its Subsidiaries not in accordance with GAAP. Delivery by the Borrower to the Administrative Agent of the Borrower's annual report to the SEC on Form 10-K with respect to any Fiscal Year, or the availability of such report on EDGAR Online or the Borrower's website on the Internet at the website address listed in Section 13.1 (to the extent such report complies with the requirements of this clause (b)), within the period specified above shall be deemed to be compliance by the Borrower with this Section 7.1(b).

(c) Annual Business Plan and Financial Projections. As soon as practicable and in any event within sixty (60) days after the end of each Fiscal Year, a business plan of the Borrower and its Subsidiaries for the ensuing four (4) fiscal quarters, such plan to be prepared in accordance with GAAP to the extent applicable and to include, on a quarterly basis, the following: a quarterly operating and capital budget, a projected income statement, statement of cash flows and balance sheet and a report containing management's discussion and analysis of such projections, accompanied by a certificate from a Responsible Officer of the Borrower to the effect that, to such officer's knowledge, such projections are good faith estimates (utilizing reasonable assumptions) of the financial condition and operations of the Borrower and its Subsidiaries for such four (4) quarter period.

If the Borrower has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly financial information required by clause (a) above, the annual financial information required by clause (b) above and the projected financial statements required by clause (c) above shall include a reasonably detailed presentation satisfactory to the Administrative Agent, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Borrower and its Restricted Subsidiaries separate from the financial condition and results of operations of its Unrestricted Subsidiaries.

SECTION 7.2 Officer's Compliance Certificate. At each time financial statements are delivered pursuant to Sections 7.1(a) or (b) and at such other times as the Administrative Agent shall reasonably request, an Officer's Compliance Certificate.

SECTION 7.3 Other Reports. Such other information regarding the operations, business affairs and financial condition of the Borrower or any of its Subsidiaries as the Administrative Agent or any Lender may reasonably request.

SECTION 7.4 Notice of Litigation and Other Matters. Prompt (but in no event later than fifteen (15) days after a Responsible Officer of the Borrower obtains knowledge thereof) telephonic and written notice of:

(a) the commencement of, or any material development in, all proceedings and investigations by or before any Governmental Authority and all actions and proceedings in any court or before any arbitrator against or involving the Borrower or any Restricted Subsidiary thereof or any of their respective properties, assets or businesses that could reasonably be expected to be adversely determined and, if so determined, to have a Material Adverse Effect;

(b) any notice of any violation received by the Borrower or any Restricted Subsidiary thereof from any Governmental Authority including any notice of violation of Environmental Laws, that in any such case (i) could reasonably be expected to have a Material Adverse Effect or (ii) cause any Property described in the Mortgages to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law;

(c) any labor controversy that has resulted in, or threatens to result in, a strike or other work action against the Borrower or any Restricted Subsidiary thereof that could reasonably be expected to have a Material Adverse Effect;

(d) any litigation or proceeding affecting the Borrower or any of its Restricted Subsidiaries that could reasonably be expected to be determined adversely to the Borrower or its Restricted Subsidiaries and in which the amount involved is $25,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought;

(e) (i) any Default or Event of Default or (ii) any event that constitutes or that with the passage of time or giving of notice or both would constitute a default or event of default under any Material Indebtedness;

(f) (i) any unfavorable determination letter from the Internal Revenue Service regarding the qualification of an Employee Benefit Plan under Section 401(a) of the Code (along with a copy thereof), (ii) all notices received by the Borrower or any ERISA Affiliate of the PBGC's intent to terminate any Pension Plan or to have a trustee appointed to administer any Pension Plan, (iii) all notices received by the Borrower or any ERISA Affiliate from a Multiemployer Plan sponsor concerning the imposition or amount of withdrawal liability pursuant to Section 4202 of ERISA and (iv) the Borrower obtaining knowledge or reason to know that the Borrower or any ERISA Affiliate has filed or intends to file a notice of intent to terminate any Pension Plan under a distress termination within the meaning of Section 4041(c) of ERISA;

(g) the designation of any Subsidiary as a "restricted subsidiary" (or any similar designation), or the joinder of any Subsidiary as a guarantor, under any Material Indebtedness or any other Indebtedness permitted pursuant to Section 10.1(k); and

(h) (i) any announcement by Moody's, S&P and/or Fitch of any change in Debt Rating and (ii) any request by the Borrower to any rating agency that such agency not maintain the Borrower's corporate or corporate family rating, as applicable.

SECTION 7.5 Accuracy of Information. All written information, reports, statements and other papers and data furnished by or on behalf of the Borrower to the Administrative Agent or any Lender whether pursuant to this Article VII or any other provision of this Agreement, or any of the Security Documents, shall, at the time the same is so furnished, comply with the representations and warranties set forth in Section 6.1(y).

SECTION 7.6 Posting of Borrower Materials. The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and

(b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC", which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC", the Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 13.11); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor"; and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor".

ARTICLE VIII

AFFIRMATIVE COVENANTS

Until all of the Obligations have been paid and satisfied in full in cash and unless a waiver or consent has been obtained in the manner set forth in Section 13.2, the Borrower will, and will cause each of its Restricted Subsidiaries to:

SECTION 8.1 Preservation of Corporate Existence and Related Matters.

Except as permitted by Section 8.1(b) or Section 10.3:

(a) Preserve and keep in full force and effect its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents of the Borrower or any such Subsidiary, and qualify and remain qualified as a foreign organization and authorized to do business in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Effect.

(b) Preserve and keep in full force and effect the rights (charter and statutory), licenses and franchises of the Borrower and its Subsidiaries; provided, that the Borrower shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the board of directors of the Borrower shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Lenders.

SECTION 8.2 Maintenance of Property. Protect and preserve all material properties necessary in and material to its business, including copyrights, patents, trade names, service marks and trademarks; maintain in good working order and condition, ordinary wear and tear excepted, all buildings, equipment and other tangible real and personal property; and from time to time make or cause to be made all repairs, renewals and replacements thereof and additions to such property necessary for the conduct of its business, so that the business carried on in connection therewith may be conducted in a commercially reasonable manner.

SECTION 8.3 Insurance. Maintain insurance with financially sound and reputable insurance companies against such risks and in such amounts as are customarily maintained by similar businesses and as may be required by Applicable Law and as are required by any Security Documents (including hazard and business interruption insurance), with such self-insurance and deductibles as are customarily maintained by similar businesses, and on the Closing Date and from time to time thereafter deliver to the Administrative Agent upon its request information in reasonable detail as to the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby. All such insurance shall, (a) provide that no cancellation or material modification thereof shall be effective until at least 30 days after receipt by the Administrative Agent of written notice thereof (except as a result of non-payment of premium, in which case only 10 days' prior written notice shall be required), (b) in the case of liability insurance, name the Administrative Agent as an additional insured party thereunder and (c) in the case of each property insurance policy covering a Mortgaged Property, name the Administrative Agent as lender's loss payee or mortgagee, as applicable. On the Closing Date and from time to time thereafter the Borrower will deliver to the Administrative Agent upon its reasonable request information in reasonable detail as to the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby. If any portion of any Mortgaged Property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area with respect to which flood insurance has been made available under the Flood Insurance Laws, then the Borrower shall, or shall cause the applicable Credit Party to, (i) maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount and otherwise sufficient to comply with all applicable rules and regulations promulgated pursuant to the Flood Insurance Laws, (ii) reasonably cooperate with the Administrative Agent and provide information reasonably required by the Administrative Agent and the Lenders to comply with the Flood Insurance Laws, (iii) deliver to the Administrative Agent evidence of such compliance in form and substance reasonably acceptable to the Administrative Agent, including evidence of annual renewals of such insurance and (iv) furnish to the Administrative Agent prompt written notice of any re-designation of any such Mortgaged Property into or out of a special flood hazard area.

SECTION 8.4 Accounting Methods and Financial Records. Maintain a system of accounting, and keep proper books, records and accounts (that shall be true and correct in all material respects) as may be required or as may be necessary to permit the preparation of financial statements in accordance with GAAP (or IFRS, if and as applicable) and in compliance with applicable regulations of any Governmental Authority having jurisdiction over it or any of its properties.

SECTION 8.5 Payment and Performance of Obligations. Pay and perform all Obligations under this Agreement and the other Loan Documents, and pay or perform (a) all material taxes, assessments and other governmental charges that may be levied or assessed upon it or any of its property, and (b) all other material indebtedness, obligations and liabilities in accordance with customary trade practices; provided, that the Borrower or such Restricted Subsidiary may contest any item described in clauses (a) or (b) of this Section in good faith so long as adequate reserves are maintained with respect thereto in accordance with GAAP.

SECTION 8.6 Compliance With Laws and Approvals. Observe and remain in compliance with all Applicable Laws and maintain in full force and effect all Governmental Approvals, in each case applicable to the conduct of its business except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.7 Environmental Laws. In addition to and without limiting the generality of Section 8.6, and except to the extent that a failure to comply with any of the following, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (a) comply with, and use reasonable efforts to ensure such compliance by all of its tenants and subtenants, if any, with, all applicable Environmental Laws and obtain and comply with and maintain, and use reasonable efforts to ensure that all tenants and subtenants, if any, obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws, and (b) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws, and promptly comply with all lawful orders and directives of any Governmental Authority regarding Environmental Laws. Except as otherwise noted, the Borrower will defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective parents, Subsidiaries, Affiliates, employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way relating to the presence of Hazardous Materials in, on or under properties owned, leased or operated by the Borrower and its Subsidiaries, or the Borrower's or any of its Subsidiaries' violation of, noncompliance with or liability under any Environmental Laws applicable to the operations of the Borrower or any such Subsidiary, or any orders, requirements or demands of Governmental Authorities related thereto, including reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing directly result from the gross negligence or willful misconduct of the party seeking indemnification therefor, as determined by a court of competent jurisdiction by final nonappealable judgment.

SECTION 8.8 Compliance with ERISA. In addition to and without limiting the generality of Section 8.6, (a) except where the failure to so comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) comply with all material applicable provisions of ERISA and the regulations and published interpretations thereunder with respect to all Employee Benefit Plans, (ii) not take any action or fail to take action the result of which could be a liability to the PBGC or to a Multiemployer Plan, (iii) not participate in any prohibited transaction that could result in any civil penalty under ERISA or tax under the Code and (iv) operate each Employee Benefit Plan in such a manner that will not incur any tax liability under Section 4980B of the Code or any liability to any qualified beneficiary as defined in Section 4980B of the Code and (b) furnish to the Administrative Agent upon the Administrative Agent's request such additional information about any Employee Benefit Plan as may be reasonably requested by the Administrative Agent.

SECTION 8.9 Compliance With Agreements. Except to the extent that a failure to do so could not reasonably be expected to have a Material Adverse Effect, comply with each term, condition and provision of all leases, agreements and other instruments entered into in the conduct of its business including any indenture, contract or agreement executed in connection with any Material Indebtedness; provided, that the Borrower or any such Restricted Subsidiary may contest any such lease, agreement or other instrument in good faith through applicable proceedings so long as adequate reserves are maintained in accordance with GAAP.

SECTION 8.10 Visits and Inspections. At the Borrower's expense, permit representatives of the Administrative Agent (and accompanied by any Lender that so requests), from time to time upon reasonable prior notice and at such times during normal business hours, but not more frequently than once per year unless an Event of Default shall have occurred and be continuing, to visit and inspect its properties; inspect, audit and make extracts from its books, records and files, including management letters prepared by independent accountants; and discuss with its principal officers, and its independent accountants, its business, assets, liabilities, financial condition and results of operations.

SECTION 8.11 Additional Subsidiaries.

(a) Additional Domestic Subsidiaries. Notify the Administrative Agent of (i) the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary in accordance with Section 8.12 or

(ii) the creation or acquisition of any Domestic Subsidiary that is a Restricted Subsidiary and promptly thereafter (and in any event within thirty (30) days or such later date as permitted by the Administrative Agent in its sole discretion), cause such Person to (A) become a Subsidiary Guarantor by delivering to the Administrative Agent a duly executed supplement to the Subsidiary Guaranty Agreement or such other document as the Administrative Agent shall deem appropriate for such purpose, (B) deliver to the Administrative Agent such documents and certificates referred to in Section 5.1 as may be reasonably requested by the Administrative Agent, (C) deliver to the Administrative Agent such updated Schedules to the Loan Documents as may be reasonably requested by the Administrative Agent with respect to such Person, and (D) deliver to the Administrative Agent such other documents as may be reasonably requested by the Administrative Agent, all in form, content and scope reasonably satisfactory to the Administrative Agent; provided that, the Administrative Agent may waive the foregoing requirements with respect to any non-wholly owned Domestic Subsidiary so long as such Domestic Subsidiary has not guaranteed or otherwise directly or indirectly provided credit support for the Indebtedness under the Existing Loan Documents or any other Material Indebtedness (or, in each case, any refinancing or replacement thereof or substitution therefor).

(b) [Reserved.]

SECTION 8.12 Designation of Restricted and Unrestricted Subsidiaries.

(a) Subject to the terms of this Section, the board of directors of the Borrower may designate any Restricted Subsidiary as an Unrestricted Subsidiary (or designate any newly formed or acquired Subsidiary as an Unrestricted Subsidiary to the extent such formation or acquisition is otherwise permitted hereunder); provided that (i) such designation would not result in a Default or Event of Default and (ii) any such individual Subsidiary is not a guarantor of, or a “restricted subsidiary” (or equivalent term) under, any Material Indebtedness or any other Indebtedness permitted pursuant to Section 10.1(k). If a Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Borrower and its Restricted Subsidiaries in such Subsidiary shall be deemed to be Investments made as of the time of the designation, subject to the limitations hereof on Restricted Payments. That designation shall only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

(b) Any designation of a Subsidiary as an Unrestricted Subsidiary shall be evidenced to the Administrative Agent by providing prompt written notice to the Administrative Agent together with a certified copy of the resolution of the board of directors of the Borrower giving effect to such designation and a certificate from a Responsible Officer of the Borrower certifying that such designation complied with the conditions set forth in the definition of “Unrestricted Subsidiary” and was permitted by this Section. If, at any time, any Unrestricted Subsidiary would fail to meet the requirements as an Unrestricted Subsidiary, it shall thereafter cease to be deemed an Unrestricted Subsidiary for purposes of this Agreement and the other Loan Documents, and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Borrower as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 10.1, the Borrower shall be in Default of such covenant.

(c) The board of directors of the Borrower may at any time redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such redesignation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Borrower of any outstanding Indebtedness of such Unrestricted Subsidiary and such redesignation shall only be permitted if (i) such Indebtedness is permitted under Section 10.1, (ii) the Borrower has demonstrated to the Administrative Agent compliance with Section 9.1 calculated on a pro forma basis as if such redesignation had occurred at the beginning of the most recent four-quarter period ended prior to the date of such redesignation for which financial statements have to be delivered pursuant to Section 7.1, (iii) the Borrower has complied with Section 8.11, and (iv) no Default or Event of Default would be in existence following such redesignation.

(d) Notwithstanding the foregoing, promptly after the date on which the Borrower or the Administrative Agent determines that any individual Unrestricted Subsidiary fails to satisfy the requirements specified in the definition of "Unrestricted Subsidiary", then such Unrestricted Subsidiary shall be redesignated as a Restricted Subsidiary and the Borrower agrees to deliver all instruments, documents, certificates and opinions required pursuant to Section 8.11(a).

SECTION 8.13 Use of Proceeds. The Borrower shall use the proceeds of the Extensions of Credit (a) to refinance existing amounts outstanding under the Revolving Credit Facility (as defined in the Existing Credit Agreement), including any advances used to repay the Senior Unsecured 2020 Notes, (b) for repayment of the Senior Unsecured 2020 Notes, (c) for general corporate purposes of the Borrower and its Restricted Subsidiaries, including working capital, capital expenditures and Permitted Acquisitions, and (d) to pay fees, commissions and expenses related to this Agreement and the Transactions.

SECTION 8.14 PATRIOT Act. Promptly upon the request thereof, deliver such information and documentation required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations (including the PATRIOT Act), as from time to time reasonably requested by the Administrative Agent or any Lender.

SECTION 8.15 Further Assurances. Make, execute and deliver all such additional and further acts, things, deeds and instruments as the Administrative Agent or the Required Lenders (through the Administrative Agent) may reasonably require to document and consummate the transactions contemplated hereby and to vest completely in and insure the Administrative Agent and the Lenders their respective rights under this Agreement and the other Loan Documents.

SECTION 8.16 Senior Unsecured Notes.

(a) [Reserved.].

(b) Senior Unsecured 2022 Notes. Commencing on the date that is three months prior to the maturity date of the Senior Unsecured 2022 Notes and at all times thereafter until the date on which the Borrower refinances, repays or defeases in full the Senior Unsecured 2022 Notes, the Borrower shall maintain (individually or through a combination of the following) unrestricted domestic cash and Cash Equivalents plus the unused portion of the Revolving Credit Commitment in an amount equal to or greater than the sum of (i) the amount necessary to fully repay the outstanding principal of, premium, if any, and interest on the Senior Unsecured 2022 Notes plus (ii) $125,000,000.

(c) Senior Unsecured 2023 Notes. Commencing on the date that is three months prior to the maturity date of the Senior Unsecured 2023 Notes and at all times thereafter until the date on which the Borrower refinances, repays or defeases in full the Senior Unsecured 2023 Notes, the Borrower shall maintain (individually or through a combination of the following) unrestricted domestic cash and Cash Equivalents plus the unused portion of the Revolving Credit Commitment in an amount equal to or greater than the sum of (i) the amount necessary to fully repay the outstanding principal of, premium, if any, and interest on the Senior Unsecured 2023 Notes plus (ii) $125,000,000.

(d) Senior Unsecured 2027 Notes. Commencing on the date that is three months prior to the maturity date of the Senior Unsecured 2027 Notes and at all times thereafter until the date on which the Borrower refinances, repays or defeases in full the Senior Unsecured 2027 Notes, the Borrower shall maintain (individually or through a combination of the following) unrestricted domestic cash and Cash Equivalents plus the unused portion of the Revolving Credit Commitment in an amount equal to or greater than the sum of (i) the amount necessary to fully repay the outstanding principal of, premium, if any, and interest on the Senior Unsecured 2027 Notes plus (ii) $125,000,000.

(e) Certificates. During any period for which the Borrower is required to maintain cash and Cash Equivalents plus availability under the Revolving Credit Commitment pursuant to subsections (a), (b), (c) and (d) above, the Borrower shall provide to the Administrative Agent within 20 days after the end of each month an officer's certificate of the Borrower, setting forth in reasonable detail calculations demonstrating compliance with the requirements of subsections (a), (b), (c) or (d), as applicable, as of the date of such certificate.

SECTION 8.17 Eligible Assets.

(a) The Credit Parties will be permitted to replace existing Mortgaged Properties as Collateral with one or more replacement Eligible Assets with an aggregate Appraised Value such that, after giving effect to such replacement, the Loan-to-Value Requirement and the requirements of clause (c) below are satisfied, as reasonably determined by the Administrative Agent. If a Mortgaged Property is sold pursuant to a transaction permitted under Section 10.4, then so long as no Default or Event of Default has occurred and is continuing, the Administrative Agent will release its Liens and security interests with respect to such Mortgaged Property and the Borrower shall have a period of 120 days following such sale (as such time may be extended by the Administrative Agent in its sole discretion) to provide replacement Eligible Assets as Collateral, during which period the Net Cash Proceeds of such sale shall be placed into an escrow account on terms and conditions reasonably satisfactory to the Administrative Agent pending receipt of a satisfactory Appraisal of such replacement Eligible Assets demonstrating compliance with the Loan-to-Value Requirement and the requirements of clause (c) below. Upon receipt of such Appraisal and completion of the replacement (including delivery of the items in clause (c) below), the Net Cash Proceeds shall be released to the Borrower.

(b) If at any time a particular Mortgaged Property ceases to be an Eligible Asset (in each case, a "Non-Qualifying Asset"), the Borrower shall within 120 days thereafter (as such time may be extended by the Administrative Agent in its sole discretion) either replace such Non-Qualifying Asset with one or more Eligible Assets and/or provide additional Eligible Assets such that the Loan-to-Value Requirement is satisfied, as reasonably determined by the Administrative Agent.

(c) In connection with the replacement, substitution or addition of any Eligible Asset as Collateral pursuant to the foregoing clauses (a) and (b), the Borrower shall deliver the items specified in Section 8.22 with respect such Eligible Asset.

SECTION 8.18 REIT Status. The Borrower shall at all times comply with all requirements and conditions imposed under the Code necessary to maintain its qualification as a REIT.

SECTION 8.19 Anti-Corruption Laws; Beneficial Ownership Regulation; Anti-Money Laundering Laws and Anti-Terrorism Laws.

(a) The Borrower shall conduct its businesses in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions to which the Borrower or any of its Subsidiaries are subject, and maintain policies and procedures designed to promote and achieve compliance by the Borrower and its Subsidiaries with such laws.

(b) The Borrower shall conduct its business in compliance with any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules applicable to the Borrower or its Subsidiaries related to terrorism financing or money laundering, including any applicable provision of the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the "Bank Secrecy Act," 31 U.S.C. §§ 5311-5330 and 12U.S.C. §§ 1818(s), 1820(b) and 1951-1959), and maintain policies and procedures designed to promote and achieve compliance by the Borrower and its Subsidiaries with such laws.

(c) The Borrower shall conduct its business in compliance with applicable Sanctions, and maintain policies and procedures designed to promote and achieve compliance by the Borrower and its Subsidiaries with such applicable Sanctions.

(d) The Borrower shall notify the Administrative Agent and each Lender that previously received a Beneficial Ownership Certification (or a certification that the Borrower qualifies for an express exclusion to the "legal entity customer" definition under the Beneficial Ownership Regulation) of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Borrower ceasing to fall within an express exclusion to the definition of "legal entity customer" under the Beneficial Ownership Regulation).

(e) The Borrower shall, promptly upon the reasonable request of the Administrative Agent or any Lender, provide the Administrative Agent or directly to such Lender, as the case may be, any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

SECTION 8.20 Maintenance of Debt Ratings. The Borrower will use commercially reasonable efforts to maintain Debt Ratings (but no specific Debt Rating) from any two (2) of Moody's, S&P and Fitch.

SECTION 8.21 Prepayment of Senior Unsecured 2020 Notes. The Borrower will pay in full the Senior Unsecured 2020 Notes on January 1, 2020.

SECTION 8.22 Post-Closing Real Estate Matters. With respect to Eligible Assets sufficient to satisfy the Loan-to-Value Requirement, the Borrower shall provide the Administrative Agent with the following within 150 days after the Closing Date (as such time may be extended by the Administrative Agent in its sole discretion):

(a) Mortgages. Counterparts of a Mortgage with respect to each such Eligible Asset duly executed and delivered by the record owner of such Eligible Asset (together with UCC fixture filings if requested by the Administrative Agent).

(b) Title Insurance. A policy or policies of title insurance (or marked-up title insurance commitments having the effect of policies of title insurance) in the amount equal to the fair market value of such Eligible Asset and fixtures issued by a nationally recognized title insurance company reasonably acceptable to the Administrative Agent (the "Title Company") insuring the Lien of each such Mortgage as a first priority Lien on the Eligible Asset described therein, free of any other Liens except as permitted pursuant to Section 10.2(a), (d), (f), (h) and (i) and such other Liens as are agreed to by the Administrative Agent in its sole discretion, together with such customary endorsements as the Administrative Agent may reasonably request to the extent available in the applicable jurisdiction at commercially reasonable rates, together with evidence reasonably satisfactory to the Administrative Agent of payment of all expenses and premiums of the Title Company and all other sums required in connection with the issuance of each title policy and all recording and stamp taxes (including mortgage recording and intangible taxes) payable in connection with recording the Mortgages in the appropriate real estate records.

(c) Matters Relating to Flood Hazard Properties. (i) A completed “Life-of-Loan” Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each such Eligible Asset (together with a notice about special flood hazard area status and flood disaster assistance, which, if applicable, shall be duly executed by the applicable Credit Party relating to such Eligible Asset) and (ii) if any such Eligible Asset is located in an area determined by the Federal Emergency Management Agency to have special flood hazards, evidence of such flood insurance as may be required under Applicable Law, including Regulation H of the FRB and the other Flood Insurance Laws and as required under Section 8.3.

(d) Surveys. A survey for each such Eligible Asset, together with an affidavit of no change, if applicable, in favor of the Title Company, sufficient to allow the Title Company to issue the applicable policy of title insurance without a standard survey exception.

(e) Opinions. Customary legal opinions in form and substance reasonably satisfactory to the Administrative Agent with respect to the mortgagor of such Mortgage and the enforceability and perfection of the applicable Mortgage and such other matters as the Administrative Agent shall reasonably require.

(f) Other Real Property Deliverables. Such affidavits, certificates, information, permits, instruments of indemnification and third-party consents as shall be reasonably requested by the Administrative Agent or required to induce the Title Company to issue the title policies and endorsements contemplated above (including using commercially reasonable efforts to deliver such consents, subordinations, estoppels, permits and other documents of any lessor with respect any leasehold interest in the real property of any Credit Party requested by the Administrative Agent or the Title Company).

SECTION 8.23 Post-Closing Matters. The Borrower shall execute and deliver the documents, take the actions and complete the tasks set forth on Schedule 8.23, in each case within the applicable corresponding time limit specified on such schedule.

ARTICLE IX

FINANCIAL COVENANTS

Until all of the Obligations have been paid and satisfied in full in cash, and unless a waiver or consent has been obtained in the manner set forth in Section 13.2, the Borrower and its Restricted Subsidiaries on a Consolidated basis will not:

SECTION 9.1 Consolidated Secured Leverage Ratio. As of any fiscal quarter end, permit the Consolidated Secured Leverage Ratio to be greater than 2.75 to 1.00.

SECTION 9.2 Loan-to-Value Requirement Test. If, and so long as the Consolidated Secured Leverage Ratio is greater than 2.00 to 1.00, as of any fiscal quarter end, permit the Loan-to-Value Requirement (based on the aggregate principal amount of the Term Loan on such date and Appraisals provided to the Administrative Agent within the prior twelve (12) months) not to be met.

ARTICLE X

NEGATIVE COVENANTS

Until all of the Obligations have been paid and satisfied in full in cash, and unless a waiver or consent has been obtained in the manner set forth in Section 13.2, the Borrower will not and will not permit any of its Restricted Subsidiaries to:

SECTION 10.1 Limitations on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness except:

(a) the Obligations;

(b) Indebtedness incurred in connection with a Hedging Agreement with a counterparty and upon terms and conditions (including interest rate) reasonably satisfactory to the Administrative Agent; provided, that any counterparty that is a Lender shall be deemed satisfactory to the Administrative Agent;

(c) Indebtedness existing on the Prior Closing Date and listed on Schedule 6.1(l), and the renewal, refinancing, refunding, extension and replacement (but not the increase in the aggregate principal amount) thereof; provided that any refinancing, refunding, extension or replacement of any Senior Unsecured Notes shall also be subject to the satisfaction of the requirements set forth in Section 10.1(k);

(d) Indebtedness of the Borrower and its Restricted Subsidiaries incurred in connection with Capital Leases;

(e) purchase money Indebtedness of the Borrower and its Restricted Subsidiaries, and the renewal, refinancing, refunding, extension and replacement (but not the increase in the aggregate principal amount) thereof;

(f) Indebtedness of a Person existing at the time such Person became a Restricted Subsidiary or assets were acquired from such Person, to the extent such Indebtedness was not incurred in connection with or in contemplation of, such Person becoming a Restricted Subsidiary or the acquisition of such assets, not to exceed in the aggregate at any time outstanding $100,000,000, and any refinancings, refundings, renewals or extensions thereof; provided that, any (i) such refinancings, refundings, renewals or extensions do not increase the principal amount thereof, (ii) such refinancings, refundings, renewals or extensions are issued on terms and conditions reasonably satisfactory to the Administrative Agent and (iii) no Default or Event of Default exists and is continuing at the time of consummation thereof (both before and giving effect thereto);

(g) Guaranty Obligations in favor of the Administrative Agent for the benefit of the Secured Parties;

(h) Guaranty Obligations with respect to Indebtedness permitted pursuant to this Section;

(i) Indebtedness owed by any Credit Party to another Credit Party;

(j) Indebtedness of the Borrower or any Restricted Subsidiary consisting of Qualified Trust Indebtedness;

(k) unsecured Indebtedness of the Borrower and its Restricted Subsidiaries pursuant to each of the Senior Unsecured Notes, and, in each case, any refinancings, refundings, renewals, extensions or exchanges thereof ("Refinancing Indebtedness"); provided that (i) such Refinancing Indebtedness is an original aggregate principal amount not greater than the aggregate principal amount of, and unpaid interest on, the Indebtedness being refinanced, refunded, renewed, extended or exchanged plus the amount of any premiums required to be paid thereon and fees and expense associated therewith, (ii) such Refinancing Indebtedness has a later or equal final maturity and a larger or equal weighted average life than the Indebtedness being refinanced, refunded, renewed, extended or exchanged, (iii) the covenants, events of default and any Guaranty Obligations in respect thereof, taken as a whole, shall not be materially less favorable to the Borrower and its Restricted Subsidiaries (as determined by the Administrative Agent in its reasonable discretion) than those contained in the Indebtedness being refinanced, refunded, renewed, extended or exchanged and (iv) at the time of, and after giving effect to, such refinancing, refunding, renewal, extension or exchange, no Default or Event of Default shall have occurred and be continuing;

(l) additional unsecured Indebtedness of the Borrower or its Restricted Subsidiaries; provided that (i) such Indebtedness matures at least six (6) months after the Maturity Date as in effect at the time of the incurrence of such Indebtedness, (ii) after giving effect to the incurrence of any such Indebtedness on a pro forma basis, as if such incurrence of Indebtedness had occurred on the first day of the twelve month period ending on the last day of the Borrower's then most recently completed fiscal quarter, the Borrower and its Restricted Subsidiaries would have been in compliance with the financial covenants set forth in Article IX, and the Borrower shall have delivered to the Administrative Agent a certificate of its chief financial officer or treasurer to such effect setting forth in reasonable detail the computations necessary to determine such compliance, (iii) at the time of the incurrence of such Indebtedness and after giving effect thereto, no Default or Event of Default shall exist or be continuing and (iv) the documentation governing such Indebtedness contains customary market terms;

(m) additional secured Indebtedness not otherwise permitted pursuant to this Section in an aggregate amount outstanding not to exceed (after giving effect to the outstanding principal balance of the Term Loan) an amount equal to ten percent (10%) of Consolidated Tangible Assets, determined, with respect to each incurrence of Indebtedness pursuant to this Section 10.1(m), as of the most recently-ended fiscal quarter for which financial statements have been furnished pursuant to clauses (a) and (b), respectively, of Section 7.1 (it being understood that this Section 10.1(m) is a limitation on such Indebtedness on a prospective basis only and that no Default or Event of Default shall occur under this Section 10.1(m) retroactively); provided that (i) the amount of such secured Indebtedness that is recourse to any Credit Party shall not exceed $250,000,000, (ii) such Indebtedness matures at least six (6) months after the Maturity Date as in effect at the time of the incurrence of such Indebtedness and (iii) at the time of the incurrence of such Indebtedness and after giving effect thereto, no Default or Event of Default shall exist or be continuing;

(n) Indebtedness incurred by the Borrower or any of its Restricted Subsidiaries, including Indebtedness represented by letters of credit for the account of the Borrower or any Restricted Subsidiary, in respect of workers' compensation claims, self-insurance obligations, performance, proposal, completion, surety and similar bonds and completion guarantees provided by the Borrower or its Restricted Subsidiaries in the ordinary course of business; provided that the underlying obligation to perform is that of the Borrower or one of its Restricted Subsidiaries and not that of any other Person and, provided, further, that such underlying obligation is not in respect of borrowed money;

(o) Indebtedness of the Borrower consisting of customary indemnification, deferred purchase price adjustments or similar obligations, in each case, incurred or assumed in connection with the acquisition of any business or assets permitted to be acquired hereunder;

(p) Indebtedness of the Borrower or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, provided that such Indebtedness is extinguished within five (5) Business Days of incurrence; and

(q) Indebtedness existing under or permitted by the Existing Credit Agreement as in effect on the Closing Date (including incremental term loans and incremental increases in the Revolving Credit Commitment permitted by the Existing Credit Agreement as in effect on the Closing Date).

provided, that in the event that any Indebtedness in the form of secured term loans or secured notes are incurred or issued by the Borrower under this Section 10.1 (other than as permitted under clauses (e) and (f)) during the term of this Agreement and the All-In Yield of such Indebtedness exceeds the All-In Yield on the Term Loan outstanding at such time by more than 0.50%, then the Applicable Margin for the Term Loan shall automatically be increased to a level such that the All-In Yield on the Term Loan shall be 0.50% less than the All-In Yield on such Indebtedness.

For all purposes of this Agreement, if an item of Indebtedness meets the criteria of more than one of the above clauses, the Borrower (i) shall have the right to determine in its sole discretion the clause to which such Indebtedness is to be allocated, (ii) shall not be required to allocate the amount of such Indebtedness to more than one of such clauses, (iii) may elect in its sole discretion to apportion such Indebtedness between or among any two or more of such clauses, and (iv) may reallocate or reclassify all or any part of such Indebtedness between or among any one or more of such clauses at any time and from time to time, provided that, at the time such reallocation or reclassification, such Indebtedness meets the requirements of the clause to which reallocated or reclassified.

SECTION 10.2 Limitations on Liens. Create, incur, assume or suffer to exist, any Lien on or with respect to any of its assets or properties (including shares of Capital Stock), real or personal, whether now owned or hereafter acquired, except:

(a) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently pursued; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(b) Liens or deposits to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(c) Liens consisting of judgments or judicial attachment liens (including prejudgment attachment), provided that the enforcement of such Liens is effectively stayed, or payment of which is covered in full (subject to customary deductible) by insurance, or such judgments do not otherwise result in an Event of Default;

(d) Liens or claims of materialmen, mechanics, carriers, warehousemen, processors or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, (i) that are not overdue for a period of more than thirty (30) days or (ii) that are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP;

(e) Liens consisting of (i) deposits or pledges made in the ordinary course of business in connection with, or to secure payment of, obligations under workers' compensation, unemployment insurance or similar legislation, (ii) good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which the Borrower or any Restricted Subsidiary is a party or (iii) deposits as security for contested taxes or import or customs duties or for the payment of rent, incurred in the ordinary course of business;

(f) Liens constituting encumbrances in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property that in the aggregate are not substantial in amount and that do not, in any case, materially detract from the value of such property or materially impair the use thereof in the ordinary conduct of business;

(g) Liens securing Hedging Obligations so long as the related Indebtedness was incurred in compliance with Section 10.1(b);

(h) leases and subleases of real property that do not materially interfere with the ordinary conduct of the business of the Borrower or any of its Restricted Subsidiaries;

(i) Liens of the Administrative Agent for the benefit of the Secured Parties under the Loan Documents;

(j) Liens existing on any asset of any Person at the time such Person becomes a Restricted Subsidiary or is merged or consolidated with or into a Restricted Subsidiary (i) that were not created in contemplation of or in connection with such event, (ii) that do not extend to or cover any other property or assets of Borrower or any Restricted Subsidiary and (iii) so long as any Indebtedness related to any such Liens is permitted under Section 10.1(f); provided that, to the extent any such Liens extend to or cover any assets of such Person included in the Collateral, (A) the Borrower shall keep records for the accounts receivable of such Person separate from those of the Borrower and its Restricted Subsidiaries and (B) such Person shall not be merged, consolidated or liquidated with or into the Borrower or any Restricted Subsidiary unless such Liens are released in connection therewith;

(k) Liens arising solely by virtue of any statutory or common law provisions relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a credit or depository institution;

(l) Liens in existence on the Prior Closing Date and described on Schedule 10.2;

(m) Liens securing Indebtedness permitted under Sections 10.1(d) and (e); provided that (i) such Liens shall be created within one hundred fifty (150) days of the acquisition or lease of the related asset, (ii) such Liens do not at any time encumber any assets other than the assets financed by such Indebtedness, (iii) the amount of Indebtedness secured thereby is not increased and (iv) the principal amount of Indebtedness secured by any such Lien shall at no time exceed one hundred percent (100%) of the original purchase price or lease payment amount of such assets at the time of acquisition;

(n) Liens securing Indebtedness permitted under Section 10.1(m); provided that (i) the total Asset Lien Value of assets owned by the Borrower and its Restricted Subsidiaries on the Prior Closing Date that are subject to such Liens shall not exceed (A) an amount equal to ten percent (10%) of Consolidated Tangible Assets determined as of the end of the fiscal quarter ended immediately prior to the Prior Closing Date less (B) the aggregate amount of all Asset Dispositions made pursuant to Section 10.4(k), and (ii) the total Asset Lien Value subject to such Liens (including those permitted by clause (i) of this proviso) shall not exceed, in the aggregate, an amount equal to ten percent (10%) of Consolidated Tangible Assets determined as of the most recently-ended fiscal quarter for which financial statements have been furnished pursuant to clauses (a) and (b), respectively, of Section 7.1; provided further that compliance with this Section 10.2(n) shall be determined, in each case, as of the date a Lien is incurred in reliance on this Section 10.2(n) (it being understood that this Section 10.2(n) is a limitation on such Liens on a prospective basis only and that no Default or Event of Default shall occur under this Section 10.2(n) retroactively);

(o) Liens on the Capital Stock of Agecroft to secure the obligations of Agecroft;

(p) Liens in favor of the Borrower or the Subsidiary Guarantors;

(q) Liens on the Capital Stock of Unrestricted Subsidiaries; and

(r) Liens on assets other than Collateral securing Indebtedness under the Existing Loan Documents.

For all purposes of this Agreement and subject to the limitations set forth above, if a Lien meets the criteria of more than one of the types of Permitted Liens described in the above clauses, the Credit Party in question (i) shall have the right to determine in its sole discretion the clause to which such Lien is to be allocated, (ii) shall not be required to allocate such Lien to more than one of such clauses, (iii) may elect in its sole discretion to apportion such Lien between or among any two or more of such clauses, and (iv) may reallocate or reclassify all or any part of such Lien between or among any one or more of such clauses at any time and from time to time, provided that, at the time such reallocation or reclassification, such Lien meets the requirements of the clause to which reallocated or reclassified.

SECTION 10.3 Limitations on Mergers and Liquidation. Merge, consolidate or enter into any similar combination with any other Person or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution) except:

(a) any Person may be merged or consolidated with or into the Borrower; provided that the Borrower shall be the continuing or surviving Person;

(b) any Person other than the Borrower may be merged with or consolidated into any Restricted Subsidiary; provided that such Restricted Subsidiary shall be the continuing or surviving Person;

(c) any Subsidiary of the Borrower may be liquidated, wound-up and/or dissolved into the Borrower or any Restricted Subsidiary to the extent that such liquidation, winding-up and/or dissolution would not violate Section 8.1; and

(d) any Subsidiary of the Borrower may merge into the Person such Subsidiary was formed to acquire in connection with a Permitted Acquisition.

SECTION 10.4 Limitations on Asset Dispositions. Make any Asset Disposition (including the sale of any receivables and leasehold interests and any sale-leaseback or similar transaction) except:

(a) the sale or lease of equipment, inventory or other assets in the ordinary course of business;

(b) the sale of obsolete, worn-out or surplus assets no longer used or usable in the business of the Borrower or any of its Restricted Subsidiaries;

(c) any Subsidiary of the Borrower may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any other Subsidiary of the

Borrower; provided that if the transferor in such a transaction is a Restricted Subsidiary, then the transferee must either be the Borrower or a Restricted Subsidiary;

(d) the sale or other disposition of investments permitted pursuant to clause (b) of the definition of Permitted Investments;

(e) the sale or discount without recourse of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof;

(f) the disposition of any Hedging Agreement;

(g) the sale (i) for cash or Purchase Notes by the Borrower or any of its Restricted Subsidiaries of Unoccupied Subject Facilities for a minimum price per bed of $25,000, (ii) for cash of other Subject Facilities having a fair market value not to exceed $55,000,000 in the aggregate in any Fiscal Year, and (iii) for cash of any Prison Facility to the United States Bureau of Prisons or any other federal, state or local governmental agency in connection with a management contract with such entity with respect to such Prison Facility, such Asset Disposition to be for fair market value, as determined in good faith by the board of directors of the Borrower and certified in writing by the board of directors to the Administrative Agent;

(h) any sale or other disposition for cash of Purchase Notes for fair market value;

(i) the sale and leaseback of Unoccupied Subject Facilities to Governmental Authorities in connection with management contracts relating thereto; provided that the gross cash proceeds of such sale and leaseback transaction are at least equal to the fair market value, as determined in good faith by the Borrower, of such Unoccupied Subject Facility that is the subject of that sale and leaseback transaction and such transaction is otherwise on terms and conditions reasonably satisfactory to the Administrative Agent;

(j) Asset Swaps; provided that (i) the Borrower would, at the time of such Asset Swap and after giving pro forma effect thereto as if such Asset Swap had been made at the beginning of the applicable four-fiscal quarter period, have been permitted to incur at least $1.00 of additional Indebtedness without declining below a Consolidated Fixed Charge Coverage Ratio of 2.0 to 1.0 for the Borrower’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Asset Swap is to made and (ii) the board of directors of the Borrower determines that the fair market value of the assets received by the Borrower in the Asset Swap is not less than the fair market value of the assets disposed of by the Borrower in such Asset Swap and such determination is evidenced by a resolution of the board of directors of the Borrower set forth in an officer’s certificate delivered to the Administrative Agent, in form and substance satisfactory to the Administrative Agent; provided further that any Asset Swap involving Collateral will be subject to the requirements of Section 8.17;

(k) Asset Dispositions of assets owned by the Borrower and its Restricted Subsidiaries on the Prior Closing Date, not otherwise permitted pursuant to this Section, in an aggregate amount not to exceed (i) an amount equal to ten percent (10%) of Consolidated Tangible Assets determined as of the end of the fiscal quarter ended immediately prior to the Prior Closing Date less (ii) the aggregate amounts of Liens incurred pursuant to Section 10.2(n) that are subject to clause (i) of the proviso of such Section (after giving effect to the outstanding principal balance of the Term Loan) (after giving effect to any Liens that are released in connection with such Asset Dispositions); provided that compliance with this Section 10.4(k) shall be determined, in each case, as of the date an Asset Disposition is made in reliance on this Section 10.4(k) (it being understood that this Section 10.4(k) is a limitation on such Asset

Dispositions on a prospective basis only and that no Default or Event of Default shall occur under this Section 10.4(k) retroactively);

(l) the sale by CCA (U.K.) Ltd, a U.K. corporation, of its interest in Agecroft;

(m) the sale or other disposition by the Borrower of its interest in the Agecroft Note;

(n) sales or other dispositions permitted pursuant to Section 10.5;

(o) Asset Dispositions not otherwise permitted pursuant to this Section in an aggregate amount not to exceed $50,000,000 in any Fiscal Year;

(p) the sale of the Prairie Correctional Facility in Appleton, Minnesota, including the corresponding improvements and all personal property at such location owned by the Borrower or any of the other Credit Parties; and

(q) additional Asset Dispositions of assets acquired by the Borrower and its Restricted Subsidiaries after the Prior Closing Date and Designated Assets, subject to the terms and conditions set forth below:

(i) the Borrower (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Disposition at least equal to (A) the fair market value of the assets (other than Designated Assets) sold or otherwise disposed of or (B) the Designated Asset Value of the Designated Assets sold or otherwise disposed of;

(ii) the fair market value or Designated Asset Value, as applicable, is determined by the board of directors of the Borrower and evidenced by a resolution of such board of directors set forth in an officer's certificate delivered to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent; and

(iii) at least 75% of the consideration received in the Asset Disposition by the Borrower or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this clause (iii) only, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Borrower's or such Restricted Subsidiary's most recent balance sheet, of the Borrower or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to this Agreement) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Borrower or such Restricted Subsidiary from further liability;

(B) any securities, notes or other obligations received by the Borrower or any such Restricted Subsidiary from such transferee that are converted within ninety (90) days of the applicable Asset Disposition by the Borrower or such Restricted Subsidiary into cash or Cash Equivalents, to the extent of the cash or Cash Equivalents received in that conversion;

(C) 100% of the securities, notes or other obligations or Indebtedness actually received by the Borrower as consideration for the sale or other disposition of a Designated Asset pursuant to the terms of a Designated Asset Contract, but only to the extent that such securities, notes or other obligations or Indebtedness were explicitly required to be included, or permitted to be included solely at the option of the purchaser, in such consideration pursuant to the terms of the applicable Designated Asset Contract;

(D) 100% of the Indebtedness actually incurred in favor of the Borrower as consideration for the sale or other disposition of an Unoccupied Subject Facility; and

(E) any Designated Non-Cash Consideration received by the Borrower or any such Restricted Subsidiary in the Asset Disposition.

For the avoidance of doubt, a lease by the Borrower or a Subsidiary, as lessee, of any asset disposed of in a transaction not prohibited by this Section 10.4, shall be permitted so long as such lease is not otherwise prohibited by this Agreement.

SECTION 10.5 Restricted Payments. (a) Declare or pay any dividend or make any other payment or distribution on account of the Borrower's, or any Restricted Subsidiary's, Capital Stock (including any payment in connection with any merger or consolidation involving the Borrower or any Restricted Subsidiary) or to the direct or indirect holders of the Borrower's or any Restricted Subsidiary's Capital Stock in their capacity as such (other than dividends or distributions (i) payable in Capital Stock (other than Disqualified Stock) of the Borrower or (ii) payable to the Borrower and/or a Restricted Subsidiary of the Borrower or payable from a Foreign Subsidiary to another Foreign Subsidiary), (b) purchase, redeem or otherwise acquire or retire for value (including in connection with any merger or consolidation involving the Borrower) any Capital Stock of the Borrower, (c) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Indebtedness, except a payment of interest or principal at the Stated Maturity thereof or a payment of principal or interest on Indebtedness owed to the Borrower or any of its Restricted Subsidiaries, or (d) make any Restricted Investment (all such payments and other actions set forth in these clauses (a) through (d) above being collectively referred to as "Restricted Payments"); provided that:

(A) during any time in which no Event of Default exists, the Borrower may redeem, repurchase, retire, defease or otherwise acquire any Subordinated Indebtedness of the Borrower or any Restricted Subsidiary or any Capital Stock of the Borrower in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Borrower) of, Capital Stock of the Borrower (other than Disqualified Stock);

(B) during any time in which no Event of Default exists, the Borrower may defease, redeem, repurchase or otherwise acquire Subordinated Indebtedness of the Borrower or any Restricted Subsidiary with the net cash proceeds from an incurrence of Refinancing Indebtedness;

(C) during any time in which no Event of Default exists, any Restricted Subsidiary may (1) make loans or advances to the Borrower or any of its Restricted Subsidiaries and (2) pay any dividend or the make any other distribution (x) to the Borrower or any Restricted Subsidiary or (y) to the holders of its Capital Stock on a pro rata basis;

(D) during any time in which no Event of Default exists, the Borrower may repurchase its Capital Stock if deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof or represents shares tendered by an existing or former employee of the Borrower or any Subsidiary (or the estate, heirs or assigns of such employee) to satisfy the employer's minimum statutory tax-withholding obligation related to employee stock awards;

(E) during any time in which no Event of Default exists, the Borrower may, for any Fiscal Year ending during the term of this Agreement, declare and make Restricted Payments (excluding

Restricted Payments otherwise permitted under this Section 10.5) in an aggregate amount equal to the greater of (i) ninety-five percent (95%) of Funds from Operations for such Fiscal Year and (ii) with respect to any tax year of the Borrower, such amount as may be necessary for the Borrower to maintain the Borrower's eligibility to be taxed as a REIT for such tax year; provided that, notwithstanding the foregoing, the Borrower may also make Restricted Payments in an amount equal to the amount that would need to be distributed to all of the Borrower's stockholders in order for the Borrower to make the minimum distributions required to be distributed to its stockholders under the Code (a) to avoid the payment of taxes imposed under Sections 857(b)(1) and 4981 of the Code, and (b) to avoid the payment of taxes imposed under Section 857(b)(3) of the Code;

(F) during any time in which an Event of Default exists (unless the Obligations have been accelerated or an Event of Default pursuant to Section 11.1(a), (b), (i) or (j) has occurred and is continuing), the Borrower may, with respect to any tax year of the Borrower, make Restricted Payments in such amount as may be necessary for the Borrower to maintain the Borrower's eligibility to be taxed as a REIT for such tax year; provided that notwithstanding the foregoing, the Borrower may also make Restricted Payments in an amount equal to the amount that would need to be distributed to all of the Borrower's shareholders in order for the Borrower to make the minimum distributions required to be distributed to its shareholders under the Code (a) to avoid the payment of taxes imposed under Sections 857(b)(1) and 4981 of the Code, and (b) to avoid the payment of taxes imposed under Section 857(b)(3) of the Code; and

(G) during any time after the Obligations shall have been accelerated or after an Event of Default pursuant to Section 11.1(a), (b), (i) or (j) has occurred and is continuing, the Borrower shall not, nor shall it permit any of its Subsidiaries to, make any Restricted Payments to any Person other than to the Borrower or any Subsidiary that is a Credit Party.

SECTION 10.6 Limitations on Exchange and Issuance of Disqualified Stock. Issue, sell or otherwise dispose of any class or series of Disqualified Stock.

SECTION 10.7 Transactions with Affiliates. Directly or indirectly (a) make any loan or advance to, or purchase or assume any note or other obligation to or from, any of its officers, directors, shareholders or other Affiliates, or to or from any member of the immediate family of any of its officers, directors, shareholders or other Affiliates, or subcontract any operations to any of its Affiliates or (b) enter into, or be a party to, any other transaction not described in clause (a) above with any of its Affiliates other than:

(i) transactions permitted by Sections 10.1, 10.2, 10.3, 10.4, 10.5, and 10.6;

(ii) transactions existing on the Prior Closing Date and described on Schedule 10.7;

(iii) normal compensation and reimbursement of reasonable expenses of officers and directors;

(iv) transactions between or among the Borrower and/or its Restricted Subsidiaries;

(v) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of employment arrangements, stock options and stock ownership plans and other reasonable fees, compensation, benefits and indemnities paid or entered into by the Borrower or any of its Restricted Subsidiaries in the ordinary course of business to or with officers, directors or employees of the Borrower and its Restricted Subsidiaries; and

(vi) other transactions (including employment agreements and indemnity agreements) in the ordinary course of business on terms as favorable as would be obtained by it on a comparable arms-length transaction with an independent, unrelated third party, as determined in good faith by the board of directors of the Borrower.

SECTION 10.8 Certain Accounting Changes; Organizational Documents. (a) Change its Fiscal Year end, or make any change in its accounting treatment and reporting practices except as required by GAAP (it being agreed that a conversion from GAAP to IFRS shall be permitted) or (b) except pursuant to a transaction permitted by Section 10.3, amend, modify or change its articles of incorporation (or corporate charter or other similar organizational documents) or bylaws (or other similar documents) in any manner adverse in any respect to the rights or interests of the Lenders hereunder.

SECTION 10.9 Amendments; Payments and Prepayments of Material Indebtedness.

(a) Amend or modify (or permit the modification or amendment of) any of the terms or provisions of any Material Indebtedness (including the Senior Unsecured Notes) in any respect that would materially adversely affect the rights or interests of the Administrative Agent and Lenders hereunder.

(b) Make or offer to make any optional or voluntary payment, prepayment, repurchase or redemption of, or otherwise voluntarily or optionally defease, any Material Indebtedness, or segregate funds for any such payment, prepayment, repurchase, redemption or defeasance (including (i) by way of depositing with any trustee with respect thereto money or securities before due for the purpose of paying when due and (ii) at the maturity thereof), other than the prepayment of Material Indebtedness permitted hereunder (including as otherwise permitted pursuant to Section 10.5); provided, however, that (A) the Borrower may make optional or voluntary payments on any Senior Unsecured Note (or any Refinancing Indebtedness) so long as the Borrower has demonstrated that the pro forma Consolidated Total Leverage Ratio is less than 4.75 to 1.00 as of the date of any such payment and after giving effect thereto and (B) the Borrower and its Restricted Subsidiaries may make optional or voluntary payments or prepayments of (i) the Term Loan, the Revolving Credit Facility or the Existing Term Loan and (ii) any intercompany Indebtedness incurred pursuant to Section 10.1(i).

SECTION 10.10 Restrictive Agreements.

(a) Enter into any Indebtedness (other than the Senior Unsecured Notes and any Refinancing Indebtedness) that restricts, limits or otherwise encumbers its ability to incur Liens on or with respect to any of its assets or properties as security for the Obligations, other than the assets or properties securing such Indebtedness.

(b) Enter into or permit to exist any agreement (other than the Senior Unsecured Notes and any Refinancing Indebtedness) that impairs or limits the ability of any Restricted Subsidiary of the Borrower to pay dividends to the Borrower.

SECTION 10.11 Nature of Business. Engage in any business other than a Permitted Business.

SECTION 10.12 Impairment of Security Interests. Take or omit to take any action that would have the result of materially impairing the security interests in favor of the Administrative Agent with respect to the Collateral.

SECTION 10.13 Use of Proceeds. Use the proceeds of the Extensions of Credit, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation T, U or X of the Board of Governors of the Federal Reserve

System) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose (except to the extent that such purchase would not cause more than 25% of the aggregate value of the assets of the Borrower and its Subsidiaries on a consolidated basis that are subject to the provisions of Section 10.2 or Section 10.4, or that are subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 11.1(g), to consist of margin stock).

SECTION 10.14 Sanctions; Anti-Corruption Laws.

(a) Directly or indirectly, use the proceeds of any Extension of Credit, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, to fund any activities of, or business with, any Sanctioned Person, or in any Sanctioned Country Jurisdiction, or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as Lender, Arranger, Administrative Agent, or otherwise) of Sanctions.

(b) Directly or indirectly use the proceeds of any Extension of Credit for any purpose that would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions to which the Borrower or any of its Subsidiaries are subject.

ARTICLE XI

DEFAULT AND REMEDIES

SECTION 11.1 Events of Default. Each of the following shall constitute an Event of Default, whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any Governmental Authority or otherwise:

(a) Default in Payment of Principal of Term Loan. The Borrower shall default in any payment of principal of the Term Loan when and as due (whether at maturity, by reason of acceleration or otherwise).

(b) Other Payment Default. The Borrower shall default in the payment when and as due (whether at maturity, by reason of acceleration or otherwise) of interest on the Term Loan or the payment of any other Obligation, and such default shall continue for a period of three (3) Business Days.

(c) Misrepresentation. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any other Credit Party herein, in any other Loan Document or in any document delivered in connection herewith or therewith that is subject to materiality or Material Adverse Effect qualifications shall be incorrect or misleading in any respect when made or deemed made or any representation, warranty, certification or statement of fact made or deemed made, by or on behalf of the Borrower or any other Credit Party herein, in any other Loan Document or in any document delivered in connection herewith or therewith that is not subject to materiality or Material Adverse Effect qualifications shall be incorrect or misleading in any material respect when made or deemed made.

(d) Default in Performance of Certain Covenants. The Borrower or any other Credit Party shall default in the performance or observance of any covenant or agreement contained in Sections 7.1, 7.2, 7.4(e)(i), 8.1 (solely with respect to existence of the Borrower) or Articles IX or X.

(e) Default in Performance of Other Covenants and Conditions. The Borrower or any other Credit Party shall default in the performance or observance of any term, covenant, condition or agreement contained in this Agreement (except as otherwise specifically provided in this Section) or any other Loan Document and such default shall continue for a period of thirty (30) days after the earlier of (i) the Administrative Agent's delivery of written notice thereof to the Borrower and (ii) a Responsible Officer of any Credit Party having obtained actual knowledge thereof.

(f) Hedging Agreement. The Borrower or any other Credit Party shall default in the performance or observance of any terms, covenant, condition or agreement (after giving effect to any applicable grace or cure period) under any Hedging Agreement and such default causes the termination of such Hedging Agreement and the Termination Value owed by such Credit Party as a result thereof exceeds $25,000,000.

(g) Material Indebtedness Cross-Default. The Borrower or any other Credit Party shall (i) default in the payment of any Material Indebtedness (other than the Term Loan) beyond the period of grace if any, provided in the instrument or agreement under which such Material Indebtedness was created, or (ii) default in the observance or performance of any other agreement or condition relating to any Material Indebtedness (other than the Term Loan) or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Material Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, any such Material Indebtedness to become due prior to its Stated Maturity (any applicable grace period having expired).

(h) Change in Control. Any Change in Control shall occur.

(i) Voluntary Bankruptcy Proceeding. The Borrower or any Restricted Subsidiary thereof shall (i) commence a voluntary case under any Debtor Relief Laws, (ii) file a petition seeking to take advantage of any Debtor Relief Laws, (iii) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under any Debtor Relief Laws, (iv) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, domestic or foreign, (v) admit in writing its inability to pay its debts as they become due, (vi) make a general assignment for the benefit of creditors, or (vii) take any corporate action for the purpose of authorizing any of the foregoing.

(j) Involuntary Bankruptcy Proceeding. A case or other proceeding shall be commenced against the Borrower or any Restricted Subsidiary thereof in any court of competent jurisdiction seeking (i) relief under any Debtor Relief Laws, or (ii) the appointment of a trustee, receiver, custodian, liquidator or the like for the Borrower or any Restricted Subsidiary thereof or for all or any substantial part of the assets thereof, domestic or foreign, and such case or proceeding shall continue without dismissal or stay for a period of sixty (60) consecutive days, or an order granting the relief requested in such case or proceeding (including an order for relief under any Debtor Relief Laws) shall be entered.

(k) Failure of Agreements. Any provision of this Agreement or any provision of any other Loan Document shall for any reason cease to be valid and binding on the Borrower or any other Credit Party party thereto or any such Person shall so state in writing, or any Loan Document shall for any reason cease to create a valid and perfected first priority Lien on, or security interest in, any of the Collateral purported to be covered thereby (subject to Permitted Liens), in each case other than in accordance with the express terms hereof or thereof.

(l) Termination Event. The occurrence of any of the following events: (i) the Borrower or any ERISA Affiliate fails to make full payment when due of all amounts that, under the provisions of any Pension Plan or Section 412 or 430 of the Code, the Borrower or any ERISA Affiliate is required to pay as contributions thereto, (ii) an Unfunded Pension Liability in excess of $25,000,000 occurs or exists, whether or not waived, with respect to any Pension Plan, (iii) a Termination Event or (iv) the Borrower or any ERISA Affiliate as employers under one or more Multiemployer Plans makes a complete or partial withdrawal from any such Multiemployer Plan and the plan sponsor of such Multiemployer Plans notifies such withdrawing employer that such employer has incurred a withdrawal liability requiring payments in an amount exceeding $25,000,000.

(m) Judgment. A judgment or order for the payment of money that causes the aggregate amount of all such judgments, in any Fiscal Year, to exceed $25,000,000 in excess of amounts covered by independent third-party insurance as to which the insurer does not dispute coverage, shall be entered against the Borrower or any Credit Party by any court, and such judgment or order shall continue without having been discharged, vacated, stayed or bonded for a period of thirty (30) consecutive days after the entry thereof.

SECTION 11.2 Remedies. Upon the occurrence of an Event of Default, with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower:

(a) Acceleration; Termination of Facilities. Declare the principal of and interest on the Term Loan at the time outstanding, and all other amounts owed to the Lenders and to the Administrative Agent under this Agreement or any of the other Loan Documents and all other Obligations, to be forthwith due and payable, whereupon the same shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by each Credit Party, anything in this Agreement or the other Loan Documents to the contrary notwithstanding; provided, that upon the occurrence of an Event of Default specified in Section 11.1(i) or (j), all Obligations shall automatically become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by each Credit Party, anything in this Agreement or in any other Loan Document to the contrary notwithstanding;

(b) [Reserved.]; and

(c) Rights of Collection. Exercise on behalf of the Secured Parties all of its other rights and remedies under this Agreement, the other Loan Documents and Applicable Law, in order to satisfy all of the Borrower's Obligations.

SECTION 11.3 Rights and Remedies Cumulative; Non-Waiver; Etc.

(a) The enumeration of the rights and remedies of the Administrative Agent and the Lenders set forth in this Agreement is not intended to be exhaustive and the exercise by the Administrative Agent and the Lenders of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder or under the other Loan Documents or that may now or hereafter exist at law or in equity or by suit or otherwise. No delay or failure to take action on the part of the Administrative Agent or any Lender in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of Default. No course of dealing between the Borrower, the Administrative Agent and the Lenders or their respective agents or employees shall be effective to change, modify or discharge any provision of this Agreement or any of the other Loan Documents or to constitute a waiver of any Event of Default.

(b) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Credit Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 11.2 for the benefit of all the Lenders; provided that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) [reserved], (c) any Lender from exercising setoff rights in accordance with Section 13.4 (subject to the terms of Section 4.6), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Credit Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 11.2 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 4.6, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

SECTION 11.4 Crediting of Payments and Proceeds. In the event that the Borrower shall fail to pay any of the Obligations when due and the Obligations have been accelerated pursuant to Section 11.2 or the Administrative Agent or any Lender has exercised any remedy set forth in this Agreement or any other Loan Document, all payments received by the Lenders upon the Obligations and all net proceeds from the enforcement of the Obligations shall be applied:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts, including attorney fees, payable to the Administrative Agent in its capacity as such (ratably among the Administrative Agent in proportion to the respective amounts described in this clause First payable to it);

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders under the Loan Documents, including attorney fees (ratably among the Lenders in proportion to the respective amounts described in this clause Second payable to them);

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Term Loan (ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them);

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Term Loan (ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them); and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Applicable Law.

SECTION 11.5 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether the principal of the Term Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Term Loan and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 4.3 and 13.3) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 4.3 and 13.3.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

SECTION 11.6 Credit Bidding.

(a) With the written consent of the Required Lenders, the Administrative Agent, on behalf of itself and the Lenders, shall have the right to credit bid and purchase for the benefit of the Administrative Agent and the Lenders all or any portion of Collateral at any sale thereof conducted by the Administrative Agent under the provisions of the UCC, including pursuant to Sections 9-610 or 9-620 of the UCC, at any sale thereof conducted under the provisions of the United States Bankruptcy Code, including Section 363 thereof, or a sale under a plan of reorganization, or at any other sale or foreclosure conducted by the Administrative Agent (whether by judicial action or otherwise) in accordance with Applicable Law.

(b) Each Lender hereby agrees that, except as otherwise provided in any Loan Documents or with the written consent of the Administrative Agent and the Required Lenders, it will not take any enforcement action, accelerate obligations under any Loan Documents, or exercise any right that it might otherwise have under Applicable Law to credit bid at foreclosure sales, UCC sales or other similar dispositions of Collateral.

ARTICLE XII

THE ADMINISTRATIVE AGENT

SECTION 12.1 Appointment and Authority.

(a) Each of the Lenders hereby irrevocably appoints Nomura to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders, and neither the Borrower nor any Restricted Subsidiary thereof shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

(b) The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Credit Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto (including to enter into additional Loan Documents or supplements to existing Loan Documents on behalf of the Secured Parties). In this connection, the Administrative Agent, as "collateral agent", and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to this Article XII for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of Articles XII and XIII (including Section 13.3, as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents) as if set forth in full herein with respect thereto.

SECTION 12.2 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Restricted Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 12.3 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder and thereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 13.2 and Section 11.2) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article V or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 12.4 Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of the Term Loan, that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such portion of the Term Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 12.5 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Credit Facility as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

SECTION 12.6 Resignation or Removal of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by Applicable Law, by notice in writing to the Borrower and such Person, remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable), (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) except for any indemnity payments or other amounts owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 13.3 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

(d) [Reserved].

SECTION 12.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 12.8 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the syndication agents, documentation agents, co-agents, arrangers or bookrunners listed on the cover page or signature pages hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

SECTION 12.9 Collateral and Guaranty Matters.

(a) Each of the Lenders irrevocably authorizes the Administrative Agent, at its option and in its discretion:

(i) to release any Lien on any Collateral granted to or held by the Administrative Agent, for the ratable benefit of the Secured Parties, under any Loan Document (A) upon repayment of the outstanding principal of and all accrued interest on the Term Loan and payment of all outstanding fees and expenses hereunder, (B) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition or other transaction permitted hereunder or under any other Loan Document, (C) [reserved] or (D) subject to Section 13.2, if approved, authorized or ratified in writing by the Required Lenders;

(ii) to subordinate or release any Lien on any Collateral granted to or held by the Administrative Agent under any Loan Document to the holder of any Permitted Lien (except Permitted Liens permitted solely by Section 10.2(n)); and

(iii) to release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty Agreement, and any other Security Documents if such Person ceases to be a Restricted Subsidiary as a result of a transaction permitted hereunder.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty Agreement pursuant to this Section.

(b) The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Credit Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

SECTION 12.10 [Reserved].

SECTION 12.11 Lender ERISA Representation.

(a) Each Lender (x) represents and warrants, as of the Closing Date (with such Lender's execution of the amendment on such date constituting its representation and warranty) or, if later, the date such Person becomes a Lender party hereto, to, and (y) covenants, from the Closing Date or, if later, the date such Person becomes a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Term Loan,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Term Loan and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Term Loan and this Agreement, (C) the entrance into, participation in, administration of and performance of the Term Loan and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Term Loan and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the Closing Date (with such Lender's execution of the amendment on such date constituting its representation and warranty) or, if later, the date such Person becomes a Lender party hereto, to, and (y) covenants, from the Closing Date or, if later, the date such Person becomes a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that none of the Administrative Agent, any Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto).

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

If to the Borrower:	CoreCivic, Inc. 5501 Virginia Way, Suite 110 Brentwood, Tennessee 37027 Attention: Chief Financial Officer Telephone No.: (615) 263-3131 Telecopy No.: (615) 263-3010 Website: www.corecivic.com
With copies to:	Bass, Berry & Sims PLC 150 Third Avenue South, Suite 2800 Nashville, Tennessee 37201 Attention: F. Mitchell Walker Telephone No.: (615) 742-6275 Telecopy No.: (615) 742-2775
If to Nomura as Administrative Agent:	Nomura Corporate Funding Americas, LLC 309 West 49th Street New York, NY 10019 Attention: US Loan Support Telecopy No.: (646) 587-1328 Email: usloansupport@nomura.com
With copies to:	Cortland Capital Market Services LLC 225 W. Washington St., 9th Floor Chicago, IL 60606 Attention: Agency Services - Nomura Telephone No.: (312) 262-3166 Telecopy No.: (312) 376-0751 Email: NomuraAgency@cortlandglobal.com
If to any Lender:	To the address set forth on the Register

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender, as applicable, has notified the Administrative Agent that is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or other communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Administrative Agent's Office. The Administrative Agent hereby designates its office located at the address set forth above, or any subsequent office that shall have been specified for such purpose by written notice to the Borrower and Lenders, as the Administrative Agent's Office referred to herein, to which payments due are to be made and at which the Term Loan will be disbursed.

(d) Platform.

(i) Each Credit Party agrees that the Administrative Agent may, but shall not be obligated to, make the Borrower Materials available to the Lenders by posting the Borrower Materials on the Platform.

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the accuracy or completeness of the Borrower Materials or the adequacy of the Platform, and expressly disclaim liability for errors or omissions in the Borrower Materials. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Borrower Materials or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Credit Party, any Lender or any other Person or entity for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Credit Party's or the Administrative Agent's transmission of communications through the Internet (including the Platform), except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party or breach in bad faith of such Agent Party's contractual obligations hereunder; provided that in no event shall any Agent Party have any liability to any Credit Party, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages, losses or expenses (as opposed to actual damages, losses or expenses).

SECTION 13.2 Amendments, Waivers and Consents. Except as set forth below or as specifically provided in any Loan Document, any term, covenant, agreement or condition of this Agreement or any of the other Loan Documents may be amended or waived by the Lenders, and any consent given by the Lenders, if, but only if, such amendment, waiver or consent is in writing signed by the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders) and delivered to the Administrative Agent and, in the case of an amendment, signed by the Borrower; provided, that no amendment, waiver or consent shall:

(a) [reserved];

(b) [reserved];

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, the Term Loan, or (subject to clause (iv) of the second proviso to this Section) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided that only the consent of the Required Lenders shall be necessary (i) to waive any obligation of the Borrower to pay interest at the rate set forth in Section 4.1(c) during the continuance of an Event of Default, or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any portion of the Term Loan or to reduce any fee payable hereunder;

(e) change Section 4.4 or Section 11.4 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly and adversely affected thereby;

(f) change any provision of this Section or reduce the percentages specified in the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender directly affected thereby;

(g) release all of the Subsidiary Guarantors or release Subsidiary Guarantors comprising substantially all of the credit support for the Obligations, in either case, from the Subsidiary Guaranty Agreement (other than as authorized in Section 12.9), without the written consent of each Lender; or

(h) release all or a material portion of the Collateral or release any Security Document (other than as authorized in Section 12.9 or as otherwise specifically permitted or contemplated in this Agreement or the applicable Security Document) without the written consent of each Lender;

provided further, that (i) [reserved]; (ii) [reserved]; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent as such under this Agreement or any other Loan Document; (iv) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto; and (v) the Administrative Agent and the Borrower shall be permitted to amend any provision of the Loan Documents (and such amendment shall become effective without any further action or consent of any other party to any Loan Document) if the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature in any such provision. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder.

SECTION 13.3 Expenses; Indemnity.

(a) Costs and Expenses. The Borrower and any other Credit Party, jointly and severally, shall, promptly following written demand therefor, pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) [reserved] and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent and each Lender in connection with the enforcement or preservation of any rights (including the reasonable fees, charges and disbursements of counsel therefor and all such out-of-pocket expenses incurred during any workout, restructuring or related negotiations in respect of the Term Loan) (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Term Loan, including the fees and disbursements of counsel to the Administrative Agent and each Lender; provided that, so long as no Default or Event of Default exists, such reimbursement for legal fees and disbursements shall be limited to the fees and disbursements of one primary counsel designated by the Administrative Agent plus the fees and disbursements of any local and specialist counsel engaged by the Administrative Agent.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Arrangers, the Administrative Agent (and any sub-agent thereof), each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, and shall pay or reimburse any such Indemnitee for, any and all losses, claims (including any Environmental Claims or civil penalties or fines assessed by OFAC), damages, liabilities and related costs and expenses (including the fees, settlement costs, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Credit Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby (including the Transactions), or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (ii) the Term Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Claim related in any way to the Borrower or any of its Subsidiaries, (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Credit Party, and regardless of whether any Indemnitee is a party thereto, or (v) any claim (including any Environmental Claims or civil penalties or fines assessed by OFAC), investigation, litigation or other proceeding (whether or not the Administrative Agent or any Lender is a party thereto) and the prosecution and defense thereof, arising out of or in any way connected with the Term Loan, this Agreement, any other Loan Document or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby, including reasonable attorneys and consultant's fees, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related costs or expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Credit Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Credit Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

This Section 13.3(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under clause (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposure at such time, or if the Total Credit Exposure has been reduced to zero, then based on such Lender's share of the Total Credit Exposure immediately prior to such reduction) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such subagent) or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this clause (c) are subject to the provisions of Section 4.7.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, the Borrower and each other Credit Party shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Term Loan or the use of the proceeds thereof. No Indemnitee referred to in clause (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable promptly after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender and the repayment, satisfaction or discharge of all the other Obligations.

SECTION 13.4 Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrower or any other Credit Party against any and all of the obligations of the Borrower or such Credit Party now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower or such Credit Party may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 4.15 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, and the Lenders, and (y) the

Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or their respective Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 13.5 Governing Law; Jurisdiction, Etc.

(a) Governing Law. This Agreement and the other Loan Documents and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York, without reference to the conflicts or choice of law principles thereof, other than such principles that are stated in Section 5-1401 and 5-1402 of the General Obligations Law of the State of New York.

(b) Submission to Jurisdiction. The Borrower and each other Credit Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding that is not subject to appeal shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or any other Credit Party or its properties in the courts of any jurisdiction.

(c) Waiver of Venue; Objection. The Borrower and each other Credit Party irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action, litigation or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 13.1. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

SECTION 13.6 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON

CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 13.7 Reversal of Payments. To the extent the Borrower makes a payment or payments to the Administrative Agent for the ratable benefit of the Lenders or the Administrative Agent receives any payment or proceeds of the Collateral, which payments or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any Debtor Relief Law, other Applicable Law or equitable cause, then, to the extent of such payment or proceeds repaid, the Obligations or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment or proceeds had not been received by the Administrative Agent.

SECTION 13.8 Injunctive Relief; Punitive Damages.

(a) The Borrower recognizes that, in the event the Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy of law may prove to be inadequate relief to the Lenders. Therefore, the Borrower agrees that the Lenders, at the Lenders' option, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages, to the extent permitted by Applicable Law and principles of equity.

(b) To the extent permitted by Applicable Law, the Administrative Agent, the Lenders and the Borrower (on behalf of itself and the Credit Parties) hereby agree that no such Person shall have a remedy of punitive or exemplary damages against any other party to a Loan Document and each such Person hereby waives any right or claim to punitive or exemplary damages that they may now have or may arise in the future in connection with any Dispute, whether such Dispute is resolved through arbitration or judicially.

SECTION 13.9 Accounting Matters. If at any time any change in GAAP (including the adoption of IFRS) would affect the computation of any financial ratio or requirement set forth in any Loan Document, and the Borrower, the Administrative Agent or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the Audited Financial Statements for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

SECTION 13.10 Successors and Assigns; Participations.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor any other Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Term Loan at the time owing to it); provided that

(i) except in the case of an assignment of the entire remaining amount of the portion of the Term Loan at the time owing to such assigning Lender, the principal outstanding balance of the portion of the Term Loan of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000, unless (A) such assignment is made to an existing Lender, to an Affiliate thereof or to an Approved Fund with respect thereto, or (B) each of the Administrative Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrower otherwise consents in writing (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the portion of the Term Loan assigned;

(iii) no consent shall be required for any assignment except to the extent required by subsections (b)(i) and (b)(iv) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 10 Business Days after having received written notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of the Term Loan unless such assignment is to a Person that is a Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender;

(C) [reserved];

(D) [reserved];

(iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 for each assignment, and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire, a duly executed IRS Form W-9 (or other applicable tax form) and all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the USA PATRIOT Act;

(v) no such assignment shall be made to (A) the Borrower or any of the Borrower's Affiliates or Subsidiaries or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B);

(vi) no such assignment shall be made to a natural person; and

(vii) in connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of the Term Loan previously requested, but not funded by, the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each other Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full pro rata share of all the Term Loan. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 4.8, 4.9, 4.10, 4.11 and 13.3 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in Chicago, Illinois, a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and principal amounts of the portion of the Term Loan owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior written notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender, the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a part of the portion of the Term Loan owing to it); provided that (i) such Lender's rights and obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the exercise of such rights and the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver or modification described in Section 13.2 that directly affects such Participant. Subject to paragraph (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.8, 4.9, 4.10 and 4.11 (subject to the requirements and limitations therein, including the requirements under Section 4.11(g) (it being understood that the documentation required under Section 4.11(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 13.4 as though it were a Lender; provided that such Participant agrees to be subject to Section 4.6 as though it were a Lender.

Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts of (and stated interest on) each Participant's interest in the Term Loan or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be presumed correct absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Sections 4.10 and 4.11 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 4.11 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 4.11(g) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Notes, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) [Reserved.]

SECTION 13.11 Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Affiliates' respective partners, directors, officers, employees, agents, accountants, legal counsel, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by, or required to be disclosed to, any rating agency, or regulatory or similar authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies under this Agreement or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or the Credit Facility or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Credit Facility, (h) with the consent of the Borrower, to Gold Sheets and other similar bank trade publications, such information to consist of deal terms and other information customarily found in such publications, (i) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower or (j) to governmental regulatory authorities in connection with any regulatory examination of the Administrative Agent, any Lender or any of their respective Affiliates or in accordance with any such Person's regulatory compliance policy if such Person deems the same to be necessary for the mitigation of claims by those authorities against such Person or any of its Affiliates. For purposes of this Section, "Information" means all information received from any Credit Party relating to any Credit Party or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Credit Party; provided that, in the case of information received from a Credit Party after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. The Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent or any Lender in connection with the administration of this Agreement, the other Loan Documents and the Term Loan Commitments. The Credit Parties consent to the publication by the Administrative Agent or any Lender of customary advertising material relating to the transactions contemplated hereby using the name, product photographs, logo or trademark of the Credit Parties.

Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with Applicable Law, including United States Federal and state securities laws.

SECTION 13.12 Performance of Duties. Each of the Credit Party's obligations under this Agreement and each of the other Loan Documents shall be performed by such Credit Party at its sole cost and expense.

SECTION 13.13 All Powers Coupled with Interest. All powers of attorney and other authorizations granted to the Lenders, the Administrative Agent and any Persons designated by the Administrative Agent or any Lender pursuant to any provisions of this Agreement or any of the other Loan Documents shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied or the Credit Facility has not been terminated.

SECTION 13.14 Survival of Indemnities. Notwithstanding any termination of this Agreement, the indemnities to which the Administrative Agent and the Lenders are entitled under the provisions of this Article XIII and any other provision of this Agreement and the other Loan Documents shall continue in full force and effect and shall protect the Administrative Agent and the Lenders against events arising after such termination as well as before.

SECTION 13.15 Titles and Captions. Titles and captions of Articles, Sections and subsections in, and the table of contents of, this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

SECTION 13.16 Severability of Provisions. Any provision of this Agreement or any other Loan Document that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 13.17 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and shall be binding upon all parties, their successors and assigns, and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 13.18 Integration. This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Administrative Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

SECTION 13.19 Term of Agreement. This Agreement shall remain in effect from the Closing Date through and including the date upon which all Obligations arising hereunder or under any other Loan Document (except for contingent Obligations that expressly survive the termination of this Agreement or any other Loan Document) shall have been indefeasibly and irrevocably paid and satisfied in full. No termination of this Agreement shall affect the rights and obligations of the parties hereto arising prior to such termination or in respect of any provision of this Agreement that survives such termination.

SECTION 13.20 Advice of Counsel, No Strict Construction. Each of the parties represents to each other party hereto that it has discussed this Agreement with its counsel. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

SECTION 13.21 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Arrangers, are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent and the Arrangers, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent and each Arranger is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates or any other Person and (B) neither the Administrative Agent nor any Arranger has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents and (iii) the Administrative Agent and the Arrangers and their respective Affiliates may be engaged in a board range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Administrative Agent nor any Arranger has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Administrative Agent and the Arrangers with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 13.22 USA Patriot Act. The Administrative Agent and each Lender hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "PATRIOT Act"), it is required to obtain, verify and record information that identifies the Borrower and Subsidiary Guarantors, which information includes the name and address of each Borrower and Subsidiary Guarantor and other information that will allow such Lender to identify such Borrower or Subsidiary Guarantor in accordance with the PATRIOT Act.

SECTION 13.23 Inconsistencies with Other Documents; Independent Effect of Covenants.

(a) In the event there is a conflict or inconsistency between this Agreement and any other Loan Document, the terms of this Agreement shall control; provided that any provision of the Security Documents that imposes additional burdens on the Borrower or its Restricted Subsidiaries or further restricts the rights of the Borrower or its Restricted Subsidiaries or gives the Administrative Agent or

Lenders additional rights shall not be deemed to be in conflict or inconsistent with this Agreement and shall be given full force and effect.

(b) The Borrower expressly acknowledges and agrees that each covenant contained in Articles VIII, IX, or X shall be given independent effect. Accordingly, the Borrower shall not engage in any transaction or other act otherwise permitted under any covenant contained in Articles VIII, IX, or X if, before or after giving effect to such transaction or act, the Borrower shall or would be in breach of any other covenant contained in Articles VIII, IX, or X.

SECTION 13.24 Electronic Execution of Assignments and Certain Other Documents. The words "delivery," "execute," "execution," "signed," "signature," and words of like import in any Loan Document or any other document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that, notwithstanding anything contained herein to the contrary, neither the Administrative Agent nor any Lender is under any obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent or such Lender pursuant to procedures approved by it; and provided further, without limiting the foregoing, upon the request of any party, any electronic signature shall be promptly followed by such manually executed counterpart.

SECTION 13.25 [Reserved.]

SECTION 13.26 [Reserved.]

SECTION 13.27 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Solely to the extent any Lender that is an EEA Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any parties hereto, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder that may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

SECTION 13.28 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and, each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 13.28, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed under seal by their duly authorized officers, all as of the date and year first written above.

BORROWER:

CORECIVIC, INC.

By:
Name: David M. Garfinkle
Title: Executive Vice President and Chief Financial Officer

ADMINISTRATIVE AGENT AND LENDERS:

NOMURA CORPORATE FUNDING AMERICAS, LLC, as Administrative Agent

By: ______________________________
Name: ____________________________
Title: _____________________________

NOMURA CORPORATE FUNDING AMERICAS, LLC, as a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

Exhibit 21.1

LIST OF SUBSIDIARIES OF CORECIVIC, INC.

ACS Corrections of Texas, L.L.C., a Texas limited liability company
Alex City SSA, LLC, a Kentucky limited liability company
Avalon Corpus Christi Transitional Center, LLC, a Texas limited liability company
Avalon Correctional Services, Inc., a Nevada corporation
Avalon Transitional Center Dallas, LLC, a Texas limited liability company
Avalon Tulsa, L.L.C., an Oklahoma limited liability company
BG INS, LLC, a Kentucky limited liability company
BG SSA, LLC, a Kentucky limited liability company
Campbellsville SSA, LLC, a Kentucky limited liability company
Carver Transitional Center, L.L.C., an Oklahoma limited liability company
CCA Health Services, LLC, a Tennessee limited liability company
CCA International, LLC, a Delaware limited liability company
CCA South Texas, LLC, a Maryland limited liability company
CCA (UK) Ltd., a United Kingdom limited company
CoreCivic, LLC, a Delaware limited liability company
CoreCivic Government Solutions, LLC, a Maryland limited liability company
CoreCivic of Kansas Holdings LLC, a Maryland limited liability company
CoreCivic of Kansas LLC, a Maryland limited liability company
CoreCivic of Tallahassee, LLC, a Maryland limited liability company
CoreCivic of Tennessee, LLC, a Tennessee limited liability company
CoreCivic TRS, LLC, a Maryland limited liability company
Correctional Alternatives, LLC, a California limited liability company
Correctional Management, Inc., a Colorado corporation
EP Horizon Management, LLC, a Texas limited liability company
Fort Worth Transitional Center, L.L.C., an Oklahoma limited liability company
Government Real Estate Solutions LLC, a Delaware limited liability company
Green Level Realty, LLC, a Colorado limited liability company
Mid South Holdings LLC, a Delaware limited liability company[1]
National Offender Management Systems, LLC, a Colorado limited liability company
Prison Realty Management, LLC, a Tennessee limited liability company
Recovery Monitoring Solutions Corporation, a Texas corporation.
Rocky Mountain Offender Management Systems, LLC, a Colorado limited liability company
SSA Baltimore Holdings LLC, a Delaware limited liability company
SSA Baltimore LLC, a Delaware limited liability company
Southern Corrections System of Wyoming, L.L.C., an Oklahoma limited liability company
Technical and Business Institute of America, LLC, a Tennessee limited liability company
Time To Change, Inc., a Colorado corporation
TransCor America, LLC, a Tennessee limited liability company
TransCor Puerto Rico, Inc., a Puerto Rico corporation
Turley Residential Center, L.L.C., an Oklahoma limited liability company

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1 Mid South Holdings LLC, a Delaware limited liability company, is the parent of twenty four subsidiaries organized and operating in Kentucky, which carry on the same line of business (the ownership and operation of commercial real estate).

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-115493) pertaining to the CoreCivic, Inc. Non-Employee Directors' Compensation Plan,

(2) Registration Statement (Form S-8 No. 333-69358) pertaining to the CoreCivic, Inc. 401(k) Savings and Retirement Plan,

(3) Registration Statement (Form S-8 No. 333-143046) pertaining to the Corrections Corporation of America 2008 Stock Incentive Plan,

(4) Registration Statement (Form S-8 No. 333-176140) pertaining to the registration of additional shares for the Corrections Corporation of America Amended and Restated 2008 Stock Incentive Plan, and

(5) Registration Statement (Form S-3 No. 333-227078) pertaining to a shelf registration of debt securities, guarantees of debt securities, preferred stock, common stock, warrants, or units;

of our reports dated February 20, 2020 with respect to the consolidated financial statements and schedule of CoreCivic, Inc. and Subsidiaries and the effectiveness of internal control over financial reporting of CoreCivic, Inc. and Subsidiaries, included in this Annual Report (Form 10-K) of CoreCivic, Inc. and Subsidiaries for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 20, 2020

Exhibit 31.1

**CERTIFICATION OF THE CEO PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Damon T. Hininger, certify that:

1. I have reviewed this Annual Report on Form 10-K of CoreCivic, Inc.;

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation;

    d) Disclosed in this Annual Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2020

/s/ Damon T. Hininger
Damon T. Hininger
President and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF THE CFO PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, David M. Garfinkle, certify that:

1. I have reviewed this Annual Report on Form 10-K of CoreCivic, Inc.;

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation;

    d) Disclosed in this Annual Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2020

/s/ David M. Garfinkle

David M. Garfinkle
Executive Vice President, Chief
Financial Officer, and Principal
Accounting Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of CoreCivic, Inc. (the "Company") on Form 10-K for the period ending December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Damon T. Hininger, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Damon T. Hininger
Damon T. Hininger
President and Chief Executive Officer
February 20, 2020

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CoreCivic, Inc. (the "Company") on Form 10-K for the period ending December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Garfinkle, Executive Vice President, Chief Financial Officer, and Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ David M. Garfinkle
David M. Garfinkle
Executive Vice President, Chief
Financial Officer, and Principal
Accounting Officer
February 20, 2020