



Municipal Corrections Finance 6,258 beds; 11 facilities

Alaska, Georgia, Ohio, Oklahoma, Pennsylvania and Texas





CitiState Resources

Municipal Corrections Finance LP



Municipal Corrections Finance Holdings, LLC
Alaska, Georgia, Ohio, Oklahoma, Pennsylvania & Texas

11 facilities; 6258 beds
\$197,000,000

Municipal Correction Finance

11 Facilities: 6,258 beds
Texas, Oklahoma, Arkansas,
Ohio, Georgia and Pennsylvania
\$197,400,000
August 2001
CitiState Resources



Overview

Municipal Correction Finance, L.P. (“MCF”), a Delaware limited partnership, is a special purpose limited partnership that was created for the purpose of acquiring, owning, leasing and contracting for the operation of low to medium security adult and juvenile correction and treatment facilities in furtherance of the charitable purposes of Provident Resources Group Inc. (“Provident”). The general partner of MCF is Municipal Corrections Finance Holdings, LLC, a Delaware limited liability company (“MCFH”) which is a special purpose limited liability company in which Provident is the manager and sole economic member. In this transaction, MCF issued the Bonds to acquire a diversified group of eleven specialized correctional and treatment facilities from Cornell Companies, Inc. Upon acquiring the facilities, MCF leased the facilities back to Cornell who continued to operate the leased facilities. MCF currently owns eleven correctional facilities in six states.

Financing

MCF agreed to purchase eleven low to medium security facilities from Cornell Companies, Inc. for \$173,000,000. Under the terms of the purchase agreement, the Partnership agreed to lease the facilities back to Cornell for a term of 20 years with up to approximately 25 years of renewals. The purchase price was funded by a combination of partner capital contributions and taxable revenue bonds. On August 14, 2001, MCF issued \$197,400,000 taxable revenue bonds in a private placement using Lehman Brothers Inc. as the placement agent and Chase Manhattan Bank of New York as the trustee. Standard and Poor provided the rating of BBB on the bonds.

- Municipal Corrections Finance, L.P. 8.47% Taxable Revenue Bonds, Series 2001: \$197,400,000

Management

Under the terms of the lease agreement, Cornell Companies operates and manages all aspects of the facilities. The terms of the lease obligate Cornell to pay all property taxes, maintain insurance, pay utilities and maintain the facilities at its own expense. MCF as the general partner acts as the lesser and approves certain actions such as construction and expansions.

Community Impact

By entering into this transaction, MCF and Provident intends to assist state and local governments in lessening the burdens of government through the cost efficient ownership and operation of correctional facilities, and providing charitable services to the offenders in the facilities.