

CORNELL COMPANIES

April 15, 2002

Mr. Art Trujillo
8322 Camino Paisano
Albuquerque, New Mexico 87102

Reference: Bernalillo County Jail

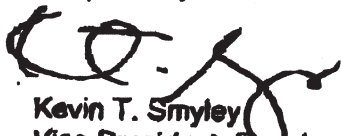
Dear Mr. Trujillo:

This letter serves as a memorandum of understanding between Cornell Companies, Inc. and your firm in reference to the consulting work that you will perform in conjunction with Cornell's attempt to lease or purchase, with authority to manage and operate, the Bernalillo County Jail (Downtown Jail facility).

1. Cornell will agree to pay to the Firm an amount equal to \$.25 per man-day based upon the number of adult inmates housed at the jail.
2. Payments will take effect only after the complete execution of a valid contract between Cornell and Bernalillo County for the lease or purchase and authority to manage and operate the Jail. Payments will begin after the first full quarter of a fully executed contract and be issued quarterly thereafter for the term of the contract.
3. Cornell will not be required to execute an agreement with the County if the terms of the agreement are unacceptable to Cornell.
4. Cornell will not be responsible for any expenses without prior written agreement.
5. This entire agreement will be valid for not more than six months from the date of execution unless terminated or extended with written notice by either party.

If you have any questions or would like to discuss this memorandum, please feel free to contact Lawrence Barreras, Senior Warden, New Mexico Division at 505-350-6007.

Respectfully,



Kevin T. Smyley
Vice President, Development

CORNELL COMPANIES

April 15, 2002

**Mr. Joe Lang
320 Gold Avenue S.W. Suite 1000
Albuquerque, New Mexico 87102**

Reference: Bernalillo County Jail

Dear Mr. Lang:

This letter serves as a memorandum of understanding between Cornell Companies, Inc. and your firm in reference to the consulting work that you will perform in conjunction with Cornell's attempt to lease or purchase, with authority to manage and operate, the Bernalillo County Jail (Downtown Jail facility).

- 1. Cornell will agree to pay to the Firm an amount equal to \$2.00 per man-day based upon the number of adult inmates housed at the jail.**
- 2. Payments will take effect only after the complete execution of a valid contract between Cornell and Bernalillo County for the lease or purchase and authority to manage and operate the Jail. Payments will begin after the first full quarter of a fully executed contract and be issued quarterly thereafter for the original term of the contract.**
- 3. Cornell will not be required to execute an agreement with the County if the terms of the agreement are unacceptable to Cornell.**
- 4. Cornell will not be responsible for any expenses without prior written agreement.**
- 5. This entire agreement will be valid for not more than six months from the date of execution unless terminated or extended with written notice by either party.**

If you have any questions or would like to discuss this memorandum, please feel free to contact Lawrence Barreras, Senior Warden, New Mexico Division at 505-350-5007.

Respectfully,



**Kevin T. Smyley
Vice President, Development**