

# **CENTRACORE PROPERTIES TRUST**

## **CORPORATE GOVERNANCE & NOMINATING COMMITTEE CHARTER**

**Adopted January 22, 2004**

### **Preface**

CentraCore Properties Trust (the “Company”) has previously established a Corporate Governance & Nominating Committee (the “Governance Committee”) comprised of three independent members of its Board of Trustees. The Governance Committee has prepared and approved this Corporate Governance & Nominating Committee Charter (the “Charter”) and has presented this Charter to the Board of Trustees of the Company (the “Board”) for ratification by the Board. The Governance Committee recognized in its deliberations and in the drafting of this Charter that the Company differs fundamentally from most companies listed on the New York Stock Exchange in that the Company has a small management team and a business process associated with the acquisition and holding of real properties which are leased on a triple-net basis to tenants wholly responsible for the operation, maintenance and use of the properties.

### **Purpose**

Corporate governance, to be effective, must be adapted to the organization and to the fundamentals of its business activities. The traditional role of a nominating committee is evolving with the changing attitudes toward the responsibilities of the committee to have ongoing oversight over those individuals nominated for and comprising the members of the board. The purpose of this Committee and this Charter is to set forth the basic corporate governance policies and guidelines adopted by the Governance Committee and by the Board for the Company, to define the basic responsibilities and qualifications of individuals nominated and elected to serve as Trustees on the Board, identify and nominate individuals qualified to become Trustees in accordance with such policies and guidelines and oversee the selection and composition of committees of the Board.

### **Responsibilities of the Governance Committee.**

#### **Establishment and Evaluation of Corporate Governance Policies and Guidelines**

The Governance Committee has the primary responsibility, on behalf of the Board, for the establishment of corporate governance policies for the Company and for the evaluation of management’s adherence to the policies. In establishing these corporate governance policies, the Governance Committee incorporates the Company’s existing Whistleblower Complaint Procedures Policy, the Insider Trading Policy, the Independent Committee Policies and Procedures and the Code of Business Conduct, which includes the ethical standards applicable to management, members of the Board and employees of the Company. The Governance Committee also adopts further governance procedures as set forth in this Charter and in a

separate set of Corporate Governance Guidelines and as may be approved from time to time by resolution of the Governance Committee. The corporate governance policies set forth in this Charter and in any other document and any adopted in the future by resolution of the Governance Committee are subject to ratification by the Board.

The Governance Committee shall also have primary responsibility for considering the adequacy of the declaration of trust, by-laws and other charter documents of the Company and recommending to the Board of Trustees, as conditions dictate proposed amendments to such charter documents for consideration.

#### Nomination of Board, Committee Members and Corporate Officers

The Governance Committee is responsible for assisting the Board with the identification, evaluation and recommendation of nominees and the establishment of qualifications and criteria for election or for reelection as Trustees to the Board and to each committee of the Board, including a chairman for each committee. The Governance Committee shall also nominate officers of the Company for consideration and election by the Board and shall establish policies and procedures for succession in senior management. The Board shall, annually or more frequently as necessary, review and approve a succession plan for the Chief Executive Officer of the Company.

The Governance Committee is responsible for conducting all necessary and appropriate inquiries into the backgrounds and qualifications of possible candidates. In that connection, the Governance Committee shall have sole authority to retain and to terminate any search firm to be used to assist in identifying candidates to serve as Trustees of the Company, including sole authority to approve the fees payable to such search firm and any other terms of retention.

#### Maintenance of Independent Board and Certain Committees

The Governance Committee is responsible for evaluating the independence of Trustees and for recommending to the Board any changes in the membership or size of the Board which are deemed necessary to maintain a majority of Trustees who are determined by the Governance Committee and the Board to be independent. The Governance Committee shall also ensure that the members of the Audit Committee, Governance Committee and Compensation Committee are, at all times during their service on any of such committees, determined to be independent members of the Board.

#### **Delegation to Subcommittees**

In fulfilling its responsibilities, the Governance Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee.

#### **Chairman**

Unless a Chairman is elected by the full Board of Trustees, the members of the Committee shall designate a Chairman by majority vote of the full Committee membership. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

## **Corporate Governance Policies and Guidelines.**

The Governance Committee believes open and direct communications between or among management and Trustees is essential to good governance. Any Trustee may contact the Chief Executive Officer or the Chief Financial Officer of the Company at reasonable times to make reasonable inquiries relating to Company affairs. Questions of Company employees arising under the Company's Code of Business Conduct or any other corporate governance policies may be directed by the affected employee to management or to any Trustee. Any questions referred to a Trustee by a Company employee shall be referred to the Chairman of the Governance Committee.

Any member of the Board may directly, or through the Chairman of the Board or the Chairman of the Governance Committee, request the advice of outside counsel and the Board may appoint outside advisors to assist the Board with any of its responsibilities. The Governance Committee may refer matters or inquiries to outside counsel and shall request the Company's general counsel to advise the Governance Committee from time to time on developments in corporate governance and best practices for the Board. The quintessential policy of the Governance Committee is the strict adherence by the Company's Board, officers and employees to the highest ethical and legal standards. On an annual basis or more frequently if the circumstances require it, the Governance Committee shall review this Charter and evaluate and report to the Board its assessment of the performance of management consistent with these policies and any changes to these policies deemed appropriate. Management of the Company shall endeavor to inform the Governance Committee of all new matters that pertain to the responsibilities and role of members of the Governance Committee

The election to the Board and appointment to any committee of the Board assumes a personal commitment of time and diligence by the member to the Company. The Compensation Committee of the Board shall review and establish compensation for the senior management of the Company, the members of the Board, the Chairman of the Board and the members and chairman of each committee of the Board. Each member of the Board is expected to use their best efforts to attend, in person or by telephone, each meeting of the Board and each meeting of a committee of which they are a member. In consultation with management of the Company, the Chairman of the Board and the chairman of each committee of the Board shall provide an agenda and all information and materials relevant to each meeting of the Board or any committee of the Board, to the members thereof sufficiently in advance of meetings, to the maximum extent practicable, to provide adequate time for review and consideration of the materials.

The Governance Committee shall review the qualifications and personal strengths of each member of the Board and shall recommend nominees for election to, or to fill any vacancies on, the Board and its committees, based upon the Governance Committee's assessment of the needs of the Board and the Company. On an annual basis the Governance Committee shall perform a self-evaluation of its members and shall evaluate or request the Board and each other committee of the Board to evaluate the members of the Board and each other committee. The Governance Committee shall recommend to the Board any changes in membership of the Board or of any committee as it determines to be necessary or in the best interests of the Company. The Governance Committee shall select nominees for the Board in a manner which shall maintain the

independence of a majority of the members of the Board and shall only propose nominees for the Audit Committee, Compensation Committee and the Corporate Governance & Nominating Committee who are determined by the Governance Committee to be independent members of the Board. The Chairman of the Board shall be an independent member of the Board.

The Governance Committee shall periodically review and recommend to the Board or to the appropriate committee of the Board any changes deemed necessary or appropriate to the Company's governance policies, including the Code of Business Conduct, the Whistleblower Complaint Procedures Policy, the Insider Trading Policy, the Independent Committee Policies and Procedures and the Charters of each committee of the Board. With the assistance of outside counsel, independent auditors and management, the Governance Committee shall provide information, presentations and continuing education on matters of relevance to the members of the Board and its committees.

The Chairman of the Board shall ensure that during each regularly scheduled quarterly meeting of the Board and otherwise as necessary, members of the Board who are not officers of the Company shall meet in an executive session conducted by the Chairman without management of the Company present to discuss any relevant matters the discussion of which could be influenced by the presence of management and to receive any reports of the Governance Committee which relate to compliance by management of the Company with this Charter. The Chairman of the Board shall also ensure that the members of the Board who are determined to be independent by the Board meet at least annually in an executive session to consider any matters which may be relevant for their review.

### **Guidelines for Trustee Qualifications and Independence.**

#### Trustee Qualifications

The Governance Committee shall establish qualifications for membership on the Board and on each committee consistent with the needs of the Company and the charter and purposes of each committee. In establishing the qualifications of the members of the Audit Committee, the Governance Committee shall be guided by the requirements of the Securities and Exchange Commission, the New York Stock Exchange and other relevant organizations. The Governance Committee shall review with its outside counsel and independent auditors the financial literacy requirements for membership on the Audit Committee and the criteria applicable to the designation of an "audit committee financial expert" as that term is defined in relevant resource materials. The Governance Committee shall only nominate members of the Audit Committee who are independent members of the Board and who meet all of the membership requirements of the New York Stock Exchange Audit Committee Rules. Members of the Audit Committee may not serve on the audit committees of more than three public companies, including the Company. Other members of the Board may serve on any number of boards or committees of other public companies so long as the member's service to the Company is not impaired by such other commitments.

Members of the Board are expected to have industry experience, professional credentials or other life experiences that will inure to the benefit of the Company and enrich the deliberative

processes of the Board. The Governance Committee and the Board may consider in connection with the review of prospective nominees or evaluation of members of the Board, the age or length of service to the Company of any individual, however, the policies of the Company do not limit the eligibility or length of service of any individual by an arbitrary age or term limit. Members of the Board are requested to communicate changes in employment or outside responsibilities that may influence their participation as a member of the Board, however, members of the Board are not required to submit a letter of resignation from the Board upon any changes in their employment or personal life.

### Trustee Independence

The Governance Committee shall evaluate and report to the Board on the independence of each member of the Board. Based upon the report of the Governance Committee and the standards in this Charter, the Board shall make a determination as to the independence of each member of the Board. The following criteria shall be included in the determination of whether a member of the Board is independent and shall be interpreted consistent with the listing standards of the New York Stock Exchange and other applicable rules and regulations applicable to the Company:

#### Standards pertaining to Each Member of the Board

1. Whether the member of the Board has any material relationship with the Company, either directly, or as a partner, shareholder or officer of an organization that has a relationship with the Company, such as a lessee, lending institution, investment banking firm, law firm, auditing firm or consulting firm doing business with the Company;
2. Whether the member of the Board is a current employee of the Company or was an employee of the Company within three years preceding the date of determination;
3. Whether the member of the Board is, or in the three years preceding the date of determination has been, affiliated with or employed by (i) a present internal or external auditor of the Company or any affiliate of the Company, or (ii) any former internal or external auditor of the Company or any affiliate of the Company, which performed services for the Company within three years preceding the date of determination;
4. Whether the member of the Board is, or in the three years preceding the date of determination has been, part of an interlocking directorate, in which an executive officer of the Company serves on the compensation committee of another company that concurrently employs the member as an executive officer; and
5. Whether the member of the Board receives any compensation from the Company, other than fees or compensation for service as a member of the Board and any committee of the Board and reimbursement for reasonable expenses incurred in connection with such service and for reasonable educational expenses associated with Board or Committee membership matters.

#### Standards pertaining to Immediate Family Members of Each Member of the Board

6. Whether an immediate family member of the member of the Board is a current executive officer of the Company or was an executive officer of the Company within three years preceding the date of determination;
7. Whether an immediate family member of the member of the Board is, or in the three years preceding the date of determination has been, affiliated with or employed in a professional capacity by (i) a present internal or external auditor of the Company or any affiliate of the Company, or (ii) any former internal or external auditor of the Company or any affiliate of the Company which performed services for the Company within three years preceding the date of determination; and
8. Whether an immediate family member of the member of the Board is, or in the three years preceding the date of determination has been, part of an interlocking directorate, in which an executive officer of the Company serves on the compensation committee of another company that concurrently employs the immediate family member of the member of the Board as an executive officer.

The immediate family members of a member of the Board include the Board member's spouse, parents, children, siblings, in-laws and anyone living in the member's household (other than a non-family member employee of the member). For purposes of item 6 above, any direct compensation of more than \$100,000 per year shall constitute such recipient as an executive officer of the Company.

For purposes of item 1 above and the determination of a material relationship, if a member of the Board is an executive officer or an employee of, or has an immediate family member who is an executive officer of, another company, it shall be considered material if, during the three years preceding the date of determination, the other company makes payments to or receives payments from the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million or two percent (2%) of such other company's consolidated gross revenues. In considering other material relationships and in applying the independence standards set out above, the Governance Committee and the Board shall consider all relevant and material relationships of members of the Board with any parties doing business with the Company, receiving contributions or payments from the Company or otherwise related to the Company.

Ownership of shares of the Company's stock by members of the Board and the senior management of the Company is encouraged and shall not be considered negatively in the evaluation of independence of members of the Board except to the extent a member's ownership is of such proportions as to adversely affect the independence of the member. The ownership of shares of the Company's stock is not a prerequisite to eligibility as a member of the Board or senior management of the Company. Members of the Audit Committee may not receive any compensation from the Company other than as permitted by item six above, even if the compensation is de minimis in amount.

The Governance Committee shall review and consider any compensation, consulting fee, reimbursement of expenses or other form of consideration paid by the Company or any other party on behalf of the Company to any member of the Board, other than for service as a member of the Board or any committee thereof, in connection with the evaluation of the independence of such member.