

LEASE

Dated as of September 1, 1999

between

MUNICIPAL GAS AUTHORITY OF GEORGIA,

as Lessor

and

CITY OF MONROE

as Lessee

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(This Table of Contents is not a part of this Lease,
but is only for convenience of reference.)

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LEASE

THIS LEASE, dated as of September 1, 1999, by and between Municipal Gas Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia (the "Lessor") and the City of Monroe, a municipal corporation of the State of Georgia (the "Lessee"),

W I T N E S S E T H :

WHEREAS, the Lessee desires financing to acquire, construct and install certain additions, extensions and improvements to its gas distribution system (the "System") in locations more particularly set forth in Exhibit "A" hereto (the "Project"); and

WHEREAS, the Lessor is willing to lease the Project to the Lessee, and the Lessee desires to lease the same from the Lessor, upon the terms and conditions and for the purposes set forth herein; and

WHEREAS, the Lessor and Lessee are empowered to enter into this Lease pursuant to the Municipal Gas Authority of Georgia Act, Ga. Laws 1987, p. 745 et seq., as amended (codified at Official Code of Georgia Annotated, Article 4, Chapter 4 of Title 46) (the "Act") and pursuant to the Intergovernmental Contracts provision of the Constitution of Georgia, Article 9, Section 3, Paragraph 1.

NOW, THEREFORE, for and in consideration of the mutual promises and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.01. Definitions. The following terms shall have the following meanings for all purposes of this Lease:

"Acquisition Fund" shall mean the Acquisition Fund established in Section 5.08 hereof.

"Additional Payments" shall mean the amount or amounts payable by the Lessee pursuant to Section 4.01(b) hereof.

"Agency Agreement" shall mean the Agency Agreement, dated as of September 1, 1999, between the Lessor and the Lessee, as the Lessor's agent, for purposes of causing construction of the Project.

"Authorized Lessee Representative" shall mean the person or persons at the time designated, by written certificate furnished to the Lessor, as the person or persons authorized to act on behalf of the Lessee. Such certificate shall contain the specimen signature of such person or persons, shall be signed on behalf of the Lessee by the Mayor of the City of Monroe and may designate an alternate or alternates. The Authorized Lessee Representative may, but need not be, an employee of the Lessee.

"Bank" means Wachovia Bank, N.A., assignee of Lessor's rights to receive Base Rentals hereunder.

"Base Rentals" shall mean the amounts (comprising a principal component and an interest component, or either) payable by the Lessee pursuant to Section 4.01(a) hereof in consideration of the use and enjoyment of the Project during the term of this Lease, on the dates and in the amounts as set forth in Schedule I attached hereto.

"City" means the City of Monroe, a municipal corporation of the State of Georgia.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any applicable regulations thereunder.

"Completion Certificate" shall mean the certificate delivered by the Authorized Lessee Representative pursuant to Section 5.01 hereof evidencing completion of construction of the Project, acceptance thereof by the Lessee, and certain other matters.

"Completion Date" shall mean the date of final acceptance of the Project by the Lessee as evidenced by the delivery of the certificate required by Section 5.01 hereof.

"Construction Contract" shall mean any construction contract or contracts between the Lessee (acting in its capacity as the Lessor's agent pursuant to the Agency Agreement) and any contractor and between any contractor or subcontractor and his immediate subcontractor regarding construction of the Project, a copy of each of which is or will be on file with the Lessee.

"Costs of the Project" shall mean all costs which the Lessee, in its capacity as agent for the Lessor pursuant to the Agency Agreement, or the Lessor shall be required to pay under the terms of any contract or contracts for the acquisition, construction and improvement of the Project, including but not limited to the following:

- (i) obligations of the Lessee or the Lessor incurred for labor and materials (including reimbursements payable to the Lessor or the Lessee and payments on contracts in the name of the Lessor or the Lessee) in connection with the acquisition, construction and improvement of the Project;

(ii) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect during the course of construction of the Project;

(iii) all costs of engineering and architectural services, including the costs incurred by the Lessee or the Lessor for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper construction of the Project;

(iv) all costs of the financing represented by this Lease;

(v) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a Construction Contract;

(vi) payment of all other costs which are considered to be a part of the costs of the Project in accordance with generally accepted accounting principles and which will not affect the exemption from federal income taxation of the interest component of the Base Rentals payable by the Lessee under the Lease and assigned to the Bank hereunder;

(vii) any sums required to reimburse the Lessor or the Lessee for advances by either of them for any of the above items or for any other costs incurred and for work done by either of them which are properly chargeable to the Project; and

(viii) all costs which shall be required to be paid under the terms of any Construction Contract.

"Event of Default" shall mean one or more of the events described in Section 16.01 hereof.

"Interest Portion" means that portion of Rentals attributed to interest on Schedule I hereto.

"Lease" shall mean this Lease, and any amendments and supplements hereto as herein permitted.

"Lease Assignment Price" means the amount paid by the Bank as the purchase price for the assignment of Base Rentals to the Bank hereunder set forth in Section 4.01 hereof.

"Lessee" shall mean the City of Monroe, a municipal corporation of the State of Georgia, or any public body or municipality succeeding to its respective rights and powers, duties or functions.

"Lessor" shall mean Municipal Gas Authority of Georgia, a public body corporate and politic, a public corporation and an instrumentality of the State of Georgia or any successor to the duties or functions of the Lessor.

"Optional Payment Date" shall mean any date during the term of the Lease upon which the Lessee may unconditionally purchase the Project for the then applicable Option Price as provided in Section 10.01(c) hereof or Section 14.02 hereof.

"Option Price," in the case of an Optional Payment Date occurring pursuant to Section 10.01(c) hereof, shall mean an amount equal to the then outstanding principal component of the Base Rentals as indicated on Schedule I, plus any outstanding but unpaid Additional Rentals, or, in the case of an Optional Payment Date occurring pursuant to Sections 4.11 and 14.02 hereof, the Option Price determined in accordance with said Section 14.02, plus any outstanding but unpaid Additional Rentals.

"Permitted Encumbrances" shall mean, as of any particular time, (i) liens for taxes and assessments not then delinquent or which the Lessee may, pursuant to the provisions of Section 8.01 hereof, permit to remain unpaid; (ii) this Lease; (iii) utility, access and other easements and rights-of-way, restrictions and exceptions that an Authorized Lessee Representative certifies to the Lessor will not interfere with or impair the Project; and (iv) such minor defects, irregularities, encumbrances or clouds on title as normally exist with respect to property similar in character to the Project.

"Plans and Specifications" shall mean the plans and specifications prepared for and showing the Project, which plans and specifications are on file with the City, and shall be available for reasonable inspection by the Lessor, the Bank and their duly authorized representatives.

"Prime Rate" means the rate of interest which the Bank shall publish as its "Prime Rate."

"Project" shall mean the additions, extensions and improvements to the gas distribution system of the Lessee to be acquired, constructed and installed with amounts disbursed from the Acquisition Fund, generally described on Exhibit A attached hereto, and any addition, restoration or replacement thereof.

"Project Documents" shall mean (i) the Plans and Specifications, including change orders (if any); (ii) any necessary permits for construction of the Project; and (iii) any and all other documents executed by or furnished to the Lessee in connection with the construction, acquisition and equipping of the Project.

"Renewal Term" shall have the meaning specified in Section 3.01 hereof.

ARTICLE II

LEASE OF THE PROJECT

2.01. Lease of the Project. The Lessor does hereby rent, lease and demise to the Lessee, and the Lessee does hereby take, accept and lease from the Lessor, the Project, subject to Permitted Encumbrances, on the terms and conditions and for the purposes herein set forth, together with all easements, rights and appurtenances in connection therewith or thereto belonging, to have and to hold for the term of this Lease.

ARTICLE III

TERM OF THE LEASE

3.01. Commencement of the Term of the Lease. The term of this Lease shall commence as of September 1, 1999, and shall expire at midnight on September 1, 2014 (the "Term").

ARTICLE IV

RENTALS PAYABLE; PREPAYMENT OF RENTALS

4.01. Rentals Payable. The Lessee shall pay the Base Rentals and the Additional Payments in the amounts, at the times, and in the manner set forth herein, said amounts constituting in the aggregate the total of the annual Rentals payable under this Lease, as follows:

(a) Base Rentals. The Lessee agrees to pay to the Bank, as assignee of Lessor, as provided in Section 4.06 hereof, Base Rentals in arrears in monthly installments on the first day of each month as indicated in the Schedule of Base Rental Payments attached as Schedule I hereto, commencing on November 1, 1999. Each Base Rental shall be comprised of a principal component and an interest component (calculated on the basis of a year of 365 days or 366 days, as applicable, for the number of days actually elapsed) as more particularly set forth in said Schedule I.

(b) Additional Rentals. In addition to the Base Rentals hereinabove set forth, the Lessee shall pay on a timely basis, to the parties entitled thereto the following amounts (the "Additional Payments"):

- (i) the out-of-pocket expenses of the Lessor relating to the Project not otherwise required to be paid by the Lessee under the terms of this Lease;
- (ii) the costs of maintenance, operation and repair with respect to the Project and utility charges as required under Article VI hereof;
- (iii) the costs of insurance as required under Article VII hereof;
- (iv) the costs of any taxes and governmental charges and assessments as required under Article VIII hereof;
- (v) an amount equal to any franchise, succession, capital levy or transfer tax, or any income, excess profits or revenue tax, or any other tax, assessments, charge or levy (however denominated) levied, assessed or imposed by the State of Georgia or any political subdivision thereof upon the Base Rentals payable hereunder or the Option Price (if paid) or upon the Project; and
- (vi) any other fees, costs, levies, charges, taxes, assessments or expenses that the Lessor is required to pay in connection with this Lease or the Project.

4.02. Consideration. The payments of Base Rentals and Additional Payments hereunder during the term of the Lease shall be paid by the Lessee for and in consideration of the right of use and occupancy of the Project, and the continued quiet use and enjoyment of the Project for and during the term of the Lease. The parties hereto have agreed and determined that such payments represent the fair rental value of the Project. In making such determination, consideration has been given to the costs of financing the acquisition and construction of the Project, the uses and purposes which will be served by the Project and the benefits therefrom which will accrue to the parties to the Lease and the general public by reason of the Project.

4.03. Sources of Lessee's Payments. (a) The obligations of Lessee to make the Rental Payments under this Lease shall constitute general obligations of the City for the payment of which the full faith and credit of the City shall be and the same hereby is pledged, to provide the funds required to fulfill all obligations arising under this Lease. Unless such payments or provisions for such payments shall have been made from the revenues of the gas system of the Lessee or from other funds thereof, the City will annually in each and every fiscal year during the term of this Lease include in its respective general revenue or appropriation measure, whether or not any other items are included, a sum sufficient to satisfy the payments required to be made in each year by this Lease until all payments required under this Lease have been paid in full. In the event for any reason

any such provision or appropriation is not made for a fiscal year of such City, then the chief fiscal officer of the City shall set up as an appropriation on the accounts of such City in each fiscal year the amounts required to pay the obligations called for under this Lease. This amount of the appropriation in such fiscal year to meet the obligations of this Lease shall be due and payable and shall be expended for the purpose of paying and meeting the obligations provided under the terms and conditions of this Lease, and such appropriation shall have the same legal status as if such City had included the amount of the appropriation in its general revenue or appropriation measure.

(b) The City shall provide for the assessment and collection of an annual tax sufficient in amount to provide funds annually, to the extent necessary due to deficiencies in its gas supply revenues, to make all payments due under the provisions of this Lease in each year over the remainder of the term of this Lease and the Lessor, and the Bank as assignee of Lessor's rights to receive Base Rental Payments hereunder, shall have the right to bring any suit, action or proceeding in law or in equity, including mandamus and action for specific performance, to enforce the assessment and collection of a continuing direct annual tax upon all the taxable property within the boundaries of the City sufficient in amount to provide such funds annually in each year of the remainder of the term of this Lease.

4.04. Payment Obligations. The obligation of the City to pay promptly its portion of Base Rentals is for the benefit of, among others, the Bank and shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Lessor, whether hereunder or otherwise. Until such time as all Base Rentals shall have been fully paid, Lessee shall not suspend or discontinue any payments provided for herein for any cause, including, without limiting the generality of the foregoing, failure of the Lessor or Lessee to complete the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to, the Project, the taking by eminent domain of title to or temporary use of all or any portion of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State of Georgia or of any political subdivision of either thereof or any failure of any party to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Lease, or otherwise.

4.05. Base Rentals Assigned. It is understood and agreed that all Base Rentals payable under Section 4.01(a) hereof by the Lessee are assigned to the Bank. The Lessee assents to such assignment.

4.06. Payment. Each Base Rental payment and each Additional Rental payment shall be paid in lawful money of the United States of America, by check drawn against funds of the Lessee. Each Base Rental payment shall be paid at the principal corporate office of the Bank, as assignee of the Lessor. Each Base Rental payment which is not paid

when due shall bear interest at 10% per annum from the date on which the Base Rental payment becomes due until the same is paid.

4.07. Tax Treatment of Rentals.

(a) This Lease is entered into with the expectation by the Lessee and the Lessor that the Interest Portion of the Base Rentals is not includable in the gross income of the Bank (the Lessor's assignee) for Federal income tax purposes and that Bank may deduct at least 80% of its carrying charges with respect to the Lease under Section 265(b)(3) of the Code.

(b) For the purposes of this Section 4.07, the following terms are defined as follows:

"Adjusted Rate" means a rate of interest equal to the Prime Rate plus one and one-half percent (1.5%).

"Event of Taxability" means a determination by the Internal Revenue Service, any court of competent jurisdiction, or bond counsel acceptable to Bank that the Interest Portion of Base Rentals hereunder is includable in gross income for Federal income tax purposes.

"Federal Tax Rate" means the maximum marginal Federal income tax rate applicable to corporations.

(c) Following the occurrence of an Event of Taxability: (i) Lessee shall pay to Bank within thirty days of billing a sum equal to (A) the increase in the Interest Portion of the Base Rentals when computed at the Adjusted Rate for the period from the effective date of the Event of Taxability to the effective date of the modification described in (ii) below, and (B) all interest, penalties and other similar charges payable by the Bank to the Internal Revenue Service as a result of the Event of Taxability; and (ii) the Bank shall modify the Interest Portion of the Base Rentals under Schedule I for all future periods to reflect the Adjusted Rate, and provide notice thereof to Lessor and Lessee, which adjusted Base Rentals Lessee shall thereafter pay.

(d) Should the deduction for interest expense for obligations described in Section 265(b)(3) or any successor provision of the Code be reduced after the date hereof, the Bank shall modify the Interest Portion of the Base Rentals under the Rental Schedule for the Lease Supplement for all future periods so as to preserve the same after-tax economic yield with respect to the Interest Portion as the Bank would have had prior to such reduction, which adjusted Base Rentals Lessee shall thereafter pay.

(e) In order to enable Lessor to offer the interest rate contained in the Interest Portion of the Rentals under the Lease, Lessee represents and warrants that (taken together with the entities with which it must be aggregated pursuant to Section 265(b)(3)(E) of the Code) it has not issued, nor does it reasonably expect to issue (taking into account the Lease) more than \$10 million of tax-exempt obligations (other than private activity bonds except qualified 501(c)(3) bonds) for the calendar year during which the Lease becomes effective. Should Lessee at any time not meet this condition, it will immediately notify the Bank in writing. Lessee hereby specifically designates the Lease as a "qualified tax-exempt obligation" as provided by Code Section 265(b)(3) (a "Qualified Obligation"). Upon determination by bond counsel acceptable to the Bank that the Lease is not a Qualified Obligation, the Bank will: (A) adjust the Interest Portion of Schedule I to preserve the Bank's after-tax economic yield with respect to interest, taking into account the interest expense deduction unavailable for that reason, which adjusted Base Rentals Lessee will thereafter pay, and (B) will invoice Lessee for the amount necessary to preserve the Bank's after-tax economic yield with respect to the Interest Portion of Base Rentals previously paid on such Lease, taking into account the interest expense deduction unavailable for that reason, which amount Lessee will pay within ten days. Lessee will take no action which will directly or indirectly affect the deductibility of that portion of the Bank's interest expense allocable to this Lease.

(f) Bank's determinations of adjustments or amounts under this Section 4.07 shall be conclusive.

4.08. Application of Base Rentals and Option Price. All Base Rentals and, if paid by the Lessee, the Option Price shall be paid directly to the Bank.

4.09. Delivery of Financial Statements. Lessee agrees to provide to the Bank all financial statements, both audited and unaudited, prepared for the City.

4.10. Lease Not to Constitute "True" Lease. It is the intention of the parties hereto that this Lease not constitute a "true" lease for federal income tax purposes and, therefore, it is the intention of the parties hereto that the Lessee be considered the owner of the Project for federal income tax purposes but not for Georgia law purposes relating to title and other matters as herein provided. To the extent lawfully permissible, the Lessee, and not the Lessor, is considered the owner of the Project for liability and insurance purposes.

4.11. Optional Prepayment of Rentals. The Lessee shall have, and is hereby granted, (i) the option to prepay a portion of the principal component of the Base Rentals payable under subsection (a) of this Section 4.11 equal to any amounts remaining in the Acquisition Fund following the delivery of the Completion Certificate to the Lessor by the Lessee in accordance with Section 5.07(b) of this Lease, without premium, and (ii) the option to prepay all or any part of the Base Rentals payable under subsection (a) of Section 4.01 and to purchase the Project at the Option Price provided in Section 14.02 hereof on any scheduled payment date for such Base Rentals. To exercise such option,

the Lessee shall give written notice to the Lessor and the Bank of the exercise of such option, which notice shall specify therein (i) the date of prepayment, which date shall not be less than 45 days nor more than 60 days from the date the notice is given and (ii) the principal component of the Base Rentals to be prepaid. Any such prepayment described in the first sentence of this Section 4.11 shall be applied to the principal components of the Base Rentals coming due in inverse order of maturity of such principal components.

ARTICLE V

ACQUISITION, CONSTRUCTION AND FINANCING OF THE PROJECT

5.01. Acquisition and Construction of the Project. (a) Following the delivery of this Lease, the Lessee will cause the Project to be constructed. For the purpose of constructing the Project, the Lessor has entered into the Agency Agreement with the Lessee. A Construction Contract or Construction Contracts for the construction of the Project shall be awarded to a contractor or contractors licensed under the laws of the State of Georgia and such Construction Contract or Contracts shall be awarded after following the procedures required by any applicable laws of the State of Georgia or resolutions of the Lessee relating to the awarding of contracts of a similar nature by the Lessee. The Lessee shall require the contractor or contractors who are awarded the Construction Contract to provide a faithful performance bond and a separate labor and material payment bond, as appropriate. The proceeds from any such bond shall be transferred to the Lessor for deposit as provided in Section 5.04(c) hereof. Such bonds shall be made payable to the Lessor, shall be executed by a corporate surety licensed to transact business in the State of Georgia and be acceptable to the Lessee, and shall be in an amount equal to the contract price for such contractor's Construction Contract. If, at any time during the construction of the Project, the surety on such bond shall be disqualified from doing business within the State of Georgia, or shall otherwise become incapable of performing its obligations under such bond, an alternate surety acceptable to the Lessee shall be selected. In the event of any change order in accordance with Section 5.04 hereof, the amounts of such bonds pertaining thereto shall be increased to include the cost of any additional work or materials or fixtures to be incorporated in the Project.

(b) The completion of construction of the Project under the Lease, the payment or provision made for payment of all Costs of the Project under the Lease, and the acceptance of the Project, or any portion thereof, by the Lessee shall be evidenced by the filing with the Lessor of the certificate of an Authorized Lessee Representative stating that the Project have been substantially completed and have been accepted by the Lessee and all Costs of the Project for the Project have been paid, except for any amount estimated by such Authorized Lessee Representative to be necessary for payment of any Costs of the Project not then due and payable.

(c) If an Event of Default shall occur prior to the delivery of the Completion Certificate, the moneys remaining in the Acquisition Fund may be utilized by the Lessor to complete construction of the Project or may be disbursed to the Bank as prepayment for Base Rentals hereunder.

(d) The Lessee hereby covenants, to the extent permitted by applicable law, to use other legally available funds and to seek additional legally available funds to the extent necessary to complete the acquisition of the Project as herein required, or to make certain design changes in the Project (so long as such changes do not cause the Project to be used for purposes other than lawful purposes of the Lessee) to the extent necessary to complete the acquisition of the Project with moneys then available for such purposes in the Acquisition Fund.

(e) The Lessee shall make all Construction Contracts and do all things necessary for the acquisition of the Project and shall use its best efforts to cause such acquisition of the Project to be completed by September 1, 2001; but if for any reason such acquisition is not completed by said date, there shall be no diminution in or postponement of the Rentals provided by Section 4.01 hereof to be paid by the Lessee.

(f) The Lessee hereby agrees that in order to effectuate the purposes of this Lease it will make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things legally permissible which may be requisite or proper, all for completing the acquisition of the Project as herein provided.

5.02. Reimbursements to Lessee. The Lessee may be reimbursed from the Acquisition Fund for Costs of the Project incurred or payments made by advances or otherwise by the Lessee.

5.03. Change Orders. Changes in the Project during construction may be ordered in accordance with a procedure to be established by the Lessee in its capacity as agent pursuant to the Agency Agreement; provided, however, that unless sufficient additional funds are provided therefor, the cost of change orders shall not exceed the amount then available therefor in the Acquisition Fund.

5.04. Construction Contracts; Right to Inspect Project Documents. (a) The Lessee agrees that upon the occurrence of an Event of Default, or otherwise upon the termination of the authority of the Lessee to complete the construction of the Project pursuant to the Lease or the Agency Agreement, and upon receipt of a written request from the Lessor, it will assign to the Lessor all of its right, title and interest in and to all Construction Contracts and other Project Documents.

(b) The Lessee shall have and keep on file and make available for inspection by the Lessor copies of the Project Documents throughout the term of the Lease, or as soon after the commencement of the term of the Lease as such Project Documents shall become

available to the Lessee. Neither the Project Documents nor any change or amendments thereto shall (i) cause the Project to be used for any purpose prohibited by the Lease or by the Constitution and laws of the State of Georgia; (ii) result in a material reduction in the fair rental value of the Project as contemplated by Section 4.02 hereof; or (iii) adversely affect the ability of the Lessee to meet its obligations hereunder.

(c) The net proceeds of any performance or payment bond required hereunder is to be paid into the Acquisition Fund if received before the Completion Date, or if received thereafter will be paid to the Lessor to be applied to the prompt repair or restoration of the Project.

5.05. Remedies Against Contractors. The Lessee shall proceed promptly, either separately or in conjunction with others, to pursue diligently its remedies against any contractor or subcontractor which is in default under any of the Construction Contracts and/or against each surety on any bond securing the performance of such Construction Contract. The net proceeds recovered by way of the foregoing, after reimbursement to the Lessee for any unreimbursed expenditure of the Lessee for correcting or remedying such default, will be paid into the Acquisition Fund prior to the delivery of the Completion Certificate or, if received thereafter, to the Lessor to be applied as set forth in Section 5.04 above.

5.06. Financing of the Construction of the Project. For the purpose of paying the Cost of the Project, the Lessor shall cause the proceeds from the assignment of the Base Rentals, in the amount of \$2,000,000 (the "Lease Assignment Price") to be deposited into an Acquisition Fund established by it and applied as set forth in Section 5.07 below.

5.07. Disbursements from the Acquisition Fund. (a) The Lessor shall establish a fund in the Lessor's name with the Bank designated the "City of Monroe Gas System Acquisition Fund" (the "Acquisition Fund"). The Lessor is hereby authorized and directed to make payments as requested by the Lessee from the Acquisition Fund to pay the Costs of the Project, including the reimbursement of the Lessee for Costs of the Project incurred or payments made by advances or otherwise by the Lessee, and to make each disbursement otherwise required by the applicable provisions of the Lease and to issue its checks therefor, upon receipt of the following:

(i) a written requisition or requisitions signed by the Authorized Lessee Representative which shall:

(A) set forth the amounts of the Costs of the Project to be disbursed and the person or persons to whom said amounts are to be disbursed;

(B) state that the amounts to be disbursed constitute Costs of the Project (attaching a copy or record of the applicable invoice), that said amounts are required to be disbursed pursuant to a contract or purchase order entered into therefor by or on behalf of the Lessee, or were necessarily and reasonably incurred, and that said amounts are not being paid in advance of the time, if any, fixed for payment;

(C) state that no amount set forth in the requisition was included in any requisition previously filed with, and paid by, the Lessor pursuant to this Section;

(D) state that the amount remaining in the Acquisition Fund from which such disbursement is to be made, together with interest earnings on that amount, plus investment earnings on other funds, that will be transferred into such Acquisition Fund, will, after payment of the amount set forth in the requisition, be sufficient to pay all remaining Costs of the Project for the Project as then estimated;

(E) in the case of increased Costs of the Project, state that the amount of such increase has been or is thereupon being deposited with the Lessor; and

(F) in the case of disbursement of final payment of such Costs of the Project, state that all such Costs of the Project have then been, or are thereupon being, paid and that the Project has been finally accepted by the Lessee in accordance with the Completion Certificate delivered simultaneously therewith.

(b) The Lessee hereby agrees to deliver to the Lessor upon final acceptance of the Project the Completion Certificate required by Section 5.01 hereof. Following the delivery of the Completion Certificate and in any event prior to the third anniversary of the date of delivery of this Lease, any amounts remaining in the Acquisition Fund shall be applied as a partial prepayment of the Base Rentals under this Lease as provided for in Section 4.11 hereof.

(c) In approving any written requisition, the Lessor may rely as to the completeness and accuracy of all statements in any and all such written requisitions, and the Lessee hereby covenants and agrees, to the extent permitted by law, to indemnify and save harmless the Lessor from any liability incurred in connection with any written requisition so approved, but only from moneys duly appropriated and legally available for such purpose.

5.08. Investment of Acquisition Fund. Any moneys held as a part of the Acquisition Fund may be invested or reinvested by the Lessor from time to time, and shall be so invested at the request of and as directed by an Authorized Lessee Representative prior to the occurrence of an Event of Default, in any of the following permitted investments: (a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (collectively, "Federal Securities"), and (b) certificates of deposit, savings accounts, deposit companies organized under the laws of the United States of America or the State of Georgia which has a capital, surplus and undivided profits aggregating at least \$5,000,000 and whose principal place of business is in Georgia; provided, however, all such certificates of deposit or deposit accounts shall be collateralized by obligations described in Paragraph (a) to the extent they are not insured by FDIC. All such investments shall at all times be a part of the Acquisition Fund. Any such investments shall be made and held by or under the control of the Lessor. The Lessor shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the Acquisition Fund is insufficient to pay a disbursement. The Lessor shall have no individual liability for investments made in accordance with this Section 5.08.

5.09. Special Arbitrage Certifications. The Lessee and the Lessor certify and covenant for the benefit of the Bank that moneys on deposit in any fund or account in connection with the Lease, whether or not such moneys were derived from the proceeds of the assignment of the Base Rentals to the Bank or from any other source, will not be used in a manner which will cause this Lease to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code and any regulation promulgated or proposed thereunder. The Lessor and the Lessee covenant not to take any action or omit to take any action which would cause the Lease to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. To that end, the Lessor will comply with all requirements of Section 148 of the Code, including but not limited to provisions requiring payment of rebate to the United States of America, to the extent applicable to the Lease. In the event that at any time the Lessor is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on the investment of any moneys held under this Lease, the Lessor shall take such action as may be necessary.

ARTICLE VI

MAINTENANCE AND OPERATION

6.01. Maintenance and Operation. The Lessee shall, at its own expense, maintain, manage and operate the Project and all improvements thereon in good order, condition and repair, ordinary wear and tear excepted. The Lessee shall provide or cause to be provided all utility and other services. It is understood and agreed that in consideration of the payment by the Lessee of the Base Rentals herein provided for, the Lessor is only obligated to provide the Project in the manner and to the extent herein provided, and neither the Lessor nor the Bank shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Project

during the term of the Lease. The Lessee shall keep the Project and any and all improvements thereto free and clear of all liens, charges and encumbrances, except for the Permitted Encumbrances and those caused or consented to by the Lessor.

6.02. Care of the Project. (a) The Lessee shall take good care of the Project and the fixtures and appurtenances, and suffer no waste or injury thereto, ordinary wear and tear excepted. The Lessee will pay for all damage to the Project, its fixtures and appurtenances due to any waste, misuse or neglect by the Lessee, its agents, servants, employees, independent contractors, licensees or invitees. In addition, the Lessee shall comply with all applicable federal, state, county and city statutes, rules, regulations, and resolutions.

(b) There shall be no allowance to the Lessee for a diminution in or abatement of Rentals and no liability on the part of the Lessor by reason of inconvenience, annoyance or injury to business arising or resulting from the Lessor, the Lessee or others making repairs, alterations, additions or improvements in or to any portion of the Project, or in or to fixtures, appurtenances or equipment thereof, and no liability upon the Lessor or allowance for a diminution in or abatement of Rentals for failure of the Lessor or others to make any repairs, alterations, additions or improvements in or to any portion of the Project, or in or to the fixtures, appurtenances or equipment thereof. The foregoing shall not be construed to mean that the Lessor has any such obligations.

(c) The Lessor shall not be liable for, and there shall be no diminution in or abatement of Rentals for, any loss or damage to the Project.

(d) The Lessee's taking possession of the Project or any portion thereof shall be conclusive evidence against the Lessee that the Project or such portion thereof were in good order and satisfactory condition when the Lessee took possession thereof and that all work to be done on the Project pursuant to the terms hereof, if any, has been completed to the Lessee's satisfaction; provided, however, the Lessee's taking possession as herein provided shall be without prejudice to any rights against third parties which exist at the date of taking such possession or which may subsequently come into being. No promises of the Lessor to alter, remove, improve or clean the Project and no representations respecting the condition of the Project have been made by the Lessor to the Lessee, unless the same is expressly stated herein or made a part hereof.

6.03. Loss and Damage. All of the Lessee's personal property of any kind that may be on or about the Project or placed in the custody of any of the Lessee's employees or agents shall be held at the sole risk of the Lessee, and the Lessor shall have no liability to the Lessee for any theft or loss thereof or damage thereto from any cause whatsoever.

ARTICLE VII

INSURANCE PROVISIONS

7.01. Insurance. (a) The Lessee shall at all times maintain or cause to be maintained with responsible insurers insurance on the Project against (i) accident to, loss of or damage to such property in an amount not less than \$2,000,000 and (ii) claims for property damage, bodily injury or death occurring upon, in or about the Project in an amount not less than \$1,000,000 liability to any one person for bodily injury, \$1,000,000 to any one person for property damage and \$1,000,000 liability for any one accident or occurrence.

(b) All insurance herein provided for shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of Georgia. As an alternative to the requirement of subsection (a), the Lessee may insure such property to the same extent under a blanket insurance policy or policies which cover not only such property but other properties.

(c) All policies or certificates issued by the respective insurers for insurance shall provide that such policies or certificates shall not be canceled or materially changed without at least thirty days prior written notice to the Lessor. Certificates of insurance listing such policies shall be deposited with the Lessor and the Bank together with appropriate evidence of payment of the premiums therefor, and, at least thirty days prior to expiration dates of expiring policies or contracts held by the Lessor, copies of renewal or new policies or contracts or certificates shall be deposited with the Lessor, together with evidence of payment of premiums therefor.

(d) All policies of insurance (except the policy of public liability insurance) shall provide that the proceeds thereof shall be payable to the Lessor. The net proceeds of insurance deposited shall be applied as follows: (a) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Project if a certificate of the Authorized Lessee Representative states that such net proceeds, together with any other funds lawfully available to the Lessee for such purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification or improvement, and the Lessor shall disburse moneys as so directed by such Authorized Lessee Representative upon receipt of a written requisition in substantially the form described in Section 5.03 hereof; or (b) to the prepayment, in whole or in part, of the Option Price in accordance with Section 10.01(c)(ii) hereof but only upon receipt of a certificate of the Authorized Lessee Representative directing such an application of the funds.

(e) The Lessee shall file with the Lessor and the Bank annually within one hundred twenty days after the close of each calendar year a written statement of the Lessee containing a summary of all insurance policies then in effect with respect to the Project and stating that the insurance carried by the Lessee satisfies the requirements of this Section 7.01.

ARTICLE VIII

TAXES

8.01. Taxes. (a) The Lessor and the Lessee understand and agree that the Project constitutes property free and exempt from all taxation; provided, however, that the Lessor agrees, to the extent legally permissible, to cooperate with the Lessee, upon written request by the Lessee, to contest any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. The Lessee agrees to reimburse the Lessor for any and all taxes, costs and expenses thus incurred by the Lessor, together with interest thereon at 10% per annum.

(b) Notwithstanding Section 8.01(a) hereof, in the event that the Project or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body which may be secured by a lien against the Project, an Additional Rental shall be paid by the Lessee equal to the amount of all such taxes, assessments and governmental charges then due. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Lessee shall be obligated to provide for Additional Payments only for such installments as are required to be paid during any Renewal Term of the Lease. The Lessee shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Project or any portion thereof (including, without limitation, any taxes levied upon the Project or any portion thereof which, if not paid, will become a charge on the Rentals and receipts from the Project or any portion thereof prior to or on a parity with the charge thereon, or any interest therein (including the interest of the Lessor) or the Base Rentals and revenues derived therefrom or hereunder.

ARTICLE IX

ALTERATIONS, ADDITIONS AND IMPROVEMENTS

9.01. Alterations, Additions and Improvements to the Project. The Lessee shall have the right during the term of the Lease to make any alterations, additions or improvements of any kind; structural or otherwise, as it shall deem necessary or desirable, on or to the Project, to attach fixtures, structures or signs, and to affix any personal property to the improvements on the Project; provided, however, that no such alteration, addition or improvement shall materially reduce or otherwise adversely affect the value of

the Project or the fair rental value thereof or materially alter or change the character or use of the Project or impair the exemption of the interest component of the Base Rentals from federal income taxation.

9.02. Title to Alterations, Additions and Improvements. Except as provided in Section 9.03 hereof, all such alterations, additions and improvements shall, to the extent legally permissible, be subject hereto as a part of the Project.

9.03. Lessee's Equipment. (a) All of the Lessee's equipment and other personal property installed or placed by the Lessee in or on the Project which is not a fixture under applicable law or which is not paid for with the proceeds of the assignment of the Base Rentals shall remain the sole property of the Lessee in which neither the Lessor shall have no interest, and may be modified or removed at any time by the Lessee.

(b) If after the occurrence of an Event of Default, the Lessee moves out or is dispossessed and fails to remove any property of the Lessee at the time of such moving out or dispossession, then and in that event, the Lessor shall have the option either to regard such property as abandoned by the Lessee, in which case such property shall become the property of the Lessor, or shall have the right to demand that the Lessee remove such property from the Project, and in the event of failure of the Lessee to comply with said demand, the Lessor shall have the right to remove, sell or destroy such property at Lessee's expense.

ARTICLE X

DAMAGE OR DESTRUCTION; CONDEMNATION

10.01. Damage, Destruction and Condemnation. (a) If, during the term of the Lease, (i) the Project shall be destroyed, in whole or in part, or damaged by fire or other casualty or event; or (ii) title to, or the temporary or permanent use of, the Project or any portion thereof or the estate of the Lessee or the Lessor in the Project or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (iii) a material defect in construction of the Project shall become apparent; or (iv) title to or the use of all or any portion of the Project shall be lost by reason of a defect in title; then, subject to Sections 14.02 and 10.01(c) hereof, the Lessee shall continue to pay Base Rentals and Additional Payments and to take such action as it shall deem necessary or appropriate to repair and replace the Project, regardless of whether the acquisition of the Project has been completed and accepted by the Lessee in accordance with Section 5.03(b) hereof.

(b) The Lessor shall cause the net proceeds of any insurance policies received by the Lessor, performance bonds or condemnation awards with respect to the Project, or net proceeds received by the Lessor as a consequence of defaults under Construction

Contracts for the Project, to be applied to the prompt repair, restoration, modification, improvement or replacement of the Project by the Lessee, except as otherwise provided in Section 10.01(c) hereof. The balance of any net proceeds remaining after the repair, restoration, modification, improvement or replacement has been completed are to be deposited into the Acquisition Fund, if received prior to the Completion Date and, if received thereafter, are to be paid to the Lessee.

(c) If such net proceeds shall be insufficient to pay in full the cost of any such repair, restoration, modification, improvement or replacement, the Lessee shall, within 90 days after the occurrence of an event giving rise to such net proceeds, either:

(i) commence and thereafter complete the work and pay any cost in excess of the net proceeds, in which case the Lessee agrees that it will not be entitled to any reimbursement therefor from the Lessor or the Bank, nor shall it be entitled to any diminution of the Base Rentals or additional Payments; or

(ii) apply such net proceeds to the payment of all or a portion of the Option Price applicable as of the next occurring Optional Payment Date, in which case, if the net proceeds are insufficient to pay the Option Price, the Lessee may pay such amounts as are necessary to equal the full Option Price or apply the net proceeds to the pro rata prepayment of Base Rentals due hereunder with the Lessee liable for the remainder of the Base Rentals due hereunder; and if the net proceeds exceeds the Option Price, the excess, if any, after payment of all amounts owed the Trustee, shall be retained by the Lessee.

(d) The Lessee hereby agrees that any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such net proceeds shall be the property of the Lessor and will be undertaken by the Lessee, as the agent for and on behalf of the Lessor, and shall constitute a part of the Project subject to this Lease.

ARTICLE XI

ASSIGNMENTS

11.01. Assignments by Lessee. Neither this Lease nor any interest of the Lessee herein shall, at any time after the date hereof, be mortgaged, pledged, assigned or transferred by the Lessee by voluntary act. The Lessee shall at all times remain liable for the performance of the covenants and conditions on its part to be performed, notwithstanding any assigning, transferring or subletting which may be made.

11.02. Assignments by Lessor in General. (a) The Lessor's obligations to perform under this Lease may be assigned in whole or in part by the Lessor with or without notice to the Lessee, provided that such assignment may only be made to a corporation or other entity duly authorized by applicable law to perform the obligations as

Lessor hereunder and the assignment to which will not impair the exclusion of the Interest Portion of the Base Rentals from the gross income of the Lessor for federal income tax purposes or impair the validity or enforceability of this Lease.

(b) The Lessor may assign its rights, title and interest in and to this Lease and any other documents executed with respect to this Lease and/or grant or assign a security interest in this Lease, in whole or in part. In connection with the foregoing, the Lessor has assigned all of its right, title and interest in and to the Base Rentals and the right to enforce and collect the same to the Bank. The Lessor gives notice to the Lessee that all Base Rentals and certain other sums due and to become due hereunder shall be paid to the Bank when due and payable. The Bank shall not be bound or obligated to perform or see to the performance of any duty, covenant, condition or warranty (express or implied) made by the Lessor or required to be observed or performed by the Lessor under any of the terms hereof. The Bank or its successors and assigns shall give notice of any subsequent assignment thereof to the Lessor and the Lessee, and the Lessee shall keep an accurate registration book recording any such assignment.

11.03. Attornment. In the event of any sale, assignment or transfer of the Lessor's interest under this Lease or in the Project, the Lessee shall attorn to the Lessor's successor and shall recognize such successor as the Lessor under this Lease, said attornment to be effective and self-operative without the execution of any other instruments on the part of either party hereto immediately upon such successor's succeeding to the interest of the Lessor hereunder, and this Lease shall continue in accordance with its terms between the Lessee, as Lessee, and such successor, as Lessor.

11.04. Sale of Gas System. So long as any amounts are due or to become due under the terms of this Lease, the Lessee will not sell or otherwise dispose of its gas system or any integral part thereof, except that it may sell its gas system as a whole, or substantially as a whole, with the prior written consent of the Authority, if (i) the proceeds of such sale are at least sufficient to provide for the purchase of the Project pursuant to Section 14.02 of this Lease, and (ii) the proceeds of such sale to the extent necessary are deposited with the Authority and applied by the Authority to purchase the Project pursuant to such Section 14.02.

ARTICLE XII

REPRESENTATIONS, COVENANTS AND WARRANTIES

12.01. Representations, Covenants and Warranties of the Lessee. The Lessee hereby represents, covenants and warrants for the benefit of the Lessor and the Bank as follows:

(a) The Lessee has the power and authority to enter into the transactions contemplated by this Lease and to carry out its obligations hereunder. The Lessee has

been duly authorized to execute and deliver this Lease, and agrees that it will do or cause to be done all things necessary and legally permissible to preserve and keep in full force and effect its existence.

(b) The Lessee is not subject to any legal or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Lessee from entering into this Lease or performing any of its obligations hereunder, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Lessee, nor to the best knowledge of the Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Lease or any other agreement or instrument to which the Lessee is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Lessee of this Lease or in connection with the carrying out by the Lessee of its obligations under this Lease have been obtained.

(d) Neither the Mayor and Council of the City nor any employee of the Lessee has any direct or indirect pecuniary interest in, or will receive or has agreed to receive any compensation with respect to, any contract, lease, purchase, sale or employment made or to be made in connection with the proposed transaction contemplated by the performance of this Lease.

(e) The payment of the Rentals hereunder or any portion thereof is not (i) secured by any interest in property used or to be used in a trade or business or in payments in respect of such property or (ii) derived from payments in respect of property, or borrowed money, used or to be used in a trade or business, within the meaning of Section 141(a) of the Code.

(f) The entering into and performance of this Lease will not violate any judgment, order, law or regulation applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of the Lessee or on the Project pursuant to, any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the Lessee is a party or by which it or its assets may be bound, except as herein provided.

(g) All requirements have been met and procedures have occurred in order to ensure the enforceability of this Lease, and the Lessee has complied or will comply with such public bidding requirements as may be applicable to this Lease.

(h) During the term hereof, the Project will be used by the Lessee or by other departments and agencies of the City, only for the purpose of performing one or more essential governmental or proprietary functions of the Lessee or such other public bodies consistent with the permissible scope of the Lessee's or such other public bodies' authority.

(i) The Project is essential to the proper, efficient and economic operation of the Lessee, and serves an essential governmental function of the Lessee.

(j) All necessary approvals have been obtained by the Lessee to build the Project.

The Lessee shall comply with all applicable laws, rules, regulations, orders, directions and requirements of all governmental departments, bodies, bureaus, agencies and officers and with all reasonable rules, directions, requirements and recommendations of fire insurance rating organizations for the area in which the Project is situated, pertaining to the Project or the use and occupancy thereof. The Lessee shall not do or suffer to be done, or keep or suffer to be kept anything in, upon or about the Project which will contravene any policies insuring against loss or damage by fire or other hazards, including, but not limited to, public liability insurance.

12.02. Representations, Covenants and Warranties of the Lessor. The Lessor represents, covenants and warrants for the benefit of the Lessee and the Bank as follows:

(a) The Lessor has the power and authority to enter into the transactions contemplated by this Lease and to carry out its obligations hereunder. The Lessor has been duly authorized to execute and deliver this Lease.

(b) The Lessor is not subject to any legal or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Lessor from entering into this Lease or performing any of its obligations hereunder, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Lessor, nor to the best knowledge of the Lessor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Lease or any other agreement or instrument to which the Lessor is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Lessor of this Lease or in connection with the carrying out by the Lessor of its obligations under this Lease have been obtained.

12.03. Tax Covenants. The Lessee will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from the gross income of the Lessor for federal income tax purposes of the Interest Portion of Base Rentals payable by the Lessee and, if it should take or permit, or omit to take or cause to be taken, any such action, the Lessee shall take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. In particular, but not as a limitation on such covenant or without limiting the generality of the foregoing, the Lessee covenants as follows:

(1) At least one of the following two conditions will be satisfied: (i) less than 10% of the amounts deposited into the Lessee's Acquisition Fund will be used directly or indirectly in the business of a person other than a state or local governmental unit, or (ii) less than 10% of the Lessee's Lease Payments will be directly or indirectly (A) secured by an interest in property used or to be used in a private business or any interest in payments made with respect to such property, or (B) to be derived from payments made with respect to property, or borrowed money, used or to be used in a private business;

(2) None of moneys in the Acquisition Fund will be used by nongovernmental persons for a use unrelated to the Project;

(3) It will not loan directly or indirectly any of the Acquisition Fund moneys to nongovernmental persons;

(4) It will not enter into any management contract with respect to the Project with a nongovernmental entity unless it obtains an opinion of nationally recognized bond counsel that such management contract will not impair the exclusion from the gross income of the Lessor for federal income tax purposes of the Interest Portion of Rentals; and

(5) This Lease is not and shall not be "federally guaranteed" as defined in Section 149(b) of the Code.

(6) It will comply with all applicable arbitrage limitations to ensure that the interest component of the Base Rentals is and remains excludable from gross income for federal income tax purposes. The aggregate face amount of all tax-exempt obligations (including this Lease), other than private activity bonds, issued by the Lessee, taken together (i) with all authorities and other entities which issue obligations on behalf of the Lessee, (ii) with all authorities and other entities that are subordinate to the Lessee and (iii) with all other entities required to be aggregated by Section 148(f)(C)(ii) of the Code, during the calendar year in which the Closing Date occurs, is not reasonably expected to exceed \$5,000,000. Notwithstanding the preceding sentence, the Lessee hereby agrees to pay from time to time all amounts as may be required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applied to the Lease from time to time.

- (7) The Lessee is a governmental unit with general taxing powers.
- (8) The Project will be used for local government activities of the Lessee.

ARTICLE XIII

AMENDMENTS

13.01. Amendments, Changes and Modifications. Except as otherwise expressly provided in Section 13.02 hereof, this Lease may not be amended, changed or modified without the prior written consent of the Bank.

13.02. Amendments by Lessor and Lessee Only. This Lease may be amended at any time by written agreement of the Lessor and the Lessee (regardless of any assignments of the Lessor's interests) (a) whenever, in the opinion of counsel satisfactory to the Lessor and the Lessee, the contemplated amendment is necessary to cause this Lease to comply with Georgia law or to cause the Interest Portion of the Base Rentals to be or remain excluded from the gross income of the Lessor for federal income tax purposes, or (b) whenever the effect of such amendment is solely to add further, additional or improved security to the rights of the Bank.

ARTICLE XIV

TITLE AND OPTION TO PURCHASE PROJECT

14.01. Vesting of Title. (a) Title to all real property or interests therein, buildings, fixtures, equipment and other personal property which is purchased or financed from moneys deposited in the Acquisition Fund will be held in the name of the Lessor, subject to this Lease.

(b) The Lessor's interest in the Project shall be transferred to the Lessee upon payment of all Base Rentals and all Additional Payments and \$1.00 to the Lessor representing the residual value of the Lessor in the Project.

14.02. Option to Purchase Project. The Lessee has the option to purchase the entire Project for the sum of \$1.00, following the payment in full of the Option Price, determined as hereinafter specified, and payment of all Additional Payments and other amounts owing hereunder. For the purposes of this Section 14.02, the Option Price shall be equal to the aggregate outstanding amount of the principal component of the Base Rentals as shown in Schedule I hereto, plus the interest component of such Base Rentals accrued to the Optional Payment Date as shown in Schedule I hereto, plus a Base Rentals non-refundable Prepayment Premium calculated by the Bank. The amount due on any date of prepayment (the "Prepayment Date") shall be the sum of (a) any unpaid fees, (b)

any accrued but unpaid interest portion of such Base Rentals, (c) the principal portion of such Base Rentals to be prepaid, and (d) the Prepayment Premium if greater than zero.

The "Prepayment Premium" is the sum of the present values of the Remaining Scheduled Payments of Principal and interest on the remaining Scheduled Payments of principal as determined by application of the Discount Rate, minus the principal amount to be prepaid. If the Base Rentals are to be prepaid in part, then the prepayment premium will be equal to the amount calculated as set forth above, prorated based on the ratio of the amount of principal prepaid to the outstanding principal balance immediately prior to the prepayment.

"Remaining Scheduled Payments of Principal" means each of the projected principal payments remaining up to and including the maturity date.

"Discount Rate" means, at approximately 11:00 a.m. New York time two (2) business days prior to the Prepayment Date, 33 basis points plus 64.5% of the sum of the then current U.S. Treasury Security Yield plus the then current Interest Rate Swap Spread plus 100 basis points.

"U.S. Treasury Security Yield" means a rate, as determined by the Bank, which is based upon the mid-market yield to maturity for securities issued by the U.S. Treasury on a regular basis as shown for selected benchmark maturities on the Market Data News Service, whose term, interpolated if necessary, corresponds to the Weighted Average Life.

"Interest Rate Swap Spread" means a spread which is the lower of the bid or offer spread, in basis points, as determined by the Lender, based upon the Interest Rate Swap Spread provided by the Market Data News Service whose term, interpolated if necessary, corresponds to the Weighted Average Life.

"Market Data News Service" means page 19901 of the Bridge Telerate, Inc. Trading Service, or any successor or alternative pages of the at service or any other news service that reports mid-market yields for U.S. Treasury bonds and notes and market standard interest rate swap data.

"Weighted Average Life" means, on the prepayment date, the number of years obtained (calculated to the nearest one-twelfth) by dividing (a) the sum of the products of (i) the amount of each of the Remaining Scheduled Payments of Principal, times (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between the Prepayment Date and the date such Remaining Scheduled Payment of Principal would have been due under the original repayment terms of the Note, up to and including the maturity date, by (b) the outstanding principal balance.

ARTICLE XV

RIGHT OF ENTRY; LIENS; QUIET ENJOYMENT

15.01. Right of Entry. The Lessor and its designated representatives shall have the right to enter upon the Project during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Lessor's rights or obligations under this Lease, or (c) for all other lawful purposes.

15.02. Liens. The Lessee shall pay or cause to be paid, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment alleged to have been furnished in, upon or about the Project and which may be secured by any mechanics', materialmens' or other lien against the Project, or the Lessor's interest therein, and shall cause each such lien to be fully discharged and released; provided, however, that if the Lessee desires to contest any such lien, this may be done, and if such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, then and in any such event the Lessee shall forthwith pay and discharge said judgment.

15.03. Covenant of Quiet Enjoyment. The parties hereto mutually covenant and agree that the Lessee, by keeping and performing the covenants and agreements herein contained, shall at all times during the term hereof, peaceably and quietly, have, hold and enjoy the Project.

ARTICLE XVI

EVENTS OF DEFAULT; REMEDIES

16.01. Events of Default Defined. Any of the following shall be an "Event of Default" under this Lease:

(a) Failure by the Lessee to pay any Base Rentals required to be paid under Section 4.01(a) hereof within five days after the times specified therein as the respective due dates therefor; or

(b) Failure by the Lessee to pay any Additional Payments during the term of this Lease for a period of thirty days after written notice specifying such failure and requesting that it be remedied shall be received by the Lessee from the Lessor; or

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement herein on its part to be observed or performed, other than as referred to in Sections 16.01(a) and 16.01(b), for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Lessee by the

Lessor, unless the Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

The foregoing provisions of this Section 16.01 are subject to the following limitations: if, by reason of Force Majeure (as such term is hereinafter defined), the Lessee shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations of the Lessee contained in Article IV hereof, the Lessee shall not be deemed in default during the continuance of such inability. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreement. As used herein the term "Force Majeure" shall mean, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the State of Georgia or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fire; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions; partial or entire failure or unavailability of utilities; or any other cause or event not reasonably within the control of the Lessee.

16.02. Remedies on Default. (a) Upon the occurrence and continuance of any Event of Default under Section 16.01(a), the Lessee shall not be relieved of its liability for payment of the amounts in default, and the Bank shall have the right to recover from the Lessee any amount in default. In enforcement of any such right of recovery, the Bank may bring any suit, action or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation to make any payment for which provision is made in this Lease.

(b) Upon the occurrence of any Event of Default, the Bank or the Lessor may exercise such remedies as are provided herein or by law.

16.03. Surrender of Project. Upon the occurrence and continuance of any Event of Default, upon written demand from the Bank, the Lessee shall surrender the Project to the Lessor in the same condition in which it existed at the time of the initial use and occupancy thereof by the Lessee, ordinary wear and tear excepted.

16.04. Remedies Cumulative. The rights and remedies given or reserved herein to the Lessor and the Bank are and shall be deemed to be cumulative, and the exercise of any shall not be deemed to be an election excluding the exercise at any other time of a different or inconsistent right or remedy or the maintenance of any action either at law or in equity.

16.05. Waiver. The delay or failure of the Lessor or the Bank at any time to insist in any one or more instances upon a strict performance of any covenant of this Lease or to exercise any right, remedy, power or option herein granted or established by law, shall not be construed as an impairment of or a waiver or a relinquishment for the future of such covenant, right, remedy, power or option, but the same shall continue and remain in full force and effect, and if any breach shall occur and afterwards be compromised, settled or adjusted, this Lease shall continue in full force and effect as if no breach had occurred unless otherwise agreed. The receipt and acceptance by the Lessor or the Bank of any Base Rentals, in whole or in part with knowledge of the breach of any term, covenant or condition hereof, shall not be deemed a waiver of such breach, and no waiver of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Lessor and the Bank.

16.06. Curing Lessee's Breach. If the Lessee shall default in the observance or performance of any term or covenant on the Lessee's part to be observed or performed under or by virtue of any of the terms of this Lease, the Lessor may (but shall not be obligated to do so) immediately or at any time thereafter and without notice, and to the extent permitted by law, perform or cause to be performed the same for the account of the Lessee, and any sums paid or obligations incurred in connection therewith shall be deemed to be Additional Payments hereunder and shall be paid by the Lessee to the Trustee for appropriate disbursement within fifteen days of the rendering of any bill or statement to the Lessee therefor.

ARTICLE XVII

MISCELLANEOUS

17.01. Notices. All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party, if sent by United States registered mail, return receipt requested, postage prepaid and addressed as follows:

If to the Lessor:

Municipal Gas Authority of Georgia
104 TownPark Drive
Kennesaw, Georgia 30144

With a copy to:

Alston & Bird LLP
Attn: Della Wager Wells, Esq.
1201 West Peachtree Street
Atlanta, Georgia 30309

If to the Lessee:

City of Monroe
Attn: Mark Ennis, General Manager
P.O. Box 1249
Monroe, Georgia 30655

With a copy to:

Benton & Preston, P.C.
110-2112 Court Square
P.O. Box 984
Monroe, Georgia 30655

If to the Bank:

Wachovia Bank, N.A.
Attention: Mr. Patrick Hennessey
191 Peachtree Street
Atlanta, Georgia 30303

OR

Mail Code GA0700
Atlanta, Georgia 30303

17.02. Governing Law. This Lease is made in the State of Georgia under the Constitution and laws of the State of Georgia and is to be so construed.

17.03. Execution in Counterparts. This Lease may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but together shall constitute but one and the same Lease, and it is also understood and agreed that separate counterparts of this Lease may be separately executed by the Lessor and the Lessee, with the same full force and effect as though the same counterpart had been executed simultaneously by both the Lessor and the Lessee.

17.04. Severability. If any one or more of the terms, provisions, promises, covenants or conditions of this Lease, or the application thereof to any person or circumstance, shall to any extent be adjudged invalid, unenforceable (either independently or in the context of this Lease), void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all remaining terms, provisions, promises, covenants and conditions of this Lease, and the application thereof to other persons or circumstances, shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

17.05. Successors and Assigns; Third Party Beneficiaries. (a) This Lease and the covenants, conditions and agreements herein contained shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

(b) The Lease shall not be deemed to create any right in any person who is not a party (other than the permitted successors and assigns of a party) and shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party (other than the permitted successors and assigns of a party hereto), except for the Bank.

17.06. Limitation of Warranty. The Lessor makes no warranties except those warranties or representations expressly made by the Lessor in this Lease. The Lessor makes no warranty, either express or implied, as to the Project or that the Project will be suitable for the purposes or needs of the Lessee.

17.07. Captions and Headings. The captions and headings used throughout this Lease are for convenience of reference only, and the words contained therein shall not be deemed to affect the meaning of any provision or the scope or intent of this Lease, nor in any way affect this Lease.

17.08. "Net Lease". This Lease shall be deemed and construed to be a "net-net-net lease", and the Lessee hereby agrees that the Rentals provided for herein shall be an absolute net return to the Lessor free and clear of any expenses, charges or setoffs whatsoever, except as otherwise specifically provided herein.

17.09. Limited Liability. All covenants, stipulations, promises, agreements and obligations of the Lessor contained in this Lease shall be deemed to be the limited covenants, stipulations, promises, agreements and obligations of the Lessor, and not of any officer, employee or agent of the Lessor, nor of any incorporator, employee or agent of any successor corporation to the Lessor in its individual capacity. No recourse shall be had against any such individual, either directly or otherwise under or upon any obligation, covenant, stipulation, promise or agreement contained herein or in any other document executed in connection herewith.

17.10. General Indemnification. To the extent permitted by law, the Lessee shall and hereby agrees to indemnify and save the Lessor, the Bank and any successors or assigns harmless from and against any and all claims, losses, damages, actions, proceedings, expenses or liabilities, including legal fees and expenses and court costs, arising in connection with the Project, including but not limited to claims, losses, damages, actions, proceedings, expenses or liabilities arising out of (i) the acquisition or construction of the Project or any part thereof, (ii) the use, maintenance, condition or management of the Project, (iii) any breach or default on the part of the Lessee in the performance of any of its obligations under this Lease, (iv) any act or negligence of the Lessee or any of its agents, contractors, servants, employees or licensees with respect to the Project, (v) any act or negligence of any assignee or sublessee of the Lessee with respect to the Project, or (vi) the authorization of payment of the costs of the Project by the Lessee. No indemnification is made under this Lease for a party's willful misconduct, gross negligence or breach of duty under this Lease.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused their respective names to be signed hereto by their respective officers hereunto duly authorized, all as of the day and year first above written.

LESSOR:

MUNICIPAL GAS AUTHORITY OF GEORGIA

(SEAL)

BY [Signature]
Attest: [Signature]

As to the Lessor:
Signed and sealed as of this
1st day of September, 1999,
in the presence of:

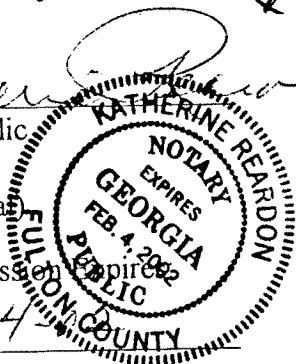
[Signature]
Witness

Notary Public

(Notary Seal)

My Commission Expires

2-4-2002



[Signature Page - Lease]

LESSEE:

CITY OF MONROE

(SEAL)

BY

MAYOR

Attest:

CLERK

As to the City of Monroe, Georgia:
signed and sealed as of this 1st
day of September, 1999, in the presence
of:

Witness

Notary Public

(Notary Seal)

My Commission Expires

APRIL 2, 2000

PUBLIC

WALTON COUNTY

[Signature Page - Lease]

EXHIBIT "A"

Project Description

Construction of approximately 32 miles of 4" and 6" high pressure steel pipe and approximately 75 miles of 2" and 4" plastic pipe for general system expansion into Oconee County, eastern Walton County and the High Shoals area.

SCHEDULE I

BASE RENTALS
(Attached)

Program Quote

Projected Lease Payments

Final Schedule

Payment Date	Principal Payment	Interest Payment	Total Payment	Principal Remaining	Summary Information	
09/27/99				\$2,000,000.00		
11/01/99	\$5,946.34	\$10,394.52	\$16,340.86	\$1,994,053.66		
12/01/99	7,457.76	8,883.10	16,340.86	1,986,595.90		
01/01/00	7,195.99	9,144.87	16,340.86	1,979,399.91	Borrower	City of Monroe
02/01/00	7,229.11	9,111.75	16,340.86	1,972,170.80	Interest Rate	5.42%
03/01/00	7,848.10	8,492.76	16,340.86	1,964,322.70	Effective APR	5.56%
04/01/00	7,298.52	9,042.34	16,340.86	1,957,024.18	Principal Amount	\$2,000,000.00
05/01/00	7,622.72	8,718.14	16,340.86	1,949,401.46	Purpose	
06/01/00	7,367.20	8,973.66	16,340.86	1,942,034.26		
07/01/00	7,689.50	8,651.36	16,340.86	1,934,344.76	Initial Lease Date	09/27/1999
08/01/00	7,436.51	8,904.35	16,340.86	1,926,908.25	Initial Lease Payment	\$0.00
09/01/00	7,470.75	8,870.11	16,340.86	1,919,437.50	First Payment Date	11/01/1999
10/01/00	7,790.16	8,550.70	16,340.86	1,911,647.34	Final Payment Date	09/01/2014
11/01/00	7,541.00	8,799.86	16,340.86	1,904,106.34	Total # of Payments	180
12/01/00	7,858.46	8,482.40	16,340.86	1,896,247.88	Payment Frequency	Monthly
01/01/01	7,611.89	8,728.97	16,340.86	1,888,635.99	Quote Date	08/26/1999
02/01/01	7,646.93	8,693.93	16,340.86	1,880,989.06	Quote Expiration Date	09/24/1997
03/01/01	8,520.07	7,820.79	16,340.86	1,872,468.99		
04/01/01	7,721.35	8,619.51	16,340.86	1,864,747.64	Total Principal Payments:	\$2,000,000.00
05/01/01	8,033.79	8,307.07	16,340.86	1,856,713.85	Total Interest Payments:	\$922,119.71
06/01/01	7,793.87	8,546.99	16,340.86	1,848,919.98	Total Debt Service Payments	\$2,922,119.71
07/01/01	8,104.30	8,236.56	16,340.86	1,840,815.68		
08/01/01	7,867.06	8,473.80	16,340.86	1,832,948.62		
09/01/01	7,903.27	8,437.59	16,340.86	1,825,045.35		
10/01/01	8,210.66	8,130.20	16,340.86	1,816,834.69		
11/01/01	7,977.45	8,363.41	16,340.86	1,808,857.24		
12/01/01	8,282.77	8,058.09	16,340.86	1,800,574.47		
01/01/02	8,052.30	8,288.56	16,340.86	1,792,522.17		
02/01/02	8,089.36	8,251.50	16,340.86	1,784,432.81		

Program Quote **Projected Lease Payments**

Payment Date	Principal Payment	Interest Payment	Total Payment	Principal Remaining
03/01/02	8,921.53	7,419.33	16,340.86	1,775,511.28
04/01/02	8,167.67	8,173.19	16,340.86	1,767,343.61
05/01/02	8,467.71	7,873.15	16,340.86	1,758,875.90
06/01/02	8,244.25	8,096.61	16,340.86	1,750,631.65
07/01/02	8,542.16	7,798.70	16,340.86	1,742,089.49
08/01/02	8,321.52	8,019.34	16,340.86	1,733,767.97
09/01/02	8,359.83	7,981.03	16,340.86	1,725,408.14
10/01/02	8,654.52	7,686.34	16,340.86	1,716,753.62
11/01/02	8,438.15	7,902.71	16,340.86	1,708,315.47
12/01/02	8,730.67	7,610.19	16,340.86	1,699,584.80
01/01/03	8,517.18	7,823.68	16,340.86	1,691,067.62
02/01/03	8,556.39	7,784.47	16,340.86	1,682,511.23
03/01/03	9,345.30	6,995.56	16,340.86	1,673,165.93
04/01/03	8,638.80	7,702.06	16,340.86	1,664,527.13
05/01/03	8,925.73	7,415.13	16,340.86	1,655,601.40
06/01/03	8,719.65	7,621.21	16,340.86	1,646,881.75
07/01/03	9,004.34	7,336.52	16,340.86	1,637,877.41
08/01/03	8,801.24	7,539.62	16,340.86	1,629,076.17
09/01/03	8,841.75	7,499.11	16,340.86	1,620,234.42
10/01/03	9,123.05	7,217.81	16,340.86	1,611,111.37
11/01/03	8,924.45	7,416.41	16,340.86	1,602,186.92
12/01/03	9,203.45	7,137.41	16,340.86	1,592,983.47
01/01/04	9,007.90	7,332.96	16,340.86	1,583,975.57
02/01/04	9,049.36	7,291.50	16,340.86	1,574,926.21
03/01/04	9,558.75	6,782.11	16,340.86	1,565,367.46
04/01/04	9,135.02	7,205.84	16,340.86	1,556,232.44
05/01/04	9,408.16	6,932.70	16,340.86	1,546,824.28
06/01/04	9,220.38	7,120.48	16,340.86	1,537,603.90
07/01/04	9,491.15	6,849.71	16,340.86	1,528,112.75
08/01/04	9,306.52	7,034.34	16,340.86	1,518,806.23

Program Quote

Projected Lease Payments

Payment Date	Principal Payment	Interest Payment	Total Payment	Principal Remaining
09/01/04	9,349.36	6,991.50	16,340.86	1,509,456.87
10/01/04	9,616.54	6,724.32	16,340.86	1,499,840.33
11/01/04	9,436.66	6,904.20	16,340.86	1,490,403.67
12/01/04	9,701.42	6,639.44	16,340.86	1,480,702.25
01/01/05	9,524.76	6,816.10	16,340.86	1,471,177.49
02/01/05	9,568.61	6,772.25	16,340.86	1,461,608.88
03/01/05	10,263.77	6,077.09	16,340.86	1,451,345.11
04/01/05	9,659.90	6,680.96	16,340.86	1,441,685.21
05/01/05	9,918.45	6,422.41	16,340.86	1,431,766.76
06/01/05	9,750.03	6,590.83	16,340.86	1,422,016.73
07/01/05	10,006.07	6,334.79	16,340.86	1,412,010.66
08/01/05	9,840.97	6,499.89	16,340.86	1,402,169.69
09/01/05	9,886.27	6,454.59	16,340.86	1,392,283.42
10/01/05	10,138.52	6,202.34	16,340.86	1,382,144.90
11/01/05	9,978.45	6,362.41	16,340.86	1,372,166.45
12/01/05	10,228.14	6,112.72	16,340.86	1,361,938.31
01/01/06	10,071.47	6,269.39	16,340.86	1,351,866.84
02/01/06	10,117.83	6,223.03	16,340.86	1,341,749.01
03/01/06	10,762.12	5,578.74	16,340.86	1,330,986.89
04/01/06	10,213.94	6,126.92	16,340.86	1,320,772.95
05/01/06	10,457.09	5,883.77	16,340.86	1,310,315.86
06/01/06	10,309.10	6,031.76	16,340.86	1,300,006.76
07/01/06	10,549.60	5,791.26	16,340.86	1,289,457.16
08/01/06	10,405.12	5,935.74	16,340.86	1,279,052.04
09/01/06	10,453.02	5,887.84	16,340.86	1,268,599.02
10/01/06	10,689.51	5,651.35	16,340.86	1,257,909.51
11/01/06	10,550.34	5,790.52	16,340.86	1,247,359.17
12/01/06	10,784.13	5,556.73	16,340.86	1,236,575.04
01/01/07	10,648.55	5,692.31	16,340.86	1,225,926.49
02/01/07	10,697.57	5,643.29	16,340.86	1,215,228.92

Program Quote

Projected Lease Payments

Payment Date	Principal Payment	Interest Payment	Total Payment	Principal Remaining
03/01/07	11,288.17	5,052.69	16,340.86	1,203,940.75
04/01/07	10,798.77	5,542.09	16,340.86	1,193,141.98
05/01/07	11,025.66	5,315.20	16,340.86	1,182,116.32
06/01/07	10,899.24	5,441.62	16,340.86	1,171,217.08
07/01/07	11,123.33	5,217.53	16,340.86	1,160,093.75
08/01/07	11,000.61	5,340.25	16,340.86	1,149,093.14
09/01/07	11,051.25	5,289.61	16,340.86	1,138,041.89
10/01/07	11,271.12	5,069.74	16,340.86	1,126,770.77
11/01/07	11,154.01	5,186.85	16,340.86	1,115,616.76
12/01/07	11,371.02	4,969.84	16,340.86	1,104,245.74
01/01/08	11,257.70	5,083.16	16,340.86	1,092,988.04
02/01/08	11,309.52	5,031.34	16,340.86	1,081,678.52
03/01/08	11,682.83	4,658.03	16,340.86	1,069,995.69
04/01/08	11,415.36	4,925.50	16,340.86	1,058,580.33
05/01/08	11,625.10	4,715.76	16,340.86	1,046,955.23
06/01/08	11,521.42	4,819.44	16,340.86	1,035,433.81
07/01/08	11,728.22	4,612.64	16,340.86	1,023,705.59
08/01/08	11,628.45	4,712.41	16,340.86	1,012,077.14
09/01/08	11,681.98	4,658.88	16,340.86	1,000,395.16
10/01/08	11,884.31	4,456.55	16,340.86	988,510.85
11/01/08	11,790.46	4,550.40	16,340.86	976,720.39
12/01/08	11,989.77	4,351.09	16,340.86	964,730.62
01/01/09	11,899.93	4,440.93	16,340.86	952,830.69
02/01/09	11,954.71	4,386.15	16,340.86	940,875.98
03/01/09	12,428.88	3,911.98	16,340.86	928,447.10
04/01/09	12,066.95	4,273.91	16,340.86	916,380.15
05/01/09	12,258.57	4,082.29	16,340.86	904,121.58
06/01/09	12,178.93	4,161.93	16,340.86	891,942.65
07/01/09	12,367.44	3,973.42	16,340.86	879,575.21
08/01/09	12,291.92	4,048.94	16,340.86	867,283.29

Program Quote **Projected Lease Payments**

Payment Date	Principal Payment	Interest Payment	Total Payment	Principal Remaining
09/01/09	12,348.51	3,992.35	16,340.86	854,934.78
10/01/09	12,532.30	3,808.56	16,340.86	842,402.48
11/01/09	12,463.04	3,877.82	16,340.86	829,939.44
12/01/09	12,643.65	3,697.21	16,340.86	817,295.79
01/01/10	12,578.61	3,762.25	16,340.86	804,717.18
02/01/10	12,636.52	3,704.34	16,340.86	792,080.66
03/01/10	13,047.54	3,293.32	16,340.86	779,033.12
04/01/10	12,754.75	3,586.11	16,340.86	766,278.37
05/01/10	12,927.25	3,413.61	16,340.86	753,351.12
06/01/10	12,872.97	3,467.89	16,340.86	740,478.15
07/01/10	13,042.18	3,298.68	16,340.86	727,435.97
08/01/10	12,992.26	3,348.60	16,340.86	714,443.71
09/01/10	13,052.07	3,288.79	16,340.86	701,391.64
10/01/10	13,216.30	3,124.56	16,340.86	688,175.34
11/01/10	13,172.99	3,167.87	16,340.86	675,002.35
12/01/10	13,333.86	3,007.00	16,340.86	661,668.49
01/01/11	13,295.01	3,045.85	16,340.86	648,373.48
02/01/11	13,356.21	2,984.65	16,340.86	635,017.27
03/01/11	13,700.58	2,640.28	16,340.86	621,316.69
04/01/11	13,480.76	2,860.10	16,340.86	607,835.93
05/01/11	13,633.08	2,707.78	16,340.86	594,202.85
06/01/11	13,605.57	2,735.29	16,340.86	580,597.28
07/01/11	13,754.42	2,586.44	16,340.86	566,842.86
08/01/11	13,731.52	2,609.34	16,340.86	553,111.34
09/01/11	13,794.73	2,546.13	16,340.86	539,316.61
10/01/11	13,938.32	2,402.54	16,340.86	525,378.29
11/01/11	13,922.39	2,418.47	16,340.86	511,455.90
12/01/11	14,062.43	2,278.43	16,340.86	497,393.47
01/01/12	14,051.21	2,289.65	16,340.86	483,342.26
02/01/12	14,115.90	2,224.96	16,340.86	469,226.36

Program Quote

Projected Lease Payments

Payment Date	Principal Payment	Interest Payment	Total Payment	Principal Remaining
03/01/12	14,320.23	2,020.63	16,340.86	454,906.13
04/01/12	14,246.80	2,094.06	16,340.86	440,659.33
05/01/12	14,377.81	1,963.05	16,340.86	426,281.52
06/01/12	14,378.56	1,962.30	16,340.86	411,902.96
07/01/12	14,505.92	1,834.94	16,340.86	397,397.04
08/01/12	14,511.53	1,829.33	16,340.86	382,885.51
09/01/12	14,578.33	1,762.53	16,340.86	368,307.18
10/01/12	14,700.13	1,640.73	16,340.86	353,607.05
11/01/12	14,713.11	1,627.75	16,340.86	338,893.94
12/01/12	14,831.16	1,509.70	16,340.86	324,062.78
01/01/13	14,849.11	1,491.75	16,340.86	309,213.67
02/01/13	14,917.46	1,423.40	16,340.86	294,296.21
03/01/13	15,117.23	1,223.63	16,340.86	279,178.98
04/01/13	15,055.72	1,285.14	16,340.86	264,123.26
05/01/13	15,164.25	1,176.61	16,340.86	248,959.01
06/01/13	15,194.83	1,146.03	16,340.86	233,764.18
07/01/13	15,299.49	1,041.37	16,340.86	218,464.69
08/01/13	15,335.20	1,005.66	16,340.86	203,129.49
09/01/13	15,405.80	935.06	16,340.86	187,723.69
10/01/13	15,504.59	836.27	16,340.86	172,219.10
11/01/13	15,548.09	792.77	16,340.86	156,671.01
12/01/13	15,642.92	697.94	16,340.86	141,028.09
01/01/14	15,691.67	649.19	16,340.86	125,336.42
02/01/14	15,763.90	576.96	16,340.86	109,572.52
03/01/14	15,885.28	455.58	16,340.86	93,687.24
04/01/14	15,909.59	431.27	16,340.86	77,777.65
05/01/14	15,994.38	346.48	16,340.86	61,783.27
06/01/14	16,056.45	284.41	16,340.86	45,726.82
07/01/14	16,137.16	203.70	16,340.86	29,589.66
08/01/14	16,204.65	136.21	16,340.86	13,385.01

Program Quote
Projected Lease Payments

Payment Date	Principal Payment	Interest Payment	Total Payment	Principal Remaining
09/01/14	13,385.01	61.62	13,446.63	0.00