

**AGENCY AGREEMENT
FOR
CITY OF MONROE**

THIS AGENCY AGREEMENT, dated as of September 1, 1999, by and between Municipal Gas Authority of Georgia (the "Assignor"), and the City of Monroe (the "Agent"):

W I T N E S S E T H:

WHEREAS, the Assignor and the Agent have entered into a Lease, dated as of September 1, 1999 (the "Lease"), wherein the Agent and the Assignor have agreed to assign the Base Rentals under the Lease to Wachovia Bank, N.A. (the "Bank") and to acquire, construct and install certain additions, extensions and improvements to the gas distribution system of the City of Monroe more particularly described in Exhibit A to the Lease (the "Project"), with the proceeds from the assignment of such Base Rentals, and to lease the Project to the Agent (acting in its capacity as Lessee thereunder) for the Agent's use, occupancy and operation as provided in the Lease; and

WHEREAS, Assignor desires to engage the Agent pursuant to the terms hereof to cause acquisition, construction and installation of the Project on the Land pursuant to the Lease.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the Assignor and the Agent hereby agree as follows:

Section 1. Definitions. All capitalized terms used herein which are not defined herein shall have the same meaning as when such terms are used in the Lease (as such term is defined in the preambles hereto).

Section 2. Appointment of the Agent. The Assignor hereby appoints the Agent as its exclusive agent for the purpose of constructing or causing the construction of the Project, all pursuant to the Project Documents (as defined in the Lease) and in accordance with the terms and conditions for such construction of the Project as provided in Article V of the Lease. The Agent, as agent of the Assignor for such purpose, assumes all rights, duties and responsibilities of the Assignor regarding supervision of the construction of the Project as are granted to or imposed upon the Assignor pursuant to the Lease. The Agent is hereby authorized to execute and deliver the Project Documents. The assignor shall cooperate with the Agent, as requested by the Agent, in connection with the execution, delivery and performance of any Project Documents. Notwithstanding anything herein to the contrary, the Assignor hereby reserves its rights as principal to (i) execute and deliver any such Project Documents as it shall determine and (ii) take any other actions hereunder as principal under the Lease to cause the Project to be completed pursuant to the Project

Documents, notwithstanding the assignment made in this Agreement; provided, however, that title shall be and shall remain in the Assignor in accordance with the terms of the Lease. Notwithstanding anything in this Assignment to the contrary reserving rights to the Assignor, the Assignor shall not be obligated to take actions for the acquisition and construction of the Project.

Section 3. Award of Construction Contracts. (a) The Agent, on behalf of Assignor, or the Assignor on its own behalf, shall award a Construction Contract or Construction Contracts for the Project to a contractor or contractors licensed under the laws of the State of Georgia, and such Construction Contract or Construction Contracts have been or will be awarded in compliance with applicable resolutions and laws and following such procedures as the Agent has determined to be in the best interests of the Lessee for the Project on a timely and cost effective basis. The Agent shall require the contractor or contractors who have been or will be awarded the Construction Contract or Construction Contracts to provide a faithful performance bond and a labor and material payment bond satisfactory to the Agent (in its capacity as Lessee under the Lease) conditioned upon final completion of the Project as expeditiously as reasonably possible from the date of execution of the Lease. The proceeds from any such bond shall be transferred to the Assignor for deposit as provided in Section 5.04(c) of the Lease. Such bonds shall be made payable to the Assignor, shall be executed by a corporate surety licensed to transact business in the State of Georgia and acceptable to the Agent and the Assignor, and shall be in an amount equal to the contract price for such contractor's or subcontractor'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 (in the judgment of the Agent) of performing its obligations under such bond, an alternate surety acceptable to the Agent shall be selected.

Section 4. Disbursements from the Acquisition Fund. Whenever payments from the Acquisition Fund are to be made to satisfy an obligation under a Construction Contract, the Agent shall cooperate with an Authorized Lessee Representative under the Lease to file with the Assignor the written requisitions required by Section 5.08 of the Lease to be delivered to effect disbursements from the Acquisition Fund and shall furnish or cause to be furnished such other certificates and documents as may be required to establish that there has not been filed with or served upon the Agent notice of any lien, right to lien, attachment upon or claim affecting the right to receive payment of any of the moneys payable to any of the persons named in such written requisitions which has not been released or will not be released simultaneously with such payment, other than materialmen's or mechanic's liens accruing by mere operation of law which will not be released until final payment is made. The Agent shall also provide certificates in connection with such written requisitions from the architects and engineers performing work for the Project as may be customary to certify their approval of the payment therein requested to be made and further certifying that, insofar as such obligations for payment were incurred for work, materials, equipment and supplies, such work was actually performed, or such materials, equipment or supplies were actually installed in furtherance

of the Project, were delivered at the construction site of the work for that purpose or were delivered for storage or fabrication at the place or places approved by the Agent.

Section 5. Change Orders. The Agent, without approval of or notice to the Assignor, may issue change orders altering the Plans and Specifications during the course of the Project; provided, however, that unless sufficient additional funds are deposited by the Lessee under the Lease into the Acquisition Fund (a) the cost of the Project shall not exceed that which is established at the time when the assignment of Base Rentals to the Bank is made by Assignor pursuant to the Lease, and (b) the cost of change orders shall not exceed the amount then available therefor in the Acquisition Fund, provided that the Project is then on budget within the amount initially determined as needed to complete the Project. Before issuing any such change orders which, together with all other change orders, would increase the aggregate cost of the Project beyond that initially established in the Acquisition Fund, the Agent shall arrange to pay the increased cost resulting from such change orders and shall deposit funds sufficient to pay such increased cost with the Assignor for deposit in the Acquisition Fund; provided, however, that nothing herein shall be construed to require the Agent to deposit any such funds for purposes of this Section 5 other than from moneys legally available therefor and appropriated or otherwise specifically provided for such purpose.

Section 6. Required Provisions of Construction Contracts. (a) The Agent shall have and keep on file and available for inspection by the Assignor copies of the Project Documents (except Project Documents which are in the possession of the Assignor), throughout the term hereof, or as soon after the commencement of the term hereof as such Project Documents shall become available to the Agent.

(b) The Net Proceeds of any performance or payment bond or builders' risk insurance policy required hereunder is to be deposited into such funds and accounts as provided in Section 5.04(c) of the Lease.

Section 7. Remedies Against Contractors. The Agent 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 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 Agent for any unreimbursed expenditure of the Agent for correcting or remedying such default, will be deposited into such funds and accounts as provided in Section 5.05 of the Lease.

Section 8. Compliance with Applicable Laws, Regulations, etc. (a) The Agent shall, and shall cause each Contractor and subcontractor to, construct the Project on the Land in accordance with all requirements, approvals, certifications or permits issued with respect to the Project by federal, state and local governmental bodies and agencies and file all periodic reports required under such approvals, certifications and permits.

(b) The Agent shall design, construct and install the Project in compliance with all applicable state and local statutes and regulations and will insure that the Project meet all applicable commercial standards and building and zoning code requirements for comparable facilities in the locality applicable to non-governmentally owned facilities and will use its best efforts to have the Project completed in accordance with the construction schedule established pursuant to Section 9(b) hereof and within the cost estimate prepared for the Project pursuant to Section 9(a) hereof. Subject to the requirements of such statutes and regulations, the Agent shall have the right to elect and employ design professionals, project and construction managers, consultants and contractors and to determine the methods and manner in which planning and construction will be accomplished.

Section 9. Project Cost Estimate and Construction Schedule. (a) As soon as practicable, the Agent will estimate the cost of the Project, and the estimate will be the basis for the budget for the Project.

(b) The Agent shall also establish a schedule for the Project which will assist the Agent in acting in its capacity as Lessee under the Lease to determine when and in what amounts funds will be needed to pay for costs incurred for the Project. Copies of such budget and schedule will be furnished by the Agent to the Assignor.

Section 10. Ratification. The Assignor hereby ratifies and approves any and all actions undertaken prior to the execution of this Agreement by the Agent on behalf of the Assignor for the Project.

Section 11. Term of the Agreement. (a) This Agreement shall become effective as of the date of its execution by the Assignor and the Agent.

(b) This Agreement shall terminate thirty days after delivery of the Completion Certificate pursuant to the Lease, except that the Agent may thereafter notify Contractors of defects in construction and demand correction in accordance with whatever warranties may be applicable, and may be canceled by the Assignor upon or any time after the occurrence of an Event of Default. If the defects are not immediately corrected, the Agent, at its sole expense (but only from appropriated moneys legally available for such purpose), may initiate and pursue any remedies which may be available to the Agent to enforce correction of construction defects.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized as of the day and year first above written.

ASSIGNOR:

MUNICIPAL GAS AUTHORITY OF
GEORGIA

By:  _____

Attest:  _____

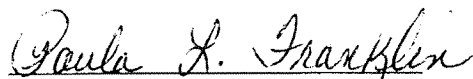
AGENT:

CITY OF MONROE

By: 

Mayor

Attest and countersign:



Clerk

(SEAL)

[Signature page - Agency Agreement]