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FIRST SUPPLEMENTAL INDENTURE

By and Between

**WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
as Issuer**

and

**UNITED NATIONAL BANK
as Trustee**

Dated as of January 15, 2002

Relating to

**West Virginia Economic Development Authority
Lease Revenue Bonds
(Correctional, Juvenile and Public Safety Facilities)
2002 Series A and 2002 Series B**

RETURN TO:
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FIRST SUPPLEMENTAL INDENTURE
AUTHORIZING THE ISSUANCE OF THE
2002 SERIES A BONDS AND 2002 SERIES B BONDS
AND SUPPLEMENTING THE MASTER
INDENTURE, CREDIT LINE DEED OF TRUST
AND SECURITY AGREEMENT
DATED AS OF JANUARY 15, 2002

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 1.01. First Supplemental Indenture. This FIRST SUPPLEMENTAL INDENTURE, dated as of January 15, 2002 (the "Supplemental Indenture"), is supplemental to the MASTER INDENTURE, CREDIT LINE DEED OF TRUST AND SECURITY AGREEMENT, dated as of January 15, 2002 (the "Master Indenture"), by and between the WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY, a public corporation and governmental instrumentality of the State of West Virginia (the "Issuer"), and UNITED NATIONAL BANK, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America (together with its successors hereunder, the "Trustee").

Section 1.02. Definitions.

(a) All terms which are defined in the Master Indenture shall have the same meanings in this Supplemental Indenture unless the context clearly requires otherwise.

(b) In addition, unless a different meaning clearly appears from the context, the following terms shall have the respective meanings set forth opposite such terms:

"Bonds" means the 2002 Series A Bonds and 2002 Series B Bonds.

"Bond Insurer" means MBIA Insurance Corporation, or any successor thereto or assignee thereof.

"Certificate of Determination" means the Certificate of the Chairman dated January 9, 2002.

"Defeasance Obligations" means

1. Cash
2. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - - "SLGs")

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3. Direct obligations of the Treasury which have been stripped by the Treasury itself.
4. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
5. Pre-refunded municipal bonds rated "AAA" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must be pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.
6. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

- a. U.S. Export-Import Bank (Eximbank)

Direct obligations or fully guaranteed certificates of beneficial ownership.

- b. Farmers Home Administration (FmHA)

Certificates of beneficial ownership

- c. Federal Financing Bank

- d. General Services Administration

Participation certificates

- e. U.S. Maritime Administration

Guaranteed Title XI financing

- f. U.S. Department of Housing and Urban Development (HUD)

Project Notes

Local Authority Bonds

New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

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"Interest Payment Date" means each June 1 and December 1, commencing June 1, 2002.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy to be issued by the Bond Insurer upon issuance of the Bonds, insuring the payment when due of the principal of and interest on the Bonds.

"Maintenance Reserve Fund Requirement" means with respect to the 2002 Series A Bonds, an amount equal to \$4,368,750, and with respect to the 2002 Series B Bonds, an amount equal to \$428,700.

"Permitted Investments" means any of the following, with an appropriate market value and of an appropriate maturity.

- A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
 2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 3. Federal Financing Bank
 4. Federal Housing Administration Debentures (FHA)
 5. General Services Administration
Participation certificates
 6. Government National Mortgage Association (GNMA or "Ginnie Mae")
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues.)
 7. U.S. Maritime Administration
Guaranteed Title XI financing
 8. U.S. Department of Housing and Urban Development (HUD)
Project Notes

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Local Authority Bonds

New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):
1. Federal Home Loan Bank System
Senior debt obligations
 2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations
 3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations
 4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations
 5. Resolution Funding Corp. (REFCORP) obligations
 6. Farm Credit System
Consolidated systemwide bonds and notes
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AA-Am-G; AAA-m; or AA-m and if rated by Moody's rated AAA, Aa1 or Aa2.
- E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
- F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.
- G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to MBIA (Investment Agreement criteria is available upon request).
- H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.
- I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

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- J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.
- K. Repurchase Agreements for 30 days or less must follow the following criteria. Repurchase Agreements which exceed 30 days must be acceptable to MBIA (criteria available upon request)

Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or
 - b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.
2. The written repo contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
 - b. The term of the repo may be up to 30 days
 - c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - d. Valuation of Collateral
 - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
 - (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held

as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

a. Repo meets guidelines under state law for legal investment of public funds.

"Principal Payment Date" means each June 1, commencing June 1, 2003.

"Record Date" means Regular Record Date or Special Record Date, as appropriate.

"Regular Record Date" means, the 15th day of the month preceding any Interest Payment Date, regardless of whether such date is a Saturday, Sunday or legal holiday.

"Special Record Date" means the date fixed by the Trustee for the payment of Defaulted Interest.

"Trust Estate" means the Trust Estate described in the granting clauses of the Master Indenture.

"2002 Series A Contract of Lease-Purchase" means the Contract of Lease-Purchase with regards to the 2002 Series A Facilities by and between the West Virginia Economic Development Authority, as lessor, and the State of West Virginia acting by and through the Department of Administration, as lessee, dated as of January 15, 2002, executed simultaneously herewith and attached hereto as Exhibit C and incorporated herein by reference.

"2002 Series B-1 Contract of Lease-Purchase" means the Contract of Lease-Purchase with regards to the 2002 Series B-1 Facilities by and between the West Virginia Economic Development Authority, as lessor, and the State of West Virginia acting by and through the Department of Administration, as lessee, dated as of January 15, 2002, executed simultaneously herewith and attached hereto as Exhibit D and incorporated herein by referenced.

"2002 Series B-2 Contract of Lease-Purchase" means the Contract of Lease-Purchase with regards to the 2002 Series B-2 Facilities by and between the West Virginia Economic Development Authority, as lessor, and the State of West Virginia acting by and through the Department of Administration, as lessee, dated as of January 15, 2002, executed simultaneously herewith and attached hereto as Exhibit E and incorporated herein by referenced.

"2002 Series A Bonds" means the Bonds authorized to be issued pursuant to the Master Indenture and to Section 2.01 hereof.

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"2002 Series B Bonds" means the Bonds authorized to be issued pursuant to the Master Indenture and to Section 2.01 hereof.

- (c) Other terms are defined in this Supplemental Indenture as they are used.

ARTICLE II

AUTHORIZATION OF BONDS

Section 2.01. Authorization, Principal Amount and Designation. No Bonds may be issued under the provisions of this Supplemental Indenture except in accordance with this Article II.

- (a) Pursuant to the provisions of the Master Indenture, lease revenue bonds, to be designated as "West Virginia Economic Development Authority Lease Revenue Bonds (Correctional, Juvenile and Public Safety Facilities), 2002 Series A," are hereby authorized to be issued in the aggregate principal amount of \$145,625,000.

The 2002 Series A Bonds shall be issued only as fully registered bonds without coupons and in the denominations of \$5,000 or any integral multiple thereof. The 2002 Series A Bonds shall be lettered "AR" forward and shall be numbered separately from 1 upward. The 2002 Series A Bonds shall be dated January 15, 2002, and shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from the dated date, payable semiannually on each Interest Payment Date until the dates of maturity or redemption thereof, whichever is earlier.

The 2002 Series A Bonds shall mature in the following principal amounts on June 1 of the following years and shall bear interest for the following maturities at the following rates:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2003	\$5,825,000	3.500%	2013	\$5,075,000	5.500%
2004	4,410,000	3.500	2014	5,350,000	5.500
2005	3,600,000	4.000	2015	5,650,000	5.500
2006	3,750,000	4.000	2016	5,955,000	5.500
2007	3,895,000	4.000	2017	6,285,000	5.500
2008	4,050,000	4.250	2018	6,635,000	5.500
2009	4,225,000	4.250	2019	6,995,000	5.500
2010	4,405,000	4.500	2020	7,385,000	5.000
2011	4,605,000	4.500	2026	52,720,000	5.000
2012	4,810,000	5.500			

- (b) Pursuant to the provisions of the Master Indenture, lease revenue bonds, to be designated as "West Virginia Economic Development Authority Lease Revenue Bonds

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(Correctional, Juvenile and Public Safety Facilities), 2002 Series B,” are hereby authorized to be issued in the aggregate principal amount of \$14,290,000.

The 2002 Series B Bonds shall be issued only as fully registered bonds without coupons and in the denominations of \$5,000 or any integral multiple thereof. The 2002 Series B Bonds shall be lettered “BR” forward and shall be numbered separately from 1 upward. The 2002 Series B Bonds shall be dated January 15, 2002, and shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from the dated date, payable semiannually on each Interest Payment Date until the dates of maturity or redemption thereof, whichever is earlier.

The 2002 Series B Bonds shall mature in the following principal amounts on June 1 of the following years and shall bear interest for the following maturities at the following rates:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2005	\$400,000	4.000	2014	\$575,000	4.650%
2006	410,000	4.000	2015	600,000	4.700

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(b) Proceeds of the sale of the 2002 Series B Bonds will be used to provide funds to finance (i) the acquisition of the Lakin Correctional Facility for Women, a 240-bed correctional facility located in Mason County, West Virginia and the acquisition, construction and equipping of a 120-bed addition thereto (the "2002 Series B-1 Facilities") and the James H. "Tiger" Morton Juvenile Detention Center, a 24-bed juvenile detention center to be located in Kanawha County, West Virginia (the "2002 Series B-2 Facilities"), (ii) capitalized interest until April 15, 2004, (iii) the funding of a maintenance reserve fund, and (iv) the costs of issuance of the 2002 Series B Bonds.

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ARTICLE III

REVENUES AND FUNDS

Section 3.01. Source of Payment of Bonds.

(a) The 2002 Series A Bonds shall be paid solely from the Revenues derived from the Issuer under the 2002 Series A Contract of Lease-Purchase and from such other amounts derived from the Trust Estate. All Base Rentals shall be remitted directly to the Trustee. The 2002 Series A Bonds shall not constitute obligations or other indebtedness of the Issuer within the meaning of any constitutional or statutory debt limitation. Revenues, when, as, and if received by the Trustee, shall be held hereunder for payment of the principal or redemption price of, and interest on, the 2002 Series A Bonds as provided in the Master Indenture.

(b) The 2002 Series B Bonds shall be paid solely from the Revenues derived from the Issuer under the 2002 Series B-1 Contract of Lease-Purchase, the 2002 Series B-2 Contract of Lease-Purchase and from such other amounts derived from the Trust Estate. All Base Rentals shall be remitted directly to the Trustee. The 2002 Series B Bonds shall not constitute obligations or other indebtedness of the Issuer within the meaning of any constitutional or statutory debt limitation. Revenues, when, as, and if received by the Trustee, shall be held hereunder for payment of the principal or redemption price of, and interest on, the 2002 Series B Bonds as provided in the Master Indenture.

Section 3.02. 2002 Series A Bonds Funds and Accounts. As provided in Section 3.01 of the Master Indenture, the Trustee shall establish the following accounts for the 2002 Series A Bonds:

- (i) 2002 Series A Bond Fund, and with the Bond Fund, an Interest Account and Principal Account;
- (ii) 2002 Series A Redemption Fund;
- (iii) 2002 Series A Construction Fund;
- (iv) 2002 Series A Maintenance Reserve Fund, and within the Maintenance Reserve Fund, a Proceeds Account and a Non-Proceeds Account; and
- (v) 2002 Series A Rebate Fund.

Section 3.03. 2002 Series A Bonds Application of Proceeds. The proceeds of the sale of the 2002 Series A Bonds, including accrued interest thereon, shall be deposited immediately upon payment and delivery of the 2002 Series A Bonds as follows:

(i) All interest accrued on the 2002 Series A Bonds from the date thereof to the date of delivery thereof (\$178,548.44) shall be deposited in the 2002 Series A Interest Account in the 2002 Series A Bond Fund and applied to payment of interest due on the 2002 Series A Bonds on June 1, 2002.

(ii) A sum in the amount of \$4,368,750 shall be deposited in the 2002 Series A Proceeds Account of the 2002 Series A Maintenance Reserve Fund.

(iii) A sum in the amount of \$140,249,776.86 shall be credited to the 2002 Series A Construction Fund then wired to the West Virginia Investment Management Board.

(iv) The balance of the 2002 Series A Bond proceeds equal to \$235,591.79 shall be deposited in the Construction Fund and applied to pay Costs of Issuance.

Section 3.04. 2002 Series B Bonds Funds and Accounts. As provided in Section 3.01 of the Master Indenture, the Trustee shall establish the following accounts for the 2002 Series B Bonds:

(i) 2002 Series B Bond Fund, and with the Bond Fund, an Interest Account and Principal Account;

(ii) 2002 Series B Redemption Fund;

(iii) 2002 Series B Construction Fund;

(iv) 2002 Series B Maintenance Reserve Fund, and within the Maintenance Reserve Fund, a Proceeds Account and a Non-Proceeds Account; and

(v) 2002 Series B Rebate Fund.

Section 3.05. 2002 Series B Bonds Application and Proceeds. The proceeds of the sale of the 2002 Series B Bonds, including accrued interest thereon, shall be deposited immediately upon payment and delivery of the 2002 Series B Bonds as follows:

(i) All interest accrued on the Bonds from the date thereof to the date of delivery thereof (\$16,984.75) shall be deposited in the 2002 Series B Interest Account in the 2002 Series B Bond Fund and applied to payment of interest due on the 2002 Series B Bonds on June 1, 2002.

(ii) A sum in the amount of \$1,455,728.74 (B1/\$743,037.19 and B2/\$712,691.55), representing capitalized interest for 27 months, shall be deposited in the 2002 Series B Interest Account in the 2002 Series B Bond Fund and applied to payment of interest due on the 2002 Series B Bonds during the construction period and approximately six months thereafter.

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(iii) A sum in the amount of B1/\$214,800 and B2/\$213,900 shall be deposited in the 2002 Series B Proceeds Account of the 2002 Series B Maintenance Reserve Fund.

(iv) The balance of the 2002 Series B Bond proceeds equal to \$12,028,790.06 shall be deposited in the Construction Fund (B1 \$6,000,000 and B2 \$6,000,000), provided that \$28,790.06 of such deposit shall be applied to pay Costs of Issuance.

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ARTICLE IV
REDEMPTION OF BONDS

Section 4.01. Redemption Dates and Prices.

(a) The 2002 Series A Bonds are subject to redemption from funds on deposit in the 2002 Series A Redemption Fund hereunder and otherwise available therefor as follows:

(i) Mandatory Sinking Fund Redemption. The 2002 Series A Bonds maturing on June 1, 2026, shall be subject to mandatory annual sinking fund redemption of principal on June 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption:

For the 2002 Series A Term Bonds maturing on June 1, 2026:

<u>Year</u>	<u>Amount</u>
2021	\$ 7,750,000
2022	8,140,000
2023	8,545,000
2024	8,970,000
2025	9,420,000
2026*	9,895,000

(b) The 2002 Series B Bonds are subject to redemption from funds on deposit in the 2002 Series B Redemption Fund hereunder and otherwise available therefor as follows:

(i) Mandatory Sinking Fund Redemption. The 2002 Series B Bonds maturing on June 1, 2026, shall be subject to mandatory annual sinking fund redemption of principal on June 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption:

For the 2002 Series B Term Bonds maturing on June 1, 2026:

<u>Year</u>	<u>Amount</u>
2022	\$ 840,000
2023	885,000
2024	930,000
2025	975,000
2026*	1,020,000

* Final Maturity

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(c) Optional Redemption of the Bonds. The Bonds maturing on or after June 1, 2013, are subject to redemption at the option of the Lessee, prior to maturity, on and after June 1, 2012, in whole or in part at any time from amounts deposited with the Trustee by the Issuer and from other funds available therefore at the following redemption prices (expressed as a percentage of the principal amount redeemed), plus accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
June 1, 2012 to May 31, 2013	101%
June 1, 2013 and thereafter	100%

(d) Extraordinary Optional Redemption of the Bonds. The Bonds are subject to extraordinary optional redemption on any date at a redemption price of 100% of the principal amount thereof plus interest accrued thereon, in whole or in part: (i) from Net Proceeds deposited in the Redemption Fund; (ii) upon an Event of Cancellation as provided in the Contracts of Lease-Purchase or (iii) upon the occurrence of any Event of Default under the Contracts of Lease-Purchase. All such Extraordinary Optional Redemptions shall be effected by the Trustee.

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ARTICLE V

ADDITIONAL PROVISIONS RELATED TO BOND INSURANCE

Section 5.01. Rental Payments. Base Rentals shall be paid at least 15 days in advance of debt service payment dates.

Section 5.02. Delivery of Certificate of Acceptance. The Secretary of Administration shall deliver a Certificate of Acceptance to the Bond Insurer upon completion of the 2002 Series B Facilities.

Section 5.03. Subleases. The term of any sublease shall be equal to or greater than the term of the Lease. Any sublease entered into subsequent to closing shall be subject to the Bond Insurer's consent.

Section 5.04. Substitution or Release of the Leased Premises. Unless expressly agreed to by the Bond Insurer, in its sole discretion, no substitution or release of the Leased Premises shall be permitted. At a minimum, the Bond Insurer will require the following:

- (a) An MAI fair market appraisal demonstrating that the useful life of the substituted property is at least equal to that released;
- (b) A certificate of useful life demonstrating that the useful life of the substituted property meets or exceeds the remaining term of the bonds;
- (c) Certification that the essentiality of the substituted property is comparable to that of the existing premises;
- (d) Bond counsel must supply an acceptable tax opinion;
- (e) No prior liens on substituted property;
- (f) Title insurance for any substituted property and prior to release of any leased premises, evidence that the existing title insurance policy is not affected.

Section 5.05. Cure Period for Covenant Defaults. The cure period for covenant defaults shall be thirty days.

Section 5.06. Control of Remedies in the Event of Default. The Bond Insurer shall control and direct all Remedies in the Event of Default, and there shall be no Bond acceleration without the Bond Insurer's consent.

Section 5.07. Trustee Capital; Substitution of Trustee. Trustee bank capital plus surplus must equal at least \$50,000,000 and any substitution of the Trustee is subject to the Bond Insurer's written approval.

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Section 5.08. Bond Insurer's Consent. Any amendments which require bondholder consent shall also require the Bond Insurer's consent. The Bond Insurer must receive advance written notice of all amendments which require consent. All notices shall be sent to the Bond Insurer.

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ARTICLE VI

PAYMENTS UNDER THE MUNICIPAL BOND INSURANCE POLICY

Section 6.01. Payments by Bond Insurer; Notices.

A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Obligations, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Obligations due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify the Insurer or its designee.

C. In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the Obligation to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Obligations as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Obligations, the Paying Agent shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Obligations, the Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any

of the Obligation surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

E. Payments with respect to claims for interest on and principal of Obligations disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Obligations, and the Insurer shall become the owner of such unpaid Obligation and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

F. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent hereby agree for the benefit of the Insurer that:

1. They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Obligations, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal of or interest on the Obligations, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Indenture and the Obligations; and

2. They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the Obligation, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Obligations to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

G. In connection with the issuance of additional Obligations, the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such additional Obligations.

H. Copies of any amendments made to the documents executed in connection with the issuance of the Obligations which are consented to by the Insurer shall be sent to Standard & Poor's Corporation.

I. The Insurer shall receive notice of the resignation or removal of the Paying Agent and the appointment of a successor thereto.

BOOK 141 PAGE 22

J. The Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer's audited financial statements and Annual Budget.

Notices: Any notice that is required to be given to a holder of the Obligation or to the Paying Agent pursuant to the Indenture shall also be provided to the Insurer. All notices required to be given to the Insurer under the Indenture shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

ARTICLE VII

BOOK 141 PAGE 23

MISCELLANEOUS

Section 7.01. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Supplemental Indenture have been inserted for convenience of reference only and shall in now way modify or restrict any of the terms or provisions hereof or contained in the Master Indenture.

Section 7.02. Severability. In the event any provision of this Supplemental Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or contained in the Master Indenture.

Section 7.03. Governing Law. This Supplemental Indenture shall be governed and construed in accordance with the law of the State.

Section 7.04. Execution in Counterparts. This Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.05. Notices. All notices, certificates or other communications hereunder shall be deemed given when faxed, hand delivered or mailed by certified or registered mail, postage prepaid, addressed as follows:

If to the Issuer: West Virginia Economic Development Authority
1018 Kanawha Boulevard, East
Suite 501
Charleston, West Virginia 25301
Attn: Chairman

If to the Lessee: State of West Virginia
Department of Administration
Leasing Division, Room MB-60
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305
Attention: Secretary

If to the Trustee: United National Bank
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Corporate Trust Department

The Issuer, Lessee and Trustee may designate by written notice any further or different addresses to which subsequent notices, certificates or other communications shall

be sent. Notwithstanding anything herein to the contrary, all notices, certificates, or other communications given hereunder shall also be delivered to any national rating agency then rating the 2002 Series A Bonds or 2002 Series B Bonds in the manner set forth above.

Section 7.06. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this institutions in the city in which the principal corporate trust office of the Trustee is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are not authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Supplemental Indenture.

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IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Supplemental Indenture to be executed in their respective corporate names and their respective corporate seals to be hereto affixed and attested by their duly authorized officials or officers, all as of the date first above written.



WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY, as Issuer
By [Signature]
Its Chairman

By Rebecca Melton Craig
Secretary



UNITED NATIONAL BANK, as Trustee
By [Signature]
Its Vice President

Attest:
By [Signature]
Its Asst Secretary

This instrument was prepared by Brian C. Helmick, Attorney-at-Law, Jackson & Kelly PLLC, 1600 Laidley Tower, Post Office Box 553, Charleston, West Virginia 25322

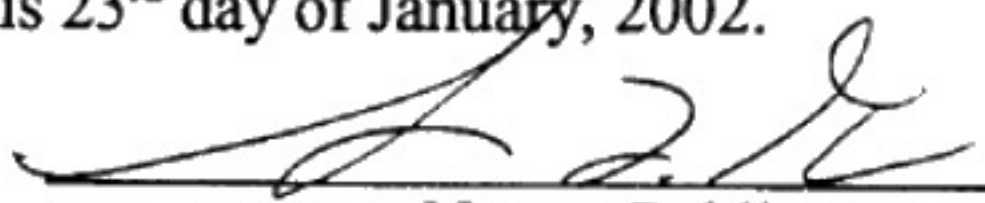
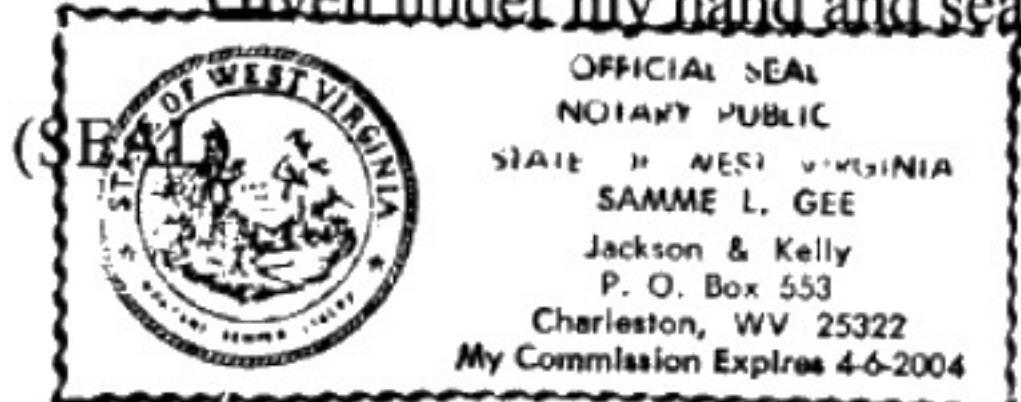
2007 141 26

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

I, Samme L. Gee, a notary public of said County, do certify that David C. Satterfield, Chairman who signed the writing hereto annexed, bearing date as of the 15th day of January, 2002, for **WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY**, has this day in my said County, before me, acknowledged the said writing to the act and deed of said Authority.

Given under my hand and seal this 23rd day of January, 2002.



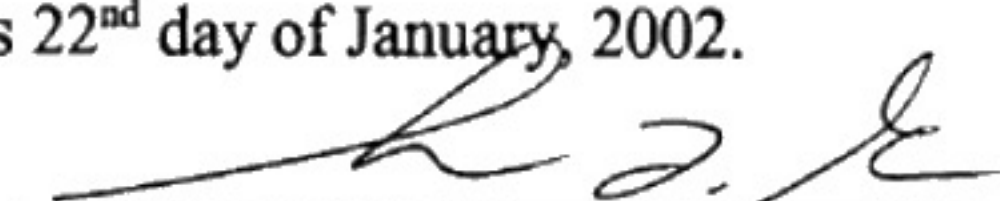
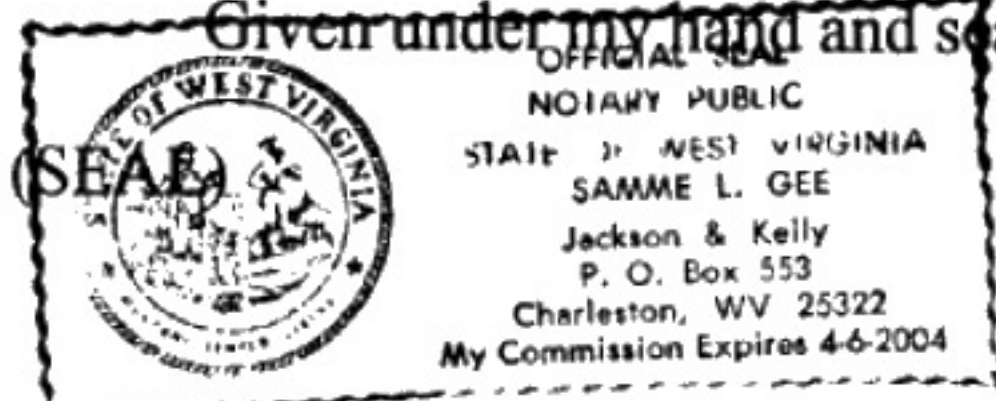
Notary Public

My commission expires: April 6, 2004.

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA

I, Samme L. Gee, a notary public of said County, do certify that Kathy Smith, as Vice President of **UNITED NATIONAL BANK**, who signed the writing hereto annexed, bearing date as of the 15th day of January, 2002, for United National Bank, has this day in my said County, before me, acknowledged the said writing to the act and deed of said Bank.

Given under my hand and seal this 22nd day of January, 2002.



Notary Public

My commission expires: April 6, 2004.

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Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. RA-1		\$	
INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
_____ %	_____ 1, 20__	_____, 200__	_____

PRINCIPAL AMOUNT: _____
 (\$ _____)

C0568947.1

BOOK 141 PAGE 28

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the Trustee to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the Trustee by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by the Trustee. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment to the Trustee, in Charleston, West Virginia.

NEITHER THE STATE OF WEST VIRGINIA, NOR ANY COUNTY, MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS OR ANY OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND MONIES PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF WEST VIRGINIA, OR ANY COUNTY, MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO.

NO OFFICER, DIRECTOR, MEMBER, AGENT OR EMPLOYEE OF THE ISSUER SHALL BE PERSONALLY LIABLE ON THE BONDS OR THE INDENTURE, OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE EXECUTION AND DELIVERY OF THE INDENTURE OR THE ISSUANCE OF THE BONDS, NOR SHALL THE ISSUANCE OF THE BONDS BE CONSIDERED A MISFEASANCE IN OFFICE, EXCEPT WITH REGARD TO NEGLIGENT, INTENTIONAL AND/OR WILLFUL ACTS THEREOF.

This bond is one of an issue of bonds authorized to be issued in the aggregate principal amount of \$_____ (hereinafter called the "Bonds") for the purpose of providing funds to pay the costs of acquiring, constructing and equipping Correctional, Juvenile and Public Safety Facilities in West Virginia, being hereinafter called the "_____ Facilities," as described in a Master Indenture, Deed of Trust and Security Agreement, dated as of _____, as supplemented by a First Supplemental Indenture No., dated _____, (hereinafter collectively referred to as the "Indenture"), between the Issuer and the Trustee, and paying expenses incident thereto, to consolidate certain offices which will achieve greater efficiencies in agency operations so as to thereby serve the goals of benefitting the people of the State of West Virginia (the "State"). The Bonds are issued under and pursuant to the Indenture, an executed counterpart of which Indenture is on file at the office of said Trustee, as authorized by a resolution adopted by the Issuer on _____, 200_. The Issuer has entered into Contracts of Lease Purchase, dated as of _____, 200_ (hereinafter referred to as the "Lease"), between the Issuer and the State of West Virginia, by the Department of Administration, which provides for the payment of Rentals by the Lessee to the Issuer in amounts sufficient to meet the Issuer's obligations under the Indenture. Reference is hereby made to the Indenture and the Lease and all indentures and leases supplemental thereto for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of

BODY 141 PAGE 29

revenues, the revenues charged with and pledged to the payment of the principal of and interest on the Bonds, the nature and extent of the security, the terms and conditions under which the Bonds are issued, the rights, duties and obligations of the Issuer and the Trustee, and the rights of the holders of the Bonds, and, by the acceptance of this Bond, the holder hereof assents to all the provisions of the Indenture and the Lease.

This Bond is transferable by the Issuer hereof in person or by his attorney duly authorized in writing at the principal office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this bond. Upon such transfer a new bond or bonds of the same series, interest rate, maturity or maturities and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Issuer and the Trustee may deem and treat the Registered Owner thereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

The Bonds are issuable only in the full amount thereof. The Bonds may, at the option of the Registered Owner thereof, upon the surrender thereof at the principal office of the Trustee with a written instrument of transfer, in form and with guarantee of signature satisfactory to the Trustee, duly executed by the Registered Owner or his duly authorized attorney, be exchanged for an equal aggregate principal amount of fully registered bonds of the same series, maturity and interest rate of any other authorized denomination.

The Bonds are subject to optional, extraordinary and mandatory sinking fund redemption under the terms and subject to the provisions set forth in the Indenture.

This Bond, as may be outstanding from time to time, is issued pursuant to and in full conformity with the Constitution and laws of the State of West Virginia, particularly Chapter 31, Article 15 of the Code of West Virginia, 1931, as amended, and pursuant to a resolution duly adopted by the Issuer, which resolution also authorizes the execution and delivery of the Indenture and the Lease.

The Bonds are limited special obligations of the Issuer and are payable solely out of the Trust Estate as described in the Indenture. Under the Indenture, the Issuer must pay the Trustee solely from the Trust Estate such payments as will be fully sufficient to pay the principal of and interest on the Bonds, as the same mature, and under the Lease, it is the obligation of the Tenants to pay the costs of maintaining the Facilities in good repair and to keep it properly insured.

Pursuant to the Indenture, payments sufficient for the prompt payment, when due, of the principal of and interest on the Bonds are to be paid by the Issuer to the Trustee and deposited in the Bond Fund. Moneys in the Bond Fund established under the Indenture have been duly pledged and have been assigned to the Trustee pursuant to the Indenture to secure payment of the principal of and interest on the Bonds.

BOOK 141 PAGE 30

The Registered Owners of the Bonds shall have no right to enforce the provisions of the Indenture or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the bonds issued under the Indenture and then outstanding, may become or may be declared due and payable before the stated maturity thereof together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts and conditions necessary to be done or performed by the Issuer or to have happened precedent to and in the issuance of the Bonds in order to make them legal, valid and binding special obligations of the Issuer in accordance with their terms, and precedent to and in the execution and delivery of the Indenture, have happened and have been performed in regular and due form as required by law; that payment in full for such Bonds has been received; and that such Bonds do not exceed or violate any constitutional or statutory limitation.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication appearing hereon shall have been duly and manually executed by the Trustee.

IN WITNESS WHEREOF, The WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and its seal to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, all as of the date set forth above.

[SEAL]

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY

By _____
Its Chairman

ATTEST:

By _____
Its Secretary

3007 141 32

CERTIFICATE OF AUTHENTICATION:

This Bond is one of the Bonds described in the within-named Indenture and has been duly registered in the name of the Registered Owner set forth above, as of the Date of Authentication set forth below.

Date of Authentication: _____, 200__.

UNITED NATIONAL BANK, as Trustee

By: _____
Its Authorized Officer

BOOK 141 PAGE 33

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at United National Bank, Charleston, WV.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to United National Bank, Charleston, West Virginia, or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$ _____
 WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
 LEASE REVENUE BONDS
 (CORRECTIONAL, JUVENILE AND PUBLIC SAFETY FACILITIES),
 2002 SERIES _____

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall

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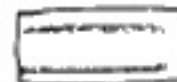
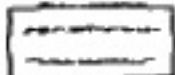
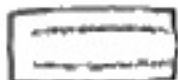
disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Insurer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any serve of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA Insurance Corporation



(Form of Assignment)

BOOK 141 PAGE 35

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

(Please print or typewrite name, address and Social Security Number of Transferee) _____
_____ the within bond and all rights thereunder, and hereby irrevocably
constitutes and appoints _____, as Attorney, to transfer the within bond
on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

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EXHIBIT B

REAL ESTATE

HUTTONSVILLE CORRECTIONAL CENTER

A tract of land situate in Huttonsville District, Randolph County, West Virginia, more particularly described as follows:

Beginning at a concrete monument, said monument creating a new corner within the lands formerly of the West Virginia Board of Control from which a P-K nail in the top of northwest wing wall of bridge over Riffle Creek bears N. 87° 57' 20" E., 63.57' and from which a P-K nail in the top of southwest wing wall of bridge over Riffle Creek bears S. 50° 45' 40" E., 81.48' and from which a railroad spike driven in the east side of a 2.86' Black Maple 4.8' from ground level bears N. 76° 55' 40" W., 88.46'; thence with a line parallel to access entry road to the Huttonsville Correctional Facility, N. 89° 48' 40" E. 493.19' to a P-K nail set in the access flair of said road and being in the edge of the western right of way of U. S. Route 250, being 30' when measured at right angles to centerline of said U. S. Route 250; thence with the western right of way of U. S. Route 250, S. 12° 05' E., 60.00' to a concrete monument set in the western right of way of U. S. Route 250; thence leaving the western right of way of U. S. Route 250 and parallel to the entry access road to Huttonsville Correctional Facility, S. 89° 48' 40" W., 589.39' to a concrete monument set 15' at right angles to the centerline of W. Va. Secondary Route No. 56 being the western right of way of W. Va. Secondary Route No. 56; thence following the western right of way of W. Va. Secondary Route No. 56 as in its present location, the following four courses and distances: S. 19° 50' 40" W., 489.86' to a concrete monument; S. 20° 57' W., 299.93' to a concrete monument; S. 19° 27' 20" W., 434.47' to a concrete monument; S. 11° 34' 30" E., 668.30' to a concrete monument; thence leaving the right of way of W. Va. Secondary Route No. 56 and making a new division line along and through the lands of the West Virginia Board of Control, the following eleven courses and distances: N. 10° 50' 40" W., 748.47' to a concrete monument; N. 14° 56' W., 648.40' to a concrete monument; N. 81° 45' W., 709.52' to a concrete monument; N. 05° 37' 40" E., 419.36' to a concrete monument; N. 28° 15' E., 410.45' to a concrete monument; N. 86° 57' 40" E., 646.12' to a concrete monument; N. 27° 47' 20" E., 358.61' to a concrete monument; N. 30° 47' 20" E., 244.09' to a concrete monument; S. 53° 13' 40" E.,

167.67' to a concrete monument; S. 28° 01' E., 414.52' to a concrete monument; S. 17° 02' 40" E., 494.887' to the place of beginning, containing 44.444 acres, be it the same more or less, as shown on a plat of survey entitled, "Plat Showing Survey Of Part Of Parcel Owned By West Virginia Board Of Control Being Conveyed To The Department Of Institutions," dated June 27, 1978, by Holley Surveying Service, Ripley, West Virginia, and as further shown on a plat of survey entitled, "Plat Showing Survey of Tract No. 1 (44.444 Ac) And Location Of Existing And Proposed Buildings," dated January 14, 1992, made by Dennis Clark, R.P.E. No. 5067, of Holley Surveying Service, Sandyville, West Virginia, which said plats are attached hereto;

SOUTHWESTERN REGIONAL JAIL FACILITY

A tract of land situate in Island Creek District, Logan County, West Virginia, more particularly described as follows:

Commencing at a concrete monument found in the centerline of the Corridor "G", with brass disk stamped P.C. 115+82.02, from which a concrete monument found in the centerline of said Corridor "G", with brass disk stamped T.S. 126+92.19, bears N62°40'E, 1,109.82 feet; thence leaving said centerline and running up the hill, N76°02'W, 3,378.75 feet to a ½ inch rebar with cap set, said rebar being the Point of Beginning; thence through the Georgia Pacific Corporation tract, recorded in Deed Book 307 Page 410 and from which this tract is a part; S55°46'W, 363.16 feet to a ½ inch rebar with cap set; thence S42°28'W, 378.62 feet to a ½ inch rebar with cap set; thence S20°09'W, 131.20 feet to a ½ inch rebar with cap set; thence S10°32'E, 178.37 feet to a ½ inch rebar with cap set; thence S24°30'E, 183.94 feet to a ½ inch rebar with cap set; thence S52°27'W, 98.46 feet to a ½ inch rebar with cap set; thence N54°45'W, 199.97 feet to a ½ inch rebar with cap set; thence N 26°35'W, 333.97 feet to a ½ inch rebar with cap set; thence N55°08'W, 221.27 feet to a ½ inch rebar with cap set; thence N43°04'W, 241.40 feet to a ½ inch rebar with cap set; thence N34°31'W, 183.14 feet to a ½ inch rebar with cap set; from which a (x) cut on large flat rock outcrop at the top of the hill bears N51°22'W, 467.46 feet; thence N23°01'E, 81.94 feet to a ½ inch rebar with cap set; thence N44°11'E, 249.33 feet to a ½ inch rebar with cap set; thence N12°17'E, 243.50 feet to a ½ inch rebar with cap set; thence N53°14'E, 327.52 feet to a ½ inch rebar with cap set; thence S89°31'E, 131.18 feet to a ½ inch rebar with cap set; thence S65°36'E, 167.34 feet to a ½ inch rebar with cap set; thence S73°17'W, 200.35 feet to a ½ inch rebar with cap set; thence

BOOK 141 PAGE 38

S1°40'W, 123.24 feet to a ½ inch rebar with cap set; thence S67°50'E, 782.98 feet to the point of beginning, containing 20.19 acres as shown on a plat of survey by Dunn Engineers, Inc. entitled, "PLAT OF SURVEY SHOWING 20.19 ACRE TRACT, BEING A PART OF THE GEORGIA PACIFIC CORPORATION TRACT, RECORDED IN DEED BOOK 307, PAGE 410, TO BE CONVEYED TO LOGAN COUNTY DEVELOPMENT AUTHORITY, dated AUGUST 14, 1995." Said plat being made mention of, and made a part of this description.

POTOMAC HIGHLANDS REGIONAL JAIL FACILITY

A tract or parcel of real estate lying and being situate north of U. S. Route 50 in Gore District, Hampshire County, West Virginia, containing 30.35 acres, more or less, as more particularly described by metes and bounds description as prepared by Dunn Engineers, Inc., and described as follows:

Being all of those certain lots 4, 5, and 12 through 17 of Augusta Additional Subdivision shown on a plat of survey by Davy & Lovett Enterprises, Inc., dated the 11th day of August 1989, and revised the 1st day of November 1989, the perimeter of which is hereby more particularly bounded and described as follows:

Beginning at a rebar found being a corner of Lot Four (4) of said subdivision and the northeast corner of the M. A. Stickley property; thence with the division line of said Lot 4 and said Stickley the following two (2) courses and distances:

1. N 66° 20' 27" W a distance of 235.96 feet to a fence post
2. N 83° 43' 37" W passing a rebar found at a distance of 34.90 feet a total distance of 54.30 feet to a point in the center of the access right of way to U.S. Route 50, also being the northwest corner of said Stickley; thence N 17° 57' 44" E passing a corner of said Lot 4 and Lot 13 of said subdivision at a distance of 275.75 feet, a total distance of 403.44 feet to a corner of said Lot 13 and J. A. Boone property. Thence with the division line of said Lot 13 and said Boone property N 40° 15' 50" E passing a corner of said Lot 13 and Lot 14 of said subdivision at a distance of 155.95 feet a total distance of 901.34 feet to a corner of said Lot 14, said Boone and being in the division line of Lot 6

of the Alonzo McCauley Land (Section A); thence with the division line of said Lot 14 and said Lot 6 S 85° 07' 30" E a distance of 325.94 feet to a corner of said Lot 14, said Lot 6 and Lot 7 of said Alonzo McCauley Land; thence S 85° 09' 01" E passing a corner of said Lot 14 and Lot 15 of said subdivision at a distance of 60.87 feet a total distance of 344.89 feet to a corner of said Lot 15, said Lot 7 of Alonzo McCauley Land, Lot 19 of said subdivision and Lot 24 of said subdivision; thence with the division line of said Lot 15 and said Lot 19 S 32° 47' 42" W a distance of 251.81 feet to a corner of said Lot 15, said Lot 19 and Lot 16 of said subdivision; thence with the division line of said Lot 16 and said Lot 19 S 61° 50' 01" E a distance of 243.94 feet to a corner of said Lot 16, said Lot 19, Lot 18 of said subdivision and Lot 17 of said subdivision; thence with the division line of said Lot 17 and said Lot 18 S 11° 05' 24" E a distance of 554.52 feet to a corner of said Lot 17, said Lot 18 and being in the center line of a forty foot right of way; thence with the center line of said right of way the following 10 courses and distances:

1. S 81° 25' 20" W a distance of 155.71 feet to a point
2. S 67° 41' 19" W a distance of 131.48 feet to a point
3. N 72° 37' 21" W a distance of 199.40 feet to a corner of said Lot 17 and said Lot 16
4. N 82° 43' 10" W a distance of 61.45 feet to a point
5. S 73° 43' 00" W a distance of 59.01 feet to a point
6. S 51° 44' 08" W a distance of 31.47 feet to a corner to said Lot 16 and Lot 12 of said subdivision
7. S 51° 44' 08" W a distance of 245.00 feet to a corner of said Lot 12 and Lot 5 of said subdivision
8. S 25° 39' 47" E a distance of 108.63 feet to a point
9. S 05° 58' 04" E a distance of 55.04 feet to a point

10. S 10° 13' 39" E a distance of 112.53 feet to a corner of said Lot 5 and Lot 6 of said subdivision; thence leaving said right of way and with the division line of said Lot 5 and said Lot 6 N 87° 33' 53" W a distance of 431.17 feet to a corner of said Lot 4, said Lot 5, said Lot 6 and Lot 7 of said subdivision; thence with the division line of said Lot 4 and said Lot 7 N 66° 20' 20" W a distance of 200.00 feet to a corner of said Lot 4, said Lot 7 and in the division line of said Stickley; thence with the division line of said Lot 4 and said Stickley N 24° 10' 49" E a distance of 125.00 feet to the place of beginning containing 30.35 acres be it the same more or less and as shown on a plat by Dunn Engineers, Inc. of Charleston, West Virginia, dated February 3, 1997.

NORTH CENTRAL REGIONAL JAIL FACILITY

A tract of land, situate on Wilhelms Creek, Central District, Doddridge County, West Virginia, and more particularly bounded and described as follows:

BEGINNING at an "X" in large flat stone (found) being a corner of Gregory R. Vogt and Robert P. Jackson; thence with the division line of said Vogt and said Jackson S 11 degrees 54' W a distance of 58.11 feet to a ½" rebar with cap (set), being a corner to said Vogt and Jackson and being in the line of West Virginia Railroad Maintenance Authority. Thence with said Vogt and said West Virginia Railroad Authority with a curve to the left having a chord bearing of S. 81 degrees 30' W a distance of 236.73 feet to a ½" rebar with cap (set); thence with a new division line along and through the lands of said Vogt the following five (5) courses and distances:

- 1) N 13 degrees 47' W a distance of 236.60 feet to a ½" rebar with cap (set);
- 2) N 52 degrees 27' W a distance of 352.29 feet to a ½" rebar with cap (set);
- 3) S 35 degrees 54' W a distance of 812.25 feet to a ½" rebar with cap (set);
- 4) N 54 degrees 06' W. a distance of 1,103.07 feet to a ½" rebar with cap (set);

- 5) N. 36 degrees 52' E. a distance of 736.60 feet to a ½" rebar with cap (set), being a corner in the division line of said Vogt and said Jackson; thence with said division line the following two (2) courses and distances:
 - 1) N 89 degrees 15' E. a distance of 264.01 feet to a set stone found;
 - 2) S. 53 degrees 08' E. a distance of 1,557.11 feet to the place of beginning, containing 23.62 acres be it the same more or less and as shown on a plat of survey by Dunn Engineers, Inc., said plat dated January 13, 1997, said plat to be recorded in the plat books in the Office of the Clerk of the County Commission of Doddridge County, West Virginia, reference to which is hereby made for a graphic description;

A tract of land situate in Robinson District, Mason County, West Virginia, more particularly described as follows:

Beginning at a concrete monument (found) being a corner of the West Virginia Department of Health and Human Resources, Division of Health Property, and West Virginia Board of Education Property also being in the right-of-way line of West Virginia Route 62; Thence with right-of-way of said Route 62 the following two (2) courses and distances: 1) with a curve to the left having a chord bearing of N 13 degrees 37' 46" W a distance of 186.27 feet to a PK nail; 2) N 17 degrees 02' 20" W a distance of 663.36 feet to a ½" rebar with cap (set); Thence with a new division line along and through the property of said Division of Health property S 73 degrees 17' 15" E a distance of 996.29 feet to a ½" rebar with cap (set) said rebar creating a new corner in the division line of said Division of Health property and West Virginia Farm Management Commission property; Thence with the said division line the following five (5) courses and distances: 1) S 14 degrees 51' 00" W a distance of 37.00 feet to a 3/8" iron pin (found); 2) N 75 degrees 51' 29" W a distance of 22.18 feet to a 3/8" iron pipe (found); 3) S 23 degrees 35' 40" W a distance of 432.98 feet to a 3/8" iron pipe (found); 4) N 73 degrees 33' 00" W a distance of 208.65 feet to a 3/8" iron pipe (found); 5) S 18 degrees 20' 05" W a distance of 232.75 feet to a concrete monument (found) said monument being a corner of said Division of Health and said Farm Management Commission and said Board of Education; Thence with the division line of said Division of Health and said Board of

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Education N 75 degrees 49' 18" W a distance of 245.81 feet to the place of beginning containing 10.33 acres be it the same more or less and as shown as Parcel "A" on a plat of survey by Dunn Engineers, Inc. said plat dated January 7, 1997 and to be recorded in the office of the Clerk of the County Commission of Mason County, reference to which is hereby made for a more graphic description.

A tract of land situate in Union District, Kanawha County, West Virginia, and described as follows:

Beginning at a point in the westerly 30' Right of Way line of Kanawha County Route 25/6 (King Street), approximately 1400 feet south of its intersection with WV State Route 25 in Dunbar, Union District, Kanawha County, West Virginia, said point being a No. 4 rebar with a cap set; thence leaving said Right of Way line, and with the division line between The Kanawha County Parks And Recreation Commission and The Kanawha County Court as follows; N46°19'48"W 310.29 feet to a No. 4 rebar with a cap set; N38°16'53"W 75.28 feet to a 3/4" iron pipe found; N45°29'53"E 77.01 feet to a No. 4 rebar with a cap set; S44°39'31" E 36.09 feet to a No. 4 rebar with a cap set; N 45°49'03"E 137.54 feet to a No. 4 rebar with a cap set; S50°10'58"E 293.81 feet to a No. 4 rebar with a cap set at a common corner with the West Dunbar Public Service District; thence leaving said division line and with the division line between the West Dunbar Public Service District and The Kanawha County Court; S42°35'39"W 39.70 feet to a fence corner found; S47°35'31"E 39.57 feet to a No. 4 rebar with a cap set in the westerly 30' Right of Way line of said King Street; Thence with said Right of Way line, S41°31'13"W 204.97 Feet to the Point of Beginning, containing 1.86 acres, more or less, and the same being designated as Tract No. 1 on the plat titled "PLAT SHOWING LAND TO BE ACQUIRED BY TIGER MORTON JUVENILE DETENTION CENTER," dated December 6, 2001, prepared by Triad Engineers, Inc., and attached as EXHIBIT A to that certain deed dated December 27, 2001, of record in Kanawha County Deed Book 2541, at page 166.

EXHIBIT C

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CONTRACT OF LEASE-PURCHASE

by and between

**WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY,
as Lessor**

and

**STATE OF WEST VIRGINIA acting by and through the
DEPARTMENT OF ADMINISTRATION,
as Lessee**

Dated as of January 15, 2002

**West Virginia Economic Development Authority
Lease Revenue Bonds
(Correctional, Juvenile and Public Safety Facilities)
2002 Series A
(Huttonsville Correctional Center,
Southwestern Regional Jail Facility,
Potomac Highlands Regional Jail Facility and
North Central Regional Jail Facility)**

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CONTRACT OF LEASE-PURCHASE

THIS CONTRACT OF LEASE-PURCHASE ("Lease"), dated as of January 15, 2002, by and between the WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY, a public corporation and government instrumentality of the State of West Virginia ("Lessor"), and the STATE OF WEST VIRGINIA acting by and through the DEPARTMENT OF ADMINISTRATION ("Lessee") on behalf of the West Virginia Regional Jail and Correctional Facility Authority and the Division of Corrections;

WHEREAS, the Lessor has acquired certain regional jail facilities and correctional facilities which it has offered to lease to the Lessee; and

WHEREAS, the Lessee, on behalf of the West Virginia Regional Jail and Correctional Facility Authority and the Division of Corrections desiring to lease the facilities for use as state correctional and regional jail facilities; and

WHEREAS, pursuant to provisions of the Act, as hereinafter defined, the Secretary of the Department of Administration has certified as attached hereto as EXHIBIT A, that the space requested by the Lessee is necessary for the proper function of the Lessee, that satisfactory space is not available in other buildings or sites now owned or leased by the State of West Virginia and that the Lessee will be responsible for the Rentals (as hereinafter defined) and other necessary payments in connection with this Lease; and

WHEREAS, the Secretary of the Department of Administration has determined, as set forth in EXHIBIT C - CERTIFICATE OF FAIR RENTAL VALUE, attached hereto, that the Rentals set forth in EXHIBIT B - SCHEDULE OF RENTALS do not exceed the fair rental value of the premises; and

WHEREAS, the execution and delivery of this Lease have been duly authorized by a resolution adopted by the Lessor on January 3, 2002, and by all necessary action of the Lessee; and

WHEREAS, the Secretary of the Department of Administration, by executing this Lease, hereby leases the premises from the Lessor, for use by the Lessee.

NOW, THEREFORE, THIS CONTRACT OF LEASE-PURCHASE WITNESSETH:

That for and in consideration of the Rentals to be paid by the Lessee to Lessor and the full and complete performance of the covenants, terms, and conditions hereinafter set forth, the Lessor hereby leases and demises unto the Lessee and the Lessee hereby takes and leases from the Lessor, for use by the Lessee, the following described premises (the "Leased Premises") located in West Virginia:

Certain lots, tracts or parcels of land, together with the improvements thereon and all furnishings, fixtures and equipment therein and appurtenances thereunto belonging, consisting of a three regional jail facilities and one correctional facility, situate, lying and being in Logan County, West Virginia, Hampshire County, West Virginia, Doddridge County, West Virginia and Randolph County, West Virginia, as more particularly set forth and described in EXHIBIT E - SITE DESCRIPTIONS attached hereto and made a part hereof to which reference is hereby made.

The parties hereto covenant and bind themselves as follows:

1. Definitions. Capitalized terms used herein shall have the meanings ascribed thereto in the hereinafter described Indenture. In addition, all capitalized terms used herein and not otherwise defined herein will have the meanings specified below unless the context clearly requires otherwise:

"Act" means collectively, Chapter 5A, Article 3 of the West Virginia Code of 1931, as amended, together with the rules and regulations promulgated thereunder.

"Additional Rentals" means the cost of all taxes, insurance premiums, reasonable expenses and fees of the Trustee, Registrar and Paying Agent, utility charges, cost of rebate calculations, costs of maintenance, upkeep and repair of the Leased Premises, including amounts required to be deposited into the Maintenance Reserve Fund until such fund is funded at the Maintenance Reserve Fund Requirement, and all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the Lessee shall fail to pay the same, as specifically set forth in the Lease) which the Lessee assumes or agrees to pay under the Lease with respect to the Leased Premises, and not otherwise paid by the Lessee directly. Additional Rentals also includes amounts necessary to replenish deficiencies in the Rebate Fund and the Maintenance Reserve Fund as provided for herein. Additional Rentals do not include the Base Rentals.

"Asbestos Containing Materials" means material in friable form containing more than one percent (1%) of the asbestiform varieties of (a) chrysotile (serpentine); (b) crocidolite (riebeckite); (c) amosite (cummington-itegrinerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Authorized Representative" means such representative of the Lessee designated as the Lessee's authorized representative in writing by the Lessee to the Issuer and shall initially be the Secretary of Administration.

"Base Rentals" means the payments payable by the Lessee for and in consideration of the right to use the Leased Premises during the Lease Term pursuant to Section 5 and EXHIBIT D of this Lease, which Base Rentals shall be sufficient to pay when due, the Debt Service on the Bonds.

"Bond Counsel" means Jackson & Kelly PLLC, Charleston, West Virginia, or any successor law firm thereto, or, at the option of either Lessor or Lessee, such other nationally recognized law firm having expertise with respect to federally tax-exempt obligations of States and municipalities as shall be acceptable to Lessor and Lessee in the exercise of reasonable discretion.

"Bonds" means the West Virginia Economic Development Authority Lease Revenue Bonds (Correctional, Juvenile and Public Safety Facilities), 2002 Series A.

"Certificate of Acceptance" means a certificate substantially in the form set forth in EXHIBIT D, attached hereto.

"Certificate of Demonstrated Need" means a certificate substantially in the form set forth in EXHIBIT A, attached hereto.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations thereunder.

"Delivery Date" shall have the meaning set forth in Section 4 hereof.

"Environmental Regulations" means all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. 6901, et seq.) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) (together with the regulations promulgated thereunder, "CAA") and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.) (together with the regulations promulgated thereunder, "TSCA"), and any state or local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

"Event of Cancellation" means the occurrence of one or more of the events described in Section 19 of this Lease resulting in the cancellation of this Lease pursuant to the provisions thereof.

"Event of Default" means one or more of the "Events of Default" defined in Section 29 of this Lease.

"Fiscal Year" means the period beginning on each July 1 and ending on the following June 30, or such other period as may be established from time to time by the Lessee and designated in writing to the Lessor.

"Hazardous Materials" means any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the Lessee, any of the Premises or the operations conducted by Lessee thereon on, from or beneath the Leased Premises.

"Indenture" means the Master Indenture, Credit Line Deed of Trust and Security Agreement, dated as of January 15, 2002, by and between the Lessor and the Trustee, as the same may be amended, modified or supplemented from time to time.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court in the State, who is not an employee of the Lessor, the Lessee or the Trustee, and acceptable to Lessor and Lessee.

"Lease Term" means the term of this Lease, as set forth in Section 4.

"Leased Premises" means the real estate described in EXHIBIT E - SITE DESCRIPTIONS, together with all improvements, buildings, equipment, furnishings and fixtures located thereon.

"Lessor's Documents" means this Lease, the Indenture and all other documents executed and delivered by Lessor in connection with the leasing of the Leased Premises and issuance of the Bonds.

"Net Proceeds", when used with respect to any proceeds from condemnation awards or from policies of insurance required under this Lease, means the amount remaining after deducting from the gross proceeds thereof all expenses (including, without limitation, attorneys' fees, Trustee's expenses, and costs awarded by a court of competent jurisdiction) incurred in the collection of such proceeds or award.

"Operating and Maintenance Expenses" means, with respect to the Leased Premises, all costs and expenses of operation and maintenance of the Leased Premises, including, without limitation, deposits to the Maintenance Reserve Fund established with the Trustee, the costs and expenses of salaries and fringe benefits, utility services, insurance, fees, licenses, permits, administrative expenses, taxes, maintenance and repairs.

"Release" means when used as a noun, any pumping, spilling, leaking, disposal of, or empty, discharge or release of, any Hazardous Materials.

"Rentals" means, collectively, the Base Rentals and the Additional Rentals payable by the Lessee for and in consideration of the right to use the Leased Premises during the Lease Term pursuant to Section 5 of this Lease.

“State” means the State of West Virginia.

“Trustee” means United National Bank, as trustee under the Indenture, or any successor thereto.

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

(a) Lessee is authorized by the laws and Constitution of the State of West Virginia to enter into this Lease and to perform its obligations hereunder. The Lessee has duly authorized and approved the execution and delivery of this Lease, and the Lease constitutes a legal, valid and binding obligation of the Lessee enforceable against the Lessee in accordance with the terms hereof.

(b) The execution and delivery of this Lease, the fulfillment of or compliance with the terms and conditions hereof, and the consummation of the transactions contemplated hereby, will not conflict with, constitute a breach of, or default under, the Constitution and laws of the State, or the rules of procedure of the Lessee or any indenture, agreement or other instrument to which the Lessee are a party or by which it is bound, or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any court, government or governmental body to which the Lessee, the Leased Premises or any of the Lessee's other properties are subject.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of the Lessee's knowledge, threatened, against the Lessee, wherein an unfavorable ruling or finding would adversely affect the validity or enforceability of this Lease, or which would materially and adversely affect any of the transactions contemplated thereby or the ability of the Lessee to perform their respective obligations hereunder.

(d) The Leased Premises at all times will be used by the Lessee for the purpose of performing governmental functions and the acquisition and leasing of the Leased Premises by the Lessee is necessary, useful and appropriate to one or more governmental purposes of the Lessee, including, but not limited to public safety, and the Leased Premises at all times will be used by the Lessee for the purposes of performing an essential governmental function, and the acquisition, leasing and financing of the Leased Premises is necessary to the operation of the Lessee, and is consistent with the permissible scope of the Lessee's authority.

(e) All consents and approvals of, the giving of notice to, registration with, and the taking of any action in respect of any federal, state, or local governmental authority, necessary to the execution of this Lease or to permit the

transactions contemplated by this Lease to occur have been received, have occurred, have been taken, or have been performed prior to delivery of this Lease.

(f) Lessee hereby declares its current need for the Leased Premises and its present intention and expectation that this Lease will not be terminated until all Rentals hereunder have been paid pursuant to this Lease, but this representation shall be subject to the provisions of Section 19 of this Lease.

(g) (Reserved)

(h) The Lessee shall annually request an appropriation of moneys or shall otherwise cause there to be moneys set aside sufficient to pay Rentals for the ensuing Fiscal Year.

(i) The officer of the Lessee executing this Lease has been duly authorized to execute and deliver this Lease.

(j) The Lessee qualifies as a "spending unit" for all purposes under the Act.

(k) The Leased Premises will at all times be used by the Lessee in accordance with the Act.

(l) This Lease constitutes a "financing lease" for the purposes of the U. S. Bankruptcy Code.

(m) The Lessee shall not use or permit the Leased Premises or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Leased Premises and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal, or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath the Premises or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory or used in the operation of a government office building, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of any Hazardous Materials, the Lessee shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Lessor, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all

Hazardous Materials so released, on, from or beneath the Leased Premises or other property, in compliance with all Environmental Regulations.

(n) The Lessee shall comply with, and shall use its best efforts to cause its agents, any subtenants, licensees, employees and contractors, to comply with all Environmental Regulations and shall keep the Leased Premises free and clear of any violation of such Environmental Regulations. Upon receipt of any notice from any person or entity with regard to the Release of Hazardous Materials on, from or beneath the Premises, the Lessee shall give prompt written notice thereof to the Lessor (and, in any event, prior to the expiration of any period in which to respond to such notice under any Environmental Regulation).

3. Representations, Covenants and Warranties of Lessor. Lessor represents, covenants and warrants for the benefit of Lessee and Trustee as follows:

(a) The Lessor is a public corporation and government instrumentality of the State of West Virginia and has all necessary power under the laws of the State of West Virginia to enter into this Lease and each of Lessor's Documents, to acquire, construct, equip and lease to the Lessee the Leased Premises and to perform each of its obligations herein and therein.

(b) The acquisition, construction or equipping of the Leased Premises, this Lease and Lessor's Documents have been duly authorized, approved and directed by all necessary and appropriate action of the Lessor and its members and officers.

(c) Except as provided in the Indenture, in which Lessor has assigned certain of its rights to the Trustee, the Lessor will not assign its right, title and interest in and to the Rentals derived under, or assign, pledge or grant any security interest in its right, title and interest in, to and under this Lease or the Leased Premises. Except as set forth in the Indenture, the Lessor will not assign its duties and obligations under this Lease to any other person, firm or corporation, so as to impair or violate the representations, covenants and warranties contained in this Section 3.

(d) Neither the execution and delivery of this Lease or the Lessor's Documents, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, will conflict with, constitute a breach of or a default under, any provision of the Act or any indenture, order, ordinance, resolution, agreement or other instrument to which the Lessor is a party or by which the Lessor or any of its properties may be bound, or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental body to which the Lessor or any of its properties are subject.

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best knowledge of the Lessor, threatened against the Lessor, wherein an unfavorable ruling or finding would adversely affect the validity or enforceability of this Lease or the Lessor's Documents or which would materially and adversely affect any of the transactions contemplated by this Lease or the Lessor's Documents or adversely affect the ability of Lessor to perform Lessor's obligations under this Lease or the Lessor's Documents.

(f) During the term of this Lease and so long as there shall not have occurred an Event of Default or an Event of Cancellation, the Lessor shall retain no rights with respect to the operation, maintenance, management or administration of the Leased Premises. Lessee shall have the sole right, subject to the terms of this Lease, to operate, maintain, manage and administer the Leased Premises, including, but not limited to, all matters with respect to subleasing of all or any portion of the Leased Premises, acquiring and disposing of furnishings, fixtures and equipment, renovating, improving or removing portions of the Leased Premises and all other matters incidental to the operation, maintenance, management and administration of the Leased Premises. The Lessee covenants to pay all Operating and Maintenance Expenses.

4. Lease Term, Delivery Date, Lessee's Obligation for Changes to Plans and Notices. The Lease Term, subject to the provisions hereof, shall begin on the date of delivery of the Leased Premises to the Lessee ("the Delivery Date"), as evidenced by delivery of the following to the Lessor: (A) An approval letter from the State Fire Marshall, and (B) A Certificate of Acceptance by the Lessee in the form set forth in EXHIBIT D, attached hereto.

This Lease shall be considered renewed for each ensuing Fiscal Year and all portions thereof during the Lease Term unless it is canceled by the Lessee before the end of the then current Fiscal Year. Unless earlier terminated pursuant to the provisions hereof, this Lease shall terminate as of the date of (i) payment in full of Rentals hereunder; and (ii) payment in full of all principal, interest and redemption price, if any, on all Bonds.

In the event the Lessee requires any changes to the Leased Premises, the Lessee shall bear all costs attributable to such changes, including without limitation any increases in the project budget, and any costs attributable to delay in completion occasioned by such changes or due to any changes in phasing of the work under unmodified portions of the EXHIBIT E - SITE DESCRIPTIONS due to such changes. Costs shall be deemed to include, without limitation, any penalties for late completion assessed under any construction contract.

Notices may be given by personal service upon the party(s) entitled to such notice, or by certified mail, duly stamped and directed to the last-known address of the party to be notified, and deposited in the post office. The proper mailing of such notice and not the receipt thereof shall constitute the giving of such notice by either party to the other. Notices shall be directed as follows:

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To the Lessor

West Virginia Economic Development Authority
1018 Kanawha Boulevard, East
Suite 501
Charleston, West Virginia 25301
Attn: Chairman

and

William Herlihy, Esquire
Spilman, Thomas & Battle
Spilman Center
300 Kanawha Boulevard, East
Charleston, West Virginia 25301

To the Lessee

State of West Virginia
Department of Administration
Leasing Division, Room MB-60
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305
Attention: Secretary

and

State of West Virginia
Department of Administration
Building 1, Room E-119
1900 Kanawha Boulevard East
Charleston, West Virginia 25305-0120
Attention: Secretary

A duplicate of any notice given under this Lease shall be given contemporaneously to the Trustee.

5. Rentals. A. Lessee covenants that it shall pay the Base Rentals monthly, commencing on the thirtieth (30th) day of the calendar month next following the month of the Delivery Date, and monthly thereafter on the same day of each month for the Leased Premises in the amounts designated as the Base Rentals set forth in EXHIBIT B - SCHEDULE OF RENTALS attached hereto and made a part hereof, and continuing each and every month during the Lease Term.

B. Lessee further covenants that it shall pay the Additional Rentals commencing one (1) month following the Delivery Date, for the Leased Premises in the amounts and at the times such amounts may be due and payable.

The Rentals payable hereunder shall be paid directly to the Trustee, at its corporate operation's offices located at Charleston, West Virginia. All Base Rentals shall be applied by the Trustee to payment of the principal of and interest on the Bonds. All Additional Rentals shall be applied by the Trustee to payment of any person or agency or account to which such payment is due and owing.

6. Payments Constitute Limited Obligation. No provision of this Lease shall be construed or interpreted as creating a general obligation or other indebtedness of the Lessee or the State of West Virginia within the meaning of any constitutional or statutory debt limitation, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of the Lessee or the State of West Virginia beyond any Fiscal Year for which such revenues, funds or monies are appropriated as Rentals. Neither this Lease nor any assignment hereof shall directly or indirectly obligate the Lessee or the State of West Virginia to make any Rentals beyond those actually appropriated for the then current Fiscal Year. The Lessee shall not be under any obligation whatsoever to exercise its option to purchase the Leased Premises.

7. Nature of Obligations. Subject to the provisions of Section 19, the obligation of the Lessee to pay the Rentals during a Fiscal Year for which an appropriation has been made or funds are otherwise available as provided hereunder shall be absolute, and payment of the Rentals shall not be abated through accident or unforeseen circumstances, destruction of the Leased Premises, the inability of any Lessee to use the Leased Premises, any defects in title to the Leased Premises, defects in the Leased Premises, breach of warranties of the manufacturer or seller of any portion of the Leased Premises, or for any other reason. Notwithstanding any dispute between the Lessee and the Lessor, any contractor or vendor retained with respect to the Leased Premises, any supplier of labor or materials in connection therewith or any other person, the Lessee shall make all payments of Rentals when due during the Lease Term and shall not withhold any Rentals pending final resolution of such dispute, nor shall the Lessee assert any right of set-off or counterclaim against its obligation to pay such Rentals. No action or inaction on the part of the Lessor shall affect the obligation of Lessee to pay all Rentals during the Lease Term.

8. Budgeting and Appropriations. (a) The Lessee covenants that its administrative officer charged with the responsibility of formulating budget proposals for the Lessee shall include in each budget request for each Fiscal Year until the termination of this Lease, items for all Rentals required to be paid by it hereunder for such Fiscal Year and that the Lessee will use its best efforts to obtain funds through the appropriation process annually to allow all Rentals to be paid in a timely fashion.

(b) If the West Virginia Legislature has not specifically appropriated moneys in such amounts and for such purposes, and the Lessee does not utilize moneys for such purposes from unclassified money available therefor, the Lessee shall notify the West Virginia Legislature and the Trustee that an appropriations for Rentals has not been made and this Lease shall terminate in accordance with its terms.

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9. Notice of Budget, Appropriation and Insurance Coverage. Whether or not this Lease is to be terminated, the Lessee covenants that it shall furnish to the Lessor (i) copies of its annual budget promptly upon its adoption and availability, (ii) copies of its audited financial statements, if any, promptly upon its availability, (iii) promptly after appropriation, proofs of appropriation for the ensuing Fiscal Year, and (iv) proofs of maintenance of insurance required by Section 16 of this Lease, including a certificate of insurance.

10. Utilities and Other Related Services. Lessee shall promptly pay for all water, gas, heat, light, power, telephone service, and other utilities of every kind furnished to the Leased Premises incurred on and after the earlier of the Delivery Date or the first day of occupancy of any part of the Leased Premises by Lessee.

11. Maintenance. Upon the earlier of the Delivery Date or the date of occupancy of the Leased Premises by Lessee, Lessee covenants that it shall maintain the Leased Premises so as to comply in all respects with then applicable federal, State and local laws and regulations, including the structure of the Leased Premises, both interior and exterior, the electrical and plumbing fixtures and equipment, and the interior and exterior painting, in a good and tenantable condition equal to that of the Leased Premises as at the time of occupancy thereof, normal wear and tear excepted.

12. Taxes, Assessments and Municipal/County Fees. The parties acknowledge that the Lessor and the Lessee are tax-exempt governmental entities and that no taxes or assessments are required to be paid by Lessor and the Lessee under present State law. However, the Lessee will pay all taxes and assessments, if any, levied on the Leased Premises during the term of this Lease, but only from funds provided for such purpose as described below. The Lessee covenants that it shall be responsible for paying any and all municipal or county taxes, fees and assessments, such as fire service fees, that may be applicable to the Leased Premises. In the event any lawful tax, fee or assessment is levied upon the Leased Premises after the Delivery Date, the amount of Additional Rentals payable hereunder shall include a sum sufficient to permit the Lessor to pay such tax on or before the latest date that same may be paid without the imposition of interest or penalties. The Lessee shall not cause or permit any liens to be placed against the Leased Premises or any portion thereof.

13. Expenses of Lessor. All costs and expenses incurred by Lessor relating to this Lease, including, without limitation, reasonable attorneys' fees, shall be paid from the Rentals and other income derived from the Leased Premises.

14. Assignment, Subletting and Addition or Substitution. This Lease may not be assigned by either party and the Leased Premises may not be sublet by the Lessee except as follows:

(a) Lessor may assign this Lease to the Trustee pursuant to the Indenture for purposes of financing the Leased Premises;

(b) Lessee may assign or sublet the Leased Premises in whole or in part, provided that:

(i) This Lease and the obligations of the Lessee, continuing to occupy space shall remain obligations of the Lessee, and Lessee shall maintain its direct relationship with Lessor; and

(ii) There shall be delivered to the Trustee an opinion of Bond Counsel to the effect that such assignment or subletting is permitted under the laws of the State and all requirements of such laws relating to such assignment or subletting have been met and that such assignment or subletting will not cause interest on the Bonds to be includable in gross income of the owners thereof for federal income tax purposes; and

(c) The Lessee may substitute or add tenants at any time, so long as all certifications required under the Act are delivered to the Trustee prior to such substitution or addition, each new tenant is obligated to pay its proportionate share of Rentals and the total of such proportionate shares of all tenants occupying the Leased Premises equals 100%.

15. Neglect and Use of Leased Premises. Lessee covenants that it shall:

(i) Not commit waste on the Leased Premises and that the Leased Premises will be returned to the Lessor at the termination of this Lease in substantially as good condition as at the commencement thereof, damages from natural elements, normal depreciation and decay excepted, unless the right to purchase is exercised.

(ii) Not install, use, operate or maintain the Leased Premises improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease.

(iii) Obtain all permits and licenses, if any, necessary for the use, occupancy and operation of the Leased Premises and maintain such permits and licenses in good standing.

(iv) Comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Leased Premises) with all laws of the jurisdiction in which their operations involving the Leased Premises may extend and with all regulations, orders and decrees of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Premises; provided, however, that it may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the rights of the Lessor in and to the Leased Premises or its interests or rights under this Lease.

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16. Insurance. Lessee covenants that it shall, at its own expense, cause to be carried and maintained with respect to the Leased Premises casualty, property damage and public liability insurance from the Delivery Date through the West Virginia State Board of Risk and Insurance Management, as follows:

(a) Insurance with respect to the improvements ("Improvements") and personal property ("Personal Property") comprising the Leased Premises against any peril included within the classification "All Risks of Physical Loss", with extended coverage in amounts at all times sufficient to prevent the Lessee from becoming a co-insurer within the terms of the applicable policies, but in any event such insurance shall be maintained in an amount equal to the full replacement value of the Leased Premises.

(b) Comprehensive general liability insurance, including contractual injury, bodily injury and property damage liability, including all legal liability to the extent insurable imposed upon the Lessee, and all court costs and attorneys' fees and expenses, if awarded by a court of competent jurisdiction, arising out of or connected with the possession, use, leasing, operation, maintenance or condition of the Leased Premises but in no event with limits for the Leased Premises of less than one million dollars (\$1,000,000) per occurrence.

(c) During the period of any repair or restoration, builder's "all risk" insurance in an amount not less than the full replacement cost of the Improvements and the Personal Property.

(d) Statutory workers' compensation insurance (to the extent the risks to be covered thereby are not already covered by other policies of insurance maintained by the Lessee), with respect to any work on or about the Leased Premises.

(e) Business interruption and/or loss of "rental value" coverage for the Leased Premises in an amount equal to 18 months estimated Rentals attributable to the Leased Premises and based on the Lease Payments for the immediately preceding year and otherwise sufficient to avoid any co-insurance penalty.

(f) If all or any portion of the Improvements, or any portion of the Land is located within a federally designated flood hazard zone, flood insurance in an amount equal to the lesser of the full replacement cost of the Leased Premises or the maximum amount available.

(g) Insurance against loss or damage from (i) leakage of sprinkler systems and (ii) explosion of steam boilers, air conditioning equipment, pressure vessels or similar apparatus now or hereafter installed at the Leased Premises, in such amounts as the Lessor may from time to time reasonably require and which

are customarily required by institutional mortgagees with respect to similar properties similarly situated.

(h) Such other insurance with respect to the Improvements and Personal Property against loss or damage as is reasonably requested by the Lessor or the Trustee and available from the State Board of Risk and Insurance Management.

Any policy providing the insurance coverage described in this Section 16 will be with companies with claims paying ability of not less than "A" by Standard & Poor's Ratings Services. All insurers providing insurance required by this Lease shall be authorized to issue insurance in the State. The insurance coverage required under this Section 16 may be effected under a blanket policy or policies covering the Leased Premises and other property and assets not constituting a part of the Leased Premises. Copies of all of the above-mentioned insurance policies shall be delivered to the Lessor and the Trustee upon request. All such policies shall name the Lessor and the Trustee as an additional insured/loss payee, shall provide that all Insurance Proceeds be payable to the Lessee and the Trustee, and shall contain: (i) "Non Contributory Standard Lender Clause" and a Lender's Loss Payable Endorsement (Form 438 BFUNS) or their equivalents naming the Trustee as the person to which all payments shall be paid; (ii) a deductible per loss of an amount not more than fifty thousand (\$50,000.00) dollars; (iii) a provision that such policies shall not be canceled or amended, including, without limitation, any amendment reducing the scope or limits of coverage, without at least thirty (30) days' prior written notice to the Lessor and the Trustee in each instance; and (iv) effective waivers by the insurers of all claims for insurance premiums against any loss payees, additional insureds and named insureds (other than the Lessee). Certificates of insurance with respect to all renewal and replacement policies shall be delivered to the Lessor and the Trustee upon request. If this Lease shall terminate, the Lessor and the Trustee shall be entitled to receive and apply in accordance with the Indenture all insurance proceeds with respect to the policies required to be maintained hereunder. If the Lessee shall fail to maintain any insurance required hereunder, the Lessee shall, upon demand, reimburse the Lessor and the Trustee, as Additional Rent, for the amount of the insurance recovery which would have been available had the Lessee maintained the coverages required hereunder.

17. Damage to Leased Premises by Fire, Etc. In the event of any loss due to fire, natural elements, or other cause to such an extent that continued occupancy by the Lessee would be impossible or impractical, the Lessee shall give immediate notice thereof to the Lessor, and shall, at its option, exercise its right to purchase the Leased Premises pursuant to Section 23 herein or restore the Leased Premises. The proceeds of any such insurance claim shall go to the parties as their interests may appear.

18. Condemnation. Lessee confirms and agrees that in the event any attempt is made to take the Lease or the Leased Premises by eminent domain, that it shall use its best efforts to ensure that the compensation shall in no event be less than an amount sufficient to defease the Bonds then outstanding, in accordance with the provisions of the Indenture.

19. Provisions for Cancellation. The parties agree that this Lease shall be considered canceled, without further obligation on the part of the Lessee pursuant to the provisions of West Virginia Code Chapter 5A, Article 3, Section 40 (an "Event of Cancellation"), (i) if the State Legislature should subsequently fail to appropriate sufficient funds therefor, or should otherwise act to impair this Lease or cause it to be canceled or (ii) if the Lessee exercises its right to cancel this Lease without further obligation on the part of the Lessee upon the giving of at least 30 days' written notice to the Lessor, such notice being given at least 30 days prior to the last day of the succeeding month. The Lessee shall also give written notice of cancellation to the Lessor at least 30 days prior to the end of the Fiscal Year if an Event of Cancellation pursuant to (i) above occurs. The Lessor shall, within 5 days of receipt of any notice of cancellation, give written notice of such fact to the Trustee. Upon the occurrence of an Event of Cancellation, the Lessee shall immediately redeliver possession of the Leased Premises to the Lessor and thereupon be relieved from any and all obligations hereunder or concerning the Leased Premises except for Rentals accruing prior to such date of redelivery, provided however, that in the event of a failure to appropriate by the State, this Lease shall be deemed canceled at the end of the Fiscal Year after which there is no longer an appropriation for payment of Rentals in full.

20. Quiet Enjoyment of Leased Premises. Lessor covenants that as of the date of delivery of this Lease, Lessor seized the Leased Premises as the sole owner thereof, in fee simple, free of all liens, encumbrances and any outstanding interests whatsoever, except Permitted Encumbrances, as such term is defined in the Indenture and that upon payment of the Rentals as hereinbefore set forth, it will warrant and defend the title of Lessee against any and all claims whatsoever, not arising hereunder, during the term of this Lease and that the Lessee shall, at all times during the term of this Lease, peaceably and quietly have, hold, and enjoy the Leased Premises, provided however, that this Lease shall be subject to the Indenture.

21. [Reserved].

22. Removal of Machinery and Equipment. It is understood and agreed that all machinery and equipment installed by the Lessee, or placed upon the Leased Premises incident to the business of the Lessee, whether annexed to the freehold or not and not installed with proceeds of the Bonds, shall remain the personal property, of the Lessee, and the Lessee shall have the privilege and right to remove them at any time during the term of this Lease, provided the Leased Premises are restored to as good condition as existed prior to installation of said machinery and equipment, reasonable wear and tear excepted.

23. Right to Purchase the Leased Premises. Lessor hereby grants unto Lessee the right to cause the State to purchase the Leased Premises, together with all improvements thereon, at any time for a sum sufficient to defease the Bonds in accordance with Article VI of the Indenture (the "Purchase Option Price"), and pay any unpaid Additional Rentals due hereunder, all as calculated in accordance with and subject to the requirements of the Indenture. Lessee will provide forty-five (45) days prior written notice to the Lessor in the event the Lessee elects to exercise its right to cause the State to purchase the Leased Premises under this Section 23. The date of closing shall be established by Lessee.

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24. Title to Leased Premises. Except as expressly set forth in this Lease, title to the Leased Premises and any and all alterations thereto and replacements thereof shall be held in the name of the Lessor during the term of this Lease and the Lessee shall not have any right, title or interest in the Leased Premises. However, at the end of the Lease Term upon the payment of all Rentals, or upon exercise of its right to purchase the Leased Premises pursuant to Section 23 hereof, Lessor shall, at Lessor's expense, make and deliver to State of West Virginia, Department of Administration for the West Virginia Regional Jail and Correctional Facility Authority, a good and proper deed, duly executed and acknowledged with transfer stamps, if applicable, attached thereto, with covenants of special warranty, conveying good and marketable title to the Leased Premises, subject to all reservations, exceptions, conditions, easements, rights-of-way or other like limitations of record under and by which Lessor is bound in ownership of the Leased Premises as of the date of this Lease.

25. No Encumbrance, Mortgage or Pledge of Leased Premises. Except as provided in the Indenture, neither the Lessor nor the Lessee shall permit any mechanic's or other lien to be established or remain against the Leased Premises, provided, that if the party responsible for the payment of such lien first shall notify the other party of its intention to so do, such responsible party may in good faith contest any mechanic's or other lien filed or established against the Leased Premises, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the other party shall notify it that, in the opinion of Independent Counsel, by nonpayment of any such items, the other such party's title to the Leased Premises or the lien on the Leased Premises pursuant to this Lease will be endangered materially, or the Leased Premises or any part thereof will be subject to loss or forfeiture, in which event the responsible party shall promptly pay and cause to be satisfied and discharged all such unpaid items. No such payment shall constitute a waiver of the right to continue to contest such items. Lessor and Lessee will cooperate fully with each other in any such contest. Except for the Indenture, neither the Lessor nor the Lessee, directly or indirectly, shall create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Premises. The Lessee or the Lessor, as the case may be, promptly and at their own expense, shall take such action as may be necessary to discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created, incurred or suffered to exist.

26. Restriction on Sale, Etc. Lessor agrees that so long as the Lessee is not in default hereunder, it will not, except as contemplated herein or as provided in the Indenture, enter into any other contract or agreement affecting this Lease, the Rentals or the Leased Premises in any way or attempt to sell, assign, convey or otherwise alienate any interest it may have in the Leased Premises, this Lease or the Rentals, or assign the same as security for any other obligations of the Lessor without the prior written consent of the Lessee. Notwithstanding the foregoing, upon the occurrence of an Event of a Default or an Event of Cancellation hereunder, Lessor's interest may be transferred, either pursuant to a foreclosure sale, deed in lieu of foreclosure, or otherwise. Any person or entity acquiring the Leased Premises after a foreclosure sale, deed in lieu of foreclosure, or pursuant to transfer from the Trustee shall, thereafter, assume the same rights, duties and obligations of Lessor as hereunder unless this Lease shall have been terminated in accordance herewith.

For so long as Lessee is not in default of its obligations under this Lease and any sublease, as applicable, and an Event of Cancellation or Event of Default has not occurred, any successor to Lessor shall be required to acknowledge that it is accepting title subject to this Lease and that it agrees to perform all of Lessor's obligations hereunder. Reasonable advance notice of any proposed transfer of Lessor's interest will be given to Lessee prior to any transfer.

27. Further Assurance and Corrective Instruments. Lessor and Lessee agree that they will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments as reasonably may be required for correcting any inadequate or incorrect description of the Leased Premises hereby leased or intended to be leased or for otherwise carrying out the intention hereof.

28. Tax Representations, Warranties and Covenants. The Lessee represents, warrants and covenants as follows:

(a) Lessee shall not perform any act, nor omit to perform any act, (if within their reasonable control) which performance or omission would cause the interest on the Bonds to not be excludable from the gross income of any holder thereof.

(b) Lessee agrees that it will make no use of amounts, which are or may be treated as proceeds of this Lease or of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

(c) The Internal Revenue Service has not questioned the authority of the Lessee to certify its expectations with respect to arbitrage.

(d) Lessee certifies and covenants to and for the benefit of the holders of the Bonds and the Trustee, that, so long as any of the Bonds remain outstanding, Lessee will not knowingly direct or otherwise cause the investment or use of any moneys in any fund or account in connection with the Bonds or interest thereon whether or not held by the Trustee pursuant to the Indenture and regardless of whether any such moneys were derived from proceeds of the Bonds or from any other source (including any monies reasonably expected to be used to pay the Bonds or interest thereon, whether or not held by the Trustee pursuant to the Indenture and regardless of whether any such moneys were derived from proceeds of the Bonds or from any other source), in a manner which will cause the Bonds to constitute "arbitrage bonds" within the meaning of Section 148 of the Code.

(e) During the term of this Lease, Lessee will use its best efforts to comply with the requirements of the Code applicable to this Lease in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds and will not take any action, within its control, or fail to take any action which would cause a loss of such exclusion.

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(f) Lessee will not take any action nor cause any action, within its control, to be taken that would cause this Lease to be "federally guaranteed" as defined in Section 149(b) of the Code.

(g) Lessee shall not sublet the Leased Premises or any part thereof in such manner as will cause the Bonds to constitute private activity bonds as such term is defined in Section 141 of the Code, or in any manner which will cause the interest on the Bonds to be includable in gross income of the owners thereof for federal income tax purposes.

29. Events of Default. Each of the following events shall constitute an "Event of Default" under this Lease:

(a) Nonpayment of any Rentals appropriated by the West Virginia State Legislature during the Lease Term within the time frame described in Section 5 of this Lease;

(b) Failure by the Lessee to surrender possession of the Leased Premises upon the termination of this Lease upon the occurrence of an Event of Cancellation pursuant to Section 19 hereof; or,

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a) or clause (b) hereof, provided that (i) the Lessor has notified the Lessee of such failure and (ii) the Lessor has declared such failure to be an Event of Default.

Notwithstanding the foregoing, an Event of Cancellation shall not, by itself, be deemed to be an Event of Default.

30. Remedies on Default. If an Event of Default shall have occurred and be continuing, the Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Premises under this Lease, including, without limiting the generality of the foregoing to the extent permitted by the laws of the State, (i) to take possession of any or all of the Leased Premises at any time, and from time to time, to sell, resell, lease, assign, deliver or otherwise dispose of all or any of the property comprising or used in connection with the Leased Premises, at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and at such price or prices and on such terms as the Lessor may determine, with the amounts realized from any such sale, lease or other disposition to be applied; (ii) to take possession of the Leased Premises and lease the Leased Premises on such terms as the Lessor may determine, with the amounts realized from any such lease to be applied in accordance with the applicable provisions of the Indenture; or (iii) declare all Rentals and other payments due herein and appropriated by the State Legislature for the Fiscal Year in

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which such Event of Default has occurred to be immediately due and payable, whereupon such payments shall become immediately due and payable and shall be applied in accordance with applicable provisions of the Indenture. The Lessor shall not be obligated to do any of the acts hereinabove authorized, but in the event that the Lessor elects to do any such act all costs and expenses incurred by the Lessor and the Trustee in doing any such act shall be for the account of the Lessee and shall be added to the Rentals owed hereunder as Additional Rent. Lessor shall not be responsible to the Lessee except for the Lessor's gross negligence or willful misconduct.

The remedies set forth in this Section 30 comprise Lessor's sole remedies under this Lease for an Event of Default. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time, as often as may be deemed expedient.

31. Remedies Upon Event of Cancellation. If any Event of Cancellation shall have occurred and is continuing, the Lessor may (i) take possession of any or all of the Leased Premises at any time and from time to time, sell, resell, lease, assign, deliver or otherwise dispose of all or any of the property comprising or used in connection with the Leased Premises, at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and at such price or prices and on such terms as the Lessor may determine, with the amounts realized from any such sale, lease or other disposition to be applied in accordance with the applicable provisions of the Indenture or (ii) take possession of the Leased Premises and lease the Leased Premises on such terms as the Lessor may determine, with the amounts realized from any such lease to be applied in accordance with applicable provisions of the Indenture.

The remedies set forth in this Section 31 comprise Lessor's sole remedies under this Lease for an Event of Cancellation.

32. Waivers. In view of the assignment to the Trustee of the Lessor's right, title and interest in, to and under this Lease and the Leased Premises, the Lessor shall have no right to waive any Event of Default hereunder or pursue any remedy hereunder without the consent of the Trustee; and the waiver of an Event of Default by the Trustee shall constitute a waiver of such Event of Default by the Lessor without the necessity of any action of or consent by the Lessor.

33. Waiver of Appraisement, Valuation, Stay, Extension and Redemption Laws. The Lessor and the Lessee agree, to the extent permitted by law, that in the case of a termination of this Lease, neither the Lessor nor the Lessee nor any one claiming through or under either of them shall or will set up, claim or seek to take advantage of, any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of this Lease; and the Lessor and the Lessee, for themselves and all who may at any time claim through or under either of them, each waives, to the full extent that it may lawfully do so, the benefit of all such laws.

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34. Net Lease. This Lease shall be deemed and construed to be a "net lease" and the Lessee covenants that it shall pay absolutely net during the Lease Term the Rentals, free of any deductions, and without abatement, deduction or set off and to that end, Lessee covenants that it shall pay all costs, expenses and obligations of every kind and nature relating to the Leased Premises and the ownership, management, maintenance and operation thereof which may arise during the term of this Lease. Lessee shall not be entitled to any abatement, reduction, set off, counterclaim, defense, or deduction-with respect to any Rentals by reason of (i) any damage to or destruction of the Leased Premises or any part thereof, (ii) any taking of the Leased Premises or any part thereof by condemnation or otherwise; or (iii) any prohibition, limitation, restriction, or prevention of the Lessee's use, occupancy, or enjoyment of the Leased Premises or any part thereof, or any interference with such use, occupancy or enjoyment.

35. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a legal holiday or a day on which banking institutions in the State of West Virginia, are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the date otherwise specified herein.

36. Entirety of Lease. This Lease constitutes the entire agreement between Lessor and Lessee. There are no understandings, agreements, representations or warranties, express or implied, not stated herein. Any terms and conditions of any purchase order or other document submitted by the Lessee in connection with this Lease which are in addition to or inconsistent with the terms and conditions of this Lease and not executed by Lessor will not be binding and will not apply to this Lease.

37. Cooperation of Lessor. The Lessor shall cooperate fully with Lessee and Trustee in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in this Lease, in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Premises, or in any action relating to any contract or agreement relating to the events described in this Lease. In no event shall the Lessor voluntarily settle, or consent to the settlement of, any proceeding arising out of any such insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or action, without the written consent of the Trustee and Lessee.

38. Enforcement of Warranties by Lessee. The Lessor constitutes and appoints the Lessee as its attorney-in-fact for the purpose of asserting and enforcing, at the sole cost and expense of the Lessee, all manufacturers' warranties and guaranties, express or implied, with respect to any personal property owned by Lessor and used at or property comprising part of the Leased Premises, as well as any claim or rights the Lessor may have against any manufacturer, supplier, contractor, or other person in respect to the personal property comprising the Leased Premises.

39. Assertion of Claims by Lessee. The Lessor hereby appoints Lessee as its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default hereunder or under any Lease, to assert from time to time, whatever claims and rights for such breach or any damages arising therefrom, including its costs and attorneys fees, including warranties of the personal property comprising the Leased Premises, which Lessor may have against the manufacturer or supplier of the personal property comprising the Leased Premises. Lessee's remedies for the breach of any such warranty, indemnification or representation shall be against the manufacturer or supplier of the personal property comprising the Leased Premises and not against the Lessor, nor shall such matter have any effect whatsoever on the rights of the Lessor with respect to this Lease, including the right to receive full and timely payments hereunder. Lessee expressly acknowledge that the Lessor has not made any representations or warranty whatsoever as to the existence or availability of such warranties of the manufacturer or supplier of the personal property comprising the Leased Premises.

40. Investments. All Rentals and all proceeds of the Bonds shall, pending their disbursement, be invested in accordance with the laws of the State. The manner of investment of Rentals and moneys in the funds and accounts under the Indenture shall be made by the Trustee, as directed in writing by the Lessee.

41. (Reserved.)

42. Parties Bound. The covenants and conditions herein contained shall inure to the benefit of the parties hereto and the Trustee and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto.

43. Time of the Essence. Time is of the essence of this Lease, and of each and every covenant, term, condition and provision hereof.

44. Severability. Any provision of this Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Lease.

45. Compliance with Law. The parties shall comply with all applicable statutes, ordinances, rules and regulations of federal, state and municipal governments, and shall observe and comply promptly with all current and future orders of all courts having jurisdiction over the Leased Premises or any portion thereof, and all current and future requirements of all insurance companies writing policies covering the Leased Premises or any portion thereof.

46. Accessibility Requirements. Lessor hereby warrants that, to the extent applicable, the Leased Premises shall comply with the accessibility standards established and set forth by the Americans with Disabilities Act of 1990, whether requested by the Lessee or required by law. The Lessee has reviewed and approved the Leased Premises and have determined that they comply with the requirements of this Section.

47. Headings; Counterparts. The headings to the various Sections of this Lease have been inserted for reference only and shall not in any manner be construed as modifying,

amending or affecting in any way the express terms and provisions hereof. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

48. Modifications. All modifications, amendments, alterations or changes to this Lease shall be in writing and signed by both parties, provided that no modification hereof shall be made unless consented to in writing by the Trustee.

49. Choice of Law. This Lease shall be governed by the law of the State of West Virginia.

50. Termination of Lease: Delivery of Possession. In the event this Lease is terminated for any reason whatsoever, whether by virtue of the occurrence of an Event of Default or an Event of Cancellation other than in conjunction with the purchase of the Leased Premises pursuant to the option to purchase herein contained, Lessee shall immediately surrender possession of the Leased Premises. In the event of a failure to so deliver possession, the Lessee shall be liable for payment of a pro rata portion of the Rental attributable to the number of days of failure to so deliver possession, as well as all other reasonable expenses relating to the use and occupancy of the Leased Premises during such period.

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IN WITNESS WHEREOF, the parties hereto have caused their names to be affixed to this Lease.

WEST VIRGINIA ECONOMIC
DEVELOPMENT AUTHORITY,
Lessor

By _____
Chairman

STATE OF WEST VIRGINIA, acting by
and through the DEPARTMENT OF
ADMINISTRATION, Lessee

By _____
Secretary

APPROVED AS TO FORM THIS __ DAY OF _____, 2002.

By: _____
Title: Deputy Attorney General

This instrument was prepared by Brian C. Helmick, Attorney-at-Law, Jackson & Kelly PLLC,
1600 Laidley Tower, Post Office Box 553, Charleston, West Virginia 25322

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STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, TO WIT:

The foregoing instrument was acknowledged before me this __ day of January, 2002, by
DAVID C. SATTERFIELD, Chairman of the WEST VIRGINIA ECONOMIC
DEVELOPMENT AUTHORITY, a public corporation, for said Corporation.

My commission expires: _____

[NOTARIAL SEAL]

Notary Public

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, TO WIT:

The foregoing instrument was acknowledged before me this __ day of January, 2002, by
GREG BURTON, SECRETARY OF ADMINISTRATION OF THE STATE OF WEST
VIRGINIA for said Department.

My commission expires: _____

[NOTARIAL SEAL]

Notary Public

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EXHIBIT A

CERTIFICATE OF SECRETARY OF THE DEPARTMENT OF ADMINISTRATION

I, GREG BURTON, Secretary of the Department of Administration of the State of West Virginia, hereby certify that I have executed the Certificate identified as Exhibit C to the Lease in satisfaction of the requirement therefore set forth in Section 5A-3-40 of the West Virginia Code of 1931, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of January, 2002.

Greg Burton, Secretary of the Department of
Administration of the State of West Virginia

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EXHIBIT B
SCHEDULE OF RENTALS

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EXHIBIT C

CERTIFICATE OF FAIR RENTAL VALUE

I, GREG BURTON, Secretary of the Department of Administration of the State of West Virginia, hereby certify that I am duly authorized to execute this Certificate on behalf of the State and do further certify as follows:

The Rentals being paid by the State of West Virginia, by the Department of Administration (the "State"), under the terms of the Contract of Lease-Purchase, dated as of January 15, 2002, by and between the West Virginia Economic Development Authority, as Lessor, and the State, represent the fair rental value for the buildings and improvements described therein. The defined terms included herein shall have the meanings ascribed thereto in the documents referenced above.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of January, 2002.

Greg Burton, Secretary of the Department of
Administration of the State of West Virginia

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EXHIBIT D

CERTIFICATE OF ACCEPTANCE

I, the undersigned, Secretary of the Department of Administration of the State of West Virginia (the "Department of Administration"), hereby certify to the West Virginia Economic Development Authority (the "Authority") that the Leased Premises, as such term is defined in the Contract of Lease-Purchase dated as of January 15, 2002, by and between the Authority, as Lessor and the State of West Virginia, by the Department of Administration (the "Lease") have been delivered to the Department of Administration, substantially complete and suitable for occupancy and that the Department of Administration has accepted the Leased Premises as of January 22, 2002.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of January, 2002.

Secretary of the Department of Administration of the State
of West Virginia

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EXHIBIT E

SITE DESCRIPTIONS

HUTTONSVILLE CORRECTIONAL CENTER

A tract of land situate in Huttonsville District, Randolph County, West Virginia, more particularly described as follows:

Beginning at a concrete monument, said monument creating a new corner within the lands formerly of the West Virginia Board of Control from which a P-K nail in the top of northwest wing wall of bridge over Riffle Creek bears N. $87^{\circ} 57' 20''$ E., 63.57' and from which a P-K nail in the top of southwest wing wall of bridge over Riffle Creek bears S. $50^{\circ} 45' 40''$ E., 81.48' and from which a railroad spike driven in the east side of a 2.86' Black Maple 4.8' from ground level bears N. $76^{\circ} 55' 40''$ W., 88.46'; thence with a line parallel to access entry road to the Huttonsville Correctional Facility, N. $89^{\circ} 48' 40''$ E. 493.19' to a P-K nail set in the access flair of said road and being in the edge of the western right of way of U. S. Route 250, being 30' when measured at right angles to centerline of said U. S. Route 250; thence with the western right of way of U. S. Route 250, S. $12^{\circ} 05'$ E., 60.00' to a concrete monument set in the western right of way of U. S. Route 250; thence leaving the western right of way of U. S. Route 250 and parallel to the entry access road to Huttonsville Correctional Facility, S. $89^{\circ} 48' 40''$ W., 589.39' to a concrete monument set 15' at right angles to the centerline of W. Va. Secondary Route No. 56 being the western right of way of W. Va. Secondary Route No. 56; thence following the western right of way of W. Va. Secondary Route No. 56 as in its present location, the following four courses and distances: S. $19^{\circ} 50' 40''$ W., 489.86' to a concrete monument; S. $20^{\circ} 57'$ W., 299.93' to a concrete monument; S. $19^{\circ} 27' 20''$ W., 434.47' to a concrete monument; S. $11^{\circ} 34' 30''$ E., 668.30' to a concrete monument; thence leaving the right of way of W. Va. Secondary Route No. 56 and making a new division line along and through the lands of the West Virginia Board of Control, the following eleven courses and distances: N. $10^{\circ} 50' 40''$ W., 748.47' to a concrete monument; N. $14^{\circ} 56'$ W., 648.40' to a concrete monument; N. $81^{\circ} 45'$ W., 709.52' to a concrete monument; N. $05^{\circ} 37' 40''$ E., 419.36' to a concrete monument; N. $28^{\circ} 15'$ E., 410.45' to a concrete monument; N. $86^{\circ} 57' 40''$ E., 646.12' to a concrete monument; N. $27^{\circ} 47' 20''$ E., 358.61' to a concrete monument; N. $30^{\circ} 47' 20''$ E., 244.09' to a concrete monument; S. $53^{\circ} 13' 40''$ E., 167.67' to a concrete monument; S. $28^{\circ} 01'$ E., 414.52' to a concrete

monument; S. 17° 02' 40" E., 494.887' to the place of beginning, containing 44.444 acres, be it the same more or less, as shown on a plat of survey entitled, "Plat Showing Survey Of Part Of Parcel Owned By West Virginia Board Of Control Being Conveyed To The Department Of Institutions," dated June 27, 1978, by Holley Surveying Service, Ripley, West Virginia, and as further shown on a plat of survey entitled, "Plat Showing Survey of Tract No. 1 (44.444 Ac) And Location Of Existing And Proposed Buildings," dated January 14, 1992, made by Dennis Clark, R.P.E. No. 5067, of Holley Surveying Service, Sandyville, West Virginia, which said plats are attached hereto;

SOUTHWESTERN REGIONAL JAIL FACILITY

A tract of land situate in Island Creek District, Logan County, West Virginia, more particularly described as follows:

Commencing at a concrete monument found in the centerline of the Corridor "G", with brass disk stamped P.C. 115+82.02, from which a concrete monument found in the centerline of said Corridor "G", with brass disk stamped T.S. 126+92.19, bears N62°40'E, 1,109.82 feet; thence leaving said centerline and running up the hill, N76°02'W, 3,378.75 feet to a ½ inch rebar with cap set, said rebar being the Point of Beginning; thence through the Georgia Pacific Corporation tract, recorded in Deed Book 307 Page 410 and from which this tract is a part; S55°46'W, 363.16 feet to a ½ inch rebar with cap set; thence S42°28'W, 378.62 feet to a ½ inch rebar with cap set; thence S20°09'W, 131.20 feet to a ½ inch rebar with cap set; thence S10°32'E, 178.37 feet to a ½ inch rebar with cap set; thence S24°30'E, 183.94 feet to a ½ inch rebar with cap set; thence S52°27'W, 98.46 feet to a ½ inch rebar with cap set; thence N54°45'W, 199.97 feet to a ½ inch rebar with cap set; thence N 26°35'W, 333.97 feet to a ½ inch rebar with cap set; thence N55°08'W, 221.27 feet to a ½ inch rebar with cap set; thence N43°04'W, 241.40 feet to a ½ inch rebar with cap set; thence N34°31'W, 183.14 feet to a ½ inch rebar with cap set; from which a (x) cut on large flat rock outcrop at the top of the hill bears N51°22'W, 467.46 feet; thence N23°01'E, 81.94 feet to a ½ inch rebar with cap set; thence N44°11'E, 249.33 feet to a ½ inch rebar with cap set; thence N12°17'E, 243.50 feet to a ½ inch rebar with cap set; thence N53°14'E, 327.52 feet to a ½ inch rebar with cap set; thence S89°31'E, 131.18 feet to a ½ inch rebar with cap set; thence S65°36'E, 167.34 feet to a ½ inch rebar with cap set; thence S73°17'W, 200.35 feet to a ½ inch rebar with cap set; thence S1°40'W, 123.24 feet to a ½ inch rebar with cap set; thence

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S67°50'E, 782.98 feet to the point of beginning, containing 20.19 acres as shown on a plat of survey by Dunn Engineers, Inc. entitled, "PLAT OF SURVEY SHOWING 20.19 ACRE TRACT, BEING A PART OF THE GEORGIA PACIFIC CORPORATION TRACT, RECORDED IN DEED BOOK 307, PAGE 410, TO BE CONVEYED TO LOGAN COUNTY DEVELOPMENT AUTHORITY, dated AUGUST 14, 1995." Said plat being made mention of, and made a part of this description.

POTOMAC HIGHLANDS REGIONAL JAIL FACILITY

A tract or parcel of real estate lying and being situate north of U. S. Route 50 in Gore District, Hampshire County, West Virginia, containing 30.35 acres, more or less, as more particularly described by metes and bounds description as prepared by Dunn Engineers, Inc., and described as follows:

Being all of those certain lots 4, 5, and 12 through 17 of Augusta Additional Subdivision shown on a plat of survey by Davy & Lovett Enterprises, Inc., dated the 11th day of August 1989, and revised the 1st day of November 1989, the perimeter of which is hereby more particularly bounded and described as follows:

Beginning at a rebar found being a corner of Lot Four (4) of said subdivision and the northeast corner of the M. A. Stickley property; thence with the division line of said Lot 4 and said Stickley the following two (2) courses and distances:

1. N 66° 20' 27" W a distance of 235.96 feet to a fence post
2. N 83° 43' 37" W passing a rebar found at a distance of 34.90 feet a total distance of 54.30 feet to a point in the center of the access right of way to U.S. Route 50, also being the northwest corner of said Stickley; thence N 17° 57' 44" E passing a corner of said Lot 4 and Lot 13 of said subdivision at a distance of 275.75 feet, a total distance of 403.44 feet to a corner of said Lot 13 and J. A. Boone property. Thence with the division line of said Lot 13 and said Boone property N 40° 15' 50" E passing a corner of said Lot 13 and Lot 14 of said subdivision at a distance of 155.95 feet a total distance of 901.34 feet to a corner of said Lot 14, said Boone and being in the division line of Lot 6 of the Alonzo McCauley Land (Section A); thence

with the division line of said Lot 14 and said Lot 6 S 85° 07' 30" E a distance of 325.94 feet to a corner of said Lot 14, said Lot 6 and Lot 7 of said Alonzo McCauley Land; thence S 85° 09' 01" E passing a corner of said Lot 14 and Lot 15 of said subdivision at a distance of 60.87 feet a total distance of 344.89 feet to a corner of said Lot 15, said Lot 7 of Alonzo McCauley Land, Lot 19 of said subdivision and Lot 24 of said subdivision; thence with the division line of said Lot 15 and said Lot 19 S 32° 47' 42" W a distance of 251.81 feet to a corner of said Lot 15, said Lot 19 and Lot 16 of said subdivision; thence with the division line of said Lot 16 and said Lot 19 S 61° 50' 01" E a distance of 243.94 feet to a corner of said Lot 16, said Lot 19, Lot 18 of said subdivision and Lot 17 of said subdivision; thence with the division line of said Lot 17 and said Lot 18 S 11° 05' 24" E a distance of 554.52 feet to a corner of said Lot 17, said Lot 18 and being in the center line of a forty foot right of way; thence with the center line of said right of way the following 10 courses and distances:

1. S 81° 25' 20" W a distance of 155.71 feet to a point
2. S 67° 41' 19" W a distance of 131.48 feet to a point
3. N 72° 37' 21" W a distance of 199.40 feet to a corner of said Lot 17 and said Lot 16
4. N 82° 43' 10" W a distance of 61.45 feet to a point
5. S 73° 43' 00" W a distance of 59.01 feet to a point
6. S 51° 44' 08" W a distance of 31.47 feet to a corner to said Lot 16 and Lot 12 of said subdivision
7. S 51° 44' 08" W a distance of 245.00 feet to a corner of said Lot 12 and Lot 5 of said subdivision
8. S 25° 39' 47" E a distance of 108.63 feet to a point
9. S 05° 58' 04" E a distance of 55.04 feet to a point
10. S 10° 13' 39" E a distance of 112.53 feet to a corner of said Lot 5 and Lot 6 of said

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subdivision; thence leaving said right of way and with the division line of said Lot 5 and said Lot 6 N 87° 33' 53" W a distance of 431.17 feet to a corner of said Lot 4, said Lot 5, said Lot 6 and Lot 7 of said subdivision; thence with the division line of said Lot 4 and said Lot 7 N 66° 20' 20" W a distance of 200.00 feet to a corner of said Lot 4, said Lot 7 and in the division line of said Stickley; thence with the division line of said Lot 4 and said Stickley N 24° 10' 49" E a distance of 125.00 feet to the place of beginning containing 30.35 acres be it the same more or less and as shown on a plat by Dunn Engineers, Inc. of Charleston, West Virginia, dated February 3, 1997.

NORTH CENTRAL REGIONAL JAIL FACILITY

A tract of land, situate on Wilhelms Creek, Central District, Doddridge County, West Virginia, and more particularly bounded and described as follows:

BEGINNING at an "X" in large flat stone (found) being a corner of Gregory R. Vogt and Robert P. Jackson; thence with the division line of said Vogt and said Jackson S 11 degrees 54' W a distance of 58.11 feet to a ½" rebar with cap (set), being a corner to said Vogt and Jackson and being in the line of West Virginia Railroad Maintenance Authority. Thence with said Vogt and said West Virginia Railroad Authority with a curve to the left having a chord bearing of S. 81 degrees 30' W a distance of 236.73 feet to a ½" rebar with cap (set); thence with a new division line along and through the lands of said Vogt the following five (5) courses and distances:

- 1) N 13 degrees 47' W a distance of 236.60 feet to a ½" rebar with cap (set);
- 2) N 52 degrees 27' W a distance of 352.29 feet to a ½" rebar with cap (set);
- 3) S 35 degrees 54' W a distance of 812.25 feet to a ½" rebar with cap (set);
- 4) N 54 degrees 06' W. a distance of 1,103.07 feet to a ½" rebar with cap (set);
- 5) N. 36 degrees 52' E. a distance of 736.60 feet to a ½" rebar with cap (set), being a corner in the division line of said Vogt and said Jackson; thence

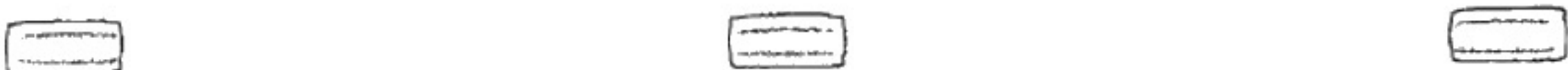
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with said division line the following two (2) courses and distances:

- 1) N 89 degrees 15' E. a distance of 264.01 feet to a set stone found;
- 2) S. 53 degrees 08' E. a distance of 1,557.11 feet to the place of beginning, containing 23.62 acres be it the same more or less and as shown on a plat of survey by Dunn Engineers, Inc., said plat dated January 13, 1997, said plat to be recorded in the plat books in the Office of the Clerk of the County Commission of Doddridge County, West Virginia, reference to which is hereby made for a graphic description;

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EXHIBIT D

CONTRACT OF LEASE-PURCHASE

by and between

**WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY,
as Lessor**

and

**STATE OF WEST VIRGINIA acting by and through the
DEPARTMENT OF ADMINISTRATION,
as Lessee**

Dated as of January 15, 2002

**West Virginia Economic Development Authority
Lease Revenue Bonds
(Correctional, Juvenile and Public Safety Facilities)
2002 Series B1
(Lakin Correctional Facility)**

CONTRACT OF LEASE-PURCHASE

THIS CONTRACT OF LEASE-PURCHASE ("Lease"), dated as of January 15, 2002, by and between the WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY, a public corporation and government instrumentality of the State of West Virginia ("Lessor"), and the STATE OF WEST VIRGINIA acting by and through the DEPARTMENT OF ADMINISTRATION ("Lessee") on behalf of the West Virginia Regional Jail and Correctional Facility Authority (the "RJA") and the Division of Corrections;

WHEREAS, the Lessor has acquired certain regional jail facilities and correctional facilities, which it has offered to lease to the Lessee; and

WHEREAS, the Lessee through the RJA will build improvements to the Lakin Correctional Center, being particularly a 120 bed dormitory and prison work building, at a cost not to exceed \$6,000,000; and

WHEREAS, the Lessor has issued or will simultaneously herewith issue bonds, certain proceeds of which will be deposited with United National Bank, as trustee for the bondholders and will draw down by the Lessee as agent for the Lessor to pay for the costs of construction of the improvements; and

WHEREAS, the Lessee, on behalf of the West Virginia Regional Jail and Correctional Facility Authority and the Division of Corrections desires to lease the improvements for use as a state correctional facility; and

WHEREAS, pursuant to provisions of the Act, as hereinafter defined, the Secretary of the Department of Administration has certified as attached hereto as EXHIBIT A, that the space requested by the Lessee is necessary for the proper function of the Lessee, that satisfactory space is not available in other buildings or sites now owned or leased by the State of West Virginia and that the Lessee will be responsible for the Rentals (as hereinafter defined) and other necessary payments in connection with this Lease; and

WHEREAS, the Lessee has approved the general plans for the hereinafter described premises as more particularly set forth and described in "EXHIBIT B - PROJECT DESCRIPTION" ("the Plans"); and

WHEREAS, the Secretary of the Department of Administration has determined, as set forth in EXHIBIT C - CERTIFICATE OF FAIR RENTAL VALUE, attached hereto, that the Rentals set forth in EXHIBIT F - SCHEDULE OF RENTALS do not exceed the fair rental value of the premises in accordance with the Plans set forth in EXHIBIT B - PROJECT DESCRIPTION; and

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WHEREAS, the execution and delivery of this Lease have been duly authorized by a resolution adopted by the Lessor on January 3, 2002, and by all necessary action of the Lessee; and

WHEREAS, the Secretary of the Department of Administration, by executing this Lease, hereby leases the premises from the Lessor, for use by the Lessee.

NOW, THEREFORE, THIS CONTRACT OF LEASE-PURCHASE WITNESSETH:

That for and in consideration of the Rentals to be paid by the Lessee to Lessor and the full and complete performance of the covenants, terms, and conditions hereinafter set forth, the Lessor hereby leases and demises unto the Lessee and the Lessee hereby takes and leases from the Lessor, for use by the Lessee, the following described premises (the "Leased Premises") located in West Virginia:

Certain lots, tracts or parcels of land, together with the improvements thereon and all furnishings, fixtures and equipment therein and appurtenances thereunto belonging, consisting of a correctional facility, situate, lying and being in the Lakin, Mason County, West Virginia, as more particularly set forth and described in EXHIBIT E - SITE DESCRIPTIONS attached hereto and made a part hereof to which reference is hereby made.

The parties hereto covenant and bind themselves as follows:

1. Definitions. Capitalized terms used herein shall have the meanings ascribed thereto in the hereinafter described Indenture. In addition, all capitalized terms used herein and not otherwise defined herein will have the meanings specified below unless the context clearly requires otherwise:

"Act" means collectively, Chapter 5A, Article 3 of the West Virginia Code of 1931, as amended, together with the rules and regulations promulgated thereunder.

"Additional Rentals" means the cost of all taxes, insurance premiums, reasonable expenses and fees of the Trustee, Registrar and Paying Agent, utility charges, cost of rebate calculations, costs of maintenance, upkeep and repair of the Leased Premises, including amounts required to be deposited into the Maintenance Reserve Fund until such fund is funded at the Maintenance Reserve Fund Requirement, and all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the Lessee shall fail to pay the same, as specifically set forth in the Lease) which the Lessee assumes or agrees to pay under the Lease with respect to the Leased Premises, and not otherwise paid by the Lessee directly. Additional Rentals also includes amounts necessary to replenish deficiencies in the Rebate Fund and the Maintenance Reserve Fund as provided for herein. Additional Rentals do not include the Base Rentals.

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"Asbestos Containing Materials" means material in friable form containing more than one percent (1%) of the asbestiform varieties of (a) chrysotile (serpentine); (b) crocidolite (riebeckite); (c) amosite (cummington-itegrinerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Authorized Representative" means such representative of the Lessee designated as the Lessee's authorized representative in writing by the Lessee to the Issuer and shall initially be the Secretary of Administration.

"Base Rentals" means the payments payable by the Lessee for and in consideration of the right to use the Leased Premises during the Lease Term pursuant to Section 5 and EXHIBIT D of this Lease, which Base Rentals shall be sufficient to pay when due, the Debt Service on the Bonds.

"Bond Counsel" means Jackson & Kelly PLLC, Charleston, West Virginia, or any successor law firm thereto, or, at the option of either Lessor or Lessee, such other nationally recognized law firm having expertise with respect to federally tax-exempt obligations of States and municipalities as shall be acceptable to Lessor and Lessee in the exercise of reasonable discretion.

"Bonds" means the West Virginia Economic Development Authority Lease Revenue Bonds (Correctional, Juvenile and Public Safety Facilities), 2002 Series B.

"Certificate of Acceptance" means a certificate substantially in the form set forth in EXHIBIT D, attached hereto.

"Certificate of Demonstrated Need" means a certificate substantially in the form set forth in EXHIBIT A, attached hereto.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations thereunder.

"Delivery Date" shall have the meaning set forth in Section 4 hereof.

"Environmental Regulations" means all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. 6901, et seq.) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) (together with the regulations promulgated thereunder, "CAA") and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.) (together with the regulations promulgated thereunder, "TSCA"), and any state or

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local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

"Event of Cancellation" means the occurrence of one or more of the events described in Section 19 of this Lease resulting in the cancellation of this Lease pursuant to the provisions thereof.

"Event of Default" means one or more of the "Events of Default" defined in Section 29 of this Lease.

"Fiscal Year" means the period beginning on each July 1 and ending on the following June 30, or such other period as may be established from time to time by the Lessee and designated in writing to the Lessor.

"Hazardous Materials" means any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the Lessee, any of the Premises or the operations conducted by Lessee thereon on, from or beneath the Leased Premises.

"Indenture" means the Master Indenture, Credit Line Deed of Trust and Security Agreement, dated as of January 1, 2002, by and between the Lessor and the Trustee, as the same may be amended, modified or supplemented from time to time.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court in the State, who is not an employee of the Lessor, the Lessee or the Trustee, and acceptable to Lessor and Lessee.

"Lease Term" means the term of this Lease, as set forth in Section 4.

"Leased Premises" means the real estate described in EXHIBIT E - SITE DESCRIPTIONS, together with all improvements, buildings, equipment, furnishings and fixtures located thereon.

"Lessor's Documents" means this Lease, the Indenture and all other documents executed and delivered by Lessor in connection with the leasing of the Leased Premises and issuance of the Bonds.

"Net Proceeds", when used with respect to any proceeds from condemnation awards or from policies of insurance required under this Lease, means the amount remaining after deducting from the gross proceeds thereof all expenses (including, without limitation, attorneys' fees,

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Trustee's expenses, and costs awarded by a court of competent jurisdiction) incurred in the collection of such proceeds or award.

"Operating and Maintenance Expenses" means, with respect to the Leased Premises, all costs and expenses of operation and maintenance of the Leased Premises, including, without limitation, deposits to the Maintenance Reserve Fund established with the Trustee, the costs and expenses of salaries and fringe benefits, utility services, insurance, fees, licenses, permits, administrative expenses, taxes, maintenance and repairs.

"Plans" means the plans and specifications relating to the (construction and equipping of the Leased Premises prepared by the Project Manager and approved by the Lessee as set forth in EXHIBIT B - PROJECT DESCRIPTION.

"Release" means when used as a noun, any pumping, spilling, leaking, disposal of, or empty, discharge or release of, any Hazardous Materials.

"Rentals" means, collectively, the Base Rentals and the Additional Rentals payable by the Lessee for and in consideration of the right to use the Leased Premises during the Lease Term pursuant to Section 5 of this Lease.

"State" means the State of West Virginia.

"Trustee" means United National Bank, as trustee under the Indenture, or any successor thereto.

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

(a) Lessee is authorized by the laws and Constitution of the State of West Virginia to enter into this Lease and to perform its obligations hereunder. The Lessee has duly authorized and approved the execution and delivery of this Lease, and the Lease constitutes a legal, valid and binding obligation of the Lessee enforceable against the Lessee in accordance with the terms hereof.

(b) The execution and delivery of this Lease, the fulfillment of or compliance with the terms and conditions hereof, and the consummation of the transactions contemplated hereby, will not conflict with, constitute a breach of, or default under, the Constitution and laws of the State, or the rules of procedure of the Lessee or any indenture, agreement or other instrument to which the Lessee are a party or by which it is bound, or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any court, government or governmental body to which the Lessee, the Leased Premises or any of the Lessee's other properties are subject.

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(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of the Lessee's knowledge, threatened, against the Lessee, wherein an unfavorable ruling or finding would adversely affect the validity or enforceability of this Lease, or which would materially and adversely affect any of the transactions contemplated thereby or the ability of the Lessee to perform their respective obligations hereunder.

(d) The Leased Premises at all times will be used by the Lessee for the purpose of performing governmental functions and the acquisition and leasing of the Leased Premises by the Lessee is necessary, useful and appropriate to one or more governmental purposes of the Lessee, including, but not limited to public safety, and the Leased Premises at all times will be used by the Lessee for the purposes of performing an essential governmental function, and the acquisition, leasing and financing of the Leased Premises is necessary to the operation of the Lessee, and is consistent with the permissible scope of the Lessee's authority.

(e) All consents and approvals of, the giving of notice to, registration with, and the taking of any action in respect of any federal, state, or local governmental authority, necessary to the execution of this Lease or to permit the transactions contemplated by this Lease to occur have been received, have occurred, have been taken, or have been performed prior to delivery of this Lease.

(f) Lessee hereby declares its current need for the Leased Premises and its present intention and expectation that this Lease will not be terminated until all Rentals hereunder have been paid pursuant to this Lease, but this representation shall be subject to the provisions of Section 19 of this Lease.

(g) (Reserved)

(h) The Lessee shall annually request an appropriation of moneys or shall otherwise cause there to be moneys set aside sufficient to pay Rentals for the ensuing Fiscal Year.

(i) The officer of the Lessee executing this Lease has been duly authorized to execute and deliver this Lease.

(j) The Lessee qualifies as a "spending unit" for all purposes under the Act.

(k) The Leased Premises will at all times be used by the Lessee in accordance with the Act.

(l) This Lease constitutes a "financing lease" for the purposes of the U. S. Bankruptcy Code.

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(m) The Lessee shall not use or permit the Leased Premises or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Leased Premises and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal, or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath the Premises or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory or used in the operation of a government office building, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of any Hazardous Materials, the Lessee shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Lessor, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so released, on, from or beneath the Leased Premises or other property, in compliance with all Environmental Regulations.

(n) The Lessee shall comply with, and shall use its best efforts to cause its agents, any subtenants, licensees, employees and contractors, to comply with all Environmental Regulations and shall keep the Leased Premises free and clear of any violation of such Environmental Regulations. Upon receipt of any notice from any person or entity with regard to the Release of Hazardous Materials on, from or beneath the Premises, the Lessee shall give prompt written notice thereof to the Lessor (and, in any event, prior to the expiration of any period in which to respond to such notice under any Environmental Regulation).

3. Representations, Covenants and Warranties of Lessor. Lessor represents, covenants and warrants for the benefit of Lessee and Trustee as follows:

(a) The Lessor is a public corporation and government instrumentality of the State of West Virginia and has all necessary power under the laws of the State of West Virginia to enter into this Lease and each of Lessor's Documents, to acquire, construct, equip and lease to the Lessee the Leased Premises and to perform each of its obligations herein and therein.

(b) The acquisition, construction or equipping of the Leased Premises, this Lease and Lessor's Documents have been duly authorized, approved and directed by all necessary and appropriate action of the Lessor and its members and officers.

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(c) Except as provided in the Indenture, in which Lessor has assigned certain of its rights to the Trustee, the Lessor will not assign its right, title and interest in and to the Rentals derived under, or assign, pledge or grant any security interest in its right, title and interest in, to and under this Lease or the Leased Premises. Except as set forth in the Indenture, the Lessor will not assign its duties and obligations under this Lease to any other person, firm or corporation, so as to impair or violate the representations, covenants and warranties contained in this Section 3.

(d) Neither the execution and delivery of this Lease or the Lessor's Documents, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, will conflict with, constitute a breach of or a default under, any provision of the Act or any indenture, order, ordinance, resolution, agreement or other instrument to which the Lessor is a party or by which the Lessor or any of its properties may be bound, or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental body to which the Lessor or any of its properties are subject.

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best knowledge of the Lessor, threatened against the Lessor, wherein an unfavorable ruling or finding would adversely affect the validity or enforceability of this Lease or the Lessor's Documents or which would materially and adversely affect any of the transactions contemplated by this Lease or the Lessor's Documents or adversely affect the ability of Lessor to perform Lessor's obligations under this Lease or the Lessor's Documents.

(f) During the term of this Lease and so long as there shall not have occurred an Event of Default or an Event of Cancellation, the Lessor shall retain no rights with respect to the operation, maintenance, management or administration of the Leased Premises. Lessee shall have the sole right, subject to the terms of this Lease, to operate, maintain, manage and administer the Leased Premises, including, but not limited to, all matters with respect to subleasing of all or any portion of the Leased Premises, acquiring and disposing of furnishings, fixtures and equipment, renovating, improving or removing portions of the Leased Premises and all other matters incidental to the operation, maintenance, management and administration of the Leased Premises. The Lessee covenants to pay all Operating and Maintenance Expenses.

4. Lease Term, Delivery Date, Lessee's Obligation for Changes to Plans and Notices. The Lease Term, subject to the provisions hereof, shall begin on the date of delivery of the Leased Premises to the Lessee ("the Delivery Date"), as evidenced by delivery of the following to the Lessor: (A) A certificate of the Project Manager, to the effect that (i) the acquisition and construction of the premises constituting the Leased Premises is substantially complete and is in

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accordance with the Plans; (ii) the Leased Premises satisfy all applicable building codes then in effect; and (iii) the Leased Premises are suitable for occupancy, (B) An approval letter from the State Fire Marshall, (C) A certificate from the Architect of Record that the Leased Premises substantially conform to the Plans as modified by any approved change orders, and (D) A Certificate of Acceptance by the Lessee in the form set forth in EXHIBIT D, attached hereto.

This Lease shall be considered renewed for each ensuing Fiscal Year and all portions thereof during the Lease Term unless it is canceled by the Lessee before the end of the then current Fiscal Year. Unless earlier terminated pursuant to the provisions hereof, this Lease shall terminate as of the date of (i) payment in full of Rentals hereunder; and (ii) payment in full of all principal, interest and redemption price, if any, on all Bonds.

In the event the Lessee requires any changes to the Plans, the Lessee shall bear all costs attributable to such changes, including without limitation any increases in the project budget, and any costs attributable to delay in completion occasioned by such changes or due to any changes in phasing of the work under unmodified portions of the Plans due to such changes. Costs shall be deemed to include, without limitation, any penalties for late completion assessed under any construction contract.

Notices may be given by personal service upon the party(s) entitled to such notice, or by certified mail, duly stamped and directed to the last-known address of the party to be notified, and deposited in the post office. The proper mailing of such notice and not the receipt thereof shall constitute the giving of such notice by either party to the other. Notices shall be directed as follows:

To the Lessor

West Virginia Economic Development Authority
1018 Kanawha Boulevard, East
Suite 501
Charleston, West Virginia 25301
Attn: Chairman

and

William Herlihy, Esquire
Spilman, Thomas & Battle
Spilman Center
300 Kanawha Boulevard, East
Charleston, West Virginia 25301

To the Lessee

State of West Virginia
Department of Administration
Leasing Division, Room MB-60
1900 Kanawha Boulevard, East

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Charleston, West Virginia 25305
Attention: Secretary

and

State of West Virginia
Department of Administration
Building 1, Room E-119
1900 Kanawha Boulevard East
Charleston, West Virginia 25305-0120
Attention: Secretary

A duplicate of any notice given under this Lease shall be given contemporaneously to the Trustee.

5. Rentals. A. Lessee covenants that it shall pay the Base Rentals monthly, commencing on the thirtieth (30th) day of the calendar month next following the month of the Delivery Date, and monthly thereafter on the same day of each month for the Leased Premises in the amounts designated as the Base Rentals set forth in EXHIBIT F - SCHEDULE OF RENTALS attached hereto and made a part hereof, and continuing each and every month during the Lease Term.

B. Lessee further covenants that it shall pay the Additional Rentals commencing one (1) month following the Delivery Date, for the Leased Premises in the amounts and at the times such amounts may be due and payable.

The Rentals payable hereunder shall be paid directly to the Trustee, at its corporate operation's offices located at Charleston, West Virginia. All Base Rentals shall be applied by the Trustee to payment of the principal of and interest on the Bonds. All Additional Rentals shall be applied by the Trustee to payment of any person or agency or account to which such payment is due and owing.

6. Payments Constitute Limited Obligation. No provision of this Lease shall be construed or interpreted as creating a general obligation or other indebtedness of the Lessee or the State of West Virginia within the meaning of any constitutional or statutory debt limitation, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of the Lessee or the State of West Virginia beyond any Fiscal Year for which such revenues, funds or monies are appropriated as Rentals. Neither this Lease nor any assignment hereof shall directly or indirectly obligate the Lessee or the State of West Virginia to make any Rentals beyond those actually appropriated for the then current Fiscal Year. The Lessee shall not be under any obligation whatsoever to exercise its option to purchase the Leased Premises.

7. Nature of Obligations. Subject to the provisions of Section 19, the obligation of the Lessee to pay the Rentals during a Fiscal Year for which an appropriation has been made or funds are otherwise available as provided hereunder shall be absolute, and payment of the Rentals shall not be abated through accident or unforeseen circumstances, destruction of the

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Leased Premises, the inability of any Lessee to use the Leased Premises, any defects in title to the Leased Premises, defects in the Leased Premises, breach of warranties of the manufacturer or seller of any portion of the Leased Premises, or for any other reason. Notwithstanding any dispute between the Lessee and the Lessor, any contractor or vendor retained with respect to the Leased Premises, any supplier of labor or materials in connection therewith or any other person, the Lessee shall make all payments of Rentals when due during the Lease Term and shall not withhold any Rentals pending final resolution of such dispute, nor shall the Lessee assert any right of set-off or counterclaim against its obligation to pay such Rentals. No action or inaction on the part of the Lessor shall affect the obligation of Lessee to pay all Rentals during the Lease Term.

8. Budgeting and Appropriations. (a) The Lessee covenants that its administrative officer charged with the responsibility of formulating budget proposals for the Lessee shall include in each budget request for each Fiscal Year until the termination of this Lease, items for all Rentals required to be paid by it hereunder for such Fiscal Year and that the Lessee will use its best efforts to obtain funds through the appropriation process annually to allow all Rentals to be paid in a timely fashion.

(b) If the West Virginia Legislature has not specifically appropriated moneys in such amounts and for such purposes, and the Lessee does not utilize moneys for such purposes from unclassified money available therefor, the Lessee shall notify the West Virginia Legislature and the Trustee that an appropriations for Rentals has not been made and this Lease shall terminate in accordance with its terms.

9. Notice of Budget, Appropriation and Insurance Coverage. Whether or not this Lease is to be terminated, the Lessee covenants that it shall furnish to the Lessor (i) copies of its annual budget promptly upon its adoption and availability, (ii) copies of its audited financial statements, if any, promptly upon its availability, (iii) promptly after appropriation, proofs of appropriation for the ensuing Fiscal Year, and (iv) proofs of maintenance of insurance required by Section 16 of this Lease, including a certificate of insurance.

10. Utilities and Other Related Services. Lessee shall promptly pay for all water, gas, heat, light, power, telephone service, and other utilities of every kind furnished to the Leased Premises incurred on and after the earlier of the Delivery Date or the first day of occupancy of any part of the Leased Premises by Lessee.

11. Maintenance. Upon the earlier of the Delivery Date or the date of occupancy of the Leased Premises by Lessee, Lessee covenants that it shall maintain the Leased Premises so as to comply in all respects with then applicable federal, State and local laws and regulations, including the structure of the Leased Premises, both interior and exterior, the electrical and plumbing fixtures and equipment, and the interior and exterior painting, in a good and tenantable condition equal to that of the Leased Premises as at the time of occupancy thereof, normal wear and tear excepted.

12. Taxes, Assessments and Municipal/County Fees. The parties acknowledge that the Lessor and the Lessee are tax-exempt governmental entities and that no taxes or assessments are required to be paid by Lessor and the Lessee under present State law. However, the Lessee will pay all taxes and assessments, if any, levied on the Leased Premises during the term of this Lease, but only from funds provided for such purpose as described below. The Lessee covenants that it shall be responsible for paying any and all municipal or county taxes, fees and assessments, such as fire service fees, that may be applicable to the Leased Premises. In the event any lawful tax, fee or assessment is levied upon the Leased Premises after the Delivery Date, the amount of Additional Rentals payable hereunder shall include a sum sufficient to permit the Lessor to pay such tax on or before the latest date that same may be paid without the imposition of interest or penalties. The Lessee shall not cause or permit any liens to be placed against the Leased Premises or any portion thereof.

13. Expenses of Lessor. All costs and expenses incurred by Lessor relating to this Lease, including, without limitation, reasonable attorneys' fees, shall be paid from the Rentals and other income derived from the Leased Premises.

14. Assignment, Subletting and Addition or Substitution. This Lease may not be assigned by either party and the Leased Premises may not be sublet by the Lessee except as follows:

(a) Lessor may assign this Lease to the Trustee pursuant to the Indenture for purposes of financing the Leased Premises;

(b) Lessee may assign or sublet the Leased Premises in whole or in part, provided that:

(i) This Lease and the obligations of the Lessee, continuing to occupy space shall remain obligations of the Lessee, and Lessee shall maintain its direct relationship with Lessor; and

(ii) There shall be delivered to the Trustee an opinion of Bond Counsel to the effect that such assignment or subletting is permitted under the laws of the State and all requirements of such laws relating to such assignment or subletting have been met and that such assignment or subletting will not cause interest on the Bonds to be includable in gross income of the owners thereof for federal income tax purposes; and

(c) The Lessee may substitute or add tenants at any time, so long as all certifications required under the Act are delivered to the Trustee prior to such substitution or addition, each new tenant is obligated to pay its proportionate share of Rentals and the total of such proportionate shares of all tenants occupying the Leased Premises equals 100%.

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15. Neglect and Use of Leased Premises. Lessee covenants that it shall:

- (i) Not commit waste on the Leased Premises and that the Leased Premises will be returned to the Lessor at the termination of this Lease in substantially as good condition as at the commencement thereof, damages from natural elements, normal depreciation and decay excepted, unless the right to purchase is exercised.
- (ii) Not install, use, operate or maintain the Leased Premises improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease.
- (iii) Obtain all permits and licenses, if any, necessary for the use, occupancy and operation of the Leased Premises and maintain such permits and licenses in good standing.
- (iv) Comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Leased Premises) with all laws of the jurisdiction in which their operations involving the Leased Premises may extend and with all regulations, orders and decrees of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Premises; provided, however, that it may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the rights of the Lessor in and to the Leased Premises or its interests or rights under this Lease.

16. Insurance. Lessee covenants that it shall, at its own expense, cause to be carried and maintained with respect to the Leased Premises casualty, property damage and public liability insurance from the Delivery Date through the West Virginia State Board of Risk and Insurance Management, as follows:

(a) Insurance with respect to the improvements ("Improvements") and personal property ("Personal Property") comprising the Leased Premises against any peril included within the classification "All Risks of Physical Loss", with extended coverage in amounts at all times sufficient to prevent the Lessee from becoming a co-insurer within the terms of the applicable policies, but in any event such insurance shall be maintained in an amount equal to the full replacement value of the Leased Premises.

(b) Comprehensive general liability insurance, including contractual injury, bodily injury and property damage liability, including all legal liability to the extent insurable imposed upon the Lessee, and all court costs and attorneys' fees and expenses, if awarded by a court of competent jurisdiction, arising out of or connected with the possession, use, leasing, operation, maintenance or condition of the Leased Premises but in no event with limits for the Leased Premises of less than one million dollars (\$1,000,000) per occurrence.

(c) During the period of any repair or restoration, builder's "all risk" insurance in an amount not less than the full replacement cost of the Improvements and the Personal Property.

(d) Statutory workers' compensation insurance (to the extent the risks to be covered thereby are not already covered by other policies of insurance maintained by the Lessee), with respect to any work on or about the Leased Premises.

(e) Business interruption and/or loss of "rental value" coverage for the Leased Premises in an amount equal to 18 months estimated Rentals attributable to the Leased Premises and based on the Lease Payments for the immediately preceding year and otherwise sufficient to avoid any co-insurance penalty.

(f) If all or any portion of the Improvements, or any portion of the Land is located within a federally designated flood hazard zone, flood insurance in an amount equal to the lesser of the full replacement cost of the Leased Premises or the maximum amount available.

(g) Insurance against loss or damage from (i) leakage of sprinkler systems and (ii) explosion of steam boilers, air conditioning equipment, pressure vessels or similar apparatus now or hereafter installed at the Leased Premises, in such amounts as the Lessor may from time to time reasonably require and which are customarily required by institutional mortgagees with respect to similar properties similarly situated.

(h) Such other insurance with respect to the Improvements and Personal Property against loss or damage as is reasonably requested by the Lessor or the Trustee and available from the State Board of Risk and Insurance Management.

Any policy providing the insurance coverage described in this Section 16 will be with companies with claims paying ability of not less than "A" by Standard & Poor's Ratings Services. All insurers providing insurance required by this Lease shall be authorized to issue insurance in the State. The insurance coverage required under this Section 16 may be effected under a blanket policy or policies covering the Leased Premises and other property and assets not constituting a part of the Leased Premises. Copies of all of the above-mentioned insurance policies shall be delivered to the Lessor and the Trustee upon request. All such policies shall name the Lessor and the Trustee as an additional insured/loss payee, shall provide that all Insurance Proceeds be payable to the Lessee and the Trustee, and shall contain: (i) "Non Contributory Standard Lender Clause" and a Lender's Loss Payable Endorsement (Form 438 BFUNS) or their equivalents naming the Trustee as the person to which all payments shall be paid; (ii) a deductible per loss of an amount not more than fifty thousand (\$50,000.00) dollars; (iii) a provision that such policies shall not be canceled or amended, including, without limitation, any amendment reducing the scope or limits of coverage, without at least thirty (30)

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days' prior written notice to the Lessor and the Trustee in each instance; and (iv) effective waivers by the insurers of all claims for insurance premiums against any loss payees, additional insureds and named insureds (other than the Lessee). Certificates of insurance with respect to all renewal and replacement policies shall be delivered to the Lessor and the Trustee upon request. If this Lease shall terminate, the Lessor and the Trustee shall be entitled to receive and apply in accordance with the Indenture all insurance proceeds with respect to the policies required to be maintained hereunder. If the Lessee shall fail to maintain any insurance required hereunder, the Lessee shall, upon demand, reimburse the Lessor and the Trustee, as Additional Rent, for the amount of the insurance recovery which would have been available had the Lessee maintained the coverages required hereunder.

17. Damage to Leased Premises by Fire, Etc. In the event of any loss due to fire, natural elements, or other cause to such an extent that continued occupancy by the Lessee would be impossible or impractical, the Lessee shall give immediate notice thereof to the Lessor, and shall, at its option, exercise its right to purchase the Leased Premises pursuant to Section 23 herein or restore the Leased Premises. The proceeds of any such insurance claim shall go to the parties as their interests may appear.

18. Condemnation. Lessee confirms and agrees that in the event any attempt is made to take the Lease or the Leased Premises by eminent domain, that it shall use its best efforts to ensure that the compensation shall in no event be less than an amount sufficient to defease the Bonds then outstanding, in accordance with the provisions of the Indenture.

19. Provisions for Cancellation. The parties agree that this Lease shall be considered canceled, without further obligation on the part of the Lessee pursuant to the provisions of West Virginia Code Chapter 5A, Article 3, Section 40 (an "Event of Cancellation"), (i) if the State Legislature should subsequently fail to appropriate sufficient funds therefor, or should otherwise act to impair this Lease or cause it to be canceled or (ii) if the Lessee exercises its right to cancel this Lease without further obligation on the part of the Lessee upon the giving of at least 30 days' written notice to the Lessor, such notice being given at least 30 days prior to the last day of the succeeding month. The Lessee shall also give written notice of cancellation to the Lessor at least 30 days prior to the end of the Fiscal Year if an Event of Cancellation pursuant to (i) above occurs. The Lessor shall, within 5 days of receipt of any notice of cancellation, give written notice of such fact to the Trustee. Upon the occurrence of an Event of Cancellation, the Lessee shall immediately redeliver possession of the Leased Premises to the Lessor and thereupon be relieved from any and all obligations hereunder or concerning the Leased Premises except for Rentals accruing prior to such date of redelivery, provided however, that in the event of a failure to appropriate by the State, this Lease shall be deemed canceled at the end of the Fiscal Year after which there is no longer an appropriation for payment of Rentals in full.

20. Quiet Enjoyment of Leased Premises. Lessor covenants that as of the date of delivery of this Lease, Lessor seized the Leased Premises as the sole owner thereof, in fee simple, free of all liens, encumbrances and any outstanding interests whatsoever, except Permitted Encumbrances, as such term is defined in the Indenture and that upon payment of the Rentals as hereinbefore set forth, it will warrant and defend the title of Lessee against any and all claims

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whatsoever, not arising hereunder, during the term of this Lease and that the Lessee shall, at all times during the term of this Lease, peaceably and quietly have, hold, and enjoy the Leased Premises, provided however, that this Lease shall be subject to the Indenture.

21. [Reserved].

22. Removal of Machinery and Equipment. It is understood and agreed that all machinery and equipment installed by the Lessee, or placed upon the Leased Premises incident to the business of the Lessee, whether annexed to the freehold or not and not installed with proceeds of the Bonds, shall remain the personal property, of the Lessee, and the Lessee shall have the privilege and right to remove them at any time during the term of this Lease, provided the Leased Premises are restored to as good condition as existed prior to installation of said machinery and equipment, reasonable wear and tear excepted.

23. Right to Purchase the Leased Premises. Lessor hereby grants unto Lessee the right to cause the State to purchase the Leased Premises, together with all improvements thereon, at any time for a sum sufficient to defease the Bonds in accordance with Article VI of the Indenture (the "Purchase Option Price"), and pay any unpaid Additional Rentals due hereunder, all as calculated in accordance with and subject to the requirements of the Indenture. Lessee will provide forty-five (45) days prior written notice to the Lessor in the event the Lessee elects to exercise its right to cause the State to purchase the Leased Premises under this Section 23. The date of closing shall be established by Lessee.

24. Title to Leased Premises. Except as expressly set forth in this Lease, title to the Leased Premises and any and all alterations thereto and replacements thereof shall be held in the name of the Lessor during the term of this Lease and the Lessee shall not have any right, title or interest in the Leased Premises. However, at the end of the Lease Term upon the payment of all Rentals, or upon exercise of its right to purchase the Leased Premises pursuant to Section 23 hereof, Lessor shall, at Lessor's expense, make and deliver to State of West Virginia, Department of Administration on behalf of the West Virginia Regional Jail and Correctional Facility Authority, a good and proper deed, duly executed and acknowledged with transfer stamps, if applicable, attached thereto, with covenants of special warranty, conveying good and marketable title to the Leased Premises, subject to all reservations, exceptions, conditions, easements, rights-of-way or other like limitations of record under and by which Lessor is bound in ownership of the Leased Premises as of the date of this Lease.

25. No Encumbrance, Mortgage or Pledge of Leased Premises. Except as provided in the Indenture, neither the Lessor nor the Lessee shall permit any mechanic's or other lien to be established or remain against the Leased Premises, provided, that if the party responsible for the payment of such lien first shall notify the other party of its intention to so do, such responsible party may in good faith contest any mechanic's or other lien filed or established against the Leased Premises, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the other party shall notify it that, in the opinion of Independent Counsel, by nonpayment of any such items, the other such party's title to the Leased Premises or the lien on the Leased Premises

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pursuant to this Lease will be endangered materially, or the Leased Premises or any part thereof will be subject to loss or forfeiture, in which event the responsible party shall promptly pay and cause to be satisfied and discharged all such unpaid items. No such payment shall constitute a waiver of the right to continue to contest such items. Lessor and Lessee will cooperate fully with each other in any such contest. Except for the Indenture, neither the Lessor nor the Lessee, directly or indirectly, shall create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Premises. The Lessee or the Lessor, as the case may be, promptly and at their own expense, shall take such action as may be necessary to discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created, incurred or suffered to exist.

26. Restriction on Sale, Etc. Lessor agrees that so long as the Lessee is not in default hereunder, it will not, except as contemplated herein or as provided in the Indenture, enter into any other contract or agreement affecting this Lease, the Rentals or the Leased Premises in any way or attempt to sell, assign, convey or otherwise alienate any interest it may have in the Leased Premises, this Lease or the Rentals, or assign the same as security for any other obligations of the Lessor without the prior written consent of the Lessee. Notwithstanding the foregoing, upon the occurrence of an Event of a Default or an Event of Cancellation hereunder, Lessor's interest may be transferred, either pursuant to a foreclosure sale, deed in lieu of foreclosure, or otherwise. Any person or entity acquiring the Leased Premises after a foreclosure sale, deed in lieu of foreclosure, or pursuant to transfer from the Trustee shall, thereafter, assume the same rights, duties and obligations of Lessor as hereunder unless this Lease shall have been terminated in accordance herewith.

For so long as Lessee is not in default of its obligations under this Lease and any sublease, as applicable, and an Event of Cancellation or Event of Default has not occurred, any successor to Lessor shall be required to acknowledge that it is accepting title subject to this Lease and that it agrees to perform all of Lessor's obligations hereunder. Reasonable advance notice of any proposed transfer of Lessor's interest will be given to Lessee prior to any transfer.

27. Further Assurance and Corrective Instruments. Lessor and Lessee agree that they will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments as reasonably may be required for correcting any inadequate or incorrect description of the Leased Premises hereby leased or intended to be leased or for otherwise carrying out the intention hereof.

28. Tax Representations, Warranties and Covenants. The Lessee represents, warrants and covenants as follows:

- (a) Lessee shall not perform any act, nor omit to perform any act, (if within their reasonable control) which performance or omission would cause the interest on the Bonds to not be excludable from the gross income of any holder thereof.

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(b) Lessee agrees that it will make no use of amounts, which are or may be treated as proceeds of this Lease or of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

(c) The Internal Revenue Service has not questioned the authority of the Lessee to certify its expectations with respect to arbitrage.

(d) Lessee certifies and covenants to and for the benefit of the holders of the Bonds and the Trustee, that, so long as any of the Bonds remain outstanding, Lessee will not knowingly direct or otherwise cause the investment or use of any moneys in any fund or account in connection with the Bonds or interest thereon whether or not held by the Trustee pursuant to the Indenture and regardless of whether any such moneys were derived from proceeds of the Bonds or from any other source (including any monies reasonably expected to be used to pay the Bonds or interest thereon, whether or not held by the Trustee pursuant to the Indenture and regardless of whether any such moneys were derived from proceeds of the Bonds or from any other source), in a manner which will cause the Bonds to constitute "arbitrage bonds" within the meaning of Section 148 of the Code.

(e) During the term of this Lease, Lessee will use its best efforts to comply with the requirements of the Code applicable to this Lease in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds and will not take any action, within its control, or fail to take any action which would cause a loss of such exclusion.

(f) Lessee will not take any action nor cause any action, within its control, to be taken that would cause this Lease to be "federally guaranteed" as defined in Section 149(b) of the Code.

(g) Lessee shall not sublet the Leased Premises or any part thereof in such manner as will cause the Bonds to constitute private activity bonds as such term is defined in Section 141 of the Code, or in any manner which will cause the interest on the Bonds to be includable in gross income of the owners thereof for federal income tax purposes.

29. Events of Default. Each of the following events shall constitute an "Event of Default" under this Lease:

(a) Nonpayment of any Rentals appropriated by the West Virginia State Legislature during the Lease Term within the time frame described in Section 5 of this Lease;

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(b) Failure by the Lessee to surrender possession of the Leased Premises upon the termination of this Lease upon the occurrence of an Event of Cancellation pursuant to Section 19 hereof; or,

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a) or clause (b) hereof, provided that (i) the Lessor has notified the Lessee of such failure and (ii) the Lessor has declared such failure to be an Event of Default.

Notwithstanding the foregoing, an Event of Cancellation shall not, by itself, be deemed to be an Event of Default.

30. Remedies on Default. If an Event of Default shall have occurred and be continuing, the Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Premises under this Lease, including, without limiting the generality of the foregoing to the extent permitted by the laws of the State, (i) to take possession of any or all of the Leased Premises at any time, and from time to time, to sell, resell, lease, assign, deliver or otherwise dispose of all or any of the property comprising or used in connection with the Leased Premises, at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and at such price or prices and on such terms as the Lessor may determine, with the amounts realized from any such sale, lease or other disposition to be applied; (ii) to take possession of the Leased Premises and lease the Leased Premises on such terms as the Lessor may determine, with the amounts realized from any such lease to be applied in accordance with the applicable provisions of the Indenture; or (iii) declare all Rentals and other payments due herein and appropriated by the State Legislature for the Fiscal Year in which such Event of Default has occurred to be immediately due and payable, whereupon such payments shall become immediately due and payable and shall be applied in accordance with applicable provisions of the Indenture. The Lessor shall not be obligated to do any of the acts hereinabove authorized, but in the event that the Lessor elects to do any such act all costs and expenses incurred by the Lessor and the Trustee in doing any such act shall be for the account of the Lessee and shall be added to the Rentals owed hereunder as Additional Rent. Lessor shall not be responsible to the Lessee except for the Lessor's gross negligence or willful misconduct.

The remedies set forth in this Section 30 comprise Lessor's sole remedies under this Lease for an Event of Default. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time, as often as may be deemed expedient.

31. Remedies Upon Event of Cancellation. If any Event of Cancellation shall have occurred and is continuing, the Lessor may (i) take possession of any or all of the Leased Premises at any time and from time to time, sell, resell, lease, assign, deliver or otherwise dispose

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of all or any of the property comprising or used in connection with the Leased Premises, at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and at such price or prices and on such terms as the Lessor may determine, with the amounts realized from any such sale, lease or other disposition to be applied in accordance with the applicable provisions of the Indenture or (ii) take possession of the Leased Premises and lease the Leased Premises on such terms as the Lessor may determine, with the amounts realized from any such lease to be applied in accordance with applicable provisions of the Indenture.

The remedies set forth in this Section 31 comprise Lessor's sole remedies under this Lease for an Event of Cancellation.

32. Waivers. In view of the assignment to the Trustee of the Lessor's right, title and interest in, to and under this Lease and the Leased Premises, the Lessor shall have no right to waive any Event of Default hereunder or pursue any remedy hereunder without the consent of the Trustee; and the waiver of an Event of Default by the Trustee shall constitute a waiver of such Event of Default by the Lessor without the necessity of any action of or consent by the Lessor.

33. Waiver of Appraisal, Valuation, Stay, Extension and Redemption Laws. The Lessor and the Lessee agree, to the extent permitted by law, that in the case of a termination of this Lease, neither the Lessor nor the Lessee nor any one claiming through or under either of them shall or will set up, claim or seek to take advantage of, any appraisal, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of this Lease; and the Lessor and the Lessee, for themselves and all who may at any time claim through or under either of them, each waives, to the full extent that it may lawfully do so, the benefit of all such laws.

34. Net Lease. This Lease shall be deemed and construed to be a "net lease" and the Lessee covenants that it shall pay absolutely net during the Lease Term the Rentals, free of any deductions, and without abatement, deduction or set off and to that end, Lessee covenants that it shall pay all costs, expenses and obligations of every kind and nature relating to the Leased Premises and the ownership, management, maintenance and operation thereof which may arise during the term of this Lease. Lessee shall not be entitled to any abatement, reduction, set off, counterclaim, defense, or deduction with respect to any Rentals by reason of (i) any damage to or destruction of the Leased Premises or any part thereof, (ii) any taking of the Leased Premises or any part thereof by condemnation or otherwise; or (iii) any prohibition, limitation, restriction, or prevention of the Lessee's use, occupancy, or enjoyment of the Leased Premises or any part thereof, or any interference with such use, occupancy or enjoyment.

35. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a legal holiday or a day on which banking institutions in the State of West Virginia, are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by

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law to remain closed, with the same force and effect as if done on the date otherwise specified herein.

36. Entirety of Lease. This Lease constitutes the entire agreement between Lessor and Lessee. There are no understandings, agreements, representations or warranties, express or implied, not stated herein. Any terms and conditions of any purchase order or other document submitted by the Lessee in connection with this Lease which are in addition to or inconsistent with the terms and conditions of this Lease and not executed by Lessor will not be binding and will not apply to this Lease.

37. Cooperation of Lessor. The Lessor shall cooperate fully with Lessee and Trustee in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in this Lease, in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Premises, or in any action relating to any contract or agreement relating to the events described in this Lease. In no event shall the Lessor voluntarily settle, or consent to the settlement of, any proceeding arising out of any such insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or action, without the written consent of the Trustee and Lessee.

38. Enforcement of Warranties by Lessee. The Lessor constitutes and appoints the Lessee as its attorney-in-fact for the purpose of asserting and enforcing, at the sole cost and expense of the Lessee, all manufacturers' warranties and guaranties, express or implied, with respect to any personal property owned by Lessor and used at or property comprising part of the Leased Premises, as well as any claim or rights the Lessor may have against any manufacturer, supplier, contractor, or other person in respect to the personal property comprising the Leased Premises.

39. Assertion of Claims by Lessee. The Lessor hereby appoints Lessee as its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default hereunder or under any Lease, to assert from time to time, whatever claims and rights for such breach or any damages arising therefrom, including its costs and attorneys fees, including warranties of the personal property comprising the Leased Premises, which Lessor may have against the manufacturer or supplier of the personal property comprising the Leased Premises. Lessee's remedies for the breach of any such warranty, indemnification or representation shall be against the manufacturer or supplier of the personal property comprising the Leased Premises and not against the Lessor, nor shall such matter have any effect whatsoever on the rights of the Lessor with respect to this Lease, including the right to receive full and timely payments hereunder. Lessee expressly acknowledge that the Lessor has not made any representations or warranty whatsoever as to the existence or availability of such warranties of the manufacturer or supplier of the personal property comprising the Leased Premises.

40. Investments. All Rentals and all proceeds of the Bonds shall, pending their disbursement, be invested in accordance with the laws of the State. The manner of investment of Rentals and moneys in the funds and accounts under the Indenture shall be made by the Trustee, as directed in writing by the Lessee.

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41. [Reserved].

42. Parties Bound. The covenants and conditions herein contained shall inure to the benefit of the parties hereto and the Trustee and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto.

43. Time of the Essence. Time is of the essence of this Lease, and of each and every covenant, term, condition and provision hereof.

44. Severability. Any provision of this Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Lease.

45. Compliance with Law. The parties shall comply with all applicable statutes, ordinances, rules and regulations of federal, state and municipal governments, and shall observe and comply promptly with all current and future orders of all courts having jurisdiction over the Leased Premises or any portion thereof, and all current and future requirements of all insurance companies writing policies covering the Leased Premises or any portion thereof.

46. Accessibility Requirements. Lessor hereby warrants that, to the extent applicable, the Leased Premises shall comply with the accessibility standards established and set forth by the Americans with Disabilities Act of 1990, whether requested by the Lessee or required by law. The Lessee has reviewed and approved the Plans and have determined that they comply with the requirements of this Section.

47. Headings; Counterparts. The headings to the various Sections of this Lease have been inserted for reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions hereof. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

48. Modifications. All modifications, amendments, alterations or changes to this Lease shall be in writing and signed by both parties, provided that no modification hereof shall be made unless consented to in writing by the Trustee.

49. Choice of Law. This Lease shall be governed by the law of the State of West Virginia.

50. Termination of Lease: Delivery of Possession. In the event this Lease is terminated for any reason whatsoever, whether by virtue of the occurrence of an Event of Default or an Event of Cancellation other than in conjunction with the purchase of the Leased Premises pursuant to the option to purchase herein contained, Lessee shall immediately surrender possession of the Leased Premises. In the event of a failure to so deliver possession, the Lessee shall be liable for payment of a pro rata portion of the Rental attributable to the number of days of failure to so deliver possession, as well as all other reasonable expenses relating to the use and occupancy of the Leased Premises during such period.

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IN WITNESS WHEREOF, the parties hereto have caused their names to be affixed to this Lease.

WEST VIRGINIA ECONOMIC
DEVELOPMENT AUTHORITY,
Lessor

By _____
Chairman

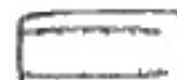
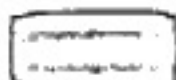
STATE OF WEST VIRGINIA, acting by
and through the DEPARTMENT OF
ADMINISTRATION, Lessee

By _____
Secretary

APPROVED AS TO FORM THIS __ DAY OF _____, 2002.

By: _____
Title: Deputy Attorney General

This instrument was prepared by Brian C. Helmick, Attorney-at-Law, Jackson & Kelly PLLC,
1600 Laidley Tower, Post Office Box 553, Charleston, West Virginia 25322



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STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO WIT:

The foregoing instrument was acknowledged before me this __ day of January, 2002, by DAVID C. SATTERFIELD, Chairman of the WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY, a public corporation, for said Corporation.

My commission expires: _____

[NOTARIAL SEAL]

Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO WIT:

The foregoing instrument was acknowledged before me this __ day of January, 2002, by GREG BURTON, SECRETARY OF ADMINISTRATION OF THE STATE OF WEST VIRGINIA for said Department.

My commission expires: _____

[NOTARIAL SEAL]

Notary Public

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EXHIBIT A

CERTIFICATE OF SECRETARY OF THE DEPARTMENT OF ADMINISTRATION

I, GREG BURTON, Secretary of the Department of Administration of the State of West Virginia, hereby certify that I have executed the Certificate identified as Exhibit C to the Lease in satisfaction of the requirement therefore set forth in Section 5A-3-40 of the West Virginia Code of 1931, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of January, 2002.

Greg Burton, Secretary of the Department of
Administration of the State of West Virginia

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EXHIBIT B**PROJECT DESCRIPTION & TENTATIVE SCHEDULE****Lakin Correctional Center for Women**

The Lakin Correctional Center for Women, the first prison the State of West Virginia has ever constructed for female inmates, is located approximately five miles north of Point Pleasant in the Ohio River Valley. This 160,000 square foot facility has been designed to maximum and medium security standards for 240 women. The facility is designed to meet all state, federal, and American Correctional Association standards. It includes a full complement of training, vocational, medical, and special needs space, including various areas that have been designed with females in mind such as the area for outdoor interaction with children during visitation. It also includes a call center where these females can work receiving tourist information calls for Travel WV.

Additions to the Lakin Correctional Center for Women

The projections for the growth in the number of West Virginia felons sentenced to the custody of the Division of Corrections includes a dramatic increase in the number of female inmates. Thus, one addition to the Lakin Correctional Center will be a 120 bed minimum security dormitory, with a designed expansion for a possible additional 120 beds. Consequently, the Division of Corrections will be able to house all of its females in a single location, increasing operational efficiency and maximizing services to this group of inmates.

Secondly, an 18,500 square feet Prison Industries Building will be constructed. This will allow the tourism information that is requested through the call center to be distributed right on the Lakin campus. This Prison Industries Building will be flexible enough to house other activities as deemed necessary for the female inmate labor force.

The estimated cost for all of this construction is \$6 million. The Prison Industries Building is estimated to be completed by January 2003 while the Minimum Security Dormitory will be completed by September 2003.

Lakin Correctional Facility for Women - Prison Industries Facility

Drawing completed	8 wks from start	May 1, 2002
Bidding	4 weeks	
Bid Award	2 weeks	
Construction start		June 15, 2002
Construction completion	6-8 months	January-February 2003

Lakin Correctional Facility for Women - Minimum Security Dormitory Facility

Drawings completed	10 wks from start	August 1, 2002
Bidding	4 weeks	
Bid Award	2 weeks	

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Construction start		October 15, 2002
Construction completion	12 months	October 15, 2003

Assumes March 1 start date

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EXHIBIT C

CERTIFICATE OF FAIR RENTAL VALUE

I, GREG BURTON, Secretary of the Department of Administration of the State of West Virginia, hereby certify that I am duly authorized to execute this Certificate on behalf of the State and do further certify as follows:

The Rentals being paid by the State of West Virginia, by the Department of Administration (the "State"), under the terms of the Contract of Lease-Purchase, dated as of January 15, 2002, by and between the West Virginia Economic Development Authority, as Lessor, and the State, represent the fair rental value for the buildings and improvements described therein. The defined terms included herein shall have the meanings ascribed thereto in the documents referenced above.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of January, 2002.

Greg Burton, Secretary of the Department of
Administration of the State of West Virginia

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EXHIBIT D

CERTIFICATE OF ACCEPTANCE

I, the undersigned, Secretary of the Department of Administration of the State of West Virginia (the "Department of Administration"), hereby certify to the West Virginia Economic Development Authority (the "Authority") that the Leased Premises, as such term is defined in the Contract of Lease-Purchase dated as of _____, 200_, by and between the Authority, as Lessor and the State of West Virginia, by the Department of Administration (the "Lease") have been delivered to the Department of Administration, substantially complete and suitable for occupancy and that the Department of Administration has accepted the Leased Premises as of _____, 200_.

IN WITNESS WHEREOF, I have hereunto set my hand this __ day of _____, 200_.

Secretary of the Department of Administration of the State
of West Virginia

EXHIBIT E

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SITE DESCRIPTIONS

A tract of land situate in Robinson District, Mason County, West Virginia, more particularly described as follows:

Beginning at a concrete monument (found) being a corner of the West Virginia Department of Health and Human Resources, Division of Health Property, and West Virginia Board of Education Property also being in the right-of-way line of West Virginia Route 62; Thence with right-of-way of said Route 62 the following two (2) courses and distances: 1) with a curve to the left having a chord bearing of N 13 degrees 37' 46" W a distance of 186.27 feet to a PK nail; 2) N 17 degrees 02' 20" W a distance of 663.36 feet to a ½" rebar with cap (set); Thence with a new division line along and through the property of said Division of Health property S 73 degrees 17' 15" E a distance of 996.29 feet to a ½" rebar with cap (set) said rebar creating a new corner in the division line of said Division of Health property and West Virginia Farm Management Commission property; Thence with the said division line the following five (5) courses and distances: 1) S 14 degrees 51' 00" W a distance of 37.00 feet to a 3/8" iron pin (found); 2) N 75 degrees 51' 29" W a distance of 22.18 feet to a 3/8" iron pipe (found); 3) S 23 degrees 35' 40" W a distance of 432.98 feet to a 3/8" iron pipe (found); 4) N 73 degrees 33' 00" W a distance of 208.65 feet to a 3/8" iron pipe (found); 5) S 18 degrees 20' 05" W a distance of 232.75 feet to a concrete monument (found) said monument being a corner of said Division of Health and said Farm Management Commission and said Board of Education; Thence with the division line of said Division of Health and said Board of Education N 75 degrees 49' 18" W a distance of 245.81 feet to the place of beginning containing 10.33 acres be it the same more or less and as shown as Parcel "A" on a plat of survey by Dunn Engineers, Inc. said plat dated January 7, 1997 and to be recorded in the office of the Clerk of the County Commission of Mason County, reference to which is hereby made for a more graphic description.

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SCHEDULE OF RENTALS

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EXHIBIT E

CONTRACT OF LEASE-PURCHASE

by and between

**WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY,
as Lessor**

and

**STATE OF WEST VIRGINIA acting by and through the
DEPARTMENT OF ADMINISTRATION,
as Lessee**

Dated as of January 15, 2002

**West Virginia Economic Development Authority
Lease Revenue Bonds
(Correctional, Juvenile and Public Safety Facilities)
2002 Series B2
(James H. "Tiger" Morton Juvenile Detention Center)**

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CONTRACT OF LEASE-PURCHASE

THIS CONTRACT OF LEASE-PURCHASE ("Lease"), dated as of January 15, 2002, by and between the WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY, a public corporation and government instrumentality of the State of West Virginia ("Lessor"), and the STATE OF WEST VIRGINIA acting by and through the DEPARTMENT OF ADMINISTRATION ("Lessee") on behalf of the West Virginia Regional Jail and Correctional Facility Authority (the "RJA") and the Division of Juvenile Services;

WHEREAS, the Lessor has acquired certain regional jail facilities and correctional facilities, which it has offered to lease to the Lessee; and

WHEREAS, the Lessee acting through the RJA will build a new facility known as the James H. "Tiger" Morton Juvenile Detention Center, being particularly a juvenile detention center, at a cost not to exceed \$6,000,000; and

WHEREAS, the Lessor has issued or will simultaneously herewith issue bonds, certain proceeds of which will be deposited with United National Bank, as trustee for the bondholders and will draw down by the Lessee as agent for the Lessor to pay for the costs of construction of the improvements; and

WHEREAS, the Lessee, on behalf of the West Virginia Regional Jail and Correctional Facility Authority and the Division of Juvenile Services desires to lease the improvements for use as a state juvenile detention facility; and

WHEREAS, pursuant to provisions of the Act, as hereinafter defined, the Secretary of the Department of Administration has certified as attached hereto as EXHIBIT A, that the space requested by the Lessee is necessary for the proper function of the Lessee, that satisfactory space is not available in other buildings or sites now owned or leased by the State of West Virginia and that the Lessee will be responsible for the Rentals (as hereinafter defined) and other necessary payments in connection with this Lease; and

WHEREAS, the Lessee has approved the project for the hereinafter described premises as more particularly set forth and described in "EXHIBIT B - PROJECT DESCRIPTION AND PROJECT SCHEDULE" ("the Plans"); and

WHEREAS, the Secretary of the Department of Administration has determined, as set forth in EXHIBIT C - CERTIFICATE OF FAIR RENTAL VALUE, attached hereto, that the Rentals set forth in EXHIBIT F - SCHEDULE OF RENTALS do not exceed the fair rental value of the premises in accordance with the Plans set forth in EXHIBIT B - PROJECT DESCRIPTION AND PROJECT SCHEDULE; and

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WHEREAS, the execution and delivery of this Lease have been duly authorized by a resolution adopted by the Lessor on January 3, 2002, and by all necessary action of the Lessee; and

WHEREAS, the Secretary of the Department of Administration, by executing this Lease, hereby leases the premises from the Lessor, for use by the Lessee.

NOW, THEREFORE, THIS CONTRACT OF LEASE-PURCHASE WITNESSETH:

That for and in consideration of the Rentals to be paid by the Lessee to Lessor and the full and complete performance of the covenants, terms, and conditions hereinafter set forth, the Lessor hereby leases and demises unto the Lessee and the Lessee hereby takes and leases from the Lessor, for use by the Lessee, the following described premises (the "Leased Premises") located in West Virginia:

Certain lots, tracts or parcels of land, together with the improvements thereon and all furnishings, fixtures and equipment therein and appurtenances thereunto belonging, consisting of a juvenile facility, situate, lying and being in Kanawha County, West Virginia, as more particularly set forth and described in EXHIBIT E - SITE DESCRIPTIONS attached hereto and made a part hereof to which reference is hereby made.

The parties hereto covenant and bind themselves as follows:

1. **Definitions.** Capitalized terms used herein shall have the meanings ascribed thereto in the hereinafter described Indenture. In addition, all capitalized terms used herein and not otherwise defined herein will have the meanings specified below unless the context clearly requires otherwise:

"Act" means collectively, Chapter 5A, Article 3 of the West Virginia Code of 1931, as amended, together with the rules and regulations promulgated thereunder.

"Additional Rentals" means the cost of all taxes, insurance premiums, reasonable expenses and fees of the Trustee, Registrar and Paying Agent, utility charges, cost of rebate calculations, costs of maintenance, upkeep and repair of the Leased Premises, including amounts required to be deposited into the Maintenance Reserve Fund until such fund is funded at the Maintenance Reserve Fund Requirement, and all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the Lessee shall fail to pay the same, as specifically set forth in the Lease) which the Lessee assumes or agrees to pay under the Lease with respect to the Leased Premises, and not otherwise paid by the Lessee directly. Additional Rentals also includes amounts necessary to replenish deficiencies in the Rebate Fund and the Maintenance Reserve Fund as provided for herein. Additional Rentals do not include the Base Rentals.

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"Asbestos Containing Materials" means material in friable form containing more than one percent (1%) of the asbestiform varieties of (a) chrysotile (serpentine); (b) crocidolite (riebeckite); (c) amosite (cummington-itegrinerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Authorized Representative" means such representative of the Lessee designated as the Lessee's authorized representative in writing by the Lessee to the Issuer and shall initially be the Secretary of Administration.

"Base Rentals" means the payments payable by the Lessee for and in consideration of the right to use the Leased Premises during the Lease Term pursuant to Section 5 and EXHIBIT F of this Lease, which Base Rentals shall be sufficient to pay when due, the Debt Service on the Bonds.

"Bond Counsel" means Jackson & Kelly PLLC, Charleston, West Virginia, or any successor law firm thereto, or, at the option of either Lessor or Lessee, such other nationally recognized law firm having expertise with respect to federally tax-exempt obligations of States and municipalities as shall be acceptable to Lessor and Lessee in the exercise of reasonable discretion.

"Bonds" means the West Virginia Economic Development Authority Lease Revenue Bonds (Correctional, Juvenile and Public Safety Facilities), 2002 Series B.

"Certificate of Acceptance" means a certificate substantially in the form set forth in EXHIBIT D, attached hereto.

"Certificate of Demonstrated Need" means a certificate substantially in the form set forth in EXHIBIT A, attached hereto.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations thereunder.

"Delivery Date" shall have the meaning set forth in Section 4 hereof.

"Environmental Regulations" means all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. 6901, et seq.) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) (together with the regulations promulgated thereunder, "CAA") and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.) (together with the regulations promulgated thereunder, "TSCA"), and any state or

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local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

"Event of Cancellation" means the occurrence of one or more of the events described in Section 19 of this Lease resulting in the cancellation of this Lease pursuant to the provisions thereof.

"Event of Default" means one or more of the "Events of Default" defined in Section 29 of this Lease.

"Fiscal Year" means the period beginning on each July 1 and ending on the following June 30, or such other period as may be established from time to time by the Lessee and designated in writing to the Lessor.

"Hazardous Materials" means any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the Lessee, any of the Premises or the operations conducted by Lessee thereon on, from or beneath the Leased Premises.

"Indenture" means the Master Indenture, Credit Line Deed of Trust and Security Agreement, dated as of January 1, 2002, by and between the Lessor and the Trustee, as the same may be amended, modified or supplemented from time to time.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court in the State, who is not an employee of the Lessor, the Lessee or the Trustee, and acceptable to Lessor and Lessee.

"Lease Term" means the term of this Lease, as set forth in Section 4.

"Leased Premises" means the real estate described in EXHIBIT E - SITE DESCRIPTIONS, together with all improvements, buildings, equipment, furnishings and fixtures located thereon.

"Lessor's Documents" means this Lease, the Indenture and all other documents executed and delivered by Lessor in connection with the leasing of the Leased Premises and issuance of the Bonds.

"Net Proceeds", when used with respect to any proceeds from condensation awards or from policies of insurance required under this Lease, means the amount remaining after deducting from the gross proceeds thereof all expenses (including, without limitation, attorneys' fees,

Trustee's expenses, and costs awarded by a court of competent jurisdiction) incurred in the collection of such proceeds or award.

"Operating and Maintenance Expenses" means, with respect to the Leased Premises, all costs and expenses of operation and maintenance of the Leased Premises, including, without limitation, deposits to the Maintenance Reserve Fund established with the Trustee, the costs and expenses of salaries and fringe benefits, utility services, insurance, fees, licenses, permits, administrative expenses, taxes, maintenance and repairs.

"Plans" means the plans and specifications relating to the (construction and equipping of the Leased Premises prepared by the Project Manager and approved by the Lessee as set forth in EXHIBIT B - PROJECT DESCRIPTION AND PROJECT SCHEDULE.

"Release" means when used as a noun, any pumping, spilling, leaking, disposal of, or empty, discharge or release of, any Hazardous Materials.

"Rentals" means, collectively, the Base Rentals and the Additional Rentals payable by the Lessee for and in consideration of the right to use the Leased Premises during the Lease Term pursuant to Section 5 of this Lease.

"State" means the State of West Virginia.

"Trustee" means United National Bank, as trustee under the Indenture, or any successor thereto.

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

(a) Lessee is authorized by the laws and Constitution of the State of West Virginia to enter into this Lease and to perform its obligations hereunder. The Lessee has duly authorized and approved the execution and delivery of this Lease, and the Lease constitutes a legal, valid and binding obligation of the Lessee enforceable against the Lessee in accordance with the terms hereof.

(b) The execution and delivery of this Lease, the fulfillment of or compliance with the terms and conditions hereof, and the consummation of the transactions contemplated hereby, will not conflict with, constitute a breach of, or default under, the Constitution and laws of the State, or the rules of procedure of the Lessee or any indenture, agreement or other instrument to which the Lessee are a party or by which it is bound, or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any court, government or governmental body to which the Lessee, the Leased Premises or any of the Lessee's other properties are subject.

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(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of the Lessee's knowledge, threatened, against the Lessee, wherein an unfavorable ruling or finding would adversely affect the validity or enforceability of this Lease, or which would materially and adversely affect any of the transactions contemplated thereby or the ability of the Lessee to perform their respective obligations hereunder.

(d) The Leased Premises at all times will be used by the Lessee for the purpose of performing governmental functions and the acquisition and leasing of the Leased Premises by the Lessee is necessary, useful and appropriate to one or more governmental purposes of the Lessee, including, but not limited to public safety, and the Leased Premises at all times will be used by the Lessee for the purposes of performing an essential governmental function, and the acquisition, leasing and financing of the Leased Premises is necessary to the operation of the Lessee, and is consistent with the permissible scope of the Lessee's authority.

(e) All consents and approvals of, the giving of notice to, registration with, and the taking of any action in respect of any federal, state, or local governmental authority, necessary to the execution of this Lease or to permit the transactions contemplated by this Lease to occur have been received, have occurred, have been taken, or have been performed prior to delivery of this Lease.

(f) Lessee hereby declares its current need for the Leased Premises and its present intention and expectation that this Lease will not be terminated until all Rentals hereunder have been paid pursuant to this Lease, but this representation shall be subject to the provisions of Section 19 of this Lease.

(g) (Reserved)

(h) The Lessee shall annually request an appropriation of moneys or shall otherwise cause there to be moneys set aside sufficient to pay Rentals for the ensuing Fiscal Year.

(i) The officer of the Lessee executing this Lease has been duly authorized to execute and deliver this Lease.

(j) The Lessee qualifies as a "spending unit" for all purposes under the Act.

(k) The Leased Premises will at all times be used by the Lessee in accordance with the Act.

(l) This Lease constitutes a "financing lease" for the purposes of the U. S. Bankruptcy Code.

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(m) The Lessee shall not use or permit the Leased Premises or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Leased Premises and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal, or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath the Premises or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory or used in the operation of a government office building, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of any Hazardous Materials, the Lessee shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Lessor, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so released, on, from or beneath the Leased Premises or other property, in compliance with all Environmental Regulations.

(n) The Lessee shall comply with, and shall use its best efforts to cause its agents, any subtenants, licensees, employees and contractors, to comply with all Environmental Regulations and shall keep the Leased Premises free and clear of any violation of such Environmental Regulations. Upon receipt of any notice from any person or entity with regard to the Release of Hazardous Materials on, from or beneath the Premises, the Lessee shall give prompt written notice thereof to the Lessor (and, in any event, prior to the expiration of any period in which to respond to such notice under any Environmental Regulation).

3. Representations, Covenants and Warranties of Lessor. Lessor represents, covenants and warrants for the benefit of Lessee and Trustee as follows:

(a) The Lessor is a public corporation and government instrumentality of the State of West Virginia and has all necessary power under the laws of the State of West Virginia to enter into this Lease and each of Lessor's Documents, to acquire, construct, equip and lease to the Lessee the Leased Premises and to perform each of its obligations herein and therein.

(b) The acquisition, construction or equipping of the Leased Premises, this Lease and Lessor's Documents have been duly authorized, approved and directed by all necessary and appropriate action of the Lessor and its members and officers.

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(c) Except as provided in the Indenture, in which Lessor has assigned certain of its rights to the Trustee, the Lessor will not assign its right, title and interest in and to the Rentals derived under, or assign, pledge or grant any security interest in its right, title and interest in, to and under this Lease or the Leased Premises. Except as set forth in the Indenture, the Lessor will not assign its duties and obligations under this Lease to any other person, firm or corporation, so as to impair or violate the representations, covenants and warranties contained in this Section 3.

(d) Neither the execution and delivery of this Lease or the Lessor's Documents, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, will conflict with, constitute a breach of or a default under, any provision of the Act or any indenture, order, ordinance, resolution, agreement or other instrument to which the Lessor is a party or by which the Lessor or any of its properties may be bound, or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental body to which the Lessor or any of its properties are subject.

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best knowledge of the Lessor, threatened against the Lessor, wherein an unfavorable ruling or finding would adversely affect the validity or enforceability of this Lease or the Lessor's Documents or which would materially and adversely affect any of the transactions contemplated by this Lease or the Lessor's Documents or adversely affect the ability of Lessor to perform Lessor's obligations under this Lease or the Lessor's Documents.

(f) During the term of this Lease and so long as there shall not have occurred an Event of Default or an Event of Cancellation, the Lessor shall retain no rights with respect to the operation, maintenance, management or administration of the Leased Premises. Lessee shall have the sole right, subject to the terms of this Lease, to operate, maintain, manage and administer the Leased Premises, including, but not limited to, all matters with respect to subleasing of all or any portion of the Leased Premises, acquiring and disposing of furnishings, fixtures and equipment, renovating, improving or removing portions of the Leased Premises and all other matters incidental to the operation, maintenance, management and administration of the Leased Premises. The Lessee covenants to pay all Operating and Maintenance Expenses.

4. Lease Term, Delivery Date, Lessee's Obligation for Changes to Plans and Notices. The Lease Term, subject to the provisions hereof, shall begin on the date of delivery of the Leased Premises to the Lessee ("the Delivery Date"), as evidenced by delivery of the following to the Lessor: (A) A certificate of the Project Manager, to the effect that (i) the acquisition and construction of the premises constituting the Leased Premises is substantially complete and is in

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accordance with the Plans; (ii) the Leased Premises satisfy all applicable building codes then in effect; and (iii) the Leased Premises are suitable for occupancy, (B) An approval letter from the State Fire Marshall, (C) A certificate from the Architect of Record that the Leased Premises substantially conform to the Plans as modified by any approved change orders, and (D) A Certificate of Acceptance by the Lessee in the form set forth in EXHIBIT D, attached hereto.

This Lease shall be considered renewed for each ensuing Fiscal Year and all portions thereof during the Lease Term unless it is canceled by the Lessee before the end of the then current Fiscal Year. Unless earlier terminated pursuant to the provisions hereof, this Lease shall terminate as of the date of (i) payment in full of Rentals hereunder; and (ii) payment in full of all principal, interest and redemption price, if any, on all Bonds.

In the event the Lessee requires any changes to the Plans, the Lessee shall bear all costs attributable to such changes, including without limitation any increases in the project budget, and any costs attributable to delay in completion occasioned by such changes or due to any changes in phasing of the work under unmodified portions of the Plans due to such changes. Costs shall be deemed to include, without limitation, any penalties for late completion assessed under any construction contract.

Notices may be given by personal service upon the party(s) entitled to such notice, or by certified mail, duly stamped and directed to the last-known address of the party to be notified, and deposited in the post office. The proper mailing of such notice and not the receipt thereof shall constitute the giving of such notice by either party to the other. Notices shall be directed as follows:

To the Lessor

West Virginia Economic Development Authority
1018 Kanawha Boulevard, East
Suite 501
Charleston, West Virginia 25301
Attn: Chairman

and

William Herlihy, Esquire
Spilman, Thomas & Battle
Spilman Center
300 Kanawha Boulevard, East
Charleston, West Virginia 25301

To the Lessee

State of West Virginia
Department of Administration
Leasing Division, Room MB-60
1900 Kanawha Boulevard, East

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Charleston, West Virginia 25305
Attention: Secretary

and

State of West Virginia
Department of Administration
Building 1, Room E-119
1900 Kanawha Boulevard East
Charleston, West Virginia 25305-0120
Attention: Secretary

A duplicate of any notice given under this Lease shall be given contemporaneously to the Trustee.

5. Rentals. A. Lessee covenants that it shall pay the Base Rentals monthly, commencing on the thirtieth (30th) day of the calendar month next following the month of the Delivery Date, and monthly thereafter on the same day of each month for the Leased Premises in the amounts designated as the Base Rentals set forth in EXHIBIT F - SCHEDULE OF RENTALS attached hereto and made a part hereof, and continuing each and every month during the Lease Term.

B. Lessee further covenants that it shall pay the Additional Rentals commencing one (1) month following the Delivery Date, for the Leased Premises in the amounts and at the times such amounts may be due and payable.

The Rentals payable hereunder shall be paid directly to the Trustee, at its corporate

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Leased Premises, the inability of any Lessee to use the Leased Premises, any defects in title to the Leased Premises, defects in the Leased Premises, breach of warranties of the manufacturer or seller of any portion of the Leased Premises, or for any other reason. Notwithstanding any dispute between the Lessee and the Lessor, any contractor or vendor retained with respect to the Leased Premises, any supplier of labor or materials in connection therewith or any other person, the Lessee shall make all payments of Rentals when due during the Lease Term and shall not withhold any Rentals pending final resolution of such dispute, nor shall the Lessee assert any right of set-off or counterclaim against its obligation to pay such Rentals. No action or inaction on the part of the Lessor shall affect the obligation of Lessee to pay all Rentals during the Lease Term.

8. Budgeting and Appropriations. (a) The Lessee covenants that its administrative officer charged with the responsibility of formulating budget proposals for the Lessee shall include in each budget request for each Fiscal Year until the termination of this Lease, items for all Rentals required to be paid by it hereunder for such Fiscal Year and that the Lessee will use its best efforts to obtain funds through the appropriation process annually to allow all Rentals to be paid in a timely fashion.

(b) If the West Virginia Legislature has not specifically appropriated moneys in such amounts and for such purposes, and the Lessee does not utilize moneys for such purposes from unclassified money available therefor, the Lessee shall notify the West Virginia Legislature and the Trustee that an appropriations for Rentals has not been made and this Lease shall terminate in accordance with its terms.

9. Notice of Budget, Appropriation and Insurance Coverage. Whether or not this Lease is to be terminated, the Lessee covenants that it shall furnish to the Lessor (i) copies of its annual budget promptly upon its adoption and availability, (ii) copies of its audited financial statements, if any, promptly upon its availability, (iii) promptly after appropriation, proofs of appropriation for the ensuing Fiscal Year, and (iv) proofs of maintenance of insurance required by Section 16 of this Lease, including a certificate of insurance.

10. Utilities and Other Related Services. Lessee shall promptly pay for all water, gas, heat, light, power, telephone service, and other utilities of every kind furnished to the Leased Premises incurred on and after the earlier of the Delivery Date or the first day of occupancy of any part of the Leased Premises by Lessee.

11. Maintenance. Upon the earlier of the Delivery Date or the date of occupancy of the Leased Premises by Lessee, Lessee covenants that it shall maintain the Leased Premises so as to comply in all respects with then applicable federal, State and local laws and regulations, including the structure of the Leased Premises, both interior and exterior, the electrical and plumbing fixtures and equipment, and the interior and exterior painting, in a good and tenantable condition equal to that of the Leased Premises as at the time of occupancy thereof, normal wear and tear excepted.

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12. Taxes, Assessments and Municipal/County Fees. The parties acknowledge that the Lessor and the Lessee are tax-exempt governmental entities and that no taxes or assessments are required to be paid by Lessor and the Lessee under present State law. However, the Lessee will pay all taxes and assessments, if any, levied on the Leased Premises during the term of this Lease, but only from funds provided for such purpose as described below. The Lessee covenants that it shall be responsible for paying any and all municipal or county taxes, fees and assessments, such as fire service fees, that may be applicable to the Leased Premises. In the event any lawful tax, fee or assessment is levied upon the Leased Premises after the Delivery Date, the amount of Additional Rentals payable hereunder shall include a sum sufficient to permit the Lessor to pay such tax on or before the latest date that same may be paid without the imposition of interest or penalties. The Lessee shall not cause or permit any liens to be placed against the Leased Premises or any portion thereof.

13. Expenses of Lessor. All costs and expenses incurred by Lessor relating to this Lease, including, without limitation, reasonable attorneys' fees, shall be paid from the Rentals and other income derived from the Leased Premises.

14. Assignment, Subletting and Addition or Substitution. This Lease may not be assigned by either party and the Leased Premises may not be sublet by the Lessee except as follows:

(a) Lessor may assign this Lease to the Trustee pursuant to the Indenture for purposes of financing the Leased Premises;

(b) Lessee may assign or sublet the Leased Premises in whole or in part, provided that:

(i) This Lease and the obligations of the Lessee, continuing to occupy space shall remain obligations of the Lessee, and Lessee shall maintain its direct relationship with Lessor; and

(ii) There shall be delivered to the Trustee an opinion of Bond Counsel to the effect that such assignment or subletting is permitted under the laws of the State and all requirements of such laws relating to such assignment or subletting have been met and that such assignment or subletting will not cause interest on the Bonds to be includable in gross income of the owners thereof for federal income tax purposes; and

(c) The Lessee may substitute or add tenants at any time, so long as all certifications required under the Act are delivered to the Trustee prior to such substitution or addition, each new tenant is obligated to pay its proportionate share of Rentals and the total of such proportionate shares of all tenants occupying the Leased Premises equals 100%.

15. Neglect and Use of Leased Premises. Lessee covenants that it shall:

- (i) Not commit waste on the Leased Premises and that the Leased Premises will be returned to the Lessor at the termination of this Lease in substantially as good condition as at the commencement thereof, damages from natural elements, normal depreciation and decay excepted, unless the right to purchase is exercised.
- (ii) Not install, use, operate or maintain the Leased Premises improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease.
- (iii) Obtain all permits and licenses, if any, necessary for the use, occupancy and operation of the Leased Premises and maintain such permits and licenses in good standing.
- (iv) Comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Leased Premises) with all laws of the jurisdiction in which their operations involving the Leased Premises may extend and with all regulations, orders and decrees of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Premises; provided, however, that it may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the rights of the Lessor in and to the Leased Premises or its interests or rights under this Lease.

16. Insurance. Lessee covenants that it shall, at its own expense, cause to be carried and maintained with respect to the Leased Premises casualty, property damage and public liability insurance from the Delivery Date through the West Virginia State Board of Risk and Insurance Management, as follows:

(a) Insurance with respect to the improvements ("Improvements") and personal property ("Personal Property") comprising the Leased Premises against any peril included within the classification "All Risks of Physical Loss", with extended coverage in amounts at all times sufficient to prevent the Lessee from becoming a co-insurer within the terms of the applicable policies, but in any event such insurance shall be maintained in an amount equal to the full replacement value of the Leased Premises.

(b) Comprehensive general liability insurance, including contractual injury, bodily injury and property damage liability, including all legal liability to the extent insurable imposed upon the Lessee, and all court costs and attorneys' fees and expenses, if awarded by a court of competent jurisdiction, arising out of or connected with the possession, use, leasing, operation, maintenance or condition of the Leased Premises but in no event with limits for the Leased Premises of less than one million dollars (\$1,000,000) per occurrence.

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(c) During the period of any repair or restoration, builder's "all risk" insurance in an amount not less than the full replacement cost of the Improvements and the Personal Property.

(d) Statutory workers' compensation insurance (to the extent the risks to be covered thereby are not already covered by other policies of insurance maintained by the Lessee), with respect to any work on or about the Leased Premises.

(e) Business interruption and/or loss of "rental value" coverage for the Leased Premises in an amount equal to 18 months estimated Rentals attributable to the Leased Premises and based on the Lease Payments for the immediately preceding year and otherwise sufficient to avoid any co-insurance penalty.

(f) If all or any portion of the Improvements, or any portion of the Land is located within a federally designated flood hazard zone, flood insurance in an amount equal to the lesser of the full replacement cost of the Leased Premises or the maximum amount available.

(g) Insurance against loss or damage from (i) leakage of sprinkler systems and (ii) explosion of steam boilers, air conditioning equipment, pressure vessels or similar apparatus now or hereafter installed at the Leased Premises, in such amounts as the Lessor may from time to time reasonably require and which are customarily required by institutional mortgagees with respect to similar properties similarly situated.

(h) Such other insurance with respect to the Improvements and Personal Property against loss or damage as is reasonably requested by the Lessor or the Trustee and available from the State Board of Risk and Insurance Management.

Any policy providing the insurance coverage described in this Section 16 will be with companies with claims paying ability of not less than "A" by Standard & Poor's Ratings Services. All insurers providing insurance required by this Lease shall be authorized to issue insurance in the State. The insurance coverage required under this Section 16 may be effected under a blanket policy or policies covering the Leased Premises and other property and assets not constituting a part of the Leased Premises. Copies of all of the above-mentioned insurance policies shall be delivered to the Lessor and the Trustee upon request. All such policies shall name the Lessor and the Trustee as an additional insured/loss payee, shall provide that all Insurance Proceeds be payable to the Lessee and the Trustee, and shall contain: (i) "Non Contributory Standard Lender Clause" and a Lender's Loss Payable Endorsement (Form 438 BFUNS) or their equivalents naming the Trustee as the person to which all payments shall be paid; (ii) a deductible per loss of an amount not more than fifty thousand (\$50,000.00) dollars; (iii) a provision that such policies shall not be canceled or amended, including, without limitation, any amendment reducing the scope or limits of coverage, without at least thirty (30)

days' prior written notice to the Lessor and the Trustee in each instance; and (iv) effective waivers by the insurers of all claims for insurance premiums against any loss payees, additional insureds and named insureds (other than the Lessee). Certificates of insurance with respect to all renewal and replacement policies shall be delivered to the Lessor and the Trustee upon request. If this Lease shall terminate, the Lessor and the Trustee shall be entitled to receive and apply in accordance with the Indenture all insurance proceeds with respect to the policies required to be maintained hereunder. If the Lessee shall fail to maintain any insurance required hereunder, the Lessee shall, upon demand, reimburse the Lessor and the Trustee, as Additional Rent, for the amount of the insurance recovery which would have been available had the Lessee maintained the coverages required hereunder.

17. Damage to Leased Premises by Fire, Etc. In the event of any loss due to fire, natural elements, or other cause to such an extent that continued occupancy by the Lessee would be impossible or impractical, the Lessee shall give immediate notice thereof to the Lessor, and shall, at its option, exercise its right to purchase the Leased Premises pursuant to Section 23 herein or restore the Leased Premises. The proceeds of any such insurance claim shall go to the parties as their interests may appear.

18. Condemnation. Lessee confirms and agrees that in the event any attempt is made to take the Lease or the Leased Premises by eminent domain, that it shall use its best efforts to ensure that the compensation shall in no event be less than an amount sufficient to defease the Bonds then outstanding, in accordance with the provisions of the Indenture.

19. Provisions for Cancellation. The parties agree that this Lease shall be considered canceled, without further obligation on the part of the Lessee pursuant to the provisions of West Virginia Code Chapter 5A, Article 3, Section 40 (an "Event of Cancellation"), (i) if the State Legislature should subsequently fail to appropriate sufficient funds therefor, or should otherwise act to impair this Lease or cause it to be canceled or (ii) if the Lessee exercises its right to cancel this Lease without further obligation on the part of the Lessee upon the giving of at least 30 days' written notice to the Lessor, such notice being given at least 30 days prior to the last day of the succeeding month. The Lessee shall also give written notice of cancellation to the Lessor at least 30 days prior to the end of the Fiscal Year if an Event of Cancellation pursuant to (i) above occurs. The Lessor shall, within 5 days of receipt of any notice of cancellation, give written notice of such fact to the Trustee. Upon the occurrence of an Event of Cancellation, the Lessee shall immediately redeliver possession of the Leased Premises to the Lessor and thereupon be relieved from any and all obligations hereunder or concerning the Leased Premises except for Rentals accruing prior to such date of redelivery, provided however, that in the event of a failure to appropriate by the State, this Lease shall be deemed canceled at the end of the Fiscal Year after which there is no longer an appropriation for payment of Rentals in full.

20. Quiet Enjoyment of Leased Premises. Lessor covenants that as of the date of delivery of this Lease, Lessor seized the Leased Premises as the sole owner thereof, in fee simple, free of all liens, encumbrances and any outstanding interests whatsoever, except Permitted Encumbrances, as such term is defined in the Indenture and that upon payment of the Rentals as hereinbefore set forth, it will warrant and defend the title of Lessee against any and all claims

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whatsoever, not arising hereunder, during the term of this Lease and that the Lessee shall, at all times during the term of this Lease, peaceably and quietly have, hold, and enjoy the Leased Premises, provided however, that this Lease shall be subject to the Indenture.

21. [Reserved].

22. Removal of Machinery and Equipment. It is understood and agreed that all machinery and equipment installed by the Lessee, or placed upon the Leased Premises incident to the business of the Lessee, whether annexed to the freehold or not and not installed with proceeds of the Bonds, shall remain the personal property, of the Lessee, and the Lessee shall have the privilege and right to remove them at any time during the term of this Lease, provided the Leased Premises are restored to as good condition as existed prior to installation of said machinery and equipment, reasonable wear and tear excepted.

23. Right to Purchase the Leased Premises. Lessor hereby grants unto Lessee the right to cause the State to purchase the Leased Premises, together with all improvements thereon, at any time for a sum sufficient to defease the Bonds in accordance with Article VI of the Indenture (the "Purchase Option Price"), and pay any unpaid Additional Rentals due hereunder, all as calculated in accordance with and subject to the requirements of the Indenture. Lessee will provide forty-five (45) days prior written notice to the Lessor in the event the Lessee elects to exercise its right to cause the State to purchase the Leased Premises under this Section 23. The date of closing shall be established by Lessee.

24. Title to Leased Premises. Except as expressly set forth in this Lease, title to the Leased Premises and any and all alterations thereto and replacements thereof shall be held in the name of the Lessor during the term of this Lease and the Lessee shall not have any right, title or interest in the Leased Premises. However, at the end of the Lease Term upon the payment of all Rentals, or upon exercise of its right to purchase the Leased Premises pursuant to Section 23 hereof, Lessor shall, at Lessor's expense, make and deliver to State of West Virginia, Department of Administration on behalf of the West Virginia Regional Jail and Correctional Facility Authority, a good and proper deed, duly executed and acknowledged with transfer stamps, if applicable, attached thereto, with covenants of special warranty, conveying good and marketable title to the Leased Premises, subject to all reservations, exceptions, conditions, easements, rights-of-way or other like limitations of record under and by which Lessor is bound in ownership of the Leased Premises as of the date of this Lease.

25. No Encumbrance, Mortgage or Pledge of Leased Premises. Except as provided in the Indenture, neither the Lessor nor the Lessee shall permit any mechanic's or other lien to be established or remain against the Leased Premises, provided, that if the party responsible for the payment of such lien first shall notify the other party of its intention to so do, such responsible party may in good faith contest any mechanic's or other lien filed or established against the Leased Premises, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the other party shall notify it that, in the opinion of Independent Counsel, by nonpayment of any such items, the other such party's title to the Leased Premises or the lien on the Leased Premises

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pursuant to this Lease will be endangered materially, or the Leased Premises or any part thereof will be subject to loss or forfeiture, in which event the responsible party shall promptly pay and cause to be satisfied and discharged all such unpaid items. No such payment shall constitute a waiver of the right to continue to contest such items. Lessor and Lessee will cooperate fully with each other in any such contest. Except for the Indenture, neither the Lessor nor the Lessee, directly or indirectly, shall create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Premises. The Lessee or the Lessor, as the case may be, promptly and at their own expense, shall take such action as may be necessary to discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created, incurred or suffered to exist.

26. Restriction on Sale, Etc. Lessor agrees that so long as the Lessee is not in default hereunder, it will not, except as contemplated herein or as provided in the Indenture, enter into any other contract or agreement affecting this Lease, the Rentals or the Leased Premises in any way or attempt to sell, assign, convey or otherwise alienate any interest it may have in the Leased Premises, this Lease or the Rentals, or assign the same as security for any other obligations of the Lessor without the prior written consent of the Lessee. Notwithstanding the foregoing, upon the occurrence of an Event of a Default or an Event of Cancellation hereunder, Lessor's interest may be transferred, either pursuant to a foreclosure sale, deed in lieu of foreclosure, or otherwise. Any person or entity acquiring the Leased Premises after a foreclosure sale, deed in lieu of foreclosure, or pursuant to transfer from the Trustee shall, thereafter, assume the same rights, duties and obligations of Lessor as hereunder unless this Lease shall have been terminated in accordance herewith.

For so long as Lessee is not in default of its obligations under this Lease and any sublease, as applicable, and an Event of Cancellation or Event of Default has not occurred, any successor to Lessor shall be required to acknowledge that it is accepting title subject to this Lease and that it agrees to perform all of Lessor's obligations hereunder. Reasonable advance notice of any proposed transfer of Lessor's interest will be given to Lessee prior to any transfer.

27. Further Assurance and Corrective Instruments. Lessor and Lessee agree that they will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments as reasonably may be required for correcting any inadequate or incorrect description of the Leased Premises hereby leased or intended to be leased or for otherwise carrying out the intention hereof.

28. Tax Representations, Warranties and Covenants. The Lessee represents, warrants and covenants as follows:

(a) Lessee shall not perform any act, nor omit to perform any act, (if within their reasonable control) which performance or omission would cause the interest on the Bonds to not be excludable from the gross income of any holder thereof.

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(b) Lessee agrees that it will make no use of amounts, which are or may be treated as proceeds of this Lease or of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

(c) The Internal Revenue Service has not questioned the authority of the Lessee to certify its expectations with respect to arbitrage.

(d) Lessee certifies and covenants to and for the benefit of the holders of the Bonds and the Trustee, that, so long as any of the Bonds remain outstanding, Lessee will not knowingly direct or otherwise cause the investment or use of any moneys in any fund or account in connection with the Bonds or interest thereon whether or not held by the Trustee pursuant to the Indenture and regardless of whether any such moneys were derived from proceeds of the Bonds or from any other source (including any monies reasonably expected to be used to pay the Bonds or interest thereon, whether or not held by the Trustee pursuant to the Indenture and regardless of whether any such moneys were derived from proceeds of the Bonds or from any other source), in a manner which will cause the Bonds to constitute "arbitrage bonds" within the meaning of Section 148 of the Code.

(e) During the term of this Lease, Lessee will use its best efforts to comply with the requirements of the Code applicable to this Lease in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds and will not take any action, within its control, or fail to take any action which would cause a loss of such exclusion.

(f) Lessee will not take any action nor cause any action, within its control, to be taken that would cause this Lease to be "federally guaranteed" as defined in Section 149(b) of the Code.

(g) Lessee shall not sublet the Leased Premises or any part thereof in such manner as will cause the Bonds to constitute private activity bonds as such term is defined in Section 141 of the Code, or in any manner which will cause the interest on the Bonds to be includable in gross income of the owners thereof for federal income tax purposes.

29. Events of Default. Each of the following events shall constitute an "Event of Default" under this Lease:

(a) Nonpayment of any Rentals appropriated by the West Virginia State Legislature during the Lease Term within the time frame described in Section 5 of this Lease;

(b) Failure by the Lessee to surrender possession of the Leased Premises upon the termination of this Lease upon the occurrence of an Event of Cancellation pursuant to Section 19 hereof; or,

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a) or clause (b) hereof, provided that (i) the Lessor has notified the Lessee of such failure and (ii) the Lessor has declared such failure to be an Event of Default.

Notwithstanding the foregoing, an Event of Cancellation shall not, by itself, be deemed to be an Event of Default.

30. Remedies on Default. If an Event of Default shall have occurred and be continuing, the Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Premises under this Lease, including, without limiting the generality of the foregoing to the extent permitted by the laws of the State, (i) to take possession of any or all of the Leased Premises at any time, and from time to time, to sell, resell, lease, assign, deliver or otherwise dispose of all or any of the property comprising or used in connection with the Leased Premises, at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and at such price or prices and on such terms as the Lessor may determine, with the amounts realized from any such sale, lease or other disposition to be applied; (ii) to take possession of the Leased Premises and lease the Leased Premises on such terms as the Lessor may determine, with the amounts realized from any such lease to be applied in accordance with the applicable provisions of the Indenture; or (iii) declare all Rentals and other payments due herein and appropriated by the State Legislature for the Fiscal Year in which such Event of Default has occurred to be immediately due and payable, whereupon such payments shall become immediately due and payable and shall be applied in accordance with applicable provisions of the Indenture. The Lessor shall not be obligated to do any of the acts hereinabove authorized, but in the event that the Lessor elects to do any such act all costs and expenses incurred by the Lessor and the Trustee in doing any such act shall be for the account of the Lessee and shall be added to the Rentals owed hereunder as Additional Rent. Lessor shall not be responsible to the Lessee except for the Lessor's gross negligence or willful misconduct.

The remedies set forth in this Section 30 comprise Lessor's sole remedies under this Lease for an Event of Default. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time, as often as may be deemed expedient.

31. Remedies Upon Event of Cancellation. If any Event of Cancellation shall have occurred and is continuing, the Lessor may (i) take possession of any or all of the Leased Premises at any time and from time to time, sell, resell, lease, assign, deliver or otherwise dispose

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of all or any of the property comprising or used in connection with the Leased Premises, at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and at such price or prices and on such terms as the Lessor may determine, with the amounts realized from any such sale, lease or other disposition to be applied in accordance with the applicable provisions of the Indenture or (ii) take possession of the Leased Premises and lease the Leased Premises on such terms as the Lessor may determine, with the amounts realized from any such lease to be applied in accordance with applicable provisions of the Indenture.

The remedies set forth in this Section 31 comprise Lessor's sole remedies under this Lease for an Event of Cancellation.

32. Waivers. In view of the assignment to the Trustee of the Lessor's right, title and interest in, to and under this Lease and the Leased Premises, the Lessor shall have no right to waive any Event of Default hereunder or pursue any remedy hereunder without the consent of the Trustee; and the waiver of an Event of Default by the Trustee shall constitute a waiver of such Event of Default by the Lessor without the necessity of any action of or consent by the Lessor.

33. Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws. The Lessor and the Lessee agree, to the extent permitted by law, that in the case of a termination of this Lease, neither the Lessor nor the Lessee nor any one claiming through or under either of them shall or will set up, claim or seek to take advantage of, any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of this Lease; and the Lessor and the Lessee, for themselves and all who may at any time claim through or under either of them, each waives, to the full extent that it may lawfully do so, the benefit of all such laws.

34. Net Lease. This Lease shall be deemed and construed to be a "net lease" and the Lessee covenants that it shall pay absolutely net during the Lease Term the Rentals, free of any deductions, and without abatement, deduction or set off and to that end, Lessee covenants that it shall pay all costs, expenses and obligations of every kind and nature relating to the Leased Premises and the ownership, management, maintenance and operation thereof which may arise during the term of this Lease. Lessee shall not be entitled to any abatement, reduction, set off, counterclaim, defense, or deduction-with respect to any Rentals by reason of (i) any damage to or destruction of the Leased Premises or any part thereof, (ii) any taking of the Leased Premises or any part thereof by condemnation or otherwise; or (iii) any prohibition, limitation, restriction, or prevention of the Lessee's use, occupancy, or enjoyment of the Leased Premises or any part thereof, or any interference with such use, occupancy or enjoyment.

35. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a legal holiday or a day on which banking institutions in the State of West Virginia, are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by

law to remain closed, with the same force and effect as if done on the date otherwise specified herein.

36. Entirety of Lease. This Lease constitutes the entire agreement between Lessor and Lessee. There are no understandings, agreements, representations or warranties, express or implied, not stated herein. Any terms and conditions of any purchase order or other document submitted by the Lessee in connection with this Lease which are in addition to or inconsistent with the terms and conditions of this Lease and not executed by Lessor will not be binding and will not apply to this Lease.

37. Cooperation of Lessor. The Lessor shall cooperate fully with Lessee and Trustee in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in this Lease, in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Premises, or in any action relating to any contract or agreement relating to the events described in this Lease. In no event shall the Lessor voluntarily settle, or consent to the settlement of, any proceeding arising out of any such insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or action, without the written consent of the Trustee and Lessee.

38. Enforcement of Warranties by Lessee. The Lessor constitutes and appoints the Lessee as its attorney-in-fact for the purpose of asserting and enforcing, at the sole cost and expense of the Lessee, all manufacturers' warranties and guaranties, express or implied, with respect to any personal property owned by Lessor and used at or property comprising part of the Leased Premises, as well as any claim or rights the Lessor may have against any manufacturer, supplier, contractor, or other person in respect to the personal property comprising the Leased Premises.

39. Assertion of Claims by Lessee. The Lessor hereby appoints Lessee as its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default hereunder or under any Lease, to assert from time to time, whatever claims and rights for such breach or any damages arising therefrom, including its costs and attorneys fees, including warranties of the personal property comprising the Leased Premises, which Lessor may have against the manufacturer or supplier of the personal property comprising the Leased Premises. Lessee's remedies for the breach of any such warranty, indemnification or representation shall be against the manufacturer or supplier of the personal property comprising the Leased Premises and not against the Lessor, nor shall such matter have any effect whatsoever on the rights of the Lessor with respect to this Lease, including the right to receive full and timely payments hereunder. Lessee expressly acknowledge that the Lessor has not made any representations or warranty whatsoever as to the existence or availability of such warranties of the manufacturer or supplier of the personal property comprising the Leased Premises.

40. Investments. All Rentals and all proceeds of the Bonds shall, pending their disbursement, be invested in accordance with the laws of the State. The manner of investment of Rentals and moneys in the funds and accounts under the Indenture shall be made by the Trustee, as directed in writing by the Lessee.

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41. [Reserved].

42. Parties Bound. The covenants and conditions herein contained shall inure to the benefit of the parties hereto and the Trustee and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto.

43. Time of the Essence. Time is of the essence of this Lease, and of each and every covenant, term, condition and provision hereof.

44. Severability. Any provision of this Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Lease.

45. Compliance with Law. The parties shall comply with all applicable statutes, ordinances, rules and regulations of federal, state and municipal governments, and shall observe and comply promptly with all current and future orders of all courts having jurisdiction over the Leased Premises or any portion thereof, and all current and future requirements of all insurance companies writing policies covering the Leased Premises or any portion thereof.

46. Accessibility Requirements. Lessor hereby warrants that, to the extent applicable, the Leased Premises shall comply with the accessibility standards established and set forth by the Americans with Disabilities Act of 1990, whether requested by the Lessee or required by law. The Lessee has reviewed and approved the Plans and have determined that they comply with the requirements of this Section.

47. Headings; Counterparts. The headings to the various Sections of this Lease have been inserted for reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions hereof. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

48. Modifications. All modifications, amendments, alterations or changes to this Lease shall be in writing and signed by both parties, provided that no modification hereof shall be made unless consented to in writing by the Trustee.

49. Choice of Law. This Lease shall be governed by the law of the State of West Virginia.

50. Termination of Lease; Delivery of Possession. In the event this Lease is terminated for any reason whatsoever, whether by virtue of the occurrence of an Event of Default or an Event of Cancellation other than in conjunction with the purchase of the Leased Premises pursuant to the option to purchase herein contained, Lessee shall immediately surrender possession of the Leased Premises. In the event of a failure to so deliver possession, the Lessee shall be liable for payment of a pro rata portion of the Rental attributable to the number of days of failure to so deliver possession, as well as all other reasonable expenses relating to the use and occupancy of the Leased Premises during such period.

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IN WITNESS WHEREOF, the parties hereto have caused their names to be affixed to this Lease.

WEST VIRGINIA ECONOMIC
DEVELOPMENT AUTHORITY,
Lessor

By _____
Chairman

STATE OF WEST VIRGINIA, acting by
and through the DEPARTMENT OF
ADMINISTRATION, Lessee

By _____
Secretary

APPROVED AS TO FORM THIS __ DAY OF _____, 2002.

By: _____
Title: Deputy Attorney General

This instrument was prepared by Brian C. Helmick, Attorney-at-Law, Jackson & Kelly PLLC,
1600 Laidley Tower, Post Office Box 553, Charleston, West Virginia 25322

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STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO WIT:

The foregoing instrument was acknowledged before me this __ day of January, 2002, by DAVID C. SATTERFIELD, Chairman of the WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY, a public corporation, for said Corporation.

My commission expires: _____

[NOTARIAL SEAL]

Notary Public

STATE OF WEST VIRGINIA,

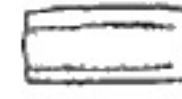
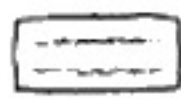
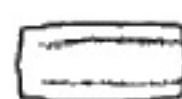
COUNTY OF KANAWHA, TO WIT:

The foregoing instrument was acknowledged before me this __ day of January, 2002, by GREG BURTON, SECRETARY OF ADMINISTRATION OF THE STATE OF WEST VIRGINIA for said Department.

My commission expires: _____

[NOTARIAL SEAL]

Notary Public



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EXHIBIT A

CERTIFICATE OF SECRETARY OF THE DEPARTMENT OF ADMINISTRATION

I, GREG BURTON, Secretary of the Department of Administration of the State of West Virginia, hereby certify that I have executed the Certificate identified as Exhibit E to the Lease in satisfaction of the requirement therefore set forth in Section 5A-3-40 of the West Virginia Code of 1931, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of January, 2002.

Greg Burton, Secretary of the Department of
Administration of the State of West Virginia

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EXHIBIT B

PROJECT DESCRIPTION AND PROJECT SCHEDULE

James H. "Tiger" Morton Juvenile Detention Center

One of the first two prototypical regional juvenile detention centers to be built in West Virginia, The James H. "Tiger" Morton Juvenile Detention Center will be located on the site of the former Kanawha Home for Children in Dunbar, West Virginia. After the old Kanawha Home is demolished, the new regional detention center will meet all federal, state, and American Correctional Association standards. Designed by Charleston-based architectural firm ZMM in association with nationally known juvenile design expert Michael McMillian, the 24-bed facility (with an additional cell for lock-down and the capacity to double-bunk four of the housing units' cells for a total of 29 potential beds) will be approximately 25,000 square feet. The cost for the entire project – demolition, infrastructure linkages, and construction – is estimated at \$6 million. The project should be completed by the end of Summer, 2003.

Schedule

Drawings completed	8 weeks	March 1, 2002
Bidding	4 weeks	
Bid Award	2 weeks	
Construction start		May 15, 2002
Construction completion	16 months	September 2003

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EXHIBIT C

CERTIFICATE OF FAIR RENTAL VALUE

I, GREG BURTON, Secretary of the Department of Administration of the State of West Virginia, hereby certify that I am duly authorized to execute this Certificate on behalf of the State and do further certify as follows:

The Rentals being paid by the State of West Virginia, by the Department of Administration (the "State"), under the terms of the Contract of Lease-Purchase, dated as of January 15, 2002, by and between the West Virginia Economic Development Authority, as Lessor, and the State, represent the fair rental value for the buildings and improvements described therein. The defined terms included herein shall have the meanings ascribed thereto in the documents referenced above.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of January, 2002.

Greg Burton, Secretary of the Department of
Administration of the State of West Virginia

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EXHIBIT D

CERTIFICATE OF ACCEPTANCE

I, the undersigned, Secretary of the Department of Administration of the State of West Virginia (the "Department of Administration"), hereby certify to the West Virginia Economic Development Authority (the "Authority") that the Leased Premises, as such term is defined in the Contract of Lease-Purchase dated as of _____, 200_, by and between the Authority, as Lessor and the State of West Virginia, by the Department of Administration (the "Lease") have been delivered to the Department of Administration, substantially complete and suitable for occupancy and that the Department of Administration has accepted the Leased Premises as of _____, 200_.

IN WITNESS WHEREOF, I have hereunto set my hand this __ day of _____, 200_.

Secretary of the Department of Administration of the State
of West Virginia

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EXHIBIT E

SITE DESCRIPTIONS

A tract of land situate in Union District, Kanawha County, West Virginia, and described as follows:

Beginning at a point in the westerly 30' Right of Way line of Kanawha County Route 25/6 (King Street), approximately 1400 feet south of its intersection with WV State Route 25 in Dunbar, Union District, Kanawha County, West Virginia, said point being a No. 4 rebar with a cap set; thence leaving said Right of Way line, and with the division line between The Kanawha County Parks And Recreation Commission and The Kanawha County Court as follows; N46°19'48"W 310.29 feet to a No. 4 rebar with a cap set; N38°16'53"W 75.28 feet to a 3/4" iron pipe found; N45°29'53"E 77.01 feet to a No. 4 rebar with a cap set; S44°39'31" E 36.09 feet to a No. 4 rebar with a cap set; N 45°49'03"E 137.54 feet to a No. 4 rebar with a cap set; S50°10'58"E 293.81 feet to a No. 4 rebar with a cap set at a common corner with the West Dunbar Public Service District; thence leaving said division line and with the division line between the West Dunbar Public Service District and The Kanawha County Court; S42°35'39"W 39.70 feet to a fence corner found; S47°35'31"E 39.57 feet to a No. 4 rebar with a cap set in the westerly 30' Right of Way line of said King Street; Thence with said Right of Way line, S41 °31'13"W 204.97 Feet to the Point of Beginning, containing 1.86 acres, more or less, and the same being designated as Tract No. 1 on the plat titled "PLAT SHOWING LAND TO BE ACQUIRED BY TIGER MORTON JUVENILE DETENTION CENTER," dated December 6, 2001, prepared by Triad Engineers, Inc., and attached as EXHIBIT A to that certain deed dated December 27, 2001, of record in Kanawha County Deed Book 2541, at page 166.

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EXHIBIT F
SCHEDULE OF RENTALS

Doddridge County Clerk
Janice Ellifritt Cox
DEED OF TRUST Deputy BETH ROGERS
Date/Time: 01/24/2002 11:32
Inst #: 14831
Book/Page: 141- / 1-
Recd/Tax: 166.00 .00