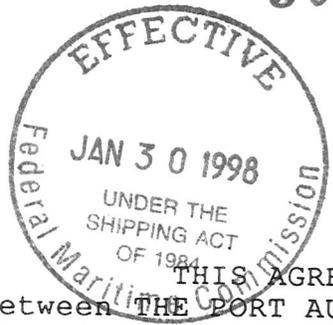


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CONFORMED COPY

Port Authority Lease No. HHT-4
Supplement No. 4

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SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of September 16, 1997, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and HOWLAND HOOK CONTAINER TERMINAL, INC. (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, heretofore and as of June 30, 1995, the Port Authority and the Lessee entered into an agreement of lease (hereinafter, as the said agreement of lease has been heretofore amended, modified and supplemented, called "the Lease") covering the Howland Hook Marine Terminal, in the Borough of Staten Island, in the County of Richmond and State of New York; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease;

NOW, THEREFORE, for and in consideration of the foregoing and the agreements hereinafter contained the Port Authority and the Lessee hereby agree as follows:

1. (a) The Lessee understands that construction and installation work is required in order to prepare the premises for its continued occupancy and operations, and the Lessee agrees to and shall perform the following work to prepare the premises for the Lessee's continued operations therein (which work is hereinafter called "the Lessee's construction work"): the construction of a one-story temperature-controlled warehouse of approximately sixty-six thousand four hundred (66,400) square feet. The Lessee's construction work shall be paid for by the Port Authority as provided for in subparagraphs (p) and (q) of this paragraph.

(b) With respect to the Lessee's construction work the Lessee shall be the insurer of the Port Authority, the City of New York (hereinafter called "the City"), and the New York City Economic Development Corporation (hereinafter called "EDC"), and their respective Commissioners, officers, agents and employees against the following distinct and several risks, whether they arise from acts or omissions of the Lessee, any contractors of the Lessee, the Port Authority, the City, EDC, third persons, or from acts of God or the public enemy, or otherwise, excepting only risks which result solely from affirmative wilful acts done by the Port Authority, the City or EDC subsequent to commencement of the work:

(i) The risk of loss or damage to all such construction prior to the completion thereof. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the work without cost to the Port Authority, the City or EDC;

(ii) The risk of death, injury or damage, direct or consequential, to the Port Authority, the City or EDC and their respective Commissioners, officers, agents and employees, and to its or their property, arising out of or in connection with the performance of the work. The Lessee shall indemnify the Port Authority, the City, and EDC and their respective Commissioners, officers, agents and employees, for all such injuries and damages, and for all loss suffered by reason thereof;

(iii) The risk of claims and demands, just or unjust, by third persons against the Port Authority, the City, or EDC and their respective Commissioners, officers, agents and employees, arising or alleged to arise out of the performance of the work. The Lessee shall indemnify the Port Authority, the City, and EDC and their respective Commissioners, officers, agents and employees, against and from all such claims and demands, and for all loss and expense incurred by it or them in the defense, settlement or satisfaction thereof including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential.

(c) Prior to the commencement of any of the Lessee's construction work, the Lessee shall submit to the Port Authority for its approval a Construction Application in the form supplied by the Port Authority, and containing such terms and conditions as the Port Authority may include, setting forth in detail by appropriate plans and specifications the work the Lessee proposes to perform and the manner of and time periods for performing the same, including without limitation a schedule listing each contract proposed to be entered into for the performance of the work and the estimated cost of the work to be performed under each such contract. The data to be supplied by the Lessee shall identify each of the items constituting the Lessee's construction work, and shall describe in detail the systems, improvements, fixtures and equipment to be installed by the Lessee. The Lessee shall be responsible at its sole expense for retaining all architectural, engineering and other technical consultants and services as may be directed by the Port Authority and for developing, completing and submitting detailed plans and specifications for the work. The plans and specifications to be submitted by the Lessee shall be in sufficient detail for a contractor to perform the work and shall bear the signature and

seal of a registered architect or professional engineer licensed in the State of New York who shall be responsible for the administration of the work in accordance with the Port Authority's requirements. In connection with review by the Port Authority of the Lessee's submissions under this paragraph, the Lessee shall submit to the Port Authority, at the Port Authority's request, such additional data, detail or information as the Port Authority may find necessary. Following the Port Authority's receipt of the Lessee's Construction Application and complete plans and specifications, the Port Authority shall give its written approval or rejection thereof, or shall request such revisions or modifications thereto as the Port Authority may find necessary. The Lessee shall not engage any contractor or permit the use of any subcontractor unless and until each such contractor or subcontractor, and the contract such contractor is operating under, have been approved by the Port Authority. The Lessee shall include in any such contract or subcontract such provisions as are required in accordance with the provisions of this Agreement and the Construction Application approved by the Port Authority. The Lessee shall obtain and maintain or cause each contractor to obtain and maintain in force such insurance coverage as is described in subparagraphs (j) and (k) of this paragraph and such performance bonds as the Port Authority may specify. All of the Lessee's construction work shall be performed by the Lessee in accordance with the Construction Application and final plans and specifications approved by the Port Authority, shall be subject to inspection by the Port Authority during the progress of the work and after the completion thereof, and the Lessee shall redo or replace at its own expense any work not done in accordance therewith. Upon final completion of all of the Lessee's construction work the Lessee shall deliver to the Port Authority a certificate to such effect signed by a responsible officer of the Lessee and by the architect or engineer who sealed the Lessee's plans pursuant to the provisions of this subparagraph certifying that all of the work has been performed in accordance with the approved plans and specifications and the provisions of this Agreement, and the Lessee shall supply the Port Authority with as-built drawings of the Lessee's construction work in such form and number requested by the Port Authority. The Lessee shall keep said drawings current during the term of the letting under the Lease as herein amended. No changes or modifications to such work shall be made without prior Port Authority consent. Following its receipt of the Lessee's certificate, the Port Authority shall inspect the work and, unless such certification is not correct, or the Port Authority determines that the premises are unsuitable for occupancy and use by the Lessee, a certificate of final completion shall be delivered to the Lessee by the Port Authority (which date of issuance of said certificate is hereinafter called "the Completion Date").

(d) Except as set forth in subparagraph (e) of this paragraph, the Lessee shall not commence any portion of the Lessee's construction work until the Construction Application and plans and specifications covering such work, referred to in subparagraph (c) of this paragraph, have been finally approved by the Port Authority.

(e). If the Lessee desires to commence construction of portions of the Lessee's construction work prior to the approval by the Port Authority of the complete Construction Application and plans and specifications covering all of such work pursuant to subparagraph (c) of this paragraph, the Lessee shall submit to the Port Authority a separate Construction Application for each portion of the Lessee's construction work the Lessee so desires to commence (each such portion of the Lessee's construction work being hereinafter designated as "Partial Approval Work") which shall be executed by an authorized officer of the Lessee and shall be accompanied by final and complete plans, specifications, drawings, and data with respect to such portion of the Lessee's construction work (the final and complete plans, specifications, drawings, and data covering each such portion of the Lessee's construction work are hereinafter referred to as "the Partial Approval Work Plans" with respect to such portion of the Lessee's construction work) setting forth in detail the work to be performed in connection with each such portion of the Lessee's construction work. The Port Authority shall have full and complete discretion as to whether to permit the Lessee to proceed with the performance of any Partial Approval Work. If the Port Authority consents to the performance of any Partial Approval Work, the Port Authority shall review the Construction Application covering such work and shall give its written approval or rejection of the Partial Approval Work Plans with respect thereto or shall request such revisions or modifications thereto as the Port Authority may find necessary. Upon the Port Authority's approval of the Construction Application covering an item of Partial Approval Work and its approval of the Partial Approval Work Plans with respect thereto, the Lessee may proceed to perform such item of Partial Approval Work subject to and in accordance with the following terms and conditions:

(1) The performance by the Lessee of any item of Partial Approval Work in accordance with the Port Authority's approval will be at its sole risk and if for any reason the plans and specifications for the balance of the Lessee's construction work or, any part thereof, are not approved by the Port Authority or if the approval thereof calls for modifications or changes in any item of Partial Approval Work undertaken by the Lessee under any approval granted by the Port Authority pursuant to this subparagraph, the Lessee will, as directed by the Port Authority, and at the Lessee's sole cost and expense, either restore the area affected to the condition existing prior to the commencement of such item of Partial Approval Work or make such modifications

and changes to such work as may be required by the Port Authority.

(2) Nothing contained in any approval given pursuant to this subparagraph shall constitute a determination or indication by the Port Authority that the Lessee has complied with any laws, rules, orders, ordinances, enactments, resolutions, regulations, statutes, requirements, codes, directions, and executive orders, including but not limited to those of the City of New York, which may pertain to the Partial Approval Work to be performed and which the Lessee is required to comply with pursuant to the Lease as herein amended.

(3) Each item of Partial Approval Work shall be performed in accordance with and subject to the terms and provisions of this Agreement covering the Lessee's construction work and in accordance with the approved Construction Application covering such item of Partial Approval Work and in accordance with the approved Partial Approval Work Plans constituting a part of such Construction Application, and subject to any requirements, stipulations, and provisions which the Port Authority may impose in its approval of the performance of such item of Partial Approval Work.

(4) No Partial Approval Work performed by the Lessee pursuant to the provisions of this subparagraph shall affect or limit the obligations of the Lessee under any prior approvals it may have obtained with respect to the Lessee's construction work.

(5) The fact that the Lessee has performed any item of Partial Approval Work and that the Port Authority has consented to the performance thereof shall not affect or limit the obligations of the Lessee under this Agreement with respect to the Lessee's construction work. The Lessee specifically understands that neither the Port Authority's approval of any Construction Application and Partial Approval Work Plans covering any item of Partial Approval Work nor the performance by the Lessee of any item of Partial Approval Work pursuant to such approval shall obligate the Port Authority to approve the Construction Application and plans and specifications submitted by the Lessee for the balance of the Lessee's construction work or shall create or be deemed to create any obligation on the part of the Port Authority to permit subsequent Partial Approval Work to be performed. Without limiting the generality of the provisions of this subparagraph, it is specifically understood that the Port Authority may withhold its approval of a Construction Application and Partial Approval Work Plans covering any item of Partial Approval Work if the Port Authority determines that review of subsequent items of Partial Approval Work is required before the Port Authority can approve, reject, or comment upon such Partial Approval Work Plans.

(6) In the event that in the opinion of the Port Authority the Lessee at any time during the performance of any portion of any item of Partial Approval Work under the approval granted by the Port Authority pursuant to this subparagraph shall fail to comply with all of the provisions of this Agreement with respect to such work or shall fail to comply with the provisions of the Construction Application covering such work and the plans and specifications forming a part thereof, or shall fail to comply with any requirements, stipulations, or provisions imposed by the Port Authority in its approval of the performance of such item of Partial Approval Work, or if in the Port Authority's opinion the Lessee shall be in breach of any of the provisions of this Agreement covering such work or shall be in breach of any of the provisions of the Construction Application and plans and specifications covering the performance of such work, or shall be in breach of any requirements, stipulations, or provisions imposed by the Port Authority in its approval of the work, the Port Authority shall have the right to cause the Lessee to cease all or such part of such item of the Partial Approval Work as is being performed in violation of this Agreement, the Construction Application and plans and specifications, or the conditions of the Port Authority's approval. Upon written direction from the Port Authority, the Lessee shall promptly cease performance of the portion of the Partial Approval Work specified. The Lessee shall thereupon submit to the Port Authority for its written approval the Lessee's proposal for making modifications, corrections or changes in or to the item of Partial Approval Work that has been or is to be performed so that the same will comply with the provisions of this Agreement, the Construction Application and plans and specifications, or the conditions of the Port Authority's approval covering such work. The Lessee shall not commence construction of the portion of the Partial Approval Work that has been halted until it has received written approval of the proposed modifications, corrections or changes.

(7) It is hereby expressly understood and agreed that the Port Authority has no duty or obligation of any kind whatsoever to inspect or police the performance of any Partial Approval Work by the Lessee and the rights granted to the Port Authority hereunder shall not create or be deemed to create such a duty or obligation. Accordingly, the fact that the Port Authority has not exercised its right to require the Lessee to cease performance of all or any part of the Partial Approval Work shall not be or be deemed to be an agreement or acknowledgment on the part of the Port Authority that the Lessee has in fact performed such work in accordance with the terms of this Agreement, the Construction Application and plans and specifications covering such work, or the conditions of the Port Authority's approval of such work, nor shall such fact be or be deemed to be a waiver by the Port Authority of any of the requirements of this Agreement with respect to such work, or any of the requirements of the Construction Application and plans and

specifications covering such work, or any of the conditions of the Port Authority's approval of such work.

(f) Without limiting the generality of any of the provisions of this Agreement, the Lessee's construction work (including any Partial Approval Work performed by the Lessee) shall be performed in such a manner that there will be at all times during construction a minimum of air pollution, water pollution or any other type of pollution, and a minimum of noise emanating from, arising out of, or resulting from construction. Subject to the provisions of this Agreement, the Lessee shall construct such reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives set forth in this subparagraph, and, without limiting the generality of the foregoing, such construction shall be subject to the Port Authority's review and approval in accordance with the provisions of this paragraph.

(g) Without limiting the generality of subparagraph (c) of this paragraph the Lessee shall be solely responsible for the plans and specifications used by it and for the adequacy or sufficiency of such plans, specifications and all the improvements, fixtures, and equipment depicted thereon or covered thereby, regardless of the consent thereto or approval thereof by the Port Authority or the incorporation therein of any Port Authority requirements or recommendations. The Port Authority shall have no obligation or liability in connection with the performance of any of the Lessee's construction work or for the contracts for the performance thereof entered into by the Lessee. Any warranties extended or available to the Lessee in connection with the aforesaid work shall be for the benefit of the Port Authority as well as the Lessee. The Lessee shall conduct no public operations in the premises with respect to any improvements, fixtures or equipment constituting the Lessee's construction work until the Port Authority shall have notified the Lessee in writing that the Lessee's construction work has been completed or substantially completed to its satisfaction. In the event of any inconsistency between the provisions of this Agreement and those of the Construction Application referred to in subparagraph (c) of this paragraph the provisions of this Agreement shall control.

(h) Without limiting or affecting any other term or provision of this Agreement, the Lessee shall be solely responsible for the design, adequacy and operation of all utility, mechanical, electrical, communications and other systems installed in the premises by the Lessee and all other improvements, additions, fixtures, finishes, decorations and equipment made or installed by the Lessee in the premises and shall do all preventive maintenance and make all repairs, replacements, rebuilding (ordinary or extraordinary, structural or non-structural) and painting necessary to keep such systems,

improvements, additions, fixtures, finishes, decorations and equipment (whether the same involves structural or non-structural work) in the condition they were in when made or installed except for reasonable wear which does not adversely affect the efficient or proper utilization of any part of the premises.

(i) The Lessee shall pay all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the work, and shall cause its contractors and subcontractors to pay all such claims lawfully made against them. Nothing herein contained shall be deemed to constitute consent to the creation of any lien or claim against the premises or any part thereof, nor to prevent the Lessee from contesting claims in good faith.

(j) In addition to all policies of insurance otherwise required by the Lease as herein amended, the Lessee shall procure and maintain or cause to be procured and maintained in effect during the performance of the Lessee's construction work:

(i) Comprehensive General Liability Insurance including but not limited to coverage for Premises Operations, Products Liability-Completed Operations and for Broad Form Property Damage and Independent Contractor coverage, with a contractual liability endorsement covering the obligations assumed by the Lessee under subparagraph (b) of this paragraph, and which are customarily insured under such a policy, with a minimum combined single limit coverage for bodily injury and property damage of \$5 million. Said insurance shall also include coverage for explosion, collapse and underground property damage hazards.

(ii) Protection and Indemnity Insurance, if the Lessee's work involves the ownership, maintenance, operation, use, loading or unloading of any owned, hired or non-owned watercraft, with a minimum combined single limit coverage for bodily injury and property damage of \$5 million.

(iii) Comprehensive Automobile Liability Insurance covering all owned, non-owned or hired vehicles used in connection with said construction with a minimum combined single limit coverage for bodily injury and property damage of \$2 million.

(iv) Workers' Compensation and Employers' Liability Insurance in accordance with the requirements of law and in limits of not less than \$1 million per accident. The Workers' Compensation Policy shall be specially endorsed

to include coverage afforded by the U.S. Longshoremen's and Harbor Workers' Compensation Act.

(k) In addition to the insurance required pursuant to the provisions of subparagraph (j) of this paragraph, the Lessee shall procure or cause to be procured prior to the commencement of any work Builder's Risk Insurance (All Risk) covering loss or damage (including any loss or damage resulting from flood or earthquake) to any structures, improvements, fixtures and equipment and furnishing and materials on the premises during said construction, whether or not attached to the land, in an amount equal to the full replacement cost. Such insurance shall name the Port Authority, the City, and EDC as insureds and such policy shall provide that the loss shall be adjusted with the Port Authority, and that the proceeds thereof shall be paid to the Port Authority and shall be made available to the Lessee for and applied strictly and solely to the payment of the cost of the repair, replacement, rebuilding or other performance of the Lessee's construction work.

(l) With the exception of the Workers' Compensation and Employers' Liability Insurance policy each policy of insurance described in subparagraph (j) of this paragraph shall include the Port Authority, the City, and EDC as additional insureds, and no such policy shall contain any care, custody or control exclusions, or any exclusion for bodily injury to or sickness, disease or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair the coverages resulting from the Port Authority's status as an additional insured or the coverage under the contractual liability endorsement described in subdivision (i) of subparagraph (j) of this paragraph. Such insurance shall also contain an endorsement providing that the protection afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third party shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority and against the Port Authority by the Lessee, but said endorsement shall not limit, vary, change or affect the protections afforded the Port Authority as an additional insured. Such insurance shall contain a provision that the insurer shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority.

(m) Unless otherwise set forth herein, each policy of insurance described in subparagraphs (j) and (k) of this paragraph shall be subject to the applicable provisions of Section 15 of the Lease.

(n) Title to and property in all improvements and fixtures placed, constructed or installed in or on the premises, including all such improvements and fixtures as shall constitute the Lessee's construction work, shall vest in the Port Authority upon placement, construction or installation thereof and title to and property in any and all equipment and trade fixtures removable without substantial injury to the premises placed in or installed upon the premises shall vest in the Lessee upon the installation thereof.

(o) In the performance of the Lessee's construction work the Lessee shall not permit any situation or condition to continue that may cause or be conducive to any labor troubles at the Facility which interferes with the progress of other construction work at the Facility. The determinations of the Port Authority shall be conclusive on the Lessee and, upon notice from the Port Authority, the Lessee shall or shall cause its contractor to immediately rectify any condition specified in the notice. In the event of failure by the Lessee or any of its contractors to immediately comply with the requirements of this subparagraph (whether or not such failure is due to the Lessee's fault) the Port Authority by notice shall have the right to suspend the Port Authority's permission to the Lessee to proceed with any portion of the Lessee's construction work being performed by or on behalf of the Lessee, and the Lessee shall thereupon immediately cease the same. When labor troubles shall be so settled that such interference or the danger thereof no longer exists, the Port Authority by notice to the Lessee shall reinstate the permission to the Lessee to perform the work on all the same terms and conditions as before the suspension. "Labor troubles" shall mean and include strikes, boycotts, picketing, work-stoppages, slowdowns, complaints, disputes, controversies or any other type of labor trouble, regardless of the employer of the person involved or their employment status, if any.

(p) Upon performance by the Lessee of the Lessee's construction work in accordance with the provisions of this paragraph, the Port Authority will pay to the Lessee a sum in accordance with the provisions of subparagraph (q) of this paragraph (which sum is hereinafter called "the Construction Work Reimbursement Amount") equal to the lesser of: (i) the Reasonable Cost, as hereinafter defined, of the Lessee's construction work or (2) Five Million Dollars and No Cents (\$5,000,000.00). To the extent permitted by sound accounting practice, the sum of the following items of cost incurred by the Lessee in performing the Lessee's construction work shall constitute the Reasonable Cost thereof for the purposes of this Agreement:

(1) The Lessee's payments to contractors;

(2) The Lessee's payments for supplies and materials;

(3) The Lessee's payments to persons, firms or corporations other than construction contractors or suppliers of materials, for services rendered or rights granted in connection with construction, not including services of the types mentioned in items (4), (5) and (6) of this subparagraph;

(4) The Lessee's payments of premiums for performance bonds and for the insurance the Lessee is required to maintain in effect in accordance with the provisions of subparagraphs (j) and (k) of this paragraph during the period of construction only;

(5) The Lessee's payments for engineering services in connection with the Lessee's construction work, and during the period of the construction only;

(6) The Lessee's payments for architectural, planning and design services in connection with the Lessee's construction work;

(7) The sum of the costs approved under items (4), (5) and (6) of this subparagraph shall not exceed 20% of the sum of the costs approved under items (1), (2) and (3) of this subparagraph; if in fact there is any such excess, such excess shall not be a part of the cost incurred by the Lessee in the performance of the Lessee's construction work for the purposes of this paragraph.

No payment or payments on account of administrative or other overhead costs and no payment to employees of the Lessee shall be included in the cost of the work whether or not allocated to the cost of the work by the Lessee's own accounting practices. No payment to a firm or corporation wholly or partially owned by or in common ownership with the Lessee shall be included in the cost of the work.

(q) On or about the tenth day of the first calendar month following the commencement of the Lessee's construction work the Lessee shall certify to the Port Authority, the City, and EDC by written certification subscribed by a responsible officer of the Lessee: (i) the amount of the Lessee's construction work performed by the Lessee in the preceding month, the cost of the work described in the certificate, the amount of such cost incurred by the Lessee during such month, and the amount paid by the Lessee on account of such cost, if any; (ii) that except for the amount, if any, stated in such certificate to be due for services and materials, there is no outstanding indebtedness known to the persons signing such certificate, after

due inquiry, then due on account of the purchase of any equipment or fixtures described in the certificate or for labor, wages, materials, supplies or services in connection with any work described therein which, if unpaid, might become the basis of a vendor's, mechanic's, laborer's or materialmen statutory or similar lien or alleged lien upon such work or upon the premises or any part thereof, or upon the Lessee's leasehold interest therein, nor are any of the equipment, or fixtures described in such certificate secured by any liens, mortgages, security interests or other encumbrances. Nothing contained herein shall be deemed or construed as a submission by the Port Authority to the application to itself of any such lien; and (iii) that the work for which the amount set forth in the certificate is due has been performed in accordance with the Lessee's approved plans and specifications and the provisions of this Agreement. Such certificate shall also contain a certification by the Lessee and by the architect or engineer who sealed the Lessee's plans pursuant to the provisions of subparagraph (c) of this paragraph certifying to the Port Authority, the City, and EDC that all of the work described in the certificate has been performed in accordance with the final plans and specifications approved by the Port Authority and in accordance with the provisions of this Agreement. Following its receipt of the Lessee's certificate, the Port Authority shall remit to the Lessee an amount equal to the cost incurred by the Lessee for the portion of the Lessee's construction work performed by the Lessee in the preceding month as shown in the certificate less ten percent (10%) thereof and also less the amount of any claims made against the Port Authority by subcontractors, materialmen or workmen, if any, in connection with any of the work described in the certificate. On or about the tenth day of each month thereafter during the period of the performance of the Lessee's construction work the Lessee shall deliver a similar certificate to the Port Authority signed by a responsible officer of the Lessee which certificate shall certify to the Port Authority, the City, and EDC the amount of the Lessee's construction work performed by the Lessee in the preceding month, the cost of the work described in the certificate performed by the Lessee in the preceding month, the amount of such cost incurred by the Lessee during such month, the amount paid by the Lessee on account of such cost, the cumulative amount of such cost incurred by the Lessee on account of the work described in the certificate from the date of the commencement of the work, and the cumulative amount of all payments made on account of such cost from the date of the commencement of the work, and such certificate shall also contain the statements set forth in subdivisions (ii) and (iii) of this subparagraph both with respect to the work described in the certificate and all work previously performed by the Lessee. Each such certificate shall also contain a certification by the Lessee and by the architect or engineer who sealed the Lessee's plans pursuant to the provisions of subparagraph (c) of this paragraph certifying to the Port Authority, the City, and EDC that all of the work

described in the certificate has been performed in accordance with the final plans and specifications approved by the Port Authority and in accordance with the provisions of this Agreement. Following its receipt of such certificate the Port Authority shall remit to the Lessee an amount equal to the cost incurred by the Lessee for the portion of the Lessee's construction work performed by the Lessee in the preceding month as shown in the certificate less ten percent (10%) thereof and less the amount of claims, if any, made against the Port Authority by subcontractors, materialmen or workmen on account of any of the work described in the certificate. Upon final completion of all of the Lessee's construction work to be performed by the Lessee as set forth in the Lessee's approved plans and specifications, the Lessee shall submit to the Port Authority a final certification to the Port Authority, the City, and EDC signed by a responsible officer thereof that all work has been completed, which certificate shall certify separately the final cost of all of the Lessee's construction work performed by the Lessee, the cumulative payments made by the Lessee on account of such costs, and shall also certify the items set forth in subdivisions (ii) and (iii) of this subparagraph with respect to all of the work. In addition, the architect or engineer who sealed the Lessee's plans and specifications pursuant to the provisions of subparagraph (c) of this paragraph shall certify to the Port Authority, the City, and EDC that all of the work has been performed in accordance with the final plans and specifications for the work approved by the Port Authority and in accordance with the provisions of this Agreement. After examination and approval of such certificate, and such supporting documents and records as the Port Authority shall deem necessary to substantiate the certificate, the Port Authority shall finally inspect the premises and the work and after such inspection the Port Authority shall notify the Lessee if all of the work has been performed in accordance with the approved plans and specifications and the provisions of this Agreement. If all of the work has been completed in accordance with the approved plans and specifications, and the provisions of this Agreement, the Port Authority will pay to the Lessee on account of the cost of the Lessee's construction work the difference between the sum obtained by adding together all prior payments made by the Port Authority to the Lessee on account of the cost of the Lessee's construction work and the Construction Work Reimbursement Amount. If the sum of all of the previous payments made by the Port Authority to the Lessee on account of the cost of the Lessee's construction work exceeds the Construction Work Reimbursement Amount, the Lessee shall pay to the Port Authority the amount of such excess on demand. No payment made by the Port Authority to the Lessee pursuant to the provisions of this subparagraph, including, without limitation, any payment made to the Lessee following the Port Authority's receipt of the Lessee's final certification of cost, shall be deemed final until the cost of the Lessee's construction work has been finally determined by the

Port Authority. Any payment made to the Lessee following the Port Authority's receipt of the Lessee's final certification of cost shall not be deemed a final determination of the cost of the Lessee's construction work. Such final determination shall occur only after the Port Authority has examined and approved the Lessee's final certificate of cost and such records and other documentation of the Lessee as the Port Authority shall deem necessary to substantiate such cost. The Lessee shall permit the Port Authority by its agents, employees and representatives at all reasonable times prior to a final determination of the cost of the Lessee's construction work to examine and audit the records and other documentation of the Lessee which pertain to and will substantiate such cost. In no event whatsoever shall the cost of any portion of the Lessee's construction work as finally determined and computed in accordance with the provisions of subparagraph (p) of this paragraph and in accordance with the provisions of this subparagraph include any expenses, outlays or charges whatsoever by or for the account of the Lessee for or in connection with any improvements, equipment or fixtures or the performance of any work unless such are actually and completely installed in and or made to the premises nor shall cost include the costs of any equipment, fixture or improvements which are secured by liens, mortgages, other encumbrances or conditional bills of sale. If the cost of the Lessee's construction work as finally determined shall be less than the amount previously paid pursuant to the provisions of this paragraph, the Lessee shall pay the difference to the Port Authority within ten (10) days after notification to the Lessee stating the amount thereof.

(r) The Lessee agrees that it will complete the Lessee's construction work by December 31, 1998. The Port Authority's entire obligation under this Agreement to make payments to the Lessee on account of the cost of the Lessee's construction work shall be limited in amount to the Construction Work Reimbursement Amount. No contractor or third party shall or shall be deemed to have acquired any rights against the Port Authority by virtue of the execution of this Agreement and nothing contained herein shall operate or give to any such contractor or third party any claim or right of action against the Port Authority and its Commissioners, officers, agents and employees.

(s) The Lessee agrees to and shall require its contractor to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs) in the Lessee's construction work. "Meaningful participation" shall mean that at least seventeen percent (17%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and Women-owned Business Enterprises, of which at least twelve percent (12%) are for the participation of Minority

Business Enterprises. A Minority Business Enterprise shall mean a company or firm at least 51% of which is owned and controlled by a minority or minorities. A Women Business Enterprise shall mean a company or firm at least 51% of which is owned and controlled by a woman or women. For purposes of this paragraph minority is a member of one of the following groups:

(i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);

(ii) Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American culture or origin, regardless of race);

(iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

(iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following:

(1) Dividing the work to be subcontracted into smaller portions where feasible.

(2) Actively and affirmatively soliciting bids for subcontracts from MBEs and WBEs, including circulation of solicitations to minority and female contractor associations. The Contractor shall maintain records detailing the efforts made to provide for meaningful MBE and WBE participation in the Work, including the names and addresses of all MBEs and WBEs contacted and, if any such MBE or WBE is not selected as a joint venturer or subcontractor, the reason for such decision.

(3) Making plans and specifications for prospective construction work available to MBEs and WBEs in sufficient time for review.

(4) Utilizing the list of eligible MBEs and WBEs maintained by the Port Authority or seeking minorities or women from other sources for the purpose of soliciting bids for contractors.

(5) Encouraging the formation of joint ventures, partnerships or other similar arrangements among contractors, where appropriate, to insure that the Lessee and said contractors will meet their obligations hereunder.

(6) Insuring that provision is made to provide progress payments to MBEs and WBEs on a timely basis.

(7) Not requiring bonds from and/or providing bonds and insurance for MBEs and WBEs, where appropriate.

2. (a) Attached hereto as Exhibit Y is a form of election pursuant to Section 142(b) of the Internal Revenue Code of 1986, as amended. The Lessee acknowledges that two counterparts of said form of election have been delivered to it by the Port Authority. Upon the execution of this Agreement by the Lessee and its delivery to the Port Authority, the Lessee shall execute the said two counterparts and deliver one fully executed counterpart to the Port Authority with its delivery of this Agreement, and the Lessee shall keep the second executed counterpart with its records for the balance of the entire term of the letting under this Agreement.

(b) The Lessee is not acquiring an ownership interest in the Lessee's construction work defined in paragraph 1 of this Agreement. Capital expenditures in connection with the Lessee's construction work have been, or are expected to be made, in whole or in part by the Port Authority from "exempt facility bonds" (within the meaning of Section 142(a) of the Internal Revenue Code of 1986) issued by the Port Authority from time to time (such capital expenditures are hereinafter called "the Property"). The Lessee hereby irrevocably elects not to claim for purposes of federal, state or local taxation of income any depreciation or investment credits, for which it may be eligible with respect to the Property. The Lessee further agrees that this irrevocable election shall be binding upon its successors in interest, if any, under the Lease as herein amended, and as a condition of any permitted sale or assignment of the interest of the Lessee under the Lease as herein amended, every successor in interest shall furnish an executed irrevocable election in the form of the immediately preceding sentence to the Port Authority. The foregoing shall not grant or be deemed to grant to the Lessee the right to sell or assign, in any manner, its interest under the Lease as herein amended.

(c) In the event the Lessee records any documents in lieu of recording this Agreement or the Lease, such documents shall incorporate the substance of subparagraph (b) of this paragraph.

(d) It is understood that the election set forth in subparagraph (b) of this paragraph shall not apply to any personal property of the Lessee (including equipment and trade fixtures) removable without material damage to the premises leased to the Lessee pursuant to the Lease as herein amended which are installed by the Lessee in or on the premises leased to the Lessee pursuant to the Lease as herein amended and which shall be deemed to be and remain the property of the Lessee.

3. With respect to the provisions of subparagraphs (b), (k), (l), and (q) of paragraph 1 and the provisions of paragraph 7 hereof specifically applicable to the City and EDC, the City and EDC shall be and be deemed third party beneficiaries hereunder; provided, that, nothing contained in this paragraph or said other paragraphs shall or shall be deemed to create any obligations or liability on the part of the Port Authority to either the City or EDC.

4. The Port Authority and the Lessee acknowledge that simultaneously with the entering into of this Agreement, the Port Authority, EDC, South Pacific Shipping Co. Limited, and the Lessee are entering into a Funding Agreement of even date regarding the funding of the Work (which agreement is hereinafter called the "Funding Agreement"). Notwithstanding any other provision of this Agreement, the Port Authority and the Lessee hereby agree that upon any termination or expiration of the Funding Agreement prior to completion of the Lessee's construction work, this Agreement shall terminate on the effective date of such termination or expiration of said Funding Agreement. The termination of this Agreement under the provisions of this paragraph shall not in any way affect the continuation of the letting under the Lease, and the Lease shall continue in full force and effect notwithstanding the termination of this Agreement under this paragraph.

5. As hereby amended, all the terms, provisions, covenants and conditions of the Lease shall continue in full force and effect.

6. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation or execution of this Agreement.

7. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, nor any Commissioner acting for the City or EDC nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to the Lessee under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach thereof.

8. This Agreement, together with the Lease (to which it is supplementary) constitutes the entire agreement between the Port Authority and the Lessee on the subject matter set forth herein, and may not be changed, modified, discharged or extended

except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or in this Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:



THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By Lillian C. Barone
(Title) DIRECTOR, PORT COMMERCE DEPARTMENT
(Seal)

ATTEST:


_____ Secretary

HOWLAND HOOK CONTAINER TERMINAL,
INC.

By Annunzio Pagani
(Title) President
(Corporate Seal)



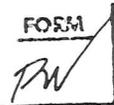
APPROVED:	
FORM	TERMS
	

EXHIBIT Y

ELECTION

(PURSUANT TO SECTION 142 (b) OF THE
INTERNAL REVENUE CODE OF 1986)

1. HOWLAND HOOK CONTAINER TERMINAL, INC. (hereinafter called "the Lessee"), pursuant to an Agreement of Lease bearing Port Authority Lease No. HHT-4 (hereinafter called "the Lease") made under date of June 30, 1995, between the Lessee and The Port Authority of New York and New Jersey (hereinafter called "the Port Authority"), as supplemented by that certain agreement made between the Port Authority and the Lessee, dated as of September , 1997 and denominated "Supplement No. 4" to the Lease (hereinafter called "the Supplement"), has leased a site and the structures, improvements, additions, buildings and facilities located or to be located thereon at the Howland Hook Marine Terminal, all as described in the Lease (hereinafter called "the Leased Premises") to be used basically as marine terminal premises constituting a public port for a term commencing no later than approximately December 1, 1995 and expiring no later than December 31, 2019.

2. The principal office of the Port Authority is at One World Trade Center, New York, New York 10048 and its taxpayer identification number is 13-6400654W.

3. The principal office of the Lessee is at 300 Western Avenue, Staten Island, New York 10303 and its taxpayer identification number is 13-384-1035.

4. Capital expenditures in connection with the Leased Premises have been, or are expected to be made, in whole or in part by the Port Authority from "exempt facility bonds" (within the meaning of Section 142(a) of the Internal Revenue Code of 1986) issued by the Port Authority from time to time (such capital expenditures being hereinafter called "the Property").

5. The Lessee has not acquired and is not acquiring an ownership interest in the Property. The Lessee hereby irrevocably elects not to claim for purposes of federal, state or local taxation of income any depreciation or investment credits, for which it may be eligible with respect to the Property including, without limitation, the Lessee's construction work identified in subparagraph (a) of paragraph 1 of the Supplement. The Lessee further agrees that this irrevocable election shall be binding upon its successors in interest, if any, under the Lease,

and as a condition of any permitted sale or assignment of the interest of the Lessee under the Lease, every successor in interest shall furnish an executed irrevocable election in the form of the immediately preceding sentence to the Port Authority. The foregoing shall not grant or be deemed to grant to the Lessee the right to sell or assign, in any manner, its interests under the Lease.

6. It is understood that the foregoing election shall not apply to any personal property of the Lessee (including equipment and trade fixtures) removable without material damage to the Leased Premises, installed by the Lessee in or on the Leased Premises pursuant to the Lease, and which are deemed to be and remain the property of the Lessee. It is further understood that the foregoing election shall not apply to any item of the Lessee's improvements, as defined in Section 9A of the Lease, as to which item the Port Authority has provided the Lessee with written certification pursuant to the provisions of said Section 9A stating that such item of the Lessee's improvements is not subject to the foregoing election.

ATTEST:



Secretary
(Seal)

HOWLAND HOOK CONTAINER TERMINAL,
INC.

By 

(Title) _____ President

Dated: October 8, 1997

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 2nd day of December, 1997, before me personally came William C. Sorrome to me known, who, being by me duly sworn, did depose and say that he resides at Maplewood, New Jersey; that he is the Director, Port Commerce Dept. of the Port Authority of New York and New Jersey, (one of) the corporations described in and which executed the foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Commissioners of the said corporation; and that he signed his name thereto by like order.

Flaine M. Costello
(notarial seal and stamp)

FLAINE M. COSTELLO
NOTARY PUBLIC, State of New York
No. 01CO5082011
Qualified in Kings County
Commission Expires July 14, 1999

STATE OF New York)
) ss.
COUNTY OF Richmond)

On the 8th day of October, 1997, before me personally came Thomas F. Laquer to me known, who, being by me duly sworn, did depose and say that he resides at 573 Johnston Terrace; that he is the President President of Howland Hook Container Terminal, Inc., one of the corporations described in and which executed the foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of the said corporation; and that he signed his name thereto by like order.

Peter P. Magri
(notarial seal and stamp)

PETER P. MAGRI
NOTARY PUBLIC State of New York
NO. 43-4641466
Qualified in County of Richmond
Commission Expires 5/31/99

STATE OF _____)
) ss.
COUNTY OF _____)

On the _____ day of _____, 199__, before me personally came _____ to me known and known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he executed the same.

(notarial seal and stamp)