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Port Authority Lease No. HHT-4
Supplement No. 6

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of March 30, 1998, 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, County of Richmond and State of New York (hereinafter called "the Terminal"); and

WHEREAS, Section 46 of the Lease granted to the Lessee the option to purchase from the Port Authority certain spare parts for container cranes located on the Terminal and described in Schedule B attached to Supplement No. 1 to the Lease dated as of July 14, 1995 (which spare parts, as they may exist from time to time under the provisions of the Lease, are hereinafter called "the Spare Parts"); and

WHEREAS, Section 46 of the Lease granted to the Port Authority certain rights with respect to the Spare Parts and imposed certain obligations upon the Lessee with respect to the Spare Parts (which rights and obligations are hereinafter collectively called "the Port Authority's Other Rights"); and

WHEREAS, pursuant to Supplement No. 2 to the Lease dated as of October 30, 1995, the Lessee exercised its option under Section 46 of the Lease to purchase the Spare Parts and the Lessee agreed to provide the Port Authority with a security interest in the Spare Parts and entered into a security agreement with the Port Authority dated as of November 9, 1995 creating a security interest in the Spare Parts in favor of the Port Authority (which security interest is hereinafter called "the Security Interest" and which security agreement is hereinafter called "the Security Agreement"); and

WHEREAS, the Lessee and the New York City Economic Development Corporation (hereinafter called "EDC") contemplate entering into a Purchase and Lease Agreement dated the date hereof pursuant to which EDC will purchase the Spare Parts from the Lessee (which Purchase and Lease Agreement is hereinafter

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UNDER THE SHIPPING ACT OF 1984
Federal Maritime Commission

called "the Purchase Agreement"), a form of which is attached hereto as Exhibit A and hereby made a part hereof; and

WHEREAS, the Lessee and EDC have requested that the Port Authority release the Security Interest in the Spare Parts and certain of the Port Authority's Other Rights in connection with the contemplated purchase of the Spare Parts by EDC under the Purchase Agreement; and

WHEREAS, the Port Authority and EDC contemplate entering into an Agreement dated the date hereof pursuant to which the Port Authority will release the Security Interest in the Spare Parts and certain of the Port Authority's Other Rights (which Agreement is hereinafter called "the Agreement"), a form of which is attached hereto as Exhibit B and hereby made a part hereof; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease to effectuate the transaction contemplated under the Purchase Agreement and the Agreement, and to increase the security deposited under the Lease;

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

1. The Port Authority consents to the sale of the Spare Parts by the Lessee to EDC pursuant to the terms of the Purchase Agreement. Effective upon the effective date of the transfer of title to the Spare Parts from the Lessee to EDC, the Port Authority releases the Security Interest and the Port Authority's Other Rights and agrees that the Security Agreement shall thereupon be null and void and of no further force or effect. Except as specifically set forth above in this paragraph, nothing contained herein shall alter, reduce, relieve or otherwise affect in any way any of the obligations of the Lessee to the Port Authority under the Lease.

2. The Lessee agrees that the Purchase Agreement attached hereto as Exhibit A is the Purchase and Lease Agreement that will be entered into by EDC and the Lessee on the matter contemplated therein, and agrees that it will not enter into any amendment or otherwise alter any of the provisions of the Purchase Agreement. The Lessee further agrees that, notwithstanding the provisions of Section 4.b of the Purchase Agreement, it will not use the Spare Parts at any other location than the Terminal.

3. In the event that under the Agreement, the Port Authority purchases from EDC, either prior to or following the expiration or the termination of the letting, any of the Spare Parts installed on Paceco Crane No. 1253 or Paceco Crane No. 1254

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by the Lessee and not replaced by the Lessee in the inventory of Spare Parts, the Lessee shall upon demand pay to the Port Authority the Individual Purchase Price for such Spare Part as defined in paragraph (a) of Section 46 of the Lease and set forth in Schedule B annexed to Supplement No. 1 to the Lease for such Spare Part.

4. (a) In addition to all other security required to be deposited by the Lessee with the Port Authority under the provisions of the Lease, the Lessee shall deposit and maintain with the Port Authority a security deposit in accordance with the provisions of Standard Endorsement No. L23.2B attached to this Agreement and hereby made a part hereof. Except in the first line of said Standard Endorsement No. L23.2B attached hereto, the words "this Agreement" shall be deemed deleted therefrom and the words "the Lease" shall be deemed inserted in lieu thereof.

(b) Notwithstanding any provision to the contrary contained in Standard Endorsement No. L23.2B attached hereto, and without otherwise limiting the provisions thereof, the security deposit requirement set forth in said Standard Endorsement No. L23.2B shall be cancelled and the Lessee shall have the right to request the return of said security deposit in the event that the Lessee shall meet the following conditions: (1) at any time after twelve consecutive months after the deposit by the Lessee of the security deposit required under said Standard Endorsement No. L23.2B, the Lessee shall demonstrate to the Port Authority that the Lessee has performed at the Facility no fewer than one hundred thirty thousand (130,000) individual crane lifts of cargo containers during the immediately preceding twelve consecutive months; and (2) at the time for the return of any security deposit to the Lessee under the provisions of this subparagraph, the Lessee shall be current in all of its accounts with the Port Authority under the Lease as herein amended and shall otherwise demonstrate a satisfactory level of financial responsibility.

(c) Not withstanding any provision to the contrary contained in Standard Endorsement No. L23.2B attached hereto or in this paragraph, and without otherwise limiting any provision thereof, the Lessee agrees that in the event that the Port Authority shall use the security deposit provided for in this paragraph and said Standard Endorsement No. L23.2B or any part thereof in whole or in partial satisfaction of any of its claims or demands against the Lessee, and the Lessee shall have failed to deposit with the Port Authority additional cash or bonds or such letter of credit so as to maintain the security deposit required under said Standard Endorsement No. L23.2B at all times in the full amount of One Million Dollars and No Cents ($1,000,00.00), then, in the event that the Lessee shall satisfy the requirements set forth in subparagraph (b) of this paragraph for the return of the said security deposit, only the amount actually on deposit at such time after deduction of sums required

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to satisfy any amounts then due and owing to the Port Authority under the Lease as herein amended shall be returned to the Lessee under the provisions of subparagraph (b) of this paragraph.

(d) In the event that the Lessee shall deliver a letter of credit to the Port Authority under the provisions of paragraph (b) of Standard Endorsement No. L23.2B attached hereto, it is specifically understood and agreed that the Port Authority shall have the right upon notice to the Lessee given from time to time and at any time to require the Lessee to deliver a substitute letter of credit issued by a different banking institution from the banking institution which issued the letter of credit then held by the Port Authority. The said substitute letter of credit shall meet all of the requirements of paragraph (b) of said Standard Endorsement No. L23.2B and of this paragraph. Upon delivery by the Lessee of said substitute letter of credit to the Port Authority, the Port Authority shall return to the Lessee the letter of credit issued by the banking institution being replaced under the provisions of this subparagraph; provided, however, that only the amount of the letter of credit actually on deposit at such time and after deduction of sums required to satisfy any amounts then due and owing to the Port Authority under the Lease as herein amended shall be returned to the Lessee under the provisions of this subparagraph. Without limiting any of the rights or remedies of the Port Authority under the Lease as herein amended, if the Lessee shall fail promptly to deliver to the Port Authority a substitute letter of credit in accordance with the terms of this subparagraph, the Port Authority shall have the right (but not the obligation) to draw down the full amount of the letter of credit then held by it under the provisions of this paragraph and said Standard Endorsement No. L23.2B and thereafter the Port Authority will hold the same as security under the Lease as herein amended. If the amount drawn down by the Port Authority under the provisions of the immediately preceding sentence less any amounts then due and owing to the Port Authority under the Lease as herein amended is less than One Million Dollars and No Cents ($1,000,000.00), the Lessee shall promptly deliver to the Port Authority a substitute letter of credit or other security under the provisions of this paragraph and Standard Endorsement No. L23.2B attached hereto to bring the amount of security deposited under this paragraph and said Standard Endorsement No. L23.2B to One Million Dollars and No Cents ($1,000,000.00).

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

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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, 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, 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:

SECRETARY

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) Acting Deputy Director

(Seal)

WITNESS

~~ATTEST:~~

~~Secretary~~

HOWLAND HOOK CONTAINER TERMINAL, INC.

By

(Title) President

~~(Corporate Seal)~~

APPROVED:

Form	Terms

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(a) Upon the execution of this Agreement by the Lessee and delivery thereof to the Port Authority, the Lessee shall deposit with the Port Authority (and shall keep deposited throughout the letting under this Agreement) either the sum of One Million Dollars and No Cents ($1,000,000.00)

in cash, or bonds of the United States of America, or of the State of New Jersey, or of the State of New York, or of The Port Authority of New York and New Jersey, having a market value of that amount, as security for the full, faithful and prompt performance of and compliance with, on the part of the Lessee, all of the terms, provisions, covenants and conditions of this Agreement on its part to be fulfilled, kept, performed or observed. Bonds qualifying for deposit hereunder shall be in bearer form but if bonds of that issue were offered only in registered form, then the Lessee may deposit such bond or bonds in registered form, provided, however, that the Port Authority shall be under no obligation to accept such deposit of a bond in registered form unless such bond has been re-registered in the name of the Port Authority (the expense of such re-registration to be borne by the Lessee) in a manner satisfactory to the Port Authority. The Lessee may request the Port Authority to accept a registered bond in the Lessee's name and if acceptable to the Port Authority the Lessee shall deposit such bond together with a bond power (and such other instruments or other documents as the Port Authority may require) in form and substance satisfactory to the Port Authority. In the event the deposit is returned to the Lessee any expenses incurred by the Port Authority in re-registering a bond to the name of the Lessee shall be borne by the Lessee. In addition to any and all other remedies available to it, the Port Authority shall have the right, at its option, at any time and from time to time, with or without notice, to use the deposit or any part thereof in whole or partial satisfaction of any of its claims or demands against the Lessee. There shall be no obligation on the Port Authority to exercise such right and neither the existence of such right nor the holding of the deposit itself shall cure any default or breach of this Agreement on the part of the Lessee. With respect to any bonds deposited by the Lessee, the Port Authority shall have the right, in order to satisfy any of its claims or demands against the Lessee, to sell the same in whole or in part, at any time and from time to time, with or without prior notice at public or private sale, all as determined by the Port Authority, together with the right to purchase the same at such sale free of all claims, equities or rights or redemption

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of the Lessee. The Lessee hereby waives all right to participate therein and all right to prior notice or demand of the amount or amounts of the claims or demands of the Port Authority against the Lessee. The proceeds of every such sale shall be applied by the Port Authority first to the costs and expenses of the sale (including but not limited to advertising or commission expenses) and then to the amounts due the Port Authority from the Lessee. Any balance remaining shall be retained in cash toward bringing the deposit to the sum specified above. In the event that the Port Authority shall at any time or times so use the deposit, or any part thereof, or if bonds shall have been deposited and the market value thereof shall have declined below the above-mentioned amount, the Lessee shall, on demand of the Port Authority and within two (2) days thereafter, deposit with the Port Authority additional cash or bonds so as to maintain the deposit at all times to the full amount above stated, and such additional deposits shall be subject to all the conditions of this Section. After the expiration or earlier termination of the letting under this Agreement as the said letting may have been extended, and upon condition that the Lessee shall then be in no wise in default under any part of this Agreement, as this Agreement may have been amended or extended (or both), and upon written request therefor by the Lessee, the Port Authority will return the deposit to the Lessee less the amount of any and all unpaid claims and demands (including estimated damages) of the Port Authority by reason of any default or breach by the Lessee of this Agreement or any part thereof. The Lessee agrees that it will not assign or encumber the deposit. The Lessee may collect or receive any interest or income earned on bonds and interest paid on cash deposited in interest-bearing bank accounts, less any part thereof or amount which the Port Authority is or may hereafter be entitled or authorized by law to retain or to charge in connection therewith, whether as or in lieu of an administrative expense, or custodial charge, or otherwise; provided however, that the Port Authority shall not be obligated by this provision to place or to keep cash deposited hereunder in interest-bearing bank accounts.

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(b) The Lessee may at any time during the term of the letting under this Agreement offer to deliver to the Port Authority, as security for all obligations of the Lessee under this Agreement, a clean irrevocable letter of credit issued by a banking institution satisfactory to the Port Authority and having its main office within the Port of New York District, in favor of the Port Authority in the amount of One Million Dollars and No Cents ($1,000,000.00).

The form and terms of such letter of credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it shall continue throughout the term of the letting under this Agreement and for a period of not less than six (6) months thereafter; such continuance may be by provision for automatic renewal or by substitution of a subsequent satisfactory letter. Upon notice of cancellation of a letter of credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the letter of credit is replaced by security in accordance with paragraph (a) of this Standard Endorsement or another letter of credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof and thereafter the Port Authority will hold the same as security under paragraph (a) of this Standard Endorsement. Failure to provide such a letter of credit at any time during the term of the letting, valid and available to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously accepted by the Port Authority to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee. Upon acceptance of such letter of credit by the Port Authority, and upon request by the Lessee made thereafter, the Port Authority will return the security deposit, if any, theretofore made under and in accordance with the provisions of paragraph (a) of this Standard Endorsement. The Lessee shall have the same rights to receive such deposit during the existence of a valid letter of credit as it would have to receive such sum upon expiration of the letting and fulfillment of the obligations of the Lessee under this Agreement. If the Port Authority shall make any drawing under a letter of credit held by the Port Authority hereunder, the Lessee, on demand of the Port Authority and within two (2) days thereafter, shall bring the letter of credit back up to its full amount.

(c) For purposes of the provisions set forth in this Standard Endorsement, the Lessee hereby certifies that its I.R.S. Employer Identification No. is 13-384-1035.

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EXHIBIT A

PURCHASE AND LEASE AGREEMENT

Purchase and Lease Agreement ("Agreement"), made this ____ day of March, 1998 by and between Howland Hook Container Terminal, Inc. (HHCT), a New York corporation having an office at 300 Western Avenue, Staten Island, New York 10303, as seller, and New York City Economic Development Corporation, a local development corporation pursuant to Section 1411 of the New York Not-for-Profit Corporation Law, with its principal office at 110 William Street, New York, New York 10038 ("EDC"), as purchaser.

WITNESSETH:

WHEREAS, the City of New York (the "City") owns certain container cranes (the "Cranes") which are located at the Howland Hook Marine Terminal ("HHMT"), the City's largest container terminal, on Staten Island; and

WHEREAS, HHMT is leased by the City to Port Authority of New York and New Jersey ("Port Authority") which subleases space at HHMT to HHCT pursuant to a lease dated as of June 30, 1995, as amended (the "Lease"); and

WHEREAS, HHCT is engaged in the business of stevedoring and warehousing ship borne commodities in connection with which it utilizes the Cranes; and

WHEREAS, pending certain negotiations among EDC, Port Authority and HHCTI involving the purchase by EDC of certain spare parts for the Cranes from Port Authority, as itemized on Appendix A hereto (the "Spare Parts"), for the benefit of the City, HHCT, using its own funds, purchased the Spare Parts at a cost of $1.3 million because EDC could not timely do so; and

WHEREAS, EDC now desires to purchase the Spare Parts from HHCT for the benefit of the City, for use by HHCT in connection with the Cranes at HHMT;

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NOW, THEREFORE, in consideration of the covenants set forth herein, the parties hereto agree as follows:

1. Purchase. EDC hereby purchases from HHCT, for the benefit of the City, and HHCT hereby sells to EDC, the Spare Parts, for the prices indicated on Appendix A, together with HHCT's rights and interests in and to the warranty agreements and service contracts applicable thereto, for a total price of $1.3 million..

2. Lease. EDC hereby leases to HHCT and HHCT hereby leases from EDC, subject to the terms and conditions of this Agreement, the Spare Parts (together with all attachments, parts, additions, replacements and substitutions thereto, to the extent provided for herein, and repairs, accessions and accessories incorporated therein and/or affixed thereto).

3. Term; Rent

a. The term of this Agreement shall commence on the date this Agreement is executed by EDC and HHCT and shall continue in effect thereafter so long as the Lease remains in effect or, if the Lease is terminated, until either EDC or HHCT gives the other party written notice of termination of this Agreement. HHCT shall immediately notify EDC in writing in the event of termination of the Lease prior to the effective date of any such termination or HHCT's vacating the premises at HHMT.

b. HHCT shall pay to EDC, as rent for the Spare Parts ("Rent"), the annual amount of one dollar ($1.00), payable on the date this Agreement is executed and on each subsequent anniversary thereof through expiration or earlier termination of this Agreement.

4. Use and Location

a. The Spare Parts shall be used and operated by HHCT only in the ordinary conduct of its business by qualified employees of HHCT and in accordance with all

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applicable operating instructions, and applicable governmental laws, rules and regulations. Upon reasonable prior notice, HHCT shall make the Spare Parts and all related records available to EDC or its agents for inspection during normal business hours. HHCT shall not voluntarily part with control or possession of any Spare Parts without EDC's prior written consent, except in connection with maintenance or repair or as otherwise permitted in Section 4.b. below.

b. All Spare Parts shall be used by HHCT during the term of the Lease at its Howland Hook Marine Terminal location. Use at any other location in the City shall be subject to EDC's prior written approval. Notwithstanding the foregoing, any of the Spare Parts may be moved from such office or location in connection with the maintenance or repair of such Spare Parts or a disposition of such Spare Parts pursuant to Section 5.b. of this Agreement.

c. If any Spare Part is moved from its initial location, except as otherwise required for maintenance or repair, or pursuant to a deposition under Section 5.b., HHCT shall immediately provide written notice of the new location to EDC.

5. Maintenance; Obsolescence

a. HHCT, at its expense, shall keep the Spare Parts in good condition and working order, ordinary wear and tear from proper use excepted, and shall make all necessary adjustments, repairs and replacements, all of which shall become the property of EDC. HHCT shall not make any alterations, additions or improvements to the Spare Parts except as may be required pursuant to the preceding sentence without EDC's prior written consent unless such alterations, additions or improvements do not impair the commercial value or the originally intended function or use of such Spare Parts. Any alteration, addition or improvement shall without further action become the property of EDC, provided however, that

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any alterations, additions and improvements which would reduce the value of the Spare Parts must be removed prior to the return of such Spare Parts to EDC. HHCT shall not violate any insurance or warranty requirements with respect to the Spare Parts.

b. In the event that HHCT makes a determination that any of the Spare Parts has become obsolete or useless prior to the end of the Term of this Agreement, HHCT shall deliver to EDC a certificate of an authorized officer of HHCT stating that HHCT has made a good faith determination that such Spare Part is obsolete or useless. EDC shall then have the right, in its sole discretion, to require that HHCT sell such Spare Part for and in the name of EDC and: (x) with consent of EDC, use the proceeds thereof to purchase replacement equipment which shall be leased to HHCT hereunder and subject to this Agreement, or (y) turn such proceeds over to EDC. EDC shall execute and deliver any documents reasonably necessary to effect any such sale and replacement.

6. Insurance

a. General. HHCT shall at all times carry and maintain at its sole cost and expense the insurance specified below. The policies required by Subsection b below shall name EDC and the City of New York (the "City") as additional insureds and loss payees. The insurance policies required by this Agreement shall be in form and substance reasonably satisfactory to EDC and shall be obtained from responsible companies licensed to do business in the state of New York. Three (3) certificates of insurance for each such policy shall be delivered to EDC on or prior to the Commencement Date in form satisfactory to EDC, and a confirmation of renewal of each such policy shall be delivered to EDC not less than 10 days prior to the expiration of any policy. At EDC's request, HHCT shall provide, or cause its insurer or insurance broker to provide, copies of the required insurance policies.

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b. Types Required

(1) HHCT shall maintain in effect commercial general liability insurance with a combined single limit of not less than $1,000,000 per occurrence for personal injury, including bodily injury or death, and property damage, but, if an annual aggregate is applicable to the policy, not less than $5,000,000 in the aggregate (the certificate of insurance must indicate that the insurance afforded by this Section b(1) is on an occurrence basis).

(2) HHCT shall maintain in effect (i) workers' compensation insurance in statutory amounts for all persons employed by HHCT, and (ii) disability benefits insurance in statutory amounts for all such personnel who may come within the provisions of the disability benefits law.

(3) All risks property insurance insuring the Spare Parts in amounts equal to not less than the greater of 100% of the actual replacement cost of the Spare Parts.

c. Provisions To Be Included. To the extent obtainable on a commercially reasonable basis, policies of insurance maintained pursuant to this Agreement shall contain the following provisions with respect to the interest of the City and EDC in such policies:

"(1) Notices from the insurer to the City of New York (the "City") and to EDC in connection with this policy shall be addressed to Contract Administrator, New York City Economic

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Development Corporation, 110 William Street, New York, New York 10038, or such other addresses as may be specified by EDC;

(2) Notice of accident from the City and/or EDC to the insurer within 120 days after receipt by the City and/or EDC of notice of such accident shall be acceptable by the insurer as valid and timely notice of accident under this policy;

(3) Notice of claim from the City and/or EDC to the insurer within 120 days after any such claim has been filed with both the Comptroller of the City and EDC shall be acceptable by the insurer as valid and timely notice of claim under this policy;

(4) Notice of accident or claim from the City, EDC or HHCT to the insurer shall be deemed notice by all of the above under this policy;

(5) This policy shall not be canceled, terminated or modified, nor the coverage hereunder reduced, by the insurer unless 30 days prior written notice thereof is sent by registered mail to HHCT, EDC and the City, nor shall this policy by canceled, terminated, or modified by HHCT without prior written consent by EDC and the City;

(6) Violation of the terms of any other policy issued by the insurer to HHCT or any persons or entities employed or otherwise hired or pertained by HHCT shall not invalidate this policy."

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OF MERCHANTABILITY. EDC HAS NO FAMILIARITY WITH THE SPARE PARTS AND ASSUMES NO RESPONSIBILITY FOR THE INSTALLATION, ADJUSTING OR SERVICING THEREOF. HHCT HEREBY WAIVES ANY CLAIM (INCLUDING ANY CLAIM BASED ON STRICT OR ABSOLUTE LIABILITY IN TORT) IT MIGHT HAVE AGAINST EDC FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL OR CONSEQUENTIAL DAMAGE) OR EXPENSE CAUSED BY THE SPARE PARTS. HHCT ACKNOWLEDGES THAT EDC DID NOT SELECT, MANUFACTURE OR SUPPLY THE SPARE PARTS AND THAT HHCT HAS MADE THE SELECTION OF THE SPARE PARTS BASED UPON ITS OWN JUDGMENT AND EXPRESSLY DISCLAIMS ANY RELIANCE ON ANY STATEMENTS MADE BY EDC OR ITS AGENTS. Provided no Event of Default has occurred, EDC hereby assigns to HHCT and HHCT shall have the benefit of, any and all manufacturer's warranties, service agreements and patent indemnities, if any, with respect to the Spare Parts; provided, however, that HHCT's sole remedy for the breach of any such warranty, indemnification or service agreement shall be against the manufacturer or vendor of such Spare Parts and not against EDC, nor shall ny such breach have any effect whatsoever on the rights and obligations of EDC or HHCT hereunder.

9. Waiver of Defenses

HHCT shall not assert against EDC any claim or defense arising as a result of any breach of warranty by the vendor or manufacturer or any malfunctioning or defect in the Spare Parts or dissatisfaction on the part of the HHCT. Under no circumstances shall HHCT make any claim against EDC for any consequential or indirect damages.

10. Risk of Loss

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Upon delivery of the Spare Parts to HHCT, HHCT shall bear the entire risk of loss, damage, theft, or destruction of the Spare Parts or any part thereof, from any and every cause whatsoever, and no such loss, damage, theft or destruction shall relieve HHCT of its obligation to comply with any obligation under the Lease. If the any part of Spare Parts is lost, stolen, destroyed or irreparably damaged from any cause whatsoever (each an "Event of Loss"). HHCT shall, at HHCT's option, (a) repair such Spare Parts or replace such Spare Parts with comparable equipment in good condition and working order acceptable to EDC, and HHCT shall transfer title to the replacement equipment to EDC, free and clear of all liens, claims and encumbrances, which equipment shall thereupon become subject to this Agreement for the remainder of the term thereof, or (b) pay EDC within ninety (90) days following such Event of Loss, an amount equal to the applicable proceeds of insurance received with respect to such Spare Parts and upon EDC's receipt of such payment in full, EDC's right, title and interest in such Spare Parts shall immediately without further action pass to HHCT, on an as-is where-is basis, without recourse or warranty.

11. Impositions and Fees

HHCT shall pay when due all fees, taxes and charges (including without limitation, interest and penalties) of any nature which may now or hereafter be imposed or levied by any governmental authority affecting the Spare Parts (collectively, "Impositions") (including, without limitation, the purchase, ownership, transportation, delivery, installation, leasing, possession, use, operation, storage, and return of such Spare Parts). The provisions of this Section 11 shall survive the expiration or sooner termination of this Agreement.

12. HHCT's Failure to Pay, EDC's Payment

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If HHCT fails to pay or otherwise perform any of its obligations under this Agreement, EDC may, after the expiration of any applicable grace period provided herein, but shall not be obligated to, pay such amounts or perform such obligations for the account of HHCT without thereby waiving EDC's right to declare an Event of Default. In any such event, HHCT shall immediately upon demand reimburse EDC for any such costs and expenses incurred by EDC.

13. Events of Default

Each of the following shall constitute an "Event of Default" hereunder:

a. relocation by HHCT of any of the Spare Parts in contravention of Section 4.b. hereof; or

b. default by HHCT under: (i) any other provision of this Agreement which continues for thirty (30) days after notice of such default by EDC to HHCT or, if by reason of the nature of such default, the same can be remedied, but not within the said thirty (30) days, HHCT fails to proceed with reasonable diligence after receipt of said notice to cure the same or fails to continue with reasonable diligence its efforts to cure the same beyond any applicable notice and grace period provided therein.

14. Remedies

Upon the occurrence of any Event of Default, EDC may, without notice to HHCT, exercise the following remedies, as applicable:

a. With respect to an Event of Default described in Section 13.a.. EDC may declare immediately due and payable by HHCT, the original purchase price of the item or items of Spare Parts so relocated; and

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b. With respect to an Event of Default described in Section 13.b., at EDC's sole discretion, EDC may terminate this Agreement and exercise any and all other remedies available to it at law or in equity. The provisions of this Article 14 shall survive the expiration or sooner termination of the Agreement or any Lease.

No failure or delay on the part of EDC to exercise any remedy hereunder shall operate as a waiver thereof. No express or implied waiver by EDC of any default shall constitute a waiver of any other default by HHCT or a waiver of any of EDC's rights.

The provisions of this Article 14 shall survive the expiration or sooner termination of this Agreement.

15. Indemnification

HHCT shall indemnify and hold harmless EDC and the City and their respective agents, officers; directors, employees, and assigns from and against any and all claims, liabilities obligations, losses damages and all costs and expenses thereof (including legal fees and expenses) to which they may be subject (i) because of any act or omission of HHCT or its agents, officers, directors, employees, servants, contractors, consultants or subcontractors in connection with this Agreement, or the Spare Parts (ii) because of the negligence, fault or default of HHCT or its agents, officers, directors, employees, servants, contractors, consultants or subcontractors relating to this Agreement or the Spare Parts or (iii) in any way related to or arising out of the Agreement or the leasing of the Spare Parts to HHCT. HHCT shall be solely responsible for the safety and protection of all its employees in connection with the use, ownership and operation of the Spare Parts and shall assume all liability for injuries, including death, that may occur to said employees due to the negligence, fault or default of HHCT in

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connection therewith. The provisions of this Section 15 shall survive the expiration or sooner termination of this Agreement.

16. Records.

a. HHCT shall maintain complete, accurate, readily auditable records and accounts, in accordance with generally accepted accounting principles and with supporting documentation, in readily accessible files, of all its financial and other activities undertaken with respect to this Agreement. All such records shall be maintained for a period of six years and upon request shall be made available to EDC or the City at a location within the City for examination and copying at the expense of EDC or the City.

b. This Agreement is subject to audit at the expense of the auditing party, by EDC and by City entities having audit authority. The provisions of this Section 16 shall survive the expiration or termination of this Agreement.

17. HHCT Representations

HHCT represents and warrants to EDC that:

a. HHCT is a corporation duly organized, validly existing and in good standing under the laws of the United States of America, is not in violation of any provision of its articles of incorporation or by-laws, has the corporate power and authority to own its property and assets, to carry on its business as now being conducted by its and to execute, deliver and perform this Agreement;

b. HHCT will duly authorize the execution, delivery and performance of this Agreement and each Lease before signing them;

c. when fully signed and delivered, this Agreement will be a legal, valid and binding agreement of HHCT, enforceable against HHCT in accordance with its

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terms subject to applicable bankruptcy and other laws, and will not violate or create a default under any law, rule, regulation, judgment, order instrument, agreement or charter document binding on HHCT or its property;

d. no consent or approval of, notice to, or filing with any governmental authority is required for HHCT to sign, deliver or perform this Agreement;

e. there are no pending or threatened actions or proceedings before any court or administrative agency that would have a material adverse effect on HHCT's ability to perform its obligations under this Agreement, nor is HHCT in default under any material loan, lease or purchase obligation which would have a material adverse effect on HHCT's ability to perform its obligations under this Agreement.

18. No Discrimination.

a. HHCT shall not discriminate against any employee or applicant for employment because of race, creed, color, sex, age, handicap, marital status, national origin, sexual orientation or affectional preference. HHCT shall take affirmative action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, creed, color, sex, age, handicap, marital status, national origin, sexual orientation or affectional preference. HHCT shall take affirmative action with regard to, but not limited to, the following: employment, upgrading, demotion, and transfer; recruitment, recruitment advertising, layoff and termination; rates of pay and other forms of compensation; and selection for training, including apprenticeship. HHCT shall post in conspicuous places accessible to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. HHCT shall state in such notices that all qualified applicants will receive consideration for employment without regard to race, creed, color, sex, age, handicap,

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marital status, national origin, sexual orientation or affectional preference. The provisions of this paragraph shall be deemed supplementary to, and not in lieu of, or in substitution for, the applicable provisions of the New York State Labor Law relating to nondiscrimination, and other applicable federal, state or city laws, ordinances, rules, regulations and orders.

b. HHCT shall comply with the provisions of the MacBride Principles Rider annexed hereto as Appendix E, which are incorporated herein and made a part hereof by this reference.

19. MISCELLANEOUS.

a. Any notice, approval, comment, acceptance, request, bill, demand, statement or other communications that, under this Agreement must or may be given or made by either of the parties hereto to the other shall be in writing and shall be given by registered or certified mail or overnight courier addressed as follows:

(1) If to EDC:

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
110 William Street
New York, New York 10038
Attention: General Counsel

(2) If to HHCT:

Staten Island Container Terminal, Inc.
300 Western Avenue
Staten Island, New York 10303
Attention: Carmine F. Ragucci

Either party, however, may designate in writing any new or other address to which such notice, approval, comment, acceptance, request, bill, demand, statement or other communication shall thereafter be so mailed. Any such notice, approval, comment, acceptance,

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request, bill, demand, statement or other communication shall be deemed given when deposited in a general or branch post office, maintained by the U.S. Postal Service, enclosed in a registered or certified prepaid wrapper addressed as herein provided.

b. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

c. HHCT specifically understands and agrees that in the performance of the terms, covenants, and conditions of this Agreement, HHCT and its agents, employees, contractors, consultants, and subcontractors shall not be deemed to be acting as agents, servants or employees of EDC or the City by virtue of this Agreement or by virtue of any approval, permit, license, grant, right, or other authorization given by the City or EDC or any of their agents, officers, directors or employees pursuant to this Agreement, and shall be deemed solely responsible for all acts taken by them pursuant to this Agreement. HHCT shall be solely responsible for the work, direction, compensation and personal conduct of its employees.

d. This Agreement and all documentation executed in connection therewith shall constitute the complete and exclusive statement of the terms of the agreement of EDC and HHCT with respect to the Spare Parts leased thereby, and shall automatically cancel and supersede any and all prior oral or written understandings with respect thereto.

(e) Attached hereto as Appendix B is a copy of the Bill of Sale relating to the Spare Parts.

(f) Attached hereto as Appendix C are a copy of: (a) the receipt or cancelled check indicating payment to Port Authority of the purchase price for the Spare Parts by HHCT, and (b) any agreement(s) entered into, or other document(s) exchanged (including

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warranties, service contracts, etc.) between Port Authority and HHCT relating to or concerning the Spare Parts.

(g) Attached hereto as Appendix D is a copy of the duly adopted resolution of the board of directors of HHCT authorizing the transactions contemplated by this Agreement and the execution and delivery of this Agreement by an authorized officer of HHCT.

20. Third Party Beneficiary. The City shall be a third party beneficiary of this Agreement with full power to enforce the terms hereof against HHCT as if it were a party hereto.

21. Amendments.

No term or provision of this Agreement may be amended, modified, waived, discharged or terminated except by a written instrument signed by the parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

By: _____

Title: _____

HOWLAND HOOK CONTAINER TERMINALS, INC.

By: _____

Title: _____

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EXHIBIT B

THIS AGREEMENT, made as of March 30, 1998, by and between the NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION (hereinafter called "EDC") acting on behalf of The City of New York (hereinafter called "the City"), THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), and HOWLAND HOOK CONTAINER TERMINAL, INC. (hereinafter called "HHCT"),

WITNESSETH, That:

WHEREAS, the Port Authority and HHCT entered into an agreement of lease dated as of June 30, 1995 and bearing Port Authority Lease No. HHT-4 (which agreement of lease, as the same has been heretofore amended, modified and supplemented, is hereinafter called "the Lease") covering the letting of the Howland Hook Marine Terminal (hereinafter called "the Terminal"); and

WHEREAS, Section 46 of the Lease granted to HHCT the option to purchase from the Port Authority certain spare parts for container cranes located on the Terminal and described in Schedule B attached to Supplement No. 1 to the Lease dated as of July 14, 1995 (which spare parts, as they may exist from time to time under the provisions of the Lease, are hereinafter called "the Spare Parts" and which container cranes are hereinafter called "the Cranes"); and

WHEREAS, Section 46 of the Lease granted to the Port Authority certain rights with respect to the Spare Parts and imposed certain obligations upon HHCT with respect to the Spare Parts (which rights and obligations are hereinafter collectively called "the Port Authority's Other Rights"); and

WHEREAS, pursuant to Supplement No. 2 to the Lease dated as of October 30, 1995, HHCT exercised its option under Section 46 of the Lease to purchase the Spare Parts and HHCT agreed to provide the Port Authority with a security interest in the Spare Parts and entered into a security agreement with the Port Authority dated as of November 9, 1995 creating a security interest in the Spare Parts in favor of the Port Authority (which security interest is hereinafter called "the Security Interest" and which security agreement is hereinafter called "the Security Agreement"); and

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WHEREAS, by an agreement dated the date hereof between EDC and HHCT, EDC has purchased the Spare Parts from HHCT and leased such Spare Parts back to HHCT (which agreement is hereinafter called "the Purchase and Lease Agreement");

NOW THEREFORE, for and in consideration of the mutual agreements hereinafter contained the Port Authority, EDC and HHCT agree as follows:

1. Subject to all of the terms and conditions of this Agreement, the Port Authority releases the Security Interest and the Port Authority's Other Rights effective upon the effective date of the transfer of title in the Spare Parts from HHCT to EDC under the Purchase and Lease Agreement (which effective date is hereinafter called "the Effective Date"), and the parties agree that the Security Agreement shall thereupon be null and void and of no further force or effect.

2. Effective as of the Effective Date, the parties agree that the Spare Parts shall be the sole property of EDC, to be held by EDC for the benefit of the City and to be used and maintained by HHCT, as set forth and provided in the Purchase and Lease Agreement; and the Port Authority shall have no further right(s) or interest(s) of any kind or nature whatsoever, including any right(s) or interest(s) pursuant to the above described Lease, in or to the Spare Parts.

3. Nothing contained in this Agreement shall alter, reduce, relieve or otherwise affect any obligation of HHCT, as lessee, or right or remedy of the Port Authority, as lessor, under the Lease <u>except</u> to the extent any such obligation or right or remedy may be altered, reduced, relieved, eliminated or otherwise affected by the provisions of paragraphs 1 and 2 of this Agreement in which event the provisions of this Agreement shall be controlling.

4. To effectuate the foregoing, the Port Authority shall execute and deliver herewith to EDC, form UCC-3, in the form(s) annexed hereto, terminating the Security Interest (as described in form UCC-1, also annexed hereto), which form UCC-3 shall be filed by EDC with the appropriate governmental authority(ies).

5. Notwithstanding anything to the contrary set forth above in this Agreement, EDC agrees to and shall have the following obligations:

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(a) At any time following the Effective Date during the remainder of the term of the letting under the Lease that EDC shall determine to sell any of the Spare Parts, it shall first offer to sell same to the Port Authority at the lesser of (1) the price then being offered to EDC for the purchase of such of the Spare Parts or (2) the Sale Price, as defined in and determined in accordance with the provisions of subparagraph (c) of this paragraph, for such of the Spare Parts. EDC shall have the full and complete right to sell and convey such of the Spare Parts to the Port Authority and such Spare Parts shall be free and clear of any and all liens, mortgages, conditional bills of sale or other encumbrances or security interests whatsoever.

(b) The Port Authority shall notify EDC prior to the expiration of the letting under the Lease and prior to or upon any earlier termination thereof (even if stated to have the same effect as expiration); provided, however, that the giving of such notice shall not be or be deemed a condition to the Port Authority's right and option to purchase the Spare Parts from EDC under this paragraph. Upon such expiration or earlier termination, the Port Authority shall have the right and option (but not the obligation) to purchase any of the Spare Parts then owned by EDC (less any installed or otherwise used in connection with the maintenance of the Cranes owned by the City [IHI Cranes Nos. 8851, 8852, 8853 and 8855, and Peiner Crane No. 0101; but not Paceco Cranes Nos. 1253 and 1254, which are owned by the Port Authority] and not replaced), such option and right of the Port Authority to purchase the Spare Parts to be exercised by the Port Authority upon notice to EDC to that effect given at any time within thirty (30) days prior to such expiration or termination or within thirty (30) days thereafter; provided, however, that EDC shall have a right of entry to the Terminal during any period following the notice provided for in the first sentence of this subparagraph and prior to the Port Authority's exercise of such option for the purpose of taking possession of or otherwise securing the Spare Parts. In the event that the Port Authority shall not exercise such option, then upon the expiration of the option period EDC shall as soon as reasonably possible remove the Spare Parts from the Terminal and the Port Authority shall have no obligations to EDC with respect to the Spare Parts. In the event that prior to the expiration of the option period EDC removes the Spare Parts to another location in the City for the purpose of securing them, the Port Authority shall have the right to retrieve such Spare Parts from such location in the event it decides to purchase such Spare Parts. The Port Authority shall pay to EDC as the full and complete charge, cost and consideration for the Spare Parts the "Sale Price" as said term

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is defined in subparagraph (c) hereof. EDC hereby agrees that it shall execute and deliver to the Port Authority such instrument or instruments as are customary or reasonably necessary in connection with the transfer of title to the Spare Parts to the Port Authority. Upon delivery of possession to the Port Authority by EDC of the Spare Parts and the delivery of any instruments as set forth in the immediately preceding sentence, the Port Authority shall make payment to EDC on account of the Port Authority's exercise of its right and option to purchase the Spare Parts.

(c) The term "Sale Price" shall for the purposes of this Agreement mean One Million Three Hundred Nine Thousand Three Hundred Twenty Dollars and Twenty-seven Cents ($1,309,320.27), less the amounts, if any, set forth below in this subparagraph. In the event that any of the Spare Parts, at any time during the term of the letting under the Lease, has been lost or destroyed, or so damaged that it is not serviceable as a Spare Part for the Cranes, or has been installed on any of the Cranes owned by the City (in which case such Spare Part shall be part of the Crane in which it was so installed, as shall any of the Spare Parts installed on any Crane owned by the Port Authority, and the Individual Purchase Price, as defined below, for any Spare Part so installed on any Crane owned by the Port Authority shall not be deducted from the Sale Price) and not replaced by a replacement part, then there shall be deducted from the Sale Price payable by the Port Authority under this paragraph the Individual Purchase Price for such Spare Part as defined in paragraph (a) of Section 46 of the Lease and set forth in Schedule B annexed to Supplement No. 1 to the Lease for such Spare Part. In addition, the Sale Price payable by the Port Authority shall be reduced by the amount of any lien, mortgage, conditional bill of sale or other encumbrance or security interest of any kind or nature; provided, that, EDC has had a reasonable opportunity following the Port Authority's giving of notice exercising its right and option to purchase the Spare Parts to seek removal of any such encumbrance.

6. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by EDC with any liability, or held liable to EDC 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.

7. This Agreement constitutes the entire agreement between the Port Authority, EDC and HHCT on the subject matter,

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and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of all of the parties. EDC and HHCT agree that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in this Agreement.

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

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By_____

_____
Secretary

(Title)_____

ATTEST:

HOWLAND HOOK CONTAINER TERMINAL, INC.

By_____

_____
Secretary

(Title)_____President

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

By_____

_____

(Title)_____President

APPROVED AS TO FORM:

By: _____
New York City Corporation Counsel

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FORM XLD - Ack., N.Y. 51380

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

On this 30th day of March, 1998, before me personally came Victoria Cross Kelly to me known, who, being by me duly sworn, did depose and say that ~~he~~ she resides at 41 Marguette Road, Upper Montclair, New Jersey 07043; that ~~he~~ she is the Acting Deputy Director of The Port Authority of New York and New Jersey, (one of) the corporations described in and which executed the foregoing instrument; that ~~he~~ she 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~~ she signed ~~his~~ her name thereto by like order.

Judith A. Capolongo
(notarial seal and stamp)

JUDITH A. CAPOLONGO
Commissioner of Deeds, City of New York
No. 5-1425
Cert. Filed in New York County
Commission Expires October 23, 1999

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

On the 30th day of March, 1998, before me personally came Carmine Ragucci to me known, who, being by me duly sworn, did depose and say that he resides at 573 Johnston Terrace Staten Island NY 10309; that he is the 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 of the Board of Directors.

Judith A. Capolongo
(notarial seal and stamp)

JUDITH A. CAPOLONGO
Commissioner of Deeds, City of New York
No. 5-1425
Cert. Filed in New York County
Commission Expires October 23, 1999

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