

DRAFT

AMENDMENT OF LEASE AGREEMENT

Between

KINDER MORGAN TERMINALS, INC.

And the

BOARD OF HARBOR COMMISSIONERS

City of Milwaukee

1.0 Acres of Property located on the South Harbor Track at approximately the northwest corner of Bay Street and Harbor Drive, known as Parcel 7 (d/b/a: Kinder Morgan Transload), and incorporated into the existing "Master Lease" dated 10/24/96.

Lease Term: July 1, 2008 – June 30, 2013;

Tenant shall have same rights of extension of this Parcel 7 as described in the Terms and Conditions of the Master Lease dated 10/24/96.

Date of Agreement:

AMENDMENT OF LEASE AGREEMENT

This Amendment of Lease Agreement, made and entered into at Milwaukee, Wisconsin as of this ____ day of _____, 2008 by and between KINDER MORGAN BULK TERMINAL, INC. (hereinafter referred to as the "Tenant"), and the CITY OF MILWAUKEE, a Wisconsin municipal corporation, by and through its board of Harbor Commissioners (hereinafter collectively referred to as the "City").

WITNESSETH

WHEREAS the City and the Tenant have entered into a Lease Agreement dated 24 October 1996 (hereinafter referred to as the "Master Lease Agreement") for the lease of seven (7) parcels of real property totaling 13.06 acres and a building located on the Port's South Harbor Tract in the City of Milwaukee (and hereinafter referred to as the "Property"); and

WHEREAS the Tenant has at no time elected to terminate the lease Agreement and that, consequently, the Lease Agreement has continued to be, and remains, in full force and effect; and

WHEREAS the City and the tenant have agreed to amend the terms of the Master Lease Agreement as further specified in this Amendment of the Lease Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the City and the Tenant agree to amend the Master Lease Agreement dated 24 October 1996 as follows:

1. Purpose of Agreement: To operate a rail to truck transload operation for the distribution of steel products under contract to Kinder Morgan and subsidiaries. No hazardous materials will be handled at the site. Other operations may be performed with written consent of the Port Director.

2. Property. The Master Lease shall be amended to include approximately 1.0 acre of bare ground including rail track spur on east edge of property located near the NW intersection of Harbor and Bay Street. Said real property is more particularly described in Exhibit A attached hereto and incorporated into the document by reference.

Tenant warrants that such site in its present condition is suitable for Tenant's intended use. It is understood that Parcel 7 is a small part of a larger 2.8-acre land area formerly known as the Ruan site. Tenant accepts that the remainder of this larger land area may be leased to another tenant for their use and that this will result in the need for the two tenants to cooperate with each other to minimize potential disruptions to each owns operations.

Should the Port find the need to lease out the entire 2.8 acres to another Tenant, which could include Parcel 7, Port will work with Tenant to find a suitable alternate site on which Tenant can relocate and continue their transload business.

3. Term. The terms of the Amendment of Lease Agreement on Parcel 7 shall be the following:

A) An initial term beginning July 1, 2008 commencing at 12:00 A.M. and ending at 11:59 P.M. on 30 June 2013.

B) After the initial term described in Paragraph 2(a) above, Tenant shall have the same rights of extension on this Parcel 1A as described in Paragraph 1 in the Master Lease dated 24 October 1996;

4. Rent.

A) Tenant shall pay, as base rental, for the use and occupancy of the real property described herein a rental rate of \$16,000.00 per acre per annum, for a total sum of \$16,000.00 per annum, billed monthly in advance at \$1,333.33.

Due to present tenant customer contract commitments, Tenant shall pay Port a land-borne wharfage charge of thirty cents (\$.30) per metric ton until December 31, 2008. Wharfage will be charged at tariff rate as of January 1, 2009.

B) On July 1, 2013 and on each fifth year anniversary of this lease thereafter during the currency of the master Agreement, the annual fair rental value of Parcel 7 shall be adjusted as described in Paragraph 2(b) of the Lease Agreement dated 24 October 1996 for Parcels 1 through Parcel 7.

5. Except as otherwise provided for in this Amendment, all other terms and conditions of the Master Lease Agreement dated 24 October 1996 shall remain unchanged and continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment of Lease Agreement to be executed by the proper respective officers at Milwaukee, Wisconsin and their corporate seals to be affixed hereto on the day and year first above written.

In the Presence of:

CITY OF MILWAUKEE

Thomas Barrett, Mayor

Ronald D. Leonhardt, City Clerk

COUNTERSIGNED:

W. Martin Morics, City Comptroller

BOARD OF HARBOR COMMISSIONERS

Timothy K. Hoelter, President

Donna Luty, Secretary

KINDER MORGAN BULK TERMINAL

**STATE OF WISCONSIN
MILWAUKEE COUNTY**

Personally came before me this ____ day of _____, 20____, Tom Barrett, Mayor of the above-named municipal corporation, who by its authority and on its behalf executed the foregoing instrument and acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

**STATE OF WISCONSIN
MILWAUKEE COUNTY**

Personally came before me this ____ day of _____, 20____, Ronald D. Leonhardt, the City Clerk of the above-named municipal corporation, who by its authority and on its behalf executed the foregoing instrument and acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

**STATE OF WISCONSIN
MILWAUKEE COUNTY**

Personally came before me this ____ day of _____, 20____, W. Martin Morics the City Comptroller of the above-named municipal corporation, who by its authority and on its behalf executed the foregoing and acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

**STATE OF WISCONSIN
MILWAUKEE COUNTY**

Personally came before me this ____ day of _____, 20____, Timothy K. Hoelter, President, and Donna Luty, Secretary of the Board of Harbor Commissioners, who by its authority and on its behalf executed the foregoing instrument and acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

**STATE OF WISCONSIN
MILWAUKEE COUNTY**

Personally came before me this ____ day of _____, 20____,
_____, the _____, and _____,
the _____, of KINDER MORGAN BULK TERMINAL,
who by its authority and on its behalf executed the foregoing instrument and
acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

APPROVED as to Form and Execution this
____ day of _____, 20____

Assistant City Attorney