

LOWER MANHATTAN DEVELOPMENT CORPORATION

Meeting of the Directors
 Held at the Offices of the Corporation
 One Liberty Plaza -20th Floor
 New York, New York 10006

May 15, 2003

MINUTES**In Attendance****Directors:**

John C. Whitehead, Chairman
 Paul Crotty
 Richard Grasso
 Robert Harding
 Sally Hernandez-Pinero
 Thomas Johnson (via telephone)
 Edward J. Malloy
 Carl Weisbrod
 Madelyn Wils
 Frank Zarb (via telephone)

Staff Attending:**For Lower Manhattan Development Corporation:**

Kevin Rampe, Interim President
 Jennifer Brown, Assistant Vice President for
 Community and Government Relations
 Irene Chang, General Counsel
 Daniel Ciniello, Vice President,
 Internal Audit
 Anita Contini, Vice President and Director
 for Memorial, Cultural and Civic Programs
 Ben Dookchitra, Project Manager
 Christopher Glaisek, Vice President,
 Planning, Design & Development
 John Hatfield, Assistant Vice President and
 Program Manager for Memorial, Cultural &
 Civic Programs
 Matthew Higgins, Chief Operating Officer and
 Director of Communications
 Dyana Lee, Vice President for Investigations
 Peter Madden, Project Manager
 Robert Miller, Chief Financial Officer
 Amy Peterson, P.E., Vice President, Project
 Development Programs & Economics

Nancy Poderycki, Assistant Vice President,
Communication
Stefan Pryor, Deputy to the Chairman,
Chief of Staff, and Secretary
Tara Snow, Vice President for Community
and Government Relations
Sharon Tepper, Program Manager for Memorial,
Cultural & Civic Programs
Andrew Winters, Vice President and Director
of Design and Development

Other Staff

For New York City:

Daniel Doctoroff, Deputy Mayor, Economic
Development (via telephone)

For Governor George E. Pataki:

Doug Blaise

For Empire State Development Corporation:

Kevin S. Corbett, Executive Vice President
and Chief Operating Officer
Amy Schoch, Manager, Watershed and Special
Project

For Speaker Sheldon Silver:

Judy Rapfogel, Chief of Staff
Yvonne Morrow

For Chairman Whitehead:

Edward Novotny, Advisor

Counsel to the Board

Ira Millstein, Esq.
Jason R. Lilien, Esq.
Weil, Gotshal & Manges LLP

The Public
The Media and Press

The meeting of the Lower Manhattan Development Corporation ("LMDC") was called to order at 8:05 a.m. It was noted for the record that notice to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

The Chairman explained that Mr. Zarb, who was participating by phone and whose time was limited, would report on behalf of the Audit and Finance Committee.

Mr. Zarb explained that Budget passed at the previous Board meeting did not include costs for off-site planning projects, nor did it contain a complete rounding out of the administrative budget for the next fiscal year.

Mr. Zarb stated that the Finance Committee was in favor of the amendment being presented to the Directors by Mr. Rampe and would continue to monitor it on a monthly basis and provide the rest of the Board with a variance report. He then turned the meeting back to Messrs. Whitehead and Rampe and discontinued participation in the meeting.

Interim President Rampe then briefly outlined the planning efforts that would be funded as a part of the amendment. At the Chairman's request, he provided a brief presentation with regard to several of the remaining finance items, including the funding of additional expenditures pursuant to the Innovative Design Study and the Emergency Contract Authorization Policy.

Interim President Rampe noted that three Partial Action Plans would be submitted to the Board today for approval for issuance for public comment and submittal to HUD. He then asked Ms. Peterson to present the Partial Action Plans.

Ms. Peterson provided an overview of the items included in the three partial action plans. In regards to the first Partial Action Plan under consideration, Ms. Peterson asked Mr. Corbett and Ms. Schoch of Empire State Development to provide a presentation on the request for additional funding to the World Trade Center Business Recovery Grant Program.

Ms. Schoch explained that ESD had been allocated \$700 million for business recovery. Ms. Schoch provided a review of the grant moneys utilized and explained that an additional \$75 million allocation was being sought from LMDC. She explained the intended uses for and source for this funding.

Following these presentations, the Chairman read the following resolution adopting the Budget Amendment into the record. Then upon motion, duly made and seconded, the following resolution was unanimously adopted:

Amendment to 2002-03 Fiscal Year Budget

RESOLVED, that the Budget of the Corporation for fiscal year 2003-04 is hereby amended to increase the authorized expenditures thereunder by \$7,953,360 as set forth in the Budget amendment presented to this meeting and attached hereto.

* * *

Before reading the next resolution into the record, the Chairman noted that Directors Grasso, Weisbrod and Wils were exiting the conference room and recusing themselves with regard to the following resolution. Upon motion duly made and seconded, the following resolution was unanimously adopted:

Partial Action Plan for Short Term Capital Projects, Long-Term Planning and Supplemental Funds for Business Recovery

RESOLVED, that the Partial Action Plan for Short Term Capital Projects, Long-Term Planning and Supplemental Funds for Business Recovery, as presented at this meeting, is hereby approved, and that such Partial Action Plan as may be corrected to comport with applicable requirements be issued to the public for comment and, following such comment period, be submitted to the federal Department of Housing and Urban Development (HUD) in accordance with federal guidelines applicable thereto; and be it

FURTHER RESOLVED, that the President of the Corporation shall be authorized to make changes to the Partial Action Plan as

may be necessary or appropriate to reflect public comments received and obtain HUD's approval thereof; and be it

FURTHER RESOLVED, that any funds expended pursuant to the Partial Action Plan shall be subject to separate Board approval; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take such actions as may be necessary or appropriate to effect the foregoing.

* * *

It was noted for the record that Directors Grasso, Weisbrod and Wils returned to the conference room and Director Crotty exited. It was further noted for the record that Director Crotty would recuse himself from voting on the following resolution. The Chairman then asked Ms. Peterson to report on the funding request for a Partial Action Plan for Utility Restoration and Infrastructure. Ms. Peterson explained that LMDC has been working closely with ESD and EDC on that matter and that Ms. Schoch would provide the report.

Ms. Schoch provided a detailed outline of the funding requested and the proposed utilization of that funding. Ms. Schoch noted the objectives of the plan are to compensate the utilities for reimbursed losses and to revitalize Lower Manhattan through targeted infrastructure investment.

Ms. Schoch explained that funds will be allocated in three tiers. She further explained that the first tier addresses costs for emergency and temporary service response from the utilities. The utilities, she noted, have borne those costs for the past two years without compensation.

The second tier, as explained by Ms. Schoch, addresses permanent restoration and rebuilding of infrastructure and, where appropriate, improvements to infrastructure. Funds from the third tier, she explained, will be used to protect the utilities from costs they bear when street work is being done by the City.

Ms. Schoch provided further details including what types of entities and/or costs may be eligible. She also provided general information with regard to certain deadlines.

Director Weisbrod asked several questions with regard to the construction of carrier neutral lateral communication conduits and the construction of redundant fiber, as conceived under Tier 2. First, he asked if it is possible for the City or another public entity to own the new infrastructure. Mr. Corbett noted that there was nothing that precluded that from happening.

Next, Director Weisbrod asked with regard to the conduit whether it would be wired or wireless. He was informed that wired was what was contemplated. Mr. Corbett noted that while the plan does not preclude wireless, that form of service has not come up in any of the business meetings thus far.

Mr. Corbett further stated that if this matter comes up during the comment period, it can be incorporated into the plan before it is submitted to HUD for prior approval.

The Chairman noted that the specific dollar amount for this Partial Action Plan had been prescribed by Congress.

It was noted for the record that Director Hernandez-Pinero had exited the conference room and would, along with Director Crotty, recuse herself from voting on the following resolution. Upon motion duly made and seconded, the following resolution was unanimously adopted:

Partial Action Plan for Utility Restoration and
Infrastructure Rebuilding

RESOLVED, that the Partial Action Plan for Utility Restoration and Infrastructure Rebuilding, as presented at this meeting, is hereby approved, and that such Partial Action Plan as may be corrected to comport with applicable requirements be issued to the public for comment and, following such comment

period, be submitted to the federal Department of Housing and Urban Development (HUD) in accordance with federal guidelines applicable thereto; and be it

FURTHER RESOLVED, that the President of the Corporation shall be authorized to make changes to the Partial Action Plan as may be necessary or appropriate to reflect public comments received and obtain HUD's approval thereof; and be it

RESOLVED, that upon approval of the Partial Action Plan by HUD, the Corporation shall appropriate and expend out of the Corporation's funds an amount not to exceed \$750,000,000, which shall be allocated to the Empire State Development Corporation to carry out the programs and purposes set forth in the Partial Action Plan; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take any such action, including entering into any agreement with the Empire State Development Corporation, as may be necessary or appropriate to effect the foregoing.

* * *

The Chairman asked Ms. Peterson to present a report with regard to funding for the Partial Action Plan for New York Firms Suffering Disproportionate Loss of Workforce.

Ms. Peterson stated that Mr. Corbett and Ms. Schoch would make this presentation. It was noted for the record that Directors Crotty and Hernandez-Pinero had re-entered the conference room.

Before the presentation began, Director Weisbrod asked if the total number of eligible firms was known and he was informed

that 11 firms were eligible. Ms. Schoch then presented the item noting, in part, the criteria by which awards will be determined.

The Chairman noted that the funds allocated under this Partial Action Plan had been prescribed by legislation.

Director Weisbrod asked whether or not getting existing business recovery benefits would affect how much the company receives under the Partial Action Plan fund being considered. He was informed that it does not affect the amount.

Director Weisbrod asked for a list of the firms that are eligible for both forms of funds and was assured he would receive such a list once the firms actually apply.

There being no further questions or comments, the Chairman read a resolution into the record with regard to the Partial Action Plan for New York Firms Suffering a Disproportionate Loss of Workforce. Following said reading and upon motion duly made and seconded, the following resolution was unanimously adopted:

Partial Action Plan for New York Firms Suffering
Disproportionate Loss of Workforce

RESOLVED, that the Partial Action Plan for New York Firms Suffering Disproportionate Loss of Workforce, as presented at

this meeting, is hereby approved, and that such Partial Action Plan as may be corrected to comport with applicable requirements be issued to the public for comment and, following such comment period, be submitted to the federal Department of Housing and Urban Development (HUD) in accordance with federal guidelines applicable thereto; and be it

FURTHER RESOLVED, that the President of the Corporation shall be authorized to make changes to the Partial Action Plan as may be necessary or appropriate to reflect public comments received and to obtain HUD's approval thereof; and be it

RESOLVED, that upon approval of the Partial Action Plan by HUD, the Corporation shall appropriate and expend out of the Corporation's funds an amount not to exceed \$33,000,000, which shall be allocated to the Empire State Development Corporation to carry out the programs and purposes set forth in the Partial Action Plan; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take any such action, including entering into any agreement with the Empire State Development Corporation, as may be necessary or appropriate to effect the foregoing.

* * *

Next, the Chairman read a resolution into the record approving an increase in expenditures pursuant to the Innovative Design Study. Upon motion duly made and seconded, the following resolution was unanimously adopted:

Authorization of Additional Expenditures Pursuant to
Innovative Design Study

RESOLVED, that the Corporation is hereby authorized to increase the expenditures under its agreement with Frederic Schwartz Architects by \$275,000 to an amount not to exceed \$709,953.76 for expenditures incurred during Phase IIB of the Innovative Design Study in February 2003; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take any such action as may be necessary and appropriate to effect the foregoing.

* * *

The Chairman then read a resolution into the record authorizing an Emergency Contract Authorization Policy. The Chairman asked for clarification with regard to a portion of the resolution. Interim President Rampe stated that under the present policy no single item can exceed \$50,000. By this resolution, he explained, up to \$250,000 will be allowed in an emergency situation with the Chairman's approval. Then upon motion duly made and seconded, the following resolution was unanimously adopted:

Emergency Contract Authorization Policy

RESOLVED, that the following Emergency Contract Authorization Policy, which authorizes the President in exceptional circumstances to enter into agreements for amounts up to \$250,000 prior to Board approval, is hereby adopted and approved as the policy of the Corporation:

Policy Statement on Emergency Contract Authorization

The Board of Directors hereby delegates to the President of LMDC full and complete authority to execute, on behalf of LMDC and its Board of Directors, all contracts or other instruments not exceeding a financial commitment of two hundred and fifty thousand dollars (\$250,000) as deemed immediately necessary by the President to carry out the proper functions of LMDC in between meetings of the Board of Directors; provided, however, the President shall obtain the prior review and approval of the Chairman of the Board and notify the Chairman of the Audit and Finance Committee prior to execution, and any such contract or

other instrument shall be subject to ratification by the Board of Directors at the next meeting of the Board of Directors. All transactions shall comply with applicable laws and regulations, including appropriate procurement procedures, the by-laws of the LMDC, and any applicable LMDC policies, procedures or resolutions governing the particular transaction. All amounts expended pursuant to such a transaction shall be within the overall LMDC budget for the then-applicable fiscal year. The President shall make appropriate reports to the Board at the meeting at which the contract is to be ratified.

The Chairman then asked the Directors to approve the minutes of the meeting of the Directors of April 10, 2003. Upon motion duly made and seconded, the following resolution was adopted:

APPROVAL OF MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT
THE APRIL 10, 2002 MEETING OF THE DIRECTORS OF THE LOWER
MANHATTAN DEVELOPMENT CORPORATION

RESOLVED, that the minutes of the meeting of the Corporation held on April 10, 2003, as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meeting, as set forth in such minutes, are ratified and approved as actions of the Corporation.

* * *

The Chairman then provided his report. He stated that one of LMDC's key initiatives is the improvement of Lower Manhattan's transportation network. The Chairman cited the recent release of a report issued jointly LMDC, the Port Authority, the MTA, the State Department of Transportation and New York City which outlines priorities for transportation improvements to aid in the redevelopment of Lower Manhattan.

The Chairman discussed some of the recently announced short-term projects the LMDC was coordinating, such as upgrades to the area surrounding the New York Stock Exchange. He also provided a brief update on the status of the Memorial Competition.

In concluding his report, the Chairman noted that a Board Working Group will be appointed to address the off-site planning initiatives that LMDC is funding and developing in collaboration with the City.

Interim President Rampe then presented his report.

Interim President Rampe's report focused in part on the previously mentioned transportation plan which had been announced the previous week by the Governor.

Mr. Rampe noted with regard to the memorial site competition that approximately 5,000 registrations from over 71 countries had been received.

Mr. Rampe then outlined the remaining items on the meeting's agenda. The first such item was with regard to promotions for a number of LMDC staff members.

Mr. Rampe provided the names of those persons as well as their current responsibilities and their new titles.

The Chairman then read a resolution into the record with regard to the election of officers of the Corporation, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Election of Officers

RESOLVED, that the following persons are elected to the offices of the Corporation set forth opposite each of their respective names, to serve until their respective successors are duly elected and qualified or until their earlier resignation or removal:

Matthew Higgins	Chief Operating Officer & Director of Communications
Stefan Pryor	Deputy to the Chairman & Chief of Staff
Andrew Winters	Vice President & Director for Planning, Design and Development
Christopher Glaisek	Vice President for Planning, Design And Development
Irene Chang	Vice President of Legal Affairs and Counsel

* * *

Mr. Winters provided a report on a funding request with

regard to a contract with Studio Daniel Libeskind, LLC. Following the presentation, the Chairman read the following resolution into record. Before the vote was completed, Mr. Crotty asked how much of the amount of the contract would be funded by the Federal Transit Administration. Mr. Winters stated that that amount is estimated to be between \$250,000 and \$400,000. There being no further questions or comments, upon motion duly made and seconded, was unanimously adopted by the Directors:

Joint Contract with Port Authority for Studio Daniel Libeskind, LLC

RESOLVED, that the Corporation is hereby authorized to enter into a contract, jointly with the Port Authority of New York and New Jersey, with Studio Daniel Libeskind, LLC, for design consulting services relating to the redevelopment of the World Trade Center Site, including, among other things, the creation of an integrated site plan reconciling multiple uses on the site and establishment of design guidelines for commercial development on the site; and be it

FURTHER RESOLVED, that the contract shall be for an eight-month period, with expenditures thereunder allocated equally between the Corporation and the Port Authority; and be it

FURTHER RESOLVED, that the aggregate amount to be expended by the Corporation and the Port Authority under such contract shall not exceed \$3,024,200; and be it

FURTHER RESOLVED, that the Corporation's expenditures under such contract shall not exceed \$1,512,100, which constitutes one-half of the aggregate contract amount; and be it

FURTHER RESOLVED, that the Corporation's expenditures under such contract shall be reduced by one-half of the aggregate

amount funded by the Federal Transit Administration for such contract; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take any such action as may be necessary and appropriate to effect the foregoing.

* * *

Mr. Winters then presented a second Libeskind contract for consideration. He explained that the intent of this contract is to have Studio Daniel Libeskind coordinate with the selected memorial designer and also work with the various cultural institutions and civic groups to ensure that the cultural and memorial programming on the site is fully integrated with the overall site plan.

The Chairman then referred to the following \$1.5 million contract resolution to be considered by the Directors. Upon motion duly made and seconded, the following resolution was unanimously adopted:

Contract with Studio Daniel Libeskind, LLC for Memorial, Cultural, and Civic Program

RESOLVED, that the Corporation is hereby authorized to enter into an agreement with Studio Daniel Libeskind for design consulting services relating to the development and integration of a Memorial, Cultural, and Civic Program with the overall site redevelopment plan for the World Trade Center Site; and be it

FURTHER RESOLVED, that such agreement shall be for one-year

period and for an aggregate amount not to exceed \$1,500,000; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take any such action as may be necessary and appropriate to effect the foregoing.

* * *

Mr. Pryor presented the next item which was a request for funding for the new Millennium High School. Mr. Pryor explained that the amount of this funding would be subtracted from the amount to be provided under the Partial Action Plan which had been approved earlier in the meeting. Following Mr. Pryor's presentation, the Chairman called for a motion with regard to this request. It was noted that Director Wils recused herself with regard to the following resolution. Upon motion duly made and seconded, the following resolution was unanimously adopted:

Approval of Funds for Millennium High School

RESOLVED, that the Corporation hereby approves the expenditure of \$75,000.00 of the Corporation's funds for architectural services related to the construction of the new Millennium High School in lower Manhattan; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take such other actions as may be necessary and appropriate to effect the foregoing.

* * *

Next, Ms. Contini provided a report on the Memorial Competition and this was followed by a report on the Memorial Public Outreach efforts by Tara Snow.

A report was then given by Mr. Higgins on the request for funding for printing services. The Chairman then read the following resolution into the record and upon motion duly made and seconded, said resolution was unanimously adopted:

Agreements for Printing Services

RESOLVED, that the Corporation is hereby authorized to enter into amended agreements with each of GM Printing, Peake Printers and ABC Imaging to provide printing services to the Corporation; and be it

FURTHER RESOLVED, that the combined expenditures under all such agreements shall not exceed \$500,000 in the aggregate; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take any such action as may be necessary and appropriate to effect the foregoing.

* * *

An update was provided on the Residential Grant Outreach Program by Ms. Peterson.

The Chairman explained that an additional resolution would be considered with regard to first of the three Partial Action

Plans which had been adopted earlier in the meeting. The Chairman explained that this resolution would allow up to \$75 million to be allocated to ESD to implement business recovery programs included in the Partial Action Plan.

The Chairman read the resolution into the record and upon motion duly made and seconded, the following resolution was unanimously adopted:

Allocation of Funds to Empire State Development Corporation
Under the Partial Action Plan for Short Term Capital
Projects, Long-Term Planning and Supplemental Funds for
Business Recovery

RESOLVED, that upon approval of the final Partial Action Plan for Short Term Capital Projects, Long-Term Planning and Supplemental Funds for Business Recovery by HUD, the Corporation shall appropriate and expend out of the Corporation's funds an amount not to exceed \$75,000,000, which shall be allocated to the Empire State Development Corporation to carry out the Business Recovery programs set forth in the Partial Action Plan; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take any such action, including entering into any agreements, as may be necessary or appropriate to effect the foregoing.

* * *

There being no further business, the meeting was adjourned at 9:52 a.m.

Respectfully submitted,

Eileen McEvoy
Assistant Secretary