

DRAFT - SUBJECT TO REVIEW AND REVISION

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

September 9, 2004

MINUTES

In Attendance

Directors:

John C. Whitehead, Chairman
Robert Balachandran
Paul Crotty
Robert Harding
Thomas Johnson (via telephone)
Edward J. Malloy
Stanley Shuman
Carl Weisbrod
Madelyn Wils

Staff Attending:

For Lower Manhattan Development Corporation:

Kevin Rampe, President
Irene Chang, General Counsel
Daniel Ciniello, Senior Vice President -
Operations
Anita Contini, Vice President - Memorial,
Cultural and Civic Programs
Christopher Glaisek, Vice President
Planning, Design & Development
Dyana Lee, Vice President for Investigations
Peter Madden, Senior Project Manager
Eileen McEvoy, Assistant Secretary
Robert Miller, Chief Financial Officer
Amy Peterson, Vice President - Memorial
Development
Stefan Pryor, Senior Vice President - Policy
& Programs
Joanna Rose, Assistant Vice President -
Communications and Press Secretary
Chara Tappin, Community Liaison

Other Staff

For Mayor Bloomberg:

Daniel Doctoroff

For Chairman Whitehead:

Edward Novotny, Advisor

For HUD:

Jan Opper, Senior Program Officer

For Speaker Sheldon Silver:

Judy Rapfogel, Chief of Staff

Counsel to the Board:

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

Also Present:

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.

Next, the Chairman called for the approval of the Minutes of the August 12, 2004 Directors' Meeting. There being no comments or corrections, upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT THE AUGUST 12, 2004 MEETING OF THE DIRECTORS OF THE LOWER MANHATTAN DEVELOPMENT CORPORATION

RESOLVED, that the minutes of the meeting of the Corporation held on August 12, 2004, 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 hereby in all respects and approved as actions of the Corporation.

* * *

Chairman Whitehead began his report by noting that the anniversary of the September 11th terrorist attack was this coming Saturday and he asked all present to observe a moment of silence to honor the memory of all of those who were lost on that day.

The Chairman then noted that on August 31st, LMDC officially acquired the former Deutsche Bank Building at 130 Liberty Street. The Chairman explained that there were a number of items on today's Agenda which are intended to ensure that LMDC adequately prepares itself to manage the building's deconstruction. The Chairman then provided a brief outline of

those items and thanked LMDC staff as well as Senator Mitchell for their efforts in successfully orchestrating this landmark real estate transaction.

Chairman Whitehead then congratulated Director Crotty for his nomination by President Bush to a federal Judgeship.

President Rampe opened his report by providing the Board with an update on the major items that staff has been working on which includes the development of a program and pre-design for the Memorial.

President Rampe explained that in order to achieve this goal, LMDC has been meeting with all involved City and State agencies as well as with the Port Authority and all agencies and companies involved in the planning and development of the World Trade Center site and surrounding areas that have an impact on the memorial.

President Rampe then provided an outline of the items to be presented. He then presented an item regarding the construction of a Tribute Visitors Center for the Directors' consideration.

Mr. Rampe explained that in his last major speech on Lower

Manhattan Development, Governor Pataki called on LMDC to offer funding and assistance to family groups for the creation of a space near the World Trade Center site where family members, survivors and residents can share their experience and educate members on the heroic and historic efforts of the City as it pulled together in the face of tragedy.

The Center, he further explained would fulfill a need for an interim program for informed communication and more in depth information in a structured environment until the completion of a permanent memorial at the World Trade Center site in 2009.

Today's resolution, Mr. Rampe explained, authorizes the appropriate officers at LMDC to continue negotiations with the Families Association to achieve a successful and viable project. He explained that once a satisfactory business and fundraising plan is achieved, the item will be presented to the Board for a matching grant.

Following Mr. Rampe's presentation, the Chairman read the related resolution into the record. Following said recitation and upon motion duly made and seconded, the following resolution was unanimously adopted:

Tribute Visitors Center

WHEREAS, it is the intent of the LMDC to establish an interim physical space near the World Trade Center site where family members, survivors and residents can share their experiences of the September 11th 2001 and February 26, 1993 terrorist attacks and educate visitors on the heroic and historic efforts of the City as it unified in the face of tragedy; and

WHEREAS, such a space would serve as a response to the need for informed communication about the terrorist attacks until the completion of the permanent World Trade Center Site Memorial; and

WHEREAS, the September 11th Families Association (the Families Association) has proposed the establishment of the Tribute Visitors Center at 120 Liberty Street, which would be an educational center located across from the World Trade Center site in which visitors to the World Trade Center site can interact with the September 11th community and receive educational and factual information about the September 11th 2001 and February 26, 1993 terrorist attacks; and

WHEREAS, the LMDC and the Families Association have initiated negotiations regarding potential funding and assistance by the LMDC for the establishment of the Tribute Visitors Center.

NOW, THEREFORE, BE IT

RESOLVED, that the LMDC is authorized to continue negotiations with the Families Association regarding potential funding and other assistance by the LMDC for the Tribute Visitors Center; and be it

FURTHER RESOLVED, that upon the receipt by the LMDC of satisfactory business and fundraising plans with respect to the construction and operation of the Tribute Visitors Center, and the development by the Families Association of a governance and management structure that would help lead to a successful and viable project, the proper officers of the LMDC shall submit a funding request to the Board of Directors for an amount not to exceed \$3,000,000 to be used towards capital and other costs for the Tribute Visitors Center, which funds shall be used to match

amounts raised for the Tribute Visitors Center from other sources; and be it

FURTHER RESOLVED, that such funding request to the Board of Directors shall be subject to the prior review of the Audit and Finance Committee; and be it

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

* * *

Next, Director Johnson stated that the funding and Partial Action Plan proposals to be considered by the Directors at this meeting had been reviewed by the Audit and Finance Committee and that all are recommended for approval.

Director Johnson also noted that a Budget Variance Report for the period ending July 31, 2004 had been provided to the Board.

Director Johnson then called upon Mr. Miller to introduce a request for authorization for LMDC to extend its lease for office space at One Liberty Plaza.

In presenting this item, Mr. Miller explained that the present lease expires at the end of February 2005 and that LMDC is looking to extend the lease for a five year period at an amount not to exceed \$3,192,416. Following Mr. Miller's

presentation of the specifics of this request, Mr. Crotty asked how the price per square foot compares with other rents in Lower Manhattan. Mr. Miller explained that the two other viable locations average \$46.00 a square foot and \$39.00 a square foot whereas the present space is \$35.00 a square foot.

The Chairman asked how the present numbers compare with the present lease terms and Mr. Miller noted that the numbers are based on exactly the same base rent plus the escalations in operating costs and electricity for the building. This makes it almost an exact continuation of the current rent he noted.

Deputy Mayor Doctoroff asked what LMDC is assuming in terms of space needs over that period of time. Mr. Miller stated that the Corporation assumes that it will be operating at approximately the same size for that period of time. If however that is not the case, he noted, there will be provisions to sublease the space if the needs are reduced.

Director Crotty asked how much of the 18,000 square feet is dedicated to the Family Room and Director Johnson stated that it was approximately 1,000 feet.

Their being no further questions or comments, the Chairman

read the related resolution into the record and upon motion duly made and seconded, the following resolution was unanimously adopted: (It was noted for the record that Director Weisbrod abstained from voting on the following resolution.)

Authorization to Enter into New Office Lease

RESOLVED, that the Corporation is hereby authorized to enter into a new lease agreement with BFP 1 Liberty Plaza Co. Inc., as landlord, for the Corporation's existing office space at 1 Liberty Plaza; and be it

FURTHER RESOLVED, that such agreement shall be for a five-year period commencing after the expiration of the Corporation's current office lease in February 2005, for an amount not to exceed \$3,192,416 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.

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Ms. Chang then presented a request for funds for LMDC to amend its contracts with the following three law firms: Carter Ledyard & Milburn, LeBoeuf, Lamb, Greene & MacRae and Weil, Gotshal & Manges. Ms. Chang outlined the reasons said amendments are necessary, noting in part that continued legal advice and services are required in connection with the scope of the contracts and other documents that were required to complete the 130 Liberty Street transaction in terms of the acquisition and related transactions.

Ms. Chang further noted that additional funding for the legal services was included in Partial Action Plan 7 to allow for preparation of the necessary documentation in connection with the real estate transaction and to assist in the preparation of contracts relating to the cleanup and deconstruction as well as related contracts moving forward.

Following Ms. Chang's presentation and in response to a question posed by Director Weisbrod, Ms. Chang explained that funds for all three of the amendments would come out of Partial Action Plan 7.

Deputy Mayor Doctoroff asked how much of the total \$5.5 million in legal fees is attributable to 130 Liberty Street versus other services provided for LMDC. Ms. Chang said that it was approximately \$1.5 million for 130 Liberty Street. There being no further question or comments, and upon motion duly made and seconded, the following related resolution which had been read into the record by the Chairman was unanimously adopted:

Authorization to Amend Agreements with Legal Consultants regarding 130 Liberty Street Acquisition and Related Transactions

RESOLVED, that the Corporation is hereby authorized to amend its agreement with each of Carter Ledyard & Milburn and LeBoeuf, Lamb, Greene & MacRae for the provision of legal services in the areas of environmental, land use and real estate law in connection with planning matters and development projects in Lower Manhattan to increase the combined expenditures under both such agreements by \$500,000 to a total amount not to exceed \$5,000,000 in the aggregate under both such agreements; and be it

FURTHER RESOLVED, that the Corporation is hereby authorized to amend its agreement with Weil, Gotshal & Manges LLP for the provision of legal services to the Corporation to increase the total authorized expenditures there under by \$250,000 to a total amount not to exceed \$550,000 in the aggregate; and be it

FURTHER RESOLVED, that each of the foregoing expenditures approved hereby shall be derived from funds allocated for such purpose in Partial Action Plan 7; 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.

* * *

Ms. Millea then presented a request for funding for public outreach consultants in connection with the 130 Liberty Street acquisition and related transactions.

Following Ms. Millea's detailed presentation of the specifics of this request, the Chairman read the related resolution into the record and upon motion duly made and seconded, the following resolution was unanimously adopted:

Authorization to Amend Agreement with Public Outreach Consultant regarding 130 Liberty Street Acquisition and Related Transactions

RESOLVED, that the Corporation is hereby authorized to amend its agreement with Ecology and Environment, Inc. for public outreach consulting services in connection with the 130 Liberty Street deconstruction project to increase the expenditures authorized thereunder by an additional \$100,000 to an amount not to exceed \$125,000 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.

* * *

Next, Ms. Lee asked the Board to authorize LMDC to enter into contract negotiations with Kroll Associates to serve as an integrity monitor in connection with anticipated LMDC funded construction projects. She noted that the most immediate need centered on the 130 Liberty Street site deconstruction. Following Ms. Lee's presentation of the details of this request, the Chairman read the relevant resolution into the record and upon motion duly made and seconded, the following resolution was unanimously adopted:

Authorization to Enter into Agreement with Kroll Associates for Integrity Monitoring Services Regarding 130 Liberty Street Acquisition and Related Transactions

RESOLVED, that the Corporation is hereby authorized to enter into an agreement with Kroll Associates to serve as an integrity monitor in connection with construction projects relating to the World Trade Center Memorial and Redevelopment Plan; and be it

FURTHER RESOLVED, that such agreement shall be for a two-year period for an amount not to exceed \$500,000 in the aggregate, which shall be derived from funds included in Partial Action Plan 7; 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.

* * *

Ms. Peterson then presented a request to enter into an agreement for air sampling services in connection with the 130 Liberty Street acquisition and related transaction. Among other things, Ms. Peterson noted that the proposed contract is covered under Partial Action Plan 7. Following Ms. Peterson's presentation, the Chairman read the related resolution into the record and upon motion duly made and seconded, the following resolution was unanimously adopted:

Authorization to Enter into an Agreement for Air Sampling Services in connection the 130 Liberty Street Acquisition and Related Transactions

RESOLVED, that the Corporation is hereby authorized to enter into an agreement with the Ambient Group, Inc. to provide air sampling services related to the 130 Liberty Street deconstruction project; and be it

FURTHER RESOLVED, that such agreement shall be for a one-year period for an amount not to exceed \$590,000 in the aggregate, which shall be derived from funds included in Partial Action Plan 7; 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.

* * *

Next, Ms. Stein and Ms. Kazanas from ESD provided an update on the business assistance programs that were instituted after September 11th and funded by LMDC.

During the course of the report, Ms. Stein, in response to a question posed by Director Crotty, corrected the figure for funding under the Business Recovery Grant Program. The actual figure she noted, is \$486,000 not \$586,000 as shown.

With regard to the Small Firm Attraction Retention Grant Program, Director Weisbrod asked what course ESD will follow if all of the funding is not committed by the December 31st deadline. Mr. Corbett noted that the options for extending the deadline will be examined if the need arises at year's end. Ms. Stein added that if a lease is signed before the deadline, businesses have a three month grace period within which to apply.

Ms. Kazanas followed up with a report on recovery in such areas as real estate and tourism and the positive impact of various marketing efforts on those two areas.

Mr. Corbett then spoke of the cooperation of all of the governmental entities - the White House, HUD and all of the State and City agencies who have worked diligently together to bring about the successful results mentioned in the foregoing reports. Such successful results, he noted, are often below the radar screen from a press view point.

Director Weisbrod and Chairman Whitehead then voiced their praise with regard to the intergovernmental efforts.

Mr. Pryor then presented a request for authorization for LMDC to enter into a subrecipient agreement with Pace University regarding the Pace University Green Roof Project.

Following Mr. Pryor's presentation, he noted that the \$100,000 in funding would go towards a planning study that would enable Pace University to work out the logistics and some preliminary design for the establishment of the Green Roof.

Mr. Pryor provided a detailed outline of the specifics of the request, noting in part, that in his May 15th address regarding Lower Manhattan initiatives, Governor Pataki encouraged LMDC to look at this program. The Governor, Mr. Pryor explained, believes it to represent an innovative

solution to urban environmental problems, including pollution from storm water runoff, high summer temperatures and air pollution.

The Chairman asked if there were other Green Roofs around that have had some experience. Mr. Pryor explained that Pace has invested in other Green Roofs in the New York area. These other projects, he noted, are much more limited in scope than the one proposed today.

Director Balachandran noted that the United States has been slow in utilizing this technology and from his experience with the Hudson River Trust, he believes it to be a good investment. There being no further questions or comments, Chairman Whitehead read the relevant resolution into the record and then upon motion duly made and seconded, the following resolution was unanimously adopted: (It was noted for the record that Director Weisbrod abstained from voting on the following resolution.)

Authorization to Enter into Subrecipient Agreement with Pace University regarding Pace University Green Roof Project

RESOLVED, that the Corporation is hereby authorized to enter into a subrecipient agreement with Pace University in an amount not to exceed \$100,000 for the purpose of funding initial phases of planning and work for the One Pace Plaza Green Roof Project being undertaken by Pace University in partnership with

the U.S. Environmental Protection Agency and the New York City Department of Environmental Protection, which project would create a 35,000 square foot "green roof" at Pace University's Lower Manhattan campus; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to submit for public comment and review by the federal Department of Housing and Urban Development (HUD) a Partial Action Plan for the expenditure of the Corporation's funds for the foregoing purpose; and be it

FURTHER RESOLVED, that prior to approval by HUD of such Partial Action Plan, the expenditures approved hereby shall be allocated from funds included for planning and administration in the Corporation's annual budget for fiscal year ending March 31, 2005, in accordance with applicable HUD guidelines; and be it

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

* * *

Lastly, Ms. Rose presented a request for authorization for LMDC to renew its Web Hosting and Maintenance Agreement with something digital.

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

Authorization to Renew Web Hosting and Maintenance Agreement with Something Digital

RESOLVED, that the Corporation is hereby authorized to amend its agreement with Something Digital to host and maintain the Corporation's website, www.RenewNYC.com to extend the term

of such agreement by an additional one year period and to increase the expenditures authorized thereunder by an additional \$170,000 to an amount not to exceed \$415,110 in the aggregate; and be it

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

* * *

There being no further business, the meeting was adjourned at 9:22 a.m.

Respectfully submitted,

Eileen McEvoy
Assistant Secretary