

LOWER MANHATTAN DEVELOPMENT CORPORATION

Meeting of the Directors
Held at the Offices of
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006

May 15, 2002

MINUTES

In Attendance

Directors:

John C. Whitehead, Chairman
Roland W. Betts
Paul Crotty
Richard Grasso
Robert M. Harding
Sally Hernandez-Pinero
Thomas S. Johnson
Edward J. Malloy
Billie Tsien
Carl B. Weisbrod
Madelyn Wils
Howard Wilson
Deborah C. Wright
Frank G. Zarb

Staff Attending:

For Lower Manhattan Development Corporation:

Louis R. Tomson, President
James Angley, Chief Financial Officer
and Treasurer
Alexander Garvin, Vice President for
Planning, Design and Development
Matthew Higgins, Vice President for
Communications
Eileen McEvoy, Assistant Secretary
Stefan Pryor, Deputy to the Chairman
and Secretary
Kevin Rampe, Executive Vice President
and General Counsel
Tara Snow, Vice President for Community
and Government Relations

In Attendance

For Empire State Development Corporation:

Kevin S. Corbett, Executive Vice
President and Chief Operating
Officer

Anita W. Laremont, Senior Vice
President - Legal & General Counsel

For Chairman Whitehead:

Edward Novotny, Press Consultant

For Office of the Mayor:

Daniel Doctoroff, Deputy Mayor

Also Present:

Ira M. Millstein, Counsel to the Board
Weil, Gotshal & Manges LLP

Jason R. Lilien, Esq.

Weil, Gotshal & Manges LLP

Judy Rapfogel, Chief of Staff

Speaker Sheldon Silver's Office

Chuck Meara, Port Authority of New York
and New Jersey

The Public

The Press

The meeting of the Lower Manhattan Development Corporation ("LMDC") was called to order at 8:10 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 first order of business was the approval of the Minutes of the April 9, 2002 and the April 24, 2002 Directors' meetings.

The Chairman asked if there were any questions or comments with regard to either set of Minutes and Mr. Crotty stated that it should be noted for the record that he and Mr. O'Neal attempted to participate in the April 24, 2002 Directors' meeting via telephone but because of technological difficulties, they were unable to do so. There being no further comments, upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN
AT THE APRIL 9, 2002 AND APRIL 24, 2002 MEETINGS OF
THE DIRECTORS OF THE LOWER MANHATTAN DEVELOPMENT
CORPORATION

RESOLVED, that the Minutes of the meetings of the Corporation held on April 9, 2002 and April 24, 2002, as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meetings as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

Next, the Chairman welcomed the newly appointed Director, Thomas S. Johnson, to the LMDC Board. The Chairman noted that Mr. Johnson is the Chairman and Chief Executive Officer of the Greenpoint Financial Corporation.

He further explained that Mr. Johnson and his wife had lost their 26 year old son Scott in the World Trade Center attack.

The Chairman then provided an update on the recent activities of the Corporation. He explained that five new working groups of the Board have been established to assist the LMDC Board and staff in addressing the issues that lie ahead.

The Chairman explained that these will be temporary ad hoc working groups focusing on the following areas: site plan, memorial process, below-ground transportation, non-profit projects and financial planning. The groups, he added, would be purely advisory in nature and would not be making any decisions. He then named the members of each group.

Speaking with regard to the recent positive activity in the lower Manhattan area, the Chairman noted that the Tribeca Film Festival was a huge success.

Among other signs of progress noted by the Chairman were the recent return of approximately 4,000 American Express employees to the area and the Downtown New York City River-to-River Festival 2002 which was announced by the Mayor and the Governor earlier in the week. The

Chairman then discussed the recent positive developments with respect to transportation in lower Manhattan.

The President opened his remarks by noting that site preparation had begun on 7 World Trade Center, which he stated was the result of widespread cooperation among numerous entities.

The President then noted that LMDC's Cooperation Agreement with the Port Authority had been executed, and that the joint planning effort is underway. He then provided an update on responses to the joint RFP that was issued with the Port Authority. The President further explained that additional RFP's have been issued for environmental counsel, land use counsel and the external auditor.

The President then briefly summarized various meetings held with State and/or City officials over the past few weeks.

In response to questions raised by Mr. Crotty regarding his report, the President clarified LMDC's role in regard to the project administration of the RFP issued with the Port Authority.

The Chairman then asked Mr. Zarb to provide a report on a funding request made to LMDC by Empire State

Development and Economic Development Corporation for Business and Non-Profit Assistance Programs.

Prior to the discussion of the funding request, Mr. Zarb noted that a budget and a code of conduct have been prepared in draft form, and will be submitted to the Directors for approval.

Mr. Zarb then addressed the funding request and the Chairman read a resolution into the record with regard to the same.

The Chairman asked if there were any questions regarding this matter. A discussion was had with regard to the timeframe on the turnaround on the funds from HUD, the amounts of remaining unallocated federal funds and the general workings of the ESD and EDC programs.

Brief explanations of the programs were provided and Mr. Zarb asked Mr. Corbett to provide reports on the progress of these programs at future board meetings. Mr. Corbett agreed to do so.

Following the Chairman's recitation of the resolution, and upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF FUNDS FOR BUSINESS AND NON-PROFIT ASSISTANCE
PROGRAMS

RESOLVED, that the Corporation hereby approves the expenditure of \$350,000,000.00 of the Corporation's funds for business and non-profit assistance programs administered by the Empire State Development Corporation and the New York City Economic Development Corporation; and be it

RESOLVED, that such funds be used for the WTC Business Recovery Grant Program, the Small Firm Attraction and Retention Grant Program and the Job Creation and Retention Grant Program in accordance with criteria set forth for such programs in the Empire State Development Action Plan approved by the federal Department of Housing and Urban Development (HUD), or as modified in subsequent Action Plans approved by HUD; and be it

RESOLVED, that the proper officers of the Corporation are hereby authorized to submit to HUD a Partial Action Plan regarding the use of the Corporation's funds for such purposes, and to take such other actions as may be necessary and appropriate to effect the foregoing.

* * *

Mr. Betts then reported on the Ad Hoc Committee's recommendations regarding modifications to the Housing Assistance Program, which is part of the Assistance Plan for Individuals.

Mr. Betts then briefly outlined the modifications and noted that the revised plan has been forwarded to HUD for approval.

The Advisory Council members then reported on their group's most recent activities.

Mr. Harding, reporting for the Commuters and Transportation Advisory Council, began by noting that Mr. Garvin had presented relevant parts of the Principles and Blueprint for Action to the Council and that it was very well received.

Mr. Wilson added that specific ideas, e.g. a major transportation terminal in Lower Manhattan, were also discussed at the meeting.

Ms. Wright then reported on the Families Advisory Council meeting noting that LMDC and Port Authority representatives attended to report on and discuss the RFP with the Port Authority.

Ms. Wright explained that many of the family members considered the time-line to be too aggressive. Ms. Wright noted that it was clarified during the discussion that break points exist in the schedule that will permit involvement by the families, as well as of the public in general.

Ms. Wright further noted that among the suggestions made by the members, was one for a security consultant. She closed by expressing the hope that consultants that are selected out of the RFP process will be able to meet with family members at the next advisory

council meeting to assure them that they will have input into the memorial development process.

Mr. Crotty then provided a report on the Professional Services Advisory Council's meeting, noting that this group had met with Mr. Garvin to review the design principles, as well as the proposed viewing wall around the site.

Mr. Crotty explained that the main focus of this group was on transportation issues, particularly street re-openings and street re-pavings, and that they would be reassured by the progress reported at today's meeting.

Next, Mr. Betts explained that the Developers Council also met with Mr. Garvin and that at that meeting a lengthy discussion took place on such issues as the appropriate balance of commercial and residential space, the viewing wall and the configuration of 7 World Trade Center.

Ms. Wils then noted that although the Residents Council did not meet this month, its No. 1 priority was met -- that all residences below Canal Street, between the East River and the Hudson River, will be cleaned by the Environmental Protection Agency and FEMA, with the

Department of Environmental Protection playing a large role in the process.

Ms. Wils particularly thanked Deputy Mayor Doctoroff for making this a priority and for successfully seeing it through.

Ms. Snow then provided the relevant information on a public hearing scheduled for Thursday, May 23, 2002 between 6:00 p.m. and 9:00 p.m.

The President then reported on a consultant contract to be considered by the Directors.

The President noted that the firm of Peterson/Littenberg Architects had been selected to serve as house consultants to LMDC's planning staff. He then provided an overview of the services to be provided by such firm, and the general parameters of the contract to be entered into with the firm.

The Chairman then read a resolution into the record with regard to the same. Following the Chairman's reading of said resolution and upon motion duly made and seconded, the following resolution was unanimously adopted:

AUTHORIZATION TO RETAIN IN-HOUSE CONSULTANTS

RESOLVED, that the firm of Peterson/Littenberg Architecture and Urban Design is hereby retained to serve as in-house urban planning consultants to the Corporation, to provide on-going consultation to the Corporation's planning staff in developing, refining, and reviewing proposals for the redevelopment of lower Manhattan; and be it further

RESOLVED, that the President of the Corporation is hereby authorized to execute, on behalf of the Corporation, an agreement with such firm for consulting services, provided, however, that expenditures pursuant to such agreement shall not exceed \$375,000.00 without further approval of the Board; and be it further

RESOLVED, that the President of the Corporation is hereby authorized to take any such other actions as are appropriate and necessary to effect the foregoing.

* * *

The President then asked the Directors to authorize him to jointly select, with the Executive Director of the Port Authority, Urban Design and Transportation Consultants. This selection, he noted will also be in consultation with the Staff Selection Committee and the Chairs of certain named working groups.

Mr. Tomson provided a detailed outline of the proposed process that will lead to the selection of the consultants, and then responded to questions from the Directors. The Chairman asked if the Port Authority would be passing a similar resolution. Mr. Tomson stated that he

did not believe that the Port Authority would be taking a formal vote but that they would be proceeding in the same manner as LMDC.

In response to a further question by the Chairman, Mr. Tomson noted that the contract will not exceed \$3 million and that it would be funded by the Port Authority.

Ms. Tsien then asked if members of the Board, other than the Chairs of the specified groups, will be able to be part of the selection discussion. Mr. Tomson stated that it is his belief that the Chairs of those groups will take the appropriate measures to ensure that other Board Members will have input into the process.

In response to a question by Ms. Hernandez-Pinero, Mr. Tomson noted that the firms to be considered will be interviewed by a six person committee, three of whom will be from LMDC. The President will then receive a report from that committee on their preferred choice. This report will be reviewed by the President, in consultation with the participating Chairs, before a selection is made.

There being no further questions, the Chairman read a resolution into the record regarding the same. Following the Chairman's reading of said resolution and

upon motion duly made and seconded, the following resolution was unanimously adopted:

AUTHORIZATION TO JOINTLY SELECT URBAN DESIGN AND
TRANSPORTATION CONSULTANTS

RESOLVED, that the President of the Corporation, in consultation with the Staff Selection Committee and the Chairs of the Site-Plan, Memorial Process and Below-Ground Transportation Working Groups, is hereby authorized to jointly select with the Executive Director of the Port Authority of New York and New Jersey consultants for the initial phase of a comprehensive urban planning and transportation study of downtown Manhattan, with particular emphasis on the World Trade Center site and surrounding areas, in accordance with the Request for Proposals issued for such purpose.

* * *

Ms. Rapfogel then noted that Speaker Silver asked her to announce that included in the budget, which is expected to be passed on the evening of May 15th, are three days - June 9th, 10th and 11th - that have been designated as sales tax free days in Lower Manhattan.

The Chairman then called for a motion to conduct an Executive Session pursuant to paragraph (d) of Subdivision 1 of Section 105 of the New York State Open Meetings Law.

Upon motion duly made and seconded, the following resolution was unanimously adopted:

EXECUTIVE SESSION - Pursuant to Paragraph (d) of
Subdivision 1 of Section 105 of the New York State
Open Meetings Law

RESOLVED, that the Directors conduct an Executive Session to consider matters pertaining to paragraph (d) of Subdivision 1 of Section 105 of the New York State Open Meetings Law.

* * *

Before the Directors left the room for Executive Session, questions were taken from the media. This part of the meeting was not recorded for the public record.

All persons were requested to leave the room with the exception of the Directors and members of senior staff. The Executive Session ended at 10:50 a.m. It was noted for the record that no votes were taken during the Executive Session.

There being no further business, the meeting was adjourned at 10:51 a.m.

Respectfully submitted,

Eileen McEvoy
Assistant Secretary