

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

December 15, 2005

MINUTES

In Attendance

Directors:

John C. Whitehead, Chairman
Laurence T. Babbio, Jr.
Robert Balachandran
Amanda Burden
Daniel L. Doctoroff
Robert Douglass
Charles A. Gargano
Robert M. Harding
Thomas S. Johnson
James Kallstrom
Edward J. Malloy
William Rudin
Marc Shaw (Via telephone)
Martha Stark
Carl B. Weisbrod
Madelyn Wils

Staff Attending:

For Lower Manhattan Development Corporation:

Stefan Pryor, President and CEO
Bissera Antikarov, Director - Planning
Allison Bailey, Secretary of the Corporation
and Special Assistant to the President
Irene Chang, General Counsel
Dan Ciniello, Senior Vice President -
Operations
Valerie Corbett, Senior Vice President -
Projects and Programs
John Gallagher, Director - Communications
Michael Haberman, Vice President - Community
Development and Relations
Eileen McEvoy, Assistant Secretary

Robert Miller, Chief Financial Officer
Anne Papageorge, Senior Vice President -
Memorial and Cultural Development
Amy Weisser, Assistant Vice President -
Memorial, Cultural and Civic Programs

Other Staff

For Speaker Sheldon Silver:

Judy Rapfogel, Chief of Staff

Counsel to the Board:

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

For Governor Pataki:

Doug Blais

Lower Manhattan Construction Command Center

Charles Maikish, Executive Director
Daniel McCormack, First Deputy Executive
Director

Also Present:

Richard Edelman, Edelman Communications
The Public
The Media and 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 Chairman opened the meeting by welcoming all of the newly appointed Directors to the meeting and to the LMDC Board. He then called for a motion to approve the Minutes of the November 10, 2005 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
NOVEMBER 10, 2005 MEETING OF THE DIRECTORS OF THE LOWER
MANHATTAN DEVELOPMENT CORPORATION

RESOLVED, that the minutes of the meeting of the Corporation held on November 10, 2005, 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.

* * *

The Chairman began his report by announcing that Larry Silverstein would be signing a lease with his first tenant for 7 World Trade Center later that day, the New York Academy of Science. The Chairman noted that the Academy is an institution of high integrity, and that this lease would spur new commitments to the building. He also noted that the LMDC is in discussion with the Academy about ways they might use their auditorium for Lower

Manhattan community events.

Among other things covered in Chairman Whitehead's report, was the item on the Agenda regarding an agreement with the World Trade Center Memorial Foundation, providing \$200 million toward the design and construction of the Memorial and Memorial Museum.

(It was noted for the record that Director Douglass entered the Conference Room.)

The Chairman then addressed the Daily News series on the post-September 11th rebuilding effort that had run the previous week.

(It was noted for the record that Director Shaw joined the meeting via telephone.)

Following the conclusion of the Chairman's report, Mr. Pryor joined the Chairman in welcoming the new Directors. He then provided a detailed outline of the items to be considered by the Directors at today's meeting.

Next, Director Johnson provided the Audit and Finance report. He stated that the Committee reviewed the purpose, cost

justification, availability of funds, and Board Working Group comments relevant to the funding resolutions on today's agenda and based upon same, the Committee recommends their approval.

(It was noted for the record that Director Doctoroff entered the Conference Room.)

Director Johnson then referred to the Budget Variance Report for the period ending September 30, 2005 and noted that the report shows that most of LMDC's departments were within the expected ranges for that time of year.

Director Johnson further noted that the expenditures for the Memorial, Cultural and Civic Development Department remain low because the bulk of payments for the 130 Liberty deconstruction had not begun.

Director Johnson also explained that there was nothing out of the ordinary in the area of internal auditing to report on.

Mr. Pryor then asked the Directors to authorize the Corporation to enter into a Subrecipient Agreement with the World Trade Center Memorial Foundation, Inc. in an amount not to exceed \$175,000,000.

Mr. Pryor explained that this amount is taken together with the \$25,000,000 already committed by LMDC for the later phases of design for the Memorial and Memorial Museum, bringing the total to \$200,000,000 that LMDC has committed to the Memorial and Memorial Museum.

Mr. Pryor then provided detailed information with regard to the specifics of this allocation.

Following Mr. Pryor's presentation, Director Weisbrod asked if the term "mutually agreeable strategy" referred to a strategy agreed upon by LMDC and the Foundation. Mr. Pryor confirmed that this was true. Mr. Weisbrod then asked if that statement included fundraising. The Chairman confirmed that this was the case.

There being no further questions or comments, 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 Subrecipient Agreement with World Trade Center Memorial Foundation, Inc.

WHEREAS, the Corporation has already contributed \$25 million to the planning and design of the Memorial and Memorial Museum for

the benefit of the World Trade Center Memorial Foundation, Inc. (the "Memorial Foundation") from funds included in Partial Action Plan 8; and

WHEREAS, Partial Action Plan 11 as issued for public comment includes \$75 million to and for the Memorial Foundation for the design and construction of the Memorial and Memorial Museum; and

WHEREAS, Partial Action Plan 12 will include \$100 million to and for the Memorial Foundation for the design and construction of the Memorial and Memorial Museum, bringing the total amount to \$175,000,000 in the aggregate;

NOW, THEREFORE, BE IT RESOLVED, that the Corporation is hereby authorized to enter into a subrecipient agreement with the Memorial Foundation in an amount not to exceed \$175,000,000 for costs related to the design and construction of the World Trade Center Memorial and Memorial Museum, as pertains to the further planning and implementation of the World Trade Center Memorial and Cultural Program, consistent with LMDC's General Project Plan for the World Trade Center Memorial and Cultural Program; and be it

FURTHER RESOLVED, that the foregoing agreement shall include requirements for periodic progress reports and other such benchmarks and updates, as well as a mutually agreeable strategy regarding the full implementation of the Memorial and Cultural Program, including the Performing Arts Center; and be it

FURTHER RESOLVED, that the foregoing agreement and expenditure shall be subject to the approval by the federal Department of Housing and Urban Development of the Partial Action Plans that include funds for such purpose; 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 or appropriate to effect the foregoing.

* * *

Next, Ms. Papageorge asked the Directors to authorize the Corporation to amend an existing agreement with URS Corporation for construction management services related to the World Trade

Center Memorial and Memorial Museum bid package for footings.

Following this presentation, Mr. Pryor noted that a number of colleagues and members of the LMDC team were helpful in formulating the present request. He then went on to express appreciation to Mr. Maikish and Directors Gargano and Doctoroff for their assistance in moving this action forward.

Director Gargano asked if there was a process to continue with consultants after this initial stage of bid document development.

Ms. Papageorge stated that there was, through either this contract or through the Construction Management/General Contractor Pre-Construction Services contracts. There being no further question or comments, the Chairman read the relevant resolution into the record and upon motion duly made and seconded, the following resolution was unanimously adopted:

Authorization to Amend Agreement for Construction Management Services

RESOLVED, that the Corporation is hereby authorized to amend its agreement with URS Corporation for construction management services (i) to expand the scope of services under such agreement to include construction management services relating to the World Trade Center Memorial and Memorial Museum bid package for footings and (ii) to increase the authorized expenditures under such

agreement by an additional \$1,696,950 to an amount not to exceed \$9,032,933 in the aggregate to cover the costs of such services, as described in the materials presented to the Board at this meeting; and be it

FURTHER RESOLVED, that the expenditures approved hereby shall be allocated from funds included in Partial Action Plan 8 and/or Partial Action Plan 11; and be it

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

* * *

Ms. Papageorge then presented a request for authorization for LMDC to amend certain agreements for cost estimation and preconstruction services in a total amount not to exceed \$1,627,000, and to extend the terms of each contract for one year.

Among other things, Ms. Papageorge noted that the work will be funded through the planning department budget or the applicable Partial Action Plan.

Following this presentation, the Chairman read the relevant resolution into the record and upon motion duly made and seconded, the following resolution was adopted (It was noted for the record that Director Harding recused himself from voting on the following resolution.):

Authorization to Amend Agreement for Cost Estimating and Preconstruction Services

RESOLVED, that the Corporation is hereby authorized to amend its agreements with each of Bovis Lend Lease LMB, Inc, Building Conservation Associates, Inc., Hanscomb, Faithful and Gould, Inc. and VJ Associates, Inc. for cost estimation, pre-construction and related services (i) to extend the term of each such agreement by an additional one-year period and (ii) to increase the combined expenditures under all such agreements by \$1,627,000 to an amount not to exceed \$2,867,000 in the aggregate for all such agreements, as described in the materials presented to the Board at this meeting, which shall be allocated from funds included for planning and administration in the Corporation's annual budget for fiscal year ending March 31, 2006 or the appropriate project-related partial action plan; 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 or appropriate to effect the foregoing.

* * *

The Chairman then asked Mr. Maikish to give a quick update on the Lower Manhattan Construction Command Center, which operates as a division of LMDC. The Chairman explained that the LMDC Board, its Audit Committee, and legal, financial and audit staff provide fiduciary oversight to the Command Center.

Chairman Whitehead further noted that LMDC receives funds on behalf of the Command Center from the Federal Transit Administration and other sources. The Chairman further explained that LMDC's President has delegated authority to Mr. Maikish, the Command Center's Executive Director to select consultants or vendors and to execute contracts in relation to the Command

Center's activities which are conducted in accordance with LMDC's policies and procedures.

Mr. Maikish then provided a detailed report on the day-to-day responsibilities, operations, schedule of meetings, and employees of the Lower Manhattan Construction Center.

Following that report, Director Wils asked that consideration be given to transportation with all of the thousands workers coming downtown for the various construction projects. She stated that following the events of 9/11, there were issues concerning the disruption caused in the area by the transportation modes utilized as well as by the construction workers' vehicles.

Mr. Maikish explained that various options are being explored in this regard including the concept of a mobilization area for the labor force with some type of alternative transportation as mentioned by Director Wils.

Director Kallstrom then congratulated Mr. Maikish on the job he has done thus far and expressed his confidence in Mr. Maikish's performance moving forward.

In a follow up to the Lower Manhattan Construction Command

Center status report, Mr. McCormack requested authorization for the Corporation to enter into an agreement for communications and related services for the Lower Manhattan Construction Command Center.

Among other things, Mr. McCormack explained that under the new contract, lowermanhattan.info will become the website of the Command Center and will be transformed from its current look to a more construction-focused vehicle.

Following Mr. McCormack's presentation, Director Weisbrod asked if lowermanhattan.info's role will be focused exclusively on Command Center Communications and construction issues.

Mr. Maikish explained that its role would be two-fold. Specifically, he explained, the website will serve to communicate information with a strict focus on construction and the impacts of the construction. Secondly, the website will provide a visualization of the promise that the construction holds for Lower Manhattan.

Director Wils added that there are many websites containing softer information on Lower Manhattan and that it is important that the focus of this website be the construction and related

activities.

Director Weisbrod noted his strong support of Director Wils's statement that lowermanhattan.info focus mainly on construction issues.

Director Gargano asked for a clarification with regard to the length of the contract and the funding source. Mr. McCormack explained that there were two one year options and that the Command Center will go back to the FTA for funding with each amendment because the FTA is managing the grant to the Command Center through those amendments.

There being no further questions or comments, the Chairman read the relevant resolution into the record and upon motion duly made and seconded, the following resolution as previously provided to the Directors was unanimously adopted:

Authorization to Enter into Agreement for Communication and Related Services

RESOLVED, that the Corporation is hereby authorized to enter into an agreement for a one-year period with Edelman for communications and related services in an amount not to exceed \$1,160,000 in the aggregate, which shall be allocated from anticipated Federal Transit Administration (FTA) funds, as described in the materials presented to the Board at this meeting; and be it

FURTHER RESOLVED, that the Corporation is hereby authorized to enter into an amendment to its grant agreement with the FTA to increase the size of the FTA grant by \$1,250,000 to provide funding for such expenditure approved hereby; and be it

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

* * *

(It was noted for the record that Director Shaw excused himself from the remainder of the meeting.)

The Chairman stated that Mr. Pryor and Ms. Chang would present a request relating to the acquisition of the 140 Liberty Street property on the southern site.

Mr. Pryor introduced the item by explaining that LMDC's acquisition of 140 Liberty Street, when combined with 130 Liberty Street, provides for the full realization of the World Trade Center site master plan as envisioned by Daniel Libeskind, inclusive of the creation of more open space at the site and a security center.

Ms. Chang then presented a detailed outline of the specifics related to the request to the Directors to authorize certain expenditures and related agreements concerning the acquisition of 140 Liberty Street.

Following Ms. Chang's presentation, Director Malloy inquired as to the size of 140 Liberty Street and the square footage compared to the acquisition price of \$59,000,000. Ms. Chang stated that the size is 18,889 square feet. She stated that she had not done the actual math but that the price is based on comparable transactions in the residential real estate market for the past couple of years.

Director Balachandran then congratulated Ms. Chang for successfully bringing this complex transaction to fruition. There being no further questions or comments, the Chairman read the relevant resolution into the record and upon motion duly made and seconded, the following resolution was unanimously adopted:

Authorization of Expenditures and Related Agreements
concerning the Acquisition of 140 Liberty Street

RESOLVED, that in furtherance of the World Trade Center Memorial and Cultural Program General Project Plan, the Determination and Findings adopted on May 19, 2005, and Amended Partial Action Plan 9, the Corporation is authorized to enter into an agreement with 140 Liberty Street Associates LLC for the proposed transfer of 140 Liberty Street, for an acquisition price of up to \$59,000,000 in the aggregate, such amount being the amount that the Corporation and 140 Liberty Street Associates LLC have agreed is fair market value of such property; and be it

FURTHER RESOLVED, that subject to the conditions in such agreement the Corporation is authorized to perform all of its obligations under such agreement, including payment of the acquisition price set forth above and payment of closing costs,

filing fees and apportionments; and be it

FURTHER RESOLVED, that in connection with the transfer of such property, the Corporation is authorized to expend out of the Corporation's funds an amount not to exceed \$500,000 to obtain such title insurance and cover other closing costs as the President of the Corporation determines is necessary; and be it

FURTHER RESOLVED, that the President of the Corporation or his designee be, and each of them hereby is, authorized, in the name and on behalf of the Corporation, to execute and deliver any and all documents and related agreements and to take all related actions as he or she may consider to be necessary or appropriate to effectuate the foregoing resolutions; and be it

FURTHER RESOLVED, that all previous actions taken by the Corporation in connection with the negotiation of such agreement are hereby ratified, approved and confirmed.

* * *

Mr. Pryor then presented two items relating to security planning at the World Trade Center site for the Directors' consideration.

First, Mr. Pryor asked the Directors to authorize LMDC to amend its agreement with Studio Daniel Libeskind for security planning services related to the overall World Trade Center Memorial and Redevelopment Plan. Among other things, Mr. Pryor explained that funding for this contract amendment will be provided by the Port Authority and not by LMDC.

Next, Mr. Pryor asked the Directors to authorize LMDC to

enter into a one-year \$1,000,000 Interagency/Subrecipient Agreement with the U.S. Department of Transportation/Volpe National Transportation Systems for security planning services relating to the overall World Trade Center Memorial and Redevelopment Plan.

After Mr. Pryor presented both items, the Chairman read the relevant resolutions into the record and upon motion duly made and seconded, the following resolutions were unanimously adopted:

Authorization to Amend Agreement with Studio Daniel Libeskind

RESOLVED, that the Corporation is hereby authorized to amend its agreement with Studio Daniel Libeskind for planning services related to the overall World Trade Center Memorial and Redevelopment Plan to increase the authorized expenditures under such agreement for security related services for the World Trade Center Site by up to an additional \$2,000,000 to an amount not to exceed \$7,250,000 in the aggregate and to extend the term of such agreement by an additional one-year period, as described in the materials presented to the Board at this meeting; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized and directed, pursuant to agreements previously entered into with the Port Authority of New York and New Jersey, to seek the direct payment by the Port Authority of the entirety of the additional costs approved hereby or, in lieu thereof, the prompt reimbursement to the Corporation of any such costs paid by the Corporation; and be it

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

* * *

Authorization to Enter into Inter-Agency/Subrecipient Agreement

RESOLVED, that the Corporation is hereby authorized to enter into an inter-agency/subrecipient agreement with the U.S. Department of Transportation/Volpe National Transportation Systems Center for security planning services relating to the overall World Trade Center Memorial and Redevelopment Plan, as described in the materials presented to the Board at this meeting; and be it

RESOLVED, that such agreement shall be for a one-year period in an amount not to exceed \$1,000,000 in the aggregate; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized and directed, pursuant to agreements previously entered into with the Port Authority of New York and New Jersey, to seek the direct payment by the Port Authority of the entirety of such costs or, in lieu thereof, the prompt reimbursement to the Corporation of any such costs paid by the Corporation; and be it

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

* * *

Lastly, Mr. Pryor requested authorization for the Corporation to amend contracts for photocopying and related services. Mr. Pryor explained that the amendment involved a time extension and that no additional funding was being requested at this time.

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

Authorization to Amend Contracts for Photocopying and Related Services

RESOLVED, that the Corporation is hereby authorized to amend its agreement for photocopying and related services with each of Corporate Marketing Solutions Inc. and A. Esteban & Company, Inc. to extend the term of each such agreement by an additional one-year period; 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 or appropriate to effect the foregoing.

* * *

There being no further business, the meeting was adjourned at 9:24 a.m.

Respectfully submitted,

Eileen McEvoy
Assistant Secretary