

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

March 12, 2002

MINUTES

In Attendance

Directors:

John C. Whitehead, Chairman

Roland W. Betts

Paul Crotty

Lewis M. Eisenberg

Richard Grasso

Robert M. Harding

Edward J. Malloy

Madelyn Wils

Howard Wilson (telephone)

Frank G. Zarb

Staff Attending:

For the Lower Manhattan Development Corporation:

Louis R. Tomson, President

James Anglely, 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

Andrew Winters, Director of Design and
Development

Staff Attending Continued:**For Empire State Development Corporation:**

Kevin S. Corbett, Executive Vice President
and Chief Operating Officer
Anita W. Laremont, Senior Vice President-
Legal and 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, 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 February 21, 2002 Directors' Meeting. There being no changes or corrections, upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATIONS OF ACTIONS TAKEN
AT THE FEBRUARY 21, 2002 MEETING OF THE DIRECTORS OF THE
LOWER MANHATTAN DEVELOPMENT CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on February 21, 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.

* * *

The Chairman opened his remarks by noting that it has been decided that the LMDC Board will be expanded to include three additional Directors and that the Mayor will select the three Directors to be so appointed.

The Chairman then stated that progress has been made with regard to reopening the streets in lower Manhattan that remained closed. He specifically pointed out that it is anticipated that West Street will reopen in early April which will greatly improve traffic conditions.

In outlining recent positive developments, the Chairman reviewed the status of subway reconstruction stressing that it is presently ahead of schedule. Chairman Whitehead went on to state that the Century 21 Department Store opening was a great success. He then noted that the various responsible government agencies have determined that the air quality in the area is safe. However, in response to continuing concerns by area residents and workers, the Mayor has appointed a group to study the air quality issue further.

Among other matters addressed by the Chairman were the interim memorial and the reconstruction of 7 World Trade Center.

The Chairman then called upon LMDC President, Lou Tomson, to provide an update on recent activities.

The President began his address by echoing the Chairman's earlier statements praising Stephan Pryor for his successful coordination efforts in connection with the opening of the interim memorial. He further expressed his appreciation to Directors Eisenberg, Wright and Wils, as well as to staff members Chris Glasiek and Tara Snow, for their work with the Victims Families Advisory Council in that regard.

The President noted that the Corporation has received over 800 comments, mostly favorable, with regard to its Draft Assistance Plan for Individuals. He further stated that following the close of the public comment period on March 13th, a determination will be made as to whether the plan and/or the criteria should be modified. The plan will then be presented to the LMDC Board for approval before, it is submitted to HUD, whereupon it may undergo a further comment period.

Next, the President stated that the Corporation's web-site, <http://www.renewnyc.org>, will be on-line shortly. This web-site will allow LMDC to provide information to the public, particularly with regard to the numerous advisory council meetings that it holds. The President then spoke about his appearance before the City Council, as well as the recent signing of the Liberty Zone Bill by President Bush.

Following the President's report, the Chairman read a resolution into the record creating an Ad Hoc Committee of the Directors. This Committee, he noted, will be responsible for reviewing the comments received on the Draft Assistance Plan for

Individuals and for making recommendations to the Board regarding changes in the Plan based on said comments. Following his reading of said resolution and upon motion duly made and seconded, the following resolution was unanimously adopted:

LOWER MANHATTAN DEVELOPMENT CORPORATION - Appointment of
Ad Hoc Committee

RESOLVED, that an Ad Hoc Committee of the Board be formed for the purpose of reviewing the Comments to the Draft Assistance Plan for Individuals and making recommendations to the Board regarding changes to the Plan; and

BE IT FURTHER RESOLVED, that Roland Betts, Paul Crotty, Lew Eisenberg, and Madelyn Wils shall serve as members of the committee.

The Chairman then asked if there were any questions with regard to either the Chairman's or the President's Report. Mr. Crotty asked what entity is responsible for approving the modifications that are being made to the building plan for 7 World Trade Center. In addition, he inquired as to any arrangements that have been with regard to City taxes on the structure.

The Chairman called upon Mr. Garvin to address this matter. Mr. Garvin noted that meetings have taken place among the interested parties with regard to the reconstruction of 7 World Trade Center. He then noted that while progress was being made, the details have yet to be worked out, and, as a result, it was premature to answer the questions Mr. Crotty raised.

The Chairman then spoke about the interim memorial and the funding therefore. He then read a resolution into the record requesting Board approval of said funding.

Following his reading of said resolution and upon motion duly made and seconded, the following resolution was unanimously adopted:

LOWER MANHATTAN DEVELOPMENT CORPORATION - Funding of
Interim Memorial

RESOLVED, the Corporation is hereby authorized to appropriate and expend out of the Corporation's funds an amount not to exceed \$350,000 for costs relating to the construction and maintenance of the interim memorial park in Battery Park honoring victims of the September 11 terrorist attacks.

* * *

Next, certain of the Advisory Council Members provided reports on the individual council's activities.

First, Mr. Betts addressed the concerns expressed to the Advisory Council for Restaurants, Retailers and Small Businesses. Those concerns included road openings, clean-up and a need for taxi stands.

Among the long term suggestions made to this Advisory group were the restoration, to the extent possible, of the street grid; the alteration of West Street and the mixed use development of in the area.

Ms. Wils inquired as to comments concerning the incentive packages. Mr. Betts noted that not many comments were received in that regard as many of the businesses have less than the employees required to be eligible for the incentive packages.

Mr. Eisenberg spoke on behalf of the Families Advisory Council noting that the focal point of the meeting was obtaining their ideas on how to proceed in terms of both interim and permanent memorials.

Ms. Wils added that what is particularly notable is the desire of families and area residents to work together on any interim and/or permanent memorial matters.

The Transportation and Commuters Advisory Council's report was provided by Mr. Harding. Mr. Harding reported on a March 5th meeting of that Council which was attended by representatives of both the community and of elected officials, as well as other interested parties.

Among those matters raised at the meeting, were the re-opening of West Street and long range plans that would include connecting the area with Westchester and Long Island. Continued improved ferry service was addressed also at the meeting.

Mr. Harding suggested that the LMDC website would benefit users greatly if included a link to the DOT website which provides information on lane closures and the like. Staff stated they would look into adding such a link to the LMDC website.

Speaking for the Developers Advisory Council, Mr. Betts stated that many of the same interests were expressed at the March 6th meeting as were covered by the earlier meetings, including the mixed use concept and returning the street grid.

Overall, Mr. Betts said, it is the developers' desire that the planning process strikes the right balance of gathering information and moving forward while making sure that everyone is heard.

Mr. Malloy added that comments were made to the effect that once clean-up is completed, development plans are laid out in a timely fashion so the site does not sit there for an undue amount of time. The Chairman stated that one of LMDC's tasks is to ensure that that does not happen. He stressed, however, that it must be realized that a great amount of work is required underground and therefore above ground construction may not be seen for some time to come.

Mr. Grasso provided the next report on behalf of the Financial Services Firms Advisory Council.

Before beginning his report, Mr. Grasso noted that some form of official recognition of appreciation for the tremendous clean-up effort, as had been previously noted by Mr. Malloy, should be made by LMDC.

Mr. Grasso then went on to stress the critical need for a continuous stream of communication regarding the redevelopment of Lower Manhattan, not just on commercial issues, but on quality of life issues as well.

Mr. Grasso mentioned that the term "employable place" was consistently used, meaning that employees in the area feel good about the environment in terms of what they do before or after work, or during their lunch hours.

Also addressed, Mr. Grasso noted, was the importance of contingency and recovery plans should the area be disrupted again.

Mr. Grasso mentioned that in addition to the concerns and suggestions that were raised at other council meetings, a main concern raised at this meeting involved the cost of insurance. Large employers have raised the question of whether some vehicle should be created by a governmental agency to bridge the widening gap caused by huge rates and the inability to obtain terrorist insurance.

Mr. Crotty then outlined the activities of the Professional Firms Advisory Council meeting held on March 7th.

Mr. Crotty also stressed the great need for open communication among the interested parties. This group focused as well on street openings, clean-up and transportation matters.

The Chairman noted the end of the Advisory Council reports and thanked those staff members responsible for their efforts in making each of those meetings successful.

Mr. Garvin discussed that he would be preparing a set of general principles that will be presented to the Board for its approval. He then explained that there have been a multitude of proposals made by various groups to date, and noted as an example the multiple proposals that have been made regarding the depressing of West Street.

Mr. Garvin then stressed that the tremendous cooperation among the various entities has served to accelerate the planning process phase of this massive redevelopment process.

Frank Zarb then provided the Audit and Finance Committee Report. Mr. Zarb noted that a code of conduct would be drafted that would set higher standards than those required by the State. The Committee's primary focus, Mr. Zarb explained, will be on overseeing the adequacy of financial controls, and overseeing the internal and external audit function.

With regard to other business matters, the Chairman noted that the April meeting had been moved from the 3rd to the 9th.

Mr. Corbett then briefly addressed the meeting about the "I Love New York" campaign's twenty-five year anniversary and downtown's special inclusion therein. He also briefly addressed on-going insurance matters.

Mr. Doctoroff then noted that the level of cooperation among all of the entities has encouraged and advanced the redevelopment efforts greatly.

There being no further business, the meeting was adjourned at 9:50 a.m.

Respectfully submitted,

Eileen McEvoy
Assistant Secretary

