

**Lower Manhattan Development Corporation
Addendum No. 1 to Request for Proposals
Environmental Counsel and Land Use Counsel
May 13, 2002**

Acknowledgement of the Addendum

Please acknowledge receipt of this addendum in your proposal submission in response to the Lower Manhattan Development Corporation's Request for Proposals for Environmental Counsel and Land Use Counsel, dated April 22, 2002 ("RFP").

Potential Bidding Firms' Questions and LMDC's Answers

Please find below questions received from potential bidding firms regarding the RFP and the answers to those questions hereby provided by LMDC.

Proposal Terms

- 1. Your proposal states that the term of the initial contract with the successful bidder is two years, with an option on the part of the LMDC for an additional two years. Will the LMDC consider the establishment of different fee structures for the initial two year period and for the option period?**

As stated in the RFP at page 4, LMDC will consider alternative fee proposals, and: "[a]lthough proposed fees will be taken into account, LMDC reserves the right to negotiate a lower or different fee structure with any firm(s) selected." Also on page 4, the RFP states the present schedule of maximum hourly rates available for legal fees, which rates are subject to change at any time prior to the signing of an initial or renewal contract for legal services.

Conflicts Disclosures

- 2. In order to respond more precisely to any questions concerning potential conflicts of interest, could LMDC provide more detailed information concerning specific roles that LMDC will play in the development processes in relation to, among other parties, potential developers, property owners, lenders, and other participating financial institutions?**

As explained in the RFP at page 1, LMDC is "a subsidiary of the New York State Urban Development Corporation d/b/a Empire State Development Corporation[,] . . . a political subdivision and public benefit corporation of the State of New York, created by Chapter 24 of the Laws of New York, 1968, as amended." Accordingly, it is subject to state laws relating to the obligations of such entities.

In addition, as noted in the RFP at page 2, the anticipated source of LMDC project funds is a \$2 billion federal appropriation "administered by the United States Department of Housing and Urban Development through its Community Development Block Grant program." Accordingly, LMDC is subject to the federal regulations that govern that appropriation and its administration.

In general, LMDC's role in the recovery, redevelopment, and revitalization of Lower Manhattan -- defined as the entire area of Manhattan south of Houston Street -- relates to the coordination and planning of such activities with due consideration of public, private, and governmental participation in the planning and administration process. In some cases, LMDC will propose funding of particular projects directly related to the redevelopment and revitalization efforts.

Recently, a proposed Partial Action Plan was submitted to HUD, which details the LMDC activities associated with the proposed expenditure of approximately \$316 million of the \$2 billion federal appropriation. That proposed Partial Action Plan, along with Requests for Proposals associated with the specific activities, has been made available to the public via LMDC's web site (<http://www.renewnyc.com>). LMDC has not yet committed to projects that would require the commitment of the remaining funds and therefore cannot comment on the future role of the LMDC with respect to such future projects.

Other Consultants

3. Has a design and planning team been selected for the preparation of the plan for the redevelopment of lower Manhattan? If so, which firms have been selected?

LMDC employs a Vice President for Planning, Design and Development who leads and supervises its planning, design, and development staff and initiatives. In addition, in conjunction with the Port Authority of New York and New Jersey, LMDC issued a Request for Proposals to Provide Expert Professional Consultant Services Related to the Initial Phase of a Comprehensive Urban Planning and Transportation Study of the Downtown Manhattan Area with Special Emphasis on Development of the World Trade Center Site and Adjacent Areas. Responsive proposals were received recently and one or more consultants will be selected from the responding bidders on or around May 17, 2002.

4. What will be the role of environmental counsel to LMDC in the selection of environmental consultants to assist in any investigation, remediation and documentation of environmental conditions in the area to be developed?

The role of environmental counsel to LMDC, if any, in the selection of environmental consultants will be determined at such time as LMDC issues a request for proposals to provide environmental consulting services.

Existing Agreements

5. Has any memorandum of understanding been executed between the City and State governments, concerning the extent to which it is anticipated that the LMDC will comply with local requirements governing land use, landmarks and environmental matters or any alternative procedures that will be established with regard to the approval process? If there is no MOU, is there any other document accomplishing a similar result? Have any resolutions been adopted by the LMDC board or its parent corporation with respect to these matters? If such documents exist, would it be possible for us to obtain a copy in advance of the submission of our response to the RFP?

These and other legal issues are under consideration. Together, they constitute the elements that gave rise to the issuance of the RFP.