

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

March 11, 2004

MINUTES

In Attendance

Directors: John C. Whitehead, Chairman
Paul Crotty
Christy Ferer
Robert Harding
Sally Hernandez-Pinero
Thomas Johnson
Edward Lewis
Edward J. Malloy
Stanley Shuman
Carl Weisbrod
Madelyn Wils

Staff Attending:

For Lower Manhattan Development Corporation:

Kevin Rampe, President and CEO
Irene Chang, Vice President of Legal Affairs
and Counsel
Anita Contini, Vice President - Memorial,
Cultural and Civic Programs
Ben Dookchitra, Project Manager
Christopher Glaisek, Director of Urban
Planning for 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 - Development
Programs & Economics
Stefan Pryor, Chief of Staff and Deputy to
the Chairman and Secretary
Joanna Rose, Assistant Vice President -
Communications and Press Secretary
Chara Tappin, Community Liaison

Other Staff

For Governor Pataki:

Doug Blaise

For City of New York:

Daniel Doctoroff, Deputy Mayor

For Speaker Sheldon Silver:

Judy Rapfogel, Chief of Staff

For Chairman Whitehead:

Edward Novotny, Chief Advisor

For HUD:

Christopher Lord, Acting Deputy Assistant
Secretary

Richard Kennedy, Director of Office of Block
Grant Assistance

Jan Oppen, Senior Program Officer

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 8:10 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.

Next, the Chairman called for the approval of the Minutes of the February 19, 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 FEBRUARY 19, 2004 MEETING OF THE DIRECTORS OF THE LOWER MANHATTAN DEVELOPMENT CORPORATION

RESOLVED, that the minutes of the meeting of the Corporation held on February 19, 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 stating that a key piece of the rebuilding effort had fallen into place with an agreement being reached on the future of the Deutsche Bank property. The Chairman noted that the building would be taken down to ensure the realization of the World Trade Center site plan. The Chairman expressed appreciation to various persons for their efforts toward this goal.

The Chairman then spoke about one of the items in the agenda, a feasibility study for an Asian American Arts Cultural

Center in Chinatown to be conducted by a Chinatown community group known as the Committee to Revitalize and Enrich the Arts and Tomorrow's Economy ("CREATE"). This study, he explained, would be done in conjunction with the New York City Department of Cultural Affairs.

The Chairman then turned the meeting over to President Rampe to present his report.

Before presenting his remarks, President Rampe acknowledged several members of HUD who were present at the meeting and expressed appreciation for the ongoing support that LMDC had received from HUD throughout the rebuilding process.

President Rampe then reported on the many positive aspects of the agreement to demolish the Deutsche Bank building. The agreement, the President explained, capped the cost of cleaning and demolition at \$45 million, noting that the insurers would pay for any costs above that cap.

President Rampe then noted that LMDC had recently issued a request for proposals for an Associate Architect for the World Trade Center Site Memorial. He explained that the Associate Architect would work with the design team of architect Michael Arad and landscape architect Peter Walker in actualizing the design for the Memorial.

President Rampe then stated that as LMDC moved closer to construction on the site, it would be working to encourage the participation of a diverse range of employees in the construction trades. To that end, he explained, LMDC would sponsor Opportunity Downtown - Women Working, a free informational

conference that would aim to introduce women to careers in the construction industry. President Rampe noted that the event was scheduled for March 31st and would be held at Pace University.

The President outlined other items to be addressed at the meeting, including requests for funds for the continued work of an independent auditor as well as funds to be used to produce further refinements to the Fulton Corridor study.

Director Johnson provided the Audit and Finance Committee Report for the Directors' information. Director Johnson explained that the Committee had met and reviewed the funding requests to be presented at the meeting. He then recommended that each be considered for approval. Director Johnson went on to note that the Committee remained somewhat concerned with regard to the possibility that there might be some duplication of efforts on the part of LMDC and the City with regard to the Lowermanhattan.info project. On behalf of the Committee, Director Johnson asked that LMDC staff work with the City to ascertain whether more collaboration would be possible.

Next, Director Johnson called attention to the budget variance report for the period ending February 29, 2004, a copy of which the Directors had received prior to the meeting. Director Johnson explained that as of February 29th, LMDC had committed or spent approximately 73% of its fiscal year 03-04 budget and was well within appropriate levels related to the total budget. Director Johnson went on to explain that April 1, 2004 would mark the start of the next fiscal year for LMDC and that LMDC management had requested a continuing resolution from the Board to authorize the use of unexpended funds from this

year's budget to fund operating costs during the first month of the next fiscal year.

Director Johnson then called upon Chief Financial Officer Robert Miller to present a request for additional funds for LMDC's independent auditor. Mr. Miller presented the specifics of this request, which included an overview of the work performed by the auditor. Following Mr. Miller's presentation, the Chairman read the first of the two finance resolutions into the record. Upon motion duly made and seconded, the following resolution was unanimously adopted:

**AUTHORIZATION TO EXPEND UNUSED FUNDS FROM FISCAL YEAR
2003-04 BUDGET**

RESOLVED, the Corporation is hereby authorized to expend, in accordance with applicable guidelines and policies of the Corporation, the balance of funds remaining in the Corporation's approved budget for fiscal year ending March 31, 2004 that have not been committed or expended as of such date, as may be required to fund operational expenses and contractual commitments of the Corporation for the period April 1, 2004 through April 30, 2004.

* * *

Next, the Chairman read a resolution into the record authorizing the expenditure of additional funds for LMDC's external auditor. Following the Chairman's recitation of the resolution, Director Lewis inquired as to the auditor's involvement regarding the Parmalat accounting scandal. Mr. Miller stated that the auditor had assured him that the firm's corporate structure had allowed the audit division to remain separate from the accounting division. Furthermore, the Italian division had essentially been severed from the organization. Mr.

Miller then stated that if the Board deemed it necessary, he would have the auditor provide LMDC with a statement as to how they were handling the Parmalat situation. There being no further questions or comments, upon motion duly made and seconded, the following resolution was unanimously adopted:

AUTHORIZATION TO AMEND AGREEMENT WITH EXTERNAL AUDITOR

RESOLVED, that the Corporation is hereby authorized to amend its agreement with Grant Thornton LLP to provide for the retention of Grant Thornton LLP as the Corporation's independent auditor for the fiscal year ending March 31, 2005 and to extend the term of such agreement by an additional one-year period; and be it

FURTHER RESOLVED, that the authorized expenditures under such agreement shall be increased by \$110,000 to an amount not to exceed \$290,000 in the aggregate, which funds shall be used for costs relating to the audit for the fiscal year ended March 31, 2005, and to provide additional funds for the audit for the fiscal year ended March 31, 2004; 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.

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The Chairman then called upon Director Johnson to present an item relating to funding for the Tribeca Film Festival. The Chairman explained that he was abstaining from the vote because his grandson worked for the film festival.

It was noted for the record that Director Wils exited the conference room and that she was recusing herself from the discussion and the vote. Director Johnson then called upon

Ms. Peterson to present the Tribeca Film Festival funding request.

Ms. Peterson provided background information with regard to this request for LMDC to fund the festival for \$3 million over two years - \$1.5 million each year with a review after the first year by LMDC's Audit and Finance Committee.

At the close of the presentation, Director Hernandez-Pinero inquired as to the total cost of the festival and she was informed that it had cost over \$12 million last year.

A motion was duly made and seconded and Director Johnson read the resolution below into the record:

AUTHORIZATION OF FUNDS FOR TRIBECA FILM FESTIVAL

RESOLVED, that the Corporation is hereby authorized to appropriate and expend out of the Corporation's funds an amount not to exceed \$3,000,000 for costs associated with the 2004 and 2005 Tribeca Film Festival; and be it

FURTHER RESOLVED, that such expenditures shall be used to support the Festival's programs and activities described in the materials presented to this meeting; and be it

FURTHER RESOLVED, that the Corporation is authorized to enter into an agreement for a two year period related to such expenditure, provided that any amounts expended by the Corporation for the 2005 Festival shall be subject to prior Audit and Finance Committee review; 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.

* * *

Director Lewis asked how much of the \$12 million in costs the festival received from corporate sponsorship. Ms. Peterson stated that the festival received close to half from corporate giving but that she would have to get back to him with the actual figure. Director Weisbrod stated that he believed there existed a long-term underwriting commitment from American Express.

Director Crotty then asked if these expenditures would count against LMDC's commitment to fund tourism at the level of \$10 million. Ms. Peterson stated that LMDC planned to include these funds as part of the tourism commitment.

Director Crotty then asked to what amount these funds would bring LMDC's total tourism expenditure. Ms. Peterson stated that the funds would bring the figure to approximately \$7.5 million.

There being no further questions or comments and the resolution being read, moved and seconded, Director Johnson asked the Directors to signify approval of the resolution by saying aye and the Directors did so. The resolution was approved with Chairman Whitehead abstaining from the vote and Director Wils recusing herself from the vote.

Next, Ms. Contini presented a request for authorization for LMDC to enter into a subrecipient agreement with the New York City Department of Cultural Affairs and CREATE for a Chinatown feasibility study as described by the Chairman in his report.

Following a presentation of the background information pertaining to this request, the Chairman read the relevant resolution into the record. There being no further questions or

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

**AUTHORIZATION TO ENTER INTO AGREEMENT FOR FEASIBILITY STUDY
ON CHINATOWN CULTURAL CENTER**

RESOLVED, that the Corporation is hereby authorized to enter into one or more subrecipient agreements with the New York City Department of Cultural Affairs for the purpose of funding a feasibility study for an Asian American Arts Cultural Center in Chinatown to be undertaken by the Committee to Revitalize and Enrich the Arts and Tomorrow's Economy in Chinatown (CREATE); and be it

FURTHER RESOLVED, that the amount to be expended by the Corporation pursuant to all such agreements shall not exceed \$150,000 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 or appropriate to effect the foregoing.

* * *

Mr. Pryor then presented a request for Board approval of an amendment to an existing contract for economic consulting services with the firm of Appleseed in collaboration with Real Estate Solutions LLC.

Mr. Pryor provided the relevant information with regard to this request, noting that the funding for this contract and amendment came from the previously authorized Partial Action Plan #4.

Following Mr. Pryor's presentation and the Chairman's reading of the relevant resolution into the record, Director Crotty asked when the work was expected to be done. Mr. Pryor

stated that a substantial portion of the work would be done by April, 2004 with anticipated follow-up work thereafter.

Director Harding asked if the consultants would do an analysis of each of the alternative plans or if they would wait until one is picked. Mr. Pryor stated that the analysis would be done on the single recommended option.

There being no further questions or comments, upon motion duly made and seconded, the following resolution was unanimously adopted:

AUTHORIZATION TO AMEND AGREEMENT FOR ECONOMIC CONSULTING SERVICES

RESOLVED, that the Corporation is hereby authorized to amend its agreement with Appleseed, Inc. for economic consulting services to extend the term of such agreement by a one-year period and to increase the total expenditures under such agreement by an additional \$100,000 to an amount not to exceed \$450,000 in the aggregate; and be it

FURTHER RESOLVED, that such additional funds shall be used for such activities as an analysis of financing options for commuter and airport access pursuant to Partial Action Plan 4, previously approved by the Board; 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.

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Next, Mr. Glaisek presented an item relating to increasing the funding for consultant services for the Fulton Street Corridor Plan. Mr. Glaisek explained that due to some recent

changes, several elements of the plan now needed additional analysis and design.

Following Mr. Glaisek's presentation, Director Wils asked when the study would be finished. Mr. Glaisek replied that about three weeks worth of work was anticipated.

Director Wils then asked if the revisions would include a new financial study and Mr. Glaisek informed her that they would revise the one they had been working on to reflect the changes. 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 AMEND AGREEMENT WITH FULTON CORRIDOR URBAN DESIGN CONSULTANT

RESOLVED, the Corporation is hereby authorized to amend its agreement with Robert A.M. Stern Architects for urban design consulting services to increase the expenditures under such agreement by an additional \$40,140 to an amount not to exceed \$735,140 in the aggregate, which funds shall be used to incorporate design changes into the Fulton Street Corridor study being undertaken by Robert A.M. Stern Architects; 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.

* * *

President Rampe then provided the background details with regard to a request to the Board to authorize LMDC to enter into a subrecipient agreement with the City of New York for the Lower Manhattan Public Information Campaign ("Lowermanhattan.info") in the amount of \$1.3 million.

President Rampe explained that the campaign is designed to provide all interested parties with a single source for essential information about Lower Manhattan and its recovery. He went on to explain that the centerpiece of the campaign is the Lowermanhattan.info website. President Rampe outlined the types of information that would be covered on the website and provided a synopsis of the other components of the outreach campaign. President Rampe further noted that the funds would come from the Partial Action Plan that had already been authorized by the Board.

Director Ferer then stated that while she believed this to be an excellent idea, she also believed that it would ultimately be more efficient if there were linkages to the other websites.

Deputy Mayor Doctoroff addressed the meeting stating that the main purpose in creating Lowermanhattan.info was to address the need for one comprehensive source of information. He further stated that while some overlap may exist, it is not excessive.

The Deputy Mayor went on to note that a very effective job had been done in making people aware of Lowermanhattan.info.

A discussion continued regarding this campaign during which various positive aspects were noted.

Director Crotty then stated that as funds became increasingly scarce, he concurred with Director Johnson in calling for further emphasis upon efforts to maximize and harmonize cooperative outreach efforts.

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 AGREEMENT WITH THE CITY OF NEW YORK FOR LOWERMANHATTAN.INFO

RESOLVED, that the Corporation is hereby authorized to enter into one or more subrecipient agreements with the City of New York to provide funding for the Lower Manhattan Public Information Program being undertaken by the City of New York in partnership with the Corporation and other local, state and federal agencies; and be it

FURTHER RESOLVED, that the amount to be expended by the Corporation pursuant to all such agreements shall not exceed \$1,300,000 in the aggregate; and be it

FURTHER RESOLVED, that such funds shall be used to implement the purposes of the Program described in Partial Action Plan 5, including the Program's website, www.lowermanhattan.info, as well as marketing & advertising materials, newsletters, stakeholder outreach, media outreach, and strategic planning; 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.

* * *

The Chairman asked if there were any other matters to come before the Board and Director Hernandez-Pinero voiced particular support for LMDC's funding of the Tribeca Film Festival.

The Chairman thanked her for her thoughts and comments and then there being no further business, the meeting was adjourned at 9:20 a.m.

Respectfully submitted,

Eileen McEvoy

Assistant Secretary