

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

March 9, 2006

MINUTES

In Attendance

Directors:

John C. Whitehead, Chairman
Laurence T. Babbio, Jr.
Amanda M. Burden
Daniel L. Doctoroff
Robert Douglass (via telephone)
Charles A. Gargano
Robert M. Harding
Thomas Johnson (via telephone)
James Kallstrom
Edward J. Malloy
William C. Rudin
Martha E. 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
John Gallagher, Director of Communications
Victor Gallo, Environmental Counsel and Regulatory
Affairs
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
Phil Plotch, Director of Transportation Policy
Amy Weisser, Assistant Vice President -

Memorial, Cultural and Civic Programs

Other Staff

For New York City:

EB Kelly, City Hall Capital Projects Division
William Kelly, Economic Development Corporation

For Speaker Sheldon Silver:

Judy Rapfogel, Chief of Staff

Counsel to the Board:

Joel Moser, Esq., Fulbright & Jaworski

For Governor Pataki:

Doug Blais

Lower Manhattan Construction Command Center

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

Also Present:

The Public
The Media and Press

The meeting of the Lower Manhattan Development Corporation ("LMDC") was called to order at 8:08 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 9, 2006 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 9, 2006 MEETING OF THE DIRECTORS OF THE LOWER MANHATTAN
DEVELOPMENT CORPORATION

RESOLVED, that the minutes of the meeting of the Corporation held on February 9, 2006, 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 opened his report by expressing his enthusiasm about a recently held event at the National Museum of the American Indian to celebrate the slate of cultural institutions that will be included in LMDC's Cultural Enhancement Plan. The Chairman further noted that the slate will be submitted to the Board for approval at today's meeting.

The Chairman then thanked all of those who had been instrumental in moving this forward including the Mayor, the Governor, Senator Schumer, and Speaker Silver.

Lastly, the Chairman spoke about a study recently released by C.B. Richard Ellis which contained implications for the future of Lower Manhattan's commercial development. The Chairman explained that the report concludes that the overall vacancy rate for prime office space in top tier properties in New York City could drop to as low as three percent by 2009. The Chairman added that the report further indicates that there are only two areas in Manhattan that can accommodate the new commercial development: the Hudson Yards site and the World Trade Center site.

Following the conclusion of the Chairman's report, Mr. Pryor began his report by expressing his agreement with the Chairman's sentiments regarding the Cultural Enhancement event and by noting LMDC's commitment to the cultural revitalization of Lower Manhattan.

Mr. Pryor went on to report on another event that had taken place since the last Board meeting -- the ground breaking of 270 Greenwich Street, a residential/retail development just a few blocks to the north of the World Trade Center site. Mr. Pryor expressed LMDC's appreciation for the Mayor's and the Governor's leadership in regard to LMDC's participation in affordable housing initiatives, such as this one, throughout Lower Manhattan.

Mr. Pryor then provided a detailed outline of the remaining items on the Agenda.

Next, Director Babbio provided the Audit and Finance report. Director Babbio opened by stating 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.

Director Babbio then presented a request to the Board to approve the use of FYE March 2006 Funds for April 2006 operations.

Director Babbio provided the relevant background information with regard to this request. Director Babbio stated that as they had last year, LMDC management has requested that a continuing resolution from the Board to authorize the use of the unexpended funds from this year's budget to fund the operating cost in April of this year.

Director Babbio further explained that the full budget for the next fiscal year will be brought before the Board at the April 2006 meeting. He then asked Director Johnson to report on the meeting that the Audit Committee held the previous day.

Director Johnson did so, explaining that the internal auditor reported that several audits had been extended during the 2005/2006 fiscal year requiring more time and resources than had been anticipated when the plan was originally developed. He further noted that special projects were also carried out that were not originally planned.

Director Johnson went on to note that as a result of the greater resources required, two audits that had been planned for the 05-06 audit year have been deferred into the 2006/2007 year with his permission as well as that of Director Babbio on behalf of the Committee. Director Johnson also noted that the deferred items will be given early attention in the 06-07 audit plan which will be presented to the Committee for its approval at a future meeting.

Following this presentation, the Chairman read the resolution into the record and upon motion duly made and seconded, the following resolution was unanimously adopted:

Use of FYE March 2006 Funds for April 2006 Operations

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, 2006 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, 2006 through April 30, 2006.

* * *

Mr. Pryor then opened the request pertaining to the Cultural Enhancement Funding Plan by speaking in detail on the process involved as well as on the potential uses for the remaining funds. He then called upon Ms. Weisser to present the request. Ms. Weisser provided a powerpoint presentation showing images of the capital projects, events, and programs, and also summarized the planning projects selected. A brief description of each entity as well as of the amount of each allocation was also provided by Ms. Weisser.

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 Directors Johnson, Rudin, Weisbrod and Wils recused themselves from voting on the following resolution.):

Cultural Enhancement Funding Plan

RESOLVED, that the Cultural Enhancement Funding Plan in an amount of up to \$27,835,000 out of the \$35,000,000 Cultural Enhancement Fund allocated as a part of Partial Action Plan 11, as presented to this meeting, a copy of which shall be filed with the records of the Corporation, is hereby adopted; and be it

FURTHER RESOLVED, that prior to the expenditure of the funds set forth in the Cultural Enhancement Funding Plan, (i) the Board of Directors shall have approved each such expenditure and the agreements to be entered into connection therewith, in each case in accordance with applicable policies of the Corporation, (ii) the federal

Department of Housing and Urban Development shall have approved Partial Action Plan 11 submitted for such purpose, and (iii) related approvals as may be required shall have been obtained; 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. Antikarov, in collaboration with Ms. Kelly from the Mayor's Office of Capital Projects, presented a request for authorization for LMDC to enter into a subrecipient agreement with The City of New York to fund the planning, design, engineering and implementation of the East River Waterfront Access Project in Lower Manhattan.

Following a very detailed presentation which included slides, Director Rudin asked about the plans for the area south of Pier 35. He was informed that that area was part of the next presentation and request.

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:

East River Waterfront Access Subrecipient Agreement

RESOLVED, that the Corporation is hereby authorized to enter into a subrecipient agreement with The City of New York to fund the planning, design, engineering and implementation of the East River Waterfront Access Project in Lower Manhattan; and be it

FURTHER RESOLVED, that the amount to be expended by the Corporation pursuant to such subrecipient agreement shall not exceed \$10,020,000, which expenditure shall be allocated from funds included in Partial Action Plan 10; 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. Antikarov and Ms. Kelly presented a request for authorization for LMDC to enter into a subrecipient agreement with The City of New York to fund the planning, design, engineering and implementation of the East River Esplanade and Piers Project in Lower Manhattan.

Following this detailed presentation which also included slides, the Chairman read the relevant resolution into the record. At the Chairman's prompting, Director Doctoroff made the motion for the resolution's approval. Director Doctoroff then made comments with regard to this item, noting that the process involved could be used as a model for planning cities. Specifically, he explained the successful outcome of starting with a vision that was shared from many different perspectives by community boards, which was picked up by the

Mayor and then worked on by a great team of architects, designers, and engineers led by LMDC and a committed and creative City team.

Director Doctoroff thanked all those involved in the process.

A second was made to the motion whereupon Directors Weisbrod, Wils, and Burden spoke enthusiastically with regard to this undertaking.

Director Rudin then inquired as to the plans regarding Pier 36 where the Sanitation Department is located as well as to the possibilities relating to funding for the Battery Maritime.

Director Doctoroff addressed the Battery Maritime Building portion of this question noting, in part, that the Governors Island Development Corporation recently issued an RFP in which they asked respondents to consider plans for that building as it serves as the portal to Governors Island.

Director Doctoroff added that the big issue that will need to be confronted in terms of funding going forward will be the plaza esplanade or the roadwork that will have to be done right in front of it. Director Doctoroff went on to note that the Maritime Building with the plaza in front of it is in many ways the lynchpin of the development of the East River Waterfront which includes Battery Park,

Hudson River Park, Governors Island, and Brooklyn Bridge Park.

Ms. Kelly then addressed the Sanitation Building noting that there were no plans currently to relocate it. This is why, she further noted, the concept plan includes the idea of a two level pier that could provide for more space and mask the building at the same time.

Director Rudin then asked if the Department of Sanitation could be asked to make the area look better. Ms. Kelly stated that the involved entities will work closely with Sanitation as the pier is developed. Director Doctoroff added his assurance that an ugly pier will not be sitting in the middle of a beautiful water front park. He added that a plan will be developed by the time it is necessary to move on that matter.

There being no further questions or comments, the resolution having been read into the record, motion having been made and seconded, the following resolution was unanimously adopted:

East River Waterfront Esplanade and Piers Subrecipient Agreement

RESOLVED, that the Corporation is hereby authorized to enter into a subrecipient agreement with The City of New York to fund the planning, design, engineering and implementation of the East River Esplanade and Piers Project in Lower Manhattan along a 2-mile segment of the East River Waterfront; and be it

FURTHER RESOLVED, that the amount to be expended by the Corporation pursuant to such subrecipient agreement shall not exceed \$137,980,000, which expenditure shall be allocated from funds included in Partial Action Plan 10; 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, Mr. Gallo presented a request for authorization for LMDC to take various actions pertaining to the environmental review of the East River Waterfront Esplanade and Piers Project. Following this presentation, the Chairman noted that the related resolution had been included with the Board package on environmental materials sent to the Directors. He further explained that because of that, he would only read the heading for the resolution. Following the Chairman's recitation and upon motion duly made and seconded, the following resolution which had been included in the Directors' materials packet was unanimously adopted:

East River Waterfront Esplanade and Piers Project: Authorization to Serve as Lead Agency Under the National Environmental Policy Act; Authorization to Issue a Draft Scope for Environmental Impact Statement and Take Other Necessary Actions to Commence the Environmental Review Process; Authorization to Initiate Review under the National Historic Preservation Act; Authorization to Take Other Related Actions

RESOLVED, that the Corporation is authorized to serve as lead agency for the East River Waterfront Esplanade and Piers project ("Proposed Action") pursuant to the National Environmental Policy Act

("NEPA") and the President of the Corporation or his designee is authorized, in the name of and on behalf of the Corporation, to enter into appropriate agreements to that effect with other cooperating agencies; and be it

FURTHER RESOLVED, that the Corporation finds that the Proposed Action is likely to have a significant effect on the quality of the human environment and that an environmental impact statement is required for the Proposed Action under NEPA, and the President of the Corporation or his designee is authorized, in the name and on behalf of the Corporation, to publish and distribute a Notice of Intent to Prepare a Draft Environmental Impact Statement ("DEIS") for the Proposed Action; and be it

FURTHER RESOLVED, that the President of the Corporation or his designee is authorized, in the name or on behalf of the corporation, to take such actions deemed necessary or appropriate in connection with carrying out environmental review under NEPA and any other applicable laws, including without limitation to publishing and distributing a Draft Scope of Work ("Draft Scope") for the DEIS in substantially the form presented at this meeting, holding public meetings on the Draft Scope, fixing the date for such public meetings, publishing and distributing required notices related the Draft Scope, receiving comments on the Draft Scope and setting deadlines for those comments, and making reports to the Board of Directors on such meetings and comments; and be it

FURTHER RESOLVED, that the President of the Corporation or his designee is hereby authorized and directed, in the name and on behalf of the Corporation, to initiate all required reviews of the Proposed Action under the National Historic Preservation Act, the State Historic Preservation Act, and HUD regulations, and to coordinate these reviews with the environmental review of the Proposed Action; and be it

FURTHER RESOLVED, that the President of the Corporation or his designee(s) is hereby authorized and directed, in the name and on behalf of the Corporation, to execute and deliver any and all documents and to take all related actions as the President considers necessary or appropriate to effectuate the foregoing resolutions.

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Mr. Gallo then presented two additional requests. The first related to the Verizon Southern Site Utility Infrastructure Program

and the second related to the consolidated Edison Southern Site Utility Infrastructure Program. Both requests were for the Directors to approve the Environmental Assessment and Proposed Finding of No Significant Impact for the utilities relocation. Both resolutions also sought authorization to take necessary or appropriate further actions in connection with the respective utilities relocations.

Following the presentation of the specific details regarding each relocation, the Chairman read the relevant resolutions into the record and upon motion duly made and seconded, the following resolutions were unanimously adopted (It was noted for the record that Director Babbio recused himself from voting on the following resolutions.):

Verizon Southern Site Utility Infrastructure Program: Approval of Environmental Assessment and Proposed Finding of No Significant Impact for the Verizon Southern Site Utilities Relocation; Authorization to Take Necessary or Appropriate Further Actions in Connection With the Verizon Southern Site Utilities Relocation

RESOLVED, that, on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the relocation by Verizon New York Inc. and Empire City Subway of certain utilities being removed from Liberty Street and adjacent areas as part of the World Trade Center Memorial and Redevelopment Plan, the Corporation hereby approves and adopts the environmental assessment (EA) and proposed finding of no significant impact (FONSI) in the forms submitted to this meeting, a copy of which EA and proposed FONSI are hereby ordered filed with the records of the Corporation, and finds that the EA and proposed FONSI meet the requirements of the National Environmental Policy Act (NEPA); and be it

FURTHER RESOLVED, that the President of the Corporation or his designee is hereby authorized to take all such action as deemed

necessary or appropriate in connection with such relocation pursuant to NEPA and all other applicable laws and regulations, including, without limitation, providing, filing or making available copies of the EA and proposed FONSI and/or digests thereof, fixing the date for any hearings or meetings required pursuant to NEPA and any other applicable laws and regulations, publication of notices relating to the proposed FONSI and holding and such hearings or meetings in accordance with the procedures approved by such persons, and considering any public comments received; and be it

FURTHER RESOLVED, that, if there are no substantive public comments necessitating changes to the proposed FONSI or EA, the President of the Corporation is hereby authorized to make, in the name and on behalf of the Corporation, all such further environmental determinations and findings as shall be required under NEPA and all other applicable laws and regulations and to approve such relocation on the basis of such environmental determinations and findings and all other considerations as the President determines to be relevant.

* * *

Consolidated Edison Southern Site Utility Infrastructure Program:
Approval of Environmental Assessment and Proposed Finding of No
Significant Impact for the Consolidated Edison Southern Site
Utilities Relocation; Authorization to Take Necessary or
Appropriate Further Actions in Connection With the Consolidated
Edison Southern Site Utilities Relocation

RESOLVED, that, on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the relocation by Consolidated Edison Company of New York, Inc. of certain utilities being removed from Liberty Street and adjacent areas as part of the World Trade Center Memorial and Redevelopment Plan, the Corporation hereby approves and adopts the environmental assessment (EA) and proposed finding of no significant impact (FONSI) in the forms submitted to this meeting, a copy of which EA and proposed FONSI are hereby ordered filed with the records of the Corporation, and finds that the EA and proposed FONSI meet the requirements of the National Environmental Policy Act (NEPA); and be it

FURTHER RESOLVED, that the President of the Corporation or his designee is hereby authorized to take all such action as deemed necessary or appropriate in connection with such relocation pursuant to NEPA and all other applicable laws and regulations, including,

without limitation, providing, filing or making available copies of the EA and proposed FONSI and/or digests thereof, fixing the date for any hearings or meetings required pursuant to NEPA and any other applicable laws and regulations, publication of notices relating to the proposed FONSI and holding and such hearings or meetings in accordance with the procedures approved by such persons, and considering any public comments received; and be it

FURTHER RESOLVED, that, if there are no substantive public comments necessitating changes to the proposed FONSI or EA, the President of the Corporation is hereby authorized to make, in the name and on behalf of the Corporation, all such further environmental determinations and findings as shall be required under NEPA and all other applicable laws and regulations and to approve such relocation on the basis of such environmental determinations and findings and all other considerations as the President determines to be relevant.

* * *

Next, Mr. Haberman requested authorization for LMDC to enter into a subrecipient agreement with The City of New York to fund the establishment of a Chinatown Local Development Corporation and the Administration of the Chinatown Clean Streets Program.

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

Chinatown Clean Streets Program Subrecipient Agreement

RESOLVED, that the Corporation is hereby authorized to enter into a subrecipient agreement with The City of New York to fund the establishment of a Chinatown Local Development Corporation and administration of the Chinatown Clean Streets Program; and be it

FURTHER RESOLVED, that the amount to be expended by the Corporation pursuant to such subrecipient agreement shall not exceed

\$5,400,000, which expenditure shall be allocated from funds included in Partial Action Plan 10; 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, Mr. Pryor introduced and Ms. Papageorge presented an item relating to a request for authorization for LMDC to amend its agreements with (a) Bovis Lend Lease for the cleaning and deconstruction of 130 Liberty Plaza and (b) the Corporation's insurance carriers relating to the 130 Liberty Street Project to increase the authorized expenditures thereunder by an additional \$12,500,000 in the aggregate.

Following this presentation, Director Wils commented positively on the proposed project, noting that it was a milestone in the process and thanking staff for their diligent and successful work with regard to this matter. There being no further comments, the Chairman read the relevant resolution into record and upon motion duly made and seconded, the following resolution was unanimously adopted (It was noted for the record that Director Harding recused himself from voting on the following resolution.):

Amendment of 130 Liberty Street Deconstruction Contract

RESOLVED, that the Corporation is hereby authorized to amend its agreements with (a) Bovis Lend Lease for the cleaning and deconstruction of 130 Liberty Street and (b) the Corporation's insurance carriers relating to the 130 Liberty Street project, to increase the authorized expenditures thereunder by an additional \$12,500,000 in the aggregate, 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 7 and from the recovery or reimbursement of such costs under the 130 Liberty Street Memorandum of Understanding with Deutsche Bank and its insurers of 130 Liberty Street, Allianz and AXA, and the Deconstruction Funding and Settlement Agreement with Allianz and AXA; 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, Mr. Gallagher presented a request for authorization for LMDC to extend its agreements with Miller Advertising Agency and New York Press Service, Inc. for advertising services and related expenditures in connection with the public advertisement of various initiatives of the Corporation.

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

Extension of Contracts for Advertising Services

RESOLVED, that the Corporation is hereby authorized to amend its agreements with Miller Advertising Agency, Inc. and New York Press Service, Inc. for advertising services and related expenditures in connection with the public advertisement of various initiatives of the Corporation, to extend the term of such agreements for 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 to take any such action and to execute such instruments as may be necessary or appropriate to effect the foregoing.

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There being no further business, the meeting was adjourned at 9:29 a.m.

Respectfully submitted,

Eileen McEvoy
Assistant Secretary