

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

November 10, 2005

MINUTES

In Attendance

Directors:

John C. Whitehead, Chairman
Robert Balachandran
Robert M. Harding
Edward J. Malloy
Stanley S. Shuman
Carl B. Weisbrod
Madelyn Wils (via telephone)

Staff Attending:

For Lower Manhattan Development Corporation:

Stefan Pryor, President and CEO

Allison Bailey, Secretary of the Corporation
& 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 of 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 Mayor Bloomberg:

Deputy Mayor Daniel L. Doctoroff

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

For HUD:

Jan Opper

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 8:05 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 a motion to approve the Minutes of the October 6, 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 OCTOBER 6, 2005 MEETING OF THE DIRECTORS OF THE LOWER
MANHATTAN DEVELOPMENT CORPORATION

RESOLVED, that the minutes of the meeting of the Corporation held on October 6, 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 congratulating the Mayor and his team on their re-election.

The Chairman then noted that while Roland Betts had recently resigned from the Board, he continued to work with the Corporation and is the Co-chair of the Design Review Committee on the Memorial and Memorial Museum.

In responding to a recent article that asserted that Lower Manhattan's market may lag for the next few years due to construction and competition from other areas, the Chairman stated that he adamantly disagreed. He went on to cite the opinion of Bruce Mosler of Cushman and Wakefield, that in the next few months we will see the positive impact of the Downtown incentives the Governor recently signed into law. He noted that the amount of vacant space downtown had declined to 11.5% by the end of September, and that is the lowest level since year-end 2001.

Chairman Whitehead further stated that Lower Manhattan is flourishing in other ways as evidenced by the recent groundbreaking of important transportation projects and numerous new residential buildings. These events, he noted, are indications that Lower Manhattan is becoming, as LMDC set out for it to be, a 24 hour, seven day community.

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

Before concluding his report, Mr. Pryor announced that LMDC is embarking on a search for a Performing Arts Center Project

Director. He added that the Corporation is seeking the Directors' input and consultation in its search for this individual.

Next, Director Balachandran provided the Audit and Finance report. First, Director Balachandran 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.

Director Balachandran then referred to the Budget Variance Report for the period ended 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 Balachandran further noted that the expenditures for the Memorial, Cultural and Civic Development Department remain low because payment for the 130 Liberty deconstruction had not begun in September.

Director Balachandran also explained that LMDC had received an Internal Audit report and there was nothing out of the ordinary in that report.

Mr. Pryor then asked the Directors to authorize the Corporation to submit for public comment and review by HUD a Partial Action Plan for Cultural Enhancement Funds in an amount up to \$35,000,000 drawn from the \$45,000,000 included in LMDC's May funding allocation. Among other things, Mr. Pryor explained that the funds will assist existing and new not-for-profit organizations and government entities engaged in cultural programs and projects in Lower Manhattan.

Following Mr. Pryor's presentation, the Chairman read the relevant resolution into the record. Before a motion was made, Director Balachandran asked what the deadline was for proposals. Mr. Pryor stated that December 22nd was the deadline for the first round of proposals.

Director Weisbrod then asked, given the relatively short turn-around, if there was an anticipated date for guidelines to be issued. Mr. Pryor explained that parameters will be provided in the documents issued in the application which would be offered early next week.

Mr. Pryor added that the LMDC Board will offer direction to the advisory panel and will establish further priorities as to

any of the factors that the Board deems necessary in evaluating proposals. There being no further questions or comments, upon motion duly made and seconded the following resolution was unanimously adopted:

Issuance of Partial Action Plan for Cultural Enhancement Funds

RESOLVED, that the proper officers of the Corporation are hereby authorized to submit for public comment and review by the federal Department of Housing and Urban Development (HUD) a Partial Action Plan for the purpose of providing up to \$35,000,000 in funds for cultural enhancement programs and projects in Lower Manhattan, as described in the materials presented to the Board at this meeting; and be it

FURTHER RESOLVED, that the President of the Corporation shall be authorized to make changes to the Partial Action Plan as may be necessary or appropriate to comport with applicable HUD requirements and to reflect public comments received on such Plan; and be it

FURTHER RESOLVED, that the agreements necessary to implement such Partial Action Plan, and the expenditures to be incurred by the Corporation in connection therewith, shall be submitted separately to the Board of Directors for authorization in accordance with applicable policies of 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.

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Next, Mr. Pryor asked the Directors to authorize the Corporation to issue a Partial Action Plan for public comment and to enter into a subrecipient agreement with the Drawing

Center for capital expenditures relating to its new location in Lower Manhattan.

Following Mr. Pryor's detailed presentation, the Chairman read the relevant resolution into the record. Director Weisbrod stated that the resolution implies that the funds will be used for capital and not operating purposes. Mr. Pryor stated that that was correct.

Director Wils then asked for a clarification in connection with the expectations regarding these funds. Specifically, she asked if it is expected that LMDC will provide the \$10 million no matter what, or if certain criteria, including the Drawing Center's ability to fulfill the needs of the downtown cultural community, must be met before such funds are distributed.

The Chairman stated that the resolution says up to \$10 million. He added that there is no guarantee that the amount will be that large. He further stated that all of the conditions must be met before they receive the final allocation.

Director Wils went on to ask if, before the appropriate amount of the grant is determined, the Drawing Center will make a full presentation to the Cultural Nonprofit Working Group on

what exactly they are requesting funding for. Mr. Pryor assured Director Wils that this is definitely required before the grant moves forward.

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

Issuance of Partial Action Plan for The Drawing Center

RESOLVED, that the proper officers of the Corporation are hereby authorized to submit for public comment and review by the federal Department of Housing and Urban Development (HUD) a Partial Action Plan for the purpose of providing up to \$10,000,000 of the Corporation's funds for costs relating to a new location for the Drawing Center at a site in Lower Manhattan, as described in the materials presented to the Board at this meeting; and be it

FURTHER RESOLVED, that the President of the Corporation shall be authorized to make changes to the Partial Action Plan as may be necessary or appropriate to comport with applicable HUD requirements and to reflect public comments received on such Plan; and be it

FURTHER RESOLVED, that subject to approval by HUD of such Partial Action Plan, the Corporation is hereby authorized, upon review of the Audit and Finance Committee, to enter into a subrecipient with the Drawing Center for the foregoing purpose in an amount not to exceed \$10,000,000 in the aggregate; 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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Ms. Papageorge then presented a request for authorization for LMDC to amend Agreements with Architects for the World Trade Center Memorial by an additional \$26,423,168.

Following Ms. Papageorge's detailed presentation, Director Weisbrod stated that he had several questions with regard to this item.

First, he asked if the overall budget was known for the Memorial and Memorial Museum, not including the Performing Arts Center and the Snøhetta Building. Upon Director Weisbrod's clarification that he was inquiring with regard to the overall planning and construction budget. Mr. Pryor stated that the Corporation should be careful in releasing numbers that are raw and not yet value-engineered.

Director Weisbrod then stated that his fundamental question is whether LMDC is trying to build to a budget at this time.

Mr. Pryor replied that LMDC is working on the Memorial from both directions. LMDC, he stated, is simultaneously working to ensure that design decisions are made with a quality and adherence to the Arad vision while, at the same time, being cost conscious as any entity would be regarding a major construction

project.

Director Shuman then made reference to the fact that while the Memorial is undoubtedly the first priority, it should be stressed that the Performing Arts Center is essential in LMDC's commitment to the Site Master Plan. He went on to note that it is the hope of the Board's Memorial Working Group that the Foundation Board reiterates its commitment to raising the funds necessary for the entire plan.

Director Wils voiced her concurrence with Director Shuman's statement. Chairman Whitehead noted his agreement with their position and went on to explain that the cost of construction has risen substantially over the past 12 months and that therefore, LMDC's and Memorial Foundation's undertaking is two-fold. First, the Chairman explained, LMDC is seeking ways to bring down costs and secondly, the Foundation is looking to find additional funds to increase the revenue for the project.

Director Weisbrod then explained that it is his opinion that unless LMDC has a budget in place for the Memorial it will be exceedingly difficult to implement the overall plan, including the Snohetta building and the Performing Arts Center.

Mr. Pryor then addressed the issue raised by stating that all of the parties are making a concerted effort to realize all of the plan, not just the Memorial portion of it.

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 Agreements with Architects for the World Trade Center Memorial

RESOLVED, that the Corporation is hereby authorized to amend its agreements with Davis Brody Bond LLP (with Peter Walker Partners Landscape Architecture Incorporated as subconsultant) and Handel Architects LLP to increase the total authorized expenditures for services for the World Trade Center Memorial, including design development, construction documents and services during construction under agreements with Davis Brody Bond LLP and Handel Architects LLP by an additional \$26,423,168 to an amount not to exceed \$38,740,116 in the aggregate for all agreements for the World Trade Center Memorial with the aforementioned three firms, 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, upon approval thereof by the federal Department of Housing and Urban Development, 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.

* * *

Next, Ms. Papageorge requested authorization for LMDC to

amend agreements with architects for Design Services for the World Trade Center Memorial Museum by an additional \$3,788,000.

Following this presentation, a clarification was requested as to what costs and what time period the requested amendment would cover. The information was provided and it was noted that said information had been provided in the Board materials relating to the resolution to be voted upon.

Deputy Mayor Doctoroff then inquired as to the advisability of authorizing funds for design development when the content of the building has not yet been defined.

Ms. Papageorge noted that LMDC had presented the content publicly to three advisory councils and had conducted a series of public forums and have received positive feedback to the content proposals that the Corporation has developed.

To clarify, Mr. Pryor noted that the request being presented to the Board pertained to the Memorial Museum and not the Snøhetta Building.

Director Wils then stated that the Deputy Mayor's question had come up in a committee meeting and a request has been made

for an updated presentation by the firms. She continued that a more concrete presentation is essential, especially since the Corporation is in the process of allocating funds.

Mr. Pryor stated that an elaborate presentation on the Memorial Museum's content exists and a session was being scheduled with the working group for a thorough review of the updates to the presentation.

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

Authorization to Amend Agreements with Architects for Design Services for the World Trade Center Memorial Museum

RESOLVED, that the Corporation is hereby authorized to amend its agreement with each of Davis Brody Bond LLP and Snohetta AS for schematic design and design development services for the World Trade Center Memorial Museum to increase the authorized expenditures under both such agreements by an additional \$3,788,000 to an amount not to exceed \$5,088,000 in the aggregate for both such agreements, 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 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 asked the Directors to authorize LMDC to amend its agreement for the World Trade Center Memorial and Memorial Museum Borings for an amount up to \$533,000.

Following Ms. Papageorge's detailed 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 Agreement for WTC Memorial and Memorial Museum Borings

RESOLVED, that the Corporation is hereby authorized to amend its agreement with GZA GeoEnvironmental Inc. (GZA) for work on foundation and wall support borings for the World Trade Center Memorial and the Memorial Museum to increase the authorized expenditures under such agreement by \$533,000 to an amount not to exceed \$558,000 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 8 and, upon approval thereof by the federal Department of Housing and Urban Development, 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.

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Ms. Weisser then asked the Directors to authorize the LMDC to amend its contract with Lord Cultural Resources Planning and

Management, Inc. for Institutional Planning Services.

Following Ms. Weisser's full presentation, and upon motion duly made and seconded, the following resolution as previously provided to the Directors was unanimously adopted:

Authorization to Amend Institutional Planning Consultant Agreement

RESOLVED, that the Corporation is hereby authorized to amend its agreement with Lord Cultural Resources Planning & Management Inc. for institutional planning services (i) to extend the term of such agreement through June 15, 2006 and (ii) to increase the expenditures under such agreement by an additional \$250,000 to a total amount not to exceed \$1,490,000 in the aggregate, when combined with expenditures previously approved under such agreement and the Corporation's agreement with Howard + Revis Design for 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 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. Haberman requested authorization for the Corporation to enter into a subrecipient agreement with the New York State Department of Housing Preservation and Development to provide funds for the planning and design for affordable housing at Site 5B in Tribeca.

Following Mr. Haberman's detailed report, 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 NYC Department of Housing Preservation and Development

RESOLVED, that the Corporation is hereby authorized to enter into a subrecipient agreement with the New York City Department of Housing Preservation and Development to provide funds for the planning and design, and interior fit-out of, affordable housing at Site 5B (270 Greenwich Street) in Tribeca for low, moderate and middle-income residents, as described in the materials presented to the Board at this meeting; and be it

FURTHER RESOLVED, that the amount to be expended by the Corporation pursuant to such subrecipient agreement shall not exceed \$15,000,000, which expenditure shall be subject to approval by the federal Department of Housing and Urban Development of Amended Partial Action Plan 6 submitted for such purpose and shall be allocated from funds included therein; 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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Following the approval of the preceding resolution, Director Wils inquired as to the status of the remainder of the allocation for \$50 million for affordable housing.

Mr. Pryor stated that he will request for the Board an update from HPD on the precise status of those developments.

There being no further business, the meeting was adjourned at 9:04 a.m.

Respectfully submitted,

Eileen McEvoy
Assistant Secretary